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**JOINT STAFF WORKING DOCUMENT**

**Implementation of the European Neighbourhood Policy  
Partnership for Democracy and Shared Prosperity  
with the Southern Mediterranean Partners 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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## INTRODUCTION

This joint staff working document reviews regional aspects of the cooperation between the EU and its southern Neighbourhood partners in 2014.

The purpose of this cooperation is to strengthen regional integration in the southern Mediterranean. It is essential to have this closer cooperation alongside the EU's bilateral relations with the countries in the region, developed through the European Neighbourhood Policy (ENP).

This document discusses the changing situation in the southern Neighbourhood, including developments related to the implementation of the Roadmap for implementing EU policy vis-à-vis Southern Mediterranean Partners,<sup>1</sup> adopted in 2012. It focuses particularly on developments resulting from the activities of regional organisations, such as the **Union for the Mediterranean (UfM)**, and collaboration between the EU and the **League of Arab States (LAS)**.

## 1. RELATIONS WITH THE REGION

### 1.1. Regional developments

Southern Mediterranean countries continued to develop their bilateral relations with the EU to varying degrees, but the region remained unstable with the result of impeding its integration. Parts of the region continued to be affected by severe political, economic and humanitarian crises, armed conflict and a significant deterioration in security.

The implementation of reforms and regional integration proved difficult in such circumstances. However, some countries made moderate progress towards transformation. Morocco, for example, kept firmly to its reform-oriented course and Tunisia made important steps in its democratic transition.

EU dialogues with Palestine<sup>2</sup> and with Israel continued on a regular basis. However, any reform efforts were seriously undermined by the halting of peace talks, the military operation in the Gaza Strip in the summer, the continued Israeli occupation of the West Bank, and the *de facto* lack of power of the Palestinian Authority over Gaza. This prevented the development of closer partnerships with the EU and paralysed Israeli and Arab cooperation. In view of the civil war in Syria and the deterioration of the security situation in Libya, it would be unrealistic to expect any progress on the EU agenda in these two countries. The impact of these conflicts on neighbouring countries must also be taken into account.

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<sup>1</sup> See the Communication 'Partnership for Democracy and Shared Prosperity: Report on activities in 2011 and roadmap for future action' accompanying the Commission Communication 'Delivering on a new European Neighbourhood Policy', JOIN(2012) 114 final, 15.5.2012.

The roadmap comprises five fields of joint work: strengthening regional political cooperation; strengthening the role of human rights and cooperation with civil society, economic cooperation, cooperation on migration and mobility issues and sector cooperation, and current political developments addressing the dynamically changing situation in the region.

<sup>2</sup> This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

## **1.2. Multilateral cooperation**

The EU and some of the southern Mediterranean countries continued their mutual engagement in regional activities, in particular through the Union for the Mediterranean (UfM). EU cooperation with the Maghreb countries continued with limited results, while there was encouraging progress in relations both with the League of Arab States (LAS), and the Organisation for Islamic Cooperation (OIC).

### **1.2.1. The Union for the Mediterranean (UfM)**

The functioning and institutionalisation of the UfM under its EU and Jordan co-presidencies was consolidated in 2014. The UfM remained a unique forum of 43 partners,<sup>3</sup> offering a joint platform for coordinating sectoral activities, organising ministerial dialogues and promoting projects strengthening integration and economic growth in the Euro-Mediterranean region.

Three UfM ministerial meetings took place in 2014. These covered industrial cooperation, the digital economy, and the environment and climate change. The UfM also held six Senior Official Meetings (SOMs).

Of the 29 UfM projects which have been endorsed so far, 13 were approved in 2014. Eight<sup>4</sup> of these projects were already being implemented in 2014. Further funding still needs to be secured for the other projects, meanwhile, and the Secretary General is continuing to manage this process.

### **1.2.2. The 5+5 Dialogue/Western Mediterranean Forum<sup>5</sup>**

The eleventh meeting of foreign ministers and the second Economic and Business Forum took place in Lisbon in May. Implementation of the **Joint Communication on closer cooperation and regional integration in the Maghreb** continued. The areas for cooperation are security, energy/water, academic mobility, business networks and civil society.

### **1.2.3. The League of Arab States (LAS)**

The EU and the LAS held their third foreign affairs ministerial meeting in Athens in June 2014. The ministerial declaration covered cross-cutting issues (human rights, tolerance and terrorism) and political topics (the Middle East Peace Process, Syria and Libya). The establishment of an unprecedented strategic dialogue marked a positive development in relations between the two organisations. The aim of this dialogue was to introduce regular and institutionalised exchanges on political and security issues, including crisis management, humanitarian assistance, counter-terrorism, transnational organised crime and weapons of mass destruction. The EU and LAS also undertook to reinforce dialogue and co-operation between respective business and other civil society organisations. Implementation of the EU-LAS joint work programme of cooperation continued with activities in the fields of human

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<sup>3</sup> EU Member States, southern Mediterranean countries (Syria currently suspended), Balkan countries and Turkey.

<sup>4</sup> ‘Young women as job creators’, ‘Governance & financing for the Mediterranean water sector’, ‘LOGISMED training activities’, ‘Skills for success-Amideast’, ‘Tafila wind farm’, ‘Clusters and creative industries’, ‘Mobile financial services’ and ‘Euro Mediterranean Development Centre for MSMESs-EMDC’.

<sup>5</sup> The Western Mediterranean Forum, commonly referred to as the ‘5+5 Dialogue’, is an informal sub-regional forum comprising Algeria, Libya, Mauritania, Morocco and Tunisia from the southern shores of the Mediterranean and France, Italy, Malta, Portugal and Spain from the northern shores.

rights, election observation and energy. Two diplomatic training programmes were organised for the LAS under the EU regional project on EU-Arab diplomacy.

#### **1.2.4. The Organisation for Islamic Cooperation (OIC)**

High-level OIC-EU consultations took place in Brussels in September in the first meeting between the two organisations since the new OIC Secretary General, Iyad Madani of Saudi Arabia, took office in January. The OIC and the EU agreed to establish a common basis for partnerships in different areas of cooperation, including a dialogue between the Muslim world and the EU. The OIC-EU partnership aims to improve cooperation in a wide range of areas, from interreligious dialogue to economic and political matters.

In November the OIC Independent Human Rights Commission Delegation made its first visit to the EU institutions to discuss human rights issues.

This engagement with the OIC is potentially an effective way to improve mutual understanding. Joint operational exchanges addressing humanitarian crises in the region (including in Iraq and Syria) were set up. New contacts were made and work was done to promote tolerance and interreligious respect.

### **1.3. Cooperation on security and the fight against terrorism**

In 2014 the EU Counter-Terrorism Coordinator, Gilles de Kerchove, visited Algeria, Egypt, Morocco and Tunisia. The EU agreed to develop a memorandum of understanding on counter-terrorism with Algeria. The EU and Tunisia carried out peer reviews of the security sector and border management in Tunisia. Cooperation between the Arab Maghreb Union and the LAS was strengthened, with Gilles de Kerchove meeting the LAS Secretary General in December. Counter-terrorism was included in the EU-LAS cooperation work programme, and relevant discussions began between legal advisers. There has been significant focus on the possible spill-over effects of the Syrian conflict and the associated foreign fighter phenomenon, and Gilles de Kerchove and the European External Action Service (EEAS) carried out a joint mission to Lebanon and Jordan in March 2014, further to which potential areas for greater engagement were identified. The EU co-founded the establishment of the International Institute for Justice and the Rule of Law (IIJ) in Malta. IIJ became operational in June and provides training on counter-terrorism and related transnational criminal activities or the EU Member States and the southern Mediterranean partners.

The European Neighbourhood Instrument (ENI) project with Arab countries on counter-terrorism was launched in March 2014. It is being implemented by the UN Office on Drugs and Crime and the UN Counter-Terrorism Committee Executive Directorate, with the participation of the EU institutions and Member States. A EUR 11 million counter-terrorism project on capacity-building for Middle Eastern and North African countries was being prepared under the Instrument contributing to Stability and Peace (IcSP). As part of the preparations, an EU scoping mission to Egypt, Jordan and Lebanon took place in October and November.

Three EU **Common Security and Defence Policy** (CSDP) missions were being conducted in the region:

- EU Border Assistance Mission (EUBAM) in Libya

This mission was launched in 2013 to support the Libyan authorities in developing border

management and security. Following the deterioration of the political and security situation in July, the mission was relocated to Tunisia and is currently under review.

- EU Coordinating Office for Palestinian Police Support (EUPOL COPPS)

Based in the West Bank, this EU police mission assisted the Palestinian Authority in setting up institutions in the areas of police and criminal justice under Palestinian ownership and in accordance with the highest international standards.

- EUBAM Rafah

Despite the suspension of operations at the Rafah crossing point in 2007, this EU border assistance mission remained ready to restart activities.

Negotiations continued on concluding a framework agreement with Morocco on its participation in CSDP missions. There continued to be significant informal cooperation with other southern Neighbourhood partners.

The EU continued to support reforms to increase transparency, accountability and democratic governance in the security sector (SSR). The EU is particularly involved in security sector reform activities in Tunisia and Jordan.

The EU remained a firm supporter of the process to create a **zone free of all weapons of mass destruction** and their means of delivery in the Middle East. Through the EU-sponsored Non-Proliferation Consortium of Think-Tanks, a capacity-building workshop was organised for junior and mid-career diplomats from LAS countries on security and confidence-building measures, mediation and negotiation. The EU also provided financial support to numerous countries from the region for nuclear security, including to Jordan for capacity-building in this area.

A first phase of **cooperation with LAS** in the area of crisis response and crisis preparedness was completed in April. The Regional Crisis Centre, developed and equipped with the EU support, provided the LAS Secretariat in Cairo with the technical capacity to perform crisis-related early warning actions. 665 staff from the LAS Secretariat and the Arab countries were trained.

The southern Mediterranean partners continued cooperation related to **civil protection** in the framework of the flagship programme for Prevention of, Preparedness for, and Response to Natural and Man-Made Disasters.

## **2. PROGRESS IN REGIONAL COOPERATION**

### **2.1. Building sustainable democracy**

#### **2.1.1. Human rights and democracy**

Individual countries' transition processes towards democracy and the rule of law, and the respect of human rights and fundamental freedoms continued to become increasingly divergent.

In the field of democracy and human rights, the following aspects of the transition processes taking place in the region continued to present challenges:

- constitutional and institutional reforms;
- transitional justice;
- strengthening the role of civil society and parliaments;
- promoting and protecting human rights and fundamental freedoms; and
- security issues.

The new generation of ENP Action Plans included detailed provisions on democracy, human rights and good governance, setting concrete benchmarks for freedom of expression, of the media, of association and assembly, and of religion and belief, and for the rights of women and girls. In 2014, the EU held bilateral Sub-committee meetings on human rights with Israel, Lebanon and Morocco. A meeting with Algeria took place in February 2015. The human rights dialogue with Egypt has been on hold since the events of 2011.

Concerning **electoral and constitutional processes**, Egypt adopted a new Constitution in January 2014. The EU took positive note of it, but regretted the absence of a fully inclusive process and the lack of any attempt to address the polarisation of society. Presidential elections were held in May 2014 and the EU stated that these were technically administered in line with the law. Although the overall electoral process was judged to be satisfactory on polling day itself, the Election Observation Mission was critical of partial media coverage, very limited space for dissent, and the political/legal context the elections were held in.

Tunisia adopted its Constitution in January, and held parliamentary elections in October and presidential elections in December. The EU considered this a sign of democracy taking root.

President Abdelaziz Bouteflika was elected President of Algeria in April, for a fourth term. The elections were contested by the opposition.

In Palestine, following the conflict in the Gaza Strip and the Israeli intervention, the general election scheduled to be held less than six months after the Fatah– Hamas Gaza Agreement of April 2014 was postponed indefinitely. General elections should have taken place in Lebanon, but were postponed due to the Parliament’s failure to elect a new president.

The EU remained deeply concerned about the deteriorating **human rights** situation in Syria and in Iraq, where widespread and systematic violations and abuses of human rights and international humanitarian law were perpetrated. The EU condemned atrocities, killings and other crimes and abuses committed by Da'esh and other terrorist groups in Syria and Iraq and by the Assad regime in Syria. The EU called for a well-coordinated implementation of UN Security Council Resolutions 2170 and 2178 addressing this situation. The EU expressed its full support for UN Special Envoy Staffan de Mistura and his work, as it had done for his predecessor Lakhdar Brahimi. It reaffirmed its support for the independent international commission of inquiry for Syria, set up by the UN Human Rights Council, and welcomed its eighth report, published in August.

The EU strongly condemned the human rights abuses and violations of international humanitarian law committed in Libya and reiterated its commitment to continue supporting Libya in the field of human rights.

The EU had concerns regarding the Egyptian proposals for a new law on non-governmental

organisations (NGOs) and the amendment to the Penal Code introducing more severe penalties for civil society organisations (CSOs) found to be in receipt of foreign funding for activities considered to be against the national interest or unity.

**Gender equality, rights of women and girls**, fight against all forms of discrimination and elimination of violence against vulnerable groups remained significant challenges across the region. The situation was aggravated in areas of armed conflict, where heavy psychological and physical burdens had an additional impact on the most vulnerable groups, mainly women and children. While progress towards the adoption of new legislation on violence against women continued in several countries (Egypt, Morocco and Tunisia), the issue was still contested by groups opposing the inclusion of domestic violence in new laws.

**Justice** was a priority for countries where reform strategies were adopted (Morocco and Tunisia), or were in the process of being adopted (Palestine). The independence of the judiciary and the correction of deficiencies in criminal procedures remained a challenge for the region, particularly in Egypt. Of particular concern was the use of military courts in Egypt and Lebanon. Some significant steps were taken in Morocco (new legislation stated that civilians should not be tried by the military) and in Tunisia (the new constitution restricted the jurisdiction of military courts). The EU launched programmes to support governments in implementing these reforms, including through the work of the Euro-Arab Judicial Training Network. Several southern Mediterranean partner countries have not yet ratified the Rome Statute of the International Criminal Court (ICC).

The EU supported **security sector reforms** in the region. Limited progress was made regarding these reforms in Egypt, Lebanon and Tunisia. Palestine showed significant commitment, with the adoption of a new strategy in April.

Public pledges were made to strengthen the **fight against corruption**. Projects under the European Neighbourhood and Partnership Instrument (ENPI) and the European Instrument for Democracy and Human Rights (EIDHR) also formed part of efforts to tackle corruption. The European Commission granted EUR 6 million to the European Endowment for Democracy (EED).

In 2014 the EED received more than 1 300 requests for support and has provided support to nearly 130 democracy interest groups in the 15 countries under its mandate, including in all southern Mediterranean countries. In total, more than EUR 7 million of support has been provided, half of which is dedicated to the Southern Mediterranean.

The EU continued to collaborate with the **Organisation for Economic Cooperation and Development** (OECD) through a EUR 12 million interregional programme under the **SIGMA** initiative.<sup>6</sup>

In December, a regional conference was organised in Algiers with all Supreme Audit Institutions of the region. In parallel, SIGMA continued to work in the area of public finance management with ministries (Jordan and Morocco) and training institutes (Lebanon). SIGMA is also present in the area of civil service improvement in Algeria, Egypt, Morocco and Tunisia. It provides assistance to parliaments' administrative services (Lebanon and Morocco)

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<sup>6</sup> SIGMA (Support for Improvement in Governance and Management) is a joint initiative of the EU and the OECD. Its main objective is to strengthen the foundations for improved public governance, and thus to support socioeconomic development by building the capacities of the public sector, improving horizontal governance and improving the design and implementation of public administration reforms.

and for anti-corruption and integrity measures.

The EU continued to provide support to the **Council of Europe (CoE)** through the EUR 4.8 million programme *Strengthening democratic reform in the southern Mediterranean*. This programme already delivered results in its main beneficiary countries, Tunisia and Morocco. Its second phase - *Towards Strengthened Democratic Governance in the Southern Mediterranean* (South Programme II) - was launched in December. It will contribute to reinforcing human rights, rule of law and democracy in the southern Mediterranean. With the EUR 7 million contribution (supported by additional EUR 0.325 million from the CoE), the new programme will run until 2017, focusing on Morocco (Rabat already indicated its willingness to accede to over 50 CoE Conventions), Tunisia and Jordan, but also providing possibilities for engagement with other countries in the region. During the first phase, it already allowed the EU to react to *ad hoc* requests from Egypt and Libya to review a number of draft laws and to support the electoral process.

### **2.1.2. A partnership with civil society and social partners**

The EU welcomed trends towards a stronger role for civil society organisations (CSOs) and their networks and for social partners, and aimed to strengthen direct engagement with these parties.

However, as a result of political and security developments in the region in the last two years, the conditions under which CSOs can operate changed, and significant differences developed between individual countries regarding the political and legal regulatory frameworks for CSOs and their implementation. In some countries (particularly in Egypt) the space for CSOs to operate shrank considerably, but in others, governments paid more attention to civil society (e.g. Tunisia).

In order to provide a strategic framework for efforts at country level, the EU Delegations, in collaboration with the Member States, began drafting **EU country roadmaps for engagement with civil society**. The roadmaps are designed to improve the effectiveness, predictability and visibility of EU actions in relation to civil society. At a **regional level**, the EU began implementing the **mechanisms for a structured regional dialogue between civil society, authorities and the EU** which will complement and reinforce those already in place at national level. These mechanisms, developed in consultation with civil society, will include an online platform for virtual dialogue and information exchange, regional thematic communities which meet physically and online to discuss policy-related issues, and knowledge- and trust-building activities.

The EU maintained its support for the **Anna Lindh Foundation (ALF)** which promotes intercultural dialogue, exchange and partnership with civil society in the Mediterranean region. The foundation continued its capacity-building work among 3 500 civil society member organisations in all 43 member countries of the UfM. One of the highlights of 2014 was the ALF's 10th anniversary celebration in Naples. The foundation's 2012–14 three-year programme had a budget of EUR 15.35 million. A new EUR 7 million grant for the period 2015-2017 was signed by the European Commission in December.

The EU continued to support civil society in the region through the **Civil Society Facility**. In 2014, around EUR 11 million of support was granted at both regional and national level.

These actions complement other EU instruments and programmes focusing on CSOs, such as

the thematic programme on **non-state actors and local authorities** and the **European Instrument for Democracy and Human Rights**.

## **2.2. Inclusive, smart and sustainable economic development, trade and investment**

### **2.2.1. Economic trends<sup>7</sup>**

In 2014, economic growth in the southern Mediterranean countries remained subdued and continued to be far below pre-2011 levels. There were signs, however, of a partial recovery and the growth trend began accelerating moderately. Average **GDP growth**, excluding Syria and Libya, was projected to recover to 2.8% in 2014, slightly up from 2.5% in 2013, although well below the 2007-10 average of 5%. Economic activity in Libya was expected to contract sharply as a result of the renewal of armed conflict and the breakdown of the political and security situation.

Regional **fiscal positions** continued to deteriorate (with the average budget deficit expected to increase from 7.2%<sup>8</sup> in 2013 to 7.4% in 2014) and the balance of payments situation remained weak. Subsidies continued to be one of the largest common factors weighing on the fiscal deficits. The average current account deficit<sup>9</sup> persisted at high levels (7.4% of GDP). Foreign direct investments remained below pre-2011 levels.

In addition to domestic and regional factors, economic recovery continued to be hindered by weaker-than-expected external demand, notably from the EU. The continuation of the armed conflict in Syria, the new conflict around the emergence and expansion of Da'esh, the renewed conflict in Libya, and the recent military confrontation in the Gaza Strip continued to affect the economies of the region and to hinder political and economic reform. **Egypt**, the largest economy in the region, remained economically vulnerable. **Libya's** economic situation continued to worsen, with the fractured and unmanageable political situation in the country disrupting its oil exports. There have also been implications for the region, with neighbouring countries facing additional influxes of refugees. Libya managed to avoid a fiscal crunch thanks to its significant foreign reserves.

### **2.2.2. Job creation, support for small and medium-sized enterprises (SMEs) and industrial cooperation**

The regulatory environment for businesses in the Southern Neighbourhood continued to slowly improve. However, entrepreneurs across the region were still held back by weak protection for investors and intellectual property rights, and restricted access to credit. The EU continued to support the promotion of SMEs, job creation and industrial cooperation.<sup>10</sup>

The southern Mediterranean countries participated in a broad evaluation of SME policy. The findings, presented at the UfM ministerial meeting on industrial cooperation in February 2014<sup>11</sup>, gave evidence of some progress, the southern neighbours having stepped up their

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<sup>7</sup> The data used are based on estimates from the International Monetary Fund (IMF), Eurostat and the European Commission.

<sup>8</sup> Simple average excluding Libya, Syria and Palestine.

<sup>9</sup> Simple average excluding Libya and Syria.

<sup>10</sup> Around EUR 850 million of bilateral assistance has been devoted to these objectives since 2011.

<sup>11</sup> The results of this joint evaluation by the European Commission, the OECD, the European Training

cooperation with Europe and opened themselves slightly more to the global economy. But the assessment indicated also significant challenges that the southern Mediterranean countries continue facing.<sup>12</sup> Sector specific dialogues on textiles/clothing and creative industries were conducted as part of the work programme on Euro-Mediterranean industrial cooperation.

### **2.2.3. Lending from the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and other institutions**

The decision on the 2014-20 EIB external lending mandates came into force in July, worth a total of EUR 27 billion plus an optional allocation of EUR 3 billion, which could be activated at a mid-term review. The funding planned for the southern Mediterranean region totalled EUR 9.6 billion. In 2014, the EIB signed projects for more than EUR 1.2 billion<sup>13</sup> in the region.

The EBRD's geographical mandate was extended to cover Egypt, Jordan, Morocco and Tunisia. A quick-start mechanism was set up in the form of a cooperation fund to finance technical cooperation, project identification and preparation. EUR 1 billion from the EBRD's own resources was allocated to the Investment Special Fund. Libya became a member of the EBRD in May. EBRD offices were opened in Amman, Cairo, Casablanca and Tunis. By late August, 41 projects with a total value of more than EUR 1.1 billion had been signed by the EBRD,<sup>14</sup> the vast majority invested in private sector projects. In addition, trade facilitation programme agreements were signed with Egyptian, Jordanian and Moroccan banks for a total value of EUR 214 million.

In 2014 the European Commission provided a contribution of EUR 265.3 million to the **Neighbourhood Investment Facility (NIF)** activities in the southern Mediterranean, developing and co-financing projects in sectors, which otherwise would lack resources. In December the EU Foreign Affairs Council adopted conclusions on the Southern Mediterranean Investment Coordination Initiative (**AMICI**). It will, amongst others, promote better co-ordination among donors in investment-related programmes in the region.

The southern Neighbourhood countries are in principle eligible for **Macro-financial assistance** (MFA) from the EU. In 2014 the EU approved a EUR 300 million MFA programme for Tunisia. The EU continued to strengthen **macroeconomic dialogue** with its southern neighbours. Dialogues were held with Algeria, Israel, Jordan, Lebanon, Morocco, Palestine and Tunisia. The dialogue with Egypt was postponed and no economic dialogues were held or are planned with Libya and Syria.

### **2.2.4. Trade**

Political uncertainty in the southern Mediterranean continued to affect trade flows. The total trade in goods between the EU and the ten Southern Mediterranean ENP countries totalled

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Foundation (ETF) and the EIB were presented in the report '*SME Policy Index. The Mediterranean Middle East and North Africa 2014 Implementation of the Small Business Act for Europe*'.

<sup>12</sup> Among them: poor incentives for entrepreneurship, high entry barriers to new enterprises, restrictive market access, rigid regulations, economic informality, and many others were listed.

<sup>13</sup> Tunisia — EUR 450 million, Egypt — EUR 359 million, Morocco — EUR 156 million, Israel — EUR 150 million, Lebanon — EUR 101 million, regional projects — EUR 31 million and Jordan — EUR 2 million.

<sup>14</sup> Egypt — EUR 556 million, Morocco — EUR 202 million, Jordan — EUR 137 million, Tunisia — EUR 105 million and regional projects — EUR 118 million.

EUR 188 billion in 2014, a decrease of around 5% over 2013<sup>15</sup>.

The main EU objectives with regard to the southern Mediterranean in this area were to improve trade and investment relations and to increase the integration of the partners in the EU single market, in particular through the establishment of **Deep and Comprehensive Free Trade Areas (DCFTAs)** as soon as necessary conditions are met. DCFTA negotiations with Morocco progressed, with two negotiating rounds held in January and April 2014. The preparatory process for the DCFTA negotiations with Tunisia advanced, including consultations with civil society and between experts and concluding that there are no technical obstacles to the launch of negotiations. Preparatory talks on a DCFTA with Jordan also progressed and sustainability impact assessments on possible DCFTAs with Egypt and Jordan were carried out. Ensuring the correct implementation of the existing **Free Trade Agreements (FTAs)** established by the Euro-Mediterranean Association Agreements remained an ongoing focus of activity. Increasingly protectionist tendencies were identified in some parts of the region — Algeria, Egypt<sup>16</sup> and Tunisia implemented new trade-restrictive measures, while Morocco increasingly relied on the trade in defence equipment.

The **business climate** in the region remained challenging. The rankings awarded to individual countries in the region in the World Bank's *Doing Business 2015* report varied widely, with Israel in 40th place and Algeria ranked 154th. Lebanon and Morocco had improved their ranking since the previous year, but the other countries had lost ground.

Preparations for the Agreements on Conformity Assessment and Acceptance of Industrial Products (**ACAAs**) were ongoing with all southern partners. No negotiations were launched in 2014.

Egypt, Israel and Palestine ratified the **Regional Convention on Pan-Euro Mediterranean (PEM) Preferential Rules of Origin**, and Lebanon signed the convention. Algeria, Morocco and Tunisia still have to complete the ratification process. Good progress was made in collecting relevant information and trade data for the inclusion of the Southern Mediterranean countries in the Euro-Mediterranean **Trade and Investment Facilitation Mechanism** database.

Southern Mediterranean partners prepared action plans on **enhanced sectoral cooperation** and **the fight against piracy and counterfeit** in the field of intellectual property. With regard to **regional integration** among the southern Mediterranean partners, a preferential trade agreement between Algeria and Tunisia came into force in March, while Lebanon and Palestine continued efforts to accede to the Agadir Agreement<sup>17</sup>.

### **2.2.5. Social policy and employment**

High unemployment rates, especially among young people and women, remained one of the main regional problems, along with the very low participation of women in the labour market. Poverty and social exclusion were widespread and employment opportunities were often in the informal sector.

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<sup>15</sup> For detailed information on trade flows, please refer to Section III.2 of the Statistical Annex.

<sup>16</sup> Egypt suspended for one year its tariff elimination schedule for cars.

<sup>17</sup> Free trade agreement between Egypt, Jordan, Morocco and Tunisia.

### **2.3. Migration and mobility**

The situation in the Mediterranean Sea continued to be critical. The Mediterranean Sea remained the main irregular migration route to Europe and the number of fatal journeys continued increasing. According to the International Organisation for Migration, in 2014 up to 3 072 migrants are believed to have died in the Mediterranean Sea, compared with an estimate of around 700 in 2013. Several initiatives, including search and rescue activities, proved to be effective tools for avoiding tragedies.

At the same time the number of migrants increased dramatically. In 2014 more than 277 000 migrants entered the EU irregularly, which represents an increase of 155% compared to 2013. The vast majority of these irregular border crossings (170 816) were registered via the Central Mediterranean Route. Migrants have been departing from the northern coast of Libya and more recently also of Egypt, heading towards the south of Italy and Malta. 50 561 irregular migrants entered the EU through the eastern Mediterranean route. It has evolved over time, demonstrating the increasing importance of arrivals by sea from Turkey to Italy, Greece and Cyprus, compared to the land border-crossings between Turkey and its EU neighbours.

In response to the increased number of migrants, Frontex<sup>18</sup> has extended the Joint Operation **Triton** in the Central Mediterranean until the end of 2015 to continue supporting Italy at its maritime borders and help save the lives of migrants stranded at sea.

In 2014 innovative new surveys on the determinants and consequences of migration, including forced migrants (refugees), were carried out in Jordan and Egypt, and are planned in other countries in the region.

Cooperation on migration and mobility between the EU and the southern Mediterranean partners was significantly strengthened through policy dialogues on migration-related issues, including the establishment of **Mobility Partnerships** with Tunisia and Jordan, and EU financial and operational support for those countries. In December a dialogue on migration, mobility and security was launched with Lebanon. Exploratory talks with Egypt also took place.

The ENP partner countries in the southern Mediterranean are mostly transit countries for irregular migrants, but increasingly also countries of destination. A Ministerial conference of the Euro-African Dialogue on Migration and Development (the 'Rabat Process') met in Rome in November. The adopted *Rome Declaration* called for the reinforcement of cooperation on migratory issues with the Western African partners. Likewise, an EU-Eastern African Ministerial Conference was also organised in November in Rome and established the 'Khartoum Process'. It set up a new platform with the eastern African partners with the aim to address trafficking in human beings and smuggling of migrants.

The EU allocated EUR 15 million for the implementation of the Mobility Partnership with Morocco. Both parties agreed to more than 50 initiatives to be implemented under the Mobility Partnership framework. The Mobility Partnership with Tunisia was signed in March 2014. In addition, an EU-funded review of border management made recommendations on reforms in a report approved by the Tunisian Ministry of the Interior. The declaration of a Mobility Partnership with Jordan was signed in October, with an annex listing the actions to be implemented. In January 2015 negotiations on a Readmission Agreement with Morocco were relaunched along with the start of negotiations on a Visa Facilitation Agreement.

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<sup>18</sup> European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (Frontex)

Negotiations for Visa Facilitation and Readmission Agreements with Tunisia and Jordan are expected to be launched in 2015.

## **2.4. Sector cooperation**

Participation by southern Mediterranean partners in the Seventh Framework Programme for Research and Development (FP7) increased. New regional initiatives were launched under the FP7 in 2014.

A regional roadmap for cooperation was developed to enhance the participation of the southern Mediterranean countries to '**Horizon 2020**' programmes<sup>19</sup>. Launch of the Horizon 2020 activities in the southern Mediterranean region was inaugurated by a regional conference in Cairo.<sup>20</sup> In June Israel signed the Association Agreement to the 'Horizon 2020' and can now participate in its activities on the same footing as EU Member States. In January 2015 also Tunisia submitted a formal request for the association to 'Horizon 2020'. Work was also undertaken by a number of EU Member States and the southern Mediterranean countries on a Partnership on Research and Innovation in the Mediterranean Area.

A memorandum of understanding with the Israel Atomic Energy Commission was renewed. The European Commission's **Joint Research Centre** (JRC) provided trainings in the field of nuclear security for experts from Algeria and Morocco, for instance for front-line-officers of both countries.

The UfM Ministerial meeting on **Digital Economy** took place in September in Brussels, addressing, amongst others, the use of open data and e-government, dialogue between national telecoms regulators and scientific communities' connectivity. Also the Euro-Mediterranean innovation agenda initiative was launched.

The higher **education** sector continued to benefit from the pre-2014 Tempus and Erasmus Mundus programmes (with a special focus on Syrian students). The new **Erasmus+** first international call was launched in October. Researchers and research organisations from the region participated in the new Marie Skłodowska-Curie actions (MSCA). Some 2 500 young persons from the region participated in the new Erasmus+ programme **Youth** part. Cooperation in the field of **culture** continued through the Med-Culture and Euromed Audiovisual programmes.

Two regional ministerial conferences helped strengthen dialogue on **energy** between the EU and the southern Mediterranean countries. A meeting on the security of gas supply took place in Malta in July and a high-level conference on the construction of a Euro-Mediterranean energy bridge was organised in Rome in November. All partner countries were asked to intensify their cooperation in the energy sector. At the conference in Rome, the European Commission signed a memorandum of understanding with the Euro-Mediterranean association of energy regulators (MEDREG) and the Euro-Mediterranean association of electricity transmission system operators (MEDTSO). The NIF provided funding for the renewable energy efficiency technical assistance project supporting the Mediterranean solar plan, the energy efficiency global loan for Lebanon, the second and third stages of the Ouarzazate solar complex power plant, the strengthening of the high voltage transmission network in Morocco, and energy financing incentives for SMEs in Jordan and Morocco.

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<sup>19</sup> EU research and innovation programme for the period 2014-20.

<sup>20</sup> Another 'Horizon 2020' conference was organised in Amman, during which also the Support to Research and Technological Development (SRDT II) programme was launched.

In the field of **transport**, the UfM EuroMed Transport Forum worked on developing the Regional Action Plan for 2014–20. The plan comprises actions on regulatory reform and the convergence process in all transport sectors, with a view to establishing an integrated multimodal Euro-Mediterranean transport network. The UfM organised in December a high-level conference mobilising financial support for the trans-Mediterranean transport network. The process of setting up the **Euro-Mediterranean aviation area** continued through the negotiation of comprehensive aviation agreements with interested partners. Agreements were signed with Morocco, Jordan and Israel, and negotiations were launched with Tunisia. Regional EuroMed projects continued to provide support in the field of road, rail, urban transport and road safety.

In the **maritime** sector, the European Maritime Safety Agency (EMSA) continued to implement the SAFEMED<sup>21</sup> project. With regard to the **Integrated Maritime Policy (IMP)**, and **sustainable Blue Economy**, work progressed on initiatives, studies and concrete projects, with the objective, amongst others, to develop integrated approaches to maritime affairs.

The southern Mediterranean partners continued efforts to strengthen governance on **environment** issues. In May the UfM ministerial meeting on environment and climate change took place in Athens. The ministers agreed on new commitments and deliverables, including the mandate for the second phase of the 'Horizon 2020' Initiative for a cleaner Mediterranean Sea<sup>22</sup> and endorsed the Mediterranean strategy on education for sustainable development. The ministers confirmed their determination to work towards the 2015 Climate Agreement<sup>23</sup>, while the countries were preparing the submission of their Intended Nationally Determined Contributions (INDCs). The UfM **climate** change expert group was established aiming at promoting robust climate actions, amongst others, through exchanges of best practices. The European Commission continued to provide financial support to the **water** sector and participated in the setup of a water strategy for the Mediterranean to be endorsed in 2015 at a 5+5 ministerial meeting.

In the **health, sanitary and phytosanitary** sectors, partners participated in the EU-supported Mediterranean programme for intervention epidemiology training. A ministerial conference on health in the Mediterranean area, the theme of which was the challenges of communicable diseases, was organised in October.

2014 saw the peak of the European Neighbourhood and Partnership Instrument's Mediterranean **cross-border cooperation** programme, with 95 projects being selected with total funding of nearly EUR 200 million.

Further cooperation took place in the framework of the European Neighbourhood Programme for **Agriculture and Rural Development (ENPARD)** with civil society involvement. The 2014 bilateral ENPARD programmes with the southern partner countries received a contribution of EUR 63 million.

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<sup>21</sup> The SafeMed Project (currently SAFEMED III — 2013–15) is the EU funded project that provides technical advice and support to non-EU Mediterranean countries on maritime safety/security and the prevention of pollution from ships.

<sup>22</sup> One of the leading projects under this Initiative is the NIF-supported project on the rehabilitation of the Lake Burullus in Egypt.

<sup>23</sup> The 2015 Climate Agreement will be the new universal international climate change agreement, to be implemented as of 2020.

The EU continued its support of the General **Fisheries** Commission for the Mediterranean (GFCM) in view of fisheries data collection and multiannual fisheries management plans.

## **2.5 Financial cooperation**

In the period 2014–17, **financial assistance** under the European Neighbourhood Instrument (ENI) will focus on a number of **priority sectors**, as outlined in each country’s multiannual programming document and the equivalent documents for regional cooperation and for initiatives open to all neighbourhood partners.<sup>24</sup>

Support for the implementation of agreements with the EU is allocated to bilateral and multi-country assistance programmes. Particular attention is given to strengthening the capacity of national authorities and other institutions, the development of legislation in line with EU rules, and the implementation of EU best practice, 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 ENI. It provides funding to selected countries based on their ‘progress towards building deep and sustainable democracy and the implementation of agreed reform objectives contributing to the attainment of that goal’.<sup>25</sup> In 2014, four Southern Mediterranean partners benefited from the umbrella programme: Tunisia (EUR 50 million), Morocco (EUR 20 million), Jordan (EUR 15 million) and Lebanon (EUR 15 million) — receiving support totalling EUR 100 million.

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<sup>24</sup> [http://eeas.europa.eu/enp/how-is-it-financed/index\\_en.htm](http://eeas.europa.eu/enp/how-is-it-financed/index_en.htm).

<sup>25</sup> 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](http://eeas.europa.eu/enp/pdf/enp-regulation-11032014_en.pdf).