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**Partnership for Democracy and Shared Prosperity: Report on activities in 2011 and
Roadmap for future action**

Accompanying the document

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

Delivering on a new European Neighbourhood Policy

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1. INTRODUCTION

The EU has reacted to the historic events unfolding in the Southern Mediterranean rapidly and boldly. It has recast its policy. It has been at the forefront in supporting the efforts of those working towards change and reform. The European External Action Service and the European Commission have worked hand in hand to ensure that diplomatic efforts and EU policy instruments are fully and coherently deployed to achieve the best results on the basis of a 'more for more' approach.

This document reviews the first year of implementation of the Partnership for Democracy and Shared Prosperity and sets out the objectives to be pursued under the Partnership to the end of 2013 and the expected achievements. As such it responds to the European Council request of 1st March 2012 for '*a roadmap to guide the implementation of EU policy vis à vis southern Mediterranean partners*'. It also reports on the regional and sub-regional co-operation issues that are connected with the implementation of the partnership and the use of the additional resources allocated last May to implement the partnership.

The new policy framework

On 8 March 2011, in their first joint Communication¹, the High Representative for the Union for Foreign Affairs and Security Policy and the Commission confirmed their support for the Southern Mediterranean peoples' drive towards greater respect for human rights, more democracy, dignity and prosperity. The EU offered to Southern Mediterranean partner countries "A *partnership for democracy and shared prosperity*" in the context of the European Neighbourhood Policy. The partnership is founded on an incentive-based approach supporting partners that are committed to reforms. It focuses on three elements: democratic transformation; a partnership with people and civil society, and sustainable and inclusive growth.

Two months later, with the joint Communication on "*A new response to a changing Neighbourhood*"², the High Representative and the Commission, spelt out more concretely the EU's new policy approach and proposed to allocate substantial additional financial resources to support democratic transition.

Following these communications and as part of the new policy approach, the EU has launched discussions with *Morocco* on a new Action Plan in the framework of its Advanced Status and has initiated talks to upgrade relations with *Tunisia*. In response to Algeria's interest in engaging with the European Neighbourhood Policy for the first time, the EU has also started discussions on negotiating an EU – *Algeria* Action Plan.

Diplomatic efforts

Since the beginning of February 2011, the Foreign Affairs Council and the European Council have held regular discussions on the Arab Spring, confirming the EU's support for the democratic transition and addressing country situations of particular concern. Through her bilateral contacts, the High Representative/Vice President (HR/VP) supported the efforts of

¹ COM (2011) 200 of 8.03.2011

² COM (2011) 303 of 25.05.2011

EU Member States which are members of the United Nations Security Council (UNSC) to ensure that the Security Council takes prompt action.

During the crisis in *Libya*, the EU was at the forefront of the international humanitarian response. The EU acted fast to open an EU office in Benghazi and later on a Delegation in Tripoli. The EU also sought to shape consensus at the international level through HR/VP Declarations and Conclusions from the European Council and Foreign Affairs Councils, and by participating in key international meetings such as those of the International Contact Group on Libya. The HR/VP helped bring together the divergent positions of key international partners as part of the “Cairo Group” (comprising the African Union, the Arab League, the EU, the Organisation of Islamic Cooperation and the UN). The EU took restrictive measures against the Libyan regime including measures against designated persons and entities. Following UNSC resolutions 2009 and 2016, the EU delisted certain entities, partially released frozen funds and lifted the no-fly zone. Consultations are ongoing with the Libyan authorities to ascertain their control of the remaining entities before deciding whether to delist them.

In response to the requests from the Libyan authorities and in full respect of the principle of Libyan ownership, the EU has participated in the joint needs assessment under the overall coordination of the UN. Without prejudice to the assessment exercise in the key fields of border management, civil society and women's rights, as well as communications and media, the EU is working to combine its actions and instruments to provide further assistance to the new *Libya* across a range of sectors, including on democratisation, rule of law, institution-building, security sector reform, police training and the re-launching of the economy.

With regard to *Syria*, the EU has strongly condemned the systematic human rights violations by the Syrian regime. The EU has called on President Assad to step aside and allow a peaceful and democratic transition. Together with EU Member States at the UNSC, the EU spared no effort to ensure that the international community speaks with one voice in full support of the UN-League of Arab States Special Envoy Kofi Annan's plan. The High Representative/Vice President and EEAS participated in the Friends of Syria meetings. The High Representative/Vice President convened regularly the Crisis Platform bringing together all relevant services in the EEAS and the Commission (sanctions, humanitarian assistance, cooperation, liaison with EU Delegations and support to the UN). In response to the crisis, the EU suspended all types of cooperation. The EU has only maintained aid that benefits the Syrian population, students, human rights defenders and the opposition. The EU put forward a contribution of EUR 10 million in humanitarian aid to *Syria* and affected neighbouring countries. The EU has also worked closely with *Syria*'s neighbouring countries and has proposed a Commission Special Measure to reserve 23 million of ENPI funds to support specifically Syrian civil society as well as refugees and affected populations in neighbour countries.

The EU imposed restrictive measures and kept them under constant review. The EU Delegation in Damascus remained open to support the Syrian people and to help coordinate the EU response to the crisis. The EU Delegation hosts several diplomats from Member States that decided to suspend the activity of their own embassies.

To support effectively the democratic transition, which in a number of countries is proving difficult, the EU is continuously adapting its diplomatic, technical and financial efforts. The success of these efforts largely depends on a common approach bringing together all EU member states and other key international players.

The Special Representative

In July 2011, the Council appointed an EU Special Representative (EUSR) for the Southern Mediterranean region. Working together with the Commission and the EEAS, the new EUSR has contributed to the EU's response by enhancing the Union's effectiveness and visibility through political dialogue and economic cooperation with all parties involved in the process of democratic transformation in the region. To achieve these objectives, the Task Force is designed to work together with our partners bringing country-specific expertise and resources from the EU, the EU Member States, the European Investment Bank, the European Bank for Reconstruction and Development as well as other International Financial Institutions and the private sector. The EU-Tunisia and EU-Jordan Task Forces have proven to be effective instruments for democratic change, accelerating the delivery of support, and financial assistance by involving a wide range of institutions. Acting as a catalyst, the Task Force allows deepening the EU's relationship with countries in a results-oriented, tailored and differentiated way.

This has already brought tangible results to the region. The first Task Force took place in *Tunisia* in September 2011 and announced a very substantial international support package, covering both grants and loans, to which the Commission contributed with EUR 400 million in grants for the period 2011-2013. The second Task Force met in *Jordan* in February 2012 to encourage and support the process of political and economic reforms. Political parties and civil society organisations contributed to the Task Force. A substantial international financial package was also announced on this occasion. The Task Forces are not one-off exercises but a process that includes follow up meetings at different levels to assess the progress and implementation. The joint bodies established under the Association Agreement monitor the implementation of the Task Force's recommendations. Following the Presidential elections and transfer to civilian rule, an EU-Egypt Task Force will be organized in 2012.

2. A ROADMAP TO GUIDE THE IMPLEMENTATION OF EU POLICY VIS À VIS SOUTHERN MEDITERRANEAN PARTNERS

2.1 BUILDING SUSTAINABLE DEMOCRACY

2.1.1 Objective

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

1. rights to exercise free speech, form associations and competing political parties, receive impartial justice, security from accountable police and army forces, access to a competent and non-corrupt civil service;
2. other civil and human rights such as the freedom of thought, conscience and religion;
3. the establishment of a direct and genuine partnership and cooperation with the societies and their representatives.

2.1.2 Implementation so far

Human Rights and Democracy

Throughout 2011 the EU has provided assistance to countries engaged in democratic transition while acknowledging that democratisation must be owned and driven by the people of the countries concerned.

The EU has provided **support for elections**. In *Tunisia*, it provided technical assistance to help the authorities organise the Constituent Assembly elections as well as early support to civil society including training of domestic observers. The EU deployed an Election Observation Mission during the elections. In *Libya*, the EU is delivering substantial assistance to emerging civil society organisations (EUR 11.4 million) and is helping the authorities organise the elections foreseen for June 2012. Although *Egypt* did not take up the EU's offer of a fully-fledged Electoral Observation Mission for parliamentary and presidential elections, the EU provided capacity building to help the High Electoral Commission increase voters' participation and to help civil society organizations (CSOs) raise public awareness of the elections (EUR 2 million). In addition, the EU helped train more than a thousand domestic election monitors through CSOs. In *Morocco*, an EU ad-hoc expert mission on electoral matters was deployed for two weeks in the context of parliamentary elections. *Algeria* invited the EU to observe legislative elections which are due to take place in May 2012. The election observation mission was deployed on 31st March 2012.

Immediately after the adoption of the joint Communications, the EU and its partner countries carried out a screening exercise. The aim was to re-direct EUR 646 million budgeted for partners' national indicative programmes, towards the new objectives set out in the two communications. This led to increased support for actions in the area of democracy and institution building.

In *Egypt*, the EU is now funding a EUR 2.15 million programme under the UN Office on Drugs and Crime, which will help *Egypt* set up effective mechanisms to combat corruption and money laundering and create necessary framework to implement the United Nations Convention against Corruption.

In *Tunisia*, a "peer review" of the justice sector was conducted in 2011 to prepare for an EU programme to support reform of the judiciary. Similarly, a "peer review" of the security sector is being discussed with the Tunisian authorities. Support for elections will also continue for the next electoral cycle. In addition, under the new Support for Partnership, Reforms and Inclusive Growth (SPRING) programme, approved by the Commission in September, EUR 10 million will be made available to support Tunisia's reform priorities and in particular the democratic transition and the rule of law.

In the current transition context in *Libya*, it is crucial for the stability in the country that basic public services can continue to be provided to the population. At the request of the National Transitional Council, the EU set up a public administration capacity-building facility (EUR 4.5 million) in order to respond in a flexible manner to the country's immediate needs for technical assistance. The ongoing post-conflict needs assessment on border management, media and civil society will identify what specific priority action must be taken, and will propose a sequencing of this assistance according to the urgency of the needs.

In January 2012, the EU and the **Council of Europe (CoE)** signed an EUR 4.8 million joint programme which will give to partner countries the possibility to tap into CoE expertise in a number of areas (e.g. constitutional reform, elections, fight against corruption, judicial reform).

The proposed **European Endowment for Democracy (EED)** is designed to support emerging pro-democratic movements and actors, civil society organisations, young leaders, independent media, journalists, and other beneficiaries who have not been adequately supported by the EU in the past. On 15 December 2011, the Member States the Commission and the High Representative agreed, on the main principles for setting up the EED. It should take the form of an autonomous International Trust Fund operating independently under flexible and transparent rules. Initially, though not exclusively, the EED will focus on the European Neighbourhood.

Full participation of women in society is key. The EU has been to the fore on **women's rights**. In September 2011 the HR/VP convened a high level meeting in New York, attended among others by Hillary Clinton, Helen Clark and Michele Bachelet. This meeting drew international attention to the need to ensure that women play an active part in political processes worldwide, including in the Southern Mediterranean. On 12 November, the HR/VP addressed the Women's Rights Forum in *Libya* bringing together representatives from the region and announced the imminent launch of a new programme for women's empowerment, with capacity building and education as its central pillars. A regional campaign on women's political participation in Middle East and North Africa was launched in December. The EU is also implementing concrete projects in this field. It has launched schemes to help prevent violence against women, to support women's leadership and participation in elections, to ensure non discriminatory access to the labour market and to eliminate legal discrimination against women. In *Tunisia*, the EU is promoting gender sensitive institutional and judicial reforms and women's participation in elections. In *Egypt*, awareness of women's participation in political life is raised through the "Spirit of Tahrir" cultural initiative. In *Jordan*, two "Village Business Incubators" promote rural women's participation in the labour market.

A partnership with societies

To reinforce its support for civil society, the Commission adopted the **Civil Society Facility**³ on 20 September. This will strengthen civil society's ability to promote and monitor reform, to carry out advocacy work and to increase public accountability. The funding dedicated to the EU southern neighbourhood was EUR 12 million in 2011. Similar amounts are foreseen for 2012 and 2013.

The EU has renewed and increased its support for the **Anna Lindh Foundation** in its efforts to mobilise and revitalise civil society in the region. A new programme, to run concurrently and to be incorporated in its current mandate, will start in 2012 and target countries in the Southern Mediterranean. Using the '**European Neighbourhood Journalism Network**' under the EUROMED Regional Information and Communication Programme, a series of workshops have been organised to assess journalists' needs for training, following the Arab Spring.

³ The Facility is being implemented through calls for proposals and capacity development (both at regional and national level).

The EU has been supporting the development of **youth** policies in the Southern Neighbourhood for many years through the regional programme **EUROMED Youth**, now in its phase **IV**. In response to the Arab Spring, the original budget of EUR 5 million of this programme has been increased by EUR 6 millions. The EU has also strengthened its support to education policies and exchanges, in particular through the **ERASMUS** and **TEMPUS** programmes.

The dialogue between social partners from Southern Mediterranean countries with their counterparts from EU member states on employment and social issues continued.

2.1.3 Expected achievements by end 2013

- Elections in the regions will have been conducted in line with international standards;
- Respect for human rights and good governance standard will have improved;
- New generation Action Plans including detailed provisions on democracy, human rights and good governance will have been agreed with most partner countries;
- Implementation of such Action Plans will have started;
- *Algeria* and *Libya* will fully participate in the European Neighbourhood Policy;

2.1.4 EU support

Planned interventions for the period 2012-13 in this area include:

- Governance (improvement and modernisation of budget and administration transparency (EUR 75 million) and Justice sector (EUR 50 million) in *Morocco*;
- Media and Civil Society (EUR 10 million), Justice (EUR 30 million) and Security (EUR 5 million) in *Jordan*;
- Social Justice (EUR 12 million) and Security (EUR 8 million) in *Lebanon*;
- Governance and State building (EUR 20.5 million) in the occupied Palestinian territory (oPt);
- Justice (EUR 20 million), Constituent Assembly (EUR 2 million) and Security Reform (EUR 53 million) in *Tunisia*.
- Civil Society Facility (CSF) regular calls for proposals that will provide funding for projects to support capacity building of NGOs in public advocacy;
- The EU funded programme with the Council of Europe (CoE), with a EUR 4.8 million grant support from the EU, that will contribute to reinforce democracy and respect for the rule of law;
- The new regional programme "Political and economic empowerment of women in Southern Mediterranean region" currently under preparation, that will promote access and effective participation of marginalised women in economic and public life;
- The Anna Lindh Foundation new programme that will improve the capacity of civil societies and NGOs in the South Mediterranean region to actively participate in democratic transition and process of reform;

- Building on the regional networks established by the regional programmes, such as EUROMED Police III, Justice III, Migration III and Communication, a process of sharing experience at regional level on issues relevant for the democratic transition.

2.2 INCLUSIVE ECONOMIC DEVELOPMENT, TRADE AND INVESTMENT

2.2.1 Objectives

- Contribute to providing growth and jobs and addressing the economic expectations of the populations, and notably of the youth;
- Support the promotion of small and medium enterprises, job creation and training;
- Increase trade including through the establishment of the Deep and Comprehensive Free Trade Areas between the EU and the partner countries;
- Facilitate European investments in the region.

2.2.2 Implementation so far:

Job creation and support for SMEs

The refocusing of EU assistance following a screening exercise led to a number of new activities to promote job creation and SME development.

In *Jordan*, the EU front-loaded EUR 40 million from 2012/2013 envelope for new programmes to support public finance management and to help modernising the service sector. In *Tunisia*, the EU prepared a new (EUR 20 million) programme for impoverished regions. A project implemented by the European Training Foundation (ETF) was launched in March 2012 in the Tunisian region of Medenine, aimed at fostering youth employability and adapting education and training to the needs of the local labour market. Increased funding was provided to the programme "*Appui à la Relance*" to help re-launch the Tunisian economy (EUR 100 million).

In *Egypt*, a new EUR 22 million programme was drawn up to support agricultural SMEs. In *Algeria*, a new programme for youth employment (EUR 23.5 million) was prepared by re-allocating funds originally earmarked for the transport sector.

At regional level, the EU developed industrial cooperation with Mediterranean partners through the implementation of the priority actions outlined at the 8th Euro-Med ministerial meeting in May 2011 in Malta. To promote SMEs and entrepreneurship, training was provided in various areas of the Euro-Mediterranean Charter for Enterprise, and a survey was conducted on sustainable enterprise development. All countries jointly established indicators to assess whether entrepreneurship was being promoted in third-level education. *Tunisia* joined the Enterprise Europe Network and *Morocco* applied to join the Network.

Follow-up to the Euro-Mediterranean framework on employment, employability and decent work continued through policy dialogue meetings and cooperation among social partners.

Lending from EIB, EBRD and other European Finance institutions

For many years, the EIB has been one of the biggest providers of funds to the Mediterranean region and has developed its activities under the Facility for Euro-Mediterranean Investment and Partnership (FEMIP). A revision of the EIB mandate in 2011 added a further EUR 1 billion to the EUR 8.7 billion earmarked for the Mediterranean countries in 2007-2013. This

enabled the EIB to sustain its activity in the region whilst focusing on countries undertaking political reform.

Following agreement by the EBRD Governors in September 2011, the mandate of the EBRD is being extended to allow it to fund activities in *Egypt, Jordan, Morocco* and *Tunisia*. The Commission submitted a proposal to the Council and the EP in December 2011 ensuring that the EU supports this extension. The Board of Directors formally agreed for EBRD operations to begin in *Tunisia* through the use of Cooperation Funds on 17 January. A temporary office was opened in Tunis on 1 March, in which a senior banker is currently working.

As a "Quick-Start" mechanism, the EBRD has agreed to mobilise up to EUR 100 million of financial assistance, including a EUR 20 million contribution from the EU Neighbourhood Investment Facility (NIF) for technical assistance to improve the beneficiaries' absorption and project management capacity. In 2011 the NIF provided a first EUR 5 million grant contribution to EBRD for SME support in the region. An additional EUR 15 million contribution has been agreed at the beginning of 2012 to allow the EBRD to prepare several investment operations mainly targeting energy efficiency, transport and municipal infrastructure initially in *Egypt, Morocco* and *Tunisia*. Local private sector development is one of the key priorities for EIB and EBRD operations, alongside infrastructure and climate change mitigation and adaptation.

A new EUR 20 million SME investment scheme, the SANAD fund, was also launched in August. It was funded by the EU and Kreditanstalt für Wiederaufbau (KfW), with an EU contribution of EUR 10 million from the NIF. This investment fund aims at promoting the creation and development of SMEs in the region.

The NIF has continued to develop its activities. In 2011, it made a contribution of EUR 91 million. These resources have helped to leverage funds from other international and European financial institutions at a ratio of 1 to 15.

The two Task Forces established by the EU with *Jordan* and *Tunisia* have helped promote co-ordination between the EU, its Member States, other interested donors, the private sector and European and international finance institutions such as the EIB and the EBRD. A series of concrete measures to help restore economic growth, support reforms and ease the transition to more democratic systems of government were agreed during the Task Forces meetings.

Macro-economic Dialogues

Against a background of economic and financial difficulties in the Euro area and in the Arab countries, macro-economic dialogues proved to be particularly useful for the EU and the concerned partner country, allowing a frank and in-depth exchange of views on the economic challenges. At the same time, the Commission continues to monitor the macroeconomic and financial conditions of its partner countries and the EU stands ready to supply macro financial assistance provided that there is an IMF arrangement in place and a demonstrated need for complementary balance-of payments assistance.

Trade

In October, following the invitation by the June Foreign Affairs Council, the Commission asked the Council for a negotiating mandate to begin negotiations for **Deep and Comprehensive Free Trade Areas** (DCFTAs) with *Egypt, Jordan, Morocco* and *Tunisia*. The Council adopted the negotiating directives on 14 December. The main objective of these

future negotiations will be to facilitate the progressive integration of the economies of these partners into the EU single market. The future agreements will include regulatory convergence in areas such as competition, intellectual property rights, public procurement, trade facilitation and customs procedures. This will have an impact not only on trade and investment, but also, more generally, on economic governance and on the business climate. DCFTAs will also include provisions on investment protection and on further liberalisation as appropriate. Each agreement will be tailored to the needs and specificities of our partners. The first Commission mission to initiate the preparatory process took place on 14th March.

Preparations for these negotiations will be very important. A thorough scoping exercise prior to negotiations will help assessing the level of ambition and capacity of each of the partners on implementing future commitments under the DCFTAs, in particular on regulatory approximation.

The **Agreements on conformity assessment and acceptance of industrial products** (ACAAs) are instruments for opening up markets to industrial products. They involve bringing partner countries fully into line with the EU's technical regulations, standards and quality framework for industrial products. The EU's Mediterranean neighbours are, each at their own speed, preparing to negotiate the agreement (or, in the case of *Israel*, to finalise it). Tunisia's progress in these preparations will allow negotiations with this country to start in 2012 for two sectors (electrical products and construction materials).

Negotiations on a Convention on **preferential rules of origin for the Pan-Euro-Mediterranean region** were concluded in 2009. The Convention consolidates all existing bilateral protocols in one legal document, facilitating the subsequent revision of the pan-Euro-Mediterranean rules of origin. It was opened for signature in June 2011 and signed, but not yet ratified, by *Jordan* in July 2011 and by *Morocco* in April 2012. The other Southern Mediterranean partners should accelerate the completion of their internal procedures for the signature and the ratification.

The new agreement with *Morocco* on further **liberalisation of agricultural, processed agricultural and fishery products tariffs**, revising the provisions of the Association Agreement, was approved by the European Parliament in February 2012. It offers *Morocco* and the EU significant preferential market access for agricultural and fisheries products. The agreement with *Morocco* will enter into force on 1 July 2012. The Agricultural Trade Agreement with the Palestinian Authority was signed in April 2011 and entered into force on 1 January 2012. It offers a unilateral liberalisation of trade in agricultural products, processed agricultural products, and fish and fisheries products. Negotiations on an Agricultural Trade Agreement deepening liberalisation in the agricultural, processed agricultural and fishery sectors with *Tunisia*, which had been on hold since 2010, resumed in February 2012.

Negotiations on liberalisation of **trade in services** and establishment are ongoing with *Egypt*, *Israel*, *Morocco* and *Tunisia* and preparations for negotiations with *Jordan* were concluded in 2011. The EU made an effort to give new impetus to the process in 2011. Negotiations with *Morocco* were re-launched at political level in June following a meeting between the EU Commissioner for Trade and the Moroccan Minister for External Trade. Three negotiating rounds took place in 2011.

Foreign investment

Security of investment is essential for attracting investors to the region. The EU has actively contributed to the working group on Investment Security in the Mediterranean Region (ISMED), bringing together participants from the Commission, the EIB, the Multilateral

Investment Guarantee Agency (MIGA), the Organisation for Economic Co-operation and Development (OECD) and the Union for the Mediterranean (UfM). The EU has decided to support two of the recommendations made in the final report.

First, the Commission will support the 'ISMED Support Working Programme', a pilot initiative of 18 month permitting to assess the institutional and sectoral investment framework of countries wishing to put into motion given infrastructure projects. Second, the Commission will finance the 'ISMED NIF cost sharing mechanism' which aims at lowering insurance and guarantee premium costs.

In order to implement the **Deauville Partnership**, during the G8 Finance Ministers Meeting in Marseille in September, ten international financial institutions⁴ agreed to set-up a new coordination platform and pledged of USD 38 billion for 2011-2013 (equivalent to EUR 29.5 billion) to support reform in *Egypt*, *Morocco* and *Tunisia*. This is in addition to the resources available already from the IMF (approximately USD 35 billion equivalent to EUR 27 billion).

2.2.3 Expected achievements by end 2013

General

- New generation Action Plans will include substantial elements on improving investment climate and regulatory convergence with EU *acquis*.

Trade

- Progress will have been made in DCFTA negotiations with *Jordan*, *Morocco* and *Tunisia*. DCFTA negotiations may have been launched with *Egypt* and other interested partners.
- Progress made in DCFTA negotiations at bilateral level would enable to draw lessons at regional level, notably on the removal of non-tariff barriers and liberalisation of trade in services. This could also provide for a new push for south-south trade integration in light of EU support to the Agadir Agreement and, possibly renewed Maghreb economic integration.
- Negotiations on trade in services and in investments will be completed with *Morocco* in 2012 and finalised or advanced with *Egypt*, *Israel*, *Jordan* and *Tunisia*.
- Negotiations on an Agreement on conformity assessment and acceptance of industrial products (ACAA) will have been launched for certain products with *Tunisia* and preparations will be well advanced with *Algeria*, *Egypt*, *Jordan*, *Lebanon*, *Morocco* and , *the Palestinian Authority*.
- Agreements on agricultural and fisheries products with *Morocco* and *oPt* will be implemented and negotiations on a similar agreement with *Tunisia* will be well advanced.

⁴ The Arab Fund for Economic and Social Development (AFESD), the Arab Monetary Fund (AMF), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the International Finance Corporation (IFC), the International Monetary Fund (IMF), the Islamic Development Bank (IsDB), the World Bank, the OPEC Fund for International Development (OFID) and the African Development Bank (AfDB).

Further discussions on trade in agricultural and fisheries products with the Southern Mediterranean partners could take place in the framework of the DCFTA negotiations.

- The regional Convention on Pan-Euro-Mediterranean preferential rules of origin will be signed and ratified by a majority of Contacting Parties. Significant progress in negotiations towards the final compromise on the revision of pan-Euro-Mediterranean rules of origin will be achieved.

Job Creation

- The implementation of a framework of actions on employment, employability and decent work will be discussed and further developed by the Ministers at Euro-Mediterranean level (a Ministerial Conference on Employment and Labour could take place in coming months). Euro-Mediterranean trade unions and employers organisations will contribute to the process through the Euro-Mediterranean Social Dialogue Forum (the next meeting of the Forum is foreseen for 2012).
- A Mediterranean Initiative for Jobs under the aegis of the Union for the Mediterranean, will be launched in 2013.

SME Development and investment promotion

- The business climate will become more conducive to SME development.
- At regional level, the Euro-Mediterranean Trade and Investment Facilitation mechanism will provide economic operators with information and enhancing transparency.
- Increased lending capacity for EIB, EBRD and other European Finance institutions will allow SMEs to further develop and create new jobs.
- The Commission will have prepared a new proposal granting EU guarantee to the EIB for projects outside the Union over the period of 2014 – 2020, which would provide further support to address the needs of the Southern Mediterranean partners in their democratic transition process.
- EBRD will have extended its mandate to *Egypt, Jordan, Morocco* and *Tunisia* (possibly followed by other partners). EBRD lending activity in the region would have come close to EUR 2.5 billion.
- An “Investment Security Scheme for the Mediterranean” (ISMED) aimed at enhancing the investment environment in the region will have been implemented.
- The first assessments by OECD of the institutional and sector investment framework in relation with several infrastructure projects in the region will be delivered within the frame of the joint Commission-OECD ISMED Support Programme.
- A 2013-2014 work programme on Euro-Mediterranean industrial cooperation will have been adopted, possibly by holding Regional Ministerial Meetings on Industry and Tourism.
- The implementation of the Euro-Mediterranean Charter for Enterprise will be stimulated by continued work at technical level. The Charter will be gradually changed into a Small Business Act to promote SMEs development.

- South Mediterranean partners will be invited to participate in EU networks and activities relating to innovation, SME, sustainable development, and key sectors such as tourism, textiles and clothing.

2.2.4 EU support

Planned interventions for the period 2012-13 in this area include:

- A new EU funded regional intervention pursuing the objective set by the joint Communications for the EU to support the promotion of small and medium enterprises will be launched by mid-2013.
- Specific support will be provided at country (*Egypt, Tunisia*) and regional level to help partners in the establishment of comprehensive employment strategies, fostering vocational education and training, or supporting women's economic and social empowerment.
- Cooperation at regional level with the aim at networking of experts, for example among public employment services will be initiated.
- Industrial cooperation at the regional level will be further developed and supported by bilateral projects at country level in response to each country's specific needs.

2.3 MOBILITY

2.3.1 Objective

Opening Comprehensive Dialogues leading to Mobility Partnerships 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.

2.3.2 Implementation so far

A dialogue on migration, mobility and security was offered to the Southern Mediterranean countries, with a priority being given to *Egypt, Morocco* and *Tunisia* (and potentially *Jordan* and *Libya* once the situation allows).

These dialogues should lead towards the conclusion of a mobility partnership with each country so as to develop a tailor-made, comprehensive and balanced cooperation in the managing regular and irregular migration, readmission, visas, international protection, borders and security matters. Dialogues with *Morocco* and *Tunisia* were launched in October 2011. *Egypt* indicated in September that for the time being - it was declining the offer. *Jordan* indicated its strong interest for initiating a dialogue on migration, mobility and security with the EU.

After some delays due to the political transition following the constitutional elections, *Tunisia* outlined its priorities for the partnership in January 2012 and an additional round of talks under the dialogue took place in March 2012. An information seminar for civil servants and a meeting with representatives of civil society were held in *Morocco* in December 2011.

Meanwhile, on the basis of existing EU legislation, it has been possible to improve the legal certainty and transparency of procedures for the mobility of the citizens of Southern Mediterranean countries. Since April 2011, on the basis of the Visa Code, Schengen States are

obliged to inform applicants in writing why their visa applications have been refused and to establish procedures whereby applicants can appeal against such refusals.

Progress has also been made in cooperation between Schengen States and some third countries notably on progressively harmonising the lists of supporting documents needed for Schengen visa applications to ensure that visa applicants are given equal treatment. Tangible results have been achieved in *Egypt*, where such a harmonised list now exists. Similar efforts are under way in the other countries.

2.3.3 Expected achievements by end 2013

- Mobility Partnerships will have been agreed with *Morocco* and *Tunisia* in 2012.
- Dialogues will have been launched with other countries of the region, such as *Algeria*, *Egypt*, *Jordan* or *Libya*.
- The possibilities offered under the EU Visa Code (such as the issuance of multiple-entry visas and fee waived for certain categories) would have been exploited leading to easier mobility for business people, representatives of civil society organisations, students and youth.

2.3.4 EU support

- At regional level, a new project, EUROMED Migration III with budget of EUR 5 million, aiming at the promotion of legal migration channels and workers' mobility, has been launched in early 2012.

2.4 SECTOR COOPERATION

2.4.1 Objective

Stimulate sector cooperation putting particular emphasis on:

- the alignment in the transport, energy and environment sectors as well as the development of a Common Knowledge and Innovation Space and enhancing cooperation on information and communication technologies;
- the increase in student and academic staff mobility through participation in EU education programmes;
- joining efforts on climate change and environment and the gradual development towards an EU – Southern Mediterranean Energy Community;
- an enhanced transport cooperation;
- the launch of an Agricultural Development Support Programme;
- fostering people-to-people contacts, increasing learning mobility supporting the education and training sector in partner countries;

- progressive participation in EU programmes and agencies open to third countries.

2.4.2 Implementation so far

Participation of partner countries in EU programmes and agencies

Partner countries were invited to express their priorities and interests in taking part in the work of EU agencies and programmes. On this basis, a first indicative list of priority EU programmes open to partners' participation was established. Following Protocols enabling such participation in the EU programmes previously signed with *Israel and Morocco*, negotiations for a Protocol with *Jordan* were also launched. Co-operation between EU agencies and some Mediterranean countries continued, notably in the area of aviation safety and food safety. The EU is preparing an assistance project to support preparatory measures that will facilitate and stimulate cooperation between EU agencies and Mediterranean countries. Possible co-funding of participation in EU programmes can be granted under the national allocations of the ENPI.

Common Knowledge and Innovation Space, Information and Communication Technology, Culture and Youth

In the field of **higher education**, an additional budgetary allocation was made available in 2011. This allowed the financing of 743 additional Erasmus Mundus mobility grants for academic exchanges (students and academics) with Southern Mediterranean countries⁵ for the 2011/12 academic year.

In school **education**, the Commission plans to extend **the eTwinning programme** to include schools in *Egypt* and *Tunisia*. This programme allows schools to work on joint projects via the Internet and has a strong professional development component for teachers. A technical meeting with Egyptian and Tunisian national education authorities took place in Brussels at the end of 2011. Negotiations on implementing the pilot phase are ongoing.

In relation to **youth**, financing for the current Phase IV of the EUROMED Youth programme has been more than doubled by an additional contribution of EUR 6 million. The Commission in cooperation with the CoE also seeks to support the capacity building for youth organisations in Southern Mediterranean countries. In July 2012, the Commission plans to launch a policy dialogue on higher education and youth policies with government officials, universities, youth organisations and civil society from South Mediterranean countries.

In the field of vocational education and training, an additional budget allocation for the activities of the European training Foundation in the Southern Mediterranean region will allow the ETF to expand its work programme in 2012 and 2013.

The EU aims to develop a "**Common Knowledge and Innovation Space**" with the Mediterranean partner countries. This concept brings together policy dialogue, national and regional capacity-building, cooperation in research and innovation and increased mobility opportunities for students, researchers and academics. It means closer cooperation on research, better coordination and stronger networking and will require increased efforts from all partner countries in building research capacity and increasing collaboration with EU researchers and research organisations. An important step towards reaching this objective is

⁵ 559 people from South Mediterranean countries + 184 from EU countries

the current active participation of partner countries in the EU 7th Framework Programme for Research and Technological Development (FP 7). FP 7 is fully open for participation of researchers and research organisations in the partner countries. However increased efforts are needed in all partner countries to promote actively the opportunities available to their research communities. Specific support in this regard has been provided through the FP 7 International Cooperation programme, which has offered opportunities to build research capacities and to promote Science and Technology relations and the coordination of national research activities and the international cooperation activities of the EU member states with the region. Current projects include: the Mediterranean Innovation and Research coordination Action (MIRA), and several European Research Area wide (ERAWIDE) projects. In early 2012, the EU and *Algeria* signed an agreement on cooperation in the field of scientific research and technology.

The Arab Spring was made possible, notably by the use of **electronic communications technologies**. Ensuring the security, stability and resilience of the Internet and of other electronic communication technologies is a fundamental building block in modern democracy. During the Arab Spring, it was clear that Information and Communications Technology (ICT), and in particular social networks, was a vital tool enabling people to organise action, mobilises support and exercise their rights. Although some significant regulatory reforms have been undertaken, the regulatory environment in many of the southern Mediterranean countries is not yet sufficiently developed to exploit the full growth and productivity potential of ICT.

EU cooperation on ICT with Mediterranean countries has been built on three pillars. The first pillar includes action to improve the regulatory environment. This involves bilateral dialogues, technical assistance, twinning between regulators and coordination via the regional network of regulators (EMERG) which held a series of meetings in 2011. Under the second pillar, the EU supports action to strengthen the region's e-infrastructure and to improve the connectivity of its high-speed networks for research and education and their links to GÉANT. As a part of this effort, a third phase of the EUMEDCONNECT network was launched in 2011. In addition, several EU projects aim to improve coordination and interoperation between the e-Infrastructures in Europe and in the Southern Mediterranean. These projects include EUMED Grid Support and the CHAIN project for connecting Southern Mediterranean countries to the European Grid. Under the third pillar, the EU supports and promotes the active and democratic use of ICT and the Internet (content services, safer internet, digital heritage, no disconnection, free media, etc).

On 12 December 2011, the Commission announced the "No Disconnect Strategy", designed to support the role of ICT in ensuring fundamental rights. The Strategy has four main strands: (i) it supports the development of technological tools that would shield people living in non-democratic regimes from surveillance and help them bypass restrictions to their freedom to communicate; (ii) it seeks to educate activists and to promote awareness of the potential benefits but also risks of using ICT; (iii) it aims to provide high quality intelligence on the developments of Internet freedom in non-democratic regimes; (iv) it aims to strengthen cooperation between all players actors in the field. To implement the Strategy, the EU will: (i) make "Internet survival packs" available to activists. These are easy-to-use packages which help people to bypass censorship and to counter surveillance; (ii) encourage EU companies to regulate their own behaviour so that the EU stops selling ICT tools of repression to authoritarian regimes; (iii) provide hosting support to help prohibited content reach its audience – via blogs and videos for example.

Energy and transport

The EU and Mediterranean partners intensified bilateral and regional cooperation, notably in support to the Mediterranean Solar Plan. The EU continued exploring the possibility to establish **energy** partnerships as a first step towards regional electricity and renewable energy market integration, with the long-term perspective of establishing an EU-Southern Mediterranean Energy Community.

In addition to regular bilateral dialogues with Mediterranean partners, particularly in energy subcommittees, the EU and *Algeria* strengthened their dialogue through a high level meeting on renewable energy and energy efficiency (December 2011) and *Algeria*'s ad-hoc participation to the EU's Gas supply group (June 2011). Common EU-Mediterranean energy security was enhanced through the completion of MEDGAZ gas pipeline between Spain and *Algeria*. Other ongoing and planned network projects, including a new future *Tunisia*-Italy electricity interconnection, as well as recent gas discoveries offshore in *Israel*, have a potential to strengthen EU-Mediterranean energy security.

Complementing bilateral energy projects, several regional projects are underway that support Mediterranean partners to enhance common energy security including through network development; to advance market integration and reinforce regulators, and to increase energy efficiency and the use of renewable energy. These include: paving the way for the Mediterranean Solar Plan (EUR 4.5 million), support to the Mediterranean Energy Regulators Association (EUR 1.1 million); support for the Enhanced Integration and the Improved Security of the Euro-Mediterranean Energy Market (EUR 4.3 million); and Energy Efficiency in the Construction Sector (EUR 5 million).

Partner countries continued to participate very actively in the various regional **transport** programmes and thematic working groups (SAFEMED, MEDAMoS, EUROMED Aviation); they also stayed involved in the establishment of the future Trans-Mediterranean Transport Network. The Euro-Mediterranean Transport Working Groups met regularly and agreed on further steps to implement both the regulatory reform and related actions of the Regional Transport Action Plan for the Mediterranean for the period 2007-2013 in respect of transport network planning. On aviation, discussions have been re-launched with *Lebanon* and *Tunisia* for comprehensive Aviation Agreements and a Mediterranean Aviation Safety Cell has been set at the European Aviation Safety Agency for those partners willing to fully adhere to the EU safety *acquis*. The Commission has proposed to extend the mandate of the European Maritime Safety Agency to provide assistance to the neighbouring countries. Partners confirmed their commitment to SAFEMED II, a regional programme for maritime safety and security, prevention of pollution from ships and marine environment. Discussions are ongoing to obtain EIB support for the railway project in *Tunisia* and the railway project in *Jordan* identified at the recent G20 Cannes meeting.

Regarding maritime policy, the EU is developing four initiatives with Mediterranean partners focusing on awareness, capacity building and operational cooperation. In 2011, the EU implemented a technical assistance project on Integrated Maritime Policy (IMP) with *Algeria*, *Egypt*, *Israel*, *Jordan*, *Lebanon*, *Morocco*, *oPt*, *Syria* (latter suspended) and *Tunisia*, , , , to help them build their capacity to articulate integrated approaches towards maritime affairs. In addition, the EU launched together with the EIB and the International Maritime Organisation a tripartite initiative on innovative mechanisms for private investments in the maritime sectors of ENP partners, as well as on maritime training, working conditions, safety and surveillance.

The European Fisheries Control Agency (EFCA) and the General Fisheries Commission for the Mediterranean (GFCM) are looking at ways to improve capacity for fisheries control through trainings possibly complemented with joint control and inspection activities. Southern Mediterranean partners have also continued their active participation in the related thematic Working Group on Integrated Maritime Policy in the Mediterranean.

Environment and Climate Change

In the area of **environment**, the EU supported financially the implementation of the Horizon 2020 initiative on the de-pollution of the Mediterranean Sea (also a key initiative of the UfM). This included cooperation and financial assistance to Mediterranean partners on the development of a Shared Environmental Information System (SEIS), aiming at improving collection and management of environmental data and indicators as well as capacity building and identification of and addressing pollution hotspots. EU-funded cooperation also continued with Mediterranean partners on sustainable water management and identification and management of marine protected areas.

The EU committed EUR 8 million to strengthen the capacity of Mediterranean partner countries in mitigating **climate change** and adapting to its effects, and to strengthen mutual cooperation and dialogue. Mediterranean partners are encouraged to build capacity and engage in the new carbon market mechanism to be developed following the 17th Conference of the Parties (COP 17) to the United Nations Framework Convention on Climate Change (UNFCCC). Mediterranean partners are also encouraged to fully implement the Cancun and Durban agreements and in particular devise low-carbon development strategies including update information on targets or actions that they will implement.

Regional Development, Rural Development, Agriculture and Fisheries

The EU intends to help the partner countries by supporting their inclusive growth, including through launching of initial programmes to support agricultural and rural development.

In the framework of the review of the European Neighbourhood Policy, addressing repeated requests to assist partners' rural economies, the Commission proposed a new initiative: the **European Neighbourhood Programme for Agriculture and Rural Development (ENPARD)**.

ENPARD is building upon the EU best practice in developing rural areas. It combines investment support and strengthening of local organisational and administrative capacities so as to trigger sustainable development of local agriculture. Its main objectives are three-fold:

- to improve rural livelihoods by facilitating economic growth and distribution, employment opportunities for the youth and sustainable development of rural areas;
- to increase productivity of the farming, herding and processing sectors, while also contributing to raising quality standards (so to enhance availability of quality food in the local markets as well as EU-export opportunities);
- to develop organisational and institutional capacities in the ENP countries and to improve adherence to the principles of good governance.

The objectives of ENPARD are to be achieved through the implementation of national multi-annual programmes including countries rural development and agricultural policy priorities

and the related EU support. The process includes close policy dialogue on agriculture, veterinary surveillance and rural development.

The programme was launched in January 2012 with expertise and research capacities made available to partner countries. The programme will initially focus on *Egypt, Jordan, Morocco and Tunisia*.

The EU will also support efforts for the sustainable management of fisheries resources.

Civil protection

The Prevention, Preparedness and Response to natural and man-made Disasters project (PPRD-South - a UfM Flagship *Initiative*) develops and reinforces the capacity of participating countries for disaster prevention, preparedness and response at local, national and regional level, and promotes cooperation with the EU and among UfM countries. The first phase of the project (EUR 5 million), is nearing the end of its implementation. It has allowed, *inter alia* to review existing resources and available mechanisms in the UfM and to prepare a regional Risk Atlas.

2.4.3 Expected achievements by end 2013

- New generation Actions Plans that will have been agreed with partner countries will include substantial elements on sector cooperation.
- The EU will sign framework Protocols for **participation in EU programmes and agencies** based on mutual agreement. Partners will negotiate MoUs for participation in selected EU programmes open to ENP partners. Partners' cooperation with the EU agencies will increase, including in some cases on the basis of bilateral agreements. The EU will have financially supported preparatory action to facilitate cooperation with EU agencies and will be prepared to provide co-funding for participation in EU programmes and agencies.
- In the area of Regional Policy the possibility of launching pilot programmes inspired by the EU cohesion policy to promote economic, social and territorial cohesion (drawing *inter alia* on the pilot regional development programmes under the Eastern Partnership) will be explored with partners. Co-operation in this area will be pursued in the first instance with *Morocco* and *Tunisia*, but is open to all partners determinedly embarking on political reforms who are interested in exploring how disparities between rich and poor can be narrowed, and multilevel governance can be promoted.
- Regarding the **transport** sector, reforms will have ensured grater approximation to EU transport standards. Comprehensive Aviation Agreements will have been concluded with most of the countries and implementation followed up. Maritime safety and security will have improved through policy reform and flags would have improved in terms of the Paris Memorandum on Port State Control. Partner countries could demonstrate improved track record in road safety. Transport links with the EU will have improved through better planning of networks and works on priority infrastructure projects that help to connect the partner countries with the Trans-European transport network. The strong ongoing regional transport cooperation will have led to the implementation of both the regulatory reform and related actions of the Regional Transport Action Plan (RTAP) for the Mediterranean for the period 2007-2013, also in respect of transport network planning. A second Euro-Mediterranean

Ministerial transport meeting could be organised to endorse achievements in cooperation and set out policy guidelines for further work.

- As regards **maritime policy** in particular a regional Automatic Identification System (AIS) of data will have been set up and the Mediterranean partner countries will participate in the CleanSeaNet satellite service to better respond to discharges from ships and locate and identify polluters in the waters.
- The EU-Mediterranean **energy** partnership will have been increased through bilateral and multilateral cooperation.
- **Bilateral energy policy cooperation** and dialogue will have been enhanced on the basis of EU standards. The EU and *Egypt* will have progressed in the implementation of their energy partnership, while such a partnership will have been agreed with *Algeria*. Preparation of market reform including the establishment or strengthening of regulators will have advanced. Energy network projects, such as the *Tunisia-Italy* electricity link or the *Algeria-Italy* gas interconnection, will have been further developed. Partners would have enhanced energy efficiency and renewable energy policies including with EU funded projects (*Egypt, Jordan, Lebanon, Morocco* and *Tunisia*).
- **Regional energy policy cooperation** will have been strengthened following an UfM energy ministerial planned for 2013. Work towards an EU-Mediterranean renewable energies partnership and the Mediterranean Solar Plan (MSP) will have progressed including through the adoption, at the UfM ministerial, of a regional renewable energies master plan covering the period until 2020. Renewable (pilot) projects will have advanced with EU and IFI support. Regulatory cooperation would have been strengthened (MEDREG) and complemented by the launch, in 2012, of a cooperation structure of electricity transmission system operators (MED TSO). The EU and its partners will have identified in 2013 steps to establish in the longer term (2015-2020) a possible EU-Southern Mediterranean Energy Community. Several cities would be preparing sustainability plans aiming, *inter alia*, to increasing energy efficiency. EU funded regional energy projects will have supported these processes by focusing on market integration, the strengthening of regulators, enhanced use of renewable energy including the MSP; and energy efficiency.
- Concerning **environment**, partners will have made further efforts to strengthen environmental governance, including administrative capacity. Partners will have advanced in the setting up of a comprehensive system for environmental data collection as a result of the EU-funded SEIS project. Partners will have made progress on sustainable integrated water resource management, following the EU-funded “SWIM” regional project and its demonstration projects, which will be under implementation. Further steps will also have been taken on de-pollution of the Mediterranean Sea with further EU support for the Horizon 2020 Initiative and on marine protected areas under the biodiversity component of the UNEP/GEF sponsored MedPartnership. Countries will have geared up collaboration on sustainable consumption and production, through a project planned to be launched by the EU.
- As regards **climate change**, the regional EU-funded project on climate action will be under implementation. The partners will have taken steps to strengthen capacity to identify and formulate climate change policies and strategies and the use of monitoring tools and market-based mechanisms, including through sharing

information and best practices on climate change mitigation and adaptation. Regional exchanges and cooperation towards low emission development, climate resiliencies and improvement of climate related decision making will have increased.

- Regarding the **information society**, the Mediterranean partner countries will have been successful in their efforts for approximation to the EU regulatory framework covering in particular electronic communications and Information and Communication Technology (ICT) priorities of the Digital Agenda for Europe. An increased political dialogue with the regulators of the Mediterranean partner countries will have led to a better understanding of various complex regulatory issues in the area of electronic communications and information society. The implementation of the EU's "No Disconnect Strategy" will have assisted civil society organisations and individual citizens in circumventing arbitrary disruptions of the Internet and other electronic communications technologies. By the end of 2013 the security, stability and resilience of the Internet will have been augmented and the use of modern technical tools and Social Media platforms in the Mediterranean partner countries will be amplified.
- The development of a "**Common Knowledge and Innovation Space**" with the Mediterranean partner countries will have had concrete results. Mediterranean partner countries will have increased their research capacity. Through intensified collaboration with the EU researchers and research organisations the participation rate of the Mediterranean partner countries in the FP 7 will have increased substantially. The network of FP 7 National Contact Points will have been strengthened considerably. A number of Mediterranean partner countries will have started negotiations on Memoranda of Understanding for their association to the follow-up programme to the FP 7. Research mobility will have noticeably increased, in particular under the Marie Curie scheme.

2.4.4 EU support

- Funding for **Erasmus Mundus** mobility grants for academic exchange (students and academics) with Southern Mediterranean countries will be further increased in 2012 and 2013. The Commission intends to allocate EUR 80 million in addition to what was originally planned for partner countries. For 2012⁶, the global amount for Southern Mediterranean countries will reach EUR 38.4 million under Erasmus Mundus Action 2 which funds short term mobility. In addition, new opportunities will be given to Egyptian and Tunisian students to attend joint programmes (masters and doctorates under Erasmus Mundus Action 1) due to a specific additional allocation of EUR 10 million. This possibility will be extended to students from other countries of the region in 2013.
- In parallel, funding for the **Tempus programme**, which aims at supporting the modernisation of higher education structures and expands collaboration with EU universities, will be increased by EUR 12.5 million in 2012 and 2013.
- The **eTwinning programme** will be extended to secondary schools in *Egypt* and *Tunisia*. Based on the results of this pilot exercise, inclusion of additional countries of the region in the project will be considered.

⁶ Call for proposals published on 30 December 2011

- The EU will put increasing emphasis on **Vocational Education and Training**, notably through capacity building of national and regional authorities in this field. An additional budget of EUR 2 million for 2012 and 2013 will be allocated to the European Training Foundation to develop its activities in the region. As of 2012, the European Training Foundation (ETF) will also help *Libya* to formulate a programme for vocational education and training. Possibilities for the mobility of trainees should be contemplated.
- In summer 2012, the Commission plans to launch a policy dialogue on higher education and youth policies with ministerial counterparts, universities, youth organisations and civil society from southern Mediterranean countries.
- A new regional programme for the development of **culture** in the Mediterranean region should foster capacity of cultural operators in the region.
- In the areas of **statistics**, the Commission will support the creation of Forum of ENP-South statisticians, to promote the production and dissemination of high quality statistics covering key socio-economic areas, which are compatible with EU standards and methodologies; and to promote the use of statistics for evidence-based decision making, a key component of good governance.
- In the area of **agriculture and rural development**, the EU will be engaging in close policy dialogues with the ENP partners in the framework of ENPARD. The dialogues aim at promoting long-term agricultural and rural development strategies developed in close cooperation with all relevant stakeholders. As a result of the studies and pilot project carried under ENPARD, a fully fledged EU support in that area will be under implementation.
- In the area of **fisheries**, the EU is also willing to promote cooperation on the conservation and sustainable use of resources, and combating illegal, unreported and unregulated fishing. The European Fisheries Control Agency (EFCA) and the General Fisheries Commission for the Mediterranean (GFCM) are looking at ways to improve capacity for fisheries control through trainings, possibly complemented with joint control and inspection activities
- A second phase of the **PPRD-South** is already envisaged for 2013 with the budget of EUR 5 million.

3. REGIONAL AND SUB-REGIONAL IMPLICATIONS

Regional challenges call for regional answers. The Arab Spring has highlighted the political, economic and social challenges that can only be dealt effectively at regional level. Resolving political crises such as that in *Syria*, or addressing security issues such as the proliferation of weapons and terrorism can only be done through regional partners acting together. The pressing challenge of creating millions of jobs for youth in the South requires increased economic integration among Southern partners and with the EU. As regional organisations redefine their roles and initiatives, the EU has signalled its readiness to support them and develop a more structured dialogue and cooperation.

3.1 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).

3.2 Implementation so far

Union for the Mediterranean

The **Union for the Mediterranean (UfM)** has a special role to play as a unique forum of dialogue among 43 Euromed partners that complements the bilateral relations between EU and its Southern neighbours. The regional projects of strategic importance identified at the Paris Summit remain relevant in the current context, notably the Mediterranean Solar Plan, the de-pollution of the Mediterranean, the development of Motorways of the Sea and land highways, and the Mediterranean Business Development Initiative. The EU has increased its involvement and support at three levels:

- It has stepped up its financial and technical support to the UfM secretariat to help it in its endeavour to become a catalyst for the development and financing of regional projects.
- The UfM has endorsed eight projects for which it is actively looking for financing, notably the construction of a desalination plant in Gaza and the completion of a Trans-Maghreb Motor highway.
- In March 2012, the Council has transferred the UfM Northern Co-Presidency to the EU. The EU has pursued the organisation of regular high-level working groups and developed regional programmes in a wide range of sectors as detailed in Section 2.

Sub-regional co-operation in the Maghreb

The EU stands ready to support efforts to reinvigorate the **Arab Maghreb Union (AMU)**, while recognising that impetus for this lies with AMU Member States themselves. There have been encouraging signs, including the possibility of an AMU summit before the end of 2012. Partners of the 5+5 group intend to organise a summit in October and have developed their cooperation, including in security areas.

The EU has also continued to support the implementation of the Agadir Agreement and encouraged Agadir members (*Egypt, Jordan, Morocco and Tunisia*) to extend the geographical and substantive scope of the agreement. The EU will support these efforts that all go in the direction of strengthening trust and cooperation.

Co-operation with the Arab league

The EU has worked with the **League of Arab States (LAS)** and other regional organisations (Gulf Cooperation Council, Organisation of Islamic Conference), *inter alia*, through the “Cairo Group” on *Libya*. The EU has actively supported diplomatically the LAS initiative on Syria and the HR/VP and the SG of the Arab League have maintained regular contacts during the crisis.

The EU has also provided practical support by helping the LAS to set up a situation room, similar to that of the EU, which provided immediate operational help as the Arab League deployed its monitoring activities in *Syria*. The EU and the LAS have identified areas for future cooperation in the political, economic and social fields, and have outlined how to

develop a more regular and structured dialogue through regular meetings at senior officials and ministerial levels.

3.3 Expected achievements by end 2013

The EU will have further developed its cooperation with regional organisations and initiatives:

Union for the Mediterranean

- With the EU assuming the UfM Northern Co-presidency, a new impetus will be given to the sector dialogues and enhanced coherence between EU and UfM actions. With the support of UfM partners, several ministerial meetings will be organised, notably in areas of trade, transport, energy and industry, as detailed in section 2. Meetings at Senior Official level will develop a more interactive political dialogue and provide effective guidance on project activities to the UfM Secretariat.
- The EU will have stepped up the implementation of regional projects, including the launching of new phases of regional programmes covering police, justice, migration and civil protection. The Anna Lindh Foundation will have enlarged its networks of NGOs and rolled out its program ‘Civil Society for Dialogue’ targeting youth and women and widened its project ‘Young Arab Voices’, a series of youth-led debates across the Arab region.
- The UfM Secretariat, led by its new Secretary General, will have enhanced its potential to organise effective and result-oriented regional cooperation and developed its post labelling efforts towards the promotion and financing of projects, in particular for the Gaza desalination plant and Trans-Maghreb Motor highway, as well as quick-win projects for SME conducive to job creation. The Commission will have continued to support the UfM secretariat and strengthened its operational links with it. For example, UfM participation in the EuroMed Transport Forum and its various Euro-Med transport working groups will have been developed, bearing in mind that the work of the Infrastructure Working Group and the Maritime Affairs Working group is of particular relevance as it helps identify and pre-formulate strategic priority terrestrial transport or port improvement projects which could be labelled by the UFM. The EU will have pursued its support of the development of the Mediterranean Solar plan by participating in the drafting groups and through its project "Paving the Way for the Mediterranean Solar Plan", in particular its component dedicated to regulatory issues which will feed the relevant part of the UfM Master Plan. Regarding the “Horizon 2020 Initiative” which aims to de-pollute the Mediterranean Sea by the year 2020, the UfM would have made a contribution to the evaluation of the first phase of the programme and played a role in monitoring and reporting progress on infrastructure projects in the region. The Commission will have supported the implementation of key actions related to the "Draft Strategy for Water in the Mediterranean" via the SWIM project. Other areas of close collaboration will have been developed such as Urban development (in particular in the context of the CIUDAD project – Cooperation in Urban Development and Dialogue), SME development (with the UFM involved in the preparation of the new “InvestinMed” regional project), social issues in particular the promotion of women political and social rights (with the preparation of EC regional project), or civil protection (with the preparation of a new Prevention, Preparedness and Response to natural and man-made Disasters (PPRD South) project.

Sub-regional co-operation with Maghreb countries

- The High Representative and the Commission intend to make proposals for strengthening relations between the EU and the Maghreb in the context of a joint Communication to be prepared in coming months, provided that the Maghreb partner countries demonstrate clear signs of progress in their regional cooperation effort.
- In the context of strengthening of cooperation among the Maghreb countries and the re-invigorating of the Arab Maghreb Union, the EU will have deepened its cooperation with the AMU. It will have explored opportunities to support greater Maghreb integration covering key sectors such as energy, people-to-people contact, trade and transport and will have cooperated not only with government but with civil society and with business. It will also have identified synergies with the activities of the 5+5 group, and will have articulated sub-regional cooperation with wider EUROMED cooperation.

Co-operation with the Arab League

- A joint Foreign Ministers meeting between the 22 Members of the League of Arab States and the 27 Members of the EU to be organised in the autumn of 2012 will have given a new and visible impetus to LAS-EU cooperation. The EU will have developed a more structured dialogue with the LAS and started concrete cooperation, for example in training of diplomats or election monitors.

4. FUNDING

Additional Funding

Total 2011 ENPI commitments in favour of Arab Spring countries and region amounted to **EUR 1.4 billion** of which **EUR 130 million** were **additional funds** made available after the Arab Spring events.

This breakdown is as follows:

Country allocations: EUR 70 million for *Tunisia* (including EUR 20 million from SPRING)

Regional Programmes: EUR 45 million for SPRING (other than *Tunisia*)

ERASMUS MUNDUS: EUR 15 million of additional funds

In addition to the ENPI, other funds should as well be mentioned:

Thematic programmes: EUR 18.7 million additional funds from European instrument for Democracy and Human Rights (EIDHR) and the Non State Actors Thematic Programme (Development co-operation instrument) for 2011-2012 (in favour of *Egypt, Libya* and *Tunisia*) and EUR 9.7 million in 2011 from the Instrument of Stability (in favour of *Egypt, Libya* and *Tunisia*).

Humanitarian Aid: EUR 80.5 million

The SPRING programme

The *Support to Partnership, Reform and Inclusive Growth* (SPRING) Programme, is an “umbrella” multi-country programme which aims to respond to the pressing socio-economic challenges that partner countries of the southern Mediterranean region are facing and to support them in their transition to democracy.

Support provided through the SPRING will be tailored on a “more-for-more” basis to partner countries showing sustained commitment to, and progress in, democratic reforms.

SPRING programme supports activities related to two priority areas of the EU communication i.e. democratic transformation and institution building, as well as sustainable and inclusive growth and economic development.

It is i.a. envisaged to contribute to:

- Reduced poverty and social and economic disparities within these countries, through an integrated policy approach geared at social inclusion.
- Reduced levels of unemployment, in particular youth, through a comprehensive and integrated policy mix including economic and financial, employment and social, as well as education policies.
- Improved skills development in order to match labour market needs, notably through increased availability of good quality vocational education and training.
- Addressing the situation of young people who are neither in employment, education or training (NEET) with activities modelled on the “Youth guarantee”, aimed at ensuring that young people are in employment, education or (re)training within a few months of leaving school.

The initial programme budget for the period 2011-12 is EUR 350 million. The first EUR 20 million was allocated for *Tunisia* in 2011. Of these funds, EUR 10 million were used to further support the economic recovery support programme “*Appui à la Relance*” where the use of labour supply (graduated as well as unskilled young) is improved and adapted to the labour market requirements.