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**ANNEX 8**

of the Commission Implementing Decision on the Annual Action Programme 2014 -  
Part 1 in favour of the ENI South countries

**Action Document for EU support to the Secretariat of the Union for the Mediterranean  
in 2015**

**1. IDENTIFICATION**

|   |   |        |   |
|---|---|--------|---|
| Title/Number  | <b>EU support to the Secretariat of the Union for the Mediterranean in 2015</b><br>CRIS number: ENI/2014/342-550  |        |   |
| Total cost  | Total estimated cost: EUR 8.42 million<br>Total amount of EU budget contribution.<br>This action is co-financed in joint co-financing by:<br>- EU budget contribution: EUR 4.21 million<br>- UfM members for an amount of EUR 4.21 million.<br>Budget line: 21.03.03.03 |        |   |
| Aid method /<br>Management mode<br>and type of<br>financing | Project approach<br>Direct management — grants — direct award   |        |   |
| DAC-code  | 15110   | Sector | Public sector<br>policy and<br>administrative<br>management |

**2. RATIONALE AND CONTEXT**

**2.1. Summary of the action and its objectives**

The purpose of this action is to support the functioning of the Secretariat of the Union for the Mediterranean ('the Secretariat') in 2015 through an operating grant covering 50% of the cost of the organisation. The remainder of the resources necessary for the functioning of the Secretariat will be covered by the members of the Union for the Mediterranean (UfM) through financial contributions and the secondment of staff. This operating grant by the EU together with the contributions from the members of the UfM will permit the Secretariat to fulfil its mandate in 2015.

## 2.2. Context

### 2.2.1. Regional context

#### 2.2.1.1. Economic and social situation and poverty analysis

The recent deterioration of the macro-economic situation in the region was caused by the economic crisis, soaring food and energy products prices and political and social instability related to the Arab Spring. The countries of the region are characterized by (i) growth rates relatively lower compared to other developing and emerging regions, with a growth rate of Gross Domestic Product (GDP) per capita which has never exceeded 2.7% on ten-year average, (ii) very high unemployment rates – especially youth unemployment - and a low level of participation (about 48% for all countries in the region), particularly for women and (iii) a large informal sector, estimated in some countries at 40% of GDP.

In the Mediterranean countries, living conditions have improved considerably over the last 30 years. Life expectancy, for the entire region, increased from 62.6 years in 1980 to 74.4 years in 2011. Similarly, the infant mortality rate has decreased significantly (from 65.6 (per 1000 births) in 1980 to 15.7 in 2011 for the whole region). In the field of education, the increasing enrolment rates in both the primary school (in average, almost all children in the region are now in school), high school education (where enrolment increased from 56.5% in the years 80-85 to 87.5% on average from 2000 to 2012) and post-graduate (from 16% to 40.5% on the same periods) and increased literacy rates, which rose from 56.3% in the mid-80s to 81% on average over the years 2000-2012, illustrate the efforts and progress made in this area. However, literacy rates of all Mediterranean countries are still lower in comparison to other regions.

Another important achievement of Mediterranean countries is related to the reduction of the level of poverty. Among the developing and emerging countries, Mediterranean countries have, on average, the lowest percentages of the population below the international poverty line poverty. Only 1.8% of people live with less than USD 1.25 per day. Similarly, the Gini index, which gives a measure of the level of income inequality shows that Mediterranean societies are relatively more egalitarian than those other regions of the southern hemisphere. However, a significant proportion of the population (10%) is in a vulnerable situation (i.e. living with less than USD 2 per day).

#### 2.2.1.2. Regional development policy

Three years after the Arab upheavals, the situation in the region remains very complex with increased fragmentation. Despite the unquestioned democratic gains (elections, more vocal civil society), the heated debates about the form of new social contracts and the role of religion are strongly polarising Arab societies. The economic situation remains worrisome and social demands still focus on political dignity (freedom, human rights) and improvement in social and economic conditions. The ongoing conflict in Syria with its international repercussions overshadows the whole situation.

The EU's strategic response to the Arab Spring came on 8 March 2011, with the Joint Communication proposing “A partnership for democracy and shared prosperity with

the Southern Mediterranean”<sup>1</sup>. This was followed by the Joint Communication on 25 May 2011 which initiated the launch of “A new response to a changing Neighbourhood”<sup>2</sup>.

In implementing the above, the EU has intensified dialogue and co-operation with regional actors. The EU as co-president of the Union for the Mediterranean (UfM) together with Jordan, gave a new impetus to the UfM, a unique forum for dialogue among 43<sup>3</sup> Euromed partners that shares and builds upon the goals of the Barcelona Declaration and complements bilateral relations between the EU and its southern neighbours.

There has been also renewed impetus for co-operation with the League of Arab States (LAS) which is a key forum for finding political and security solutions to conflicts affecting the region. The EU is also developing contacts with the Organisation of Islamic Co-operation (OIC) and supports the sub-regional co-operation, i.e. in Maghreb with the 5+5 Dialogue.

After a long break, the UfM resumed holding of Ministerial meetings, first on the role of Women (September 2013), and then on Transport (November), Energy (December), Industry (February 2014) and Environment/Climate Change (May 2014). This is a positive signal expressing a shared objective in establishing deeper regional co-operation both between EU and Southern countries and South –South co-operation.

### **2.2.2. Sector context: policies and challenges**

The Union for the Mediterranean (UfM) was launched in July 2008 at the Paris Summit for the Mediterranean. It builds on the Euro-Mediterranean Partnership (Euro-Med), which was established at the Barcelona Conference in 1995 as the reference framework for political, economic and social relations between the European Union and the Southern Mediterranean Countries, also known as the Barcelona Process.

The UfM shares and builds upon the goals of the Barcelona Declaration, namely to establish an area of peace, stability, security and shared economic prosperity, to uphold democratic principles, human rights and fundamental freedoms and to promote sustainable development as well as understanding between cultures and civilisations in the Euro-Mediterranean region.

The UfM is a unique forum for dialogue among 43 Euromed partners that complements bilateral relations between the EU and its southern neighbours.

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

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<sup>1</sup> COM(2011)200 of 8 March 2011.

<sup>2</sup> COM(2011)303 of 25 May 2011.

<sup>3</sup> Austria, Albania, Algeria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, The Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Israel, Jordan, Latvia, Lebanon, Lithuania, Luxemburg, Malta, Mauritania, Monaco, Montenegro, Morocco, The Netherlands, Palestine (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), Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Syria, Sweden, Tunisia, Turkey, The United Kingdom and Libya as an observer. The participation of Syria is currently suspended.

on the 3 March 2010 by virtue of a decision by the Senior Officials of the members of the UfM.

The mandate of the Secretariat focuses on identifying, promoting and coordinating projects which enhance and strengthen regional co-operation and impact directly on the livelihoods of the citizens in order to improve socio-economic development, regional integration, sustainable development and the exchange of knowledge among and within the members of the UfM. As per the Joint Declaration of the Paris Summit for the Mediterranean of 13 July 2008, the Secretariat is mandated to detail a number of key initiatives in the following areas: De-pollution of the Mediterranean, Maritime and Land Highways, Civil Protection, Alternative Energies: Mediterranean Solar Plan, Higher Education and Research, Euro-Mediterranean University; the Mediterranean Business Development Initiative.

Revitalising the UfM requires a switch to a more pragmatic approach. The UfM Secretariat must operate as a catalyst to bring states, the EIB, National, Regional and International Financial Institutions and the private sector together around concrete projects of strategic importance and generating jobs, innovation and growth throughout the region. Partners' participation in these projects could follow the principle of variable geometry depending on their needs and interests.

In light of the above, the EU is providing support to the UfM Secretariat in the form of an operating grant since 2010 in co-funding with the member of the UfM. The UfM Northern Co-Presidency has also been transferred to the EU in March 2012, allowing for more dynamic and coordinated political exchanges and better articulation of UfM activities with EU sector policies and programmes.

### **2.3. Lessons learnt**

The overall co-ordination and interaction between EU staff and the UfMS has dramatically increased since 2011 with regular exchanges and meetings on transport, energy, environment, private sector development, urban development, civil protection and, most recently, climate change. The Secretariat's efforts to streamline and rationalise its internal procedures are also bearing fruit.

### **2.4. Complementary actions**

The regular exchange of information between the UfM Secretariat, Commission services and EEAS staff and other donors and international financing institutions permits the Secretariat to fully account for all on-going actions in the design of projects to be given the UfM endorsement (so called labelling).

### **2.5. Donor co-ordination**

The Heads of State and Government of the UfM members have established a co-presidency to ensure shared ownership of their co-operation. Senior officials convene regularly in order to prepare the ministerial meetings, including projects to be endorsed, take stock of and evaluate the progress of all components of the Union for the Mediterranean and submit the annual work plan and budget. The UfM members co-finance it by making financial contributions and seconding officials to the Secretariat.

### **3. DETAILED DESCRIPTION**

#### **3.1. Objectives**

The objective of the action is to support the UfM Secretariat in executing its mandate through an operating grant with co-funding from the members of the UfM.

It will help the Secretariat to perform the following tasks:

- a. To work with all structures of the process, particularly with the copresidencies, e.g. drafting working documents for the senior officials and through them for the other decision making bodies;
- b. To give an impulse to this process in terms of follow-up, promotion of new projects and the search for funding and for implementation partners;
- c. To be the focal point for multi-source funding of UfM projects.

#### **3.2. Expected results and main activities**

The action will make an essential contribution to the attainment of the following results.

Result 1: High quality projects and initiatives in the six priority areas (Transport and Urban Development, Energy, Environment including Climate Change and Water, Higher Education and Research, Social and Civil Affairs, Business Development) are given the UfM label or endorsed.

The activities focus on the steps to be taken by the Secretariat to develop and appraise project proposals with the objective of submitting new high quality proposals to UfM partners and then to get the projects started.

Result 2: Relations with international and bilateral financial institutions and the private sector are strengthened.

While consolidating the current strategic partnerships achieved with institutions such as the European Commission, the European Investment Bank, Swedish International Development Co-operation Agency, Norwegian Aid and the Spanish Agency for International Development Co-operation, the UfM aims to scale up ongoing collaboration with key institutions such as the European Bank for Reconstruction and Development, the World Bank, the African Development Bank, and the Islamic Development Bank. It will also reach out to potential new partners and network with other bilateral institutions such as the Kreditanstalt für Wiederaufbau, the Agence Française de Développement, the Swiss Development Co-operation Agency and others in the Gulf region. The UfM Transport Ministerial meeting of November 2013 called for a conference involving all potential financial partners aimed at supporting the implementation of the future trans-Mediterranean Transport Network (TMN-T) and its priority projects. The forthcoming IT Presidency of the EU announced its intention to host the conference during its term of office, in the second half of 2014. Moreover, a co-ordination meeting with International Financial Institutions (IFIs) and bilateral institutions will be held on an annual basis. Building strong private - public partnerships will catalyse conditions for solid development of the Mediterranean area.

Result 3: The internal functioning of the Secretariat is improved.

Activities will focus on the continuous upgrade of the manual of internal procedures and workflows, and on procedures for processing proposals and projects submitted for 'labelling', including development of sector specific selection criteria. The manual will include all the policies and regulations needed for the smooth running of the organisation, and the workflows and internal control mechanisms to be introduced to increase efficiency and transparency in line with Commission rules. The projects submitted should take account of EU policies and priorities, particularly the European Neighbourhood Policy and the external dimension of EU policies on topics such as the environment, energy, transport, civil protection, small and medium-sized enterprises, higher education, research and food safety.

### **3.3. Risks and assumptions**

The main risks and possible constraints derive from the fact that the global budget of the UfM Secretariat relies upon contributions from the European Union (around 50%) and the 43 UfM members. Any delay in the delivery of UfM governments' contributions or in the fulfilment of the corresponding commitments might lead to a disruption of the implementation of the approved work plan of the Secretariat.

The UfM Secretariat will revise and adapt its work plan for 2015 if UfM governments' contributions do not reach the 50% of the budget foreseen.

### **3.4. Cross-cutting issues**

The 2008 Paris Summit declared that the UfM could play an important role in addressing common challenges facing the Euro-Mediterranean region, such as regional security, economic and social development; food security crisis; degradation of the environment, including climate change and desertification, in relation to promoting sustainable development; energy; migration; the fight against terrorism and extremism; and promoting dialogue between cultures. Emphasis will be placed on streamlining gender issues into relevant activities.

### **3.5. Stakeholders**

The main stakeholders are the 43 UfM<sup>4</sup> members and the co-Presidencies. Therefore and if relevant, partner countries other than ENI Southern Partner Countries (ENI SPCs) (Bosnia and Herzegovina, Albania, Mauritania, Montenegro, Turkey, Bahrain, Comoros, Djibouti, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, Somalia, Sudan, United Arab Emirates and Yemen) shall be associated to the activities foreseen by this action, in accordance with Article 16(1) of Regulation (EU) No 232/2014.

At the time of writing this action document, EU co-operation with Syrian governmental authorities is still suspended. In case this decision is reversed, the Commission will assess the opportunity to involve Syrian authorities in the implementation. The political instability and/or security situation in Syria will be assessed prior to that in order to confirm the feasibility/opportunity to: a) engage the stakeholders and b) implement the activities.

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<sup>4</sup> With gathers: EU Member States, ENI South Countries, IPA II beneficiaries (except for Iceland) and Mauritania.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Financing agreement**

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

### **4.2. Indicative operational implementation period**

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is 12 months, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements. The European Parliament and the relevant Committee shall be informed of the extension of the operational implementation period within one month of that extension being granted.

### **4.3. Implementation components and modules**

#### **4.3.1. Grant: direct award (direct management)**

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

The objective of the grant is to support the Secretariat of the UfM in executing its mandate, in particular the work programme for 2015, through a financial contribution to the functioning of the organisation.

The field of intervention, priorities and expected results are those mentioned under section 3.1 and 3.2.

- b) Justification of a direct grant

Under the responsibility of the authorising officer by delegation, the recourse to an award of a grant without a call for proposals is justified, in accordance with Art 190(1) (f) RAP, because of the exclusive responsibilities entrusted to the beneficiary. UfM constitutes a unique forum of dialogue among the 43 Euromed partners, complementing the relations between the EU and each of its Southern neighbours. The Secretariat plays a key role within the institutional architecture of the UfM to contribute to achieving the political goals of the UfM initiative as agreed during the Paris Summit of 2008.

- c) Eligibility conditions

N/A

- d) Essential selection and award criteria

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

The essential award criteria are the relevance of the proposed work programme to the Secretariat's mandate, and the design effectiveness, feasibility, sustainability and cost-effectiveness of the work programme.

e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 50%.

The maximum possible rate of co-financing may be up to 100% 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 essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

f) Indicative trimester to contact the potential direct grant beneficiary

Fourth quarter of 2014.

#### 4.4. Scope of geographical eligibility for procurement and grants

Subject to the following, 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 shall apply.

The responsible authorising officer 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 other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

#### 4.5. Indicative budget

| <b>Module</b>   | <b>Amount in<br/>EUR thousands</b> | <b>Third party<br/>contribution<br/>(indicative,<br/>where known)</b> |
|---|------------------------------------|---|
| 4.3.1. – Direct grant to UfM Secretariat<br>(direct management) | 4 210                              | 4 210   |

#### 4.6. Performance monitoring

The European Union may conduct monitoring missions, using external expertise according to needs. The Secretariat and the European Union shall analyse the conclusions and recommendations of the evaluations and jointly decide on the follow-up action to be taken and any adjustments necessary, including, the reorientation of the action.



#### **4.7. Evaluation and audit**

Financial execution and statement will be subject to annual external audits, to be undertaken by independent auditors directly contracted by the Secretariat.

#### **4.8. 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 before the start of implementation and supported with the budget indicated in section 4.5 above.

The measures shall be implemented either (a) by the Commission, and/or (b) by the partner country, contractors, grant beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in, respectively, financing agreements, 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.