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**Accompanying the
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‘Implementation of the European Neighbourhood Policy in 2007’

Sectoral progress report

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Introduction

The EU's policy dialogue with ENP partner countries covers a wide range of subjects – from the political to the technical. The ENP engages partner countries in external aspects of Community policies on a large number of issues which are summarised in this Sectoral Progress Report.

Sectoral policy dialogue is a crucial platform for the “partnership-for-reform” that the ENP entails. It supports the transition, reform and modernisation of ENP partner countries' administrations and public institutions. It promotes and facilitates convergence with Community policies, calibrated to the ambitions and capacities of the partner. This process of helping create a modern public administration that responds to the needs and rights of citizens – e.g. providing one-stop-shop business registration; citizen-oriented and corruption-free police or customs services; effective port management and facilitating commerce and transport; or access to environmental information; to give but a few examples – represents, if it is sustained, a strong political contribution to good governance and the rule of law and in neighbouring countries.

Social reform and development

While situations obviously differ between partner countries, some common factors are apparent in this field:

Much remains to be done in the field of **employment and social development**. The fight against poverty and unemployment, including youth unemployment, is a common challenge throughout the ENP region. The informal sector is widespread in many countries, putting workers in vulnerable situations without social rights and social protection. At the same time, several countries face a lack of qualified workers, as education and training systems do not match labour market needs. Demographic change, with a rapidly increasing workforce in the South, and demographic ageing in some Eastern partner countries, adds to the challenge.

All countries consider these issues as a priority and have therefore engaged in deep reforms. Significant efforts are needed in order to implement effective labour market policies and to promote decent work, aiming at productive employment, rights at work, social protection, social dialogue and equal opportunities for men and women. Social protection is still poorly developed in several partner countries, and the social inclusion of vulnerable groups needs to be addressed.

There are many discrepancies among the ENP countries as regards **social dialogue** which, as a general point, needs to be strengthened across all countries. *Jordan, Lebanon and Morocco* have yet to ratify ILO fundamental conventions on freedom of association and collective bargaining. There are also limitations in practice, such as prior authorisation, to the freedom of association and protection of the right to organise conventions.

All ENP partners have undertaken measures to enhance **women's** participation in political, social and economic life and to promote equal rights for men and women. However, these measures – a key to societal modernisation – have not yet led to any significant improvement on the ground. Discrimination against women and domestic violence are still widespread.

Sustainable development

ENP partners made limited progress with regard to sustainable development. While most partners have sustainable development strategies and inter-ministerial structures in place, continued attention is needed in most cases to ensure regular meetings of these structures as well as concrete implementation of sustainable development strategies.

Trade, market and regulatory reform

Progress was made in 2007 in the area of **trade and economic integration**. In March, the negotiations were launched with *Ukraine* on an enhanced agreement which will include a deep and comprehensive FTA. Negotiations on this aspect were prepared during 2007 and launched in February 2008 after the conclusion of Ukraine's WTO accession process. The Commission proposal for a regulation introducing autonomous trade preferences for *the Republic of Moldova* was approved by Council and applies as of 1 March 2008. Feasibility studies exploring the possibility of free trade agreements with *Georgia* and *Armenia* were also launched. Negotiations continued with Mediterranean ENP partners on the liberalisation of services and the right of establishment as well as on trade in agricultural products (*Egypt, Israel, Morocco, and Tunisia*). Technical discussions with Mediterranean ENP partners on dispute settlement mechanisms also continued in 2007.

The procedures for the notification of the implementation of the cumulation system under the Agadir Agreement were concluded by all Mediterranean ENP partners involved.

In the field of **customs**, most of the ENP partner countries continued their efforts to upgrade their administrative and operational capacities to implement the customs-related sections of the ENP Action Plans. Work is ongoing in most of the countries to put the necessary organisational framework into and to implement the principle of risk-based customs controls. Some of the Mediterranean ENP partners took actions to secure the international trade supply chain and made progress in the implementation of the WCO Framework of Standards to Secure and Facilitate Global Trade. The strengthening of the IT capacity of the customs administrations is proceeding in almost all countries, although at a varying pace. Some countries continued their work to develop a single window approach for all international trade-related documentation and control. Most countries are making efforts to increase their capacity to verify rules of origin and are implementing a customs ethics policy; however corruption remains a cause for concern.

On **standards, technical regulations and conformity assessment** progress was made by all ENP partners with regard to the preparatory work towards the conclusion of bilateral agreements on Conformity Assessment and Acceptance of Industrial Products (ACAAs). All partner countries continued the approximation of their legislation with EC law in selected sectors and are gradually upgrading their administrative structures. Challenges remain with regard to setting up the necessary administrative, legal and technical capacity to manage and enforce the legislation.

In 2007, *Egypt, Israel, Morocco* and *Tunisia* agreed to start bilateral negotiations on the **liberalisation of services and establishment**. Negotiations are scheduled for 2008 and have already started with *Egypt, Morocco* and *Tunisia*.

ENP partners made limited progress on **sanitary and phyto-sanitary (SPS)** issues. For example, *Ukraine* adopted SPS legislation including a law on veterinary medicine. *Egypt* reinforced controls on potatoes, as a result of which the Commission accepted to allow potato exports to the EC in the 2007/08 season under certain conditions. *Azerbaijan* adopted a law on phyto-sanitary control. *Georgia*, although endorsing key legislation, decided to delay food safety controls until the end of 2009. Partners took measures to combat animal diseases such as rabies in *Ukraine*, avian influenza in *Egypt* or blue tongue in sheep in the Maghreb countries. The latter countries participated in a TAIEX seminar on the blue tongue disease. In 2007, the Commission's Food and Veterinary Office carried out several inspection visits to ENP countries (*Armenia, Azerbaijan, Jordan* and *Ukraine*). ENP partners participated in SPS-related training seminars in the context of the Commission's "Better Training for Safer food" programme. Twinning projects are ongoing or planned with various partners (e.g., *Jordan, Morocco, and Tunisia*).

Progress in the fields of **company law and establishment** is generally slow but many ENP countries are working on comprehensive revisions of their legislation (*Jordan, the Republic of Moldova, and Morocco*). Registration of companies, and also procedures for establishment are still burdensome in some cases (not least in *Ukraine*) and unpredictable. Further efforts are needed to strengthen and instil corporate governance in the ENP region.

In the area of **taxation**, most partner countries have launched or continued with the reform of national tax legislation and tax administration in line with commitments in their ENP Action Plans. Several countries took measures to simplify the taxation system, to improve tax collection and to encourage tax compliance. The number of bilateral treaties on the avoidance of double taxation with EU Member States has increased. Discussions on the principles of the code of conduct for business taxation began with a limited number of partner countries (*Israel, Morocco, Tunisia, and Ukraine*), and most promisingly with *the Republic of Moldova*.

While most ENP countries continued to further modernise their legislation in the field of **intellectual property rights** (notably *Armenia* and *the Republic of Moldova*), the effective implementation and enforcement of intellectual property rights on the ground as well as at judicial level remains, to varying degrees, a common challenge. Further efforts to raise awareness on intellectual property rights are also needed. The dialogue on intellectual property rights with *Ukraine* continued in 2007.

On **financial services**, most ENP partners continued to make progress in implementing financial sector reforms with the aim of bringing the modernisation of this sector into line with international best practices. In this context, progress was made to upgrade the regulatory and supervisory framework as well as to build up independent supervisory authorities.

Most ENP partner countries (in particular, *Egypt, Jordan, Lebanon, and the Republic of Moldova*) are still in the process of a thorough review of their **public procurement** framework. The main challenges relate to the transparency of procedure, contracting authorities' awareness of procurement rules, the adequate dissemination of information (in particular for *Ukraine*) and the setting-up of a sound remedies system. Work on e-procurement has been initiated in almost all countries, with *Israel* taking the lead.

With regard to **movement of capital and payments**, most ENP partners have continued on their still very prudent paths towards liberalisation. *Tunisia* and *Morocco* have, however, taken concrete steps towards the liberalisation of their capital account, which they intend to implement over the coming years, in line with the improvement of their public finances and the strengthening of their financial sector. In *Ukraine*, problems with the repatriation of revenues from foreign investments persist.

As regards co-operation in the field of **public internal financial control** (PIFC) in the framework of public finance management, reform efforts are advanced in *the Republic of Moldova* and *Ukraine* in establishing and implementing control systems and internal audit in accordance with internationally agreed standards. Such efforts are in the early stages of development in *Armenia, Azerbaijan* and *Georgia*. Similar efforts are undertaken in *Egypt, Lebanon, the occupied Palestinian territory* and *Morocco*. Public internal financial control, which is based upon advanced principles such as managerial accountability and operationally independent and decentralised internal audit, can only successfully develop under the principle of transparency inherent in a democratic state order.

Overall, ENP partner countries have taken further measures towards producing reliable **statistics** and improving national statistical systems. Most ENP countries receive EU assistance in this field, including the *Palestinian Authority*. *Georgia*, however, has not yet

adopted the relevant legislation and suffers from a lack of administrative capacity, whereas *Morocco* still needs to complete its legislation.

Among ENP partner countries involved in developing **consumer policy**, *Israel* and *Morocco* have confirmed their interest, in particular, in the participation to the EU's Rapid Alert System for Non Food products (RAPEX). While *Morocco* has made limited progress in the approximation of consumer legislation, *the Republic of Moldova* has taken positive steps in this field by adopting a comprehensive national strategy.

On **enterprise policy**, all Mediterranean partners continued to implement the Euro-Mediterranean Charter for Enterprise. They agreed to participate in a pilot project coordinated by the European Commission in cooperation with the OECD, the European Training Foundation and the European Investment Bank, the aim of which is to assess the progress achieved in the ten sectors covered by the Charter. *Azerbaijan* and *Ukraine* have shown only limited progress in this field. While *Ukraine* has confirmed its intention to establish an enterprise policy dialogue with the European Commission, a government-wide political commitment to proceed is needed in order to make substantial progress in this area.

Cooperation on justice, freedom and security

On **migration and visa facilitation**, *Ukraine* and *the Republic of Moldova* concluded readmission and visa facilitation agreements with the EU, which entered into force on 1 January 2008. Guidelines were drafted to support the correct and harmonised implementation of the visa facilitation agreements. The Joint Committees established under these agreements are to be convened in the first half of 2008 to monitor their proper implementation. Despite the fact that negotiations have been ongoing since 2003, it proved impossible to conclude the negotiations on a readmission agreement with Morocco. Algeria declined to start negotiations on readmission although the Commission received the negotiating guidelines for these negotiations already in 2002.

The Commission started talks with *the Republic of Moldova* as a pilot country for a mobility partnership with the EU, to facilitate legal migration while at the same time combating illegal migration. A Common Visa Application Centre was opened in Chisinau under Hungarian leadership, also including Austria, Denmark, Estonia, Latvia and Slovenia. More Member States are expected to join.

The first Euro-Mediterranean Ministerial Meeting on Migration, held in November 2007, agreed on concrete objectives and actions to facilitate legal migration (including training courses for migrants), to enhance the link between migration and development (including information for migrants on remittance systems) and to combat illegal migration (including the introduction of biometrics and the study of voluntary return and readmission issues).

ENP partners took steps to improve **document security**, but more effort is needed in this area, in particular with regard to the introduction of biometrics in travel documents.

Some progress was made with regard to legislation and measures concerning **refugees and asylum seekers**, also thanks to AENEAS projects and cooperation with the UNHCR.

ENP partners continued with **border management** reforms in line with European standards and with the preparation of new institutional and legal frameworks for the establishment of integrated border management systems, including closer inter-agency cooperation. Closer cooperation and communication between national authorities at regional level is required for ENP partner countries whose borders need to be demarcated and delimited.

With regard to **the fight against organised crime**, all partner countries have signed the UN Convention against Trans-national Organised Crime. Only Jordan has not ratified it. Its First

Protocol to prevent, suppress and punish trafficking of persons has been signed and ratified by all partners except *Israel, Jordan and Morocco*, while the Second Protocol against the smuggling of migrants has been signed and ratified by all partners except *Israel, Jordan and Morocco*. With regard to the Third Protocol on Firearms, it remains to be signed and ratified by *Armenia, Egypt, Georgia, Israel, Morocco and Ukraine*, whilst *the Republic of Moldova and Tunisia* have yet to ratify it. Progress was made in establishing national plans and strategies, but attention needs to be given to their full and effective implementation, particularly in the context of regional cooperation.

Regarding ongoing efforts to tackle **human trafficking**, most ENP partner countries have adopted national action plans on anti-trafficking, including victims' support aimed at recovery and social reintegration and inclusion.

Most partner countries have adopted national strategies to combat **money laundering and the financing of terrorism**, incorporating the FATF recommendations and taking part in MoneyVal co-operation. The development of human and technical resources in this area remains a critical concern. *Armenia* joined the Egmont Group in May.

With regard to the fight against **drugs**, partner countries further pursued the implementation of 1988 UN Convention against Illicit Traffic in Narcotic and Psychotropic Substances by establishing designated national authorities with a view to tackling the drugs phenomenon through both preventative and punitive measures. New national drug strategies were adopted in *Armenia, Georgia and Morocco*. Increased dialogue and cooperation is required, especially with those ENP countries relevant to the production and/or trafficking of drugs. Moreover, further work in line with international commitments and European standards including cooperation with civil society is required in several countries (*Egypt, Israel, Lebanon, Morocco, Tunisia, and Ukraine*).

In the area of **police and judicial cooperation**, there was no tangible progress in 2007 with regard to the ratification of the European Convention on Mutual Assistance in Criminal Matters, and the Council of Europe's 2005 Convention on the Laundering, Search, Seizure and Confiscation of the Proceeds from Crime. On 1 March 2007, *Armenia* acceded to the 1980 Hague Convention on Civil Aspects of International Child Abduction. Further attention and resources are therefore required where relevant, to ensure the ratification and effective implementation of these Conventions. *Egypt* expressed its interest in cooperating further with the EU on counter-terrorism as did *Israel* with regard to co-operation and information exchange with EUROJUST. A Cooperation Agreements was signed by *the Republic of Moldova* with Europol and negotiations are ongoing between *Ukraine* and EUROJUST. *Morocco* signed a series of bilateral agreements with various Member States in the area of judicial cooperation.

With regard to **judicial reform**, work continued on the adoption of new legislation to enhance the capacity and efficiency of the judiciary. In this regard, particular attention was paid to improving judicial independence, effectiveness and impartiality in several partner countries (in *Armenia, Azerbaijan, Georgia, the Republic of Moldova and Ukraine*). Initial steps were taken to put in place national programmes for the continuing training of judges and prosecutors in several partner countries and to improve selection and appointment procedures. No tangible progress has been made in the area of judicial reform in *Lebanon and Tunisia*. As regards **anti-corruption**, ratification of the UN Convention against Corruption was completed in all partner countries except *Israel, Georgia, Tunisia, and Ukraine*. In certain cases, work began on revising national anti-corruption plans, also in consultation with civil society actors. (An excerpt from the Corruption Perception Index, published by Transparency International,

is annexed.) The Council of Europe's Criminal Law Convention on Corruption was ratified by *Armenia, Azerbaijan, Georgia and the Republic of Moldova*.

With regard to civil service and **public administration reform**, initial steps were taken in *Armenia, Azerbaijan, Georgia, Jordan, Lebanon, the Republic of Moldova, the occupied Palestinian Territory and Ukraine* to build a professional and accountable civil service, by promoting unified legislation including a code of ethics for civil servants and by strengthening qualifications through training and promotion of sector reforms.

An inter-professional network of judges, public prosecutors and other legal professionals was established under the **Euro-Mediterranean Justice Programme** with the participation of all Mediterranean ENP partners including *Algeria and Syria*. The areas in which expertise is being developed include judicial cooperation in civil and criminal matters; organised crime and terrorism; financial and economic crime and the management and administration of justice.

Sectoral issues: transport, energy, environment, research and innovation, information society

In many of these more technical sectors, progress is being achieved by incremental steps that are part of the countries' sectoral reform policies. Thus, as the reporting period has tended to be characterised more by ongoing measures than one-off events, this chapter provides a general account of sectoral developments.

Regarding **transport**, most partner countries have stepped up their reform processes by separating operational and commercial functions, thus allowing for more efficient transport operations at reduced costs.

In the aviation sector, negotiations with the Commission services on a horizontal air transport agreement have either been finalised or at least started by most ENP partner countries. *Morocco* and the EU signed an aviation agreement which not only allows the gradual opening of the market but also includes an extensive alignment of aviation legislation with key parts of the Community rules and regulations. Negotiations on a Common Aviation Area agreement with *Ukraine* have begun and should be finalised in 2008. Negotiations with *Israel* and *Jordan* should start soon, while all other neighbouring countries, such as *Georgia, the Republic of Moldova* and *Tunisia* remain eligible candidates for such neighbourhood aviation agreements. Although most countries have pursued a policy of introducing stricter security standards, there is still a need to strengthen civil aviation administrations in general. Several countries have to make particular efforts to improve the safety performance of their carriers.

Reforms of the road sector with a view to increasing road safety and the efficiency of freight operations are ongoing in most countries. *Israel* and *Morocco* are making particular efforts to promote sustainable urban transport.

Although reform of the rail sector is still progressing slowly in most cases, some countries are implementing comprehensive reforms; these include plans for the introduction of high-speed rail services in *Morocco* and *Ukraine*.

Partner countries pay particular attention to maritime safety standards; however *Egypt, Georgia, Lebanon, and Morocco* remained on the black list of the Paris Memorandum of Understanding on port state control.

A number of important initiatives were taken to promote regional transport cooperation: The Euro-Mediterranean Transport Forum met in May 2007 and adopted a Regional Transport Action Plan for the Mediterranean for the period 2007-2013 (RTAP). The RTAP comprises a set of 34 actions in different transport sectors (maritime, road, railways and civil aviation) and

targets mainly regulatory (institutional) reform as well as infrastructure network planning and implementation. Several of the actions (and especially those concerned with regulatory reform) are to be implemented at the national level but also monitored at the multilateral level. This will be done in the framework of the Euro-Mediterranean Transport Forum, with EC-funded technical support through ongoing and future Euro-Mediterranean regional projects (Euro-Mediterranean Regional transport, SAFEMED I & II, Motorways of the Sea-MEDAMOS, GNSS and Euro-Mediterranean Aviation Project) as well as technical assistance and twinning programmes at bilateral level. As a follow-up of the last transport Forum, the infrastructure working group met on 12/13 November 2007 to verify the axes and to update the list of infrastructure projects. These meetings led to a high-level conference on the Mediterranean transport system, organised by the Commission in Lisbon on 3 December 2007 with the support of the Portuguese EU Presidency. At this conference, the EU and Mediterranean partner countries recognised the key role of the regional action plan in extending the major axes of the trans-European transport networks to the region. The extension of the major axes of the Trans-European Transport Networks has progressed in relation to Eastern European neighbours. The negotiations on an enhanced agreement with Ukraine focus on the implementation the Central Axis, the TRACECA Corridor and deeper approximation with EU legislation. Means are being sought to integrate the Republic of *the Republic of Moldova* in this approach. Exploratory talks were launched with Belarus to assess how to integrate the country in the technical work to be carried out on the Northern Axis. Concerning the Motorways of the Sea, the considerable technical assistance provided over the last two years within the framework of the MEDA MOS project allowed the concept in the Mediterranean region to be adapted and a call for proposals for a pilot Motorways of the Sea project to be launched, involving port authorities and operators of the Mediterranean partners.

With regard to Eastern ENP partners, several meetings were held as part of the regional cooperation framework established under the TRACECA multilateral agreement, ranging from working group meetings to the meeting of the Intergovernmental Commission on 13/14 December 2007 in Astana. At this meeting, an Action Plan for the period 2008-2009 for the implementation of the TRACECA strategy was adopted. This meeting also focused on officially opening exploratory talks extending the major axes of the trans-European transport networks to the region. Also under the “Baku initiative” on EU-Black Sea/Caspian transport cooperation, the second aviation working group was organised in *the Republic of Moldova* on 22 October 2007.

Energy security remained at the top of the EU’s political agenda. The European Commission’s Communication “An Energy Policy for Europe”, as endorsed by the March 2007 European Council, reinforces the development of an external energy policy. On its basis, the EU and the ENP partners further enhanced bilateral and regional energy cooperation.

In September 2007 the EU-Ukraine Summit took note of a second progress report under the EU-Ukraine Energy Memorandum of Understanding (MoU). The Commission and *the Republic of Moldova* reinforced cooperation, notably in the preparation of the country’s 2007 energy strategy. *Azerbaijan* began to implement the EU-Azerbaijan MoU on a strategic partnership in the field of energy, which had been signed in November 2006. The Commission signed joint energy declarations with *Morocco* (July 2007) and *Jordan* (October 2007). The Commission negotiated Energy MoUs with *Algeria* and *Egypt* which are to be concluded soon. It also held technical energy meetings with *Belarus* and *Libya*.

At regional level, in November 2006, ministers of the “Baku initiative” for EU-Black Sea/Caspian energy cooperation agreed on an energy road map, which is being implemented. Euro-Mediterranean energy ministers strengthened energy cooperation by endorsing, in December 2007, a priority action plan for 2008-2013. The plan includes, for the first time

ever, an agreed list of priority energy infrastructure projects of common interest in the region. In November 2007, Egypt hosted the first ever EU-Africa-Middle East ministerial energy conference, that identified the common interest in promoting clean energy technologies and to develop a green energy market. In collaboration with the Commission, *Egypt, Jordan, Lebanon and Syria* continued to develop a natural gas market in the Euro-Mashraq region, facilitated by the Euro-Mashraq gas centre in Damascus. *Algeria, Morocco and Tunisia* continued the implementation of the EC project on the integration of their electricity markets. The Commission expressed its readiness to revive an EC-supported Israeli-Palestinian energy cooperation programme including the establishment of a joint energy office. It is also ready to facilitate the Israeli-Palestinian “Solar for Peace” initiative, which aims to enhance the use of solar energy; trilateral exchanges have already been held in December 2007 at the occasion of the Euro-Mediterranean energy ministerial.

ENP partners continued strengthening policy frameworks by adopting energy strategy documents (*Armenia, Georgia, Jordan, the Republic of Moldova, Tunisia and Ukraine*).

They further developed domestic and international energy networks, reinforcing the EU’s, candidate countries’ and ENP partners’ energy security. In 2007, commercial oil flows through the Baku-Tbilisi-Ceyhan (Turkey) pipeline commenced; the Baku-Tbilisi-Erzurum (Turkey) transit gas pipeline was commissioned. The South Caucasian partners cooperated in an EC study for a Trans-Caspian/Black Sea energy corridor. Azerbaijan, Georgia and Ukraine agreed with Lithuania and Poland to work jointly on the extension of the Odessa-Brody oil pipeline to Gdansk in Poland. *Jordan* advanced the construction of the Arab gas pipeline which has now reached the border with *Syria*. *Tunisia* made progress in expanding a gas pipeline to Italy. *Algeria* started promoting a Trans-Saharan gas pipeline which would link Sub-Saharan (Nigerian) sources to the region and, through Algeria, to the EU. *Algeria* also continued the construction of new gas interconnections with Spain and Italy. These two EU Member States also pursued electricity interconnection plans with *Maghreb countries*. *Ukraine* and *the Republic of Moldova* further prepared the interconnection of their electricity networks with those of the UCTE (interconnected electricity networks of continental Europe). Mediterranean partners reinforced their electricity interconnections with a view to establishing a Mediterranean electricity ring.

ENP partners took some steps towards progressive convergence with the internal energy market. *Israel* adopted a strategy aimed at the gradual opening of the electricity market by 2013. *Ukraine* and *the Republic of Moldova*, who are observers under the Energy Community Treaty, started the process towards possible full membership, following a decision by the Energy Community ministerial. Following its application, *Georgia* was granted observer status by the ministerial meeting of the Energy Community in December 2007.

ENP partners enhanced energy efficiency and promoted the use of renewable energy sources, but greater effort is still required. *Egypt* prepared to host a regional centre for renewable energy and energy efficiency to be established with EC and bilateral assistance. *Lebanon* established, together with UNDP, a national centre for energy efficiency.

Armenia and *Ukraine* continued improving nuclear safety. *Armenia* adopted a decommissioning strategy, established a decommissioning fund for the Medzamor Nuclear Power Plant and announced plans to replace it with a new nuclear plant. *Ukraine* and the Commission launched a joint evaluation of the nuclear safety of Ukraine’s nuclear power plants, with the involvement of the International Atomic Energy Agency. *Ukraine* further implemented the Chernobyl Shelter Project. *Morocco* inaugurated a nuclear research reactor. Several partners announced plans or expressed interest in developing nuclear power production (particularly *Egypt* and *Jordan*, but also *Algeria, Belarus, Libya, Morocco, Syria,*

and *Tunisia*). ENP partners should ensure a high level of safety and security of nuclear installations and ensure that the research, development and use of nuclear energy for peaceful purposes are carried out in compliance with the Treaty on the Non-Proliferation of Nuclear Weapons.

Most partner countries have updated their national strategies for the development of the **Information Society**, often focusing on the promotion of online services and increasing the use of internet by broadband deployment. *Israel* as well as *Syria* have not yet set up an independent national regulatory agency. Most partner countries have established such regulatory agencies and are making progress in the adoption of a regulatory framework based on the principles of the EU framework. The mobile telephony market is now liberalised in all of the neighbouring countries and steps to open up the fixed telephony market have been taken by several ENP partners (*Armenia, Azerbaijan, Georgia, Jordan, the Republic of Moldova, Morocco, the occupied Palestinian territory, and Ukraine*).

Some measures were taken to modernise **audiovisual** legislation with a view to converging to European standards in this area: *Armenia* adopted a national plan in the audio-visual field that sets out some of the legislative requirements for approximating to EU legislation. The European Commission and *Ukraine* agreed to develop a project on the promotion of European Standards in the Ukrainian Media Environment. The *Moldovan* broadcasting law adopted in July 2006 provides a legislative basis to ensure respect for the freedom of expression. However much remains to be done: *Azerbaijan, Georgia* and *Ukraine* have not ratified either the Council of Europe Convention on Trans-frontier Television or the UNESCO Convention on Cultural Diversity. Their efforts should be intensified to foster convergence to European standards. Audiovisual authorities are being established (*Egypt*) or are being improved by enhancing their independence, administrative capacity or the training of their staff (*Lebanon, Morocco, Tunisia*)

There has been modest progress in implementing international **climate change** commitments. All partner countries continued to prepare specific investment projects to promote the use of the Joint Implementation and the Clean Development Mechanism. Progress in this respect was most notable in *Ukraine*, followed by *Morocco* and *Israel*. However, the vast majority of the projects have not yet been formally registered due to capacity constraints at the UN level. The basic administrative setup on climate change is now in place in all partner countries since *Lebanon* adopted and established necessary climate procedures and structures. Most partner countries are preparing or have prepared a second national communication, which in many cases includes a greenhouse gas inventory. It is of crucial importance that the partner countries actively engage in international discussions on post-2012 climate action, in order to complete the respective negotiations by the end of 2009.

Regarding the **environment**, progress remained limited, reflecting the vast scale of challenges in this sector. Greater administrative and implementation capacity, coupled with enhanced resources, is essential, but is still lacking in most cases. A major strengthening of environment administration was carried out at the central level in *Jordan*, and some steps were taken in *the Republic of Moldova*. Even with these positive developments, particular attention is still required at all levels of the countries, including co-operation and co-ordination between the different authorities.

Several partner countries took steps to review or evaluate (*Armenia, Georgia, the Republic of Moldova, and Morocco*) and implement (*Egypt, Israel and Tunisia*) their overall environment strategies and action plans. The Ministry of Environment of *Jordan* adopted a new strategic plan. Partner countries took limited steps to integrate environment considerations into other policy sectors.

Georgia adopted amendments to its framework legislation. Some progress can be noted in the adoption and implementation of issue-specific legislation, e.g. on air quality in *Tunisia*, landfill tax in *Israel* and on nature protection in *Armenia* and *the Republic of Moldova*. Subjects of new legislation in preparation include genetically modified organisms in *Armenia*, water in *Georgia* and *Lebanon*, monitoring and inspection in *Jordan*, waste in *the Republic of Moldova*, nature protection in *Morocco*, and protected marine and coastal areas in *Tunisia*.

Many partners still need to fully establish or strengthen procedures for environmental impact assessment, in particular with regard to public participation. State-of-the environment reports have been published in *the Republic of Moldova* and are under preparation in *Morocco*, *Jordan* and *Lebanon*. *Ukraine* signed a co-operation agreement with the Community Civil Protection Mechanism.

Despite some limited progress in the ratification of international and regional environment conventions and protocols, implementation of these commitments remains an even bigger challenge in most cases. Partner countries participated actively in various regional initiatives, such as the Horizon 2020 Initiative on environmental measures in the Mediterranean, including the identification of key environment infrastructure issues in the fields of municipal waste, urban waste water and industrial pollution as well as appropriate financing sources and mechanisms. They contributed actively to the Danube-Black Sea Task Force on a strategic approach to investments in the water sector. However, both of these initiatives require follow-up by the partners and the international financing institutions to take forward the priority investments that have been identified. Partner countries are also participating in activities under the EU Water Initiative, including the Joint Process set up regarding the EU Water Initiative and the Water Framework Directive as well as national policy dialogues. Regional Environment Centres covering *Armenia*, *Azerbaijan*, *Georgia* and *the Republic of Moldova* promote co-operation between various stakeholders, including with neighbouring countries. The Commission held technical environment meetings with *Belarus*.

Regarding **research and innovation**, ENP partner countries have been very interested to increase their participation in the 7th Research Framework Programme (FP7: 2007-2013) and have strengthened their national contact points as well as their research system. Reforms in the area of research and innovation are focusing on enhancing national research capacities. A number of partner countries have established national research funds. Most countries started to develop a more long-term vision and dedicated research policies to support science and technology and identified national thematic priorities. Regional challenges and themes of common interest were identified through the Joint Committees established in the framework of the S&T Cooperation Agreements between the European Community and some ENP countries. Regional challenges and common themes will be gradually included in the international activities of the future thematic work programmes of FP7. *Israel* concluded an agreement to become an associated member also of FP7. *Israel* along with *Egypt*, *Jordan*, and *Morocco*, in particular, has been very successful in the first calls under the 7th FP.

Human capital and public health

Even if the formal signatories of the Bologna Process are only those which are also state parties to the European Cultural Convention of the Council of Europe, this process still provides the main policy reference framework for the reform of higher **education** in all partner countries¹. 2007 saw good progress in the areas of modernisation of university

¹ Only *Ukraine*, *Moldova*, *Georgia*, *Armenia* and *Azerbaijan* are formal signatories to the Bologna Declaration. The 1999 Bologna Declaration of June 1999, signed by 29 European Ministers of Higher Education, foresees the establishment of a European Higher Education Area by 2010. The Bologna

curricula, accreditation and quality monitoring. In this regard, the introduction of the three cycle structure for higher education (bachelors, masters, and doctorate) was initiated in all partner countries, according to their commitment to complete this process by 2010 in line with the Bologna Process. Greater use was made of the European Credit Transfer System (ECTS) as a reference tool for discussions on academic credit transfer and accumulation and new governance structures were defined under the respective national legislation to promote greater autonomy for universities.

A greater number of students and institutions from all ENP partner countries participated in the Erasmus Mundus (EM) programme as compared to 2006 while **mobility of students and scholars** as well as academic co-operation received a significant boost from the new Erasmus Mundus External Cooperation Window (EMECW), where mobility numbers exceeded predictions in its first year, across all partner countries (see Annex for full figures on EM and EMECW for 2006 and 2007). In addition, 29 scholarships to the College of Europe were awarded to students from ENP partner countries. The Jean Monnet programme funded in 2007 one new Jean Monnet Chair in *Belarus* and one Jean Monnet Information and Research project in *Ukraine*. The Tempus programme continued to support the reform of higher education across all partner countries by promoting voluntary convergence with developments in the EU deriving from the Lisbon Agenda and the Bologna Process (see Annex for Tempus figures). Work continued to ensure the establishment and running of national structures for Tempus IV in all partner countries, contributing to the potential for an enhanced policy dialogue on higher education reform in the future.

Reform of **vocational education and training** progressed apace in all partner countries with the design and adoption of national reform strategies, predicated on the gradual introduction of new competence-based training standards and the development of parallel quality monitoring mechanisms. Increased attention has been paid in this respect to the introduction of a life-long learning perspective and more integrated and coherent vocational education and training provision. Pilot work began on the design of national qualification frameworks in line with European standards in the context of a wider policy dialogue and debate on human resource development. Work continued on the development of qualifications frameworks and the promotion of social dialogue in *Armenia, Azerbaijan, Georgia, the Republic of Moldova* and *Ukraine*. However, for all partner countries, significant challenges remain as regards the development of training curricula that will be relevant to their future skills needs and the requirements of a rapidly changing labour market. In all cases, far greater attention would also need to be paid to ensuring the financial viability of future reforms and governance structures as well as the establishment of effective mechanisms of social dialogue to ensure the labour-market relevance of training provision.

At a regional level, the MEDA-ETE programme (Education and Training for Employment) provided a framework for policy action on apprenticeships, self employment and micro-enterprise creation for youth and e-learning for training in ICT while work also continued on the Euro-Mediterranean Observatory Network in order to improve comparability of data and analytical work at regional level.

Process aims to put in motion the reforms necessary for its creation, namely: the introduction of a three-cycle system (bachelor/master/doctorate), quality assurance and mobility and recognition of qualifications and periods of study. Armenia, Azerbaijan, Georgia, Moldova and Ukraine joined the Bologna Process at the Bergen Conference in May 2005. Southern Mediterranean ENP partners, in the framework of the Euro-Mediterranean partnership, adopted a declaration calling for the establishment of a Euro-Mediterranean Higher Education Area at the First Euro-Mediterranean Ministerial Conference on Higher Education and Scientific Research in Cairo on 18 June 2007.

All partner countries continued to promote **youth** mobility and informal education through youth exchanges, voluntary service, training and networking of youth workers, and other international youth activities as a means of enhancing understanding, solidarity and intercultural dialogue as well as ensuring a better social integration of young people. In this regard, initial steps were taken to develop national youth policies. Young people and youth workers from all partner countries actively took part in youth activities supported under the new Youth in Action Programme in 2007 (see Annex for Youth in Action figures). In addition, youth exchanges, support measures and voluntary service actions in both directions as well as between the ENP partner countries of the Mediterranean were facilitated under the Euro-Mediterranean Youth III Programme with 14 projects approved involving *Israel, Lebanon, Morocco* and the *occupied Palestinian territory* .

As regards cooperation in the area of **culture**, all partner countries except *Israel* have ratified or confirmed their intention to sign and ratify the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, providing the basis for enhanced cultural cooperation and policy dialogue. In the framework of the Kyiv Initiative, *Armenia, Azerbaijan, Georgia, the Republic of Moldova* and *Ukraine* began preliminary work with the Council of Europe on a framework for regional co-operation in the culture industries (cultural and viniculture tourism) and the rehabilitation of urban cultural heritage.

A Strategy for the Development of the Euro-Mediterranean Cultural Heritage was adopted by the Euro-Mediterranean Committee in January, presenting a framework for future cooperation on cultural heritage 2007-13 in the areas of awareness raising and education, socio-economic development, legislative reinforcement and institutional capacity-building. Under the Euro-Mediterranean Heritage III programme, regional projects were implemented on themes such as creation of a virtual museums network; rehabilitation of traditional architecture; compilation of a multi-media heritage data-base and promotion of a shared Byzantine-Islamic cultural heritage.

The Anna Lindh Euro-Mediterranean Foundation continued its work on the promotion of dialogue, tolerance and common understanding between cultures by acting as a catalyst in the promotion of exchanges, co-operation and mobility between people at all levels, targeting young people in particular. Its activities focused amongst others, on intercultural education, development of civil society networks, science and communication and the empowerment of women, thereby fully complementing the larger human development activities under the ENP Action Plans.

ENP partners continued with **health** sector reform as a multi-annual task to be pursued in the coming years. Within this sector, communicable and non-communicable diseases need attention. HIV/AIDS, and increasingly also tuberculosis, pose a serious challenge in the Eastern neighbourhood, particularly in the *Ukraine*. In 2007, the EU and its neighbours considerably increased health cooperation and dialogue. This fits into the objective of the 2007 EU Health Strategy to increase the Union's voice in global health through strengthened cooperation with strategic partners including from the neighbourhood. The EU and its ENP partners promoted, through their health dialogue, the implementation of the Framework Convention on Tobacco Control² and the International Health Regulations³. In June 2007, the EU and the ENP partners explored the "health in all policies" concept through a TAIEX-supported seminar, organised jointly by the Commission, the WHO and the European Health Observatory. The Commission also invited ENP partners, which participated therein to an

² WHO FCTC: http://www.who.int/tobacco/framework/WHO_FCTC_english.pdf

³ http://www.who.int/gb/ebwha/pdf_files/WHA58/WHA58_3-en.pdf

increasing extent, to the meetings of the Network of competent authorities on health information and knowledge. In the area of communicable diseases, the Commission invited Mediterranean ENP partners, with TAIEX assistance, to the EpiSouth Network for Communicable Diseases Control in Southern Europe and the Mediterranean. The network is running under the EU's public health programme. The Commission invited *Belarus, the Republic of Moldova* and *Ukraine* to the Commission HIV/AIDS Think Tank. The Commission selected a *Moroccan* and a *Ukrainian* NGO as members of the Commission's civil society Forum HIV/AIDS. In December 2007, the EU and Mediterranean ENP partners enhanced their regional health dialogue in a Euro-Mediterranean workshop on communicable diseases and health systems, also in preparation for a Ministerial conference to be held in Egypt in the second semester of 2008.

Operational aspects

The **sectoral policy dialogue** with ENP partner countries, in both informal and formal formats, has tangibly intensified. With the number of partners that have concluded ENP Action Plans now at twelve, the agendas of the Sub-Committees established under their respective Association or Partnership and Cooperation Agreements are increasingly focused on measures to implement these action plans. They routinely serve to take stock of developments, to provide mutual updates on ongoing and planned legislative and administrative activities on the part of the EC and the ENP partners and to agree on the sequencing of implementation steps (in some cases helped by so-called Implementation Tools as additional operational documents that determine the sequencing of steps to be taken). With the numerous Sub-Committees and working groups established with those ENP partner countries that have concluded ENP Action Plans, plus Algeria, a total number of 64 formal technical meetings in these formats were held during 2007. This reflects the scope of the sectoral policy dialogue, not counting the multitude of regular informal contacts (for detail, see Annex).

Following a Council decision of January 2006⁴ and explanatory events held with ENP partner countries as from mid-2006, 2007 was the year that marked the extension of the TAIEX tool to ENP partners. TAIEX provides short-term technical assistance and advice on convergence with EU legislation, best practices and standards and on related administrative capacity needs, technical training and peer assistance, as well as a data base and information network that facilitates the monitoring of approximation measures⁵. ENP partner countries have enthusiastically taken up this demand-driven instrument which is key in supporting the transition and reform processes. The Commission ensures consistency of TAIEX events with country-specific sectoral policy dialogue. The attached table and charts (Annex) reflect the extent to which ENP partner countries have made use of this instrument in the period up to 31 December 2007. On certain topics that are of interest to the convergence by all ENP partner countries, the Commission has also included them in multi-country TAIEX events.

Similarly, in recent years, the **twinning** instrument was expanded to benefit ENP partner countries. Twinning allows the EC to agree with a partner country on the placement of an experienced EU Member State official (long-term expert) into a ministry or public institution of an ENP partner country, to support legislative reform or administrative adjustments through the transfer of experience gained within the EC⁶. The Commission can draw on a

⁴ Council Decision of 23 January 2006 "enabling countries covered by the European Neighbourhood Policy, as well as Russia, to benefit from the Technical Assistance and Information Exchange (TAIEX) Programme", O.J. L 32/80 of 4 February 2006

⁵ <http://taieux.ec.europa.eu/>

⁶ http://ec.europa.eu/europeaid/index_en.htm

wide range of twinning experts through the network it has established with EU Member States. Again, after an introductory phase, partner countries increasingly made use of this instrument. By end 2007, 65 twinning covenants had been established with nine ENP partner countries, whilst 81 covenants were still being prepared and under negotiation with ten ENP partner countries. These 146 twinning projects are well spread between ENP partner countries and across a wide range of sector policies (see Annex). The introduction of the ENPI instrument also saw the extension of **sectoral budgetary support** to all ENP partners. This aid-delivery method aims to link the payment of Community assistance as a transfer to a beneficiary country's general budget to the specific progress made by that country in sectoral reform and modernisation. As this modality of aid is being used more widely, the Commission intends to focus its attention on ensuring the added value of budgetary support, a clear link of conditionality with the aims of the sectoral policy dialogue, and the visibility of this form of Community assistance.

During 2007, the Commission's initiative to establish a policy which systematically extended the **possibility for ENP partners to participate in Community programmes and Community agencies** was put into place. Such participation provides an incentive as well as a reward for ENP partner countries' efforts to strengthen their administrative and regulatory capacities in a range of policy fields. In March, the Council endorsed a gradual approach, based on the merits of ENP partners. In June, it gave the Commission a negotiating mandate to establish additional protocols to the Association as well as Partnership and Cooperation Agreements containing framework agreements setting out the general principles of such participation. With the beginning of the 2007-2013 Financial Perspective, the Regulations establishing numerous new Community programmes entered into effect. They declare ENP partner countries eligible to participate in seven Community programmes (in the fields of entrepreneurship and innovation, consumer policy, air traffic control, energy efficiency, information and communication technology, and public health) and to cooperate with the EC in certain activities of a further fourteen Community programmes (including financial control, JLS cooperation, transport, information society, disaster response, research, education, culture, audiovisual and youth policies). The Presidency's report of June 2007 on strengthening the ENP⁷ identified *Israel*, *Morocco* and *Ukraine* as the ENP partner countries which would be able to benefit first from this initiative. During the second half of 2007, negotiations on an additional protocol were concluded with *Israel*; the Council subsequently approved its signature in February 2008. This step allowed a Memorandum of Understanding on the participation of *Israel* in the Entrepreneurship and Innovation Programme (under the Competitiveness and Innovation Framework Programme) to be – provisionally – applied as of the date of the protocol's signature. It will also provide *Israel* with an easier means to join other programmes by concluding similar Memoranda of Understanding. At the end of 2007, *Israel* was engaged in exploratory consultations concerning further programmes and had established contact with some Community agencies with which it is seeking closer cooperation. *Morocco* and *Ukraine* were in the process of identifying which Community programmes were of greatest relevance to their interests and capacities, with a view to concluding their negotiations on establishing a similar protocol in 2008. The relevant Commission services also responded to the interest expressed by *Egypt*, *Lebanon* and *the Republic of Moldova* in exploring the scope for them to potentially take part in certain Community programmes.

⁷ General Affairs and External Relations Council (GAERC), 18/19 June 2007, "Strengthening the European Neighbourhood Policy – Presidency Progress Report"

Overview of Annexes

1. Various governance-related indicators (with sources) related to ENP partner countries, 2005 and 2006*
2. Table of international human rights' conventions binding ENP partner countries*
3. Main economic indicators regarding ENP partner countries*
4. Excerpt on corruption perception indicators, 2006 and 2007*
5. Table on mobility under a) the Erasmus Mundus External Cooperation Window, b) Erasmus Mundus, c) Tempus III, d) Youth in Action, e) College of Europe Scholarships
6. List of meetings of Sub-Committees and equivalent technical Working Groups held during 2007 with 13 ENP partner countries
7. Overview of Sub-Committees and Working Groups established with ENP partner countries on the basis of Association as well as Partnership and Cooperation Agreements
8. Breakdown of TAIEX events with ENP partner countries
9. Breakdown of Twinning covenants with ENP partner countries

** These tables are annexed for illustration only. The progress reports as such are based on a wide range of sources beyond these tables.*

	GOVERNANCE				FREEDOM OF THE PRESS				HUMAN RIGHTS & FUNDAMENTAL FREEDOMS			
	Transparency International - CORRUPTION PERCEPTIONS INDEX		World Bank – REGULATORY QUALITY		Reporters Without Borders – WORLDWIDE PRESS FREEDOM INDEX		World Bank – VOICE AND ACCOUNTABILITY		Freedom House - POLITICAL RIGHTS		Freedom House - CIVIL LIBERTIES	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
ARMENIA	2.9	2.9	57.6	59	26	25.5	30.3	26.9	5	5	4	4
AZERBAIJAN	2.2	2.4	32.2	34.1	51	47	17.8	14.9	6	6	5	5
EGYPT	3.4	3.3	35.6	35.1	52	46.3	22.1	17.8	6	6	5	5
GEORGIA	2.3	2.8	30.7	44.4	25.2	21	43.3	44.7	3	3	4	3
ISRAEL	6.3	5.9	73.7	78	10	12	67.3	70.2	1	1	3	2
JORDAN	5.7	5.3	59.5	62.9	24	27.5	33.2	28.8	5	5	4	4
LEBANON	3.1	3.6	48.3	51.7	28.3	27	36.5	31.3	6	5	5	4
THE REPUBLIC OF MOLDOVA	2.9	3.2	33.7	41.5	17.5	19.2	29.3	32.7	3	3	4	4
MOROCCO	3.2	3.2	42.9	47.9	36.2	24.8	28.4	28.4	5	5	4	4
OCCUPIED PALESTINIAN TERRITORY	2.6		15.6	11.7	42.5	46.8	26.9	25				
TUNISIA	4.9	4.6	51.2	58	57.5	53.8	22.4	13.9	6	6	5	5
UKRAINE	2.6	2.8	44.4	32.7	32.5	26.5	37	45.7	4	3	2	2

State of ratification/ signature of selected HR conventions *	ICCPR International Covenant on Civil and Political Rights	ICESCR International Covenant on Economic, Social and Cultural Rights	CEDAW Convention on the Elimination of All Forms of Discrimination against Women	CAT Convention against Torture
ARMENIA	23 June 1993 OP1 - 23 June 1993 OP2 - NO	13 September 1993	13 September 1993 OP - 16 September 2006	13 September 1993 OP - 14 September 2006
AZERBAIJAN	13 August 1992 OP1 - 27 November 2001 OP2 - 22 Janvier 1999	13 August 1992	10 July 1995 OP - 1 June 2001	16 August 1996 OP - 15 September 2005
EGYPT	14 January 1982 OP1 - NO OP2 - NO	14 January 1982	18 September 1981 R OP - NO	25 June 1986 OP - NO
GEORGIA	3 May 1994 OP1 - 3 May 1994 OP2 - 22 March 1999	3 May 1994	26 October 1994 OP - 30 July 2002	26 October 1994 OP - 9 August 2005
ISRAEL	3 October 1991 OP1 - NO OP2 - NO	3 October 1991	3 October 1991 R OP - NO	3 October 1991 R OP - NO
JORDAN	28 May 1975 OP1 - NO OP2 - NO	28 May 1975	1 July 1992 R OP - NO	13 November 1991 OP - NO
LEBANON	3 November 1972 OP1 - NO OP2 - NO	3 November 1972	16 April 1997 ROP - NO	5 October 2000OP - NO
REPUBLIC OF MOLDOVA	26 January 1993 OP1 - 16 September 2005 OP2 - 20 September 2006	26 January 1993	1 July 1994 OP - 28 February 2006	28 November 1995 OP - 24 July 2006

MOROCCO	3 May 1979 OP1 - NO OP2 - NO	3 May 1979	21 June 1993 R OP - NO	21 June 1993 R OP - NO
TUNISIA	18 March 1969 OP1 - NO OP2 - NO	18 March 1969	20 September 1985 R OP - NO	23 September 1988 R OP - NO
UKRAINE	12 November 1973 OP1 - 25 July 1991 OP2 - 25 July 2007	12 November 1973	12 March 1981 OP - 26 September 2003	24 February 1987 OP - NO

State of ratification/ signature of selected HR conventions *	CRC Convention on the Rights of the Child	CERD Convention on the Elimination of all Forms of Racial Discrimination	CMW Convention on Migrant Workers	Rome Statute International Criminal Court
ARMENIA	23 June 1993 OP-AC - 30 September 2005 OP-SC - 30 June 2005	23 June 1993	NO	1 October 1999
AZERBAIJAN	13 August 1992 OP-AC - 3 July 2002 OP-SC - 3 July 2002	16 August 1996	11 January 1999	NO
EGYPT	6 July 1990 R OP-AC - 6 February 2007 OP-SC - 12 July 2002	1 May 1967	19 February 1993	26 December 2000
GEORGIA	2 June 1994 OP-AC - NO OP-SC - 28 June 2005	2 June 1999	NO	5 September 2003
ISRAEL	3 October 1991 OP-AC - 18 July 2005 OP-SC - 14 November 2001	3 January 1979 R	NO	31 December 2000

JORDAN	24 May 1991 R OP-AC - 23 May 2007 OP-SC - 4 December 2006	30 May 1974	NO	11 April 2002
LEBANON	14 May 1991 OP-AC - 11 February 2002 OP-SC - 8 November 2004	12 November 1971 R	NO	NO
REPUBLIC OF MOLDOVA	26 January 1993 OP-AC - 7 April 2004 OP-SC - 26 June 2000	26 January 1993	NO	8 September 2000
MOROCCO	21 June 1993 R OP-AC - 22 May 2002 OP-SC - 2 October 2001	18 December 1970 R	21 June 1993	8 September 2000
TUNISIA	30 January 1992 R OP-AC - 2 January 2003 OP-SC - 13 September 2002	13 January 1967	NO	NO
UKRAINE	28 August 1991 OP-AC - 11 July 2005 OP-SC - 3 July 2003	20 June 1974 R	NO	20 January 2000

* **date of signature in bold**; date of ratification in standard

R: text adopted with reservations

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MAIN ECONOMIC INDICATORS

Real GDP growth (% change)	Inflation (period average)	GDP per capita (in \$ US)	Unemployment (officially registered)	Central govt. balance, % of GDP	Gross public debt, % of GDP	Current account balance, % of GDP	Trade balance, % of GDP	Foreign direct investment (net, % of GDP)
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2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
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ARMENIA	14	13	0.6	2.9	1523	1983	6.7	7.2	-2.6	-1.9	24.3	18.7	-3.9	-1.4	-7.7	-8.2	5.1	5.3
AZERBAIJAN	24.3	31	11.6	8.4	1574	2336	1.4	1.3	2.6	0.1	16.2	17.5	1.3	18.7	24.4	39	3.5	-4.7
EGYPT	4.5	6.8	9.9	4.1	1259	1478	10.5	11.5	-8.4	-9.2	112.8	98.8	3.2	0.8	-11.6	-11.2	4.3	5.6
GEORGIA	9.6	9.4	8.3	9.2	1484	1764	13.8	13.6	-2.4	-2.8	41.1	34.3	-9.8	-13.8	-18.9	-26.1	7.1	13.7
ISRAEL	5.2	5.2	1.3	2.1	19248	20792	9	8.4	-1.9	-1.0	97.0	86.7	2.9	5.6	-2.9	-2.3	4.3	10.1
JORDAN	7.2	6.4	3.5	6.3	2317	2533	14.8	13.9	-5	-3.8	84.2*	81.5*	-17.9	-14.0	-42	-37.6	12	21.9
LEBANON	1	0	-0.7	5.6	6114	6457	n.a.	n.a.	-8.4	-11.1	178	177	-13.6	-6	-16.7	-11.9	12.2	12
THE REPUBLIC OF MOLDOVA	7.5	4	11.9	12.7	883	991	7.1	5.6	1.3	0.3	38	34.6	-10.3	-12	-40.6	-47.6	7.6	6.6
MOROCCO	2.4	8	1	3.3	1956	2149	11.3	9.6	-5.2	-2.1	63.7	58.2	2.4	3.4	-15.9	-16.4	2.6	3.6
OCCUPIED PALESTINIAN TERRITORY	6	-8	3.6	3.6	1190	1130			44.5	52.6	23.5	23.6	-20.1	-8.6	-67			
TUNISIA	4	5.5	2	4.5	2759	3123	14.2	14.3	-3.2	-2.9	58.3	53.9	-1.1	-2.0	-6.8	-8.2	2.6	10.4
UKRAINE	2.7	7.1	13.5	9	1835	2282	7.8	7.4	-2.3	-1.3	17.7	15	3.1	-1.6	0.8	-2.9	9	5

* Jordan: data refers to 'NET public debt'

Corruption Perceptions Index – CPI European Neighbourhood countries				
COUNTRY	2006 CPI SCORE	2006 CPI RANK	2007 CPI SCORE	2007 CPI RANK
ARMENIA	2.9	93	3.0	99
ALGERIA	3.1	84	3.0	99
AZERBAIJAN	2.4	130	2.1	150
BELARUS	2.1	151	2.1	150
EGYPT	3.3	70	2.9	105
GEORGIA	2.8	99	3.4	79
ISRAEL	5.9	34	6.1	30
JORDAN	5.3	40	4.7	53
LEBANON	3.6	63	3.0	99
LIBYA	2.7	105	2.5	131
THE REPUBLIC OF MOLDOVA	3.2	79	2.8	111
MOROCCO	3.2	75	3.5	72
SYRIA	2.9	93	2.4	138
TUNISIA	4.6	51	4.2	61
UKRAINE	2.8	99	2.7	118
<i>Source: CPI INDEX Transparency International 2006-2007</i>				

Tables on Mobility

Erasmus Mundus External Cooperation Window 2007-2008

	<u>Total Estimated Mobility Flows for academic year 2007-8</u>	<u>Total Realised Mobility Flows for academic year 2007-8</u>
<u>ARMENIA</u>	<u>30</u>	<u>48</u>
<u>ALGERIA</u>	<u>75</u>	<u>86</u>
<u>AZERBAIJAN</u>	<u>30</u>	<u>47</u>
<u>BELARUS</u>	<u>55</u>	<u>75</u>
<u>EGYPT</u>	<u>125</u>	<u>124</u>
<u>GEORGIA</u>	<u>40</u>	<u>55</u>
<u>ISRAEL</u>	<u>50</u>	<u>86</u>
<u>JORDAN</u>	<u>40</u>	<u>51</u>
<u>LEBANON</u>	<u>35</u>	<u>22</u>
<u>REPUBLIC OF MOLDOVA</u>	<u>55</u>	<u>70</u>
<u>MOROCCO</u>	<u>75</u>	<u>108</u>
<u>OCCUPIED PALESTINIAN TERRITORY</u>	<u>50</u>	<u>89</u>
<u>SYRIA</u>	<u>35</u>	<u>26</u>
<u>TUNISIA</u>	<u>75</u>	<u>90</u>
<u>UKRAINE</u>	<u>110</u>	<u>160</u>
<u>GRAND TOTAL</u>	<u>880</u>	<u>1137</u>

Erasmus Mundus Mobility Grants				
	Students		Scholars	
Country/Year	Academic year 2006-2007	Academic year 2007-2008	Academic year 2006-2007	Academic year 2007-2008
<i>Algeria</i>	5	5		
<i>Armenia</i>	6	3		1
<i>Azerbaijan</i>		1		
<i>Belarus</i>	2	5		
<i>Georgia</i>	3	5		
<i>Egypt</i>	8	11		
<i>Israel</i>	8	4	6	8
<i>Jordan</i>	0	1	1	
<i>Lebanon</i>	3	8		
<i>The Republic of Moldova</i>	5	5		
<i>Morocco</i>	5	5	3	3
<i>occupied Palestinian territory</i>	2	1		
<i>Syria</i>	1	2	2	1
<i>Tunisia</i>	2	5		2
<i>Ukraine</i>	18	24	5	2
Overall Totals	63	80	17	17

Tempus III - Actions funded in ENPI partner countries in 2007 as compared to 2006

Country/Year	Joint Programmes		Structural Measures		Individual Mobility Grants	
	2006	2007	2006	2007	2006	2007
<i>Algeria</i>	0	0	1	0	11	5
<i>Armenia</i>	0	3	1	2	6	4
<i>Azerbaijan</i>	0	1	0	2	3	2
<i>Belarus</i>	1	3	1	1	5	2
<i>Georgia</i>	0	3	1	1	5	5
<i>Egypt</i>	10	9	3	1	22	20
<i>Israel</i>	0	0	0	0	0	0
<i>Jordan</i>	3	2	0	0	5	5
<i>Lebanon</i>	3	0	2	2	6	4
<i>The Republic of Moldova</i>	1	4	2	5	7	5
<i>Morocco</i>	7	5	3	2	10	8
<i>occupied Palestinian territory</i>	4	0	0	0	11	3
<i>Syria</i>	2	5	1	1	8	4
<i>Tunisia</i>	3	0	3	2	4	2
<i>Ukraine</i>	8	17	7	14	12	11
Overall Totals	42	52	25	33	115	80

Youth in Action ⁸				
Country/Year	Youth Exchanges and Youth Workers' Mobility		Voluntary Service	
	2006	2007	2006	2007
<i>Armenia</i>	212	257	2	26
<i>Algeria</i>	140	79	0	1
<i>Azerbaijan</i>	162	228	5	7
<i>Belarus</i>	346	268	2	13
<i>Georgia</i>	332	383	5	27
<i>Egypt</i>	170	110	2	14
<i>Israel</i>	238	176	4	8
<i>Jordan</i>	147	70	0	7
<i>Lebanon</i>	108	95	1	0
<i>The Republic of Moldova</i>	193	238	1	8
<i>Morocco</i>	171	113	2	4
<i>occupied Palestinian territory</i>	186	180	2	1
<i>Syria</i>	25	10	0	1
<i>Tunisia</i>	114	77	2	10
<i>Ukraine</i>	454	585	6	31
Overall Total per Action	2627	2591	32	144

⁸ Approximate figures gathered at application level for projects submitted at decentralised level. Comparison between 2006 and 2007 is only indicative, as the two years refer to two different Programmes, respectively YOUTH (2000-2006) and Youth in Action (2007-2013).

College of Europe Scholarships 2007

Of the 199 applications received from all ENPI countries, 29 scholarship grants were awarded as follows

Country	Scholarships Awarded
<i>Algeria</i>	1
<i>Armenia</i>	6
<i>Azerbaijan</i>	4
<i>Belarus</i>	2
<i>Georgia</i>	1
<i>Lebanon</i>	2
<i>Morocco</i>	2
<i>The Republic of Moldova</i>	3
<i>occupied Palestinian Territory</i>	1
<i>Ukraine</i>	7
Total for ENP countries	29

List of Sub-Committee Meetings 2007

<i>COUNTRY</i>	<i>DATE</i>	<i>SUB-COMMITTEES</i>
<i>UKRAINE</i>	14 February	SC on Justice, Freedom and Security (Brussels)
	01-02 March	SC on Energy, Transport, Nuclear Safety and Environment (Brussels)
	5-6 July	SC on Trade and Investment and SC on Enterprise policy, Competition, Regulatory Co-operation (Kiev)
	25 September	SC on Customs and Cross-Border Co-operation (Brussels)
	29 October	SC on Economic and Social affairs, Fin. and Statistics (Kiev)
<i>THE REPUBLIC OF MOLDOVA</i>	31 January	SC on Economic, Financial and Statistical Issues (Chisinau)
	23-24 April	SC on Energy, Transport, Environment, Science and Technology, Training and Education (Chisinau)
	19 September	SC on Customs and Cross Border Cooperation, Justice and Home Affairs (Brussels)
	5 October	SC on Trade and Investment (Chisinau)
<i>JORDAN</i>	27 February	SC on Research and Innovation (Brussels)

	5 March	SC on Human Rights and Democracy (Brussels)
	6 March	SC on Social Affairs (Brussels)
	6 March	SC on Justice and Security (Brussels)
	23 March	SC on Transport, Energy, Environment (Brussels)
	29 March	SC on Customs (Brussels)
	5 September	SC on Industry, Trade and Services (Amman)
	6 September	SC on Internal Market (Amman)
<i>ISRAEL</i>	13 February	SC on Research, Innovation, Information Society, Education and Culture (Brussels)
	14 February	SC on Justice and Legal Matters (Brussels)
	15 February	SC on Social Affairs and Migration (Brussels)
	17 April	SC on Customs and taxation (Jerusalem)
	25 April	SC on Energy and Environment (Brussels)
	4 July	SC on Agriculture and Fish. (Brussels)
	4 July	SC on Transport (Brussels)
	22 October	Political dialogue

	30 November	SC on Transport (Brussels)
<i>PA</i>	/	/
<i>MOROCCO</i>	15 February	Economic dialogue (Brussels)
	13 March	Working Group on Social affairs and Migration (Rabat)
	21 June	SC Agriculture (Rabat)
	13 November	SC on Research and Innovation (Rabat)
	21 November	SC on Human Rights, Democracy and Governance Bruxelles)
	6-7 December	SC on Transport, Energy and Environment (Bruxelles)
	12 December	SC on Internal Market (Rabat)
	13 December	SC on Customs Cooperation (Rabat)
	21 December	Reinforced Political Dialogue (Bruxelles)
<i>TUNISIA</i>	10 May	SC on Industry, Trade and Services (Bruxelles)
	11 May	SC on Agriculture and Fisheries
	5-7 September	SC on Transport, Energy and Environment (Tunis)
	6 September	SC on Research and Innovation (Tunis)
	12 November	SC on Human Rights and

	13-14 November	Democracy (Tunis) SC on Taxation and Fiscal matters (Brussels)
<i>EGYPT</i>	14 June	SC on Industry, Trade, Services and Investment (Cairo)
	19-21 June	SC on Transport, Environment, Energy back to back with
		SC on Information Society, Research, Audiovisual, Education and Culture (Cairo)
	22 October	WG on Migration, Social and Consular affairs back to back with
	23 October	SC on Justice and Security (Brussels)
	5 December	Economic Dialogue (Brussels)
<i>LEBANON</i>	21 March	SC on Economic and Financial matters (Beirut)
	12 April	SC on Human rights, democracy and government (Beirut)
	08 June	SC on Transport, Energy and Environment (Brussels)
	2 July	SC on Industry and Trade (Beirut)
	3 July	SC on Internal Market (Beirut)
	4 July	SC on Social Affairs and Migration (Beirut)

GEORGIA	24 April	6th SC on Trade, Economic and related legal issues (Tbilisi)
ARMENIA	26 April	6th SC on Trade, Economic and related legal issues (Yerevan)
AZERBAIJAN	2-3 April	6th SC on Economic, Trade and related legal issues (Baku)
	3 April	2nd SC on Energy and Transport (Baku)
ALGERIA	27 February	SC on Transport, Environment and Energy (Brussels)
	27 March	SC on Justice and Internal Affairs (Brussels)
	26 June	SC on Customs Cooperation (Brussels)
	27 June	SC on Agriculture and Fisheries (Brussels)
	23 October	Economic Dialogue (Algiers)
	25 October	SC on Trade and Investment (Brussels)

SUB-COMMITTEES OF ENP PARTNERS

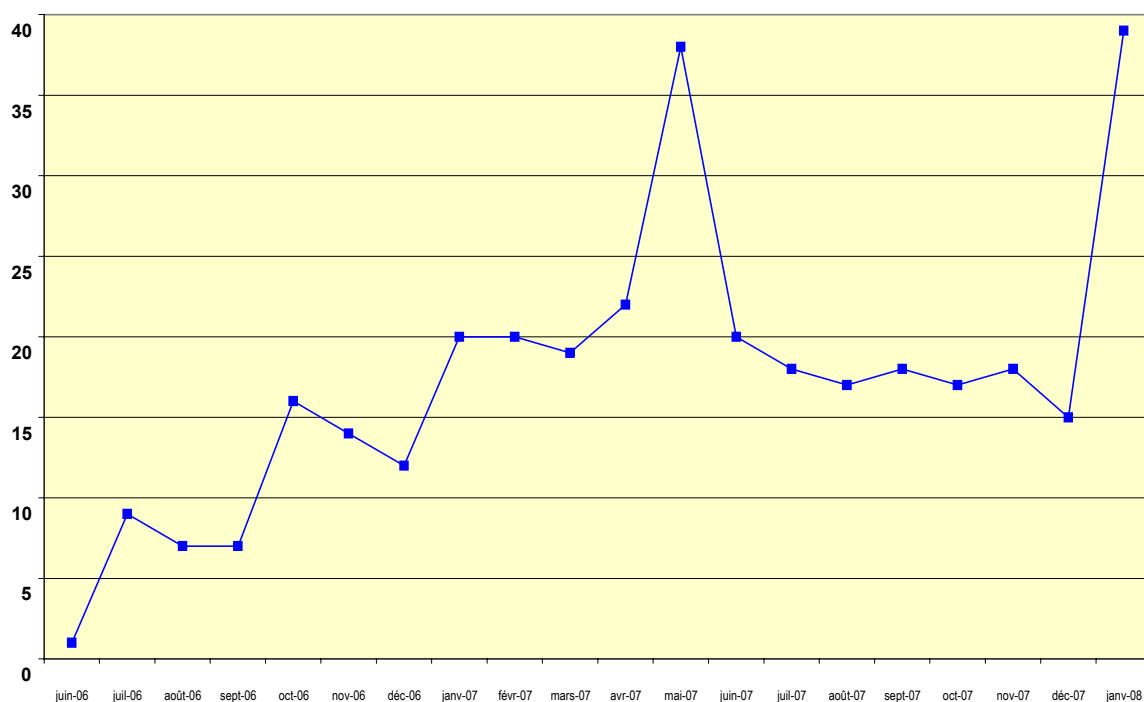
ISRAEL - SUB-COMMITTEES (10x)	UKRAINE – SUBCOMMITTEES (7x)
Political dialogue and co-operation	Political dialogue
Economic and financial matters	SC nr. 1: Trade and Investment
Social and Migration affairs	SC nr. 2: Economic and Social Affairs, Finance and Statistics
Customs co-operation and Taxation	SC nr. 3: Enterprise policy, Competition, Regulatory Co-operation
SC on Agriculture and Fisheries	SC nr. 4: Energy, Transport, Environment & Nuclear Safety
SC on Internal market	SC nr. 5: Customs and Cross-border cooperation
SC on Industry, Trade and Services	SC nr. 6: Justice, Freedom and Security
SC on Justice and legal matters	SC nr. 7: Science and Technology, R&D, Education, Culture and Public Health, Information Society and Media
SC on Transport, Energy and Environment	
SC on Research, Innovation, Information Society, Education and Culture	
JORDAN – SUB-COMMITTEES (11x)	MOLDOVA - SUB-COMMITTEES (5x)
Economic dialogue	Political dialogue
Working party on Social affairs	SC nr 1: Trade and Investment
SC on Regional Cooperation	SC nr 2: Financial and Economic issues; statistics
SC on Trade, Industry and Services	SC nr 3: Customs and Cross-border cooperation, Justice and Home affairs
SC on Research and Innovation	SC nr 4: Energy, Environment, Transport and Telecommunication, Education, Science and Technology
SC on Agriculture and Fisheries	
SC on Customs	
SC on Justice and Security	
SC on Internal market	PALESTINIAN AUTHORITY - SUB-COMMITTEES (foreseen) (3x)
SC on Human Rights and Democracy	Political dialogue and co-operation
SC on Transport, Energy and Environment	SC on Econ. Issues and Trade, including customs issues + networks
	SC on Social Issues and Environment
MOROCCO – SUB-COMMITTEES (11x)	TUNISIA - SUB-COMMITTEES (10x)

Political Dialogue	Social Affairs and Migration WG
Economic Dialogue	Economic Dialogue
Customs Cooperation Committee	Customs Cooperation Committee
Social Affairs and Migration WG	SC on Justice and Security
SC on Justice and Security	SC on Agriculture and Fisheries
SC on Agriculture and Fisheries	SC on Research and Innovation
SC on Research and Innovation	SC on Transport, Energy and Environment
SC on Transport, Energy and Environment	SC on Human Rights, Democratisation and Governance
SC on Human Rights, Democratisation and Governance	SC on Internal market
SC on Internal market	SC on Industry, Trade and Services
SC on Industry, Trade and Services	

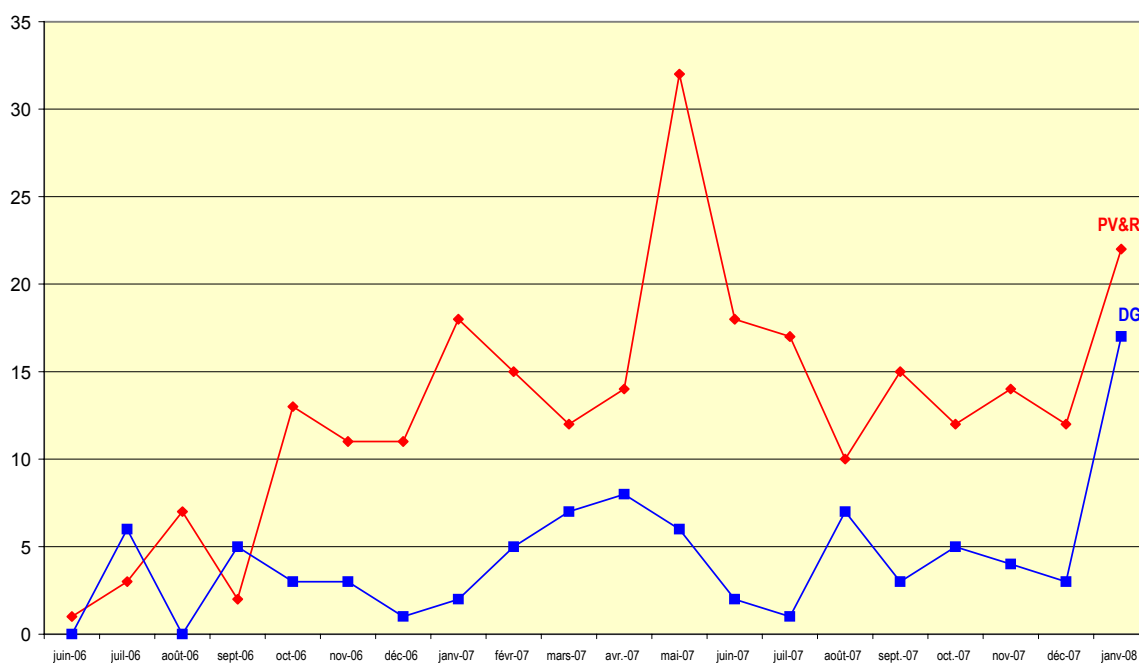
AZERBAIJAN, ARMENIA, GEORGIA – SUB-COMMITTEES	
AR: SC on Trade, Economic and Related Legal Issues	
AZ: SC on Economy, Trade and related legal Issues	
AZ: SC on Energy and Transport	
GE: SC on Trade, Economic and Related Legal Issues	
GE: <i>SC on Justice, Liberty and Security (being established)</i>	
LEBANON – SUB-COMMITTEES (10x)	EGYPT – SUB-COMMITTEES (10x)
(1) Human rights, democracy and governance	(1) Working group on migration, social and consular affairs
(2) Economic and financial matters	(2) Internal market
(3) Industry, trade and services	(3) Industry, trade, services and investment
(4) Internal market	(4) Transport, environment and energy
(5) Social and migration affairs	(5) Information society, research, audiovisual, education and culture
(6) Justice and security	(6) Agriculture and fisheries
(7) Agriculture and fisheries	(7) Justice and security
(8) Transport, energy, and environment	(8) Customs co-operation
(9) Customs co-operation and Taxation	(9) Human Rights and Democracy - International and regional issues

(10) Research, innovation, information society, education and culture	Economic Dialogue
ALGERIA (7x)	
WG on Social Affaires	
SC on Industry, Trade and Services	
SC on Transport, Environment and Energy	
SC on Information Society, Research and Innovation	
SC on Agriculture and Fisheries	
SC on Justice and Internal Affaires	
Customs Cooperation Committee	
<u>NO SUB-COMMITTEES</u>	
BELARUS, LIBYA, SYRIA	

**Breakdown of TAIEX requests received regarding ENP partner countries as well as
the Russian Federation (global amount)**
June 2006 – January 2008



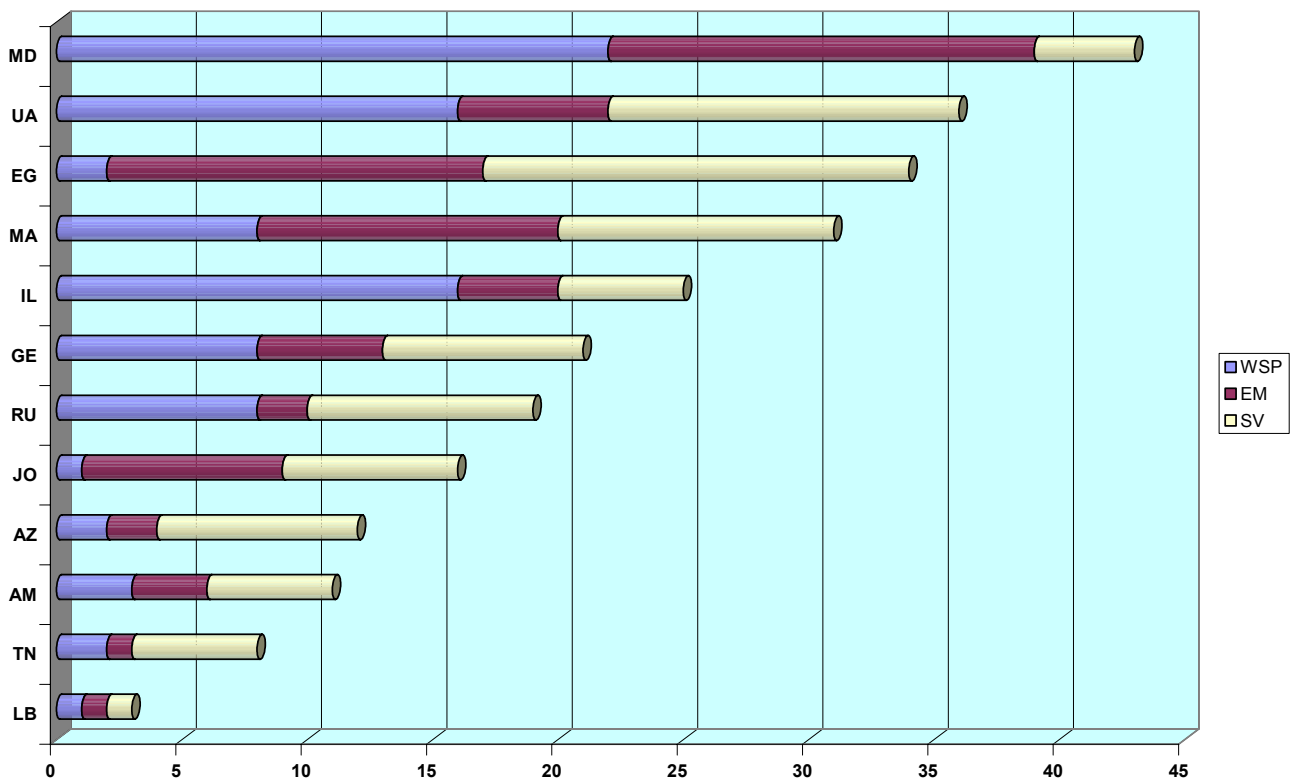
**Breakdown of TAIEX requests received from ENP partner countries as well as the
Russian Federation (PV&R) and by Commission services (DG)**
June 2006 – January 2008



	<i>PV&R</i>	<i>DG</i>	<i>Total</i>
<i>Requests TAIEX</i>	259	88	347
	75%	25%	100%
<i>Southern ENP partners</i>	45%	40%	
<i>Eastern ENP partners</i>	55%	60%	
<i>All ENP partners</i>	100%	100%	

Average number of monthly requests over 20 months 17.4
Avery number of monthly requests in 2006 (7 months) 9.4
Average number of monthly requests 2007 (12 months) 20.2

Breakdown per country of requests received by ENP partner countries (and the Russian Federation)



	Events in ENP partner countries (WSP)	Expert missions to ENP partner countries (EM)	Study visits from to EU Member States (SV)
Requests	34%	29%	36%
<i>Of which Southern</i>	26%	35%	39%
<i>Of which Eastern</i>	42%	25%	34%

Comment:

- More events in partner countries requested by Eastern ENP partners; more expert missions demanded by Southern ENP partners
- 4 partners account for more than half (56%) of requests: Egypt, the Republic of Moldova, Morocco, Ukraine
- 6 partner countries account for more than three quarters (73%) of requests: the four mentioned above, plus Georgia and Israel

Refusals:

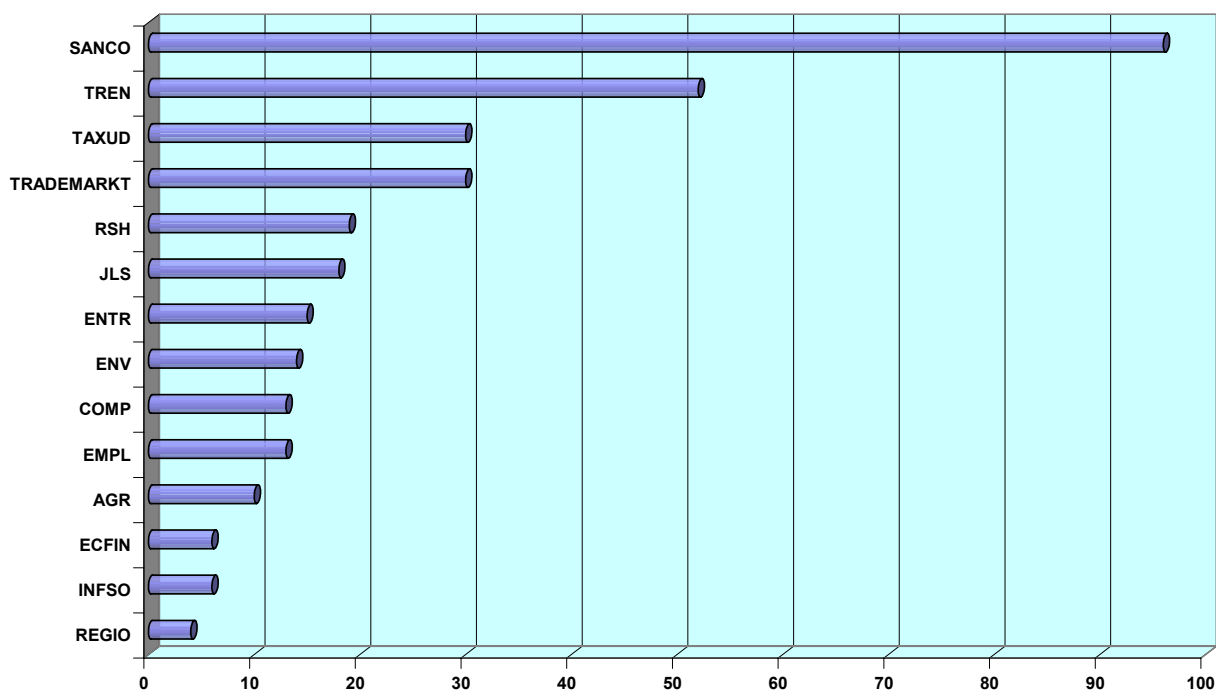
Overall, 17% of requests were refused (of which 56% for study visits), mainly for the following reasons:

- Duplication with Twinning projects (no TAIEX support during the period of Twinning projects in the same field)
- Weak link with the Community acquis
- Requests better suited for technical assistance
- Duplication with other TAIEX requests (for example, duplication between a request for an expert mission and for a study visit regarding the same subject)
- Demand for TAIEX support for events unrelated to TAIEX

<i>More than 2 requests, on average, per month</i>	<i>1 country: the Republic of Moldova</i>
<i>Between 1 and 2 requests per month</i>	<i>6 countries: Egypt, Georgia, Israel, Morocco, [Russian Federation], Ukraine</i>
<i>Less than 1 request per month</i>	<i>5 countries: Armenia, Azerbaijan, Jordan, Lebanon, Tunisia</i>

Note: *This breakdown does not take into consideration Algeria, Belarus, Libya, the occupied Palestinian territory, and Syria*

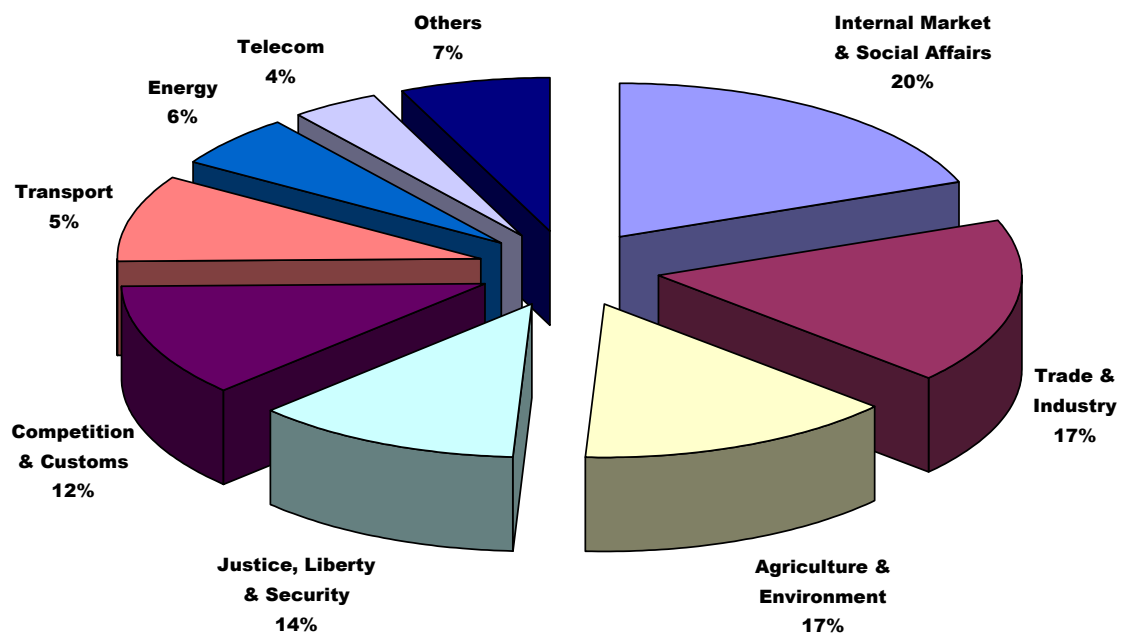
Requests received from Commission services



Comment:

- 3 Commission services account for more than half (55%) of requests: SANCO, TREN (transport), and TAXUD
- 6 Commission services account for three quarters (73%) of requests: the three above-mentioned plus TRADE/MARKT, ADMIN (human resources – RSH), and JLS

Breakdown of requests from ENP partner countries (+ the Russian Federation and Croatia) by sector



Comment:

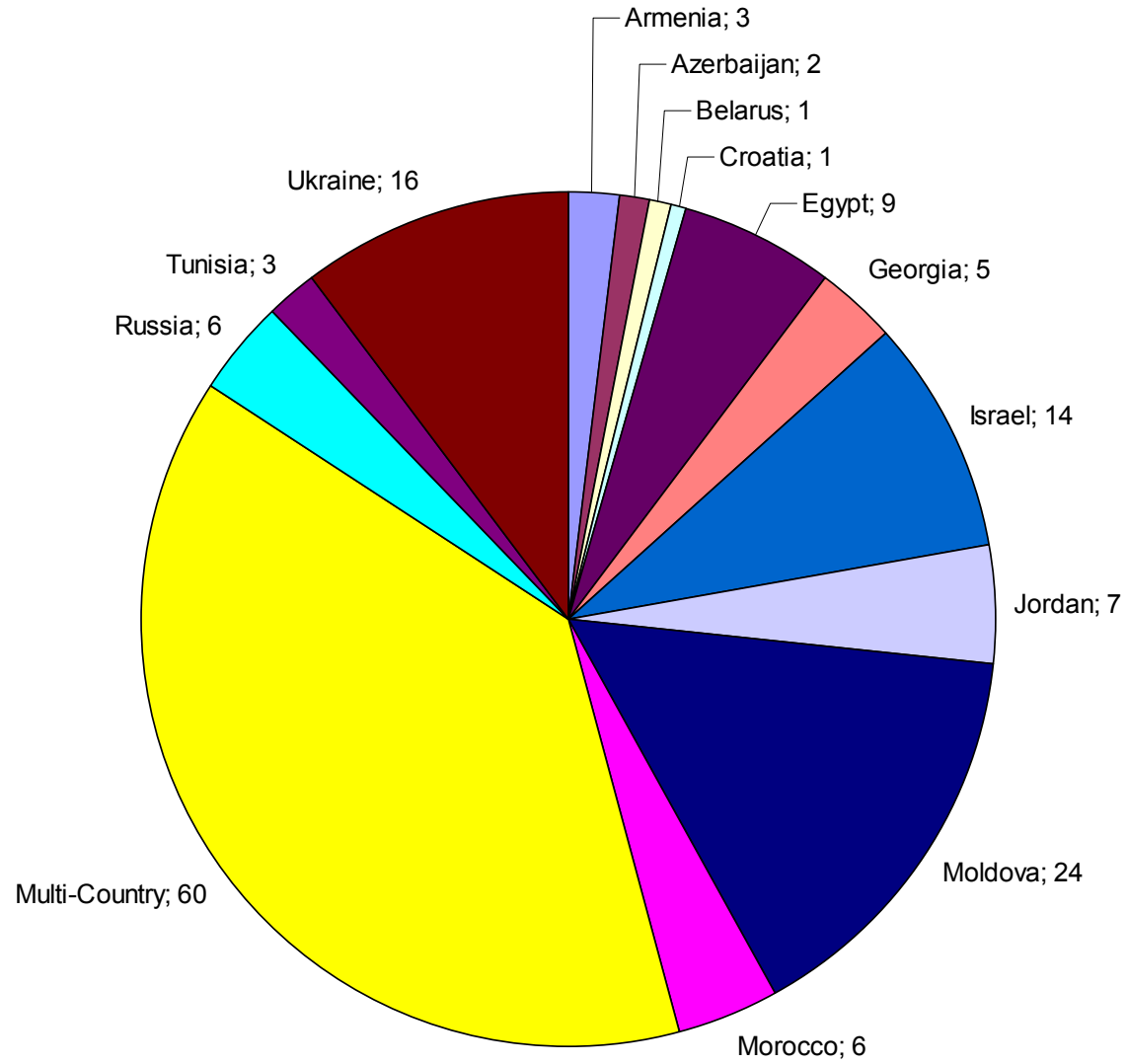
51% of requests are concentrated in three sectors:

- Internal market and social affairs
- Trade and Industry
- Agriculture and Environment

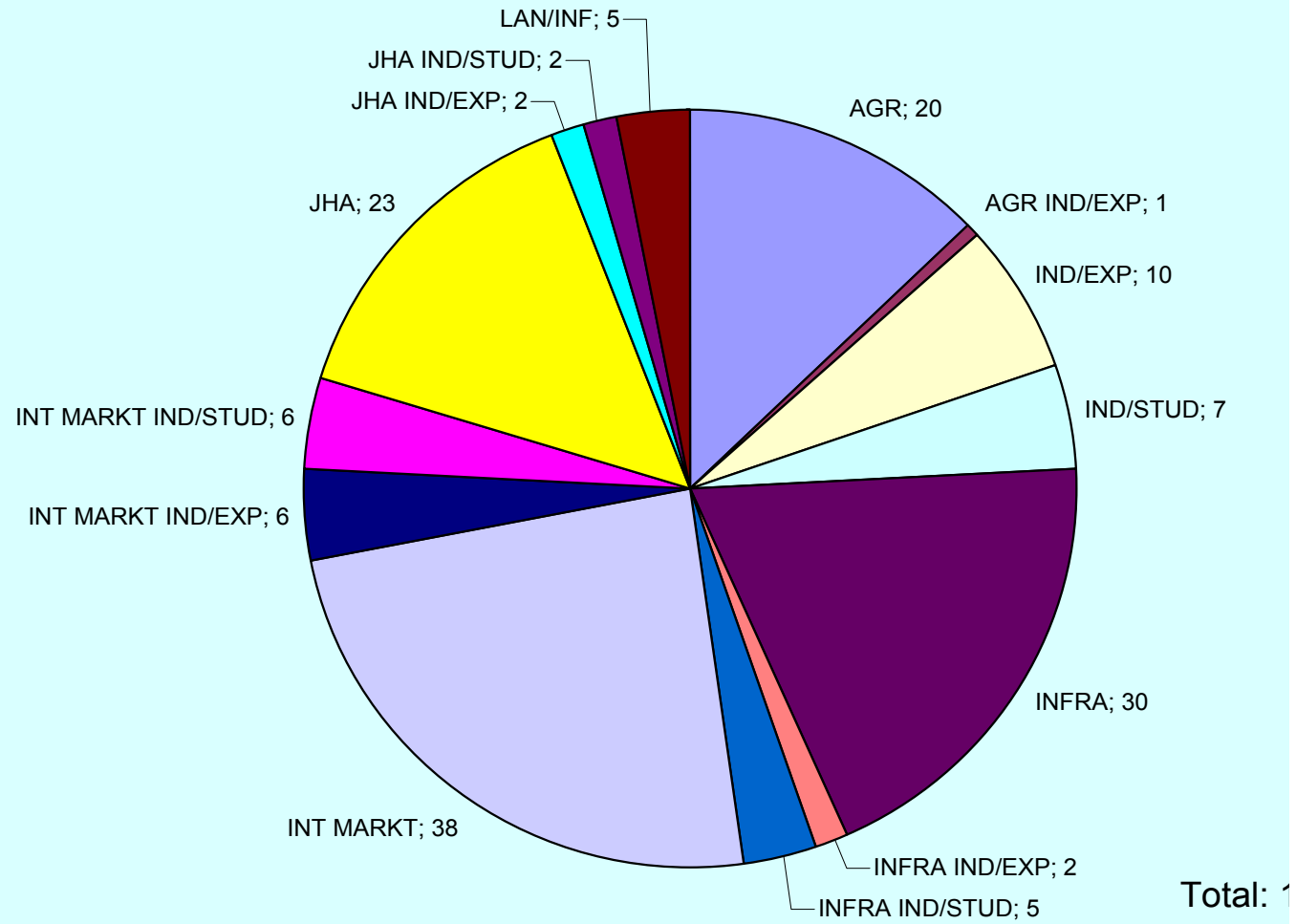
75% of requests are concentrated in five sectors:

- The three previous ones
- Justice, Freedom and Security
- Competition and Customs

**ENP Events by Partner Country
(+ Russian Federation and Croatia)**



Events by sector



Twinning in the Neighbouring Countries
Key Facts and Figures

Overall Number of ENP Projects 2004-2008

Year	Number of projects (under preparation and identification, launched, ongoing, terminated)
2004	15
2005	31
2006	45
2007	55
Total	146

**Twinning projects
ENPI South (per country)**

Country	2004-2007 Launched/ongoing terminated	2004-2007 Under preparation/ identification	Total
Egypt	7	21	28
Israel	1	1	2
Jordan	9	1	10
Tunisia	16	2	18
Morocco	13	13	26
Lebanon	4		4
TOTAL	50	38	88

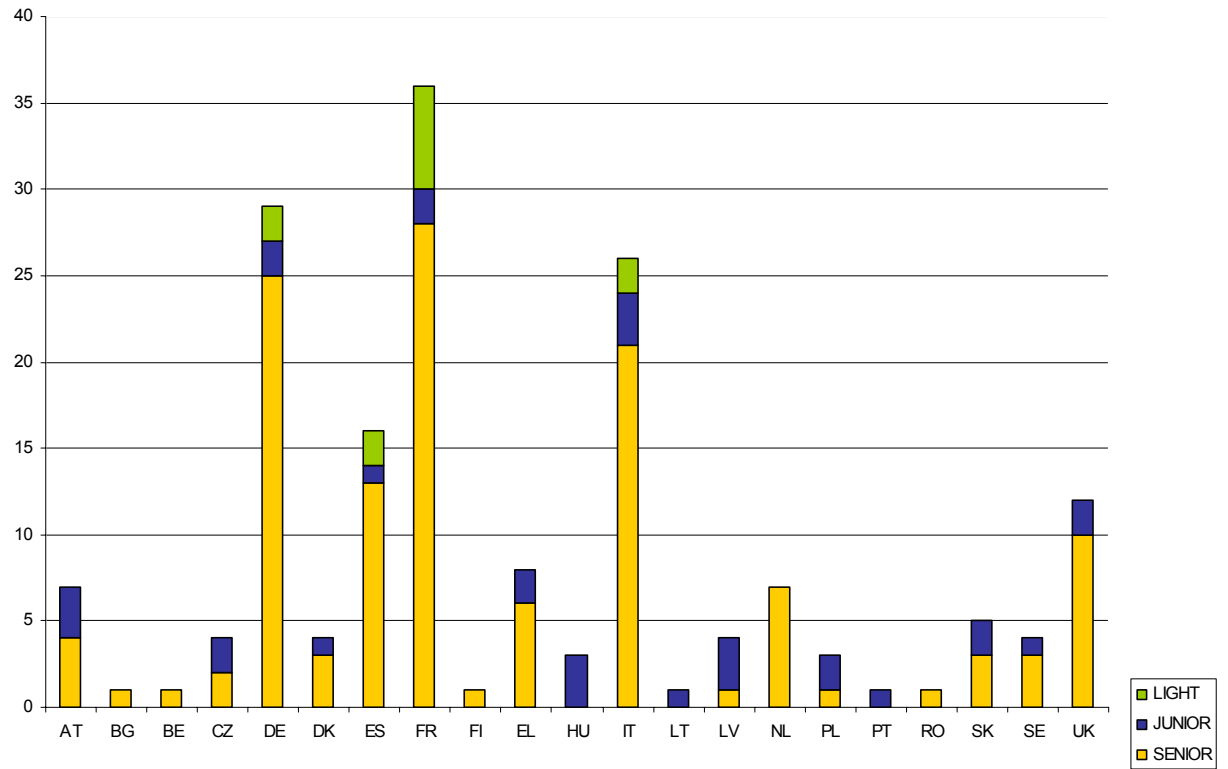
**Twinning projects
ENPI East (per country)**

Country	2005-2007 Launched/ongoing	2005-2007 Under preparation/ identification	Total
Armenia		3	3
Azerbaijan	3	9	12
Georgia		7	7
Moldova	2	4	6
Ukraine	10	20	30
TOTAL	15	43	58

Twinning projects ENP 2004-2008 (per sector)

Telecom	1
Competition	3
Employment & Social Affairs	6
Health & Consumer Protection	6
Statistics	6
Customs	7
Trade & Industry	7
Agriculture	10
Energy	10
Environment	10
Transport	10
Justice & Home Affairs	13
Finance & Internal Market	20
Other	37
TOTAL	146

Number of Twinning proposals by Member State 2004 – 2007



Member States selected in awarded Twinning projects 2004-2007

