



HIGH REPRESENTATIVE OF THE
EUROPEAN UNION FOR
FOREIGN AFFAIRS AND
SECURITY POLICY

Brussels, 20.3.2013
SWD(2013) 86 final

JOINT STAFF WORKING DOCUMENT

Implementation of the European Neighbourhood Policy in 2012 Regional Report: A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean

Accompanying the document

**JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE COUNCIL,
THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE
COMMITTEE OF THE REGIONS**

European Neighbourhood Policy: Working towards a Stronger Partnership

{JOIN(2013) 4 final}
{SWD(2013) 79 final}
{SWD(2013) 80 final}
{SWD(2013) 81 final}
{SWD(2013) 82 final}
{SWD(2013) 83 final}
{SWD(2013) 84 final}
{SWD(2013) 85 final}
{SWD(2013) 87 final}
{SWD(2013) 88 final}
{SWD(2013) 89 final}
{SWD(2013) 90 final}
{SWD(2013) 91 final}
{SWD(2013) 92 final}
{SWD(2013) 93 final}

1. INTRODUCTION¹

This document reviews the implementation in 2012 of the '*Roadmap to guide the implementation of EU policy vis à vis Southern Mediterranean Partners*'² issued in May 2012.

The EU response to the changes in the Arab world was articulated in 2011³ when the EU offered its Mediterranean partners '*A Partnership for democracy and shared prosperity*' in the context of the European Neighbourhood Policy (ENP). The partnership is founded on an incentive-based approach supporting partners committed to reforms. It focuses on three elements: democratic transformation, a partnership with people and civil society, and sustainable and inclusive growth. In support of this approach, the EU has ensured coherent use of all its external relations instruments, in particular development assistance, trade and mobility. The Roadmap set objectives to be pursued under the partnership, at bilateral and regional levels, and the achievements expected by the end of 2013. The success of these efforts largely depends on a common approach bringing together EU Member States and on the commitment of Mediterranean partners to reform.

2. SUMMARY

Implementation of the Roadmap has been influenced by the evolving situations of the Mediterranean Partners in 2012.

An increasingly diversified transition

In political terms, 2012 was dominated by the successful holding of democratic elections (Egypt, Algeria and Libya), electoral reforms in preparation for elections in Jordan and Lebanon and the formation of new governments in most countries. The EU provided support to what were often the first truly democratic elections, through assistance or EU observation missions. Multiparty politics gained a new dynamic and civil society was more active and vocal.

In several countries, the electoral victory of parties inspired by Islam triggered open debates within institutions and civil society on the role of Islam in the new democratic set up. These debates crystallised around the constitutional reforms in Egypt and Tunisia. Transition governments faced the need to build a political consensus on democratic reform, limiting their ability to take decisive steps towards reforms. While it became clear that the process of democratic institution building will take time, particularly where legal uncertainty still clouds the transition process (Egypt), the new dynamism of political parties and civil society is a sign of the development of a democratic culture, which provides the EU with new channels for dialogue. At the same time, with the worsening of the security situation, particularly in

¹ This Joint Staff Working Document concentrates on the situation in the countries of the 'Arab Spring', and does not describe the situation in the oPt or Israel. For the same reasons the report does not contain a detailed analysis of the situation in Syria.

² *Partnership for Democracy and Shared Prosperity: Report on activities in 2011 and Roadmap for future action*, accompanying the Commission communication: *Delivering on a new European Neighbourhood Policy* JOIN (2012) 114 final 15.05.2012

³ *A partnership for democracy and shared prosperity*, COM (2011) 200 8.03.2011 and *A new response to a changing Neighbourhood*, COM (2011) 303 25.05.2011.

Libya, Sinai and the Sahel, reforming the security sector inherited from the previous regimes, while maintaining law and order, is becoming an important issue. The crisis in Syria has reinforced regional divides and increasingly affected neighbouring countries while the more prominent role of public opinion is giving a new dimension to the urgency of resolving the Arab-Israeli conflict.

On the economic level, political uncertainties, the impossibility of implementing greatly needed structural reforms in such a context and the ongoing euro area crisis continued to put a brake on economic activity. The fiscal deficits of the countries in the region remained high or even worsened in 2012, due to the weak economy and increased expenditure meant to meet vocal social demands. Unemployment levels edged up further from already high levels. The trade balance remains a serious matter of concern almost everywhere, and reserves generally remain at problematic levels, but overall, signs of a moderate economic recovery were visible. In comparison with the weak performance of 2011, there were some signs of stabilisation. The weighted growth rate in the region is expected to remain 2.5% in 2012.

EU response: diplomatic engagement and increased support

In this context, the EU pursued its policy of renewed engagement, bilaterally and at regional level, offering support to the transition while recognising that ownership lies with its partners.

Throughout 2012, the European Council and the Foreign Affairs Council and the European Council held regular discussions on the Arab Spring and its follow-up, confirming the EU's support for the democratic transition and addressing country situations of particular concern. President José Manuel Barroso visited the region twice in 2012 (Israel/occupied Palestinian territories (oPt) and Jordan). The High Representative for Foreign and Security Policy/Commission Vice-President (HR/VP) Catherine Ashton maintained regular contact with leaders of partner countries. Her frequent visits to the region (10 visits in 2012: January 2012: Israel/oPt + Jordan and an additional trip to Jordan, February: two visits to Jordan, May: Israel/Jordan and an additional trip to Jordan, July: Egypt, October: Lebanon, Israel/oPt and Jordan, November: Morocco/Algeria and Egypt)), together with visits by Commissioner Štefan Füle (four visits in 2012: Morocco, Algeria, Tunisia and Egypt) and other Commissioners, underlined Europe's political commitment to the region. Meanwhile the visits to Brussels by the newly elected Egyptian President Mohammed Morsi and the Tunisian Prime Minister Hamadi Jebali, as well as other regional leaders, including Jordanian King Abdullah and Lebanese Prime Minister Najib Miqati highlighted their desire to engage with the EU.

In the case of Syria, the EU repeatedly condemned the ongoing human rights violations, decided several rounds of restrictive measures against the Syrian regime, and provided humanitarian aid to Internally Displaced Persons and refugees. The EU deployed diplomatic efforts to facilitate a peaceful solution to the crisis, giving support to the UN-League of Arab States Special Envoys, participating in the 'Friends of Syria' meetings, and supporting efforts to foster a unified and representative opposition.

At the regional level, the transfer of the Union for the Mediterranean (UfM) Northern co-presidency to the EU and the assumption of the Southern UfM co-presidency by Jordan signalled a renewed willingness on both sides of the Mediterranean to turn the UfM as a unique forum of 43 members⁴ into an effective catalyst for the development of regional

⁴ Syria's participation is currently suspended, so cooperation continues among 42 countries.

projects. The EU–League of Arab States Ministerial Meeting held in November gave a clear political message that EU and Arab ministers alike were committed to cooperating in addressing their common challenges.

The EU Special Representative for the Southern Mediterranean contributed to enhancing the effectiveness and visibility of the EU through developing dialogue with all parties involved in transition process. Together with the European External Action Service and the Commission services, the Special Representative organised successful Task Forces for Jordan in February and Egypt in November, working together with two countries and bringing expertise from the EU, its Member States, the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and other International Financial Institutions and the private sector to support the transition.

The EU made full use of the institutional channels developed under the ENP, such as Association Councils (four took place in 2012 — with Morocco, Tunisia, Lebanon and Algeria) and Committees to deepen the dialogue with partners. ENP Action Plans (APs) remain key instruments to promote reforms in partner countries. Although the reforms set out in the APs are mostly implemented by partners, they are identified jointly and serve as the basis of EU support during the implementation. Discussions on the first AP under Morocco's Advanced Status were finalised. Similarly, a new AP was agreed with Tunisia allowing relations to be upgraded. Negotiations on the AP with the oPt were completed, and, in response to Algeria's interest in engaging with the ENP, discussions began on a first EU — Algeria AP. The completion of AP negotiations with Lebanon also clearly demonstrates the desire and effective upgrade of Lebanese engagement with the EU in 2012.

The EU further implemented its support to the transition countries, mobilising new resources in development assistance and loans, and offering increased market integration and Mobility Partnerships and participation in EU programmes and agencies.

Under the multi-country 'Support for Partnership, Reform and Inclusive Growth' (SPRING) programme, EUR 285 million was committed as additional assistance in 2012. A joint letter by the HR/VP and Commissioner Füle to EU Member States in February outlined how to translate the new ENP incentive-based approach into country allocations. In Jordan, for example, SPRING was implemented in two tranches, with the release of the second tranche based on clear progress on benchmarks linked to the democratisation reform process in the political, economic and social areas.

Following decisions in 2011, EIB lending potential for the region increased by EUR 1 billion (with an additional EUR 700 million for projects related to climate change). Together with other partners, the EU approved the enlargement of the EBRD mandate to the South Mediterranean, enabling the region to tap into an additional EUR 1 billion in lending resources. Preparatory work on negotiations on a Deep and Comprehensive Free Trade Agreement (DCFTA) was completed with Morocco and advanced well with Tunisia, while discussions on Mobility Partnerships were held with both countries.

Overall, there has been good progress in achieving the targets set in the Roadmap. At the same time, developments in 2012 highlighted that there is no 'quick fix' to transition. Efforts to build democratic institutions and attract investment for more inclusive growth cannot produce effects overnight. The very nature of transition means that new governments need time to fully exploit the potential of EU offers of support. In this complex diverse context, throughout 2012 the EU demonstrated its commitment to being a key reliable partner for

societies intent on building democracy and shared prosperity.

Further progress in 2013 will depend on partners' commitment to actively pursuing the transition to democracy and clearly outlining and implementing reform to achieve inclusive growth. The EU will have to pursue its engagement to develop dialogue, explain its incentive-based offer and explore options for making further progress towards better-managed mobility and improved access to the EU internal market.

3. IMPLEMENTATION OF THE ROADMAP VIS À VIS SOUTHERN MEDITERRANEAN PARTNERS

3.1. Building sustainable democracy

Objectives

Building sustainable democracies where the right to vote is accompanied by:

- Rights to exercise free speech, to form associations and competing political parties, and to rely on impartial justice, security provided by accountable police and army forces, and a competent and non-corrupt civil service;
- Civil and human rights such as the freedom of thought, conscience and religion;
- The establishment of a direct and genuine partnership and cooperation with society and its representatives.

Implementation

Human rights and democracy

While reforms begun in the context of the Arab Spring have marked advances in democratic participation and human rights protection, the transition process differs from country to country and is not moving at the same pace everywhere.

Overall, progress has been achieved in political representation, and elections in the region have been held in line with international standards. In Egypt, parliamentary **elections** were held under judicial supervision and were found to be free and fair. However, some restrictions were made on foreign monitors during the presidential elections in May. Parliamentary elections were held in Libya and Algeria, while municipal elections in Palestine marked a step towards the restoration of democratic accountability. As regards EU election support, Instrument for Stability (IfS) support enabled the National Election Supervision Commission of **Tunisia** to develop good practices and assess lessons learned. In **Egypt**, the authorities did not accept the EU's offer to deploy a fully-fledged Election Observation Mission (EOM) but an Expert Mission was present. In **Algeria**, the EU deployed an EOM for the legislative elections. In **Libya**, the EU observed the electoral process with an Election Assessment Team, and provided technical support to the electoral process through the European Instrument for Democracy and Human Rights (EIDHR). In Jordan, the EU was invited for the first time to observe the parliamentary elections held in January 2013.

Regarding the drafting of **electoral laws**, some progress was made in Jordan and Tunisia. In Tunisia, the EU, together with the United Nations Development Programme (UNDP), is assisting with the drafting process. In Jordan, a new election law was adopted but Jordanians

of Palestinian origin are still under-represented. The Political Parties Law adopted in May 2012 included gender requirements and a prohibition on forming parties on a religious, sectarian, ethnic or factional basis. New **parties** are regularly formed in Egypt.

Reforms to ensure the independence of the **judiciary** are ongoing in Egypt, Lebanon, Morocco and Tunisia. However, in Lebanon and Morocco political power is still enmeshed in the judiciary and Jordan is experiencing delays in adopting a law on the judiciary. Efforts need to be made to ensure **fair trials**. There are concerns in Egypt with the continuation of trials under emergency courts although the state of emergency was lifted in May 2012.

Death penalties have continued to be issued, even if there has been a *de facto* moratorium in countries such as Jordan, Tunisia and Morocco. Despite a few institutional steps forward, there is no progress regarding **prison conditions and torture**. In Lebanon the existing law is not systematically applied. Egypt has announced its will to reform the police, including measures against torture, but it is unclear how this will materialise.

The EU provided around EUR 80 million in support for the countries of the region in the area of **justice and the rule of law**.

The countries in the region are parties to many of the main international and regional human rights treaties, but do not adhere to many of their optional protocols. Progress has been noted in civil society development (especially in Morocco and Tunisia). However much still needs to be improved. Concerns about the protection of **women's rights** remain, including in relation to debates on constitutional reform.

Public pledges to enhance the **fight against corruption** were made. Egypt pledged to improve administrative transparency and started prosecuting high profile corruption cases (further discrediting the former regime). In Jordan, high profile corruption cases are also prosecuted and members of parliament obtained the right to refer allegations of misconduct by government ministers to the Attorney-General. In October, Morocco presented a draft bill giving extended powers to the central body for the prevention of corruption. Still, corruption remains a concern in the region.

In this context, the EU has revised its guidelines on the use of budget support, with a new eligibility criterion on transparency and oversight of public finances. Fundamental values are a pre-condition for the 'good governance and development' contracts used to provide budget support to governments. Moreover, the EU provides more than EUR 101 million for public finance management: EUR 46.6 million for sector budget support and the rest as technical assistance. The fight against corruption is also tackled through projects under the European Neighbourhood and Partnership Instrument (ENPI) and EIDHR.

The EU is providing considerable support to improve **governance and socio-economic development**. As enshrined in the March 2011 Joint Communication from the HR/VP and the Commission, an incentive-based approach ('more for more') is being applied in EU relations with the Southern Neighbourhood. A new generation of Action Plans including detailed provisions on democracy, human rights and good governance is being agreed with partners. Benchmarks for democratic transition in the Southern Mediterranean have been set in the areas of freedom of expression and media; association and assembly; religion and belief; women's rights; transparent elections; and the independence of the judiciary.

To support political actors striving for democratic change in their countries, in 2011 the High

Representative and the Commission proposed to establish a **European Endowment for Democracy (EED)**. Important steps were taken in 2012 to organise and launch the EED as an independent European non-profit foundation, with the participation of representatives of Member States, the European Parliament, the European Commission, the High Representative and civil society organisations. The Commission and a number of Member States already committed funding of EUR 15 million (of which EUR 6 million from the Commission), which should allow the EED to become fully operational in 2013.

The EU also provided support to the **Council of Europe (CoE)** through a EUR 4.8 million programme 'Strengthening Democratic Reform in the Southern Mediterranean'. It started in Tunisia and Morocco focusing on improving court performance; the independence and transparency of the judicial system; good governance; and the fight against corruption. Morocco acceded to one CoE convention and indicated its willingness to accede to many others. A CoE office was opened in Tunis and another will be opened in Rabat.

Concrete projects are promoting **women's rights**; gender equality in transitional justice-related policies; strengthening the social and economic protection of women in rural areas; promoting social-professional integration of single mothers; AND developing strategies to improve women's access to employment and entrepreneurship. The EU made a EUR 7 million contribution in April to **UN Women** to activities in SUPPORT of women's empowerment and added EUR 4 million in December targeting Egyptian women.

In the context of good governance and the rule of law, the EU is keen to support **security sector reform** on the basis of a consensus within the partner country. A Border Management Needs Assessment for Libya was funded under the IfS (April-May). A Common Security and Defence Policy (CSDP) fact-finding mission was conducted in November 2012 and planning is progressing with Libyan authorities on a potential Civilian Border Security CSDP mission in 2013. A peer review of the security sector reform is under discussion with the Tunisian authorities.

A partnership with societies

A strong civil society is essential for the success of the transition. Overall, the voice of **civil society** is now more listened to by partner governments and EU contacts with Mediterranean civil society were strengthened in 2012. Public consultations are increasing in Tunisia and Lebanon. However, in countries such as Egypt, expectations were not met with concrete improvements, as shown in the case of the controversial NGO law.

Progress towards **freedom of association and assembly** is unequal. Tunisia and Libya witnessed a blossoming of new civil society organisations (CSOs). However CSO registration continued to be subject to discretionary powers in Morocco, Algeria, Jordan, the oPt and Egypt. While protests were largely tolerated in 2012, cases of violence and arbitrary arrest against peaceful demonstrators were reported in most countries. Freedom of expression increased although censorship, including auto-censorship, and other types of interference by the authorities, were recorded in almost all countries.

Against this background, the EU channelled additional support to civil society in the region through the **Civil Society Facility (CSF)**. EUR 12 million committed in the first phase (2011) focused on strengthening the capacity of CSOs in order to promote reform and increase public accountability, and support to CSO-led regional and country projects. A regional fund for capacity development (EUR2 million) was put in place with the aim of reinforcing the

existing initiatives, to make CSOs' efforts more visible and to increase their involvement in policy dialogue. Similarly, national actions were launched, for example, to finance a resource centre for CSOs in Algeria and to build capacity among the main NGOs platforms in the oPt. 2012 saw the adoption of the second phase of the CSF covering the period 2012–2013, with an overall budget of EUR 22 million. Specific country allocations were used to finance projects and activities started in 2012.

These actions reinforced the support provided under other EU instruments targeting civil society (the Non-State Actors and Local Authorities programme (NSA-LA) and the EIDHR). The Instrument for Stability was also used to assist civil society. In **Egypt**, it provided support for civil society to contribute to the debates on democratic transition. In **Libya**, an EU-Libya Civil Society Forum was held in Tripoli and Benghazi in May 2012. Other actions funded under the IfS included training focusing on youth and women and delivered to over 470 civil society actors and staff of Tunisian authorities. The second EUR 1.7 million IfS action supporting inclusive national dialogue continued operations focusing on reconciliation, mediation and dialogue within communities.

The **Euro-Mediterranean Partnership's social and cultural cooperation programme**, contributed to the development of civil society capacity building and regional networking. With a network of over 3,500 organisations in 43 countries⁵, the **Anna Lindh Foundation** promotes knowledge, mutual respect and inter-cultural dialogue between the people of the Euro-Mediterranean region. The EU contribution is EUR 10 million for the period 2012-2014 of which EUR 3 million is for the programme Citizens for Dialogue launched in 2012. Its objective is to provide CSOs with tools and skills for intercultural dialogue, exchange and networking, and to promote regional partnerships between citizens' initiatives. The focuses are on Egypt, Jordan, Libya⁶, Morocco and Tunisia; other Arab countries may also participate.

The way ahead

While substantial progress towards the Roadmap objectives was achieved in 2012, further progress in 2013 will depend on partners' commitment to actively pursue the transition to democracy. In several countries, successful completion and the implementation of constitutional reform and the holding of free and fair elections will be the key to the emergence of a pluralistic political order and the protection of human rights. On the EU side, key features in 2013 will be the implementation of the incentive-based approach to assistance linked to benchmarks, and of the new Action Plans, together with full deployment of the Civil Society Facility and the start of European Endowment for Democracy activities and deepening of the dialogue with civil society.

3.2. Inclusive Economic Development, Trade and Investment

Democracy cannot take root unless accompanied by **inclusive, smart and sustainable economic development with opportunities for all**. Based on this premise, the joint communications of March and May 2011 called on the Southern Mediterranean Partners to support the adoption of policies conducive to stronger, sustainable and more inclusive growth, facilitating trade, innovation and investment partnerships, developing Small and Medium Enterprises (SMEs) and promoting industrial co-operation.

⁵ The Anna Lindh Foundation (ALF) is not currently active in Syria.

⁶ Work in Libya will start as soon as the country joins the Union for the Mediterranean.

Objectives

- Contribute to providing growth and job and addressing people's economic expectations, especially those of young people.
- Support the promotion of small and medium-sized enterprises, job creation and training;
- Increase trade, partly by setting up Deep and Comprehensive Free Trade Areas between the EU and the partner countries.
- Facilitate European investments in the region.
- Develop human capital and invest in knowledge and innovation as key drivers for social-economic development and job creation.

Implementation

Economic trends

The Arab Spring of 2011 dented expectations of growth in the Southern Mediterranean and took some of the momentum from the recovery which had begun in 2010. The impact of the on-going euro area crisis exacerbated the deterioration in the macroeconomic situation and, as a result, growth remains subdued. Fiscal deficits, which were negatively affected by the slowdown in economic activity and the increased expenditure meant to assuage the tense social situation, remain high and growing in most countries (from -0.2% of GDP in 2011 to an estimated -3.9% in 2012 in Algeria, from -6.1% to an estimated -7.9% in Lebanon and from -3.1% to an estimated -6.4% in Tunisia). Unemployment levels also remain high (around 13% in Egypt and 17.6% in Tunisia in 2012). The balance-of-payments situation remains fragile in most of the countries, including Jordan, Lebanon, Tunisia and Egypt. Some moderate acceleration in growth was expected in some countries in 2012, including Algeria, Jordan, Lebanon and Tunisia, while others were expected to slow down, notably Morocco and Israel.

The Libyan and Syrian economies were severely affected by conflicts, though the economic situation in Libya greatly improved in 2012 with GDP growing by over 120% as the critically important hydrocarbon production was restored to almost the pre-conflict level. At the same time, the intensification of the Syrian conflict affected neighbouring countries, especially Lebanon and Jordan.

The overall weighted growth rate in the region was expected to remain at around 2.5% in 2012 (excluding Libya and Syria). GDP growth is expected to accelerate in 2013, assuming a gradual return to stability in the region and some economic recovery in the euro-area.

Job creation and support for SMEs

As the higher number of registered firms and companies can attest, the regulatory environment for business in the Southern Neighbourhood improved in 2012. However, entrepreneurs across the region still face relatively weak investor and intellectual property rights protection, in addition to restricted access to credit. Curbs on the development of the private sector, in particular SMEs, have an impact on the level of job creation, which is still insufficient to absorb the workforce.

The new generation ENP Action Plans include substantial sections on improving investment

climate and regulatory convergence with the EU *acquis*. The EU put forward multiple initiatives to support the promotion of SMEs and job creation. These included measures to enhance the business climate, to stimulate key industrial sectors and infrastructures contributing to the sustainable development of SMEs, to promote education and training, and to facilitate access to markets and investment.

A new instrument from Research-to-Innovation (R2I) was launched under FP7 targeted to the ENP South and East on bridging the gap between research and innovation by aligning better research objectives to socio-economic needs and improving performance in managing, transferring and using knowledge resulting from research.

In 2013, the EC-EIB-IMO are co-organising the 12th FEMIP Conference with a view to enhance marine and maritime cooperation among Mediterranean countries and support economic growth and jobs creation in the region through a number of actions focusing on the development of maritime clusters and the identification of opportunities for economic expansion and investments.

The Commission's 2011 communication on SME Internationalisation "Small Business Big World" promised to support the creation of a business-friendly environment in neighbouring countries. The key reference document for promoting SMEs in the Mediterranean region is the 2004 Euro-Mediterranean Charter for Enterprises. Knowledge, tools and good practice are also shared at regional workshops with the support of TAIEX (Technical Assistance and Information Exchange) and SIGMA (Support for Improvement in Government and Management). The European Commission is also allocating a grant to the OECD to evaluate the SME environment in the Mediterranean. To strengthen industrial cooperation, European entrepreneurs also participated in Missions for growth led by European Commission Vice-President Tajani to Morocco and Tunisia in November 2012. In Tunisia, an EU-Tunisia Council for Entrepreneurship was launched that will allow business to advise the Tunisian government on business climate improvements.

There are regional programmes targeting SMEs. The **SANAD**⁷ was launched in 2011 as EUR 50 million investment fund to support SMEs in the Southern Neighbourhood, in particular the business segment too small for banks, but too large for micro-finance. The Neighbourhood Investment facility (NIF) was also mobilised to enable the EBRD to provide technical assistance to local enterprises and help them attract extra investments. A EUR 5 million contribution was made to the EBRD's **Enterprise Growth Programme and Business Advisory Services** for work in the region. Complementarily, a NIF contribution of EUR 15 million to **SEMED** ("Southern and Eastern Mediterranean") project preparation was made in early 2012 to allow the EBRD to start preparing investment operations in Egypt, Jordan, Morocco and Tunisia. The following priority areas are covered: modernisation of the financial sector, increasing the role of clean sources of energy and improving energy efficiency; mobilising private sector power and energy and transport infrastructure investment.

The **Investment Security in the Mediterranean (ISMED) Support Programme** was launched in November. This regional programme seeks to increase infrastructure investment in the Southern Mediterranean by providing advice to governments on reducing the legal risk of specific investment projects. It will be implemented by the MENA-OECD Investment Programme with EUR 1.5 million in funding from the EU. In parallel, the EU launched the ISMED Risk and Cost Sharing Toolkit, providing targeted measures such as support to risk-

⁷ "Sanad" literally means "support" in Arabic.

sharing mechanisms and guarantee schemes. The NIF will underpin this initiative, which is intended to raise at least EUR 2 billion.

The on-going and planned EU country-specific assistance directly targeting SMEs covers the following countries:

- **Jordan:** Jordan services modernisation Programme (EUR 15 million).
- **Tunisia:** Second phase of the programme to support economic recovery (EUR 68 million) and services modernisation programme (EUR 20 million).
- **Egypt:** Support for agricultural SMEs (EUR 22 million). “Technical and Vocational Education and Training” (TVET), a programme to improve the employment prospects of the young Egyptians and to contribute to the competitiveness of the economy by providing a highly skilled workforce (EUR 50 million). Emergency Employment Intensive Investment, a joint World Bank and EU project to create short-term employment opportunities for unemployed, unskilled and semi-skilled workers (EUR 70 million EU grant and a World Bank loan of USD 220 million).
- **Libya:** Support for TVET (EUR 6.5 million).

In addition, **SPRING also finances** the following actions:

- Tunisia: Support for the renovation of popular neighbourhoods (EUR 33 million).
- Jordan: Support for SMEs and export development (EUR 10 million), support for education reform (EUR 10 million), and a good governance and development contract (EUR 40 million) covering electoral process, judicial independence, public finance management, etc.
- Morocco: Support for vocational training, employment and growth, including support for specific categories of SMEs (EUR 30 million) - for adoption in 2013).

Lending from EIB, EBRD and other institutions

Scope for lending by the EIB, EBRD and other European Financial Institutions to small and medium-sized businesses was increased.

In 2011 the financing ceiling for EIB operations in the Mediterranean countries was increased by an additional EUR1 billion for the current budget period, bringing it to EUR 9.7 billion. In addition, the EIB has been given a specific mandate for climate change operations, under which the Mediterranean could draw on up to EUR 700 million. The EIB is sending staff to EU delegations to facilitate and enhance coordination on the ground. In the context of the restrictive measures against Syria, the Council decided to prohibit disbursements by the EIB in connection with existing loan agreements with Syria. In April 2012 the Commission issued a Delegated Act to remove Syria from the list of eligible countries for the EIB external mandate.

In 2011, **EBRD** Governors started the process of extending the EBRD’s geographical mandate to the South. A quick start mechanism was set up in the form of Cooperation Funds to finance technical cooperation, project identification and preparation. A further EUR 1 billion from EBRD’s own resources was allocated to an Investment Special Fund, which can

deliver a full range of EBRD investment operations in the region. Morocco, Tunisia, Jordan and Egypt are eligible to receive EBRD's Special Funds. The EBRD Board had approved six projects for a total of just under EUR 200 million by the end of 2012. Temporary EBRD offices have been established in Cairo, Casablanca, Tunis and Amman and will become permanent once each country has signed a "host country agreement".

The Commission has continued to work closely with its **G-8 Deauville partners** to support the Southern Mediterranean economies. Under the Capital Access Markets Initiative, the EU is exploring the possibility of providing credit enhancements for project bonds in the Partnership countries and a regional SME Guarantee Facility aimed at supporting lending to SMEs.

Macro-Financial Assistance (MFA)

The countries of the Southern Neighbourhood are in principle eligible for EU MFA. Jordan has a programme with the IMF entailing the use of fund resources: a USD 2-billion 36-month stand-by arrangement approved by the IMF Board in August. Following a request by the Jordanian authorities, the EU is preparing an MFA programme. Egypt requested support from the IMF and was close to an agreement on a possible USD 4.8 billion stand-by arrangement at the end of 2012 when the negotiations were postponed by Cairo. The European Commission is considering a proposal for a EUR 500 million MFA operation, contingent on the conclusion of the IMF arrangement.

Morocco also signed up to a pre-cautionary programme with the IMF backed up by a USD 6.2 billion arrangement and Tunisia is currently in discussions on a possible precautionary arrangement. However, the precautionary nature of these arrangements precludes the possibility of an EU MFA.

Macroeconomic Dialogues

The EU has continued to strengthen the Macroeconomic Dialogues. 2012 saw the establishment of fully-fledged sub-committees on economic and financial affairs for the oPt. Similarly, economic dialogue with Jordan was strengthened through the inclusion of the EU-Jordan Dialogue on Economic Reforms.

Trade

Overall, **bilateral trade** flows between the EU and the Southern Mediterranean partners increased. The main EU medium- to long-term objective with Southern Partners is the establishment of a **Deep and Comprehensive Free Trade Area (DCFTA)**. Following the adoption by the Council in 2011 of negotiating directives for DCFTA agreements with Egypt, Jordan, Morocco and Tunisia, the Commission started preparatory work, assessing the commitment of each partner to implement the future agreements and identifying priorities for regulatory approximation. The Commission launched work with Tunisia, Morocco and Jordan in March 2012. The preparatory process with Morocco was concluded in October and in November the Council welcomed the upcoming launch of DCFTA negotiations with Morocco in early 2013. The preparatory process with Tunisia is well advanced and, although some further technical work is required, it is expected that it could be concluded in the first half of 2013. There has been no progress in the preparatory process with Jordan since the first meeting in March. The Commission had first exploratory contacts with Egypt in November.

In summary, although progress has been varied, overall significant and positive steps forward were made overall with partners who are ready to engage.

Only limited progress has been achieved in bilateral negotiations on trade in agriculture, trade in services and conformity assessment. Negotiations on **trade in services and in investments** were launched with Israel, Egypt, Morocco and Tunisia in 2008. In 2012, progress was made only with Morocco, although the negotiations were not concluded. In the case of Egypt, Jordan and Tunisia, these negotiations will be incorporated into the DCFTA negotiations. Preparations for **ACAA** (Agreement on Conformity Assessment and Acceptance of industrial products) negotiations have been on-going with all ENP Southern Partners. The ACAA with Israel was concluded in 2012 and entered into force in January 2013. In the light of preparations, negotiations with Tunisia, Morocco and Jordan could be launched in 2013. Egypt should follow. The **Agreement on liberalisation of trade in agriculture**, processed agricultural products, and fish and fisheries products with Morocco entered into force in October. A similar Agreement with the oPt entered into force in January 2013. Negotiations with Tunisia were not re-launched and could be integrated in the future DCFTA negotiations.

Following the signing of the single **regional convention on Pan-Euro-Mediterranean rules of origin** in 2011, the EU must ensure rapid revision and modernisation of Pan-Euro-Mediterranean preferential rules of origin. Egypt, Tunisia, Morocco, Israel and Jordan presented their positions on the revisions. The first discussion took place at the Pan-Euro-Med working group in May 2012 and continued in October. The Commission is working to establish areas where the views converge. This will be presented to the partners in May 2013.

In parallel, work to implement the working priorities agreed at the Union for the Mediterranean Trade Ministerial Conference in 2010 continues, in particular:

- Establishing an information tool on trade and investment conditions in the Euro-Mediterranean region, which should be implemented from 2013.
- Reinforcing cooperation on the fight against piracy and counterfeiting: An expert meeting took place in February and Euromed Trade Senior Officials agreed to continue cooperation in this area in 2013.
- Strengthening cooperation in industrial sectors: meetings involving industry and trade policy experts on the car and ICT sectors took place in February and will continue in 2013 on other sectors.

Regional South-South integration is also a major objective that the EU pursues with Southern partners. The oPt's accession to the Agadir Agreement is on-going. Lebanon has also expressed interest in joining.

Foreign investment

Commission Vice-President Antonio Tajani led a “Mission for Growth” to Morocco and Tunisia in November to foster business, trade and investment relations.

Social policy and employment

The Southern partners face an enormous problem of very high unemployment rates, especially among the young population. These challenges were discussed at the occasion of the Euro-

Mediterranean High-Level Working Group on Employment and Labour that took place in Brussels in February. The Working Group reaffirmed the importance and added value of working together on the basis of the Euro-Mediterranean Framework for Action on Employment, Employability, and Decent Work. In addition, an informal roundtable meeting between the social partners from the South and for the EU was held in Brussels in April. The social partners agreed to work on good governance / tackling corruption; on the important role social partners play in vocational education and training; and on capacity-building, including advocacy and institution-building. The 2nd Euro-Mediterranean Social Dialogue Forum should be organised in the second half of 2013.

As the 2010 Ministerial Conference called for better coordination among donors with a view to promoting projects on employment and the social dimension, the UfM Secretariat launched the Mediterranean Initiative for Jobs, which is prepared for 2013.

The way ahead

As the political situation stabilises in the partner countries, partner governments should be in a better position to define their economic policies and take more decisive action on economic reform. It will be an opportunity for them to confirm their interest in taking up the EU's offer and to ensure full administrative support for the discussions and negotiations (DCFTA, ACAA, revision of pan-Euro-Mediterranean rules of origin). In this context the EU will have to further pursue its work in explaining the rationale for its initiatives on trade and improvement of the business and investment climate. It will also need to give the matter the necessary attention and resources to ensure that these negotiations are conducted swiftly and that the agreements can enter into force as soon as feasible.

3.3. MOBILITY

Objective

Opening Comprehensive Dialogues leading to Mobility Partnerships (MPs) aimed at strengthening cooperation on migration and mobility in a secure environment, reinforcing local Schengen cooperation, and making full use of the possibilities offered by the EU Visa Code.

Implementation

Following the launch of their respective Dialogues on Migration, Mobility and Security in October 2011, the negotiations on the draft Political Declaration of MPs with **Tunisia** and **Morocco** started in the course of 2012, and are now well advanced.

Dialogue on migration, mobility and security started with **Jordan** in December 2012. As soon as conditions allow, a Dialogue on migration, mobility and security will start with **Libya**. The transitional government of Egypt was offered a similar dialogue, but the offer has so far not been taken up.

Preparations for the planned **SEAHORSE Mediterranean network**⁸, which should encompass all North African countries and Mediterranean EU Member States, are on-going. In December 2012 the Commission adopted the financial decision allowing partner countries

⁸ A secure network to exchange information (via satellite) to combat irregular immigration by sea, primarily established in the Western Mediterranean and on the Atlantic coast.

to join the network and launched a call for proposals for the implementation of the External Border Fund, which will offer grants.

The way ahead

Cooperation on Home Affairs matters remains limited, although our partners have strong expectations that their democratic revolutions will lead to easier mobility to the EU. Principled agreement on the Political Declaration on the Mobility Partnership with Morocco was reached in early 2013. The EU-Jordan Dialogue on Migration, Mobility and Security is due to continue through a series of meetings - the first one having taken place on 25-28 February 2013 – and may eventually result in an MP. The EU may consider launching such dialogues with more Southern Mediterranean countries, depending on the development in their policies, legal and administrative framework, and relations with the EU.

The EU and its Member States should allocate adequate funding to allow the Mobility Partnerships - currently under preparation - to be effectively and smoothly implemented as soon as they are signed.

3.4. SECTOR COOPERATION

Objectives

Stimulate sector cooperation, with particular emphasis on:

- Convergence/alignment in the transport, energy and environment sectors, the development of a Common knowledge and innovation space and enhancing cooperation on information and communication technologies.
- Increasing student and academic staff mobility and modernisation of higher education systems, through participation in EU higher education programmes.
- Fostering people-to-people contacts, youth exchanges, support to education and training sectors, enhancing cooperation in the field of culture.
- Combining efforts on climate change and the environment and the gradual development towards an EU - Southern Mediterranean Energy Community;
- Launching an agricultural and rural development support programme.
- Progressive participation in EU programmes and agencies open to non-EU countries.

Implementation

The new generation of Action Plans includes substantial elements on sector policy cooperation, e.g. objectives related to water, energy, transport, environment, education, culture, health, research and innovation.

In 2012 dialogue continued with partner countries to identify their key interests with regard to **participation in EU programmes and agencies**. The EU held special information meetings in several countries of the region and an additional information seminar bringing together partner countries and EU agencies took place in November. In October, the protocol allowing

Morocco to participate in EU programmes⁹ entered into force. In December, the EU and Jordan signed a similar protocol. The European Aviation Safety Agency (EASA) concluded a working arrangement with Jordan and Morocco in May, Tunisia in October and Israel in November. In June, the European Centre for Disease Prevention and Control (ECDC) signed an Administrative Arrangement with Israel. In October, the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) held a scientific workshop on drug prevention and monitoring in Southern ENP countries. In November, the EU adopted a financial assistance project of EUR 3.7 million to support EU agencies' preparatory activities with a view to facilitating ENP partners' participation in their work.

In the development of a “**Common knowledge and innovation space**” important steps forward were made. In April the EU held a high-level Euro-Mediterranean conference on research and innovation in Barcelona to define the objectives and main elements of a medium to long-term agenda for a renewed partnership and to move towards a more strategic ‘region to region’ cooperation. Participation of the Southern Mediterranean partners in FP7 continued to increase in 2012. The total EU contribution to the projects with participation of the Southern Mediterranean partners amounts to over EUR 529 million (of which, funding for the Southern Mediterranean partners amounts to EUR 43 million). The new FP7 Work Programme for 2013 published in July 2012 includes activities targeting specifically the Southern Mediterranean, in particular through a regional ERA-NET programme, coordinating research cooperation between EU Member States and Southern partners. Three bilateral activities with Algeria, Egypt and Tunisia are intended to support institutional dialogue under the bilateral S&T (Science and Technology) agreement between the EU and these countries as well as a targeted programme R2I on bridging the gap between research and innovation. In addition the FP7 thematic programmes included some research collaborative actions targeted specifically to Southern Mediterranean countries in the fields of energy, health, environment, transport and social sciences and humanities. Research and innovation were also among the priority areas for cooperation of the joint Egypt-EU Task Force held on 14 November in Cairo. In March 2012 a science and technology cooperation agreement was signed between the EU and Algeria.

Regarding the **information society**, the Commission's policy towards the Southern Mediterranean aims at securing a fair, modern, open, competitive and transparent market for communications, a connected ICT research environment, open and vibrant use of the internet for all and a diverse media environment. It focuses on: cooperation in developing the region's information society; cooperation with Southern Partners' telecom regulators (through the joint EU-South regulator forum EMERG); and the promotion of free and open access to internet, including the adoption of international internet principles and the “No-Disconnect Strategy”. At bilateral level a fact-finding mission to Tunisia in June confirmed the key position of the ICT sector for the Tunisian economy. Morocco demonstrates the same potential. Successful multi-stakeholder meetings in Egypt in November proposed a common EU-Egyptian information society agenda as part of the EU-Egypt Task Force. A potential ICT ministerial initiative under the aegis of the Union for the Mediterranean is being considered.

Following the Arab Spring, the importance of pertinent and timely **statistics** as an integral part of transparency, good governance and democratic dialogue has been recognised. In 2012 the Southern Partners agreed on a strategy to continue statistical cooperation with the EU after the current programme ends. The strategy not only covers traditional aspects of improving data production in line with EU standards, but also recognises the need to improve the

⁹ The ones that are open to the participation of the ENP partners.

visibility of data. Progress continues to be made in key statistical areas; for example, national strategies for improving agriculture statistics have been developed for several countries.

In **higher education**, a substantial EU budget increase combined with intensified communication efforts in partner countries has borne fruits. In July 2012, in Brussels, Commissioner Androulla Vassiliou launched a **policy dialogue** with Mediterranean partners on higher education policies and programmes. Commissioner Vassiliou also visited Tunisia and Morocco.

Under **Erasmus Mundus**, additional support of EUR 5 million was allocated under the joint degree action to allow extra Master's scholarships to be awarded to 83 Egyptian and 23 Tunisian candidates. The funding available under the credit mobility action (EU-Mediterranean university partnerships) was doubled. As a result EUR 38.4 million were available¹⁰ to increase academic partnerships enabling the mobility of 1462 Southern Mediterranean and 432 EU students and staff. The budget of the **Tempus programme** available for the Southern Partners was increased to EUR 29 million¹¹. This funded 34 projects to be selected. They aim to support institutional cooperation between the EU and southern neighbouring countries to modernise higher education systems.

Young people and youth workers from the Southern Mediterranean continued to benefit from the **Youth in Action** programme; 1474 of them took part in 391 projects. More than 150 also benefitted from participation in the Euro-Med Youth programme, in the context of 38 approved projects. In addition, the EU, the Council of Europe and the Arab League jointly held a conference in Tunisia in August 2012 on capacity building in youth organisations and youth empowerment. Egypt and Tunisia were invited to take part in the pilot extension of the **eTwinning action for schools**. Tunisia has confirmed its interest in the action and preparatory work has begun. Under SPRING, EUR 25 million was provided to Morocco to scale up a literacy programme as part of the country's education strategy.

The EU is already funding regional **culture** programmes in the Southern Mediterranean (EUROMED Heritage and EUROMED Audiovisual - totalling EUR 28 million). A seminar on "The Potential of Culture in Social Change" took place in Brussels in April, bringing together civil society from the EU, Tunisia, Egypt and Jordan.

An additional budget of EUR 2 million for the European Training Foundation (ETF) allowed the expansion of the work programme with Southern Partners in **vocational education and training** (VET) as a valid alternative to higher education for young people. In September 2012, the ETF organised a conference "New Challenges for Skills Development in the Arab States of the Southern and Eastern Mediterranean", which brought ministers of education and labour from Egypt, Jordan, Lebanon, Morocco, the oPt and Tunisia together to discuss different approaches to tackling the job crisis and the role of education and training in the region's new social and economic context. The EU has finalised the design of a **preparatory action on youth employment** (EUR 1.5 million) aimed at promoting mobility among young professionals through internships in SMEs on both sides of the sea.

Regional energy policy cooperation is a multi-layer, longer-term activity taking into account the need for a differentiated and gradual approach. The EU is stepping up partnerships and assistance programmes with the Mediterranean partners to support regulatory reforms in the

¹⁰ 2012 selection (call published in December 2011).

¹¹ 2012 project selection (call published in December 2011).

energy sector, either based on existing frameworks or developing new ones. The EU has been actively involved in supporting cooperation among the energy regulators (MEDREG) and the establishment of a similar association of electricity transmission system operators. The EU started discussions with partners on an energy UfM ministerial meeting in 2013. It is expected to endorse the Mediterranean Solar Plan Master Plan being drafted by the UfM Secretariat; and to launch discussions on a possible Mediterranean energy community. The EU supports the **development of renewable energy** in the Southern Mediterranean. A first successful step was taken in 2012 with the launch of the first large-scale CSP solar plant in Morocco (Ouarzazate), co-financed by the NIF/EIB/World Bank/AFD/KfW. In June 2012, the Commission published a communication on EU policy on renewable energy which emphasised the scope for establishing a mutually-beneficial framework for trade in renewable energy in the Mediterranean.

The planning of the future Trans-Mediterranean **Transport Network** to be connected to the Trans-European transport network and work on priority infrastructure projects progressed well within the EuroMed dialogue structures. On the regulatory reform, the implementation of the Regional Transport Action Plan (RTAP) for the Mediterranean for the period 2007-2013 is going to be evaluated by the Mediterranean partners. The second Euro-Mediterranean Ministerial Transport Conference envisaged for November 2013 should endorse the achievements obtained in all the sectors of cooperation.

Setting-up the **Euro-Mediterranean aviation area** continued with the negotiation of comprehensive aviation agreements with each partner (already signed with Morocco and Jordan, initialled with Israel and expected to be signed in 2013) and the provision of technical cooperation to help them implement the agreements. Tunisia has agreed to open negotiations on such an agreement.

As regard **maritime** sector, the **EuroMed dialogue** and the regional technical assistance aim to develop Euro-Mediterranean co-operation in the field of maritime safety and security, prevention of pollution from ships and marine environmental issues. Work progressed on an EU proposal for regional exchange of Automatic Identification System (AIS) of data. In order to better respond to discharges from ships and to locate and identify polluters, all Mediterranean countries were invited to participate in the CleanSeaNet satellite service. The new EMSA Regulation is providing for technical assistance, including the organisation of relevant training activities to, where applicable, European Neighbourhood partner countries. In line with the provisions concerning the recognition of seafarer's certificates, the Commission has already recognised Algeria, Israel, Morocco, Tunisia and Jordan and is currently assessing Egypt. A feasibility study on "Mediterranean Sea maritime development cooperation" has been carried out under the FEMIP Trust Fund at the initiative of the European Commission, the European Investment Bank (EIB) and the International Maritime Organisation (IMO), with the objective of exploring stronger cooperation across the three institutions on the development of the marine and maritime sector. The **Integrated Maritime Policy** (IMP-MED) technical assistance project under the ENPI South programme has emerged as a key vehicle for enhancing marine and maritime cooperation. Cooperation between maritime authorities in all Mediterranean countries was supported by holding a second edition of the Mediterranean Coastguard Functions Forum in Marseille in September 2012. Further ideas for cooperation in the region will be discussed at the 12th FEMIP Conference in Athens in April 2013.

On extension of the **European Geostationary Navigation Overlay Service (EGNOS)**, there has been a delay in establishing the sites for setting up Ranging and Integrity Monitoring

Stations (RIMS) in some Mediterranean states. The EU needs firm reassurance from the partners already hosting the RIMS (Morocco, Tunisia and Egypt) that the operations and maintenance of the stations will continue.

The main challenges to the **environmental and climate change** policies of the Euro-Mediterranean Partnership relate to water scarcity, water pollution, waste management and environmental degradation. Climate change poses a problem because the region is arid and extremely vulnerable to changes in temperature. Countries are increasingly affected by climate change, sometimes in sectors of key importance to their development. Partners have made some efforts to strengthen environmental governance, including their administrative capacity. All regional initiatives on the environment are advancing at technical level: setting up of a comprehensive system for environmental data collection; progress on sustainable integrated water resource management; and support for the Horizon 2020 Depollution Initiative. Under the Horizon 2020 initiative, the Mediterranean Hot-Spots Identification Programme (MeHSIP) has taken four key pollution reduction projects in Egypt, Lebanon, Tunisia and Jordan to an advanced stage of preparation to enable them to access EIB loans. In addition, in 2012 a new regional project, SWITCH MED, started. It aims to help the EU southern neighbours to switch to green economies and to develop sustainable consumption and production models. As regards **climate change**, in addition to building on existing activities, a new project CLIMA SOUTH was put out to tender and launched by the end of 2012 to support regional capacity building in climate change mitigation and adaptation, and to enhance cooperation with the EU. An important factor is civil society's potential to reinforce environmental governance, awareness raising and public participation. In this perspective, the EU signed an agreement with the UNDP on capacity-building grants for environmental NGOs in European Neighbourhood countries. The result should be that at least three NGOs per country will improve their capacity to engage in environmental governance.

The presence in the Southern Mediterranean of economically important animal diseases hampers the development of trade in animal origin products. Capacity building in the **sanitary and phyto-sanitary sector** is a prerequisite for overcoming this. Among other support measures, the EU organised a Commission/European Food Safety Agency/TAIEX-supported Mediterranean seminar on animal identification and disease control measures held in Cyprus in September.

The ongoing, EU-supported, Episouth Plus project aims to increase **health security** by strengthening preparedness for common health threats and biosecurity risks at national and regional levels. In 2012, partners participated in a Commission/European Centre for Disease Prevention and Control conference and training course on strengthening capacity building for communicable diseases prevention and control in the Mediterranean. The aim is to jointly explore options for developing a regional training programme on intervention epidemiology.

In **regional policy** the possibility of launching Pilot Regional Development programmes as in Eastern Partnership countries and inspired by EU policy promoting economic, social and territorial cohesion is being explored with partners. The EU contacted the authorities in Morocco and Tunisia so that in February 2013 officials from these countries were able to visit regions in Belgium and France. At the same time, the Mediterranean ENPI CBC programme (grouping all EU Mediterranean countries and majority of the ENP Mediterranean countries) is progressing well and has launched three calls for proposals. Out of the total programme budget of EUR 200 million, EUR 124 million has been already awarded in funding.

In **agriculture and rural development**, the EU has been engaging with the Southern Partners

in the framework of the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD). The process started with Tunisia, Morocco, Egypt and Jordan, and following the partners' interest it was extended to Algeria and Lebanon. In each country, the EU supported by the Centre International des Hautes Études Agronomiques Méditerranéennes/Institut Agronomique Méditerranéen de Montpellier (CIHEAM/IAMM) have been working together with representatives of government, civil society and research institutes to identify the key challenges and priorities the country wishes to address in this field. The dialogues under ENPARD aim at promoting long-term agricultural and rural development strategies. In order to visibly act, pilot activities are being prepared with a territorial and participatory community based rural development approach. In **fisheries**, the EU supports actions to improve the General Fisheries Commission for the Mediterranean (GFCM) framework for fisheries data collection and implementing multi-annual fisheries management plans on the basis of GFCM guidelines. It also supports capacity-building on fisheries control through the Community Fisheries Control Agency and GFCM.

The financing decision for a new EUR 5 million programme targeting **civil protection** ("PPRD South") was adopted in August 2012. This new regional programme will further develop the Risk Atlas and Civil Protection manual, drafted under the previous EuroMed PPRD South programme. The programme contributes to the development of stronger disaster prevention, preparedness and response capacity at local, national and international level. The programme also aims to bring the Mediterranean partners progressively closer to the European Civil Protection Mechanism. A High Level Conference on Civil Protection, attended by Commissioners Kristalina Georgieva and Štefan Füle and the UfM Secretary General Fathallah Sijilmassi was held in Brussels in November 2012 to launch the new programme.

The way ahead.

Building on the progress of 2012, sector policy cooperation should be pursued with renewed vigour in 2013 in order to reach the Roadmap objectives. As the political situation stabilise in the partner countries, partner governments should be in a better position to take advantage of what the EU has to offer and boost their participation in regional cooperation. The EU has more work to do to explain the rationale for its initiatives, in particular on energy and transport. This could be helped by holding regional ministerial meetings in these sectors in 2013.

3.5. COOPERATION WITH REGIONAL ORGANISATIONS AND INITIATIVES

Objectives

- Make the Union for the Mediterranean an effective instrument promoting policy dialogue and sector co-operation at regional level.
- Promote sub regional co-operation, in particular in the Maghreb, involving the EU and the relevant partner countries on issues of common concerns.
- Develop a structured dialogue between the EU and other relevant regional organisations (in particular the Arab League).

Implementation

Union for the Mediterranean

The UfM is a unique forum for dialogue among 43 Euromed partners¹² which complements the bilateral relations between the EU and its southern neighbours. 2012 marked a revival of the UfM's role as a catalyst in developing regional dialogues and projects.

In March, the Council transferred the UfM Northern Co-Presidency to the EU, giving a new impetus to the organisation's work, and ensuring the development of sector dialogues and greater consistency between EU policies and programmes and the work of the UfM. From September, Jordan assumed the UfM Southern Co-Presidency, reaffirming full co-ownership and co-piloting of the UfM process. Libya agreed to join the UfM as an observer, while Syria suspended its participation.

Regular meetings of senior officials allowed them to develop political dialogue and better incorporate other dimensions of cooperation implemented by institutions such as the UfM Parliamentary Assembly, the Euromed Economic and Social Council, the Euro-Mediterranean Regional and Local Assembly (ARLEM), civil society (through the Anna Lindh Foundation), and relevant international financial institutions.

The new Secretary General appointed in March focused on improving the UfM Secretariat's competency in developing and seeking finance for regional projects and received EU full support for this endeavour. In particular, the European Commission provided advice and training to the UfM Secretariat on EU project management procedures and detached an official to help the Secretariat with project preparation and funding.

At the time of writing this report, the UfM had endorsed 14 projects, including the construction of a water desalination plant in Gaza, the completion of the Trans-Maghreb Motor Highway, the Mediterranean Solar Plan, cooperation in education and a project fostering women's employment and job creation. In December, it presented senior officials with a new Initiative for Jobs to be launched in 2013. These projects are developed in close coordination with the EU and complement the wide variety of EU regional programmes outlined in the previous section.

Although, no UfM ministerial meeting was held in the second half of 2012, sectoral working groups and senior officials' continued to meet throughout the year, enhancing regional dialogues in a wide range of sectors, from research and innovation to social dialogue and industrial cooperation. Preparations started for ministerial meetings in 2013, focusing in particular on deliverables in the areas of energy and transport.

The Monitoring Committee for the Euro-Mediterranean cooperation on research and innovation proposed, during its last meeting in Malta in November 2012, a UfM Ministerial conference in research and innovation to take place in 2014.

Sub-regional co-operation in the Maghreb

In the course of the year the EU participated in two key meetings of the Western Mediterranean Forum (also known as the 5+5 Dialogue): a meeting of Foreign Ministers in Rome in February attended by Commissioner Füle, and the Summit in Malta held in October,

¹² Syria's membership is currently suspended.

attended by President Barroso and Commissioner Füle. At both meetings, the EU underlined possible synergies between the 5+5 Dialogue and EU bilateral and regional cooperation and also with the UfM. Informal meetings were held with the Arab Maghreb Union (AMU).

In December, a joint communication by the HR/VP and the European Commission outlined ways in which the EU might accompany efforts to achieve closer cooperation and integration between the countries of the Maghreb. It will complement efforts at bilateral level between the EU and the countries of the Maghreb as well as wider regional cooperation.

Co-operation with the Arab League

The EU has given diplomatic support to the efforts of the League of Arab States (LAS) to find a solution to the Syrian crisis. The HR/VP has maintained close contacts with the LAS Secretary General throughout the year and four meetings of senior officials have allowed structured political dialogue between the two institutions.

A joint EU-LAS ministerial meeting held in Cairo on November 13 sent a strong signal of a joint commitment to address common challenges. It adopted an ambitious declaration covering a wide range of political subjects and endorsed a joint work programme paving the way for practical cooperation in various fields such as women's empowerment, crisis management, humanitarian action, human rights and civil society. Earlier in 2012, the EU had provided support for setting up a crisis room at LAS headquarters and held a seminar on election observation for LAS officials.

Co-operation with the Organisation of Islamic Cooperation

The EU also strengthened its relations with the OIC. For the first time, the HR/VP attended an OIC ministerial meeting in Djibouti on 15 and 16 November. Both organisations have held high level and expert meetings, providing ideas for more practical cooperation.

The way ahead.

Substantial progress was made in 2012 on reinforcing the UfM and in developing cooperation with the League of Arab States. The key to further progress in 2013 will be to ensure that UfM projects are financed, the “Initiative for Jobs” deployed and ministerial meetings held to give guidance and new impetus to the sector cooperation. The joint work programme offers the opportunity to further develop cooperation with the League of Arab States. Following consultation with Maghreb partners, the implementation of proposals made in the joint Communication on the Maghreb should be started.

4. FUNDING

‘More for More’: the SPRING programme

The SPRING programme was adopted in 2011 in response to the Arab Spring to support partner countries in their efforts towards democratic and economic transition. SPRING is the first programme which translates into operational terms the 'more for more' approach which guides the new ENP, linking funding to progress in building deep and sustainable democracy and in implementing related reform objectives. It has resulted in greater dialogue with partner countries on those issues increasing the EU's impact and credibility. The overall budget for SPRING is EUR 540 million for the period 2011-2013.

Country allocations for 2011-2012 have been decided. Activities to be funded under SPRING are agreed with each Partner, based on its specific needs:

- Algeria: EUR 20 million, in two tranches, with EUR 10 million to support governance and EUR 10 million to be confirmed when benchmarks are achieved.
- Egypt: EUR 90 million to support the economic transition;
- Jordan: EUR 70 million, half of it to support democratisation, the other half to support inclusive economic growth. The funds have been split into two tranches of EUR 30 million and EUR 40 million respectively, with the release of the second tranche subject to the achievement of benchmarks.
- Lebanon: EUR 30 million to support the democratisation process except for EUR 6 million for Palestine refugees in Lebanon.
- Morocco: EUR 80 million aiming chiefly at supporting inclusive economic transition, with the exception of a EUR 2.865 million project to support reforms in the area of human rights.
- Tunisia: EUR 100 million, of which EUR 25 million is to support efforts to achieve legal approximation with the EU, EUR 43 million is to support the economic transition and poor regions and EUR 32 million is to support political and democratic transition.

Allocations for 2013 will be based on an assessment of the progress made in implementing democratic reforms. Lessons from the implementation of the 'more for more' principle will be taken on board so as to increase the impact and credibility of this key principle of the renewed European Neighbourhood Policy.

