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Programming of the European Neighbourhood Instrument (ENI) – 2014-2020

Regional South Multiannual Indicative Programme (2018-2020)

Introduction

Much of the Southern Neighbourhood continues to be dominated by the enduring effects of the global economic recession in 2008 and the subsequent Arab Spring in 2011. The civil war in Syria has had serious implications for the economies and political and social stability of its neighbours. There is still no established government in Libya, while Tunisia, Morocco and to a lesser extent Jordan, represent the countries where democracy is slowly being established but is facing severe economic, cultural and historical challenges. There is continuing tension between secular and religious identities in the public sphere, with implications linked to ethnicity, gender, and youth. In addition, the Israel-Palestine situation remains unresolved.

Foremost amongst these challenges is the need to create jobs for the high numbers of young people coming onto the labour market every year. Almost 60% of the regional population is today under the age of 30 and the number of young people under the age of 15 is forecast to increase by over 18% by 2020. With an average of about 30% youth unemployment and around 50% for young women, the region has one of the highest youth unemployment rates in the world.

Cultural evolution towards equal rights and opportunities for women is a necessity for inclusive development and regional stability, including in economic terms, with women's participation in the labour force in the region ranking as the lowest in the world. The Euro-Mediterranean countries form also one of the least economically integrated regions in the world.

The potential for increased integration is huge and would bring significant benefits for the region. EU – Partner Country Association Agreements that are also free trade agreements have provided a positive framework for the development of economic relations in the region. However, insufficient progress has been achieved so far, with a strong trade imbalance in favour of the EU for some of the partner countries.

The security of the Euro-Mediterranean region is facing an unprecedented level of security threats: open or potential violent conflicts, natural and man-made disasters, serious and organised crime and, last but not least, terrorism and other forms of violent extremism. These threats often have a cross-border dimension or possible spill-over effects on neighbouring countries. This warrants that the EU fosters regional dialogue and collaborative action on these issues, among Southern Neighbourhood countries, and between those countries and their neighbours, including the EU.

The Mediterranean has always been an area of mobility and migration. As the current refugee and irregular migration crisis clearly shows, addressing their root causes and restoring effective governance in the countries of origin and transit is essential to regional stability. It is also of paramount importance to confirm the need for a global and balanced approach to the issue of mobility, migration and development, building on existing international instruments.

Both the revised European Neighbourhood Policy (ENP)¹ and the Global Strategy for the European Union's Foreign and Security Policy (the 'Global Strategy')² commit the EU to an ever

¹ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/neighbourhood/pdf/key-documents/151118_joint-

deeper partnership with civil society and towards achieving a more enabled environment in order to strengthen societal resilience, including by strengthening regional mechanisms for dialogue, broadening and diversifying its support to civil society in the Southern Neighbourhood. It also calls for deepening work on education, culture and youth to foster pluralism, coexistence and respect as a way for strengthening resilience and promoting stability. Hence, the EU needs to continue its strong engagement with young women and men to promote youth agency and peacebuilding, including through intercultural dialogues involving young people from both the EU and the Southern Neighbourhood.

Enhanced regional economic integration could only be achieved through higher levels of direct investments, facilitation of trade and wider market access geared at addressing the current unbalanced trade deficits with some of our partners. The development of infrastructure networks has therefore a strong potential and acts as a multiplier effect on regional integration. The Neighbourhood Investment Platform and the European External Investment Plan (EIP) play a vital role in mobilising finance where grant funds alone are insufficient. Energy grids, transport networks and digital infrastructures are the backbone of economic development and competitiveness.

The EU's relations with the region are guided by the 2017 European Consensus on Development³, the Global Strategy and the 2015 revised ENP. These new policy frameworks call for the need to focus on achieving sustainable development and the overall goal of increasing the resilience and stabilisation of our neighbours. With regard to the Southern Neighbourhood, the EU has adopted Partnership Priorities for the coming four years with a number of Neighbourhood South countries. The EU is also committed to supporting regional cooperation bodies, namely the Union for the Mediterranean (UfM) and the League of Arab States, in order to promote effective cooperation, dialogue, stability and sustainable development with the Mediterranean region. The UfM Ministerial Declaration on Regional Cooperation and Planning, adopted in June 2016, is the new framework for the Euro-Mediterranean partnership.

So far regional cooperation generated concrete initiatives key for the stabilisation of the region, such as operations in the field of energy, trade integration, private sector development, security and support to civil society. These initiatives are designed to have a direct impact on its beneficiaries (e.g. entrepreneurs, youth, non-governmental organisations (NGOs), local and national authorities, regional organisations). However, the unfavourable political environment and shrinking space for civil society to operate in most Southern neighbourhood countries are limiting the achievements of the strategy. In order to increase the impact of the regional initiatives, there needs to be greater complementarity between bilateral and regional co-operation, which in turn should be more aligned to the UfM policy framework and work plan, and also take into consideration the assistance provided by the Member States in the region.

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² <https://europa.eu/globalstrategy/en>

³ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C:2017:210:FULL&from=EN>

The policy framework and objectives for multi-country cooperation in the EU's Southern Neighbourhood are defined in the Regional South Strategy Paper 2014-2020⁴. The Strategy sets out the objectives and priorities for the EU support towards the Southern Mediterranean region, including regional institutions. As part of the programming exercise, a mid-term review of the Regional South Strategy Paper 2014-2020 was conducted. The mid-term review found that, since the adoption of the current Regional Strategy Paper, significant changes occurred in the policy framework guiding the EU external relations (2015 revised European Neighbourhood Policy, 2016 Global Strategy, 2017 European Consensus on Development) as well as in the ENI South region (e.g., as mentioned above: protracted war in Syria and crisis in Libya leading to a refugee crisis with a significant impact on the neighbouring countries and beyond, economic unrest, Da'esh terrorism, high rates of population growth combined with structural socio-economic problems). Such circumstances have an impact on the cooperation between the EU and the region. The mid-term review therefore concluded that the EU's approach for the period 2018-2020 needs to address the changes mentioned above and revise the current strategy .

As presented in detail in the next section, following the analysis conducted during the mid-term review, the EU's approach to the region will focus on building resilience and promoting stability, fostering inclusive and sustainable economic development and job creation and addressing other structural pressures such as climate change, environmental degradation. Furthermore, the EU will continue engaging with regional organisations in the region, supporting them to deliver concrete results.

⁴ http://eeas.europa.eu/archives/docs/enp/pdf/financing-the-enp/regional_south_strategy_paper_2014_2020_and_multiannual_indicative_programme_2014_2017_en.pdf

1. EU Response

1.1. Strategic objectives of the EU's relationship with the region

The EU's strategic objectives for the South Mediterranean region for the period 2018-2020 are guided by the significant changes in the region and in the policy framework governing EU Neighbourhood Policy expressed in the revised ENP and the Global Strategy.

The overall strategic objective for the EU relationship with the region is building state and societal resilience, as well as stabilisation. The Global Strategy defines resilience as "a broad concept encompassing all individuals and the whole of society" that features "democracy, trust in institutions and sustainable development, and the capacity to reform", therefore rule of law and good governance are crucial elements contributing to this.

The ENP review gives a stronger place to security in order to make partner countries more resilient against threats they currently experience. The new focus on security opens up a wide range of new areas of cooperation under the ENP. Cooperation could include security sector reform, fighting organised crime, cybercrime and cybersecurity, border protection and protection of critical infrastructure, tackling terrorism and radicalisation, and disaster and crisis management. Special attention will be given that EU support in these areas will contribute to enhancing compliance with rule of law, human rights and good governance.

With the revised ENP, the EU gives greater attention to strengthen its dialogue and support to energy, climate action and transport as the key to promoting economic growth between the neighbourhood partners and the EU.

The EU's approach to the region will entail the empowerment of youth, as agents of conflict prevention, peacebuilding and development, and aim to unlock its considerable pool of talent, energy and resources. The EU will continue its strong engagement with young women and men to promote youth networks and peacebuilding, including through intercultural dialogue involving young people from Europe and the Southern Neighbourhood. It will also focus on the attainment of inclusive and sustainable growth and job creation as a way of achieving stability and will use the European EIP in pursuit of this agenda and of the Sustainable Development Goals (SDGs). It will also place an emphasis on addressing the risks of violent conflict and other structural pressures and drivers such as migration, climate change and environmental degradation.

Furthermore, the EU aims to continue engaging with the regional organisations in the region and supporting them in delivering concrete results. The ENP review proposes an enhanced role for the UfM in order to sustain the Euro-Mediterranean dialogue and cooperation in key areas, while also developing work with other regional bodies.

Finally, EU's approach to the region will also look beyond the Union's immediate neighbourhood, to work with "the neighbours of our neighbours". This could be of particular importance in the context of the EU-Africa Strategy in areas of cooperation like migration, economic development, energy, transport, environment, peace and security. The League of Arab States (LAS) will also remain an important partner in addressing regional conflicts and security-related challenges. The EU aims to reinforce as well the dialogue with the Organisation of Islamic Cooperation (OIC) in order to jointly promote tolerance, diversity and pluralism.

1.2. Choice of sectors of intervention

The choice of the priority sectors derives from the political framework and the EU's strategic objectives described above. These sectors aim to address common challenges with an international and regional dimension and cover mutually beneficial interests of the partner countries and the EU. Investing in a peaceful and prosperous South Mediterranean region is for EU also an investment in security and prosperity. This choice is also guided by the need to identify areas of cooperation where there is real added-value in regional programmes as well as mutual interest for both the EU and the Southern Neighbourhood. There is also a strong body of evidence that demonstrates that good governance and human rights are key to secure better development outcomes. That is why the Global Strategy identifies as key resilience measures the ability of states to reform, and to promote sustainable stability rooted in the respect for human rights and effective governance institutions. At regional level, progress in building resilient societies and economies depends on supporting inclusive and participatory societies, cooperation in security, rule of law and on migration, fostering growth, investment and job opportunities, addressing environment, energy and climate change challenges, including innovative digital technology solutions and reinforcing the capacity of regional institutions. The EU's approach to the region will entail the engagement with civil society and the empowerment of women and youth.

As a result the following four priority sectors have been identified:

Sector 1: Building resilience and promoting stability (indicative 20% of the total budget)

Many citizens of the region's countries do not believe that their governments can or will take care of their most basic needs – shelter, health, education, security. Poor governance and unwillingness to engage constructively with media and civil society organisations (which include but are not restricted to human rights advocacy bodies) is also a contributory factor to instability and, eventually, violent extremism. Building resilience requires institutions which citizens can trust and is therefore intrinsically linked to democracy, accountability and the rule of law and more broadly to the consolidation of open, pluralistic societies. The answer to the security challenges does not lie in increased repression which, in the medium term, can only stimulate more frustration and unrest. Rather, it calls for a combination of institutional capacity reinforcement with a strong policy of outreach towards civil society; a narrative that fully incorporates the development-security nexus so as to answer both the immediate security and migration imperatives and their root causes, which are of socio-economic nature.

The EU will continue to place rule of law, democracy and human rights at the heart of its engagement to strengthen regional cooperation against security threats such as terrorism and serious organised crime. A renewed emphasis will be placed on prevention, be it against violent extremism or against natural and man-made disasters.

The EU will sustain its work towards achieving an ever deeper partnership with civil society in order to support a more enabled environment and strengthen societal resilience, including by strengthening regional mechanisms for dialogue, broadening and diversifying its support to civil society in the Southern Neighbourhood. It will continue its strong engagement with young women and men, as agents of conflict prevention, peacebuilding and development, including through

deepening work on education and intercultural dialogue to foster pluralism, coexistence and respect as a way for strengthening resilience and promoting stability in the Euro-Mediterranean region.

Sector 2: Fostering inclusive and sustainable economic development and job creation (indicative 30% of the total budget)

The economic context in the Southern Neighbourhood remains difficult overall. A number of partner countries continue to face subdued economic activity, high unemployment, risks regarding macroeconomic stability, a dearth of investment and difficulties in implementing structural reforms. Insufficient access to finance and quality services is holding back private sector development, especially for small enterprises. At the same time, a vibrant private sector and job creation are key conditions for creating stable and resilient societies in the Southern Neighbourhood. Support to inclusive and sustainable economic development thus remains an important priority.

Given the low levels of economic integration and diversification in the region, regional cooperation tackles issues that have a trans-national dimension, such as international business development, trade and investment. There is mutual complementarity with purely national programmes insofar as regional cooperation offers a value-added by piloting new policy approaches in the region based on EU best practise, developing regional networks and connections, fostering economic integration among countries, and establishing, in fine, a free trade zone in the Mediterranean, thus feeding into relevant UfM sector dialogues.

Sector 3: Promoting connectivity and the sustainable use of natural resources (indicative 30% of the total budget)

Environment, climate action, sustainable energy and transports are interconnected dimensions of sustainable development. They constitute the core of the common agendas under construction in the framework of the UfM, given the mutual interest at stake and the relevance of an inclusive approach in addressing them, encompassing institutional actors, private sector and civil society, as well as combining policy dialogue and investment promotion. The Mediterranean Sea is a resource shared between EU member states and Southern Neighbourhood countries. The Sea is increasingly polluted, which affects all the populations and the resources. This calls for a coordinated approach of all the littoral countries, to develop more sustainable consumption and production methods (green and circular economy, blue economy), sustainable management of marine resources, better waste and water treatment. Resilient and efficient energy markets require a coordinated approach to regulation and interconnection to allow trading energy. Long distance regional transport networks also require a concerted approach to develop performing, sustainable support to mobility of people and economic activities. Digital connectivity is a prerequisite for the digitalisation of the countries of the region. Furthermore the support to the implementation of the Paris Agreement, including the design and enforcement of mitigation and adaptation measures, is also important to promote security and stability in the region.

Sector 4: Support for capacity development/ institution building of regional bodies
(indicative 10% of the total budget)

The Southern Neighbourhood is in many respects the least integrated region in the world – in terms of infrastructure and transport links, trade and even people-to-people links. This is a reflection of political discord in the region but is also a contributory factor to it. It is therefore in the EU's strategic interest to support those regional bodies which already exist and which can provide a coherent institutional and political framework for measures aimed at enhancing the resilience of the region's states, both institutionally and directly for the citizens of the countries concerned. The UfM, under the co-chairmanship of the EU and Jordan, the Anna Lindh Foundation, the LAS as well as the OIC will remain partners to this end.

The choice of priority sectors has been subjected to a consultation process with the EU delegations, the Member States (via their Permanent Representation to the EU), the partner countries (via their Embassy in Brussels) and the civil society both from the North and the South. Joint programming missions took place with a view to closely articulating the scope of bilateral and regional cooperation. Overall the discussions revealed broad support for the proposed priority sectors.

Complementary support (10%) will be included to finance small-scale measures that are needed for the achievement of the objectives of the Southern dimension of the ENP and its operational and policy priorities (e.g. support for project cycle management, studies, communication and information activities, organisation of conferences, meetings and trainings).

2. Financial overview

The indicative allocation for 2014-2020 is EUR 676.3 million - EUR 826.6 million.

The indicative allocation for 2018-2020 is EUR 316.9 million - EUR 387.3 million.

The indicative breakdown by sector is the following:

MIP 2018-2020	<i>Indicative Amounts</i>	<i>% of total allocations</i>
Sector 1: Building resilience and promoting stability	<i>EUR 63.4 million – EUR 77.4 million</i>	<i>20 % of total</i>
Sector 2: Fostering inclusive and sustainable economic development and job creation	<i>EUR 95.1 million – EUR 116.3 million</i>	<i>30 % of total</i>
Sector 3: Promoting connectivity and the sustainable use of natural resources	<i>EUR 95.1 million – EUR 116.3 million</i>	<i>30 % of total</i>
Sector 4: Support for capacity development/institution building of regional bodies	<i>EUR 31.7 million – EUR 38.7 million</i>	<i>10 % of total</i>
Complementary support	<i>EUR 31.7 million – EUR 38.7 million</i>	<i>10 % of total</i>

3. EU support per sector

3.1 Building resilience and promoting stability (indicative 20% of total budget)

The **overall objective** is to contribute to more resilient and stable societies and States in the Southern Neighbourhood.

Specific objectives include:

- 1) Complementing and reinforcing at regional level bilateral strategies in support of good governance, including e-government initiatives, civil society, democracy and rule of law;
- 2) Strengthening trust and peacebuilding as well as regional assessments and responses to cross-border security challenges and violent extremism;
- 3) Setting up effective regional mechanisms to enable the EU and partner countries to respond with a rights-based approach to factors promoting instability, security challenges and their longer-term impact on resilience in the Southern Neighbourhood;
- 4) Strengthening societal linkages across the Southern Neighbourhood, including supporting civil society involvement, among which the involvement of young people, in governance processes at all levels, and particularly at the regional one;
- 5) Developing civil society's capacity to act as a credible interlocutor and partner in the framework of the dialogue with regional organisations and to foster pluralism, coexistence and respect through enhancing intercultural dialogue.

Main expected results are:

- 1) Council of Europe and United Nations (UN) conventions and recommendations are ratified and implemented by South Partner countries, particularly with respect to violence against women and girls; protection of the rights of children, protection of persons belonging to minorities and vulnerable populations (e.g. refugees or displaced); measures combatting corruption and measures to enhance independence of judiciary and freedom of expression.
- 2) South Partner Countries/regional organisations seek closer alignment on methodologies similar to the EU Policy cycle against serious and organized crime;
- 3) (a) Regional dialogue platforms allow for exchanges on security sector reform, including fight against serious and organised crime, counterterrorism, prevention of violent extremism and for capacity reinforcement notably through the expertise of European agencies (e.g. European Border and Coast Guard Agency (EBCGA), Eurojust, Europol) and the partnership with relevant international actors (e.g. INTERPOL, NATO)

- (b) South partner countries actively engage in cooperation to reinforce their civil protection structures and disaster management notably through closer cooperation with the Union Civil Protection Mechanism (UCPM);
- 4) Civil Society is able to engage more effectively with regional organisations and advance their agendas through policy dialogue
- 5) (a) Regional thematic networks of Civil Society Organizations (CSOs) are developed and sustained. Civil Society is able to engage more effectively with regional organisations and advance their agendas through policy dialogue; regional and country based civil society platforms interact and mutually support each other.
- (b) Enhanced EU's engagement and strengthened youth agency and intercultural dialogue among youth from both Europe and the Euro-Mediterranean region.

For each result, the main **indicators** for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 1.

3.2 Fostering inclusive and sustainable economic development and job creation (indicative 30% of total budget)

The **overall objective** is promoting inclusive and sustainable economic growth, creating jobs and thus contributing to stability and resilience in the region.

The **specific objectives** include:

- 1) Facilitating regional economic cooperation and integration, regulatory/institutional convergence, increased Euro-Mediterranean but also intra-regional trade (in particular through the Agadir Agreement) and investment flows, against the background of the EIP, in particular its pillar focused on policy reforms;
- 2) Strengthening a regional approach to economic reforms and an effective business climate, enhancing competitiveness through research and innovation, and shaping Micro, Small and Medium Enterprises (MSME) policies in line with EU best practices and the UfM regional agenda, with particular focus on small businesses; improved capacities of Business Support Organisations (including clusters) in service delivery to their members, stronger links to European networks; fostering innovation and digitalisation in the Southern Mediterranean (including on cross-border e-commerce and e-business to increase regional transactions);
- 3) Promoting access to finance and financial inclusion for MSMEs, through a comprehensive range of financial instruments provided in cooperation with European Finance Institutions, (including instruments such as microfinance, venture capital/risk capital and guarantees) and through enhanced policy dialogue at regional level;
- 4) Supporting emerging forms of economic activity and new actors with an impact on socio economic inclusion and job creation especially among young women and men, such as social economy/social entrepreneurship and green and circular economy.

Main **expected results** are:

- 1) Closer economic cooperation through convergence of trade and investment policies and enhanced institutional capacity in the region; trade and investment flows with the EU, intra-regionally and with 'neighbours of the neighbours' are maintained/increased.
- 2) South Partner Countries put MSME development at the core of their business environment and regulatory reforms, in line with EU best practise; European and Mediterranean Business Support Organisations engage in private-public dialogue, internationalisation and increase links to regional networks.
- 3) MSMEs in the region have access to a wider and better targeted range of financial instruments, including to alternative sources of finance; policy frameworks in South Partner Countries support financial inclusion.
- 4) Social economy and green entrepreneurship demonstrate their potential to contribute to inclusive growth and job creation, especially for young people and vulnerable groups, and become part of the regional policy agenda, with ramifications towards the country based policy dialogue and cooperation

For each result, the main **indicators** for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 1.

3.3 Promoting connectivity and the sustainable use of natural resources (indicative 30% of total budget)

The **overall objective** is to support partner countries' transition to low-carbon, climate-resilient and resource efficient economies (in particular water and energy), while mitigating environmental degradation and promoting sustainable transport operations.

The **specific objectives** include:

- 1) Support to the design and implementation of policies, measures and innovative digital solutions promoting progress towards good environmental status of the Mediterranean Sea, (including reducing pollution, protection of biodiversity, promotion of green and circular economy), fight against climate change, mitigate water stress and improve waste management, energy efficiency and energy security in the EU and the partner countries;
- 2) Improving the legal and institutional framework related to natural resources' management (energy, water, wildlife and aquaculture), thereby fostering investments for the supply side (infrastructures) and the implementation of efficient demand management schemes;
- 3) Facilitating low-carbon transport operations (by road, train, sea and air) and improving their efficiency and security as foreseen in the UfM Regional Transport Action Plan 2014-2020.

- 4) Supporting at country level the implementation of relevant UfM regional agendas and ministerial declarations, including in areas such as water and digital connectivity

The **expected results** are:

- 1) Partner countries mitigate pollution, increase energy security, manage water, waste and key natural resources (including energy, water, wildlife) in a more efficient and sustainable way, thanks to (i) pertinent legislative packages being adopted and enforced; (ii) increased share of renewable sources and substantial energy efficiency measures (at national and local levels); (iii) enhanced capacities in implementing Nationally Determined Contributions (NDCs).
- 2) An increase of investments towards the green, blue and circular economy, which provides opportunities for job creation and more sustainable production and consumption modes.
- 3) In-country and cross-border mobility is promoted, through safer and more sustainable transport modes and the mitigation of main physical and legal connectivity bottlenecks between Southern countries.
- 4) UfM Member Countries integrate within their sector strategies the tangible outcomes of UfM sector platforms/working groups (as per UfM Declarations and working programs)

For each result, the main **indicators** for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 1.

3.4 Support for capacity development/ institution building of regional bodies (indicative 10% of total budget)

The **overall objective** is to strengthen economic and political ties between countries of the region in order to increase political stability and economic prosperity.

The **specific objectives** include:

- 1) Promoting stronger institutional partnerships with the UfM, the Anna Lindh Foundation and enhancing regional integration through other regional actors such as the LAS and the Organisation of Islamic Cooperation;
- 2) Capacity building for more effective policy-making in key consensual although problematic areas (e.g. youth unemployment, migration, intercultural dialogue);
- 3) Strengthening the capabilities of regional organisations to act in the interests of citizens in the Southern Neighbourhood and enhancing national accountability for domestic, regional and international commitments.

The **expected results** are:

- 1) UfM becomes the reference body for addressing regional issues. ALF develops its regional network of CSOs to enhance dialogue between civil societies of the region, particularly

- young people.
- 2) Increased capacity of regional organisations to engage in sectorial policy dialogue with institutional and civil society stakeholders; greater quality of inputs and projects; social dialogue is promoted and the capacity of trade unions and employer organisations is strengthened.
 - 3) Regional organisations develop greater independence from national governments and operate as transmitters of international standards.

For each result, the main **indicators** for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 1.

4. Regional programmes

EU cooperation will be implemented through regional programmes adopting the **fewer and bigger approach**, including new **EU branding** initiatives, in line with the priorities captured in sections 3.1 to 3.4. Themes to be covered, among others, are listed below. The specific brand names will be developed in the course of 2018 in the most effective and appropriate way to communicate to the target audience in the region, with a view to extend the branding also to bilateral programmes.

- **EU#Security** will be the basis for a generic brand for all regional projects and programmes falling under any of the areas identified in the security chapter of the European Neighbourhood Policy, ie Security Sector Reform, tackling terrorism and preventing radicalization, disrupting organised crime, protection of critical infrastructure, fighting cybercrime, promoting cybersecurity and disaster and crisis management and response (including civil protection and mitigating Chemical, Biological, Radiological, and Nuclear Risks).
- **EU#Business-Jobs** will cover all regional programmes addressing private sector development, inclusive economic growth and job creation under a common brand. This will include initiatives contributing to an enabling environment for MSMEs, facilitating access to finance, strengthening needs-driven business support institutions in regional networks, promoting innovation and creating opportunities for social entrepreneurship.
- **EU#Youth**: This programme, which has a high potential for visibility, will support the existence of regional youth networks and enable these to gain access to policy-makers at national, European and regional levels through capacity-building, networking and dialogue, promoting resilience and stability. Culture is a field where there is real added value in working at regional level, with few bilateral programmes of significant size. The objective is to engage young people and regional institutions in protecting and promoting intangible cultural heritage and diversity as a bulwark against violent extremism.
- **EU#Energy**: This programme will pursue the promotion of harmonisation of regulatory frameworks, interconnection of gas and electricity markets, increased use of renewable energies, energy efficiency and climate-related measures. The action will also offer a dedicated support to promote energy efficiency in selected areas of the economy (in

particular in the building sector, and for products), through policy and institutional support, dissemination of best practices, demonstration projects.

- **EU#Med-Green:** This programme will promote green and circular economy, facilitating sustainable consumption and production patterns; support to regional cooperation to depollute the Mediterranean, with a particular focus on plastics; Support to regional cooperation and demonstration projects aimed at reinforcing water governance, and water efficiency; support to designing and implementing marine protected areas; supporting sustainable and safe transport.

5. Policy dialogue and cooperation with the Union for the Mediterranean and other regional fora

The Council conclusions on the Review of the ENP (14th December 2015) acknowledge that: "The Union for the Mediterranean should be considered as a key regional framework for political dialogue and regional cooperation efforts, including through regular ministerial meetings". The UfM Northern Co-Presidency was transferred to the EU in March 2012, allowing for more dynamic and co-ordinated political exchanges and better articulation of UfM activities with EU sector policies and programmes.

The Secretariat of the Union for the Mediterranean (UfMS) was established by a decision of Heads of State and Government of the UfM and its Statutes were adopted on the 3 March 2010 by virtue of a decision by the Senior Officials of the members of the UfM in Barcelona.

The mandate of the Secretariat focuses on promoting regional dialogue among UfM member countries and with various partners active in the region following a multi-stakeholders approach.

The UfM offers platforms for dialogue in the priority areas and sectors of interventions to promote regional agendas and identification of common priorities. These platforms follow up on the implementation of the decisions, commitments and tasks derived from the various Ministerial declarations;

The successful UfM ministerial meetings of the past years have consolidated the importance of the UfM as a political platform, reconfirmed the importance of regional integration and cooperation, and laid down the UfM work programme for the coming years. They have agreed to move forward on issues of common concern in the areas of transport, energy, gender, youth, employment and labour, industrial cooperation, environment and climate change, digital economy, blue economy and urban development.

Another key actor in the region is the LAS main forum for discussing political and security solutions to conflicts affecting the region. The regular EU-LAS Foreign Affairs Ministerial Meetings and other contacts between the two organisations gave renewed impetus to the EU-LAS

cooperation. The EU and the LAS have also established a Strategic Dialogue, enabling the two organisations to address security related topics through its 6 working groups⁵.

The EU- OIC cooperation is also gaining momentum. The aim of EU's closer engagement with the OIC is to promote tolerance, diversity and pluralism. A Memorandum of Understanding was signed in 2015 and contacts are developing to identify joint operational actions.

6. Cross-cutting issues

Civil Society – Apart from being the recipient of specific programmes, civil society, including trade unions and employers' organisations, will be a full partner in all sectors and is recognised as an important actor for development and governance. Particular attention will be paid to young people and to protecting the space for civil society to operate freely. Synergies will be sought between the Anna Lindh Foundation and the new hub for a structured dialogue with civil society in the Southern Neighbourhood and its network.

Gender equality: in line with the country level Gender Action Plans II which form part of the EU's Gender Action Plan covering the period 2016-20, gender equality will be integrated in all sectors with a particular emphasis on ensuring girls' and women's empowerment and access. Specific indicators will be developed in order to monitor performance on this objective.

Youth: promoting opportunities for youth will cut across the various programmes to be approved under the MIP. Making up a very large part or a majority of the population, the empowerment of young people across the board, in particular by allowing them greater access to the formal labour market, enabling their voice to be heard and them to act as agent of conflict prevention, peacebuilding notably through fostering intercultural dialogue, represent such a high potential for societal resilience and stability that all programmes adopted should take this group into account. Specific indicators will be developed to monitor performance on this dimension.

UfM Policy dialogue: work in all focal sectors will be backed up by regular policy dialogue in the framework of the UfM and other relevant regional actors.

Strategic Communication: better, clearer and tailor-made strategic communications, leading to more understanding of EU policies and increased credibility for the EU as a body in the eyes of the citizens of the countries of the Southern Mediterranean.

Work in all sectors will be based on respect of democratic principles and fundamental **human rights**.

7. Risk and Assumptions

Many of the countries of the region find themselves in political turmoil and protracted conflicts. This increasingly structural crisis element affecting the region is the major risk with an effect on

⁵ Counter-terrorism, crisis response and early warning, weapons of mass destruction and arms control, fight against transnational crime, migration, humanitarian assistance.

the implementation of the 2018-2020 Multiannual Indicative Programme. There is risk that the partner countries encounter setbacks, affecting the relation with the EU and its contribution to the transition to democracy and inclusive growth.

To mitigate these effects a high level of commitment to regional cooperation will be required from partner countries which is proved to be more resilient than bilateral cooperation to crises affecting the region. There is a risk that such support to the Southern Neighbourhood region may weaken over time, due to the persistence of conflicts and differences between partner countries' vision of policy reform and political commitment to closer relations with the EU.

The effectiveness of EU support to regional cooperation will depend on the regional institutions' efficiency in designing and implementing common actions and in promoting common agendas, but also on the political commitment of member countries to fully cooperate within the existing regional fora. To this end, with regards the UfM, the EU will continue supporting programmes to assist the member countries in the region to integrate the ministerial recommendations in their national policies and legislations.

The other main risk is with respect to civil society. The space for freedom of expression and operation is shrinking in most of the Southern Neighbourhood countries. The regional aspect provides some mitigation for this, as the themes to be developed will be common to the region as a whole rather than targeting specific countries. Events can also be held in those countries where civil society organisations face least problems in operating.

8. Linkage with ENI wide-programming (2018-2020) and other instruments

Synergies and cross referencing with programmes and initiatives financed under the European Neighbourhood-wide programme will be enhanced, in particular with the activities implemented through the Neighbourhood Investment Platform (NIP) and the Erasmus+ Programme for the mobility of students, university staff, young people, volunteers and youth workers as well as researchers through Horizon 2020. The NIP shall facilitate a better coordination of the investments under the European External Investment Plan.

When needed, in the areas of security and migration, Southern Neighbourhood programmes could be launched to complement the comprehensive actions already funded by the EU through specialised instruments, such as: i) the EU Instrument contributing to Stability and Peace (IcSP); ii) in Northern Africa, the EU Emergency Trust Fund for Africa that targets the root causes of destabilisation, displacement and irregular migration, and iii) the EU Regional Trust Fund in Response to the Syrian Crisis (EUTF Madad) which addresses longer term economic, educational and social needs of Syrian refugees in neighbouring countries such as Jordan, Lebanon, Turkey and Iraq, as well as helping host communities.

Complementarity with the thematic programme civil society organisations and local authorities (CSO-LA) and the European Instrument for Democracy & Human Rights (EIDHR) will also be reinforced when it comes to regional initiatives involving civil society and local authorities.

9. Complementarity and reinforced support at bilateral level

Beyond the regional development objectives, the present regional cooperation strategy will also aim to reinforce and complement mutually the priorities agreed at country level. In this context, greater attention will be paid to issues that will also affect bilateral programming such as socio-economic development, security and energy, in line with EU policy objectives.

Joint programming missions with bilateral services were organised in order to consult on the scope of bilateral and regional cooperation. The regional priorities for 2018-2020 were discussed and agreed with the EU Delegations in the region to ensure linkage with bilateral initiatives.

In this respect, regional programmes add value either because (i) they support regional priorities of a transborder nature, which for their functioning require the establishment of platforms around which all parties/countries can meet. This is the case in fields such as environment, water, transport and energy connectivity, trade and investment linkages where the UfM plays a strong role; or (ii) they allow the EU to test/pilot new approaches which, if successful, can be scaled up at country level, through multi-country actions; or (iii) they offer an additional space for North-South or South-South dialogue for stakeholders with whom the EU is otherwise engaged at country level.

The degree to which regional multiannual programming will benefit individual countries will be adapted to local needs.

Attachments

Sector of intervention framework and performance indicators (Annex 1)

Annex 1. Sector of intervention framework

<p>Sector 1: Building resilience and promoting stability</p> <p>Specific objective 1: Complementing and reinforcing at regional level bilateral strategies in support of good governance, including e-government initiatives, civil society, democracy and rule of law</p>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
<p>Council of Europe and UN conventions and recommendations are ratified and implemented by South Partner countries, particularly with respect to violence against women; protection of the rights of children, protection of minorities and vulnerable populations (e.g refugees or displaced); measures combatting corruption and measures to enhance independence of judiciary and freedom of speech.</p>	<ul style="list-style-type: none"> • Number of requests from partner countries for technical assistance and expertise • Debates in parliament and legislation adopted • Adequate institutions are set up or strengthened and are operational 	<p>Correspondence from Ministries</p> <p>Official Journal</p> <p>Annual Human Rights Country Report</p>
<p>Specific objective 2: Strengthening trust and peacebuilding as well as regional assessments and responses to cross-border security challenges and violent extremism</p>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
<p>South Partner Countries/regional organisations seek closer alignment on methodologies similar to the EU Policy cycle against serious and organized crime.</p>	<ul style="list-style-type: none"> • Number of updated threat assessments at country level and regional level • Number of strategies and action plans based on the threat assessments 	<p>Project reports</p> <p>Security dialogues</p> <p>EU SOCTA (Serious and organised Crime Threat Assessment)</p>
<p>Specific objective 3: Setting up effective regional mechanisms to enable the EU and partner countries to respond with a rights-based approach to factors promoting instability, security challenges and their longer-term impact on resilience in the Southern Neighbourhood</p>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>

<p>Regional dialogue platforms allow for exchanges on security sector reform, including fight against serious and organised crime, counterterrorism, prevention of violent extremism and for capacity reinforcement notably through the expertise of European agencies (eg Frontex, Eurojust, Europol) and the partnership with relevant international actors (eg INTERPOL, NATO)</p>	<ul style="list-style-type: none"> • Number of network meetings in the field of law enforcement, justice and border security • Number of MoUs, working arrangements or equivalent signed between EU JHA agencies and South partner countries 	<p>Reports from EU institutions, JHA agencies and relevant international organisations</p> <p>EU JHA agencies' reports and websites</p>
<p>South partner countries actively engage in cooperation to reinforce their civil protection structures and disaster management notably through closer cooperation with the Union Civil Protection Mechanism (UCPM).</p>	<ul style="list-style-type: none"> • Number of MoUs, working arrangements or equivalent signed between the EC and South partner countries/ regional organisations 	<p>ECHO</p>
<p>Specific objective 4: Strengthening societal linkages across the Southern Neighbourhood, including supporting civil society involvement, among which the involvement of young people, in governance processes at all levels, and particularly at the regional one;</p>		
<p><u>Expected Result</u></p>	<p><u>Indicators</u></p>	<p><u>Means of verification</u></p>
<p>Civil Society is able to engage more effectively with regional organisations and advance their agendas through policy dialogue</p>	<ul style="list-style-type: none"> • Number of platforms for dialogue between civil society and regional bodies held in the region on any policy. • Number of policy issues addressed in any platform for dialogue as part of a Regional programme. 	<p>Event reports, civil society reports, Anna Lindh Foundation reports, reports from regional bodies.</p>
<p>Specific objective 5: Developing civil society's capacity to act as a credible interlocutor and partner in the framework of the dialogue with regional organisations and to foster pluralism, coexistence and respect through enhancing intercultural dialogue.</p>		
<p><u>Expected Result</u></p>	<p><u>Indicators</u></p>	<p><u>Means of verification</u></p>
<p>Networks of regional thematic networks of CSOs are developed and sustained. Civil Society is able to engage more</p>	<ul style="list-style-type: none"> • Number of networks established. 	<p>Project reports, civil society & Anna Lindh</p>

effectively with regional organisations and advance their agendas through policy dialogue; regional and country based civil society platforms interact and mutually support each other.		Foundation reports, reports from regional bodies.
Enhanced EU's engagement and strengthened youth agency and intercultural dialogue among youth from both Europe and the Euro-Mediterranean region.	•	Reports from relevant partners such as the Anna Lindh Foundation.

Sector 2: Fostering inclusive and sustainable economic development and job creation

Specific objective 1: Facilitating regional economic cooperation and integration, regulatory/institutional convergence, increased Euro-Mediterranean but also intra-regional trade (in particular through the Agadir Agreement) and investment flows, against the background of the EIP, in particular its pillar focused on policy reforms.

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
<p>1) Closer economic cooperation through convergence of trade and investment policies and enhanced institutional capacity in the region;</p> <p>2) Trade and investment flows with the EU, intra-regionally and with 'neighbours of the neighbours' are maintained/increased in a competitive global environment;</p>	<ul style="list-style-type: none"> • Number of trade and investment regulations revised and institutional reforms adopted to enhance the investment climate • Exports of goods and services as a percentage of GDP • Percentage increase in intra-regional trade, notably between Agadir countries • Percentage increase of public investment and FDI in Southern partners 	<p>Reports of the Agadir Secretariat</p> <p>IMF, OECD and UNCTAD reports</p> <p>National and Central Bank statistics</p> <p>EIP monitoring framework</p>

Specific objective 2: Strengthening a regional approach to economic reforms and an effective business climate, enhancing competitiveness through research and innovation, and shaping MSME policies in line with EU best practices and the UfM regional agenda, with particular focus on small businesses; improved capacities of Business Support Organisations (including clusters) in service delivery to their members, stronger links to European networks; fostering innovation and digitalisation in the Southern Mediterranean (including cross-border e-commerce and e-business to increase regional transactions);

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
<p>1) South Partner Countries put MSME development at the core of their business environment and regulatory reforms, in line with EU best practise;</p> <p>2) European and Mediterranean Business Support Organisations engage in private-public dialogue, internationalisation and increase links to regional networks.</p>	<ul style="list-style-type: none"> • Percentage in Small Business Act assessment of SME policy frameworks • Rank in Global Competitiveness and in Doing Business • Number of dialogue platforms established to regularly consult private sector on prioritisation and monitoring of reforms • Number of client-oriented Business Support Institutions in the region supporting internationalisation and links with European networks 	<p>OECD SME Policy Index</p> <p>Global Competitiveness Index GCI, WB Report on Doing Business</p> <p>Reports of WB and IMF, Ministries of Economy and Central Banks</p> <p>UfM reports</p> <p>Project reports</p>
<p>Specific objective 3: Promoting access to finance and financial inclusion for SMEs, through a comprehensive range of financial instruments provided in cooperation with European Finance Institutions (including instruments such as microfinance, venture capital/risk capital and guarantees) and through enhanced policy dialogue at regional level.</p>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
<p>1) MSMEs in the region have access to a wider and better targeted range of financial instruments, including to alternative sources of finance;</p> <p>2) Policy frameworks in South Partner Countries support financial inclusion.</p>	<ul style="list-style-type: none"> • Share of loans in local currency provided to MSMEs , out of total loans • Share of non-banking sources of finance provided to MSMEs, out of total loans • Number of MSMEs obtaining access to finance through EU 	<p>National and Central Bank statistics</p> <p>Annual reports of the WB and IMF</p> <p>Monitoring reports of the 'EU Initiative for Financial Inclusion'</p>

	support <ul style="list-style-type: none"> • Number of strategies and regulations revised, and institutional reforms implemented to enhance financial inclusion 	Project reports
<p>Specific objective 4: Supporting emerging forms of economic activity and new actors with an impact on socio economic inclusion and job creation especially among young women and men, such as social economy/social entrepreneurship and green and circular economy.</p>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Social economy and green entrepreneurship demonstrate their potential to contribute to inclusive growth and job creation, especially for young people and vulnerable groups, and become part of the regional policy agenda, with ramifications towards the country based policy dialogue and cooperation	<ul style="list-style-type: none"> • Number of initiatives replicated at country level • Number and type of new services developed (e.g by BSOs) 	Project reports, studies and research
<p>Sector 3: Promoting connectivity and the sustainable use of natural resources</p> <p>Specific objective 1: Support to the design and implementation of policies, measures and innovative digital solutions to promote progress towards good environmental status of the Mediterranean Sea, (including reducing pollution, protection of biodiversity, promotion of green and circular economy), fight against climate change, mitigate water stress and improve waste management, energy efficiency and energy security in the EU and the partner countries</p>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Partner countries mitigate pollution, increase energy security, manage waste and water and key natural resources (including energy, water, wildlife) in a more efficient and sustainable way, thanks to (i) pertinent legislative packages being adopted and enforced; (ii) increased share of renewable sources and substantial energy efficiency measures (at national and local levels); (iii) enhanced capacities in implementing	<ul style="list-style-type: none"> • Number of legislative packages adopted and enforced on pollution and management of natural resources • Adoption of a UfM Water agenda • Progress of partner countries in achieving their Paris Agreement commitments (NDCs) 	<ul style="list-style-type: none"> • National Official journals; • European Environmental Agency • UfM Reports Reports from the UNFCCC and the JRC • Reports from

NDCs.	<ul style="list-style-type: none"> • Number of sustainable energy and climate action plans adopted and implemented. • Increase of the share of renewables in the countries' energy mix • Energy efficiency's increased rate in the building, industry and transport sectors • Decrease of energy poverty • Number of projects under PRIMA targeted at achieving the stated objective 	National authorities, International Energy Agency and Observatoire Méditerranéen de l'Energie
<p>Specific objective 2: Improving the legal and institutional framework related to natural resources' management (energy, water, wildlife and aquaculture), thereby fostering investments for the supply side (infrastructures) and the implementation of efficient demand management schemes</p>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
An increase of investments towards the green, blue and circular economy, which provide opportunities for job creation and more sustainable production and consumption modes	<ul style="list-style-type: none"> • Number of adopted regulations, reforms, support schemes implemented to support green, blue and circular economy • Number of awareness-raising events and campaigns on sustainable consumption • Volume of recycled materials, emissions reported 	<ul style="list-style-type: none"> • European Environment Agency; national reports. • UNIDO reports
<p>Specific objective 3: Facilitating low-carbon transport operations (by road, train, sea and air) and improving their efficiency and security as foreseen in the UfM Regional Transport Action Plan 2014-2020</p>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
In-country and cross-border mobility	<ul style="list-style-type: none"> • Share of public transport vs 	<ul style="list-style-type: none"> • International

<p>is promoted, through safer and more sustainable transport modes and the mitigation of main physical and legal connectivity bottlenecks between Southern countries</p>	<p>use of private car for passengers <i>(per country indicator)</i></p> <ul style="list-style-type: none"> • Number of accessions and/or adherences to UNECE Conventions and Agreements <i>(regional indicator)</i> • Share of exports between EuroMed countries to exports towards the rest of the world <i>(regional indicator)</i> 	<p>Association of Public Transport</p> <ul style="list-style-type: none"> • Depository Notifications to United Nations Economic Commission for Europe (UNECE) • Minutes of meetings of Subsidiary Bodies of UNECE Inland Transport Committee • Official EuroMed countries Government Gazette • Other EuroMed countries official Government documents • International Monetary Fund (Direction of Trade Statistics - DoTS) • World Trade Organisation
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Specific objective 4: Supporting at country level the implementation of UfM regional agendas and ministerial declarations, including in areas such as water and digital connectivity.

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
<p>UfM Member Countries integrate within their sector strategies the tangible outcomes of UfM sector platforms/working groups (as per UfM Declarations and working programs).</p>	<ul style="list-style-type: none"> • Participation of national experts to UfM working groups and platforms • Number of legislative texts developed at country's level integrating UfM working groups' outcomes 	<ul style="list-style-type: none"> • UfM reports • National Official Journals

Sector 4: Support for capacity development/institution building of regional bodies

<p>Specific objective 1: Promoting stronger institutional partnerships with the UfM, the Anna Lindh Foundation (ALF) and enhancing regional integration through other regional actors such as the LAS and the OIC</p>		
<u>Expected Result</u>	<u>Indicators</u>	<u>Means of verification</u>
UfM becomes the reference body for addressing regional issues. ALF develops its regional network of CSOs to enhance dialogue between civil societies of the region, particularly young people.	<ul style="list-style-type: none"> • Number of Ministerial and High Level Working Groups held each year; • Number of events and participants in events; 	<ul style="list-style-type: none"> • UfM annual reports • ALF annual reports •
<p>Specific objective 2: Capacity building for more effective policy-making in key consensual although problematic areas (e.g. youth unemployment, migration, inter-cultural dialogue)</p>		
<u>Expected Result</u>	<u>Indicators</u>	<u>Means of verification</u>
Increased capacity of regional organisations to engage in sectorial policy dialogue with institutional and civil society stakeholders; greater quality of inputs and projects; social dialogue is promoted and the capacity of trade unions and employer organisations is strengthened.	<ul style="list-style-type: none"> • Number of working groups and senior officials meetings including participation from civil society and social partners. 	Meeting reports and annual reports from UfM, League of Arab States, etc
<p>Specific objective 3: Strengthening the capabilities of regional organisations to act in the interests of citizens in the Southern Neighbourhood and enhancing national accountability for domestic, regional and international commitments</p>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Regional organisations develop greater independence from national governments and operate as transmitters of international standards.	<ul style="list-style-type: none"> • Number of references to international human rights law and relevant international conventions in ministerial declarations. 	Ministerial declarations of regional bodies; UN & NGO reports.