

EU Development Funding in the Southern Mediterranean: Diagnosis and Prospects

Panorama

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Overview of EU Policies and Financing Frameworks with Southern Mediterranean Countries

*Policy Frameworks and Funding Instruments for
EU Cooperation with the Southern Mediterranean
before 2007*

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1. 1970-1995: The Global Mediterranean Policy and the Renovated Mediterranean Policy

Southern Mediterranean Countries (SMCs)² have benefitted from EU development assistance since the 1970s within different policy frameworks under which a series of bilateral agreements formed the backbone of EU funding to the region. Beginning with the Global Mediterranean Policy (GMP) in 1972, Europe's southern neighbours concluded co-operation agreements based on the three pillars of trade, social and financial cooperation. The latter pillar built on financial protocols that specified the aid volumes committed to SMCs. Financial and economic cooperation took three forms: grants and European Investment Bank (EIB) and European Commission (EC) 1% interest loans.

The EU's enlargement to include Greece, Portugal and Spain in the 1980s called for a redefinition of its relations with its southern neighbours. The Renovated Mediterranean Policy (RMP) of 1990 sought to reinforce the existing frameworks while providing them with narrower objectives and strategies. The ECU 2.37 billion allocated for the period 1992-1996 represented an increase of 40% in commitments compared to the previous policy framework. It was aimed at supporting the implementation of the International Monetary Fund's (IMF) and World Bank's structural adjustment programmes, in particular the development of small and medium-sized enterprises (SMEs), and financing regional cooperation initiatives. Trade relations were deepened through duty-free access to European markets for agricultural goods in 1993. The main innovation of the RMP was support for South-South integration, which was perceived as a stabilising factor for the region and the EU. The initiatives that followed the RMP reaffirmed the importance of regional integration with the ambition of creating a Euro-Mediterranean Free Trade Area.

2. 1995-2007: The Barcelona Process

In the aftermath of the Gulf War and the signing of the Oslo Accords in 1993, the 1995 Euromed Partnership went beyond the RMP by attempting to tie the EU's stability wants to SMCs' socioeconomic development needs. In November 1995, the Barcelona Ministerial Conference marked a crucial shift in the way relations were structured by engaging SMCs' foreign affairs ministers in the final statement. While the previous approaches considered Mediterranean "third countries," the Barcelona Conference,

¹ She is also Director of the Mediterranean Prospects Network – Medpro (www.medpro-foresight.eu).

² The acronym SMC refers to Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, Tunisia and Turkey.

which gave rise to the Euromed Partnership, used the term “Mediterranean partners.”³ The Partnership went one step further than other initiatives and built on three pillars:

- Political cooperation and dialogue with the ultimate goal of achieving a prosperous and stable regional ensemble through the adoption by Partner Countries of measures encouraging democratic development and good governance;
- Economic cooperation and regional integration with the aim of achieving a Free Trade Area by 2010; and
- Socio-cultural cooperation by fostering people-to-people contacts and a vibrant civil society through concrete initiatives.

At the institutional level, the Barcelona Process (BP) revoked the previous cooperation agreements and established bilateral Association Agreements (AAs) as the building blocks for Euro-Mediterranean relations. AAs are concluded for an unlimited period of time and cover the three dimensions of the Euromed Partnership with slight differences between countries. Broadly, they consist of titles covering trade in goods and services, economic cooperation, social/cultural cooperation and financial cooperation, the latter category specifying that funds will be allocated to help SMCs meet the objectives set out in their AA.⁴

To reach the objectives set in the AAs, cooperation initiatives are implemented in two steps under the BP. First, Country Strategy Papers (CSPs) adopted by the EC and the SMCs sum up the political and economic situation of each country, set out the “EU’s strategic response” and detail both the general and specific objectives of the cooperation. National Indicative Programmes (NIPs) adopted by the EC and the SMCs categorise these objectives into priorities and sub-priorities. To meet the objectives set as sub-priorities, funds are allocated to specific cooperation programmes, some of which are used to fund initiatives in the beneficiary countries, such as awareness-raising activities and pilot projects. To achieve regional cooperation objectives, the same steps are

followed according to Regional Strategy Papers (RSPs) and Regional Indicative Programmes (RIPs), both of which have the same structure as their national counterparts. Under the BP, CSPs/RSPs were drafted for the period 2002-2006. Two series of NIPs/RIPs defined the objectives thereof for the periods 2002-2004 and 2005-2006.

The BP also institutionalised relations at the regional level by establishing conferences on foreign affairs at the ministerial level aimed at monitoring the progress achieved on meeting the objectives set in the Barcelona Declaration.⁵ Several sectoral ministerial conferences were also established under the Partnership, including conferences on agriculture, water, energy and health, to name a few. In addition, the Euromed Committee, composed of senior officials from the EU, Member States and SMCs, is responsible for the overall administration of the Partnership. The Euro-Mediterranean Parliamentary Assembly, which consists of parliamentarians from the European, Member State and SMC parliaments, makes recommendations for the Partnership. Furthermore, the 5+5 Dialogue, an informal structure that gathers together the foreign affairs and/or interior ministers of Spain, France, Italy, Malta and Portugal with those of Morocco, Algeria, Tunisia, Libya and Mauritania, aims to reinforce the BP by discussing all the issues affecting it. While the idea dates back to the 1980s, the 5+5 Dialogue did not materialise until 1990. The first meeting was held in 1991, but the process then stopped until 2001. Several meetings have been held since then, the last one in April 2010.

The Euromed Partnership also brought changes at the financial level by creating the MEDA programme (from the French “mesures d’accompagnement”), a set of financial and technical measures to accompany the reform of economic and social structures, and the Facility for Euro-Mediterranean Investment and Partnership (FEMIP). The MEDA programme revoked the financial protocols used to finance Euro-Mediterranean cooperation by providing financial and technical support to SMCs conditional on the implementation of mutually agreed reforms. Contrary to previous provisions, allocations were no longer given on a country basis but on a project basis. The MEDA pro-

³ The Euromed Partnership/Barcelona Process targets Morocco, Algeria, Tunisia, Egypt, Israel, the Palestinian Authority, Jordan, Lebanon, Syria and Turkey.

⁴ Israel is an exception since the EU-Israel AA does not have a title on financial cooperation.

⁵ Barcelona Declaration adopted at the Euro-Mediterranean Conference, 27-28 November 1995. The full text of the Declaration is available at http://eeas.europa.eu/euromed/docs/bd_en.pdf.

TABLE 13 Breakdown of ENPI Bilateral Cooperation Commitments for 2007-2009 by Country (in millions of euros)

	ENPI	Average per year	Population (million, 2009)	Average per year per capita
Southern Mediterranean				
Algeria	146.99	49.00	34.90	1.40
Egypt	428.25	142.75	83.00	1.72
Israel	0.00	0.00	7.44	0.00
Jordan	227.12	75.71	5.95	12.72
Lebanon	206.09	68.70	4.22	16.26
Libya	10.04	3.35	6.42	0.52
Morocco	561.36	187.12	31.99	5.85
Palestinian Adm. Areas	1,256.61	418.87	4.04	103.60
Syria	110.86	36.95	21.09	1.75
Tunisia	255.09	85.03	10.43	8.15
Southern Country Average	320.24	106.75	209.49 (total population)	15.20
Southern Country Average Excluding Israel, Lebanon and Palestinian Adm. Areas	248.53	82.84	193.78	4.59
Eastern Neighbours				
Armenia	187.03	62.34	3.08	20.22
Azerbaijan	89.87	29.96	8.78	3.41
Georgia	474.12	158.04	4.26	37.10
Ukraine	677.31	225.77	46.01	4.91
Moldova	305.8	101.93	3.60	28.29
Eastern Country Average	346.826	115.61	65.74	18.78

Source: OECD Creditor Reporting System (CRS) and Development Assistance Committee (DAC) databases.

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gramme lasted until the end of 2006 and had a total budget of €8.7 billion, split into two programming periods: MEDA I, from 1995 to 1999, with a total budget of €3.43 billion and MEDA II, from 2000 to 2006, with a total budget of €5.35 billion.

The FEMIP, which is managed by the European Investment Bank (EIB), was established in 2002 and aims to improve the region's private sector and SMEs' access to finance. FEMIP benefits from a yearly allocation from the EU budget (€32 million per year for the period 2007-2013) and provided almost €6 billion in loans between 2002 and 2006. The FEMIP also manages an additional financial instrument, the FEMIP Trust Fund (FTF). The FTF finances technical assistance and venture-capital projects in the Southern Mediterranean with contributions from the EC and 15 Member States.

The European Neighbourhood Policy and the European Neighbourhood and Partnership Instrument

The EU's 2004 and 2007 enlargements called for another redefinition of its external policies amid fears

that Eastern neighbours⁶ were attracting increasing attention from Brussels to the detriment of the SMCs. To prevent this perception among its Southern partners, the European Neighbourhood Policy (ENP) was created in 2007, embracing both Eastern and Southern countries. The ENP sought to promote a closer political, economic, social and cultural and scientific dialogue while enhancing cross-border cooperation and shared responsibility in the areas of security, prosperity, justice, regional stability and conflict resolution and prevention. Most of these objectives are already embedded in the BP and take into account the heterogeneity of both regions as well as their experience in dealing with Brussels's institutions and the EU's programming of assistance, which was split into East and South.

At the institutional level, the entry into force of the ENP did not modify the structure of the bilateral relations, but it entailed significant changes for the SMCs at the financial level. While the MEDA programme targeted them specifically, the newly created European Neighbourhood and Partnership Instrument (ENPI) was designed to benefit both regions. In ab-

⁶ Eastern European countries under the ENP include Armenia, Azerbaijan, Georgia, Ukraine and Moldova, hereinafter referred to as "Eastern neighbours."

solute terms, the entry into force of the ENPI did not translate into lower commitments to the SMCs, yet *prima facie* figures suggest that the EU is increasingly shifting its attention towards its Eastern partners. If Israel, Lebanon and Palestine⁷ are excluded, average yearly per capita commitments to SMCs are lower than the commitments to the Eastern neighbourhood by a factor of 3. The following table shows the breakdown of ENPI commitments for both types of countries for the period 2007-2009.

Regional cooperation was not ruled out under the ENPI: for the period 2007-2009, commitments to SMCs amounted to a total of €371.4 million. An additional instrument was also created: the Cross-Border Cooperation (CBC) programme. The CBC's objectives are fourfold: the promotion of economic development in bordering regions; support for secure and efficient borders; the promotion of people-to-people contacts; and cooperation in the fields of public health, the fight against organised crime and the environment. The CBC has been allocated a total of €1.11 billion for the period 2007-2013, of which €355 million (31% of the total CBC budget) have been committed to multi-country initiatives for the protection of the Mediterranean Basin and to Morocco and Tunisia for border protection programmes with Spain and Italy.

The entry into force of the ENP created another EIB-managed funding instrument: the Neighbourhood Investment Facility (NIF). The NIF aims to support investments in infrastructure and the private sector (with a particular focus on SMEs) in both the Eastern and Southern Neighbourhoods. It benefits from a €700 million commitment from the EC and from voluntary contributions from 15 Member States, which totalled €47 million in 2009.

The Union for the Mediterranean

Since 2008, the SMCs have benefited from an additional policy framework, the Union for the Mediterranean (UfM), created under the French presidency of the EU. While Euro-Mediterranean relations have gotten deeper with each step, the EU's cooperation and assistance have done little to enhance the overall economic and social development of the SMCs.

Two reasons were cited for this by the UfM's initiator, Nicolas Sarkozy: first, while the EU acts as a unified block, the SMCs are divided, which hinders co-operation results, and, second, the EU's initiatives were not visible enough. To tackle these two issues and to revive the optimism initially felt under the Barcelona Process, in July 2008, the Euro-Mediterranean Heads of State created the Barcelona Process: Union for the Mediterranean.

While the initiative initially sought to target only European countries bordering the Mediterranean, following criticism voiced by Germany, the UfM was opened to all 27 EU members. Today, the UfM consists of a total of 43 countries gathered around six concrete initiatives⁸:

- de-pollution of the Mediterranean Sea;
- establishment of maritime and land highways;
- a joint civil protection programme for prevention, preparation and response to natural and man-made disasters;
- the Mediterranean Solar Energy Plan, which explores the opportunities for developing solar energy in the region;
- the Euro-Mediterranean University, inaugurated in June 2008 and based in Slovenia; and
- the Mediterranean Business Development Initiative, which supports companies operating in the region by offering technical assistance and access to finance.

At the institutional level, the UfM builds on two bodies: the co-presidency and the General Secretariat. The co-presidency is held by one EU Member State and one non-EU-Member State and rotates every two years. Egypt and France held the co-presidency until the February 2011 popular uprising that led to the ouster of Hosni Mubarak. Since then, the co-presidency has been empty. The UfM's decisions are taken at the bi-annual summit of Heads of State and Government and at the Annual Conference of Foreign Affairs Ministers, based on an agenda prepared by a conference of senior officials headquartered in Brussels. The General Secretariat, based in Barcelona, is responsible for the implementation of the policies and projects identified and adopted by

⁷ Both Lebanon and Palestine benefit from significant commitments for distress relief, rehabilitation and humanitarian aid.

⁸ In addition to the 27 EU Member States, the UfM's members include: Albania, Algeria, Bosnia and Herzegovina, Croatia, Egypt, Israel, Jordan, Lebanon, Mauritania, Monaco, Montenegro, Morocco, the Palestinian Authority, Syria, Tunisia and Turkey. Libya declined the invitation but has observer status. The Arab League has also been granted observer status.

the UfM. After two years of delays, the General Secretariat opened its doors in Barcelona in September 2010.

At the institutional level, the UfM established ambitious objectives and governance structures to further promote regional integration. At the financial level, two additional instruments were created: the InfraMed and Faro funds. InfraMed was launched in May 2010, with contributions from Caisse des Dépôts et Consignations (CDC, France), Cassa Depositi e Prestiti (CDP, Italy), the European Investment Bank (EIB), Caisse de Dépôt et de Gestion (CDG, Morocco) and EFG Hermes (Egypt).⁹ InfraMed is the UfM's first financial facility and is intended to finance infrastructure projects. Its commitments amount to €385 million and are expected to increase to €1 billion. The Faro fund was allocated a total of €1 million to fund innovative projects on both shores of the Mediterranean. Faro is managed by Invest in Med and provides entrepreneurs with up to €20,000 per project in seed capital, financing half of their expenses.¹⁰

An Analysis and Evaluation of the EU's Development Funding for SMCs

Egypt, Jordan, Tunisia and Morocco, the Main Beneficiaries of the EU's ODA

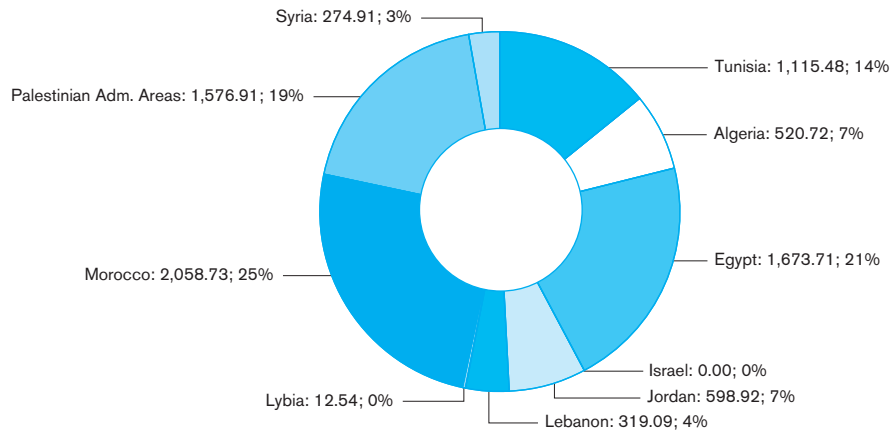
Notwithstanding the discrepancies between allocations for Eastern and Southern Neighbourhood Countries, the EU has proved to be a stable and increasingly committed donor to SMCs. Beginning with a level of 0.2% in 1995, the ratio of the EU's official development assistance (ODA) for SMCs to its GDP had reached 0.89% by 2007. Hence, from a yearly average of €400 million committed to SMCs for the programming period 1995-2009, the EU's ODA to SMCs grew fourfold to reach €800 million for the programming period 2005-2006. Likewise, between the entry into force of the BP and the ENP, total commitments to SMCs increased 150%, rising from €2.16 billion in 1995 to €3.2 billion in 2007. However, these figures hide important variations in

the EU's ODA to SMCs. With a median commitment of €216 million for the period 2007-2010, EU policy towards SMCs is focused on Egypt, Jordan, Morocco and Tunisia. This is hardly a new trend, as these countries have concentrated 60% of the EU's ODA commitments to the region since the creation of the BP. Their importance in the EU's Mediterranean policy becomes even more apparent upon analysing their share of total EU country programmable aid to the region (CPA). CPA is defined as the amount of aid that goes directly to the recipient country's budget for the implementation of mutually agreed reform programmes. It excludes commitments for the categories of emergency relief, distress relief, humanitarian aid, food aid, debt forgiveness, technical cooperation and the administrative costs of donors (Mwega, 2004). Over the period 1995-2009, Egypt, Jordan, Morocco and Tunisia concentrated 67% of the EU's CPA to SMCs. Over the same period, the share of CPA out of total ODA that they received from the EU averaged 100%. This figure contrasts with those for Algeria, Lebanon and Syria, whose shares of CPA out of total EU ODA have averaged 66%, 52% and 76%, respectively, since 1995. Several factors help to explain such trends. For Algeria, the country's civil war, which formally ended in 1999, called for non-CPA assistance in the form of emergency/distress relief and food aid, which, together, accounted for 25% of total EU ODA to the country between 1995 and 1999. Moreover, the country's endowment of hydrocarbons offers no incentive for it to engage in foreign-advocated reforms, since oil revenues can be redistributed to relieve any possible pressure while protecting current interests. In the case of Syria and Lebanon, it is the importance of non-EU donors that explains why they received lower amounts of both ODA and CPA. Throughout the 1990s, Syria was a major recipient of ODA from Arab donors,¹¹ who directed a total of \$2 billion towards the country. Although Lebanon received only \$830 million over the same period, the figure is still 2.5 times more than what the EU pledged between 1995 and 2009 (World Bank, 2010). The large presence of Arab donors likely simply shifts these countries' interests away from the EU, especially

⁹ "Lancement du Fonds InfraMed Infrastructure," www.caissedesdepots.fr/actualite/toutes-les-actualites/toutes-les-actualites-hors-menu/lancement-du-fonds-inframed-infrastructure.html. Last accessed 17 May 2011.

¹⁰ "Un nouveau soutien pour les projets innovants en UPM : le FARO, fonds d'amorçage et d'orientation," www.lejmed.fr/Un-nouveau-soutien-pour-les.html. Last accessed 17 May 2011.

¹¹ Specifically, these Arab donors are Kuwait, Saudi Arabia and the United Arab Emirates.



Source: OECD CRS database.

since it is not conditional on the implementation of reforms.

Beneficiary Sectors of EU ODA

The EU's priorities for bilateral cooperation with SMCs are structured in terms of support for economic development, trade, poverty alleviation and institutional reforms, as stated in the general objectives of the Barcelona Process, the ENP and the different NIPs. Indeed, when looking at the breakdown of commitments to SMCs by sector for the period 1995-2009, the areas of infrastructure and transport, industry and trade, education, government, civil society, conflicts, peace, security, banking and financial services have concentrated 60% of total commitments to the region. As far as regional cooperation is concerned, trade and industry, multi-sector initiatives and education concentrate 67% of total commitments.

ODA is generally motivated by three broad concerns. First, a genuinely developmental motive may spur donors to pledge resources to a recipient to promote growth and poverty alleviation. Traditionally, sectors such as healthcare and education have been thought to reflect altruistic aid motivations. Second, ODA can be used as a means to cement trade and financial relations with the recipient country through the opening of markets, thereby ensuring opportunities for exporters, suppliers and contractors in donor countries. Usually, tied aid, i.e. the amount of aid on which the recipient country pledges to buy goods

and services from the donor country, is used as a proxy for underlying trade motivations for development assistance flows. Third, ODA can be politically motivated to ensure the allegiance of recipient governments to the donor's political objectives. Commitments for institutional reform, good governance and the security sector can be used as proxies for politically driven aid (Mwega, *op. cit.*).

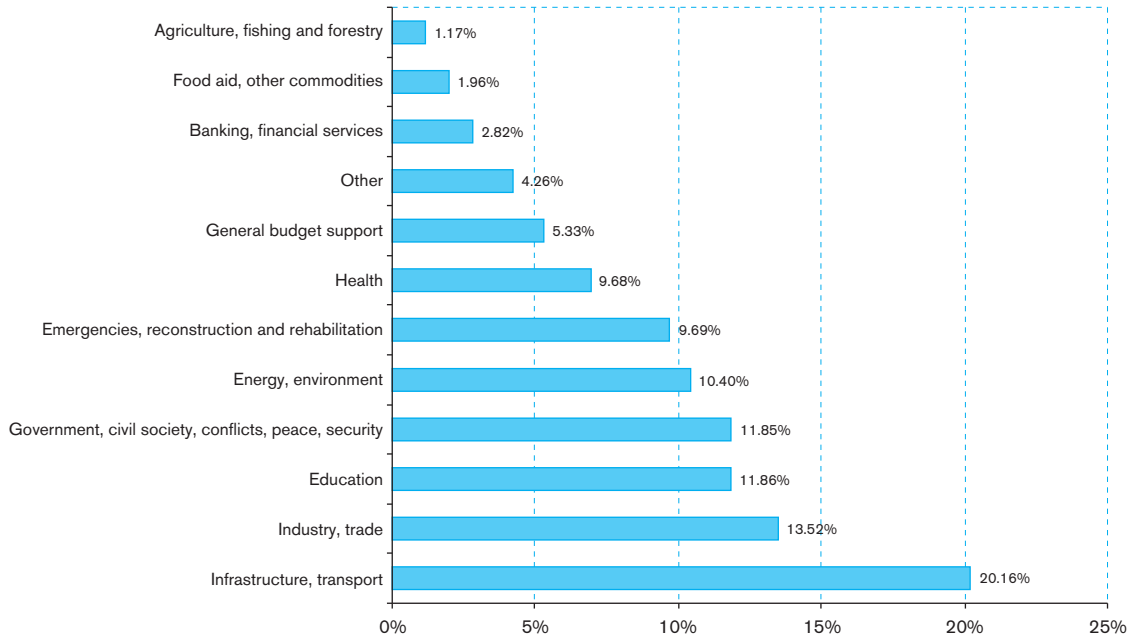
The large share of commitments for transport and infrastructure, health and education qualify the EU first and foremost as an altruistic donor to SMCs, since these categories concentrated 39% of all commitments to the region over the period, for a total of €3.8 billion. Second, the significant amounts allocated to the categories of trade and industry and banking and financial services, for which commitments amounted to €1.6 billion over the period (16% of the total), show the EU to be a trade-driven donor. This is especially salient when considering the emphasis placed on the creation of a Free Trade Area between the EU and the SMCs, as well as the impetus given to south-south integration since 1995.

However, commitments for governance, civil society and institutional reform, proxies of politically motivated aid, show the EU to be a donor particularly concerned with creating stable and accountable institutional frameworks in the region (Woods, 2005).¹² This is especially clear in view of the importance that the category of government, civil society, conflicts, peace and security took on over the 2007-2010 programming period. Between 2005 and 2009, commit-

¹² Woods notes that security/governance is a growing concern in EU institutions' ODA irrespective of the recipient country/region.

CHART 27

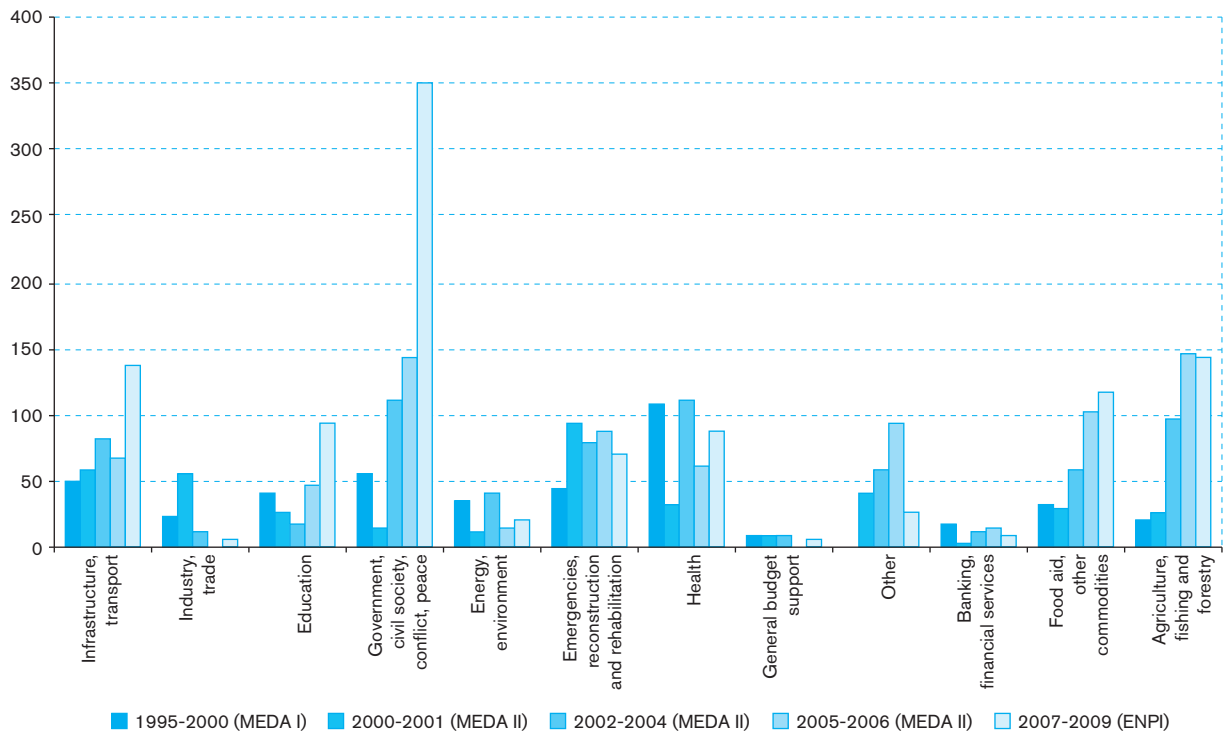
Breakdown of EU Development Assistance to the Southern Mediterranean by Sector, 1995-2009 (share of total commitments)



Source: Ibid. Own sector classification, based on OECD (DAC) data. Details are provided in the Box at the end of the article.

CHART 28

Sectoral Distribution of EU Development Assistance Commitments to the Southern Mediterranean per Programming Period (yearly average, in millions of euros)



Source: Ibid.

ments in this category grew at a rate of 145%, rendering it the most important for the 2007-2010 period, as shown in Chart 28.

For the period 2007-2010, an examination of the NIPs reveals that the emphasis on the creation of an

independent, transparent and, eventually, accountable judicial framework ranks high in Euro-Mediterranean cooperation. Examples include the Algerian programme for justice modernisation, which clearly states the objective of enhancing the judiciary's in-

dependence, and similar programmes implemented in Lebanon, Syria, Jordan and, to a lesser extent, Morocco. Interestingly enough, in light of the 2011 Arab Spring, Tunisia did not benefit from such programmes for the period concerned. Also, prior to Hosni Mubarak's ouster and amid concerns over electoral fraud in September 2010, €13 million were committed for Egypt to reform its administration and to support electoral processes in the country. Control of migration and drug trafficking, both of which are included in all AAs, also ranked high among the EU's cooperation priorities with Egypt for the 2007-2010 programming period. Notwithstanding these objectives outlined by the EU's programming documents, however, little has changed as far as the adoption of democratic reforms by recipient countries is concerned (Youngs, 2008). In Jordan, the regime has blocked the EU's attempts to develop civil society and reform the media and electoral laws, while the judiciary reform programme has merely translated into financial support for the government to increase the judicial system's capacity and streamline processes.

For the 2011-2013 programming period, examination of the NIPs does not allow for a clear identification of sector trends since a large share of commitments are labelled as "multisector." However, the broad trends described here are likely to persist. At the country level, the highest increases are seen in the commitments to Morocco and Jordan, which have risen 27 and 12%, respectively. At the sector level, commitments for economic development and modernisation, governance and human rights concentrate at least 25% of all commitments to the region.

The Future of EU Development Assistance to the Southern Mediterranean

The EC's Response to the Arab Spring: "A Partnership for Democracy and Shared Prosperity"

In light of the uprisings that began to rock the Southern Mediterranean in early 2011, it is useful to analyse the EU's early reactions as far as future directions of ODA are concerned. The Tunisian, Egyptian and Libyan uprisings took many actors, and especially the EU, by surprise. The strength, rapidity and coordination of civil society in overthrowing decades-old autocratic regimes demonstrated how impossible it is to

continue past policies while ignoring both peoples' democratic and socio-economic aspirations.

The EU's response to the "Arab Spring" and an embryonic vision of the future of its neighbourhood policy towards the Southern Mediterranean is embedded in the 8th March Commission Communication on "A Partnership for Democracy and Shared Prosperity." In addition to the immediate humanitarian assistance provided "to support democratic transition" in Tunisia and later Egypt, the Communication introduced several changes in the way the EU will conduct future policies towards the Southern Mediterranean.

First, the EU's new approach builds more on the principle of "differentiation." Under this principle, the EU will commit more resources to reforming countries. Under this "incentive-based approach," countries making fast progress on reforms will draw resources away from countries that hold back on their implementation. At the country level, the Partnership for Democracy and Shared Prosperity (hereafter, "the Partnership") is likely to reinforce the current country-based patterns of ODA commitments, since, as of 10 May 2011, only Egypt, Jordan, Morocco and Tunisia had agreed to either reform or amend their constitutions with a view to increasing political freedoms.

Second, a qualitative change is expected to take place as far as support for democracy and institution-building is concerned. While the promotion of democratic reforms and good governance ranks high in the EU's approach to relations with the Southern Mediterranean, little has effectively been done and the language has failed to translate into concrete initiatives. Since the enactment of the Barcelona Process, OECD DAC data record a total commitment for support for NGOs of merely €1 million; and a study on democratic reform in Morocco states that pressure from the EU to promote democratic reform has been anything but effective (Khakee *et al.*, 2008). A Civil Society and Neighbourhood Facility was created, to focus on the advocacy capacity of civil society organizations (CSOs); their ability to monitor reform and participate effectively in the policy dialogue could potentially reverse past trends if properly implemented. The future release of additional details will allow further assessment of its effectiveness, especially in light of the existing "European Instrument for Democracy and Human Rights."

Third, support for economic development is reaffirmed with proposals to increase the EIB's lending mandate and calls on the Council to adopt EC proposals on EIB reflows. Under the current arrangement, neither

the EIB nor other financial intermediaries are allowed to reinvest the funds from previous operations. According to the EC's communication, lifting this constraint would immediately free up €120 million to finance new operations, an amount equal to 32% of the concessional loans issued by the EIB to the region since 1995. Moreover, the amendment to the mandate of the European Bank for Reconstruction and Development (EBRD) advocated by the EC to allow the bank to undertake operations in the region would also make additional financing resources available. The memorandum of understanding signed on 1 March between the EC, the EIB and the EIF paves the way for the EBRD's positioning in the region.

Fourth, the EC's communication recognises the need to adapt its regional cooperation strategy to the current situation prevailing in the region so as to focus on "projects delivering concrete benefits in energy, environment, transport, trade and social dialogue." While the Lisbon Treaty urges the Union for the Mediterranean (UfM) to reform, a possible approach to grant the institution a new role could consist in granting the EU the co-presidency and transferring a share of the funds earmarked for regional cooperation to the UfM for the design and implementation of development projects that match the objectives of both the BP and the ENP (Ayadi and Fanelli, 2011).

Concluding Remarks

Since the 1970s, the Southern Mediterranean has been targeted by different policies under which commitments to development assistance have grown simultaneously with an expansion and deepening of cooperation with the EU. Reflecting the diversity of the political regimes on the southern shores, the EU's development assistance has been concentrated in a few countries, while the sectoral distribution of its commitments show it to be a donor governed by both altruistic and trade-related concerns, with an increasing interest in governance-related aid. However, as illustrated by the popular uprisings triggered by repressive political regimes and poor socioeconomic conditions, despite the increasing amounts committed for development assistance, little has been achieved.

Against the current backdrop of profound changes in the EU's Southern neighbourhood and turbulent times in the Eurozone, the Euro-Mediterranean Partnership is set to evolve. The business-as-usual

vision, which is largely built on partial and fragmented cooperation in specific areas of interests between the EU and the individual Southern Mediterranean states, is no longer a credible scenario for the future. The 2011 Arab uprisings have created an opportunity for the EU to revisit its fragmented policy towards the region. A new Euro-Mediterranean vision must emerge to enable four decades of fragmented partnership finally to materialise in tangible positive results for the region and the EU.

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SECTOR CLASSIFICATION DETAILS

Own sector	OECD DAC sector
Agriculture, fishing and forestry	III.1.a. Agriculture III.1.b. Forestry III.1.c. Fishing
Banking, financial services	II.4. Banking & Financial Services
Education	I.1.a. Education, Level Unspecified I.1.c. Secondary Education I.1.d. Post-Secondary Education I.1.b. Basic Education
Emergencies, reconstruction, rehabilitation	VIII.1. Emergency Response XI. Refugees in Donor Countries VIII.2. Reconstruction Relief & Rehabilitation VIII.3. Disaster Prevention & Preparedness
Energy, environment	II.3. Energy IV.1. General Environment Protection I.4. Water Supply & Sanitation III.2.b. Mineral Resources & Mining
Food aid, other commodities	VI.2. Dev. Food Aid/Food Security Ass. VI.3. Other Commodity Ass.
General budget support	VI.1. General Budget Support
Government, civil society, conflict, peace, security	X. Support to NGOs I.5.a. Government & Civil Society, General I.5.b. Conflict, Peace & Security
Health	I.2.a. Health, General I.2.b. Basic Health I.3. Population Pol./Progr. & Reproductive Health
Industry, trade	II.5. Business & Other Services III.3.a. Trade Policies & Regulations III.2.a. Industry II.2. Communications III.3.b. Tourism
Infrastructure, transport	I.6. Other Social Infrastructure & Services II.1. Transport & Storage III.2.c. Construction
Other	IV.2. Other Multisector VII. Action Relating to Debt XII. Unallocated/Unspecified IX. Administrative Costs of Donors