



This action is funded by the European Union

ANNEX 4

of the Commission Implementing Decision on the Annual Action Programme 2016 – Part 1 in favour of ENI South countries

Action Document for job creation, economic development and inclusiveness in the Southern Mediterranean

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in sections 5.3.1 and 5.3.2 concerning calls for proposals and in section 5.3.3 concerning grants awarded directly without a call for proposals.

1. Title/basic act/ CRIS number	Support to job creation, economic development and inclusiveness CRIS number: 2016 / 039-507 financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	The action shall be carried out at the following location: Neighbourhood South countries (Algeria, Egypt, Israel ¹ , Jordan, Lebanon, Libya, Morocco, Palestine ² , Tunisia and Syria ³)	
3. Programming document	Programming of the European Neighbourhood Instrument (ENI) - 2014-2020. Regional South Strategy Paper (2014-2020) and Multiannual Indicative Programme (2014-2017)	
4. Sector of concentration/ thematic area	Building a partnership for inclusive and sustainable economic development	DEV. Aid: YES

¹ See Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards on http://eurlex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2013.205.01.0009.01.ENG.

² 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.

³ Co-operation with the Government of Syria suspended since 2011.

5. Amounts concerned	<p>Total estimated cost: EUR 16.8 million</p> <p>Total amount of EU budget contribution EUR 14 million</p> <p>This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 2.8 million.</p> <p>Budget line: 22.04.01.02</p>			
6. Aid modality(ies) and implementation modality(ies)	<p>Project Modality</p> <p>Direct management:</p> <p>Grants – calls for proposals</p> <p>Grants – direct award</p>			
7 DAC code(s)	<p>25010 Business support services and institutions</p> <p>33130 Regional trade agreements</p>			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	<p>Not applicable</p>			

SUMMARY

The main objective of this action is to promote job creation, economic development and inclusiveness in the Southern Mediterranean partner countries, by supporting three complementary components:

Component 1: Business-to-business networking (EUR 5 million) which aims to enhance business support organisations and increase business linkages, in particular with EU counterparts, through creating economic opportunities at international level.

Component 2: Social business ecosystems (EUR 5 million) which aims to strengthen social business ecosystems and relevant stakeholders in view of economic inclusiveness and job creation at local level.

Component 3: Regional trade integration – AGADIR⁴ (EUR 4 million) which aims to create new trade and investment opportunities for the private sector in member countries, thus contributing to economic development. It focuses on trade development and regional economic integration through the implementation of the Agadir Agreement, as a milestone towards the realisation of a Euro-Mediterranean free trade area.

1 CONTEXT

1.1 Regional context/Thematic area

Sustainable growth and employment are common concerns among the partner countries in the Neighbourhood South, where 5 million jobs need to be created on a yearly basis to particularly integrate young people into the labour market. Unemployment rates in the region have remained stubbornly high during the last 5 years, particularly among youth (15–24 years) with an average rate of 25 percent for young males and about 40 percent for young females. Some estimates show that the youth unemployment rate is as high as 40 percent in Tunisia and even higher in the inland governorates, and is probably the main factor that has recently contributed to unprecedented increase of violence and extremism in the country.

The largest reservoir of jobs remain the 6 million micro, small and medium enterprises (mSMEs) that account for 90% of total employment, but which are not yet contributing their full share to sustainable growth and often remain in the informal economy. More productive and efficient enterprises fuel economic growth and create demand for skilled labour, generating better paid jobs with decent working conditions. These enterprises, which operate in the formal economy, are also a source of value-added, contributing through taxation to provide the resources needed for developing an efficient public administration and sustain public investment in areas such as infrastructure, health and education.

Boosting regional trade integration, economic development and inclusiveness, and job creation requires strong business support institutions, with networks within the region and with European counterparts, the inclusion of new economic actors, as well as an improved business climate, in particular through transparent and open trade and investment regimes.

1.1.1 *EU Policy Framework*

The actions proposed under this Action Document are joint priorities for co-operation as called for by **different Joint Communications** of the European

⁴ The Agadir Agreement for establishing a Mediterranean Free Trade Area was signed on 25 February 2004 and entered into force in 2007. Agadir member countries include Morocco, Tunisia, Egypt and Jordan, while the Palestinian Authority and Lebanon requested accession to the Agreement in 2013 and 2014.

Commission and of the High Representative of the EU for Foreign Affairs and Security Policy⁵.

Three Joint Communications since 2011, namely "A partnership for democracy and shared prosperity with the Southern Mediterranean", "A new response to a changing Neighbourhood" and most recently "The Review of the European Neighbourhood Policy" have identified inclusive economic development and employment creation, in particular for the youth, in the strong mutual interest of the EU and Southern Mediterranean partner countries.

The ENP review explicitly puts economic and social development at the heart of the EU's contribution to stabilising the neighbourhood and building partnerships. It is calling on partner countries to support the adoption of policies conducive to stronger, sustainable and more inclusive economic growth, facilitating business and investment partnerships; promoting market access and trade development, developing mSMEs, and fostering employment.

In addition, the actions proposed reflect other key EU policy frameworks, such as the priorities expressed in the Declaration of the Union for the Mediterranean (UfM) ministerial meeting on industrial co-operation (19 February 2014) adopted by the EU and Mediterranean industry ministers. It calls for intensifying networking of businesses and business support services in the EU and other Mediterranean countries, and for strengthening and creating synergy between networks of businesses of all sizes and the organisations which support their development. The proposed actions are also in line with the priorities pursued under the employment and labour dimension of UfM, which concentrated recently among others on job creation in the formal sector.

According to Council Conclusions (7 December 2015) "The promotion of the social economy as a key driver of economic and social development in Europe", social economy further contributes to several key EU objectives, including the achievement of smart, sustainable and inclusive growth, high-quality employment, social cohesion, social innovation, local and regional development and environmental protection. Since the launch of the Social Business Initiative strategy in 2011, a lot has been achieved within the EU in terms of improving access to private, public and hybrid funding; giving more visibility to social enterprises; optimising the legal environment in which they operate. The EU Social Business Initiative now focuses on strengthening the External Dimension.

1.1.2 Stakeholder analysis

Component 1 – Business to Business networking

The main target groups for this component are: Business Support Organisations (Chambers of Commerce, Business Associations, federations, SME organisations, employers' organisations etc.) and business networks in the Mediterranean partner countries. In view of ensuring the delivery of efficient support and linkages services

⁵ COM (2011)200 of 8 March 2011 "A partnership for democracy and shared prosperity with the Southern Mediterranean"; COM (2011)303 of 25 May 2011 "A new response to a changing Neighbourhood"; COM JOIN(2015)500 final of 18 November 2015 "Review of the European Neighbourhood Policy".

to the SMEs of the region, there is a need to further develop quality Euro-Mediterranean networks and a robust set of intermediary organisations supporting the development of SMEs. The final beneficiaries are existing SMEs with a potential for internationalisation.

Component 2 – Social enterprises ecosystems

The main target groups for this component are: National and local authorities dealing with enterprise creation and private/social business stakeholders with a view to promoting public – private dialogue and further action/reform; social enterprises support structures and other relevant social business stakeholders (e.g. clusters, incubators, accelerators). The final beneficiaries are social enterprises/ clusters of enterprises with a strong potential for job creation.

Component 3 – Regional trade integration - AGADIR

The main target groups for this component are linked to the institutional framework of the Agadir Agreement: the Agadir focal points and specialised departments of Trade Ministries in the Member Countries as well as the Agadir Technical Unit (ATU), based in Amman. The ATU is mandated by the Trade Ministers and the Foreign Affairs Ministers Committee to oversee and promote the implementation of the Agadir Agreement. Other stakeholders in the project are the private sector and various private sector representative bodies, chambers of commerce and industry, and sector associations in the Member Countries of the Agadir Agreement.

1.1.3 Priority areas for support/problem analysis

Component 1 – Business to Business networking

The deteriorating economic situation and the challenging security context in most Southern Mediterranean partner countries combined with a stagnating European economy have resulted in reduced investment and business linkages between EU and Mediterranean businesses. EU investments towards the region have gone down 40% since 2008 while EU imports from partner countries in the region have been almost stagnant during the last years (1.1% average growth for the period 2010-2014).

Most SMEs in Mediterranean partner countries need support for their internationalisation efforts to identify the potential of their products, develop a market strategy, understand cultural as well as technical and non-technical barriers, and gain access to financial instruments. Private and public business support organisations (BSOs) are essential partners and multipliers in economic transformation, provided they possess the necessary know-how and outreach to the SMEs in their respective countries.

Especially in times of economic recession and instability, there is a need to facilitate links between European business networks and BSOs in the Mediterranean, and strengthen their capacities to provide effective services and tools, tailor-made to the needs of SMEs, to promote trade and investment flows between the two rims of the Mediterranean Sea.

Support to Euro-Mediterranean business support organisations is a long-standing feature of EC assistance to private sector development in the region, with an ongoing project (Euromed Invest EUR 5 million) finishing by end 2016. Continued regional

support to business-to-business networking is in the mutual interest of the EU and its Mediterranean partners.

This component will target specifically the institutional level and reinforce business support organisations. It aims to further develop quality Euro-Mediterranean business networks; providing adequate internationalisation support and linkage services for SMEs at regional or sub-regional level in targeted sectors with a strong potential for growth and job creation. This will be achieved through matchmaking meetings between sector business associations and companies, intra Mediterranean (in support of sub-regional initiatives such as the Agadir agreement) and with their counterparts in the EU; capacity building of intermediary organisations for the provision of internationalization services as well as towards financial self-sustainability; for advocacy and public-private dialogue; and promoting the networking of Euro-Mediterranean business support organisations involved in trade and investment promotion.

A regional initiative is best suited to complement existing actions at bilateral level and to create business linkages among Mediterranean partners themselves and their European counterparts.

Component 2 – Social enterprises ecosystems⁶

Within the EU, social entrepreneurship has become a growing phenomenon accounting for about 10% of the economy, 25% of new enterprises and start-ups and approximately 12 million jobs. Social enterprises are increasingly becoming important drivers for inclusive growth and play a key role in tackling current economic and environmental challenges. They create jobs in a sustainable manner, mostly locally. Moreover, social enterprises are often strong drivers for social innovation and respond to needs that are otherwise not met by public authorities and/or market players.

According to analysis by the FEMISE research network, social economy could generate up to 4% of total employment in Southern Mediterranean countries⁷. For the Mediterranean Partner Countries, the social economy sector has an important potential for job creation and socio-economic inclusion, in particular for youth and women. A number of social enterprises in the Mediterranean countries are already active and innovating in different sectors, including agriculture/fisheries, housing, education, tourism, green economy/recycling, health and community-based social services.

⁶ Social entrepreneurship is described as economic action which serves the community's interest – in particular with social or/and environmental objectives – rather than profit maximization. The profit made by the business is mainly reinvested into the business or the community, which makes social enterprises viable long-term investment opportunities. There are different organisational statutes, such as co-operatives, mutuals, associations or enterprises with a regular private/business statute but which put social impact as a primary aim.

⁷ See: "Community-oriented economy: A driver of inclusiveness and job creation in the Mediterranean Partner Countries?" - www.eib.org/infocentre/publications/all/etude-femip-femise-economie-sociale-et-solidaire.htm

Several bottlenecks have been identified for the development of social economy/social entrepreneurship in the Southern Mediterranean region. While social enterprises are already active in the region, social entrepreneurship is still a relatively recent phenomenon and its potential for inclusive economic development is not yet known. Countries lack a legal and institutional framework that would encourage and promote social enterprises initiatives and adequate dialogue/exchange platforms are missing. Another shortcoming identified is the lack of access to finance and the need for developing financial instruments tailored to social business needs.

This component aims to address these challenges in a comprehensive manner: (i) macro-level activities will involve public authorities at national/local level and private/social business stakeholders with a view to promoting public – private dialogue and further action/reform; (ii) at meso level, the programme aims at supporting social enterprises support structures and other relevant social enterprises stakeholders. This will be achieved through capacity building and networking activities – South-South and South-North – peer learning and partnerships with relevant European organisations and networks, involvement of Mediterranean social business stakeholders in programme activities; (iii) at micro level, possibly through sub-granting / cascading grants, the programme will provide support to a number of selected promising initiatives with a high potential for job creation to serve as a demonstration/pilot experience in view of replicability and scaling-up. Priority will be given to projects developed and/or implemented by young and women social entrepreneurs, in particular in less developed territories/parts of the countries.

A regional initiative will be of high relevance in the current context of high unemployment as a useful contribution to structure social business ecosystems policies and practices, share experiences and support pilot actions with a strong demonstration effect, potentially to inspire new bilateral initiatives in the region.

Component 3 – Regional trade integration - AGADIR

The EU preferential trade agreements system in the Mediterranean region remains incomplete in the absence of an effective implementation of a deep and comprehensive South/South Free Trade Agreement. The Agadir Agreement has launched a process of trade integration among Southern Mediterranean partner countries which has been supported by the EU since 2007.

However, regional integration is a lengthy process. The share of the intra-Agadir trade in the total trade of Agadir Members Countries is a small fraction of its total (estimated at 5.9% in exports and 5.1% in imports as of end 2014) and it has been stagnant during the last years – although this might be due to the global economic crisis and political instability in the region. The South Mediterranean countries have until recently attached greater importance to their trade relations with the EU than to the development of strong exchanges with their neighbours, and barriers to trade within the region remain high. Therefore, regional trade flows and economic integration between these South Mediterranean countries remain far below expectations and should continue to be promoted.

Despite the political and financial difficulties in the region, the current Agadir Member Countries have made efforts to increase their trade integration efforts to secure further progress and sustainability of the Agadir Agreement. Ministerial Committee decisions have launched several processes during the last years.

Approximation and harmonization of laws, policies and procedures on different economic and trade sectors like customs, export and import procedures, and competition are underway. As an important political signal - for the first time since the last meeting in 2010 - a Trade Ministerial conference took place on 3rd April 2016 where the accession of Palestine and Lebanon to the Agadir Agreement was agreed in principle and a number of protocols on trade harmonization were adopted. Member Countries also agreed to engage in negotiations to liberalize trade in services.

In light of the above, the EU proposes to extend its support to the Agadir Technical Unit to accelerate the implementation of its trade integration agenda and its work-plans for the period 2017-2019. This will be done through capacity building, networking and trade facilitation activities for the Agadir member countries and the Agadir Technical Unit.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Political instability preventing a regional focus on economic development, drop of business linkages, trade and investment flows	Moderate to high	Adoption of a progressive or variable geometry approach
Limited involvement of stakeholders and uneven interest from public authorities	Low to moderate	Identification of stakeholders to be involved in the project and ensure their implication from the early stage of the design
Limited scaling up of new initiatives aiming to boost employment at national level	Moderate	Involvement of policy makers and key stakeholders from an early stage of design into new initiatives aiming to boost employment. Adoption of pilot projects, replication of success stories and inclusion of strong visibility measures especially for actions which are new and innovative for the region
Limited capacity of actors (local authorities and social partners) at local level	Moderate	Specific support to be provided to local actors in particular to build partnerships and networks with European counterparts
Assumptions		
<p>Policy makers, business and trade associations, local actors and social partners are willing to co-operate and share their experience within the region.</p> <p>Policy makers in the region are looking for innovative political initiatives and co-operation strategies to increase trade and economic integration, and to tackle high unemployment. Countries are willing to develop joint actions, tools and methods targeting new business opportunities and job creation in particular for youth and women.</p> <p>Partner countries are willing to reach a higher degree of co-operation within the region and</p>		

with EU.

Partner countries will ensure sustainability and durability to the respective projects by making available the necessary human, financial and material resources.

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Lessons learnt from past bilateral and regional programmes on private sector development (such as the EU-funded programme "Support to business and investment partnerships in the Southern Mediterranean, 2013-2016") evidence the positive contribution to strengthening business networks, facilitating exchanges and interconnections between companies from the EU and the Mediterranean Partner Countries, and establishing business co-operation agreements. While bilateral action has contributed significantly to reinforce capacities of business representative organisations, regional action was considered best suited for exchange of experience among institutions and establishing links and networks with European counterparts. Business-to-business networks are thus a key feature of the EU approach to private sector development in the region. However, findings also point to the risk of dispersing efforts too widely and to the difficulty of measuring specific impact at company level for matchmaking events, due to a reluctance of enterprises to disclose business information.

Regarding regional trade integration through the Agadir Agreement, the findings of the evaluations carried out in 2012 and 2015 indicate that technical barriers to trade in the region are still significant as demonstrated by the low trade volumes and poor specialisation in the exchange of products. This is due to the fact that most of the Agadir countries are producing similar goods; however, there are exceptions (such as in the light manufacturing and automotive cars sectors, in agro-industrial products and in services) which offer a potential for regional trade. According to the private sector progress in eliminating non-tariff barriers and improvement of trade facilitation would lead to a significant increase in trade within the region. Therefore the trade facilitation promoted by the ATU should be persevered. Lessons learnt can be summarised as follows: (i) the technical work of the ATU should be more focused and steered by the Agadir Trade Ministers; (ii) closer involvement of the private sector is necessary to prioritise the ATU's trade harmonisation work and to make the benefits of the Agadir Agreement better known; and (iii) Agadir member countries should demonstrate stronger ownership and engagement for full implementation of the agreement (by deepening the agreement in fields such as non-technical barriers to trade, services and by widening the agreement to new members).

3.2 Complementarity, synergy and donor co-ordination

For component 1, synergies will be sought with the Enterprise Europe Network, which has been extended to a number of Mediterranean countries, and which provides a range of integrated services in relation to SME internationalization as well as with EU bilateral programmes, such as the Inclusive Economic Growth programme in Egypt which includes a component to strengthen meso-level organisations for the delivery of business services, the "Programme d'Appui à la compétitivité des services" (PACS) in Tunisia, and private sector support in Palestine.

For component 2, co-ordination will be ensured with other relevant EU bilateral initiatives related to social enterprises, notably: Tunisia "Initiatives d'emploi en Economie sociale et solidaire en Tunisie" (IESS); Algeria, with PADSEL-NOA; and with a component of the Programme d'Appui Jeunesse-Emploi (PAJE) – "Structuration du secteur de l'économie sociale, solidaire et innovante et soutien au développement de l'entrepreneuriat des jeunes"; Morocco "Appui technique aux opérateurs de l'économie sociale et solidaire dans la province 'Al Hoceima"; Egypt with a cluster grant on social entrepreneurship within the Research, Development and Innovation Programme (RDI) and relevant private sector activities in Palestine. Efforts will be made to link these nascent initiatives through the proposed regional action so that experiences can be shared at regional level and lead to better awareness of policy makers of their potential for job creation. .

For component 3, links have already been established with other key initiatives on regional trade integration, notably the Euro-Mediterranean Trade and Investment Facilitation Mechanism, a joint EU-ITC programme which includes technical trade information of the Agadir Member countries; the EU-Organisation for Economic Co-operation and Development (OECD) regional programme to support investment frameworks and promotion in the Southern Mediterranean countries; and the SIDA programme to support standardisation and technical harmonisation works of the Agadir Technical Unit (2014-2017).

Overall at programme level, co-ordination and synergies will be ensured with other relevant EU activities at country level, by closely involving EU Delegations, including consultation on proposals submitted to the Steering Committees, as well as organisation of specific events and co-ordination meetings in each country with relevant stakeholders. At regional level, the programme will also be co-ordinated with activities developed by the Union for the Mediterranean (UFM) in particular in relation to the Med4Jobs initiative.

3.3 Cross-cutting issues

Equal opportunity and gender mainstreaming: Inequalities in the participation of women in business and the labour market are registered in the whole region, together with other significant differences such as substantial wage gap between men and women and the lack of entrepreneurial opportunities. Unemployment generally affects women more than men in all age groups, particularly as regards long-term unemployment. The growing educational level of women in the region has often not translated into improved market access. The action will address equal opportunity and gender mainstreaming in several ways: in particular Component 1 will aim to include business support organisations representing female entrepreneurs and will also put emphasis on women entrepreneurship through use of role models, peer learning and mentoring, Component 2 will involve by design the participation of young women and men in the creation of social businesses in local communities.

Migration/protection of vulnerable groups: Among the key actions, the ENP review suggests greater EU involvement in fostering regional co-operation between neighbouring countries facing common challenges such as security and migration. Stronger links with the diaspora, legislative bodies and local economic actors, such as business, trade unions and social partners were highlighted as key in fostering self-reliance for the forcibly displaced, and for progressively integrating migrants

and returnees. The issue of migration will be integrated across project activities, whenever relevant and feasible.

Engagement with civil society: public-private policy dialogue and civil society engagement are very important for the success of this project, in particular for youth employment and employability. Components 1 and 2 of the action will directly involve civil society organisations (CSOs), including social partners, in project activities as they will be called to play an active role in the implementation of pilot projects, whenever possible; and Component 3 will seek to involve private sector in the prioritisation of the trade facilitation works and intra-trade awareness opportunities.

4 DESCRIPTION OF THE ACTION

4.1 Objectives

The **overall objective** of this action is to promote job creation, economic development and inclusiveness in the Southern Mediterranean partner countries. Three complementary actions will be supported with the following **specific objectives**:

(i) to enhance business support organisations and increase business linkages, in particular with EU counterparts, to create economic opportunities at international level (Component 1 – Business to Business networking).

(ii) to strengthen social business ecosystems and relevant stakeholders with a view to economic inclusiveness and job creation at local level (Component 2 – Social enterprises ecosystems).

(iii) to create new trade and investment opportunities for the private sector in Agadir member countries, thus contributing to economic development in the region. It focuses on trade development and regional economic integration through the implementation of the Agadir Agreement, as a milestone towards the realisation of a Euro-Mediterranean free trade area (Component 3 – Regional trade integration – Agadir).

4.2 Main activities and expected results

Component 1 – Business to Business networking

The main activity consists in supporting the development of quality Euro-Mediterranean business networks providing adequate support and linkage services for SMEs at regional or sub regional level in targeted sectors.

Main expected results:

- regional sector strategies in a limited number of sectors with a high potential for growth and employment creation are identified to attract new EU and intra Mediterranean trade and investment flows and to further enhance EU and intra Mediterranean business partnerships;
- matchmaking meetings are organised between specialists of the Mediterranean sector business associations, companies and their counterparts in the EU and intra-Mediterranean;

- capacities of intermediary organisations are further strengthened to provide improved internationalization services towards their members as well as towards international trade and investment partners, and work towards financial self- sustainability;
- BSOs in the Mediterranean play a stronger role in public-private dialogue and in advocating the needs of their members;
- networking of Euro-Mediterranean organisations involved in trade and investment promotion for the private sector is facilitated and sustainable links with counterpart institutions in the EU are developed;

Activities under this component, at regional and sub-regional level, will encompass the organisation of workshops, annual conferences, short term technical assistance, training of Mediterranean trainers, information and results dissemination activities, design of sector strategies, studies and preparation of guidelines for sustainability aspects. Attention will be paid to include business support organisations representing female entrepreneurs. Efficient interfaces with the Enterprise Europe Network will be developed in order to maximise business linkages.

Component 2 – Social enterprises ecosystems

Activities under this component will support the development of social entrepreneurship policies and structures that are expected to have a significant impact in terms of job creation (in particular for youth and women) building on existing experiences (such as the European co-operative movement, the Euro-Mediterranean network of the Social Economy – ESMED, or MedESS, a multi-stakeholder initiative committed to the development of social economy in the Mediterranean), local economic development and economic diversification in the Mediterranean partner countries. A number of pilot - demonstration activities will contribute to social inclusion and poverty reduction. Priority will be given to projects developed and/or implemented by young and women social entrepreneurs, in particular in less developed territories/parts of the countries.

Main expected results:

- public private policy dialogue at national level is enriched through the contribution of BSOs active in the field of social entrepreneurship;
- the legal framework for developing social enterprises in Mediterranean partner countries is strengthened and conducive to their specific needs;
- a platform / regional network of existing social enterprises support structures (social enterprises clusters/incubators/accelerators) is set up and strengthened through capacity building activities; networking and partnerships with EU equivalent organisations are established;
- economic sustainability of a number of social enterprises is ensured through mentoring / coaching services delivered by social entrepreneurship support organisations and other relevant business support organisations;
- a number of promising initiatives at micro level are supported to demonstrate / showcase the potential of social entrepreneurship for inclusive growth and job creation;

Type of activities: networking and capacity building of social entrepreneurship support organisations, including social enterprises incubators/accelerators; improving traditional private sector intervention in the development of social enterprises; giving more visibility to social enterprises; optimising the legal environment through public – private dialogue and policy initiatives; connecting social enterprises with social investors and improving access to finance; priority sectors: agriculture/fisheries, housing, education, tourism, green economy/recycling, health and community-based social services.

Component 3 – Regional trade integration - AGADIR

The activities under this component will support the consolidation of the institutional framework set up under the Agadir Agreement for establishing a Free Trade Area, including the sustainability and credibility of the Agadir Technical Unit (ATU) as an international body, having the necessary capacity to facilitate regional economic integration and to serve the trade development needs of government and private sector in Member Countries.

Main expected results:

- Agadir Technical Unit (ATU) technical, administrative and financial capabilities are enhanced to act as credible organisation and catalyst in the implementation of the Agadir Agreement integration agenda and work-plans(2017-2019);
- Regional trade facilitated/trade capacities of the Agadir Member Countries enhanced;
- Awareness and interest of the private sector to increase trade through the Agadir Agreement processes is raised.

The type of activities envisaged are: Organisation of regional workshops to implement the trade integration and national policy dialogue and networking (including with the business community): with exchange of experiences and peer-review and peer-learning mechanisms; Capacity-building and technical assistance to the ATU and trade experts from its member countries on trade facilitation issues (TBTs, standards / conformity assessment / mutual recognition procedures, rules of origin, intellectual property rights, services and investment, competition, dispute settlement, anti-dumping, diagnostic studies, policy analysis and recommendations to trade ministers); Monitoring and evaluation, data collection, visibility including development of communication tools to disseminate information (conferences, investors' guides, newsletters, brochures, etc.).

4.3 Intervention logic

Component 1 – Business to Business networking

The action will be implemented through a call for proposals.

Component 2 – Social enterprises ecosystems

The action will be implemented through a call for proposals including sub-granting activities to benefit pilot demonstration (cascading grants).

Component 3 – Support to trade integration

The action will be implemented through a grant awarded directly to the Agadir Technical Unit (ATU) who is the organisation responsible for the implementation of the Agadir Agreement and the facilitation of trade integration in the region. Sub-contracting of some activities (less than 25% of the total) for the provision of specialised expertise with a relevant international organisation (e.g. International Trade Centre) may be considered by ATU.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner countries, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in sections 4.2 will be carried out and the corresponding contracts and agreements implemented, is 48 months for component 1 and 2, and 36 months for component 3.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation modalities

5.3.1. Grants: call for proposals (direct management) – Component 1: Supporting Business Support organisations in the ENP South

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The objectives of the call for proposals consist in supporting the development of quality Euro-Mediterranean business networks including the provision of providing adequate support and linkage services for mSMEs, in a variety of promising sectors at regional or sub regional level.

Main expected results are the following: regional sector strategies targeted in sectors with a high potential for growth and employment creation; sectoral matchmaking meetings between specialists of the Mediterranean sector business and employers' associations, companies and their counterparts in the EU and intra-Mediterranean organised; enhanced capacity of intermediary organisations to provide improved services towards their members as well as towards international trade and investment partners, and work towards financial self- sustainability; networking of Euro-Mediterranean organisations involved in trade and investment promotion for the private sector leading to sustainable links with counterpart institutions in the EU.

(b) Eligibility conditions

In order to be eligible for a grant, the applicant must:

- be legal persons, and

- be non-profit-making, and
- be specific types of organisations such as: non-governmental organisations, public sector operators, local authorities, international (inter-governmental) organisations as defined by Article 43 of the Implementing Rules to the EU Financial Regulation, and
- be established in a Member State of the European Union or a country that is a beneficiary of the ENI Regulation, a country that is a beneficiary of an Instrument for Pre-Accession Assistance set up by Council Regulation (EC) No 1085/2006 (IPA) or a Member State of the EEA, and
- *be directly responsible for the preparation and management of the action with the co-applicants and affiliated entities, not acting as an intermediary.*

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants is 80% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

First quarter of the year 2017.

5.3.2 Grants: call for proposals (direct management) – Component 2: Support to social enterprise ecosystems in the ENP South

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The objectives of the call for proposals are the development of initiatives in support of social entrepreneurship policies and structures that are targeted to have a significant impact in terms of job creation (in particular for youth and women), local economic development and economic diversification in the Mediterranean partner countries.

Main expected results are the following: a legal framework for developing social business in Mediterranean partner countries strengthened and conducive to the specific needs of social enterprises; a platform / regional network of existing social business support structures is set up and strengthened through capacity building activities; networking and partnerships with EU equivalent organisations are established; economic sustainability of a number (to be defined) of social businesses

is ensured through mentoring / coaching services delivered by social business support organisations and other relevant business support organisations;

(b) Eligibility conditions

In order to be eligible for a grant, the applicant must:

- be legal persons, and
- be non-profit-making, and
- be specific types of organisations such as: non-governmental organisations, public sector operators, local authorities, international (inter-governmental) organisations as defined by Article 43 of the Implementing Rules to the EU Financial Regulation, and
- be established in a Member State of the European Union or a country that is a beneficiary of the ENI Regulation, a country that is a beneficiary of an Instrument for Pre-Accession Assistance set up by Council Regulation (EC) No 1085/2006 (IPA) or a Member State of the EEA, and
- be directly responsible for the preparation and management of the action with the co-applicants and affiliated entities, not acting as an intermediary.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants is 90% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

First quarter of the year 2017.

5.3.3 Grant: direct award (direct management) - Component 3 – Support to trade development in Southern Mediterranean through the Agadir Agreement trade integration agenda and work-plan (2017-2019)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The objective of this grant is the consolidation of the institutional framework set up under the Agadir Agreement establishing a Mediterranean Free Trade Area, including the sustainability and credibility of the ATU as an international body,

having the necessary capacity to facilitate regional economic integration and to serve the trade development needs of government and private sector in Member Countries.

The main activities will encompass the financing of ATU capacity expertise, provision of short-term technical assistance, training, design of sector strategies, studies and preparation of guidelines, procedures and manuals related to trade facilitation, technical harmonisation and the promotion of trade and investment. Other activities will include the organisation of workshops and conferences, facilitation of participation of delegates to these events, dissemination of information on trade and investment opportunities offered by the Agadir Agreement in particular to the private sector.

Main expected results are the following: Agadir Technical Unit (ATU) technical, administrative and financial capabilities are enhanced to act as credible organisation and catalyst in the implementation of the Agadir Agreement integration agenda and work-plans (2017-2019); Regional trade facilitated/trade capacities of the Agadir Member Countries enhanced; Awareness and interest of the private sector to increase trade through the Agadir Agreement processes is raised.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Agadir Technical Unit (ATU) – which is the international organisation established by the Agadir Agreement. Sub-contracting of some activities (less than 25% of the total) for the provision of specialised expertise with a relevant international organisation (e.g. International Trade Centre) may be considered by ATU.

Under the responsibility of the Commission's authorising officer responsible and in accordance with Art 190 (c) of the rules of application of Regulation (EU, Euratom) No 966/2012, the recourse to an award of a grant without a call for proposals is justified because the beneficiary is in a legal or factual monopoly situation in relation to the objective pursued by the EU grant or is identified as beneficiary in the basic act on which this Decision is based.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevant of the proposed action to the objectives set up for component 3: design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 80% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the grant agreement

Fourth quarter of the year 2016.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
5.3.1 – Call for proposals (direct management) – Component 1: Business to Business networking	5,000,000	1,250,000
5.3.2 – Call for proposals (direct management) – Component 2: Social business	5,000,000	550,000
5.3.3 – Direct grant (direct management) – Component 3: Regional trade development - AGADIR	4,000,000	1,000,000
Totals	14,000,000	2,800,000

5.6 Organisational set-up and responsibilities

This action will be managed by Commission services (Directorate General for Neighbourhood and Enlargement Negotiations) and, where relevant in close co-operation with other Commission services and other relevant stakeholders. For each component, in cases where a Steering Committee is created, the participation of relevant Commission services is foreseen.

5.7 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the beneficiaries responsibilities. To this aim, the beneficiaries shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and

of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the importance of the action, an ex-post evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that these are innovative approaches.

The evaluation reports shall be shared with the partner countries and other key stakeholders. The beneficiaries and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner countries, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

6 PRE-CONDITIONS

Not applicable

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective Impact	The main objective of the Action is to promote job creation in the formal economy, economic development and inclusiveness in Southern Mediterranean partner countries	Increase in trade and economic growth, and related employment opportunities in the formal economy, in particular for women and the youth	ECFIN, Eurostat, ETF reports WB, UN reports			

Specific objective(s): Outcome(s)	<p>1. The objective of this component is to enhance business support organisations and increase business linkages, in particular with EU counterparts to create economic opportunities at international level</p>	<p>Number of business partnerships initiated by the project Number of companies participating in matchmaking events Increased market access for target companies Involvement of BSOs in policy dialogue at national level.</p>	<p>Identification report/ Inception phase BSOs and private sector surveys</p>	<p>Identification report/ Inception report</p>	<p>Progress reports from implementing partner ROM and evaluation report</p>	<p>Partner countries are willing to reach a higher degree of co-operation within the region and with EU.</p>
	<p>2. The objective of this component is to strengthen social business ecosystems and relevant institutional stakeholders in view of economic inclusiveness and job creation at local level</p>	<p>Number of legislative proposals conducive to social business Improved awareness of policy makers of the potential for Social Business development. Regional platform of support structures established Number of new social enterprises initiatives economically viable Number of social enterprises connected to incubators/ accelerators/business angels.</p>	<p>Identification report/ Inception phase CSOs surveys</p>	<p>Identification report/ Inception report</p>	<p>Progress reports from implementing partner ROM and evaluation report</p>	<p>Partner countries will ensure sustainability and durability to the respective projects by making available the necessary human, financial and material resources</p>
	<p>3. The objective of this component is to create new trade and investment opportunities for the private sector in Agadir member countries, thus contributing to economic development in the region. Support is focused on trade development and economic integration in the Southern Mediterranean through the implementation of the Agadir Agreement, as a milestone towards the realisation of a Euro-Mediterranean free trade area</p>	<p>Number of harmonised regulations and trade facilitation procedures / liberalisation in sectors which open new intra-trade opportunities. Increase in the volume and number of products/ services exchanged. Reduction of time of products in customs. Improved awareness of the trade opportunities by the private sector</p>	<p>Inception report of the ATU and Agadir Ministers Strategic Roadmap 2017-2020 BSOs and private sector surveys.</p>	<p>Identification report/ Inception report</p>	<p>ATU Progress reports ROM and evaluation report</p>	

Outputs	To be proposed by the selected application grant in the respective 'Call for Proposals' (Components 1 and 2) or defined during Inception phase with partner countries and implementing organisation (Component 3)					
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