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COMMITTEE OF THE REGIONS**

**Neighbourhood at the Crossroads:
Implementation of the European Neighbourhood Policy in 2013**

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1. Introduction

The European Neighbourhood Policy (ENP) aims at developing a special relationship between the EU and each of its partner countries, contributing to an area of security, prosperity and good neighbourliness. 2013 has seen some progress towards these objectives. Reform efforts, both in eastern and southern ENP countries, continued and the EU supported these efforts. But it was also, once again, a year of crises, reflecting political instability and continuing difficult socio-economic conditions across a number of countries in the neighbourhood. Security challenges — both domestic and regional — increased and, in some countries, partly reversed democratic reform achievements of previous years and stunted prospects for economic recovery.

This joint communication, accompanied by a set of joint staff working documents,¹ looks at how the EU and partner countries² have progressed in implementing jointly agreed reform objectives, and addressed particular challenges facing both sides.

Developments in 2013 — both positive and negative — underlined that the success of the policy is directly dependent on the ability and commitment of governments to reform and to deepen relations with the EU, as well as on the capacity to explain and gain popular support and adherence to this agenda. Tailored to support reforms and incremental change over a period of time, the policy has faced some challenges in steering partners towards adopting policies that would bring more security, and more democratic and economic reform in moments of abrupt change and rupture of political and social stability.

Partners' reform paths and ambitions in their relations with the EU, as well as the challenges they face, are becoming more diverse. The choices made by some countries will require greater differentiation in the relations between the EU and its partners, in order to respond to the expectations and needs of each partner, while also safeguarding the EU's own strategic interests. The EU remains committed to building partnerships with each of its neighbours that reflect their individual needs, capacity and reform objectives.

Achieving the agreed reform objectives in partner countries is also influenced by their regional environment, and other players' actions and — sometimes conflicting — objectives. Some eastern European partner countries, in addition to the still fragile nature of their political reforms, slow economic growth, and structural economic weaknesses, have faced clear outside pressure, such as potential changes in energy pricing and artificial obstacles to trade, because of their objective of establishing closer links with the EU. In the Southern Neighbourhood, the actions of several regional or global players have also affected developments such as the conflict in Syria and the political (and economic) crisis in Egypt. With the view to making the ENP more effective and relevant, the EU will for

¹ This joint communication is accompanied by: twelve Country Progress Reports assessing the implementation of the ENP in 2013 in countries with which an ENP Action Plan or an equivalent document has been agreed; two regional progress reports reviewing the progress made in 2013 in the implementation of the Eastern Partnership and the Partnership for Democracy and Shared Prosperity; and a statistical annex.

² The European Neighbourhood includes Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, the Republic of Moldova (hereafter referred to as Moldova), Morocco, Palestine (this designation used in this document does not entail any recognition of Palestine as a state and is without prejudice to positions on the recognition of Palestine as a state), Syria, Tunisia and Ukraine.

its part continue to reach out to and engage with these regional and global players to ensure that reform efforts are not thwarted by conflicting policy objectives. EU's neighbourhood partners as well as their immediate neighbours all stand to gain from democratic and economic reforms.

The dramatic events in Ukraine have demonstrated how an uncommitted government, disconnected from the wider sentiment of the population and subject to unacceptable external pressure can provok great political and social disarray.

The EU is acting decisively in cooperation with its international partners to support the country's new authorities to stabilise the situation, preserve the country's unity while fully respecting all communities and groups of population and address the people's aspirations. To this effect the European Commission announced on 5 March 2014 a Support Package for Ukraine³, frontloading and reinforcing many of the EaP policies and instruments. The proposed measures could bring overall support of at least EUR 11 billion over the coming years from the EU budget and EU-based international financial institutions in addition to the significant funding being provided by the IMF and the World Bank. Underpinning this approach is the ambition to help Ukraine fulfil the aspirations, which have been clearly demonstrated by citizens and civil society in the unprecedented events in Kiev and throughout the country.

On 18 March 2014, the Russian Federation signed a treaty with the de facto authorities of the Republic of Crimea and of the City of Sevastopol, sealing the de facto annexation of Crimea with immediate effect. As stated by Presidents H. Van Rompuy and JM. Barroso on 18 March, the European Union does neither recognise the illegal and illegitimate referendum in Crimea nor its outcome. The sovereignty, territorial integrity and independence of Ukraine must be respected. The European Union does not and will not recognise the annexation of Crimea and Sevastopol to the Russian Federation.

The European Council shares the view on the illegality of the referendum and the ensuing steps, as expressed in its conclusions on 20 March 2014. On the next day, the EU and Ukraine signed the political provisions of the Association Agreement, and confirmed their commitment to proceed to the signature and conclusion of the remaining parts of the Agreement which together with the political provisions constitute a single instrument. As stated in the recent Foreign Affairs Council conclusions⁴, the Association Agreement does not constitute the final goal in the EU-Ukraine cooperation.

Continuing crises in the Southern neighbourhood, in particular the continuing civil war in Syria and its negative impact on the neighbouring countries, have also required sustained attention and engagement by the EU. Thanks to the competences attributed under the Lisbon Treaty, an increasing array of policy instruments, both political and technical, are now at the disposal of the EU and have allowed the EU to play a heightened political role in the transitional process that Tunisia, Egypt and Libya are going through.

The High Representative/Vice President established strong ties with the various political actors and has had unique access even in particularly challenging circumstances, her

³ SEC(2014) 200

⁴ Council Conclusions on Ukraine, Foreign Affairs Council meeting Brussels 10 February 2014

meeting with Mr Morsi being perhaps the most prominent example. This has meant that the EU can be vocal with the authorities on those values that it holds dear.

The EU Special Representative for the Southern Neighbourhood, Bernardino Leon and the EU Special Representative for Human Rights Stavros Lambrinidis have also played a unique part by providing good offices and raising the EU's profile in the region.

The EU has also taken immediate and substantial measures to address the consequences of the Syrian civil war and its growing regional implications, e.g. for refugee flows and the risk of strife in Syria's neighbouring countries. The Joint Communication '*Towards a comprehensive EU approach to the Syrian crisis*'⁵ was accompanied by additional financial assistance of EUR 400 million in 2013 to deal with the consequences of the crisis. Mindful of the unprecedented effects the crisis has on the Syrian people as well as on the stability of neighbouring countries, the EU has been the largest donor to the victims of the Syria crisis, providing massive humanitarian and non-humanitarian support.

While in several cases it was able to rise to the challenge and react rapidly, the EU should continue to reflect on how the policy and its instruments can better respond to the very diverse contexts in partner countries, and how some components may need to be adjusted, including through the use of additional policy instruments. The need to act rapidly in different kind of situations, with different kind of decision making procedures, has to be taken into account when developing the legislation of EU's policy and financial instruments, such as the framework legislation for Macro-Financial Assistance, simplified procedures in the area of trade policy, or efforts to use more rapid decision making procedures for the use of CSDP instruments. This is an area the EU institutions and Member States should focus on, to enable the EU to react better and quicker to developments in its neighbourhood, and to respond to partners' changing needs.

2. Implementation

As in 2012, partner countries' progress in implementing their reform commitments has been very uneven.

In the Southern Neighbourhood, the overall political situation often hampered partner countries' readiness to implement the agreed reform agenda. In Tunisia, the democratic transition moved forward thanks to inclusive dialogue and despite major security threats throughout 2013. The appointment of a new government in mid-December and the subsequent adoption of a new constitution in January 2014 were major democratic steps. In Morocco, a difficult political context contributed to a limited implementation of commitments enshrined in the constitutional reform of 2011. In Egypt, after popular demonstrations and an ultimatum set by the armed forces, President Mohammed Morsi was ousted, and replaced by an interim president. Libya still faces serious security challenges, both domestic and affecting the whole Northern African region (e.g. the Sahel, and the Mali crisis). Lebanon, where a new government has been appointed, and Jordan struggle with the impact of the Syrian civil war on their political, economic and social systems, seriously compromising their ability to carry out political and structural reforms. The US renewed its efforts to foster peace between Israelis and Palestinians, leading to a

⁵ JOIN(2013) 22/2, *Towards a comprehensive EU approach to the Syrian crisis*

resumption of negotiations in July with the aim of reaching an agreement on all final status issues within nine months.

In the eastern ENP countries, while democratic structures are getting stronger in some countries, wide-ranging reforms were sometimes prevented or slowed by vested political or economic interests. Moldova and Georgia have concluded the negotiations and initialled the Association Agreements including Deep and Comprehensive Free Trade Areas (AA/DCFTA), made progress in political and judicial reforms, and continued the reforms to prepare for the implementation of the AA/DCFTAs. However, the political crisis in Moldova at the beginning of 2013 highlighted the vulnerability of some of the state institutions to vested interests, the limits of the constitutional system of checks and balances, and the still fragile nature of the reform achievements. Georgian elections in autumn 2013 marked its second democratic transition of power in the last 18 months, and a significant constitutional shift from a semi-presidential to a parliamentary system. Armenia held presidential elections in February 2013 which, despite remaining violations, were seen as generally well administered and respectful of fundamental freedoms. Armenia had negotiated an AA/DCFTA but did not initial it after its decision to join the Eurasian Customs Union. Ukraine's reform process got entirely stalled following the suspension of the preparations for signing the Association Agreement. This suspension sparked massive civil protests (so-called "Euromaidan") in support of political association and economic integration with the EU. Azerbaijan needs to make further efforts in upholding fundamental rights and freedoms. Belarus made no progress in political reforms.

Individual countries' implementation of key recommendations made in 2013

Armenia addressed some of the key recommendations. It established a working group to submit proposals in response to the OSCE/ODIHR recommendations on elections. It took some action against high-level corruption, but the Ethics Commission was still not effective. It continued developing the 'regulatory guillotine' programme that is expected to reduce the administrative burden as well as opportunities for corruption. It established a new Interagency Commission on the implementation of the Human Rights Protection National Strategy. It adopted amendments to the law on alternative military service and a law on equal rights and opportunities for men and women. There were limited developments regarding reforms in the public administration and some measures were taken to reform the judiciary and to advance sectoral reforms and regulatory approximation to the EU *acquis*.

Azerbaijan acted on some of the key recommendations. It partly addressed public financial management issues and took measures to fight corruption.

Georgia acted on most of the key recommendations issued in last year's ENP progress report. It delivered presidential elections in line with international standards. It continued to reform the justice system and advanced sectoral reforms and regulatory approximation to the EU *acquis*. It actively participated in the Geneva discussions and took measures to improve the living conditions of internally displaced persons (IDPs), with the support of the EU; it also renewed its commitment to a genuine engagement with the breakaway regions.

Moldova addressed many of the key recommendations contained in last year's ENP progress report. It completed the implementation of the visa liberalisation action plan; took forward judicial and law enforcement reforms; started restructuring the anti-corruption framework; stepped up its implementation of the human rights action plan and the action plan in support of the Roma people; maintained its dialogue with Tiraspol; and continued with challenging regulatory and sectoral reforms.

Ukraine partly addressed some of the recommendations of the last progress report related with the electoral law and practice and the judiciary, but the suspension of preparations for signature of the AA/DCFTA stalled the reform process.

Due to political events, **Egypt** did not address the key recommendations contained in last year's ENP progress report with the exception of the signature of the regional Convention on pan-Euro-Mediterranean preferential rules of origin. Therefore, most of the recommendations are still pertinent.

Israel addressed some of the key recommendations from last year report. The regional Convention on pan-European rules of origin was signed as well as the EU-Israel comprehensive civil aviation agreement, and the ACAA came into force.

Jordan acted upon a number of key recommendations contained in last year's ENP progress report, notably the adoption of an anti-corruption strategy and the ratification of the regional Convention on pan-Euro-Mediterranean preferential rules of origin.

Lebanon took up several of the recommendations contained in the 2012 Progress Report, including limited progress towards ACAA negotiations as well as drafting legislation on public procurement, fight against corruption, and migrant workers. That legislation, however, was not adopted by parliament.

Morocco addressed a majority of the key recommendations. The Committee of Ministers approved the government's plan for equality and the draft law creating an authority for equality and the fight against discrimination (APALD). Progress was also made on the anti-corruption framework (i.e. the status of the relevant authority). The national justice reform charter was published and two related organic laws were drafted. In addition, negotiations on a DCFTA started and preparations for an ACAA agreement remained on track.

Palestine: The Palestinian Authority signed the regional Convention on pan-Euro-Mediterranean preferential rules of origin, thus implementing one of the recommendations of last year's ENP progress report. Nevertheless, most of the key recommendations made in the report have yet to be addressed, and remain valid.

Tunisia delivered mostly on recommendations relating to the consolidation of democracy (adopting a constitution and setting up a legal framework for the prevention of torture, the media, judicial independence, anti-corruption measures, and transitional justice) and preparations for the next elections (appointing members of the superior independent elections instance). On its bilateral commitments, it made progress towards a partnership for mobility. Tunisia has also signed the regional Convention on pan-Euro-Mediterranean preferential rules of origin.

The High Representative, the Commission and EU Delegations in partner countries stepped up efforts to communicate the policy to partner countries and the public. For the Eastern Partnership, the EU launched a 'visibility strategy' in 2013. This strategy is intended to ensure that those who will be affected by and who stand to benefit from the Eastern Partnership are properly informed not only of the expected long-term benefits, but of the concrete changes the policy will bring to their countries. Covering all countries of the ENP, the European Neighbourhood Info Centre web portal (www.enpi-info.eu), an online resource which is already in place, provides up-to-date information in four languages on cooperation projects in ENP countries. The Neighbourhood Info Centre is one of components of the ENPI regional communication programme (2011-2013). This programme also covers journalist training and networking, student conferences, media monitoring and opinion polling surveys covering the ENP area.

The main messages of EU communication are that the ENP helps to make Europe and its neighbourhood a better, safer and more prosperous place, and that the ENP improves people's lives, by contributing to more democratic, open and equal societies and to greater prosperity, and by creating networks between the EU and neighbouring countries. The EU also stresses that the ENP benefits everyone, including stakeholders beyond the neighbourhood. Co-ownership and mutual accountability are at the core of the ENP. For example, Association Agreements and DCFTAs with our partner countries also offer opportunities and benefits to the neighbours of the neighbours. Cooperation and the

creation of networks do not stop at the borders of the ENP partners, but reach beyond them. It is an inclusive policy.

However, there is a case to be made for the EU to explain better the concrete benefits of its initiatives. It will need to ensure that ongoing negotiations are conducted swiftly and that agreements can enter into force as soon as feasible and bring tangible benefits. At the same time, both EU and Member States need to ensure that the policy remains attractive and responds to the needs of their partners. In particular in areas 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.

2.1. Deep and sustainable democracy

Despite efforts and improvements in some areas, the picture in 2013 was rather mixed overall, with some worrying trends. In Georgia, Moldova, Morocco and Tunisia, the authorities showed a clear commitment to reform. Developments throughout the year in Egypt have shown the risks and pitfalls a democratic transition can run into when the process is conducted in a non-inclusive, partisan manner.

Only a few **elections** were held in neighbourhood countries in 2013. The presidential elections in Georgia and, to a lesser extent, Armenia were genuine democratic elections, whereas presidential elections in Azerbaijan did not fully meet international standards. A constitutional referendum was held in Egypt in January 2014. The turn-out was relatively low and little room was left to the opposition during the electoral campaign.

Fundamental freedoms are under threat in certain parts of the neighbourhood, but progress in the treatment of minorities, for instance in Moldova, and the adoption of a new constitution in January 2014 in Tunisia are paving the way for greater respect for the rule of law and, as a consequence, for democracy and fundamental freedoms, in those countries.

In a number of countries, no improvements were made, and restrictions of **freedom of assembly and association** were maintained. In Egypt, over 1300 people died following the dispersal of protests by the security forces in 2013 and a new law restricted freedom assembly while a draft law on associations contains also restrictive provisions. These will have to be brought into compliance with the newly adopted constitution. In Armenia, the Ombudsman highlighted failure to prosecute police perpetrators of violence against peaceful protesters, and labour and trade-unions' rights face restrictions. In Azerbaijan involvement in any 'legally banned assembly' can now lead to two years of imprisonment under the new criminal code. In Algeria, the law on associations contains problematic provisions and its implementation remains very controversial; Israel maintains restrictions on freedom of assembly. In Palestine, a draft law might worsen the situation of trade unions in the Gaza Strip. Where freedom of association is lacking, the protection and promotion of **collective rights** are affected.

In Ukraine, reports of police intimidation of journalists became more frequent in 2013 and early 2014. There were some positive developments in Moldova and Georgia. In Tunisia, emblematic cases concerning activists showed that despite profound positive change, **freedom of speech** was still not guaranteed. Similar cases occurred in Morocco.

In Belarus, the situation as regards upholding human rights, the rule of law and democratic principles remained of concern.

Justice systems across the region need further reform. In several countries, the independence of the judiciary is still not fully guaranteed. In Egypt, as in Israel, Lebanon and Jordan, civilians can still be tried in military courts. Nevertheless, judicial reform to strengthen the rule of law is under way in Georgia, Moldova, Morocco and Ukraine. The adoption of a new constitution in Tunisia in January 2014 also paves the way for the separation of powers and the rule of law.

Torture and ill-treatment in prisons persists, to differing degrees, across the neighbourhood. Nevertheless, the first and very symbolic measure voted by the Tunisia Constituent National Assembly when its suspension ended in October 2013 was a national mechanism to prevent torture.

Some progress in the fight against **corruption** was made in the legal frameworks of Moldova, Ukraine, Georgia, and Morocco, which still need to be implemented. Other countries like Lebanon, Armenia, and Azerbaijan still lack strong and effective anti-corruption institutions and mechanisms.

The need to reform the **police** in order to restore public confidence and accountability is a shared concern across the neighbourhood. Human rights are still not upheld in prisons or by the police and army in several countries.

Countries in the neighbourhood show persistent signs of **social divisions**, reflecting discrimination against women and minorities. **Gender-based violence**, and discrimination on grounds of sexual orientation against the lesbian, gay, bisexual, transgender and intersex (LGBTI) community, is of increasing concern, with the exception of Israel where there is no legal discrimination based on sexual orientation.

The rights of persons belonging to **minorities** are challenged in most of the neighbourhood countries. The spectrum of exclusion extends from increasing violence and hate speech in political life against minorities in Armenia, Ukraine, Palestine and Israel to sectarian fighting during all of 2013 in Egypt.

Discrimination and violence against **children** are largely ignored despite being a problem in many countries of the neighbourhood, particularly those in conflict or crisis. Growing numbers of children are dropping out of school, or cannot get access to education, thereby being deprived of future opportunities. This trend further compounds the existing problem of large numbers of young people facing numerous obstacles to equitable access to decent employment and livelihoods.

2.2 Support for civil society

Willingness to reform cannot be imposed from outside and the expectation for reform must come from within societies. By engaging directly with people, opening travel and study opportunities for citizens (even unilaterally), and promoting networking between communities (business, research, universities, arts, culture, etc.), and supporting civil society, EU policy can act as a catalyst in this process.

The revised ENP set out the EU's commitment to a strong partnership with societies, and considerably strengthened the tools at the disposal of the EU to engage with, and support , civil society in the ENP regions.

Consultations of civil society organisations have become a structural element of EU cooperation in Neighbourhood countries. Civil society is regularly consulted on policy elements as well as on operational issues in the preparation and programming of EU financial support. The Civil Society Forum National Platforms in EaP countries offer a unique opportunity for civil society organisations to debate EaP priorities, provide input on progress on the implementation of jointly agreed reforms in the areas of democracy, good governance and economic development.

In the Southern Neighbourhood, civil society plays a key role in several countries in the implementation of social programmes funded by the EU (literacy programmes, care for children, gender equality, etc.). Efforts have also been made to establish a structured dialogue between civil society, the authorities and the EU at regional level.

Throughout 2014, EU Delegations in ENP countries will develop country roadmaps for engagement with civil society. The purpose of the roadmaps will be to develop a common strategic framework for EU Delegations and Member states engagement with civil society at country level. The EU will also continue to strengthen its direct support to civil society and social partners, to empower citizens to express their concerns, contribute to policy making, and hold governments to account.

2.3. Sustainable economic and social development

Across both the Eastern and the Southern Neighbourhoods, the economic environment has remained challenging. Economic growth in most partner countries remained weak, as a result not only of the recession in the euro area and weak growth in Russia, but also of the lack of progress on structural reform.

The EU has continued to strengthen the macroeconomic dialogues with all of its neighbours both to the east and south except Libya and Syria. They are useful for maintaining an open exchange of views on domestic economic and financial developments both in partner countries and in the EU, on the policy challenges facing the neighbourhood and on cooperation between the EU and its neighbours. They are also useful for reviewing the implementation of the economic reform priorities set in the ENP Association Agendas and Action Plans.

In addition to macroeconomic dialogues, the Commission holds discussions on economic policy with partner countries that benefit from EU Macro-Financial Assistance (MFA). MFA is designed to financially support partner countries while they address macroeconomic imbalances and implement growth-oriented structural reform. In 2013, the EU was preparing new programmes for Jordan and Tunisia, in addition to the existing programmes for Georgia and Ukraine. There were no disbursements under the MFA to Ukraine in 2013 as there is no IMF arrangement in place for this country. Armenia submitted a request for an MFA programme in February 2013 and the Commission is currently considering a proposal.

As a result of delayed economic recovery, together with a lack of structural reforms and improvements to the business and investment environment, socio-economic challenges

remain daunting. High unemployment remains a particular challenge in the south, where wage incomes have also continued to stagnate or decline in real terms. Poverty also affects sizeable parts of the population in most ENP partner countries, particularly in rural areas. Children are particularly vulnerable and affected. The EU has continued to support measures to improve social protection, reduce poverty and create jobs.

EU cooperation with ENP partners has long emphasised private-sector development — a key to inclusive economic growth and job creation. Developing a vibrant private sector, in particular by fostering small and medium-sized enterprises, can support better governance and democracy. A stronger private sector also strengthens the constituency for democratic reforms through the creation of a middle class.

Corruption has been identified as a major obstacle to investment and business, both in eastern and southern ENP countries. Decoupling the private sector and economic benefits from vested interests and political office, along with improving access to justice, is essential if economic dynamism, investment and entrepreneurship are to flourish to create the jobs needed.

The EU supports inclusive economic development, and in particular private-sector development, and employment, through SME development, infrastructure development, support for job training and entrepreneurship through a range of policy initiatives, and financial support.

DCFTAs, which have been, or are being, negotiated with a number of ENP partners can, beyond liberalising trade, be powerful tools in improving transparency and the regulatory framework in general. The ENP Action Plans agreed with partners involve significant work in areas such as enterprise policy and technical regulations and standards.

In the Southern Neighbourhood, Euro-Mediterranean industrial cooperation has long provided a framework for developing enterprise policy based on the Euro-Mediterranean Charter for Enterprise, which is currently being assessed and revised to also incorporate components of the Small Business Act for Europe (SBA)⁶. Several ENP partner countries have adopted reference documents inspired by the SBA, to stimulate entrepreneurship and favourable business conditions to create growth and jobs. In the Eastern Partnership region, the first SBA Assessment was concluded in 2012. The recommendations provided were considered very useful by partner countries and are currently being implemented in the majority of countries. A second assessment – to monitor progress in implementation – will commence in the first half of 2014.

2.4. Strengthening trade ties

The EU remains the main trading partner for almost all ENP partners.

Association Agreements including DCFTAs with Moldova, Georgia and Armenia were finalised (Armenia has since turned towards the Eurasian Customs Union which is incompatible with signing an AA/DCFTA with the EU). Ukraine decided to suspend preparations for the signature of the Association Agreement/DCFTA, citing concerns about the potential impact of this agreement on its economy and on its economic relations

⁶ COM(2008) 394 final, *"Think Small First". A "Small Business Act" for Europe*

with Russia. In the south, Morocco started negotiations on a DCFTA. Preparations with Tunisia advanced, but political uncertainty delayed the start of negotiations. Jordan continued preparations which are also well advanced. A first meeting of a dialogue on the DCFTA with Egypt took place in June 2013, but following the political turmoil over the summer and the change of government, no further progress was made in 2013.

Work on the **Agreements on Conformity Assessment and Acceptance of Industrial Products** (ACAAs) progressed with some partners. The ACAA with Israel entered into force in January 2013. Preparatory work on similar agreements continued in the other Southern Mediterranean partners with varying degrees of progress. These agreements are powerful instruments for economic integration with the EU. The partner countries are adapting their legislation and standards to the EU *acquis* in priority industrial sectors where there is EU legislation, together with their standardisation, accreditation, conformity assessment, metrology and market surveillance entities. In specific sectors chosen by partners, they can trade with the EU under the same terms as EU Member States trade with each other.

2.5. Migration and mobility

There were crucial developments in cooperation on freedom, security and justice (FSJ) in 2013, most notably concerning mobility and migration. **Visa liberalisation action plans** (VLAPs) continued to be used by Ukraine and Moldova as instruments of deep and structural reform for the broader FSJ sector, and both countries made substantial progress in implementing their VLAPs. The Commission proposal to move Moldova to the positive list under Regulation 539/2001 and grant Moldovan citizens who are holders of biometric passports visa-free travel to the Schengen area was agreed to by the European Parliament and approved by the Council in March 2014 .

This development is a major step in the area of people-to-people contacts, creating positive momentum for other EaP partners. After presenting its VLAP in February, Georgia made very good progress in implementing the first-phase benchmarks. The **EU-Azerbaijan Visa Facilitation Agreement** was signed at the Vilnius Summit in November and the **EU-Azerbaijan Mobility Partnership** in December. The EU-Azerbaijan readmission agreement was initialled in July 2013. Following the EaP Summit in Vilnius, negotiations on visa facilitation and readmission agreements between the EU and Belarus were launched.

Important achievements were recorded in the Southern Neighbourhood. A **Mobility Partnership** between the EU and **Morocco** was signed in June, the first with a southern ENP partner, and one with **Tunisia** was signed on 3 March 2014. The challenge is now to implement the projects set out in the mobility partnerships. Negotiations on a Mobility Partnership were also opened with **Jordan** in December. The tragic sinking of a migrant vessel off the coast of Lampedusa led the Commission to present a set of proposals⁷ which was discussed at the European Council⁸ in December, with the aim of boosting EU action to prevent the loss of migrants' lives in the Mediterranean.

⁷ COM(2013) 869 final on the work of the Task Force Mediterranean,

⁸ European Council 19/20 December 2013, Conclusions, EUCO 217/13

Good progress was achieved in the area of **social security coordination** in relation to labour mobility with the Southern partner countries. The technical discussions on the implementation of the provisions from the Association Agreements with Morocco and Israel were completed. Further technical exchanges are needed with Algeria and Tunisia.

2.6. Financial support

EU financial support is important to help partner countries in implementing jointly agreed objectives and their reform agenda. From 2007 to 2013, partners received substantially more funding than initially programmed. Overall, partners have received above EUR 13 billion. This included additional support of EUR 2,6 billion mobilised, inter alia, in response to the establishment of the Eastern Partnership in 2009, the Arab revolutions of 2011 and continuous needs in Palestine and Syria.

In 2013 alone, assistance for the ENP partners from the European Neighbourhood Policy Instrument (ENPI) reached EUR 2,56 billion, the highest annual level over the whole seven-year period. Part of this was the additional incentive-based support (under the SPRING and EaPIC programmes) for the countries most committed to reforms and progressing in the area of deep and sustainable democracy.

The EU also provided substantial resources via the international financial institutions, in particular the EIB and EBRD, notably to small and medium-sized enterprises.

In 2013, the EU has finalised the general overhaul of its financial instruments in the context of the modernised multiannual financial framework for the years 2014-2020, including the European Neighbourhood Instrument. Through this new instrument support to our neighbours becomes faster and more flexible, allowing for increased differentiation and incentives. Despite the financial crisis and a reduced overall EU budget, the level of funding secured for the ENI amounts to EUR 15.4 billion, which underlines the priority the EU gives to the region.

The ENI will provide the bulk of funding to the 16 ENP partners. It provides for greater coherence between policy and financial assistance and lays down mechanisms for applying the incentive-based approach, to encourage reforms in the partner countries. It will provide support through bilateral, multi-country and cross-border cooperation programmes.

2.7. Sector cooperation

The ENP offers to partners a very concrete set of opportunities through sector policies. These cover a broad range of issues. Based on convergence with EU norms and standards, sector policy dialogue and regulatory cooperation are basic elements of the ENP and a practical application of the EU's policy in the neighbourhood. They support reforms aimed at securing well-governed institutions and access to social services for all citizens, creating the right conditions for inclusive economic growth and job creation.

The ENP region saw intense political activity, which set the future course in the areas of **energy** and **transport**. The Energy Community Treaty continued to be the main framework for cooperation with the eastern partners; its Ministerial Council decided to extend the Treaty until 2026 and welcomed Georgia's application for full membership. A list of major energy infrastructure projects was agreed. The adoption of the final investment decision by the Shah Deniz II consortium in December 2013 was a major step

to bring forward the Southern Gas Corridor. An EU-Israel comprehensive air services agreement was signed in June. An EU-Ukraine comprehensive air services agreement was initialised to coincide with the Vilnius Summit, and negotiations are being held with Azerbaijan and Tunisia.

Several partners conducted inter-ministerial work on **climate change**, including Jordan's adoption of an integrated climate change policy. The EU launched regional technical assistance projects (Clima East and Clima South). These projects support all partners' efforts to make the transition towards low carbon development and climate resilience. Further policy cooperation will also be needed for negotiations on a new international climate agreement to be concluded in Paris in 2015.

All partner countries are very actively participating in ENP **environment** regional projects, leading to real progress towards more resource-efficient economic development and other policy goals for the sector. The Third Eastern Partnership Summit in Vilnius recognised environment as a priority, with agreement to continue the process of regulatory approximation and policy convergence. Five ENP countries have decided to enhance their cooperation with the European Environment Agency, and an UfM Ministerial meeting on Environment and Climate Change is planned for May 2014.

The establishment with ENP partners of a **Common Knowledge and Innovation Space (CKIS)** advanced further, linking up the EU and partners through policy dialogue, national and regional capacity building, cooperation on research and innovation and increased mobility for researchers. A new, dedicated Panel on Research and Innovation was created under the EaP, while cooperation in the Southern Neighbourhood continued in the framework of the Monitoring Committee for Euro-Mediterranean Cooperation in Research and Technological Development under the UfM. Armenia, Israel and Moldova formally asked to be associated to the EU's Horizon 2020 programme for research and innovation, so as to make full use of the opportunities offered by the EU's biggest ever programme on research. Negotiations with Israel on association with the programme were completed in December 2013, while formal talks with Moldova started in January 2014.

Education, youth and culture continued to be a feature of cooperation between the EU and ENP partners, with the exchange of 3175 students and academics under Erasmus Mundus. As a result of a dedicated window for students from Southern Mediterranean partner countries, in 2013 the highest ever number of students from these countries received a scholarship to obtain their degree in the EU. The Education Ministers session of the Eastern Partnership dialogue held in Yerevan highlighted the achievements of previous academic cooperation programmes and endorsed the objectives of the new Erasmus+ programme. More than 9600 young people and youth workers from neighbouring countries and 710 volunteers could benefit from the Youth in Action programme. The first EaP Ministerial Conference on Culture reaffirmed the role of culture in human and socio-economic development.

The European Neighbourhood Programme for **Agriculture and Rural Development** (ENPARD), part of the EU's commitment to growth and stability in the neighbourhood, recognises the importance of agriculture for food security, sustainable development and job creation in rural areas. The ENPARD involves a participatory method of policy formulation. It fits well with the broader challenges faced in ENP countries but will require sustained political support if it is to be carried through in practice. Implementation of ENPARD will start in Morocco, Algeria and Tunisia in 2014. The first meeting of the

Panel on Agriculture and Rural Development under the Eastern Partnership dialogue took place in May 2013 and the second in January 2014. The Eastern Partnership ministerial meeting on agriculture and development with a focus on the implementation of ENPARD was held in Chisinau in January 2014.

Health cooperation with southern neighbourhood partners was strengthened through inter alia, the launch of a Mediterranean Programme in Intervention Epidemiology Training for southern neighbours, while eastern neighbours were involved in EU meetings of the HIV/AIDS Think Tank and Civil Society Policy Forum.

The EU continued its constructive cooperation in the area of **integrated maritime policy** with the ENP-Mediterranean partners and initiated a comprehensive dialogue with the Eastern partners from the Black Sea coastal states.

During 2013, the EU adopted a new generation of programmes under its Multiannual Financial Framework 2014-2020; many of these are open to ENP partners. The EU continues, under its strengthened ENP framework, to actively encourage partners to participate in **EU programmes and agencies**.

2.8 Security sector reform and conflict resolution

The EU is supporting reform of the security institutions of former authoritarian regimes into more transparent, accountable and democratically controlled security sectors.

The EU is already involved in several countries in border management, monitoring or advice/support missions, both in the east (EUBAM Moldova, EUMM Georgia) and in the south (EUBAM Libya, and EUBAM Rafah, EUPOL COPPS in Palestine). These missions, mostly conducted under the CSDP, have been complemented by long-term programmes aiming at capacity building and at paving the way to institutional reforms. In the south, cooperation has been already implemented with a number of countries. In Tunisia, a peer review of the police was undertaken by European experts to serve as a basis for defining national strategic orientations. The EU is also supporting the development of a national capability for security and stabilisation in Lebanon.

In the east, partner countries are encouraged to ‘reform the security and law enforcement sectors (including the police) and establish democratic control over armed and security forces’.⁹ For Moldova, reform of security and law enforcement sectors was initiated in 2013, and police and border management will be a focal sector of EU support in the framework of the European neighbourhood instrument (ENI) from 2014 onwards. In addition to the experience of the Eastern Partnership Police Cooperation Programme, a new panel on cooperation in CSDP was set up under the EaP’s ‘multilateral track’ in 2013. This panel will focus on CSDP matters in order to help eastern partners improve their capacity and their contributions to CSDP missions and operations, and to share information among EaP countries, Member States and EU institutions.

The EU also continued to be an active partner in international conflict resolution fora, such as the Geneva International Discussions, the 5+2 talks and continued providing full

⁹ See EaP roadmap 2012-2013, SWD(2012) 109 final.

support to the OSCE-led Minsk Group. The EU Special Representative for the South Caucasus and the crisis in Georgia facilitated dialogue between the parties.

As regards the Middle East Peace Process, the EU remained fully supportive of the on-going US-brokered direct negotiations between Israelis and Palestinians and expressed on several occasions its readiness to use all the instruments at its disposal to support the parties' quest for a comprehensive agreement on all final status issues. In the Council Conclusions of December 2013, the EU's foreign ministers agreed to provide an unprecedented package of European political, economic and security support to both parties in the context of a final status agreement. The EU maintained its support for Palestinian institution-building and governance, private-sector development and humanitarian aid. The EU also maintained the EUBAM Rafah Mission's capacity to be redeployed on the Rafah crossing point, once political and security conditions allow.

3. Eastern and southern dimensions of the ENP

3.1. Eastern Partnership

Cooperation between the EU and its eastern European partners — Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine — intensified in 2013. Several partner countries took important steps forward in the process of closer political association and economic integration with the EU. A milestone was the Third Eastern Partnership Summit, held in Vilnius, Lithuania on 28-29 November 2013. Vilnius was an occasion to take stock of progress since the Second Eastern Partnership Summit in Warsaw and to chart the way ahead for the next two years. While the next phase of the Eastern Partnership will be marked by greater differentiation in bilateral relations, there is also a need to develop further a common agenda of relevance to all six partner countries. Looking ahead, the multilateral track of the Eastern Partnership will continue to reinforce the goals and objectives of the bilateral track, while encouraging dialogue and cooperation on a common set of issues, as defined in the work programmes of the four thematic EaP platforms. Multilateral ministerial contacts are essential in this regard, and one priority will be the continuation of informal Eastern Partnership dialogues. These meetings have proved to be an excellent means of initiating regular, informal exchanges between foreign ministers both on the Eastern Partnership agenda and on foreign policy issues of common concern thus contributing to increasing political and security policy convergence and effectiveness in the field of foreign policy. Likewise, opportunities for sector-specific ministerial meetings modelled on the transport and justice ministerial meeting that took place in 2013 should be sought.

In its May 2011 communication on the ENP,¹⁰ the Commission and the High Representative 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. 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.

Priorities for further work over the coming years are detailed in the *2013 Eastern Partnership Implementation Report* annexed to this communication.

¹⁰ COM(2011) 303, 25.5.2011 *A new response to a changing Neighbourhood*.

3.2 Southern Mediterranean partnership for democracy and shared prosperity

Reacting to historic events in the Arab world in 2011, the EU offered its Mediterranean partners ***a partnership for democracy and shared prosperity***.¹¹ The Roadmap adopted in 2012 set out objectives to be pursued under the partnership. Its implementation in 2013 has, however, been greatly influenced by the continuously momentous political developments in the Southern Mediterranean.

In political terms, 2013 was dominated by increasingly complex and different situations in the Southern Neighbourhood countries, whose regional integration was further challenged. The ongoing conflict in Syria continued to affect the situation in the whole region, with spill-overs affecting the political stability of some neighbours. The region has faced a flood of refugees with more than 2.5 million having fled Syria for neighbouring countries.

Political and religious polarisation affects many Mediterranean countries, such as Egypt, where the July events led to the ousting of President Morsi. While progress continued to be made on building and strengthening the institutional basis for democracy, in some countries this process was challenged as a result of internal political conflicts. The EU, however, has remained firm in continuing and even strengthening cooperation and assistance to the Southern Mediterranean countries though the mechanisms available under bilateral political dialogues and assistance programmes.

Priorities for further work over the coming years are detailed in the *2013 Partnership for democracy and shared prosperity Implementation Report* annexed to this communication.

4. The EU as diplomatic actor and provider of security

The promotion of stability, security and sustainable development gave rise to the ENP and remains a major EU objective. Security, in the broadest possible sense, demands transparent and accountable governance, respect for fundamental rights and freedoms, and economic and employment prospects.

The EU and its partners in the neighbourhood face long-standing and emerging security challenges within a rapidly changing and complex geostrategic environment. Serious security challenges also include terrorism, and organised crime including smuggling of human beings, drugs, and firearms. The unstable security situation, coupled with a number of ‘frozen conflicts’ which prevent the EU and its partners from fully reaping the benefits of cooperation under the ENP, underlines the need for the EU to further strengthen its contribution to security in its neighbourhood, thereby also enhancing its own security. This is an area of shared interest for the EU and a number of its partners, even those partners which have so far shown little willingness, or capacity, to fully engage with the EU under the renewed ENP. However, there is a clear need to cooperate more closely in addressing regional security challenges. The EU, and its Member States through bilateral efforts, have a strong role to play based on the EU's comprehensive approach to external conflict and crises, aimed at preventing and managing conflicts and their causes.

¹¹ COM(2011) 200, 8.03.2011 *A partnership for democracy and shared prosperity*.

Joint crisis management can be strengthened by further encouraging and facilitating partners' participation in CSDP missions. The Framework agreements on participation in CSDP missions (FPAs) the EU has concluded with Ukraine, Moldova and Georgia should be further implemented. Discussions on possible FPAs and possible participation in CSDP missions should continue, in particular with Jordan and Morocco.

In order for the ENP to remain relevant to partners even in the context of sustained, and multiplying, political, economic and security crises, the EU, through the ENP, should seize opportunities for action based on diplomacy, conflict prevention and mediation. Such action should also foster traditional security capabilities e.g. in the areas of military advice and training, police, justice and border management cooperation, and should assist partners, where possible, with implementing their international obligations on broader security challenges under the relevant treaties. In particular, the EU needs to focus more on supporting reforms in the direction of a more transparent, accountable and democratically controlled security sector, to provide an enabling environment for democracy and inclusive growth, both in the east and in the south.

The efficiency and sustainability of EU support require greater consistency between overall strategic and political bilateral objectives, including in the field of CSDP and cooperation with partner countries. The EU's comprehensive approach to external conflict and crises¹² will allow the EU to adapt its response to the specific needs of ENP partners in crisis and post-crisis situations using all its existing policy and financial tools. A more coherent, joined-up, use of the EU's instruments, including Member States' bilateral activities with partners in the neighbourhood, will improve the EU's ability to address both short- and long-term challenges and needs in the region.

5. Conclusions

The ENP is a policy of continuous engagement. The value of the policy does not lie only in the achievements of its individual components (e.g. political reform/democratisation, market integration, better mobility and people-to-people contacts, and sector cooperation). It also anchors countries/societies in transition, and even in crisis situations, to the EU, by proposing a set of values and standards to guide their reform efforts, and generally through the creation of networks linking them to the EU and beyond to other partners. It is a framework — to work towards, and safeguard, democracy, freedom, prosperity and security for both the EU and its partners. While this may require continuous scrutiny of the appropriateness and suitability of the policy and its instruments, there are compelling reasons for it to remain the framework for the EU's relations with its neighbours for the years to come.

At the same time, the EU needs to make efforts to ensure more coherence in EU policy objectives, and will need to further reflect on better ways to prevent crises and respond to fast-changing situations, by adapting its decision making procedures and, if appropriate, using additional policy instruments. The EU and its Member States should focus on how to enable the EU to better react to developments in its neighbourhood, and to respond to partners' changing needs.

¹² JOIN(2013) 30 final, *The EU's comprehensive approach to external conflict and crises*.

The EU's objective remains to ensure that the ENP is relevant and effective for all its partners, including those facing pressures and conflicts. The ENP needs to effectively contribute to conflict prevention, management, and resolution, and to provide the right set of incentives for partners to move towards democratic, economic and structural reforms.