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Implementation of the European Neighbourhood Policy Eastern Partnership Implementation Report

Accompanying the document

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

Implementation of the European Neighbourhood Policy in 2014

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1. INTRODUCTION

The Eastern Partnership (EaP) is a joint initiative of the EU and six eastern European partner countries (Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova (hereinafter referred to as 'Moldova') and Ukraine) that aims to bring these countries closer to the EU. The Eastern Partnership builds on existing bilateral relations between the EU and its partner countries and covers the eastern dimension of the European Neighbourhood Policy (ENP). It follows two parallel and mutually reinforcing tracks: bilateral and multilateral. The bilateral dimension aims to foster closer bilateral relations between the EU and each eastern partner country, while the multilateral dimension provides a forum for dialogue and exchange, through thematic platforms and flagship initiatives. The Eastern Partnership is broad-based and involves not only governments, but also civil society and other parties concerned. This report provides information on the progress made in 2014.

The Eastern Partnership made significant progress in 2014. The new Association Agreements signed with Georgia, Moldova and Ukraine are already being provisionally applied. For Georgia and Moldova, provisional application already includes the Deep and Comprehensive Free Trade Area (DCFTA), while for Ukraine provisional application of this part of the agreement has been postponed until the end of 2015. The AA/DCFTAs involve ambitious political, economic and social reform agendas, drawing the eastern partner countries concerned closer to the EU.

Against the background of the Ukrainian political crisis, the EU launched an unprecedented programme of support to help Ukraine stabilise its economy, assist with transition, encourage political, judicial and economic reforms and support inclusive development. The EU has also offered various forms of support to Moldova and Georgia, to help these countries cope with the pressure that has been exerted on them following their decision to sign the Association Agreements.

Further progress has been made towards visa liberalisation for short-term travel. The aim is for citizens in eastern partner countries to benefit from mobility within a secure, well-managed environment. Visa-free travel to the EU has been possible from Moldova since the end of April, and Georgia and Ukraine are working to implement their Visa Liberalisation Action Plans. Visa Facilitation and Readmission Agreements are being negotiated with Belarus.

Over the past year, EU institutions, EU Member States, the eastern partner countries and other parties involved have continued to work to increase the visibility of the Eastern Partnership and to make individuals, businesses and society as a whole more aware of the benefits it can bring.

Eastern partner countries have been pursuing the agreed reforms in preparation for the 2015 EaP Summit in Riga, which will review the implementation of the countries' commitments and the progress they have achieved.

2. DEEPER BILATERAL ENGAGEMENT

2.1. Political association and economic integration

Bilateral contractual relations

The **Association Agreements**, including Deep and Comprehensive Free Trade Areas (AA/DCFTAs) offer advanced integration with the EU in a wide variety of areas. The Association Agreements provide a blueprint for partner countries to develop good governance, improve justice and strengthen the rule of law, while offering possibilities for integration ranging from political association and enhanced cooperation in foreign and security policy to close economic integration through a deep and comprehensive free trade area. The **DCFTA** goes beyond a classical free trade area. It concerns not only the liberalisation of trade in goods (by lifting customs duties and abolishing trade quotas) and services, but also has broad provisions on the approximation of partner countries' legislation with the trade-related EU *acquis*.

After intensive high-level dialogue at the beginning of the year, and against the background of the illegal annexation of Crimea and the crisis in the east of the country, on 21 March 2014 **Ukraine** and the EU signed the political chapters of the Association Agreement. The remaining chapters were signed on 27 June 2014. After simultaneous ratification by both the European Parliament and the *Verhovna Rada* on 16 September 2014, the agreement provisionally took effect from 1 November, except for the DCFTA part, which is postponed until the end of 2015. 27 June 2014 also marked the signature of **Moldova's** and **Georgia's** AA/DCFTAs with the EU. After swift ratification by Moldova on 2 July 2014 and Georgia on 18 July 2014, both agreements provisionally took effect from 1 September 2014. The first EU-Georgia Association Council under the Association Agreement was held on 17 November 2014 to supervise implementation of the Agreement.

The EU and **Armenia** worked on further developing and strengthening comprehensive cooperation where this is compatible with Armenia's future obligations under the Eurasian Economic Union. To this end, a 'scoping exercise' was launched in November to identify the legal basis for future EU-Armenia relations. Political dialogue between the EU and **Azerbaijan** in 2014 was intense up until October, when Azerbaijan decided to postpone a number of meetings under the Partnership and Cooperation Agreement. The EU is looking to continue developing its ties with Azerbaijan under a Strategic Modernisation Partnership. The EU continued its policy of critical engagement towards **Belarus**. This includes cooperation through the multilateral track of the Eastern Partnership and technical dialogues on specific topics of mutual interest, as well as support for civil society and the Belarusian population in general. At the same time, the restrictive measures with regard to Belarus remain in force.

Human rights dialogues

The human rights dialogues with the eastern partner countries cover the signing, ratification and implementation of international human rights instruments, signing up to international human rights procedures and mechanisms, combating torture, children's rights, women's rights, freedom of expression, the role of civil society and eliminating all forms of discrimination. The EU held human rights dialogues with Moldova in April, with Georgia in June and with Armenia in December. The annual human rights experts meeting with Moldova took place in Chişinău in November, with the involvement of civil society organisations. Human rights were discussed in the justice, freedom and security Sub-committee with Ukraine in July in Brussels. The postponed 2013 meeting of the justice, freedom, security and

human rights Sub-committee with Azerbaijan took place in February 2014 and Azerbaijan decided to postpone the 2014 meeting until early spring 2015. The human rights dialogues were complemented by joint civil society seminars in Armenia on anti-discrimination policy and in Georgia on the criminal justice system and labour law, and a Technical Assistance and Information Exchange (TAIEX) workshop in Moldova in June on the deinstitutionalisation of children with disabilities.

Common Security and Defence Policy (CSDP)

Bilateral and multilateral cooperation with eastern partner countries in the area of common security and defence policy intensified remarkably. The EU and some of the eastern partners started regular bilateral staff-to-staff consultations. Ukraine took part in the European Union Naval Force Somalia ('Operation Atalanta') early in 2014, providing a frigate for the operation, and Georgia and Moldova took part for the first time in CSDP operations. Georgia and Moldova both took part in the European Union Training Mission in Mali and Georgia contributed one infantry company to EUFOR RCA (contributing 156 troops, making it the second largest contributor to the operation).

Economic trends and macro-financial assistance

In 2014 the eastern Neighbourhood was hit hard by the conflict between Russia and Ukraine. The conflict had large direct and indirect effects on the region's economic and political landscape, on top of the existing internal and external macroeconomic imbalances building up over the years in many of its countries. As a result of the deep recession in Ukraine and the significant slowdown of economic activity in Azerbaijan and Moldova, the average GDP growth in Eastern Partnership countries is expected to more than halve in 2014 to only 1.1% from 3.4% in 2013. Georgia deviated from the downward pattern, benefitting not only from expansionary fiscal policies but also its low exposure to Russia, which was reduced after the conflict in 2008.

In 2014 the EU made a total of EUR 1.36 billion available in loans under its macro-financial assistance (MFA)¹ instrument. This entire amount went to **Ukraine** under two MFA programmes to stabilise its economy and complement financial assistance provided by other international donors, chiefly the IMF. The first MFA programme, worth EUR 610 million, was based on two legislative decisions, one dating from 2002 and the other from 2010. In addition, the EU reacted immediately to the economic crisis in Ukraine with a new MFA programme of up to EUR 1 billion in loans. The programme was approved by emergency procedure in April and entered into force in May. In 2014 the EU disbursed EUR 360 million under the first MFA programme (EUR 100 million in May and EUR 260 million in November) and disbursed the full amount under the second MFA programme in two equal tranches of EUR 500 million in July and December. The final tranche of the first programme is tentatively scheduled for the first quarter of 2015. It will depend on Ukraine successfully implementing the policy conditions attached to the programme and having a satisfactory track record on its IMF programme. As the economic crisis in Ukraine was much deeper than initially expected, leading to an increase in external financing needs, in September the

¹ Macro-Financial Assistance (MFA) is a form of financial aid extended by the EU to partner countries experiencing a balance of payments crisis. It takes the form of medium/long-term loans or grants, or a combination of these, and is only available to countries benefiting from a disbursing IMF programme. All Eastern Neighbourhood countries are in principle eligible for MFA.

Ukrainian authorities requested a new MFA programme of EUR 2 billion from the Commission.

Towards the end of 2014, the EU and the **Georgian** authorities signed a memorandum of understanding for MFA assistance worth EUR 46 million (half in grants and half in loans) approved by Decision of the European Parliament and of the Council in 2013. The memorandum of understanding was submitted to the Georgian Parliament for ratification and the disbursements under this programme are planned to take place in 2015.

Armenia requested an MFA programme in 2013, and in February 2014 the **Armenian** authorities renewed their call for financial assistance. After a comprehensive assessment of the country's economic situation, the EU concluded that Armenia's external financing needs did not justify a proposal for an MFA programme.

Macroeconomic dialogue

The EU continued to strengthen macroeconomic dialogue with its eastern neighbours in 2014, holding macroeconomic dialogues with Azerbaijan and Moldova in June and with Armenia in November. As Belarus does not have a Partnership and Association Agreement with the EU, the EU and Belarus hold annual technical dialogue on economic and financial issues. The macroeconomic dialogues with Georgia and Ukraine were postponed until 2015.

Financial cooperation

Financial assistance under the European Neighbourhood Instrument (ENI) for 2014-17 will focus on a number of priority sectors, as outlined in each country's multi-annual programming document and the equivalent documents for regional cooperation and for initiatives open to all Neighbourhood partners.² Support for the implementation of agreements with the EU is streamlined in bilateral and multi-country assistance programmes. Special attention is devoted to reinforcing the capacity of national institutions and to developing legislation and practices in line with the EU experience, the requirements of the EU single market, and EU standards for mobility and border management.

The '**umbrella programme**' is an incentive-based mechanism built into the European Neighbourhood Instrument. It provides funding to selected countries (eastern and southern neighbours) based on their 'progress towards deep and sustainable democracy and implementation of agreed reform objectives contributing to the attainment of that goal'.³ In 2014 three eastern partner countries received funding under the umbrella programme: **Ukraine** (EUR 40 million), **Moldova** (EUR 30 million) and **Georgia** (EUR 30 million).

2.2. Justice, freedom and security issues, migration and mobility

Cooperation on **justice, freedom and security** is a key area of the Eastern Partnership. The **reform of the judiciary** topped the reform agenda in a number of eastern partner countries in 2014. The ongoing reforms are intended to ensure the independence and efficiency of the

² http://eeas.europa.eu/enp/how-is-it-financed/index_en.htm.

³ Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (ENI) http://eeas.europa.eu/enp/pdf/enp-regulation-11032014_en.pdf.

justice system and to contribute to preventing and combating corruption. Visa liberalisation is seen as a priority area by most partner countries and the Visa Liberalisation Action Plans (VLAPs) have been important instruments for advancing far-reaching reforms. **Border management** in several of the partner countries continued to improve significantly, coming closer to the practices and standards of the Schengen area.

Justice

The main results of justice reforms in 2014 in the partner countries include: better access to justice (the building of new court-houses and the establishment of regional justice departments), better protection of the right to defence (more effective public defender offices, School of Advocates), greater transparency (online publication of sentences and decisions), the introduction of specialised justice for young offenders, better protection of human rights (including legislation on anti-discrimination). Further reform efforts are needed to strengthen the efficiency and independence of the judiciary, away from political interference as well as from any form of corruption. In light of the EaP Summit in May, a Ministerial meeting on justice and home affairs took place in Riga in January 2015 with a focus on judicial and law enforcement and the fight against systemic corruption.

Partner countries also carried out reforms to their prison systems. The main results include better rehabilitation and access to education and training and significantly improved healthcare in prisons and detention centres (clinics, medical sections). In addition to providing bilateral support, the EU is working with the Council of Europe to improve the judicial reform processes in the six partner countries and to bring them closer to Council of Europe and EU standards.

Mobility Partnerships, migration and mobility dialogues

Mobility Partnerships provide a framework for policy dialogue and operational cooperation between the EU, its Member States and the partner countries. In July and December, the EU and Moldova held high-level and expert meetings to review cooperation in this area. In 2014 Moldova continued to sign labour and social security agreements with EU Member States. Additionally, Moldova and Germany signed a declaration of intent on the circular mobility of health sector professionals. In August, Moldova started issuing its citizens with fourth generation passports containing integrated chips in the booklets.

Implementation of the Mobility Partnership with Georgia progressed in 2014. A new project to strengthen Georgia's border management and migration capacities was launched on 1 January 2014. Cooperation in the context of the EU-Armenia Mobility Partnership also advanced, with the smooth implementation of a targeted initiative project entitled 'Strengthening Armenia's migration management capacities, with special focus on reintegration activities'. In May 2014 an exploratory mission took place in Baku to produce a project supporting the launch of the Mobility Partnership with Azerbaijan.

Cooperation at regional level progressed well. In the framework of the 'Prague Process', the pilot projects on irregular migration, on legal migration and on migration and development concluded successfully.

Visa liberalisation Action Plans (VLAP)

The Visa Liberalisation Action Plans (VLAPs) with Moldova, Ukraine and Georgia continued in 2014 to be an effective way of advancing justice and home affairs reforms. Moldovan citizens were able to travel visa-free to the Schengen area starting from 28 April 2014 after Moldova met all the criteria under its Visa Liberation Action Plan. The European Commission continued the dialogue with the Moldovan authorities on ensuring that they stick to the reforms and that there are no abuses of the visa-free regime. The EU is contributing with a dedicated programme to support the continued implementation of the reforms put in place under the VLAP process. Ukraine made substantial progress by adopting a number of substantial legislative packages to fill the gaps identified, and moved to the second phase of its Visa Liberalisation Action Plan. Georgia adopted important laws in the areas of document security, asylum, data protection and anti-discrimination. The October 2014 progress report on Georgia's implementation of its Visa Liberalisation Action Plan concluded that the first-phase requirements of the visa dialogue had been met, and as a result the second phase was launched.

Visa Facilitation and Readmission Agreements

The lifting of EU visa requirements for the citizens of partner countries travelling to the EU is one of the Eastern Partnership's key long-term objectives. Over the shorter term, the Partnership plans to conclude Visa Facilitation and Readmission Agreements. These have already been signed with Ukraine, Moldova, Georgia, Armenia and Azerbaijan. The Visa Facilitation Agreement and Readmission Agreement with Armenia entered into force on 1 January 2014 and for Azerbaijan both agreements entered into force on 1 September 2014. Negotiations with Belarus on Visa Facilitation and Readmission Agreements were launched in January 2014.

2.3. Sector cooperation

Sustainable economic development and support for small and medium-sized enterprises (SMEs)

Sustainable economic development, including **support for the private sector** and employment, and **implementation of Deep and Comprehensive Free Trade Areas** are key priorities for EU economic cooperation with the partner countries. New programmes in support of DCFTA implementation and the competitiveness of small businesses in Georgia and Moldova were set up in 2014. Furthermore, the SME Flagship continued to be an important vehicle for support to the SME sector in the region. Moldova signed the Agreement to participate in COSME (Programme for the Competitiveness of Enterprises and SMEs), whilst other partner countries showed interest in this programme.

Regional development, including pilot regional development programmes (PRDPs)

Programmes on regional development, including pilot programmes, are underway in most countries and are based on best practices in the EU approach to cohesion and regional development. These are intended to stimulate the development and economic diversification of rural areas and reduce regional disparities.

In 2014 Georgia launched its second regional development programme to provide further support in improving the socioeconomic development of all nine of its regions and the living conditions of the population. The implementation of the regional development support programme continued in Armenia in 2014. Moldova is benefitting from a new project aiming

to improve regional planning and project pipelines for north, south and central development regions. A new programme on regional development was launched in Azerbaijan.

Agriculture and rural development and ENPARD

Agriculture remains one of the central economic activities in most eastern partner countries and involves a large proportion of the countries' active populations. The European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) continued to provide support to long-term reforms of the agriculture and rural development sectors in partner countries.

The programme is particularly useful to Georgia and Moldova in helping them improve competitiveness and quickly adapt to the standards for producing safe, high-quality agricultural products, in line with EU sanitary and phytosanitary rules and quality requirements. In this way they will be able to take full benefit of the EU market opportunities offered by the DCFTAs. Support from the EU helped Moldova to withstand the consequences of limited market access to Russia, its major agricultural export destination. Additional support is provided through the Neighbourhood Investment Facility (NIF) – together with the European Investment Bank – to help Moldova modernise its agricultural sector and to assist the growth of SMEs within it. In November, the EU and Armenia launched a new programme for the agricultural and rural development sector that will contribute to better living conditions in rural areas.

Energy

The conflict between Ukraine and Russia highlighted the region's importance vis-à-vis European energy security. The trilateral discussions between the European Commission, Ukraine and Russia to guarantee the gas supply for the winter 2014-15 further underlined the importance of this issue. The sectoral session of the informal partnership dialogue held in Baku in September focused on energy infrastructure and interconnectivity and enjoyed high-level participation. The need for strategic investments in interconnections and infrastructure has become one of the priorities agreed with international financial institutions for the NIF. 2014 also marked the inauguration of several infrastructure interconnections between Member States and partner countries (e.g. between Romania and Moldova, and the reverse flow upgrade between Slovakia and Ukraine). The electricity interconnection between Turkey and Georgia became operational in 2014. Besides security and diversification of gas supply, countries also concentrated on improving **energy efficiency** and the use of **renewables**. In this respect, the Eastern Europe Energy Efficiency and Environment Partnership (E5P) was extended to Moldova, Georgia and Armenia.

Energy remained one of the main priorities in EU-Azerbaijan cooperation. In this context, the signature of the final investment decision on 17 December 2013 regarding the development of Shah Deniz II field in Azerbaijan was a major achievement that will result initially in 10 billion cubic metres per year of gas transiting from Azerbaijan to the EU market from 2020.

The **Energy Community** constitutes the most powerful tool for regulatory approximation as it entails adopting the bulk of EU energy legislation (the so-called 'Energy Community *acquis*'). It also provides a framework for cooperation on energy security. The 2014 EU energy security 'stress tests', aimed at assessing the resilience of the European energy systems to potential disruptions of external gas supplies, were carried out together with Energy Community contracting parties and candidate countries. The European Commission Communication on the short-term resilience of the European gas system, adopted on 16

October 2014, was a first concrete step to better cooperation to ensure energy security in the EU and in the Energy Community. The future of the Energy Community was discussed at the 12th Energy Community Ministerial Council (Kiev, 23 September 2014). Negotiations for Georgia's accession to the Energy Community Treaty were launched in February 2014 and are still ongoing.

Transport

Progress was made on integrating partner countries' transport systems with the EU transport system following the approval of the EaP regional transport network in Luxembourg in 2013 and its inclusion in the indicative TEN-T maps: work is underway on the proposed inclusion of inland waterways in the agreed network and on preparing future investments in the infrastructure. The EU-Ukraine comprehensive air services agreement was initialled and is pending signature. **Regional transport cooperation** progressed well, focusing on rail and road priority projects located on the agreed networks, but also on 'quick wins' such as road safety and maintenance. Areas of cooperation also include the improvement of motorways of the sea, hinterland connections, logistics centres and the safety and security of maritime and aviation transport. Regulatory convergence on transport is a priority for the Eastern Partnership countries who have signed Association Agreements with the EU.

Environment

Environment was recognised as a priority field for action in the Vilnius Declaration, with all partner countries agreeing on the importance of pursuing regulatory approximation and policy convergence. In 2014, cooperation continued at a regional level via the EaP Flagship 'Towards a Shared Environmental Information System Programme (SEIS) in the ENPI Region', as well under the other regional programmes. One particular success was the conclusion of the regional programme on Air Quality Governance (see details under the subchapter Flagship Initiatives). Further progress can be noted in sharing environmental information, improving air quality governance, strengthening forest policy and regulations, water management, improving biodiversity protection, and the environmentally sound management of obsolete pesticides. The NIF continued to provide significant support to countries in modernising environment-related infrastructure, such as the support to Yerevan solid waste management in Armenia, or municipal services (water and waste) in Moldova and Georgia.

In April the EU Joint Research Centre organised a regional dialogue in Tbilisi on prosecuting the illicit trafficking of radioactive and nuclear materials.

Climate action

Climate action was also recognised as a priority in the Vilnius Declaration. Under the framework provided by the policy component of the 'Clima East' project, progress was made in 2014 on preparing partner countries for climate negotiations. Activities, including two international seminars, improved partner countries' capacity to contribute to the development of the 2015 Climate Agreement. Eastern partners were encouraged to prepare and present their intended nationally determined contribution by March 2015.

Education, youth and culture, knowledge and innovation space

The EU is committed to cooperation on education, youth and culture and on achieving a common knowledge and innovation space. Further progress on this matter was made in 2014, as detailed below in chapter 3.4.

Integrated maritime policy and fisheries

Cooperation on marine and maritime affairs between the EU and the Eastern European partner countries in the Black Sea basin is provided for in the association agreements with Georgia, Moldova and Ukraine. Cooperation in this field will enable the partner countries to develop integrated approaches to maritime policy, develop its tools in the relevant national policy areas and improve cooperation in regional and international marine and maritime forums.

Statistics

Statistical cooperation has intensified through the development of a strategy for statistical cooperation with the Eastern Partnership countries for the period 2014-20. The aim of the strategy, which was drafted together with the partner countries, is for policymakers in the EU and the eastern partner countries to have access to statistical information compiled in accordance with European standards and therefore comparable and of high quality. As a result of increased interest in implementing this strategy, a new Panel was set up under Platform 2 to develop quality assurance frameworks in line with the European Statistics Code of Practice, to further strengthen the cooperation between the national statistical offices, to enhance the institutional capacity to produce high quality statistics and comparable data, and to share best practice in this important horizontal area.

EU programmes and agencies

Ukraine, Moldova, Armenia and Georgia have already signed **framework agreements** with the EU on the general principles for participation in Union programmes. The agreement with Azerbaijan was signed on 14 June 2014 and applies provisionally. The new generation of Union programmes (2014–20) has opened up more opportunities for the participation of Neighbourhood countries. In the east, the greatest interest is currently for the 'Horizon 2020' (see chapter 3.4), Creative Europe and COSME programmes (see the section entitled 'Economic development and support for SMEs' above). The EU is also financing cooperation projects launched in 2014 between nine EU regulatory agencies (EASA, ECDC, EEA, EFSA, ECMDDA, OSHA and EUROFOUND, EMSA and Frontex⁴) and the Eastern Partnership countries.

3. STRENGTHENING MULTILATERAL COOPERATION

The EaP multilateral dimension provides a forum for exchange and cooperation **through four thematic platforms** to exchange best practices on matters of mutual interest: good governance, economic integration and growth, energy security, and contacts between people. These continue to serve as forums for open discussion and include representatives from government ministries and agencies, parliaments, civil society, international organisations, international financial institutions, the private sector and economic and social partners. Supported financially by the European Commission, the four Eastern Partnership thematic platforms continued to meet twice a year to review and discuss next steps in the policy dialogue between the EU and EaP countries. The EaP platforms have seen good levels of engagement by the partner countries and the EU Member States. Panels and seminars on specific policy areas, within the framework of the four platforms, continued to deepen policy dialogue between the EU and eastern partner countries. A new set of 2014–17 work programmes has begun to be implemented.

⁴ European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (Frontex)

At the fourth **informal EaP dialogue** held in Baku on 11-12 September 2014 with energy as a sector component, the Foreign Ministers' plenary session continued to reflect on some of the most important issues raised at the annual EaP Foreign Ministers' meeting on 23 July 2014. The partner countries conveyed their views on the advancement of the partnership and their expectations for the EaP Summit in Riga.

3.1. Democracy, good governance and stability

Platform 1 aims to promote democratic principles, good governance and stability by improving key sectors of governance. In 2014, the platform's activities focused mainly on cooperation in the area of Common Security and Defence Policy (CSDP), public administration reform, asylum and migration, improving the functioning of the judiciary and the safe management of state borders (integrated border management). Work on electoral standards, judicial reform, good governance, the fight against corruption and concerted action against cybercrime continued to benefit from the advice of the Council of Europe.

In 2014, the **Panel on Common Security and Defence Policy cooperation** agreed on a number of new activities and projects for 2015, in cooperation with the European Security and Defence College, the European External Action Service (EEAS), the European Commission and some EU Member States. The projects include joint CSDP courses and training programmes for officials from partner countries, a CSDP-related research study for several EaP countries, various workshops including on EU battle groups, a joint field visit to Georgia, and further outreach conferences with civil society.

Significant interest and engagement by EaP countries was shown in the **Panel on migration and asylum**. The work of the panel was devoted in 2014 to labour migration and migrants' access to rights, detention, asylum and trafficking in human beings. An expert meeting on detention was held in Chişinău in March. EaP countries were keen to continue engaging with the panel. In 2015 for the first time there will be an expert meeting in Minsk.

The EU and its partner countries continued their cooperation on the prevention and fight against corruption. The 6th meeting of the EaP **Panel on the fight against corruption** focused on preventing and fighting against corruption in public procurement, as well as training and exchanges of best practices. The activities under the Council of Europe Eastern Partnership Facility were discussed, including the ideas for the new Council of Europe/Eastern Partnership programmatic cooperation framework starting from 2015.

The **Panel on improved functioning of the judiciary** held its third meeting in November 2014 in Kiev, focusing on councils for the judiciary, their composition, organisation, and powers. The panel took stock of the results of the 2014-17 work programme and of the cooperation under the Council of Europe Eastern Partnership Facility.

The **Panel on integrated border management** continued to guide the implementation of the pilot projects under the integrated border management Flagship initiative. The partner countries continued to learn how to facilitate the movement of persons and goods across borders while at the same time maintaining secure borders. The panel focused on concrete practical case studies where the Military Staff of the European Union (EUMS), international organisations, the European Border Assistance Mission EUBAM and the partner countries exchanged best practices in areas such as joint border control, joint transit system or fast lane corridors.

The **Panel on public administration reform** conducted substantial work on civil service reform, e-government, the transparency of asset declarations and on improving cooperation between governments and regional and local authorities. A new streamlined work programme began to be implemented, focusing more on improving value-based public administration legislation in line with European best practices. This was done in conjunction with the initiative on support for improvement in governance and management (SIGMA), and with the Council of Europe.

In parallel, in 2014 the Commission launched a new **programmatic cooperation framework with the Council of Europe** for the period 2015-17. The three-year regional programme, which has financial resources of EUR 30.4 million, will provide substantial assistance to eastern partners on human rights, justice, rule of law, information society and democratic governance.

The Eastern Partnership **territorial cooperation support programme** continued to conduct capacity building, advocacy, communication and awareness-raising activities in all the Eastern Partnership countries throughout the year. The aim was to lay the foundation for the territorial cooperation programmes established at four borders between Ukraine and Belarus, Ukraine and Moldova, Georgia and Armenia, and Georgia and Azerbaijan respectively. The activities chiefly targeted local, regional and national authorities, civil society organisations, international donors and the media.

3.2. Economic integration and convergence with EU sector policies

Platform 2 focuses on economic integration and convergence with EU sector policies. This platform was particularly active, with input and ideas coming from partner country government representatives, business associations and leading donors and knowhow providers such as the EBRD, EIB, OECD and others. The high level of participation confirmed the commitment of those involved to achieving the platform's goals. Much attention was devoted to the implementation of Association Agreements and especially DCFTAs, but discussions also dealt with general issues of interest for all six partner countries, touching on all areas of economic development. A substantial number of panels are coordinated under Platform 2; at its second meeting in 2014 a new Statistics Panel was approved and a panel on Harmonisation of Digital Markets was proposed to upgrade the ICT working area.

The meetings of the **Panel on transport** followed up on the implementation of the decisions taken at the second eastern European transport ministers meeting. These focused on including inland waterways in the transport network, but also dealt with EU road safety policy, including the adoption of the roadworthiness package presented at the sixth EaP panel meeting, progress on cross-border enforcement and new targets on injuries. Two regional projects on road safety were launched in January 2014, supporting countries on road design, awareness campaigns and enforcement of legislation.

The European Commission organised a workshop covering the main elements of the external dimension of the Connecting Europe Facility. Special attention was paid to high-impact projects on safety, maintenance, intelligent transport systems, improving border crossing points and to investigating the possibility of 'blending' EU funds with financing from international financial institutions.

The EaP **Panel on agriculture and rural development** met in January and November 2014. The Panel addressed issues related to improving the level of professionalism in rural areas, and to land fragmentation and solutions for land consolidation. The EaP Ministers of

Agriculture Conference Chair's conclusions (Chişinău, January 2014) recalled the importance of the sector for the sustainable and inclusive development of their countries, identified common challenges and confirmed their commitment in addressing them, with the aim of encouraging the establishment of long-term agricultural and rural development strategies, with the full involvement of civil society and farm organisations.

The **Panel on trade and technical barriers to trade** in October in Tbilisi focused on the reform of systems of quality infrastructure and conformity assessment, related institution and administrative capacity building accreditation, conformity assessment and metrology. Partner countries and business associations participated actively, delivering presentations and exchanging solutions and views on the existing legal frameworks and practices.

The fifth **Panel on SME Policy** took place in October 2014 in Georgia. The meeting focused on Georgia's upcoming SME Strategy and Armenia's participation in the 'Supporting SME competitiveness reforms in the eastern partner countries' project. The EU presented the latest developments on its SME policy, including the 'SBA (Small Business Act) 2.0'. The SME Panel also endorsed the revised methodology for the second round of the small business act assessment launched in April 2014. A special session on access to finance was organised. The participants positively endorsed the SME Flagship 2020 approach, which will serve as a strategic framework for programmes to be developed within the SME Flagship.

Under the Panel on **Environment and Climate Change**, a seminar on waste management was held. The Emerald Network project continued to facilitate a coherent approach at national and European levels, and initiated a scientific assessment of the sufficiency of nature protection sites. The 'Forest Law Enforcement and Governance' (FLEG) programme continued to provide support in formulating and implementing forest policy and legislation, and on capacity building and raising awareness. To date, nineteen government institutions have received assistance to improve their management of forest resources, and more than 600 stakeholders have benefited from capacity building activities. In 2014 Georgia approved a new forestry policy developed with the programme's support and in Belarus a new forestry code was approved at its first reading. With the support of the project on obsolete pesticides, partner countries made progress on developing national and regional strategies for sustainable pest and pesticide management and environmentally sound management of obsolete pesticides and other hazardous waste. A call for tenders was recently launched to address the acute public health and environmental risks over the disposal of 900 tonnes of obsolete pesticides in the **Eastern Partnership** countries.

In November the European Commission supported by German authorities organised a Panel meeting, in the framework of the project ClimaEast, to provide guidance and training on the drafting process of the Intended Nationally Determined Contributions to the Climate Change Conference in Paris 2015.

In the area of **Information Society and Digital Markets**, the partner's network of regulators for electronic communications (EaPeReg) continued its capacity building and regional cooperation throughout 2014. A memorandum of understanding was signed with BEREC (the Body of EU Regulators for Electronic Communications) in Dec 2014. Two workshops on the Harmonisation of Digital Markets (HDM) in the EaP aimed at promoting cooperation on topics such as eCommerce, eCustoms and Digital Skills. Consequently, an HDM Study was launched in Dec 2014 to assess the harmonisation readiness in the partner countries.

3.3. Energy security

The role and impact of activities under the Eastern Partnership **Platform 3** on Energy Security was enhanced in 2014 and participation was both at high level and very active. The platform met twice in 2014, in accordance with its 2014-17 work programme. The first meeting focused on energy efficiency and was held back-to-back with the Covenant of Mayors event next day under the EU's Sustainable Energy Week. The second meeting, held back-to-back with the INOGATE Annual Meeting on 22 October 2014, focused on security of supply and regional interconnections (including the EU stress test report) and on conventional and unconventional oil and gas resources. The meeting was a specific follow-up on the informal partnership dialogue on security of supply and regional interconnections held in Baku in September.

Participants discussed existing programmes to support interconnections and investment in energy infrastructure and also the need to improve investment and the business environment in order to attract further national and foreign investment. The third workshop of the Eastern Partnership energy regulatory bodies took place in May in London and focused on market integration. The workshop meeting was complemented by a field trip to the UK site of the BritNed interconnector.

3.4. People-to-people contacts

Platform 4 supports interaction between EU citizens and citizens of partner countries. It focuses on students, teachers, researchers, young people, artists and cultural professionals. In 2014 the platform's work continued to be organised in a number of EU international cooperation programmes on higher education, young people, culture and research. At the two platform meetings held in May and December, the partner countries were updated on the opportunities offered through programmes in the areas of education and youth (**Erasmus+**), culture and media (**Creative Europe**) and research (**Horizon 2020**) and were encouraged to share good practices and reform agendas identifying areas for future cooperation.

There is strong interest in further strengthening cooperation over young people between the Eastern Partnership and EU Member States. **The Eastern Partnership Youth Window** has allowed more than 34 000 additional young people and youth workers from Eastern Partnership countries and 'Youth in Action' programme countries to participate in joint projects. Since 2014, support to activities in the field of youth and non-formal learning for young people, youth workers and organizations from Eastern Partnership countries has been made available through Erasmus+. Schools from Armenia, Azerbaijan, Georgia, Moldova and Ukraine were actively involved in running joint projects with their European counterparts under **E-Twinning Plus**.

Support to the modernisation of higher education continued in 2014 within the framework of ongoing multiannual projects selected under Erasmus Mundus and Tempus. Building on these successes, the **Erasmus+ programme**, launched in 2014, reinforces the EU's support for academic cooperation, and student and staff mobility by reaching out to more beneficiaries. Institutions of higher education, students and academic staff were able to apply to the call launched in October 2014.

Information days and country specific events on Erasmus+ for Eastern Partnership countries were organised by the national Erasmus+ offices in cooperation with EU Delegations to raise awareness of the opportunities afforded under the new programme.

The regional **Torino Process** meeting to assess progress in **vocational education and training reform** took place on 3-4 December 2014, giving all six EaP countries the opportunity to share their achievements in the field of vocational education and training. Stakeholders discussed achievements, challenges and priorities for vocational education and training and identified areas for potential regional cooperation.

On 23-24 October 2014 a **Conference on Culture policy in Europe today: finance, management, audience development** took place in Kiev, Ukraine, focusing on the strategic role of culture in the EaP countries and reviewing the experience and best practices of the European Union and **Eastern Partnership** countries on cultural policy development, particularly in the context of national and global transformation processes.

On **research and innovation**, participation by EaP researchers and research organisations increased in the final years of the Seventh Framework Programme for Research and Technological Development, notably in the Marie Curie International Research Staff Exchange Scheme and in the second European Research Area-wide call, both of which target (in part) the EaP region. The support continued under the new Framework Programme for Research and Innovation ('Horizon 2020'). All nominated national contact points for Marie Skłodowska-Curie actions from EaP countries participated in the first meeting of the network that took place in Athens in March 2014. The second meeting of the **Eastern Partnership Panel on Research and Innovation** was held on 21 May 2014.

An official launch event of '**Horizon 2020**' was organised in March 2014 in Chişinău for researchers and innovators from EaP. Four EaP countries have demonstrated their interest through requests for association to the 'Horizon 2020' programme. Moldova successfully completed negotiations and signed the agreement for its association to 'Horizon 2020' in June 2014 and negotiations with Ukraine were successfully completed by the end of 2014. Meanwhile, negotiations with Armenia are on-going and are due to be launched with Georgia.

A new project, E@P.Connect, was conceived by and agreed between the EU and the partner countries, aiming to provide high-capacity connectivity between the partner countries' research and education networks and with GEANT (the pan-European Research and Education Network). This EUR 13 million project will enable the entire research and education community in the partner countries (2 million people) to participate in collaborative research activities on an equal footing with their European and global peers.

3.5. Update on flagship initiatives

Flagship initiative on integrated border management

The integrated border management flagship initiative to support exchanges of best practice between EU and EaP countries, training and capacity building and the funding of pilot projects continued its work in 2014. A new **capacity building project** led by Frontex began in June 2014 as a follow-up to the three years of training financed by the EU. The capacity building will predominantly focus on training curricula in the partner countries, specialised training, the fight against corruption, and human rights aspects. Support for **pilot projects** continued to focus on equipment and border crossing infrastructure. Where necessary, this was complemented by specific training focusing on the eastern European partners' non-EU borders.

Flagship initiative on prevention, preparedness and response to natural and manmade disasters (PPRD-East)

Disaster risk assessments were completed in all six partner countries using the EU disaster risk assessment methodology. These covered five hazards: floods, earthquakes, landslides, wild fires and industrial hazards. The results of the assessments were presented as an electronic risk atlas and are available at national, sub-regional and regional level. As a result of civil protection training and table top exercises, the regional network of 35 operational 24/7 liaison officers was established. The flagship initiative also established the first network of journalists covering emergency situations and conducted public awareness campaigns focused on safety-based behaviour in all six partner countries. Work is ongoing to incorporate EU directives and good practices into national legislation, including the SEVESO Directive on the control of major accident hazards involving dangerous substances in Belarus and Host Nation Support principles in Georgia. A second phase of the PPRD project started in November to further strengthen partner countries' civil protection capacities for disaster prevention, preparedness and response, and to bring the partner countries progressively closer to the EU civil protection mechanism. The EU also launched the third cycle of support to disaster risk reduction in the South Caucasus (DIPECHO III).

Flagship initiative on small and medium-sized enterprises

The aim of the initiative is to provide **support for SME development** by improving the business climate, providing advisory services to SMEs, improving access to financing, and enhancing the capacity of business (support) and SME organisations. The EU contribution to the flagship amounts to more than EUR 100 million of grant financing for the benefit of SMEs in the six EaP countries. At the policy level, the EU works with the OECD to help EaP partner countries in elaborating efficient SME policies. For example in Georgia, the EU-financed OECD programme is working with the Ministry of Economy to elaborate the first Georgian SME Strategy. The EU is also contributing to a World Bank programme (STAREP) aiming at improving the financial reporting in the region – today one of the key conditions for SMEs to access financing.

The EU initiated a vast networking programme, East Invest, which has benefited more than 80 Business Support Organisations (BSOs) from the EaP countries by bringing them together with BSOs from the EU. A wide range of programmes involving EFIs (EBRD, EIB and KfW) are financed through the NIF to help SMEs improve their competitiveness and to secure access to financing. In 2014 the Commission presented to the SME Panel a strategy for the SME Flagship until 2020 based on four main pillars: access to finance; better policy and regulatory framework; enhanced knowledge base and business skills; and broader access to the market.

For the three countries that have signed the AA/DCFTAs with the EU, the new DCFTA Facility for SMEs aims at mobilising EUR150 million of grants through the NIF in order to leverage up to EUR 1.5 billion of investments from IFIs in the three countries. In Moldova and Georgia, these initiatives will work in conjunction with the new bilateral programmes set up in 2014.

Flagship initiative to promote good environmental governance

This initiative was implemented mainly through the regional programme '**Towards a shared environmental information system programme (SEIS) in the ENPI⁵ Region**'. The

⁵ European Neighbourhood and Partnership Instrument, i.e. the predecessor of the ENI.

programme aims to improve the quality, timeliness and availability of environmental information and to set up an environmental information system in line with the EU's shared environmental information system. The programme focused on assisting with organisational, administrative and technical aspects of the implementation of SEISs, and improved its support to the creation and online sharing of a selected core set of eight environmental indicators. On **air quality governance**, the EU-funded regional project provided further assistance on pollution prevention permits, with Belarus issuing its first such permits this year. The project also assisted with developing national action plans for the ratification and implementation in Armenia, Azerbaijan, Georgia, and Moldova of additional protocols of the United Nations Convention on Long-range Transboundary Air Pollution. The European Commission decided to continue EU support for a second phase of SEISs. Regional Cooperation also continued in the context of the EU Green East programme.

Flagship initiative on regional electricity markets, energy efficiency and renewable energy sources

The main progress for this flagship initiative was on continuing the **INOGATE** programme and extending the 'Covenant of Mayors' initiative for better energy efficiency at municipal level to cover cities in eastern partner countries. So far more than 100 cities joined the initiative to improve energy efficiency at local level, and 52 cities already prepared and submitted their sustainable energy action plans, making this one of the most successful 'bottom up' initiatives in the area.

3.6. Cooperation with international financial institutions (IFIs)

In 2014 the EU decided on **a more strategic focus and closer guidance** at an early stage for projects implemented in cooperation and coordination with IFIs and Member State cooperation agencies. Special attention was given to projects financed under the **NIF**. Significant funds were mobilised in support of the macroeconomic stabilisation of Ukraine. This was done in record time and with high-impact on Ukraine's capacity to cope with the crisis it is facing. IFIs actively participated in several high-level dialogues with the EU in order to identify the main macroeconomic and strategic challenges faced by partner countries and to achieve better coordination of respective interventions and support.

IFIs actively participated in the Eastern Partnership's multilateral events, with a special focus on Platforms 2 (economic integration) and 3 (energy security). During panel and workshop meetings (for example on SMEs, transport and trade), IFIs presented the main results of Eastern Partnership projects implemented by blending EU and their own funds. The revised framework for strategic dialogue on the NIF and the operational board offered enhanced opportunities for dialogue with IFIs on macroeconomic development and on priority NIF projects. The aim was to better reflect the EU policy priorities and increase the impact of visibility of EU funding via an effective blending of the different sources of funding. The NIF Strategic meeting agreed upon the three strategic orientations for EU intervention: strategic infrastructure in transport and energy; support for environmental protection and mitigation of climate change effects; and sustainable and inclusive economic development, including support for the development of SMEs.

3.7. Relations with other stakeholders

The **Euronest Parliamentary Assembly (PA)** is the parliamentary dimension of the Eastern Partnership. It is a parliamentary forum that brings together Members of the European Parliament and elected representatives from the eastern European partner countries (except

Belarus). The third ordinary session of Euronest took place on 29 May 2014 in Brussels and adopted resolutions on regional security challenges, the approximation of national economic legislation, energy security and combating poverty and social exclusion.

Launching the Eastern Partnership gave strong impetus to the EU's involvement with civil society. Following the creation of the **Civil Society Forum** (CSF) in 2009 and subsequently the Neighbourhood Civil Society Facility, civil society is now closely involved in implementing reforms and democratic changes. In 2014 the Forum continued to contribute to the EaP's thematic platforms and panel meetings. It issued a number of statements and recommendations to the partner countries' governments and the EU. It also engaged in advocacy to draw attention to developments in the eastern European partner countries. Civil Society Forum members also started developing joint regional projects. The Eastern Partnership's CSF Secretariat in Brussels further strengthened its capacities and contributed to coordinating the forum's various structures and activities.

In 2011-2013 support for civil society in the Eastern Partnership region reached EUR 40 million. This funding enabled civil society to get involved in a variety of areas, including oversight in public finance policy and management, food safety reform, policy dialogue with national parliaments, election observation, environmental protection, social inclusion, local development and public policies. A regional technical assistance project was also put in place to strengthen the capacity of civil society organisations in the region and to improve dialogue between civil society and governments. The EU also supports the Secretariat of the Eastern Partnership Civil Society Forum and its national platforms.

On 21-22 November 2014, the sixth annual meeting of the Civil Society Forum took place in Batumi, Georgia. It provided a good opportunity for exchanging views on a broad range of issues and for civil society organisations from the EU and EaP countries to exchange best practices. The meeting issued several statements, including one looking ahead to the EaP Summit in Riga.

The Conference of Regions and Local Authorities of the Eastern Partnership is an integral part of the governance structure of the Eastern Partnership, bringing together representatives of local and regional governments. It met for five plenary sessions in 2014 and discussed public administration reform, local and regional decentralisation and territorial cooperation.

4. EASTERN PARTNERSHIP VISIBILITY

Efforts to boost the **visibility of Eastern Partnership** were stepped up in 2014. The EaP **Visibility strategy** put in place a more coherent and coordinated approach to awareness-raising and communication activities. EU institutions, EU Member States, partner countries, civil society and other stakeholders contributed to implementing the strategy and communicating the Partnership's principles, activities and benefits to the public in partner countries and the EU.

The EU institutions developed key messages and frequently asked questions (FAQs) on different aspects of the EaP and in response to the Ukraine crisis. The EU Delegations worked hard to explain the new agreements (AA/DCFTAs) to local stakeholders and the general public, especially in Ukraine, Georgia and Moldova.

The regional ENPI communication programme complemented EU bilateral activities on the ground and contributed to making the Eastern Partnership more visible. Support to regional communication activities is set to continue under the OPEN programme, which was approved in 2014. Visibility and communication are an integral part of individual cooperation projects, thus contributing to improving information on what the EU is doing in the eastern partner countries.
