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**European Neighbourhood Policy: Working towards a Stronger Partnership**

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## **European Neighbourhood Policy: Working towards a Stronger Partnership**

### **1. Introduction**

1. The EU revised the European Neighbourhood Policy (ENP) in 2011<sup>1</sup>, establishing instruments to provide more support to partner countries building deep and sustainable democracy and to support inclusive economic development. The new ENP's main features are political association and economic integration, the mobility of people, more EU financial assistance, a stronger partnership with civil society and better cooperation on specific sector policies. This joint Communication, accompanied by a set of Joint Staff working documents<sup>2</sup>, looks at how the EU and partner countries have fared in the implementation of the jointly agreed reform objectives.
2. Last year was an eventful and challenging year for the European Union and its neighbours. The EU continued to work on overcoming the financial crisis, and the related economic downturn in several Member States. Some of its partner countries in the neighbourhood continued to face conflicts, political instability and difficult socio-economic conditions. These countries sometimes have to tackle daunting political, economic and social challenges, some of which require immediate responses. This leaves policy-makers little time to focus on medium- and long-term reforms.
3. The ENP remains the basis on which the EU works with its neighbours to achieve the closest possible political association and the greatest possible degree of economic integration. This goal builds on common interests and on values — democracy, the rule of law, respect for human rights, and social cohesion.
4. Democratic transition processes continued for many of the partner countries. Libyans voted to elect their constituent assembly for the first time in more than four decades. Egypt and Tunisia continued to implement constitutional reforms, although not without difficulties.
5. Armenia, Georgia and Ukraine elected new parliaments, while Moldova's parliament elected a president. Democratic structures are getting ever stronger though not all of these elections have fully met all international standards. Belarussians were called to elect their parliament as well. However, elections fell short of OSCE and international standards.
6. Developments in Egypt, Tunisia and Libya show clearly that transition is complex. Time will therefore be needed to establish new political structures and balances and economic growth and social cohesion, on the basis of a consensus on core values and principles. Constitutional reform is slow, progress is not always linear and in many

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<sup>1</sup> COM (2011) 303 of 25.05.2011

<sup>2</sup> This joint Communication is accompanied by: twelve Country Progress Reports assessing the implementation of the ENP in 2012 with which an ENP Action Plan or an equivalent document has been agreed; two regional progress reports reviewing the progress made in 2012 in the implementation of the Eastern Partnership and the Partnership for Democracy and Shared Prosperity; and a Statistical Annex.

cases the outcomes are still open. In such cases, the EU has continued to work with its partners and support their steps towards establishing sustainable democracy.

7. Last year, progress across the neighbourhood has been very uneven. In many partner countries, wide-ranging reforms were sometimes prevented or slowed by vested political or economic interests. In some cases, there was some backsliding of reforms. However, more than ever, slower economic growth, higher unemployment, persisting inequalities, increasing environmental challenges and often declining socio-economic indicators make the case for the kind of reforms that are at the heart of the ENP stronger than ever.
8. The increasing involvement of other actors (third countries, regional organisations, etc.) in the Southern and Eastern neighbourhoods means that the EU must work more closely with them in tackling the problems affecting the region.
9. The EU has strengthened political and financial support for its partners embarking on political reforms. The analysis of developments and of the results of reforms in partner countries shows that the ENP works when the willingness to reform is there and society plays an active part in the process. Values, models of governance or reforms cannot be imposed from the outside. They can only take root when the political leaders and citizens buy in to the reform objectives commonly agreed between the EU and its partners. The EU must continue to reach out to and work with supporters of reform and partnership with the EU. At the same time, the EU needs to better communicate how the ENP and its instruments can support genuine reform efforts.
10. A stronger partnership with society is central to the ENP. As a driving force of democratisation and inclusiveness, civil society plays a key role in all aspects of democratic and socio-economic reform, in advancing women's rights, in supporting the freedom of expression and association, in advocating environmental protection and generally in striving for greater social justice. The EU has continued to live up to its commitment to work with civil society, national parliaments and other key stakeholders such as social partners and business, to ensure that the reform objectives agreed with partner countries are a true reflection of their societies' concerns and aspirations. Civil society also has a crucial role to play in promoting these reforms and in holding governments. The setting up of the Eastern Partnership (EaP) Civil Society Forum (CSF), including the establishment of national platforms in the partner countries, is a good example of civil society's strengthened role in the ENP. The EU has continued providing support to civil society through a range of different funding instruments.
11. The EU and its neighbours also face common challenges, including in the economic, security, environmental and migration areas. Delivering on the commitments made to its Southern and Eastern neighbours, supporting democratic transition and economic reform and working closely with them on all aspects of their reform and policy agendas, will contribute to the EU's own security and prosperity.

## **2. Implementation**

12. Two years on from the revision of the ENP, implementation is the main task and challenge for the EU and its partners. Since 2011, progress in implementing the

reforms agreed on by the EU and its partners has been uneven. However, it must not lead to disengagement. On the contrary, the EU must step up its engagement in the process including over the long term.

13. Building democracy in partner countries is in the hands of their citizens and their elected politicians. The ENP can support, but not replace, this process. An analysis of the key recommendations contained in the ENP progress reports shows that we are only at the beginning of the process. It also sets out the challenges that lie ahead. In many neighbourhood countries, progress has been made on the key recommendations on elections, often with financial and logistical support from the EU. Insufficient progress was made on the key recommendations on the freedom of association, expression and assembly, a free press and media, the rule of law and an independent judiciary and the fight against corruption. Many of the recommendations are as valid today as they were in 2012. The insert below highlights the implementation of key recommendations of previous year's progress reports.

- **Armenia** acted on some of the key recommendations. It prepared a roadmap to improve the electoral process, adopted a National Human Rights Strategy and took some measures to fight corruption, reform the judiciary and public administration and advance sector reforms and regulatory approximation to the EU acquis.
- **Azerbaijan** acted on only a few of the key recommendations. It started implementing the Human Rights Action Plan, continued judicial reform and took some steps to address the problem of demolitions and forced evictions. It did not cooperate with the rapporteur of the Parliamentary Assembly of the Council of Europe on political prisoners.
- **Georgia** acted on most of the key recommendations. It ensured broadly free and fair parliamentary elections, continued to engage with its breakaway regions, actively participated in the Geneva discussions and took measures to improve the living conditions of Internally Displaced Persons (IDPs). It also strengthened the freedom of expression and opinion, reformed the judicial system and advanced sector reforms and regulatory approximation to the EU acquis.
- **Moldova** acted on most of the key recommendations. It stepped up efforts to implement judicial and law enforcement reform, engaged in dialogue with Tiraspol, continued to implement reforms in the areas of social assistance, health and education, energy, competition, state aid and regulatory approximation to the EU acquis. It finalised the remaining steps under the first phase of its Visa Liberalisation Action Plan (VLAP), and stepped up institutional reform of the aviation sector.
- **Ukraine:** Most of the key recommendations still need to be acted on. However, Ukraine did take steps toward legal and judicial reform, with the entry into force of a new Criminal Procedure Code and other important legislation. It also adopted a law on asylum and refugee status, although implementation is deficient.
- **Egypt** acted on only some of the key recommendations. Power was handed over to a civilian government and the state of emergency was lifted. A constitution was drafted and adopted by popular referendum. However, the process was controversial and heavily criticised by the opposition, leading to a deeply divisive political crisis.
- **Israel:** Most of the key recommendations still need to be acted on. No significant change was observed in the areas of concern.

- **Palestine**<sup>3</sup>: Most of the key recommendations remain valid and still need to be acted on. Some have been acted on however, including holding local elections, further improving public finance management and developing costing models in the social protection sector. However, the difficulties created primarily by the occupation and the deepening financial crisis hindered the Palestinian Authority (PA) in tackling reforms.
- **Jordan** acted on some of the key recommendations, notably the establishment of the electoral commission and the Constitutional Court and the adoption of a law on political parties and an electoral law.
- **Lebanon** started to act on only a few of the key recommendations by making some overdue judicial appointments. Reform objectives advanced only slowly against the backdrop of the on-going crisis in the neighbouring Syria
- **Morocco** has taken steps to start implementing most key recommendations, but has not finished doing so, despite expressing its commitment to the agreed reform objectives. It established a body for a national dialogue on judicial reform, drafted (but did not adopt) a law establishing an anti-corruption body and continued approximating its legislation to the EU acquis.
- **Tunisia**, which was going through a difficult transition, acted on only a few of the key recommendations. The establishment of the Independent Electoral Commission was approved, but the new electoral law was not finalised. Tunisia signed the regional convention on pan-Euro-Mediterranean rules of origin. Preparations for negotiating a Deep and Comprehensive Free Trade Area (DCFTA) progressed.

14. The EU continued to deal with its partner countries' immediate priorities by helping to establish the rule of law and good governance and to lay the foundations for economic growth and job creation, as well as sustainable, knowledge-based and socially equitable societies. After the first task force for Tunisia in 2011, task forces for Egypt and Jordan brought together representatives of the EU institutions, governments, the private sector, international donors and civil society, to serve as catalysts for political and economic reform. EU financial assistance under the ENPI and other instruments has played a critical role in a number of cases.

15. The EaP Foreign Ministers' meeting in July 2012 stated that the EaP Roadmap<sup>4</sup> was a basis for guiding and monitoring the further implementation of the Partnership's objectives until the next EaP Summit. By setting out the key reforms partner countries need to implement and describing what the EU can do and what support it can offer, the Roadmap illustrates the concepts of mutual accountability and joint ownership that are essential for moving towards political association and economic integration.

16. Work on strengthening relations advanced more with some countries than with others. This reflects the EU's commitment to moving further and faster with partner countries who are willing and ready to make more progress towards reforms (in line with the

<sup>3</sup> In line with UNGA Resolution 67/19, the denomination 'Palestine' will be used on all occasions when referring to what to date has been referred to as 'Palestinian National Authority' or 'occupied Palestinian territory'. This does not entail any recognition of Palestine as a state in line with the December 2009 Council Conclusions.

<sup>4</sup> Joint Statement of the Eastern Partnership Foreign Ministers' Meeting, Brussels, 23 July 2012, Council of the European Union, 12862/12, PRESSE 348. Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *Eastern Partnership: A Roadmap to the autumn 2013 Summit*, JOIN(2012) 13 final, 15.5.2012.

‘more for more’ principle). It continued to negotiate **association agreements** that include DCFTAs with the Republic of Moldova, Armenia and Georgia as well as an association agreement with Azerbaijan. It started DCFTA negotiations with Morocco, and is preparing negotiations with Tunisia, and Jordan. The EU-Ukraine Association Agreement was initialled but not signed.

17. Substantial progress was made on developing new-generation joint **ENP Action Plans** or equivalent documents. Action Plans reflect the specific needs, capacities and reform commitments of each of the partner countries, allowing for nuanced, tailor-made, relations between the EU and each of the partner countries. It concluded negotiations on Action Plans with Lebanon, Morocco and the PA, and with Tunisia in the context of a privileged partnership. The Action Plans will need to be endorsed by the respective Association Councils. The new Action Plan for Jordan entered into force in October. Also in October, the EU and Algeria started negotiations on a joint ENP Action Plan. Ukraine and the EU reached a common understanding to start updating the current Association Agenda, which prepares for the implementation of the future association agreement. Preparations were under way to launch negotiations on Association Agendas with the Republic of Moldova, Armenia and Georgia.

### *2.1. Deep and sustainable democracy*

18. Across the neighbourhood, some progress was made on reforms towards deep and sustainable democracy. There are still some problems however, and some developments risk backsliding.

19. There is an increasing divergence in democratic reforms in the neighbourhood countries. The EU will therefore respond in a more nuanced manner, based on the ‘more for more’ principle and a rigorous review of reform commitments. To remain credible, it must apply the same high standards to, and scrutiny of, democratic reforms, wherever and in whatever form they happen.

20. Tunisia, Egypt and Libya went through revolutions that triggered democratic reforms, while in Jordan, Morocco and Algeria the authorities in power initiated constitutional, electoral and legal reforms. Democratic **elections** were held in Egypt, Libya and Tunisia; concerns remain about the **freedom of assembly, association and expression**, including the freedom of the media, in most partners. The EU has deployed election observation missions to Algeria and Libya. At the start of 2013, it observed elections in Jordan for the first time. Egypt has accepted that an EU observation mission will monitor the upcoming parliamentary elections.

21. Eastern countries are also on increasingly different paths. Moldova, Georgia and Armenia continued to implement reforms improving the electoral framework and held elections that generally conformed to international standards, making clear progress in the difficult transformation towards sustainable democracy. Ukraine’s parliamentary elections presented a more mixed picture with several shortcomings. There was deterioration in several areas compared to previous elections. The elections in Belarus took place against a background of repression — another missed opportunity for Belarus to hold elections in line with OSCE and international standards. Generally, the EU is very concerned about the lack of freedom of assembly, association and expression in a number of countries. There was no improvement in Belarus in terms of respect for human rights, the rule of law and democratic principles.

22. In some partner countries, **civil society** organisations (CSOs) and sometimes, trade unions, continue to face serious constraints (obstacles to the freedom of movement, lawsuits against NGO leaders, cumbersome administrative procedures, acceptance of financial support subject to authorisation). Egyptian civil society organisations faced increasing pressure from the authorities. The current association laws in Egypt, Morocco and Algeria are also a cause for concern. The freedom of association is also lacking in Belarus and Azerbaijan. The freedom of association needs to be guaranteed and new laws on associations must be in line with international human rights standards.
23. In several countries of the neighbourhood, the **media** continues to suffer from political and economic interference, a lack of diversity and self-censorship. There were many cases of harassment and imprisonment of journalists in Azerbaijan and Egypt, while the implementation of legislation on media transparency in Georgia was a welcome development.
24. **Judicial independence** needs to be strengthened to a varying degree in a number of partner countries, including Egypt, Morocco, Tunisia and Algeria in the South and in the East in particular in Azerbaijan and Belarus. In Ukraine, there are concerns regarding the misuse of the justice system for political purposes. Despite some reform of the justice systems, the judiciary continues to be perceived as heavily dependent on the executive throughout both the Eastern and Southern neighbourhood. High conviction rates, excessive use of administrative detention and unsatisfactory application of the principle of equality of arms undermined trust in the judiciary. Although efforts were made to improve prison infrastructure, prison conditions remain a cause for concern and cases of torture and ill-treatment continue to be inadequately investigated, fostering a culture of impunity among law-enforcement officials.
25. **Corruption** remains a huge problem in many countries in the neighbourhood. In most countries no, or only very timid, steps were taken to start tackling corruption. Particularly in Ukraine, Lebanon, Azerbaijan, Libya, and Belarus, the perception of corruption remains very high.<sup>5</sup>
26. **Democratic control over armed and security forces** improved, notably in Libya and Egypt. Reform of the security sector, in particular reform of the police, the complete lifting of the states of emergency and reform of the penal and military codes to avoid military trials of civilians, remains a major problem across the Mediterranean neighbourhood. Issues such as the supervision and accountability of the police, conditions in the penitentiary system and the treatment of citizens undertaking national service continue to be discussed in structured dialogues.
27. Credible **transitional justice** processes are crucial for the success of transition, notably in those countries that have shed authoritarian regimes that committed crimes against their own populations. Judicial reforms and law-enforcement reforms also have priority status in the EaP, linked to the overall objective of maintaining and reinforcing the rule of law.

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<sup>5</sup> Transparency International, Corruption Perceptions Index 2012.

28. Cultural and social discrimination against **women** remains a problem in the Southern neighbourhood. Women played an active part in the revolutions. Now it is crucial that the transition process and constitutional reform do not hinder progress on, or undermine the equality of women before the law and in society. There is also much room for improvement in terms of gender equality in the East.
29. Comprehensive **anti-discrimination** legislation is still a problem across the neighbourhood, with few exceptions. Discriminatory attitudes are widespread, in particular against the lesbian-gay-bisexual-transgender (LGBT) community.

## ***2.2. Sustainable economic and social development***

30. **Economic growth** picked up in only a few of the ENP partners, such as Georgia and Azerbaijan, but slowed in most others. External risks related to the global economic situation increased, and conflicts also impacted negatively on the prospects for economic recovery. Southern and Eastern partners continue to face general macroeconomic imbalances and high, and sometimes rising unemployment. Southern partner countries in particular have high rates of youth unemployment. Ongoing or renewed political instability also had a negative impact on growth. Without an increase in growth and effective employment policies (including investing in human capital, promoting decent work, and research and innovation), high levels of unemployment will persist among the young and the informal sector will continue to represent a significant proportion of the real economy. Significant socio-economic disparities persist in many Eastern and Southern neighbourhood countries. If not dealt with, these factors will continue to jeopardise future social stability and the transition towards democracy. EU financial assistance has helped to tackle them by supporting key economic reforms.
31. In the context of continuing economic and financial crisis in the euro zone and the global economic slowdown, **macroeconomic dialogues** that the Commission held in 2012 with the vast majority of the neighbourhood countries (all ENP countries except Libya and Syria) have proved to be a useful instrument for economic cooperation for the EU and its partner countries. These dialogues allowed for an open exchange of views on economic developments and policy challenges, including the implications of the turmoil in the euro zone for the EU's neighbourhood. They also served as a platform for reviewing the implementation of the economic reform priorities identified in the ENP Action Plans and Association Agendas.
32. In addition to regular macroeconomic dialogues established under various bilateral agreements, the Commission holds discussions on economic policy with partner countries that benefit from **EU macro-financial assistance** (MFA). This is designed to help the partner countries address macroeconomic imbalances and implement growth-oriented structural reforms. In 2012, with the release of the final instalments, the Commission completed the implementation of two MFA programmes approved in 2009 (Armenia, EUR100 million in loans and grants) and 2010 (Moldova, EUR90 million in grants). The Memorandum of Understanding and Loan Agreement for the MFA programme for Ukraine of up to EUR610 million was signed at the beginning of 2013. During 2012, the EU worked closely with the Egyptian and Jordanian authorities on possible MFA programmes to be launched at the beginning of 2013. The legislative decision on the programme for Georgia that the Commission proposed



in early 2011 (EUR46 million in loans and grants), continued to await the European Parliament's and the Council's approval.

33. In 2012, cooperation on **enterprise policy** continued to focus on improving the business climate and giving SMEs better financial support. Implementing the Small Business Act, a European framework for SME-friendly enterprise policy, remains a key objective. The level of progress differs widely among partners. A consultation mechanism to give SMEs a say on matters of concern to them would improve policy-making across the region. Reinforcing the rule of law and giving fair, simple access to public contracts by improving procurement systems, administrative simplification, better skills, easier access to finance and more innovation would boost business development. EU financial support is helping SMEs develop capacity in many cases.
34. Tackling poverty and unemployment remained a high priority in rural areas in particular. In May, the EU held a high-level seminar to present and discuss the **European Neighbourhood Programme for Agriculture and Rural Development (ENPARD)** initiative. In the Southern partner countries pilot activities are being developed. Technical committees with the participation of civil society and the private sector have been set up. ENPARD actions started in Egypt, Algeria, Tunisia, Morocco, and in the East in Georgia. Furthermore, the Food and Agriculture Organisation (FAO) carried out the assessment of the agriculture and rural development sectors in each of the EaP countries. It also identified some common challenges at regional level. Results provide a solid basis for the newly created EaP panel on agriculture and rural development and will feed into the preparation of potential new programmes in this area.

### **2.3. Markets**

35. The EU remains the single most important trade partner for almost all countries in the neighbourhood. Work on deepening economic and trade integration between the EU and its partners therefore continued. The EU and Ukraine initialled an Association Agreement, including the DCFTA. Substantial progress was made in negotiations with Moldova after DCFTA negotiations were opened in March. Armenia and Georgia made very good progress in their association agreement negotiations, including those on establishing a DCFTA. Future inclusion of the Eastern DCFTA partners in the pan-Euro-Mediterranean system of diagonal cumulation of rules of origin will strengthen their economic integration with the EU and give them an additional incentive for establishing free trade areas with other ENP partners.
36. After thorough preparations, the EU and Morocco opened DCFTA negotiations at the beginning of 2013. Preparations for negotiating a DCFTA with Tunisia also advanced. Preparations for negotiating a DCFTA with Jordan stalled, and they have not yet started with Egypt. The Agricultural and Fisheries Product Agreement with Morocco and the Palestinian Authority entered into force in October and January respectively. Negotiations of a similar agreement with Tunisia could not be resumed. The Agreement on Conformity Assessment and Acceptance of industrial products with Israel entered into force in January on pharmaceutical products.

## 2.4. Mobility

37. The EU and its partners continued to improve the mobility of people. Significant progress was made in 2012 towards the goal of visa-free travel in the Eastern Neighbourhood, as mandated by the EaP Summit of 2011. Moldova took an important step forward in the context of its Visa Liberalisation Action Plan, moving to the assessment of the second phase and of benchmarks concerning the implementation of relevant legislation. Ukraine also made substantial progress on its VLAP. A dialogue on **Visa Liberalisation** with Georgia was started in June 2012, with the aim to examine the conditions for visa-free travel to the EU for Georgian citizens, while Armenia granted visa-free entry to EU citizens from January 2013. After Mobility Partnerships with Moldova, Georgia and Armenia were set up discussions towards a possible EU-Azerbaijan Mobility Partnership were launched. A first, major evaluation of the EU-Moldova Mobility Partnership showed how useful it is as a comprehensive bilateral framework for cooperation, but it also showed that the amount of concrete activities (notably in the area of legal migration) could still be expanded. The EU's offer of negotiations on visa facilitation and readmission agreements to Belarus remained unanswered. This underlines how important it is that the Member States make optimal use of the flexibilities of the EU Visa Code as far as Belarusian citizens are concerned.
38. Closer ties on mobility and migration were developed with the Southern partners, taking advantage of the EU's extensive experience with its Eastern partners. After dialogues on migration, mobility and security were begun with Tunisia and Morocco in October 2011, negotiations on Mobility Partnerships with the two countries proceeded well in 2012. Recently, the EU and Morocco announced the agreement at negotiators' level on the Political Declaration with a view to a Mobility Partnership. The aim is to finalise the negotiations in the first half of 2013. A dialogue with Jordan began in December 2012. Egypt has so far not taken up the EU's proposal to launch a dialogue on migration, mobility and security.
39. Programmes like Tempus, Erasmus Mundus, Marie Curie and Youth in Action, in which Neighbouring countries are particularly active, have been instrumental in promoting the mobility of students, academic staff, researchers and young people from those countries and the EU, thus contributing to the modernisation and opening up of higher education systems.

## 2.5. Cooperation

40. The EU continued to provide financial support for reform in partner countries. The total amount **available for partner countries in the period 2011–13 is EUR 6.5 billion.** This includes additional funding (EUR 0.95 bn) made available after the launch of the Eastern Partnership initiative and the European Neighbourhood Policy review. Most of the additional funding is provided on the basis of the more-for-more principle, i.e. progress in building deep and sustainable democracy and in implementing related reform objectives. It is channelled through two umbrella programmes: EUR 540 million for **SPRING**<sup>6</sup> in the Southern Mediterranean and EUR 130 million for

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<sup>6</sup> Support for Partnership, Reform and Inclusive Growth.

**EaPIC**<sup>7</sup> in the Eastern neighbourhood. Both programmes focus on promoting democratic transformation and institution-building and supporting sustainable, inclusive growth. The rest of the additional funding has mostly been allocated to mobility programmes (Tempus, Erasmus Mundus, etc.) and support to civil society organisations and non state actors. As regards future funding under the forthcoming European Neighbourhood Instrument (ENI), it is proposed that allocations will take into account such criteria as partner countries' commitment to reforms and progress in implementing these reforms, progress in building deep and sustainable democracy and level of ambition of partnership with the EU.<sup>8</sup>

41. Under this framework, the Neighbourhood **Civil Society Facility (CSF)** was established in 2011 with an initial budget of EUR 26.4 million. Its purpose is to reinforce civil society organisations, including social partners, so that they can play their part in the changes in the ENP region and have a genuine role in the democratisation process. The first phase of the CSF implemented in 2012 focused on strengthening civil society's networking capacity and improving their abilities to promote national reform and increase public accountability.
42. In December 2012, a second phase of the CSF was adopted with a new budget allocation of EUR 45.3 million for 2012–13. The goal is to support civil society organisations increased involvement in the policy dialogue with partner governments and their increased role in national reform processes and local development agendas.
43. To support political actors striving for democratic change in their countries, in 2011 the High Representative and the Commission proposed to establish a **European Endowment for Democracy (EED)**. Important steps were taken in 2012 to organise and launch the EED as an independent European non-profit foundation, with the participation of representatives of Member States, the European Parliament, the European Commission, the High Representative and civil society organisations. The Commission and a number of Member States already committed funding of EUR 15 million (of which EUR 6 million from the Commission), which should allow the EED to become fully operational in 2013.
44. The decision on the mid-term review of the European Investment Bank's (EIB) external mandate in October 2011 opened the way for additional loans of EUR 1.15 billion to partner countries and for up to EUR 1 billion in loans related to climate change by end 2013. In 2012, the EIB signed almost EUR 1.7 billion of new loans in the Southern neighbourhood and almost EUR 0.9 billion in the Eastern neighbourhood (including Russia).
45. The European Bank for Reconstruction and Development (EBRD), whose area of operation was extended in 2011 to include Southern and Eastern Mediterranean countries, allocated EUR 1 billion in May 2012 to start operations in the first four countries. They are Egypt, Jordan, Morocco and Tunisia. Up to EUR 100 million, partly from the EU budget, have been allocated to support technical assistance activities to identify and prepare projects.

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<sup>7</sup> Eastern Partnership Integration and Cooperation Programme.

<sup>8</sup> COM(2011) 839 final

46. At the end of 2012, total **Neighbourhood Investment Facility** (NIF) allocations reached EUR 594.9 million (of which EUR 259.8 million for the East and EUR 335.1 million for the South). Since the creation of the NIF, a total of EUR 8 billion was leveraged from European financial institutions (with an almost equal split between East and South).

## **2.6. Sector cooperation**

47. Cooperation on sector-specific policy is an important and expanding part of the renewed ENP, bilaterally and in the context of the EaP and the Union for the Mediterranean (UfM). Increasingly based on convergence with EU norms and standards, it supports transition, reform, modernisation and ultimately, integration with EU markets. It covers a wide range of areas including employment and social policy, industrial policy, competition policy, agriculture and rural development, fisheries, climate change, the environment, energy security, transport, integrated maritime policy, the information society, research and innovation, education in particular higher education cooperation and mobility (through programmes like Erasmus Mundus, Tempus, Marie Curie Actions), youth cooperation, health, and culture.
48. Some partners participate in legally binding sector instruments with the EU, such as the Energy Community, the bilateral aviation agreement, or the Regional Convention on pan-Euro-Mediterranean preferential rules of origin. These instruments establish regional building blocks that can offer social, economic, legal or regulatory and political benefits which go beyond the bilateral approach, and can lead to progressive integration in specific sectors. They create a web of links between the EU and its partners, extending the EU's legal norms. The EU should reflect on how to progressively extend the geographic scope of these instruments to open them to other ENP partners, or on developing with willing partners sector arrangements like the transport community with countries of the Western Balkans.
49. In the **energy** sector, joint efforts focused on energy security, market reform and integration, including by developing infrastructure, improving energy efficiency and using more renewable energy sources. Further steps were taken towards opening the strategic Southern Gas Corridor. Eastern European partners such as Moldova and Ukraine made progress on implementing their Energy Community commitments. Georgia has recently applied for membership as well. The EU and its Mediterranean partners made limited progress towards setting up a Mediterranean Energy Community in the future.
50. Partners took further steps to prepare and implement **environmental** strategies and legislation, and made some efforts to improve the state of the environment. The EU helped partner countries to tackle environmental degradation and promote the sustainable use of natural resources, including in the areas of air quality, water, industrial pollution, waste management, hazardous pesticides, nature protection and forest management, and to strengthen environmental information systems and governance. Partners need to fully implement the multilateral environmental agreements they are parties to.
51. The flagship programmes for Prevention of, Preparedness for, and Response to natural and man-made disasters (PPRD South and East) contributed to the partial implementation of the 2005 Hyogo Framework for Action for Disaster Risk

Reduction, facilitating approximation to EU legislation and standards. The EU will support the development of communication and awareness strategies, capacity building and improved coordination.

52. Partners took some steps in the field of **climate change**, notably through some Clean Development Mechanism and Joint Implementation projects. The EU helped them make the transition towards low carbon development and climate resilience through capacity building and investments. However, designing and implementing ambitious climate policies remains a challenge, as does mainstreaming of climate considerations into other related policies (e.g. energy, transport, agriculture). Partners are encouraged to engage in the development of national climate change strategies, that is low-carbon development policies and climate resilience strategies, which will also be needed in the context of international negotiations and their completion in 2015. This includes integrating climate change in other policy areas.
53. ENP partners implemented reforms to move towards EU **transport** standards. Joint work in the EaP Transport Panel focused on closer integration of transport systems, defining a regional transport network connected to the TEN-T and on identifying priority interconnection projects. This work should be finished in 2013; similar work with Southern partners should be endorsed by the second Ministerial Transport Conference in November 2013. The EU and Moldova signed at the beginning of this year a Common Aviation Area Agreement. Such an agreement with Israel was already initialled in 2012. In 2013, aviation negotiations will be launched with Tunisia and should be resumed with Lebanon. Negotiations on an aviation agreement with Ukraine, re-launched in 2012, should be concluded in 2013, and started with Azerbaijan in 2013. The informal EaP ministerial dialogue on transport took place in February 2013 to prepare for the second meeting of the EU and Eastern Partnership Transport Ministers in 2013.
54. The EC-EIB-International Maritime Organisation (IMO) have worked together in 2012 on a set of joint proposals for action as a follow-up to a feasibility study on Mediterranean Sea Maritime development cooperation which has been carried out under the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) Trust Fund. In 2013, the EC-EIB-IMO are co-organising the 12th FEMIP Conference with a view to enhance marine and maritime cooperation among Mediterranean countries and support economic growth and jobs creation in the region.
55. Regarding the **information society policy**, joint work remained focused on establishing fair, modern, open and transparent telecommunication markets, the open and vibrant use of the internet for all and a diverse media environment. An EaP Electronic Communication Regulators Network was established in 2012. The Mediterranean Regulators Network will be strengthened.
56. Important steps were made towards the development of the Common Knowledge and Innovation Space. In 2012 the participation of ENP countries in the Seventh Framework Programme (2007–13) (FP7) increased. The international cooperation call for proposals published in July 2012 included activities specifically targeted to the ENP countries at regional and bilateral levels with the aim to support policy dialogue as well as a special action for bridging the gap between research and innovation. At the end of 2012 the total EU contribution to projects with ENP countries` participation reached EUR 960 million. In March 2012, a science and technology cooperation

agreement was signed between EU and Algeria. The Republic of Moldova was associated to the FP7 as of January 2012. Initiatives to enhance Euro-Med bi-regional cooperation are under way following the Euro-Mediterranean conference on research and innovation held in Barcelona in April 2012. A dedicated Panel on Research and Innovation under the current EaP platform IV "Contacts between people" was initiated in 2012 and will be launched in 2013.

57. In 2012 dialogue continued with partner countries to identify their key interests with regard to **participating in EU programmes and working with EU agencies**. The EU organised information meetings on the general approach to participating in programmes and working with agencies in most of the partner countries.
58. In October, the protocol allowing Morocco to participate in EU programmes open to the participation of ENP partners entered into force. In December, the EU signed similar protocols with Armenia and Jordan. Negotiations on protocols with Azerbaijan and Georgia started.<sup>9</sup>
59. In November, the EU organised an information seminar bringing together ENP countries and EU agencies. It adopted a financial assistance project of EUR 3.7 million, starting in early 2013, to support EU agencies' preparatory measures for helping ENP partners participate in their work. ENP partners strengthened interaction with several EU agencies, including on bilateral technical cooperation.
60. The EU is ready to negotiate protocols allowing other interested ENP countries to participate in EU programmes. As the current programmes expire in 2013, the EU will give partners information on the 2014–20 programmes open to their participation, once these have been adopted. It will continue to help partner countries participate in the work of EU agencies, in particular by providing funding for preparatory activities. Partner countries will need to carefully identify a limited number of priorities to facilitate further dialogue and cooperation based on a mutually identified interest. The EU is prepared to co-fund, on a temporary and decreasing basis, some of the costs associated with participation.

## ***2.7. Eastern and Southern Dimensions of the ENP***

61. The ENP is based on individual partnerships between the EU and each individual neighbour through a single policy, based on mutual accountability and a shared commitment to the universal values of human rights, democracy and the rule of law. This approach is complemented by the two regional dimensions of the ENP. The EaP and the Partnership for Democracy and Shared Prosperity with the Southern Mediterranean neighbours aim to foster regional cooperation and to develop regional synergies and responses to the specific geographic, economic and social problems of each region.

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<sup>9</sup> Protocols allowing the Republic of Moldova and Ukraine to participate in EU programmes open to their participation entered into force in 2011 and a protocol was signed with Israel in 2008.

### 2.7.1 Eastern Partnership

62. Significant bilateral and multilateral progress was made in implementing the EaP. Despite this, limited progress in some countries in terms of democratic reforms, human rights and the rule of law continued to pose a challenge for the achievement of the objective of partner countries' political association and economic integration with the EU. The Roadmap drawn up in 2012<sup>10</sup> was a basis for guiding and monitoring the further implementation of the Partnership's objectives defined in the Prague and Warsaw Declarations until the next summit in Vilnius in autumn 2013.
63. The EaP platforms and panels provided a common space for dialogue, cooperation and exchange of information in areas such as public administration reform, transport and migration and asylum. Civil Society Forum platforms have now been established in all six EaP partner countries. Substantial progress on Association Agreements (AA) including Deep and Comprehensive Free Trade Areas – key instruments in support of democratic and economic transformation - was made and the EU made headway towards the goal of visa liberalisation for short-term travel with five of the six partner countries. The EU has provided substantial funding to support partners' reform efforts. For the period 2011–13, EUR 1.9 billion is available for bilateral and regional cooperation (including EUR 350 million of additional resources). The Eastern Partnership Integration and Cooperation Programme (EaPIC) has served as an instrument for a more systematic application of increased policy conditionality and the application of the 'more for more' principle. In 2012 three partner countries (Moldova, Georgia and Armenia) benefited from EaPIC in terms of increased financial assistance.
64. The establishment of the Eastern Partnership Informal Dialogues, to be held at the level of the HR/VP, the Commissioner for European Neighbourhood, and the Foreign Ministers of the six partner countries, was agreed. The Informal Dialogues should address any foreign policy issues of mutual interest for the EU and partners, monitor the implementation of the Eastern Partnership Roadmap and, when appropriate, include a sector dialogue. The first meeting took place in Chisinau in June 2012, and the second dialogue was held in Tbilisi in February 2013, including an informal dialogue on transport, with the participation of Vice President of the Commission Kallas and Transport Ministers of the partner countries.
65. The summit, scheduled to take place in Vilnius in November 2013 will be another milestone in the implementation of the EaP. Some of its Eastern European partners wish to go further in their relations with the EU. In the May 2011 Communication on the ENP<sup>11</sup>, the High Representative and the Commission pointed out that the values upon which the European Union is built — freedom, democracy, respect for human rights and fundamental freedoms, and the rule of law — are also at the heart of the process of political association and economic integration under the ENP. These are the same values that are enshrined in Article 2 of the Treaty on European Union and on which Articles 8 and 49 are based. The Heads of State and Government at the Warsaw

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<sup>10</sup> Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *Eastern Partnership: A Roadmap to the autumn 2013 Summit*, JOIN(2012) 13 final, 15.5.2012.

<sup>11</sup> Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *A new response to a changing Neighbourhood*, COM(2011) 303. 25.5.2011

Eastern Partnership Summit in 2011 have acknowledged the European aspirations and the European choice of some partners<sup>12</sup>.

### ***2.7.2. Partnership for Democracy and Shared Prosperity***

66. In 2012, a Roadmap<sup>13</sup> set out objectives to be pursued under the Partnership in the southern neighbourhood, at bilateral and regional levels, and the achievements expected by the end of 2013. Implementation of the Roadmap was influenced by the changing situations of the Mediterranean Partners in 2012. The EU has pursued its policy of renewed engagement bilaterally and regionally, offering support for transition while recognising that its ownership lies with the partners. In terms of financial support, in addition to the €3.5 billion already programmed for the period 2011-13, the EU is providing around €700 million in new grants for the Southern neighbourhood.
67. 2012 saw the successful holding of democratic elections (Egypt, Algeria and Libya), electoral reforms in preparation for elections in Jordan and Lebanon and the formation of new governments in most countries. Through assistance or observation missions, the EU supported what were often the first truly democratic elections. Multiparty politics gained a new dynamic and civil society was more active and vocal. In many countries in the region, there is more respect for freedom of expression generally and it has become easier to establish political parties or trade unions. Nevertheless, it became clear that democratic institution building will take time, particularly where legal uncertainty still hangs over the transition process (Egypt). However, the new dynamism of political parties and civil society is a sign of the development of a democratic culture, which provides the EU with new channels for dialogue. At the same time, with the worsening of the security situation, in particular in Libya, Sinai and Sahel, reforming the security sector inherited from the previous regimes, while maintaining law and order, is becoming an important issue.
68. On the economic front, political uncertainties, as well as a lack of structural reforms for inclusive growth, have continued to put a brake on economic activity. Fiscal deficits remained high or even worsened in 2012, due to a weak economy and increased expenditure to meet vocal social demands. Unemployment levels edged up from already high levels. Although the political context was not conducive to decisive economic reform, there are some signs of stabilisation.
69. The EU's Special Representative for the Southern Mediterranean played a leading role in enhancing the EU's political dialogue with the countries in the region engaged in transition, contributing to the EU's work in strengthening democracy and institution building and enhancing its effectiveness, presence and visibility in the region. Task forces were set up for Tunisia (28-29 September 2011), Jordan (22 February 2012) and Egypt (13-14 November 2012). The task forces helped to deepen the EU's relationship with the three countries in a results-oriented, tailored and differentiated way, involving all EU institutions and the private sector. European entrepreneurs also

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<sup>12</sup> Joint Declaration Eastern Partnership Summit, Warsaw, 29-30 September 2011.

<sup>13</sup> Joint Staff Working Document, *Partnership for Democracy and Shared Prosperity: Report on activities in 2011 and Roadmap for future action*, Accompanying the document Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *Delivering on a new European Neighbourhood Policy*, SWD(2012) 121 final, 15.5.2012



participated in Missions for growth led by European Commission Vice-President Tajani to Morocco and Tunisia in November 2012. In Tunisia, an EU-Tunisia Council for Entrepreneurship was launched to advise the Tunisian government on business climate improvements.

70. At regional level, the Northern co-presidency of the Union for the Mediterranean Northern was transferred to the EU and Jordan assumed the Southern co-presidency. This was a sign of renewed willingness on both sides of the Mediterranean to turn the UfM, as a unique forum of 43 members,<sup>14</sup> into an effective catalyst for the development of regional projects. The EU-League of Arab States Ministerial Meeting in November gave a clear political message about the commitment of EU and Arab Ministers to cooperate in tackling the issues they have in common. In December, a Joint Communication<sup>15</sup> set out ways in which the European Union could support closer cooperation between the countries of the Maghreb. The Commission also participated in the 5+5 Summit in October, between the five countries of the EU Southern Mediterranean and the Maghreb, showing support for further regional integration as an important way of advancing security and prosperity.
71. While substantial progress towards the Roadmap objectives was made in 2012, further progress in 2013 will depend on the continued willingness of the EU and partners to deliver on the commitments already made. As the political situation stabilises, and partner countries advance on the transition to democracy, governments should be in a better position to reap the benefits of what the EU has to offer and give new impetus to their participation in regional cooperation.

## ***2.8. Addressing Conflicts in the neighbourhood***

72. Addressing the protracted conflicts in the neighbourhood — in Moldova, the South Caucasus, the Middle East — is an important part of EU policy. The EU's **CFSP/CSDP** engagement will continue to be part and parcel of the ENP. The presence of CSDP missions in the neighbourhood reflects the EU's comprehensive, multi-faceted approach in this area, addressing issues of security, the rule of law and civilian crisis management.
73. The EU's Special Representative for the South Caucasus and the Crisis in Georgia continued to play a key role in the EU's efforts to resolve the conflicts in Georgia and Nagorno Karabakh. Together with the UN and the OSCE, the Special Representative co-chaired the Geneva International Discussions on the crisis in **Georgia**. These talks are currently the only forum for dialogue between the Georgian authorities and the break-away regions of Abkhazia and South Ossetia, though the new Georgian administration has expressed the intention of establishing direct communication channels with representatives of the de facto entities. The EU Monitoring Mission in Georgia has helped stabilise the situation there through its monitoring presence along the Administrative Boundary Lines with the break-away regions.

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<sup>14</sup> Syria's participation is currently suspended, so there is cooperation among 42 countries.

<sup>15</sup> Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. *Supporting closer cooperation and regional integration in the Maghreb: Algeria, Libya, Mauritania, Morocco and Tunisia*. JOIN(2012), 36 final, 17.12.2012.

74. On **Nagorno Karabakh**, high-level contacts have continued with Armenia and Azerbaijan to encourage the peaceful settlement of the conflict, specifically by supporting the work of the OSCE Minsk Group. While giving full credit to the co-chairs of the Minsk Group, the EU flagged its readiness to help facilitate reconciliation and rehabilitation, in support of any progress that might be made in negotiations. In September 2012, the second phase of the EU-funded civil society programme, the European Partnership for the Peaceful Settlement of the Conflict over Nagorno-Karabakh (EPNK), was launched.
75. The **5+2 Transnistrian settlement process**, which resumed officially in December 2011, gained some momentum. In January 2012, the two sides, meeting in Odessa, agreed on a ‘small steps’ approach to tackle practical issues of primary relevance for ordinary citizens. In April, the 5+2 adopted rules of procedures and a comprehensive negotiating agenda by consensus. The negotiating agenda covers socio-economic, humanitarian, legal, political and security issues. From then on, the 5+2 participants lent their political support to the technical discussions led by the various sides. This enabled the resumption of freight rail transport through the Transnistrian region and substantial progress on education and other socio-economic issues. In November, the participants exchanged views, without reaching a consensus, on the need to discuss the political aspects of the settlement and the lack of clarity which hampers the resolution of socio-economic and humanitarian issues. The EU, aiming to consolidate stability in the region, participated actively in the 5+2 format and stepped up its presence on the ground. It did so by facilitating the participation of Transnistria-based businesses in EU-Moldova trade flows and financing a growing number of confidence-building projects in the social, health, education and humanitarian areas.
76. Moldova and Ukraine continued to participate constructively in the work of the EU Border Assistance Mission to Moldova and Ukraine (EUBAM). With EUBAM support, the customs authorities and border guard service of Moldova continued to improve their professional capacities and inter-agency cooperation within the country and with Ukraine. EUBAM continued to support the demarcation of the state border with Ukraine.
77. Changes in the Arab world underlined once again the urgent need to resume negotiations between Israel and the Palestinians. During 2012 the EU continued to encourage both parties to return to the negotiating table in line with the Quartet statement of September 2011. Despite Jordan’s support at the start of the year, regrettably such negotiations were not resumed. The EU, while reaffirming its support for the two-state solution, expressed increasing concern about developments on the ground that threaten to make a two-state solution impossible. It continued to advocate resolving the **Israeli-Palestinian conflict** through peaceful bilateral talks based on international law and parameters already agreed. Besides its consistent practical support in the framework of the ENP, its political endeavours were best reflected in its Foreign Affairs Council Conclusions of May and December 2012.
78. It further assisted the Palestinian Authority in its state-building efforts based on the rule of law and respect of human rights. It re-iterated its call for intra-Palestinian reconciliation and focused on preventing unilateral acts threatening the viability of a two-state solution, most importantly in relation to the expansion of Israeli settlements, including expansion in East Jerusalem. Fully recognising Israel’s legitimate security needs, it continued to appeal for an end to the Gaza Strip blockade with the main aim

of improving its unsustainable humanitarian situation. It closely cooperated with the US and other international partners, including within the Quartet. It welcomed the mediation efforts of Jordan and Egypt in favour of conflict resolution, and the Arab League's general support for the Middle East Peace Process.

79. **EUBAM Rafah** operations are suspended due to Hamas' violent takeover of the Gaza Strip in mid-2007. Substantial mandate implementation has been on hold ever since, yet the mission has maintained its capacity and preparedness to reactivate and redeploy to the Rafah Crossing Point once political and security conditions allow it to do so. In the aftermath of the Gaza crisis in November 2012, discussions recommenced on the possible reactivation of EUBAM Rafah.
80. In the case of **Syria**, the EU has repeatedly condemned the ongoing human rights violations, decided several rounds of restrictive measures against the Syrian regime, and provided humanitarian aid to IDPs and refugees. It has taken diplomatic action to facilitate a peaceful solution to the crisis, supporting the UN-League of Arab States Special Envoys, participating in the Friends of Syria meetings, and supporting efforts to foster a unified, representative opposition. Throughout the Syrian crisis, the EU has been at the forefront of the international humanitarian response, acting in close coordination with other donors and international organisations to ensure that needs were promptly identified and aid delivered rapidly and effectively. In 2012, EUR 150 million in humanitarian assistance has been provided in Syria and in the neighbouring countries, complemented by a EUR 208 million contribution from the EU Member States. Around EUR 80 million has been provided under the ENPI and under thematic instruments to address longer term needs of the Syrian population (support to civil society, Human Rights defenders, refugees...) and to help neighbouring countries to cope with the influx of refugees.

### 3. Policy coherence

81. The ENP is a prime example of a comprehensive approach to external policy. Cooperation with our neighbours uses all instruments and policies at the EU's disposal. It combines long-term political association, trade policy, sector policies and financial cooperation with shorter-term policies and measures of CFSP/CSDP instruments. It shows how a comprehensive approach can be used to generate coherent action involving all relevant EU actors. As announced in the Commission Work Programme for 2013, the HR and the Commission are currently working on a Joint Communication outlining how to develop this approach further.
82. It is working closely with other donor countries and international actors to respond to humanitarian crises, promote democratic transition and foster economic development in partner countries. Seeking better synergies and coordination with major International Financing Institutions (IFIs) in the ENP region is already a key task and will increase in importance in the future. Early consultation mechanisms, both through the current frameworks, the Tripartite MoU between the Commission, the EIB Group and the EBRD and the Luxembourg Group (the EU, the IMF, the World Bank, the IFC, the EIB and the EBRD), and increased cooperation at field level are essential to improve policy alignment towards ENP policy objectives. The Special Representative for the Southern Mediterranean and the Commission take care of coordination with IFIs and the G8 in the context of the Deauville process. At the global level, ENP

policy issues were also discussed in the context of the annual meeting with the World Bank's EU executive directors in 2012. Consultations with EU board members of the EBRD are also regularly organised and can address ENP related policy issues.

83. The political and strategic partnership between the Council of Europe (CoE) and the EU has been continuously strengthened over recent years. Cooperation and dialogue with the CoE contributes to achieving the shared objectives of greater respect for the common values of human rights and fundamental freedoms, democracy and the rule of law in the countries in the region. The EU also works closely with the OSCE on conflict resolution in the context of the Minsk Group and the 5+2 Transnistrian settlement process, and with both the OSCE and the UN in the Geneva International Discussions on the conflict in Georgia.
84. The European Parliament, the Committee of Regions and in particular its two associated bodies CORLEAP (Conference of Regional and Local Authorities of the EaP) and ARLEM (Euro-Mediterranean Regional and Local Assembly), and the European Economic and Social Committee take an increasingly active and important role in the ENP, contributing to the development of political dialogue and better incorporation of other dimensions of cooperation into the ENP. This further reinforces synergies in the implementation and communication of the policy.
85. The EU's neighbours are also becoming partners in the area of CSDP. Ukraine participates in a number of CSDP missions. CSDP framework participation agreements have been concluded with Ukraine and Moldova, negotiations are underway with Georgia and Armenia has also expressed interest.
86. There is still room for improvement. The EU will continue to work on how the various actors can operate in a more coherent manner. It is clear that in a number of areas, in particular the area of mobility, where important policy competences rest with the Member States, the EU needs to work even more closely with its Member States to deliver on its commitment towards its partners. It also needs to find ways to involve other stakeholders in shaping policy, for instance in preparing Action Plans or Association Agendas.
87. EU Institutions and individual Member States must strive towards maximizing coherence, which is essential to bring EU added value. The Delegations of the EU in partner countries have an important role to play in bringing all actors together, ensuring coherence and synergies on the ground. They will also need to take on a bigger role as hubs for partner countries' authorities, civil society, or businesses to obtain information about policy and the opportunities for seeking support.

#### **4. Challenges ahead**

88. The universal **values** on which the EU is built — freedom, democracy, respect for human rights and fundamental freedoms, and the rule of law — also underpin the ENP. For partners who want to become as close to the EU as possible, it is the main reference point for their domestic reforms. This reform process must be inclusive. Only if the whole societies, not just the political elites or certain parts of the political spectrum, makes this choice and adheres to the universal values referred to above, will the process be sustainable and ultimately successful.

89. The principle of **‘more for more’** will remain an important element to make the ENP responsive to the efforts and progress being made in democratic reforms. The new financial instrument for the neighbourhood for the period 2014-2020 will incorporate this principle in the area of financial cooperation. But the principle is not restricted to financial cooperation. As stated in the 2011 joint Communication, the EU will also adapt its offer, notably in terms of access to markets and better mobility, in response to the level of reforms and ambition demonstrated by its partners.
90. Analysis has shown that – with the exception of a few countries – who acted on most of the recommendations – many of the **key recommendations** contained in previous year's ENP progress reports remain valid and will continue to be at the heart of the reform process in the year(s) to come. The very limited progress in a number of partners towards the jointly agreed objectives, and the limited response by some of them to the incentives provided by the ENP may require a critical look at its **instruments and mechanisms**. If necessary, the EU must reflect on whether adjustments to these may allow it to respond better to the expectations and needs of partners, thus contributing to better take-up. At the same time, partners need to show their commitment to achieving the objectives jointly agreed with the EU. Priorities and reform agendas agreed with the EU must become an integral part of national strategies for reform and development.
91. Opening up new opportunities for **citizens** to travel, study and do business with the EU is crucial to sharing the values on which it is built. The EU should put more emphasis on the kind of policies and measures that focus on these issues. Mobility of people, scholarships for students and business networks may do more to clinch the ‘European choice’ of partners than anything else. In the East, Visa Liberalisation Action Plans have proved effective for encouraging reform in the partner countries. Their full implementation by partners should bring the prospect of visa-free regimes closer to becoming a reality.
92. The multi-faceted, multi-actor nature of the ENP and its sometimes technical nature make the policy difficult to **communicate**. However, the EU is seen as a model and an inspiration for people in the neighbourhood when it comes to the values that are the basis for the ENP — human rights, democracy, fundamental freedoms and prosperity and solidarity. A public opinion survey conducted in ENP partner countries<sup>16</sup> shows that the EU is positively perceived by people in most of its neighbours<sup>17</sup>. The EU is associated with the promotion of human rights, solidarity, prosperity, democracy and freedom of speech. These values and economic development are seen as main aspects of cooperation. The same survey reveals however that many people do not feel they are well informed about what the EU does in their countries. This underlines the need to better inform citizens in partner countries about the ENP, its objectives and instruments and its achievements.
93. **Conflicts** remain a problem in some areas of the European neighbourhood, and risk undermining nascent reform processes. Fostering peace and stability by using all the

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<sup>16</sup> EU Neighbourhood Barometer Spring 2012 and Autumn 2012

<sup>17</sup> With the exception of Egypt and Libya where a majority seems to not have a view, or much information, about the image of the EU or the state of relations.

civil and military tools available to the EU is an urgent necessity that cannot be disregarded.

94. Shifts in the **foreign policy orientation of partner countries** and the increasing involvement of other actors in the region may also make the EU less attractive as a model and partner. This will require the EU to reflect on how to have a more multilateral policy approach, involving and working with, more systematically than it does now, the other actors working in the neighbourhood in addressing, together with partner countries themselves, issues of shared interest. In the Southern Mediterranean, Turkey, countries of the Gulf and organisations such as the Arab League are playing a more prominent role in attempts to resolve conflicts and are promoting their economic and political interests more. The emergence of alternative regional integration schemes in the Eastern neighbourhood presents a new challenge. The emergence of the Eurasian Union between the Russian Federation, Belarus and Kazakhstan has changed the landscape. This is perceived as offering an alternative model of political and economic development to integration with the EU. However, there is a choice to be made. For example, joining the Customs Union that is part of the Eurasian Union would preclude economic integration with the EU through a DCFTA.

## 5. Conclusion

95. While the underlying principles and objectives of the ENP continue to apply to all partners and all parts of the policy, the EU's relationship with each one of its partners is unique, and the instruments of the ENP are tailored to serve each of those relationships. The ENP provides the EU with a toolbox of instruments that allows it to adapt its policy approach and response to the individual context of its partners and their aspirations for their relationship with the EU. It will increasingly need to differentiate its policy response, in line with the different developments, ambitions and needs of its partners.
96. Partners should not lower their ambition and commitment to reform their societies and their political and economic systems. This remains essential to fulfil the aspirations and meet the needs of their populations. A renewed political commitment to actually implementing often difficult reforms is crucial. For its part, the EU needs to continue to live up to its commitments of stronger political association, greater economic integration and support for reforms.