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ANNEX IV

MULTIANNUAL INDICATIVE PROGRAMME FOR THE SOUTHERN NEIGHBOURHOOD
2021-2027

1. Introduction: the overall lines of the EU cooperation in the Southern Neighbourhood

1.1 Basis for programming

The Southern Neighbourhood enjoys a special relationship with the EU, as set in Article 8 of the Treaty on the European Union[1]. The EU's relations and cooperation with the region continue to be guided by the political framework set up in the revised European Neighbourhood Policy[2] and the Global Strategy for the European Union's Foreign and Security Policy[3]. Bilaterally, the EU has adopted and is currently reviewing Joint Documents with a number of Southern Neighbourhood countries, while at regional level the agenda of the Union for the Mediterranean (UfM) and the UfM Road Map as well as more recently the February 2021 **Joint Communication of the Commission and the High Representative on a Renewed Partnership with the Southern Neighbourhood[4]** will be the political framework to inform the identification of regional interests, priorities and activities of this regional partnership.

The 25th anniversary of the Barcelona Declaration confirmed that a strengthened Euro-Mediterranean partnership remains a strategic imperative for the European Union (EU) as the challenges the region continues to face fifteen years after the Arab spring and the existing untapped opportunities require a common response. Many political, socio-economic, climate and security challenges in the Southern Neighbourhood remain to be addressed while some have been exacerbated by the COVID-19 pandemic. Only through stronger action in the spirit of partnership and joint ownership the objectives of peace, stability and prosperity will be fulfilled. To this end, the Joint Communication of the Commission and the High Representative adopted on 9 February 2021 proposes a new, ambitious and innovative **Agenda for the Mediterranean** drawing on the full EU toolbox to renew and further strengthen the EU's strategic partnership with its Southern Neighbourhood Partners, open new paths for enhanced cooperation, turn the common challenges into opportunities and unlock the potential of our shared region. It also focuses on measures aiming at mitigating the long-term impact of the COVID-19 pandemic and reflects the Commission's objective of ensuring a sustainable recovery.

The Agenda sets the key directions for our partnership and a range of actions along five key policy areas: 1) human development, good governance and the rule of law; 2) resilience, prosperity and the digital transformation; 3) peace and security; 4) migration and mobility; 5) green transition, climate resilience, energy and environment. The new Agenda for the Mediterranean is accompanied by an **"Economic and Investment Plan for the Southern Neighbours"**[5], which includes concrete flagship initiatives in priority sectors that will help spur long-term socio-economic recovery, foster sustainable development and address the region's structural imbalances. The Council endorsed the Joint Communication[6] in its conclusions adopted on 19 April 2021.

The Agenda notes that the EU will explore regional, sub-regional, trilateral and cross-regional cooperation and joint initiatives between partner countries across the board, including in light of the recent normalisation of relations between certain of the EU's Southern Neighbourhood partners. Promoting regional, sub-regional and cross-regional cooperation notably with African partners[7] including the Sahel region as well as with the Gulf and Red Sea regions and preventing regional instability is of key importance.

The EU interests in the region, as confirmed by the Joint Communication, cover a broad spectrum and derive from the risks and opportunities of the geographical proximity and interdependence, with the overarching shared interest of an open, peaceful, secure, democratic, environmentally sustainable and prosperous Mediterranean.

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[1] Consolidated version of the Treaty of the European Union

[2] 'Review of the European Neighbourhood Policy' JOIN(2015) 50

[3] 'Global Strategy for the European Union's Foreign and Security Policy'

[4] Renewed partnership with the Southern Neighbourhood - A new agenda for the Mediterranean' JOIN(2021) 2

[5] SWD(2021) 23.

[6] Council Conclusions of 19 April 2021 7931/21

[7] In the spirit of the "whole of Africa" approach and in line with the Joint Communication "Towards a Comprehensive Strategy with Africa", JOIN(2020) 4.

The Regional South Multi-annual Indicative Programme (MIP) 2021-2027 will contribute to the EU's overall strategic objectives for its external action, as laid out by the European Commission Political Guidelines (2019-2024)[8] - European Green Deal[9], an economy that works for people, a digital transition, governance and human development - and the Global Strategy for the EU's Foreign and Security Policy, as well as other relevant EU policy documents including the Trade Policy Review[10][11]. It also supports the delivery of key global policy objectives, including the Paris Agreement and the United Nations 2030 Agenda and its Sustainable Development Goal. Coherence and complementarity between priorities and all EU interventions, fully applying an integrated approach, as well as a clear link between policy and programming will be ensured.

1.2 Priority areas of the EU's cooperation with the Southern Neighbourhood

The following priority areas are proposed, which reflect the key policy areas outlined in the new Agenda for the Mediterranean except for migration and mobility. A separate programming document for a multi-country Migration Programme for the Southern Neighbourhood will cover cooperation at regional level and relevant actions in this area.

Priority Area 1: Human development, good governance, and rule of law

- Promote democracy, human rights, good governance and transparency
- Fight gender discrimination and gender-based violence against women and girls
- Promote active youth citizenship
- Support culture as a requirement for human development and better quality of life

Priority Area 2: Strengthen resilience, build prosperity and seize the digital transition

- Strengthen economic governance and enhance entrepreneurship through research, innovation, and digitalisation
- Facilitate regional economic integration through trade, sustainable investment and connectivity
- Promote the green and circular economy
- Enhance inclusive economy and promote financial inclusion

Priority Area 3: Peace and Security

- Strengthen cooperation to fight organised crime and terrorism between partner countries and with EU Member States
- Improving judicial cooperation in civil matters
- Prevention, preparedness and response to natural and man-made disasters

Priority Area 4: Green Transition

- Undertake Joint Climate Action: climate mitigation, adaptation and resilience to climate change impacts
- Achieve clean and sustainable energy production and consumption objectives
- Protect biodiversity and natural resources through pollution reduction, sustainable food systems and preserved ecosystems, including efficient water management

Priority Area 5: Support to the main drivers of regional integration

- Enhance cooperation with regional organisations: Promote intra-regional and cross-regional cooperation in particular with Sub-Saharan Africa, the Gulf and the Red Sea regions.

The EU will support the region in fostering good governance, transparency, and accountability and will renew its

[8] European Commission Political Guidelines (2019-2024).
[9] Communication of 11.12.2019 'The European Green Deal' (COM(2019) 640).
[10] COM(2021) 66.
[11] A comprehensive list of references is available in annex.

support for resilient and democratic institutions. At the same time, the EU will continue to fight inequalities and support citizens' equal access to justice, health care, freedom of speech, and ensuring more equal levels of income distribution and skills development. Support for gender equality initiatives and actions to combat all forms of discrimination remain a top priority for the EU. The MIP focuses on investment on youth, support education, culture, protecting and promoting cultural heritage. The EU will also strive to find new ways of engaging with and supporting civil society and grass root organisations.

Long-term socio-economic recovery, and resilient, sustainable, inclusive and connected economies in the Southern Neighbourhood are key shared priorities and necessary for social justice, decent work, trade, and attraction and retention of investment, decent jobs and opportunities. The overall objective is to support an inclusive and sustainable economic recovery, aimed at job creation and tackling inequality, thus contributing to resilience and prosperity in the region. To this end, the EU will support the economic governance of the region, focusing on the respect of international legal commitments to ensure a predictable business environment, incentivise structural reforms and enhance access to finance. Promoting social dialogue, better matching skills, research and innovation with private sector needs are essential components. The EU will support technology transfer, innovation, and collaborative research, creation of a knowledge-based society fostering more resilient and inclusive growth, the creation of sustainable employment opportunities, and economic and environmental improvements. Regional initiatives will focus on improving the investment climate, on the nexus of trade and investment policies with decent job creation, and on strategic value chains (including green value chains), while integrating the potential of women as drivers for inclusion and economic growth. In line with the economic aspects of the European Green Deal and the Digital Strategy, the EU will further support the green and digital twin-transition of economies in the Southern Neighbourhood. This will be done at all levels, including national and local reforms, facilitating regulatory convergence of norms and standards, as well as direct support to businesses, and to civil society.

Conflict resolution, peace and security are major factors contributing to stability and development in the region. The EU's support will continue to focus on capacity building of local civil society actors and government agencies. The EU will continue strengthening and widening the dedicated political and security dialogues with its partners from the region, including on water diplomacy, with a view to continue building dialogue, enhance participation of women in peace building and promote trust among citizens throughout the region. It will also build on the ongoing support to law enforcement, border security, transport security and criminal justice actors, fostering cross border and regional cooperation as well as police and judicial cooperation with the EU and its Member States, while fully incorporating human rights, data protection, gender equality and the rule of law. The EU will assist the region to further step up cyber security, cyber resilience and address hybrid threats. In line with the Integrated Approach outlined in the EU's Global Strategy, the EU will also strengthen its role in promoting conflict prevention and peacebuilding, while building capacities and supporting initiatives for effective crisis response, resolution and preparedness.

The full implementation of the 2030 Agenda for Sustainable Development, the Paris Agreement and internationally agreed biodiversity goals will be crucial to help better equip the region for future systemic shocks. The recovery from the COVID-19 crisis offers an opportunity to accompany and fast-track the green transition in the Southern Neighbourhood through integrated economic, social and environmental policies that can transform economies and societies. The European Green Deal represents a unique opportunity for cooperation in this regard. The Declaration of the UfM Ministerial conference on Environment and Climate Action held in Cairo on October 4, 2021, is an important milestone in the building of a consensual Green agenda in the whole Euro-Mediterranean region. The Mediterranean Sea is the common sea basin which connects the EU to the Southern Neighbourhood, geographically, commercially, culturally and geo-politically. A multitude of economic activities are centred around the Mediterranean Sea, including maritime transport, coastal and maritime tourism, fisheries, and energy extraction that need to be sustainable, resource-efficient, environmentally friendly, safe and secure. Environmental challenges are cross-border by nature and regional cooperation is key for addressing them. The degraded environmental state of the Mediterranean Sea calls for strong regional action to preserve and restore the marine and costal biodiversity, and properly manage natural resources. The development of a sustainable blue economy is instrumental to achieving this, in line with the UfM Ministerial Declaration of 2 February 2021[12].

[12] UfM Ministerial Declaration on Sustainable Blue Economy

A high level of maritime security and surveillance are essential, to allow the blue economy to flourish, combat illegal activities and controlling migration flows, in line with the EU Maritime Security Strategy[13].

The EU has invested into enhancing cooperation with regional organisations and will continue to support those regional institutions, which drive regional integration and deliver concrete results, as well as maintaining political dialogue with regional players and encouraging further intra-regional cooperation. The EU supports the UfM, of which it holds the co-Presidency for the North on a permanent basis and its central role in fostering dialogue and cooperation in the region. Increased cooperation and constructive engagement with regional actors and organisations, such as the League of Arab States the African Union and other relevant regional and sub-regional groupings will be pursued in the thematic areas mentioned above and in particular in areas where each has shown to have comparative advantage. The EU will be ready to explore further regional, sub-regional, trilateral or cross-regional cooperation and joint initiatives between partners in selected areas[14].

1.3 Considerations setting the context for the period 2025-2027

Since the adoption of the Agenda for the Mediterranean[15] and its Economic and Investment Plan in 2021[16] and in the context of the post-COVID recovery, the Southern Neighbourhood region continues to face important geopolitical changes. Russia's war of aggression against Ukraine affected the region, in particular on energy and food security. The conflict in Gaza, its spillover to Lebanon as well as the historic momentum in Syria after the fall of Assad's regime have directly impacted the entire geopolitical landscape in the Middle East and beyond. Old and new geopolitical competitors have reinforced their positions and presence in the region and the success of anti-EU and anti-Western narratives have challenged the EU's perception in partner countries.

The region is faced with interlinked political, security, climate change, environmental, socio-economic and security challenges, but also untapped opportunities such as natural assets to produce renewable energy, potential for improved business relations, trade and investment, all being of an inherently transboundary nature.

In this geopolitical context, it is even more important to engage with our partners to tackle common and global challenges together rather than in isolation. Regional cooperation offers avenues to address transboundary and common challenges, to support convergence and harmonisation with EU standards and implement the external dimension of EU policies. It allows to explore new approaches and initiatives and to foster dialogue and peer-exchanges in the region, complementing bilateral initiatives, or providing additional channels for work and dialogue, when bilateral relations are strained.

Southern Neighbourhood partners have been vocal in calling for an enhanced, more strategic and equal partnership also at regional level, and such partnership is also a strategic imperative for the EU. This is reflected by the appointment of a Commissioner for the Mediterranean and the new Pact for the Mediterranean announced in the Political Guidelines for the new European Commission 2024-2029[17]. The Pact will reinforce and enhance the existing framework for EU cooperation with the Southern Neighbourhood, building upon the 2021 Agenda for the Mediterranean. It aims to deepen cooperation in thematic areas concerted with our partners to address the region's most pressing challenges and seize new opportunities for growth and development. The Pact will identify policy areas where the EU and the Southern Neighbourhood partners can work together through joint initiatives with visible impact. Similarly, the EU will table a new comprehensive EU Middle East Strategy with a view to the day after the war in Gaza, focusing on promoting all the steps needed for the two-state solution and strengthening partnerships with key regional stakeholders.

Under the Political Guidelines, regional cooperation will contribute to implementing the Commission priority on "A global Europe: Leveraging our power and partnerships". The overarching aim of regional cooperation will be

[13] Council conclusions of 26 June 2018 on the revision of the European Union Maritime Security Strategy (EUMSS) Action Plan, 10494/18

[14] The WestMed Initiative promoting sustainable development of Blue Economy in the Western Mediterranean, build on the Dialogue 5+5, is a good example of sub-regional cooperation

[15] Joint Communication on the renewed partnership with the Southern Neighbourhood.

[16] Joint Staff Working Document on the Renewed Partnership with the Southern Neighbourhood Economic and Investment Plan for the Southern Neighbours.

[17] Europe's Choice. Political Guidelines for the next European Commission 2024-2029

to strengthen the region's stability and prosperity in all its dimensions – political, economic, peace and security, social, environmental and human. It will increase the EU's capacity to address challenges that can only be solved collectively, through reinforced political dialogue and through regional cooperation with a large range of stakeholders along shared values.

As to regional integration efforts, the Union for Mediterranean (UfM) has demonstrated its unique convening power, currently undergoing a reform process to enhance its efficiency, visibility and impact. As the only Regional Organisations gathering the 43 Countries on the shores of the Mediterranean on equal co-ownership footing, the UfM and its sister organisation, the Anna Lindh Foundation, continue to be useful tools to engage with our Southern partners, to promote political dialogue, regional integration and foster multilateralism. There is also a growing potential for cross-regional and triangular dialogue, engaging with the wider Neighbourhood and the "neighbours of the neighbours", notably Gulf countries and the Sahel, as well as other countries in the Mediterranean which are not part of the southern dimension of the European Neighbourhood Policy, as well as cross-regional organisations in the Middle East and Africa, such as the League of Arab States (LAS) and the OIC.

1.4 Justification and context

The Southern Mediterranean region is facing governance, socio-economic, climate, environmental and security challenges, many of which result from global trends. Protracted conflicts continue to inflict human suffering, trigger significant forced displacement, weigh heavily on the economic and social prospects of entire societies, especially for countries hosting large refugee populations and intensify geopolitical competition and outside interference. The threats of terrorism, organised crime and corruption continue to feed instability and stifle prosperity. Economic growth in the Southern Neighbourhood has not kept the pace with demographic growth (average GDP per capita was less than one eighth of the EU's in 2020). The region has one of the lowest levels of regional economic integration in the world, as observed by the 2021 special report by the OECD/UfM, with 5.9% exports to the region; intra-regional trade is a fraction of the countries' total trade while FDI has never recovered from pre-2008 levels and intra-regional investment remains very low. Climate change and unsustainable use of natural resources jeopardise access to water, food and energy, accelerate desertification and loss of biodiversity, and threaten lives and livelihoods. Significant economic and gender inequalities persist, and governments struggle to meet the aspirations of today's youth. The urgency of addressing these challenges is further exacerbated by the COVID-19 pandemic, which has illustrated starkly shared vulnerabilities and our mutual interdependence.

All this demonstrates the increasing interdependence of the Mediterranean region and highlights the need to strengthen common resilience and to open new paths for enhanced cooperation. Together with the new opportunities brought by the green and digital transitions, this contributes to a positive agenda for the partnership.

Some of the challenges and opportunities that were identified under the previous cooperation cycle to be addressed regionally remain relevant. Therefore, the MIP will build on previous cooperation, integrating the priorities of the current Commission – an Economy that works for people, the Green Deal, the digital transition – as well as measures aiming to mitigate the long-term impact of the pandemic. It reflects the Commission's objective of ensuring a recovery in a sustainable manner as well as the priorities identified in the new Agenda for the Mediterranean.

The regional programme complements bilateral cooperation with partner countries, as well as assistance at global level, aiming at:

- Supporting the external dimension of EU policies to share best practices, promote coherent sectoral approaches, and enhance regulatory convergence across the region and beyond to adjacent regions as appropriate, thus supporting long-term EU aid effectiveness (e.g. transport and energy connectivity);
- Addressing overarching themes which can only be tackled through a cross-border perspective (e.g. environment and climate change);
- Strengthening the framework conditions for economic integration and regional market integration for goods, services and investment;
- Working in sensitive areas where regional cooperation constitutes the only possible or most efficient

action (e.g., support to civil society and human rights);

- Testing new approaches. The intrinsic value of regional programmes as 'laboratories' for innovative and pilot experiences should not be underestimated. In several cases, bilateral projects are designed after the proven success of a regional programme at country level.
- Exploring synergies between and among the identified priority areas, so as to reach sustainable outcomes through an integrated approach.

Migration and mobility matters are tackled in a separate Regional MIP for the Neighbourhood South.

The future regional cooperation should have a flexible geographical and thematic scope, also allowing for interlinkages with other regions, where necessary and appropriate as highlighted in the Joint Communication on a renewed partnership with the Southern Neighbourhood and in the Joint Communication "Towards a comprehensive Strategy with Africa"[18].

It also encompasses the '**Team Europe**' approach[19], through the identification of Team Europe Initiatives (TEIs), where the EU, EU Member States, their development agencies and financial institutions, as well as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), join forces in the pursuit of EU policy objectives. The purpose of such coordinated and collective process is to promote, under the Team Europe brand, ambitious and easily recognisable European initiatives with a maximum transformative impact in partner countries. At regional level, Team Europe initiatives are foreseen to be identified as part of the multi-annual programming.
The EU will aim to achieve an optimal balance between bilateral, regional and thematic/global approaches and tools to address similar challenges from different angles.

1.5 Duration of the MIP and option for synchronisation

The duration of this Regional MIP will be 7 years, with a mid-term review foreseen in 2024. The review process will be synchronised with the review of the Agenda for the Mediterranean in 2024[20].

2. EU support per priority area and proposals of Team Europe Initiatives

Although the geopolitical context in the region has changed significantly since the adoption of the Regional South MIP in 2021, the programming framework of the MIP has shown to be sufficiently comprehensive to respond to the emerging needs and challenges, in terms of themes of cooperation. The Regional South MIP has also shown the flexibility and breadth to integrate the priorities of the new Commission. Given the volatility in the region, the need for regional action is stronger than ever.

However, in order to better reflect the interlinkages of the priorities and to simplify, some existing thematic priority areas of the MIP have been merged for the implementation of the MIP 2025-2027. This merge does not imply changes to the initial orientation and priorities of the MIP. Sub-priorities and related objectives and results remain unchanged. The merge leads to the following 4 priorities:

i) Human capital development, Good governance and Security - (Priorities 1 "Human development, good governance, and rule of law" and 3 "Peace and Security, of the MIP have been merged)

ii) Inclusive, sustainable, and just economies for a shared prosperity (Priority 2 of the regional MIP "Strengthen resilience, build prosperity and seize the digital transition" of the MIP)

iii) Enhancing regional resilience through integrated energy, climate, environmental and connectivity strategies (Priorities 2 "Strengthen resilience, build prosperity and seize the digital transition" and 4 "Green Transition" of the MIP)

[18] JOIN(2020)4.
[19] The "Team Europe" approach draws contribution from and combines resources mobilised by the EU Member States and financial institutions, while respecting the EU competences and decision-making procedures laid out in the Treaties.
[20] Council Conclusions on a renewed Partnership with the Southern Neighbourhood-A new agenda for the Mediterranean: "*It will carry out a review of the Agenda for the Mediterranean and of these Council conclusions in 2024".*

iv) Regional integration, institution-building and cross-regional partnerships (Priority 5 of the MIP "Support to the main drivers of regional integration").

2.1 Human development, good governance, and rule of law

Fifteen years after the Arab Spring, the Southern Neighbourhood region continues to face important challenges with a view to advancing democratic reforms, the Rule of Law, gender equality and the protection of human rights. Overall, most countries of the region are still far from having engaged in democratic transition.

As recalled in the New Agenda for the Mediterranean, good governance, gender equality, respect and protection of human rights, as well as an effective, functional and impartial Rule of Law system are beneficial to human development and key for the development of sustainable, peaceful and stable democratic societies.

In the years to come, the EU will continue its efforts to place Rule of Law, democracy and human rights at the heart of its regional cooperation with the Southern Neighbourhood as a way to improve people's quality of life beyond the economic dimension, upholding their freedoms and rights, providing them with opportunities, and fostering equal, fair and inclusive societies.

In its efforts towards achieving a deeper democratisation, the EU will actively engage with civil society by strengthening their capacities and supporting regional mechanisms for dialogue in the Southern Neighbourhood.

Building democratic societies requires institutions that citizens can trust, and is therefore intrinsically linked to democracy, good governance, the rule of law, and more broadly to the consolidation of open, pluralistic societies. The EU will continue to support democratic governance with greater citizen involvement. Working with civil society within this framework will also contribute to peacebuilding and conflict prevention, in complementarity with the thematic MIP on Peace and Stability.

The EU will continue investing in youth, as young people should have a say in decisions that affect them. Similarly, the EU will keep combating gender inequalities and discriminations in its regional cooperation, with women playing an essential role in reducing societal vulnerabilities at multiple levels. Empowering youth and women as drivers of social, environmental and economic development contributes to societal and political resilience. This in turn has a positive effect in youth participation in public life and gender equality at regional, national, local and community levels, making societies more stable, more peaceful and more democratic.

The role of culture as a vector for peace, democracy and economic development will continue to be supported to help build a more inclusive Mediterranean. Culture is a field where there is a real added value in working at regional level to reduce social isolation and build connections across the Mediterranean region.

Upholding narratives that are accurate, accountable and free from hate is crucial. The EU will continue supporting the independence of media and individual freedoms. It will renew its support to human rights activists and will foster dialogue between cultures. The EU will also continue to support capacity development to produce and disseminate reliable and comparable statistical data for designing policies and monitoring of the progress made in policy implementation

2.1.1. Specific objectives related to the priority area

DAC Codes:

- 15150 Democratic Participation and civil society (Youth empowerment)
- 16066 Culture
- 15170 Gender Equality (Women's rights organisations and movements)
- 15160 Human Rights (Democratization)

This priority area will seek to address the following specific objectives (SO):

SO1: To promote democracy, human rights, good governance and transparency

Since the COVID-19 pandemic began, the condition of democratic governance and human rights has worsened around the world, and more specifically in the Southern Mediterranean region where democracy has always been fragile. The pandemic provided excuse for some governments to limit political rights and civil liberties, violate privacy, silence critics and the press, impose restrictions on political opponents and undermine the accountability needed to protect human rights.

The EU will continue to ensure *enhanced protection of human rights, Rule of Law and democracy in the Southern Mediterranean region* in accordance with European and International standards, in particular with the assistance of the Council of Europe. The EU will, inter alia, promote legislative changes to ensure a stronger protection for human and fundamental rights. Specific support to human rights defenders and democracy activists as well as pro-democracy movements will be provided through the European Endowment for Democracy.

As a response to the lack of government transparency and information during the COVID-19 pandemic, as well as to mis- and disinformation spread in the region, the EU will continue supporting independent media in their production of verified and quality information, in line with high ethical journalistic standards, acting as bulwarks against authoritarianism, surveillance, hate speech and disinformation. Additional measures will focus on media and information literacy to support media consumers in making informed choices, and having critical opinions by stopping, reflecting and verifying the information before sharing it. Likewise, the EU will contribute to the strengthening of structures and processes for evidence-based policy-making and progress monitoring in the region, e.g. by sharing its experiences in the field of science for policy and science diplomacy, as well as by further developing capacity to produce and disseminate impartial, reliable and comparable statistics.

The spread of COVID-19 has created waves of fear, uncertainty, and anxiety across the globe and this has led to an increase in racism, xenophobia and incitement to discrimination, especially on social media platforms and among young people. In order to contribute to a climate of tolerance and mutual understanding, through people-to-people interactions and to promote democracy, the EU will foster intercultural and interreligious dialogue between both shores of the Mediterranean in collaboration with regional specialised institutions such as the Anna Lindh Foundation. Measures will encourage youth active citizenship by enhancing media literacy and developing resistance to discrimination and indoctrination.

Civil society organisations representing young peoples and vulnerable communities' voices will be active stakeholders of these democracy measures.

SO2: To fight gender discrimination and gender-based violence against women and girls

Despite some positive changes to improve gender equality, discrimination and hostility towards women and vulnerable groups, including on grounds of sexual orientation and gender identity, remains a serious concern in the Southern Neighbourhood. Further work is required to ensure equality between women and men, including tackling domestic and gender-based violence, and ensuring equal opportunities for women,

Discriminatory laws, gender stereotyping, cultural and social barriers, and insufficient institutional protection continue to undermine women's rights. Women's economic and public participation remain the lowest in the world, as they are still mostly absent from decision-making and peace processes, not fully represented in politics and policy making, and mostly active in the informal economy.

Furthermore, official figures indicate that around 35% of married women in the MENA region have experienced domestic violence at some point in their lives, which is slightly higher than the world average at 33%. Since the outbreak of the COVID-19 pandemic, data and reports have shown that violence against women and girls, particularly domestic violence, has intensified and become the most common violation of rights in the Arab world.

The EU will assist the countries in the region to adopt non-discriminatory and equality laws in line with European and international human rights normative frameworks, while enhancing gender responsive capacity building of state bodies, and legislative actors. The EU will do all it can to raise awareness, prevent and combat gender-based

violence, support and protect victims, and hold perpetrators accountable.

In the *fight against gender-based violence*, the EU will adopt a survivor-centred approach to ensure that survivors' rights and needs are the first priority. Engaging with men and boys as partners for prevention and part of the solution will also guide the EU approach to eradicate the many forms of violence that destroy the integrity of women. Women's associations and networks will play an essential role to address the above, and to collect data at regional level to measure progresses and identify challenges.

SO3: To promote active youth citizenship

Youth in the region often lacks the tools to voice their concerns and address issues in order to shape public narratives and policies. The EU will foster active youth citizenship in the region by amplifying inclusive youth voice in public policy-making as global actors of change across the Southern Mediterranean region. Measures will support young people in developing critical thinking as an essential component of life, formulating policy recommendations on global issues and priorities, which properly reflect their needs and concerns. Through active citizenship competence, youth will become dynamic participants in public life and a source of influence.

With the help of civil society, in particular youth associations, efforts will be pursued towards the participation of the most vulnerable and marginalised youth in the supported activities in order to engage with the most diverse tissue of the Mediterranean youth. It will also be important to effectively support the process leading to green transition. The EU will foster initiatives in support to education, awareness raising and engagement of civil society (in particular the youth) and local authorities on environment and climate action. Finally, there is an urgent need to address the crucial issue of youth unemployment, especially young women, and Not in Employment, Education or Training (NEET) in the region. The EU Youth Guarantee and the European Alliance of Apprenticeship inside the EU could serve as a source of inspiration for similar actions in the Mediterranean region. Youth associations can also play a crucial role in partnering with public employment services to boost quality employment as well as education and training opportunities.

SO4: To support culture as a requirement for human development and better quality of life

Culture is one of the main pillars of human development and no society can progress in its absence. In the Southern Neighbourhood, culture has been often neglected as a drive for regional cooperation, while it creates strong ties among people and can help generate greater social cohesion to respond collectively to global and common challenges.

The EU will support culture as an important element of community life and essential component of the community-building process. There is clear evidence that cultural programmes create more understanding inside and across communities. The EU will support cultural workers as agents of co-operation and their skills will be mobilised at regional level to address global challenges in partnerships with civil society, local authorities and Member States cultural institutes. Through its regional assistance to culture, the EU will also support cultural heritage as a driving force in enhancing dialogue and social cohesion across the region.

2.1.2. Expected results per specific objective

Based on these objectives, the actions and measures supported under the MIP are expected to help the Southern Neighbourhood countries to achieve the following results.

SO1: To promote democracy, human rights, good governance and transparency

- Increased use of European and international standards by beneficiary authorities to improve legislation and implementing mechanisms aimed at strengthening the principles of rule of law, human rights and democracy.
- Human rights defenders, democracy activists and pro-democracy movements are supported.

- Enhanced professional capacity of journalists, media outlets and media institutions to exercise the right to freedom of expression, access to information and to strengthen pluralism.
- Increased media literacy skills for media consumers.
- Citizens, in particular young people, in the EuroMed region are sensitised on the importance of intercultural dialogue to coexist peacefully in multi-cultural societies.

SO2: To fight gender discrimination and gender-based violence against women and girls

- Gender equality and non-discriminatory legislation are promoted in line with European and international human rights standards.
- Gender based violence against women and girls is progressively eradicated in line with European and international human rights provisions.
- Men and boys in the region are educated as key agents of gender change to prevent gender-based violence and advance gender equality.
- Women's associations and women's human rights defenders are supported to monitor gender equality progress in the region, in particular achievements and challenges to eradicate gender-based violence.

SO3: To promote active youth citizenship

- A culture of dialogue among young people across the Mediterranean to contribute to public policy is promoted.
- A shared understanding with youth peers across the Mediterranean on how to address issues of common concern (e.g. employment, gender issues, environment and climate etc.) to their communities is created.
- Development of policies and outreach activities inspired by the European Youth Guarantee

SO4: To support culture as a requirement for human development and better quality of life

- Cultural workers are contributing to build a sense of local and regional identity and solidarity.
- Global issues such as green and digital transition, migration, peace and security, gender equality are addressed via cross-sectoral cooperation with cultural workers.
- Cultural heritage is promoted as a factor to enhance dialogue, support pluralism, and facilitate social cohesion.

2.1.3. Indicators (including baseline and targets), per expected result

SO1: To promote democracy, human rights, good governance and transparency

- Number of revised laws, including on constitutional matters, in core areas relating to human rights, Rule of Law and democracy, in accordance with European and international standards;
- Number of grassroots civil society organisations benefitting from (or reached by) EU support
- Number of activities supporting people-to-people interactions and promoting intercultural dialogue between young people of both shores of the Mediterranean;
- Number of media outlets supported with core and bridge funding;
- Number of media actors trained on investigative journalism;
- Number of citizens trained on media and information literacy, digital and innovative tools to address disinformation or hate speech;
- Number of datasets/indicators produced and disseminated by statistical institutions through EU support.

SO2: To fight gender discrimination and gender-based violence against women and girls

- Number of specific actions taken by partner country governments (such as quota systems or other similar measures) to address discriminatory practices and improve women's representation in

parliament and government institutions and decision-making positions, at regional, national and local level.
- Number of legislative actions adopted by partner countries to criminalise gender-based violence, including online, and to prosecute perpetrators, in line with European and international standards.
- Percentage of men and boys who acknowledge that gender-based violence is not acceptable.
- Number of women's associations or networks whose capacities have been built to work on gender discrimination, and gender-based violence.

SO3: To promote active youth citizenship

- Number of regional activities to which young people participate and formulate policy recommendations.
- Number of young people with increased active citizenship and debating skills.
- Cross-sector multi-stakeholder partnerships for policy dialogue and coordination on youth employment are piloted in three or more partner countries.

SO4: To support culture as a requirement for human development and better quality of life

- Number of cultural workers and institutions contributing to community building.
- Number of cultural projects supporting cross-sectoral cooperation and addressing global issues.
- Number of collaborative and participative approaches to cultural heritage for social cohesion.

2.1.4 Possible use of blending and guarantees for investment under EFSD+

Most investment initiatives under this priority area will be carried out at bilateral level in the form of social infrastructure. It is therefore unlikely that substantial blending and guarantees under EFSD+ will be mobilised at regional level.

2.2. Strengthen resilience, build prosperity and seize the digital transition

The overall objective is to support an inclusive and sustainable economic recovery, aimed at decent job creation and tackling inequality, thus contributing to resilience and prosperity in the region.

The COVID-19 pandemic has exacerbated structural challenges in the economies of the Southern Neighbourhood. According to OECD estimates, Foreign Direct Investment (FDI) has plummeted by over 45%, trade flows and global value chains were disrupted, while the Gross Domestic Product has contracted across the region. For decades, notoriously high youth unemployment has left young people and women in the Southern Mediterranean without a chance to build a future. With the pandemic and the economic downturn, levels of unemployment have severely hit the region at all levels.

In this regard, targeted EU efforts have become even more relevant. Regional action will focus on developing an inclusive and sustainable economy that leaves no one behind and better integration. In this, the EU will put into action on the external dimension of "*An economy that works for people*" through key principles of equality, fairness and opportunity for all. The aim is to foster a sustainable economic recovery in the region by promoting macroeconomic stability and a vibrant private sector able to create decent jobs, while using the economic opportunities created by the green and digital transitions, including through research and innovation.

As to digitalisation, this will be mainly addressed at bilateral level, with an emphasis on the accelerated adoption of e-services and the further development of the digital economy. Some aspects however contribute directly to achieving the objectives of the Global Gateway Strategy, and are better dealt with at regional level, such as the harmonisation of policies related to digitalisation, regulatory convergence with EU standards, and the interoperability of e-governance schemes. Cooperation could also be explored through cross-regional opportunities

There is common understanding that sufficient job opportunities can only be created with more regional economic integration, trade and private investment. Yet, empirical evidence shows that not every form of investment and trade goes along with job creation and a positive impact on society. Efforts need to be better targeted to promote fair trade and quality investment, ensuring value creation and territorial balance, as well as alignment with the principles of the green transition to move to a low-carbon economy. A renewed focus on modernising trade and investment policies with the Southern Neighbourhood will be enablers to uncap the region's potential. Both the Joint Communication on the renewed partnership with the Southern Neighbourhood and the Union for the Mediterranean 11th Trade Ministerial[21] meeting underlined the need to reinvigorate Euro-Mediterranean trade and increase the region's competitive advantage to attract more trade and investment. Untapped potential also lies in closer integration between countries in the South through the Pan-Euro-Mediterranean (PEM) Convention on rules of origin. In addition, opportunities could arise from strategic corridors. Furthermore the Southern Neighbourhood could become a bridge to the world's largest economic integration project - the African Continental Free Trade Area (AfCFTA), which the EU and its Member States fully support.

In terms of Foreign Direct Investments (FDI), the economies of the region have not yet recovered from the global financial shocks and regional political instability of the past decade, and are now experiencing the pandemic fall out. In its latest Trade Policy Review the Commission has proposed the modernisation of investment relations with the Southern Neighbourhood, based on the outcome of dialogues, with a view to promote new types of sustainable investment initiatives with interested partners. In parallel, the EU will continue to support partner countries' efforts to comply with existing multilateral and regional agreements, in order to support trade and avoid the resurgence of trade restrictions, and to develop an investment climate conducive to sustainable growth and decent job creation and that will build investors' trust. The approach will focus on investment policies promoting quality investment in line with environmental and social standards, enabling diversification and a shift to an economic model supporting a more inclusive and sustainable recovery.

Dialogue with the private sector and social partners including through UfM platforms will be an essential element of cooperation at the regional level. These may include among others, business support organisations, chambers of commerce and industry, labour unions as well as youth, women and entrepreneurship associations. Civil society will be associated to regional economic initiatives, wherever possible, to create new partnerships and to build capacity.

2.2.1 Specific objectives related to the priority area

DAC codes:
- 240 Banking and Financial Services;
- 15142 Macroeconomic policy;
- 21010 Transport policy and administrative management;
- 25010 Business Policy and Administration;
- 32130 Small and medium-sized enterprises (SME) development;
- 33100 Trade policy and regulations

This priority area will seek to address the following specific objectives (SO):

SO1: Strengthening economic governance and enhance entrepreneurship through research, innovation and digitalisation

This entails support to economic governance and reforms that are conducive to economic recovery, sustainable and inclusive economic growth as well as enhancing transparency and accountability. Support will be directed towards strengthening the institutional capacity of partner authorities to design and implement adequate macroeconomic, fiscal, competition and financial policies by enhancing public finance management, including an efficient prioritisation, allocation and spending of resources, notably fiscal and budgetary transparency, as well as sustainable debt management, statistical capacities, domestic revenue mobilisation and administration in order to increase fiscal space, transparency, effectiveness and fairness.

[21] Joint Statement of the 11th Union for the Mediterranean (UfM) Trade Ministers Conference

In parallel, the capacity of civil society to undertake budgetary analysis, monitoring and advocacy work in alignment with the EU priorities will be strengthened to promote accountable and transparent institutions, foster participatory decision-making and public access to information, and support an open and enabling space for civil society.

Efforts will continue to strengthen entrepreneurship by supporting the innovation and start-up ecosystems, including on digitalisation, their enabling environment, access to finance, key actors and institutional frameworks and tools such as smart specialisation, and promote international partnerships. Greater interaction with European organisations/networks will also be encouraged, facilitating links across the Mediterranean and within the Southern Neighbourhood, as well as the commercialisation of research results.

This aligns with Flagship 2 "Modern effective administrations, governance and accountability" and Flagship 7 "Digital transformation, research and innovation" of the Economic and Investment Plan.

SO2: Facilitate regional economic integration through trade, sustainable investment and connectivity

Regional initiatives will focus on supporting efforts to comply with existing multilateral and regional agreements and to improve the investment climate and business environment in the region to retain and attract better quality investment, taking into account political economy trends.

In line with EU trade policy priorities in the Southern Neighbourhood, the EU will support the development of trade capacities, including at the intra and inter-regional levels. Notably, support will be ensured in compliance with sustainable trade standards, including fair trade and consumer protection, allowing for regulatory convergence with the EU. In parallel, the EU will continue to support efforts by governments, Investment Promotion Agencies, and the private sector to create the conditions to attract and above all retain quality Foreign Direct Investments (FDI) in key sectors. The EU will also support the availability of trade and investment statistics and skills for policy development.

Decent job creation will be addressed, from design to implementation of trade and investment policies, focusing on labour productivity and added value. Particular attention will be paid to the impact of such policies on sustainable development, to ensure added value and territorial balance, as well as alignment with the principles of the green transition towards a low-carbon economy.

The COVID-19 pandemic exposed the vulnerability of global value chains to unforeseen events. With this in mind, the EU will continue supporting *strategic value chains and industrial clusters* in those sectors with potential for employment, economic integration and export development, and particularly those which integrate into EU, regional, and cross-regional value chains. This will promote regulatory convergence linked to green and digital transitions (e.g. on circular and low carbon practices, data protection and innovation). In addition, support will be provided to establish systems for monitoring and reporting barriers to trade in key value chains and to assist partners in developing policy measures to support their development, while not entailing trade restrictions.

Clusters have the potential to act as agents of change, connecting bottom-up and top-down initiatives and leading green and digital transitions. Regional cluster policies will benefit the development and professionalisation of MSMEs, in particular about innovation and integration into the green economy will be consolidated through technical assistance and access-to-finance instruments.

Cooperation will also aim at developing efficient *sustainable regional transport* that serve trade and movement of peoples. Sustainable, safe and secure connectivity is the backbone of regional integration, stability and growth. In the field of transport, this connectivity is consistent with, and may contribute to achieving the objectives of the Global Gateway Strategy, for example by contributing toharmonised standards in infrastructure as defined in the Regional Transport Action Plan (RTAP), thus preparing the ground for investments through the EFSD+. The Southern Neighbourhood remains one of the least interconnected regions in the world both in terms of infrastructure and standards. Cooperation will aim at better integrating infrastructures and legal frameworks within the region, with the EU and where appropriate with neighbours of the neighbours (Africa, Middle East).

The extension of EGNOS[22] services to the region will be explored for further support.

This aligns with Flagship 5 "Connected economies" of the Economic and Investment Plan.

SO3: Promote the green, and circular economy

The green transition is bound to become a major pillar of Euro-Mediterranean cooperation. The ambition to a sustainable green and blue economy contributes to achieving the external dimension of the European Green Deal in the Mediterranean. However, there is a general lack of awareness in the business community and at public authorities' level on the economic and social implications, as well as the opportunities of the move to a resource-efficient low carbon economy.

The EU will support policy makers and business support organisations as multipliers towards SMEs on sustainable production, through capacity building and technical assistance, including on the regulatory implications. This needs to be coupled with awareness raising of the benefits of sustainable consumption empowering consumers to play a more active role. Engagement and action is necessary at all levels, including national and local reforms, direct support to business and civil society. Through this specific objective, the EU will aim at supporting a transition towards low-carbon circular economies, in line with the ambitions of the European Green Deal, the Paris agreement targets, and the objectives under the European Commission Communication on a New Approach for a Sustainable Blue Economy in the EU[23] and the European Ocean Pact[24].

This aligns with Flagship 4 "Sustainable economies" of the Economic and Investment Plan.

SO4: Enhance inclusive economy and promote financial inclusion

The EU will continue paying a particular attention to those specific actors and segments of the economy that are currently underserved such as women, social entrepreneurs or the informal economy.

This will include notably the promotion of the economy's social dimension by addressing welfare, decent work and inclusion. Support will include assistance to *social economy* actors, financial inclusion of SMEs and entrepreneurs, and the promotion of micro-finance, alternative finance, and impact financing to better target socially and environmentally-friendly actions. A mapping on impact investing in the Southern Neighbourhood will create opportunities to engage in innovative financial tools at the regional level.

Decent job creation will remain a key policy priority and will inform the design of EU programmes, taking into account labour market realities and the impact of the pandemic on employment and employability, especially for women and youth. To achieve this priority, the EU will explore initiatives inspired by the EU Youth Guarantee scheme.

According to estimates, *women's economic empowerment* in the MENA region could be a driver for economic sustainability, inclusion and job creation. According to the third EU Gender Action Plan, empowering women economically is key to reducing poverty and to achieving inclusive and sustainable growth under the 2030 Agenda. In the Southern Neighbourhood, women's access to the formal labour market and their engagement as entrepreneurs remains one of the lowest in the world.

In view of this, the EU will promote women economic empowerment, involving civil society. This will require strengthening the legal framework for access to equal opportunities, with a focus on implementation, in order to ensure equal access to employment, equal pay for equal work as well as access to financial and business opportunities.

This aligns with Flagship 6 "Inclusive Economies" of the Economic and Investment Plan.

[22] European Geostationary Navigation Overlay Service
[23] Communication on "a new approach for a sustainable blue economy in the EU", COM(2021)240.
[24] COM(2025) 281 Communication on a "European Ocean Pact"

2.2.2 Expected results per specific objective

Based on these objectives, the actions and measures supported under the MIP are expected to help the Southern Neighbourhood countries to achieve the following results.

SO1: Strengthen economic governance and enhance entrepreneurship through research, innovation and digitalisation

- Partner authorities have better capacity to design and implement adequate macroeconomic, fiscal, competition and financial policies.
- Civil society participates in undertaking budgetary analysis, monitoring and advocacy work.
- Capacities of business organisations and innovation stakeholders are improved through ecosystem strengthening activities.
- The policy framework conducive to efficient MSME policies, in particular start-ups, green and social enterprises, is stimulated through advocacy, peer learning and knowledge sharing.
- Stronger innovation policies and regulatory framework in partner countries, including incentives for the start-up ecosystem and smart specialisation approaches are put in place.
- The number of start-ups (including FinTech) and MSMEs, (including women-led MSMEs) and MSME contribution to employment and GDP increases.

SO2: Facilitate regional economic integration through trade, sustainable investment and connectivity

- International, continental and regional norms and regulations are harmonised and applied. Compliance with trade and investment agreements and standards, including fair and sustainable trade, and consumer and data protection gets better.
- Export capacity of business operators in the region, both towards the EU and third countries in sectors contributing to sustainable and decent job creation increases;
- Comprehensive statistics and data on trade, investment, and employment are made available at regional level with a view to enhanced exchange of information and convergence, and as a help to evidence-based policy making.
- Transport networks are increasingly integrated and serve trade and movement of people.
- A more conducive business environment and investment climate is fostered.
- Trade and investment policies take into account decent employment effects and sustainable development goals.
- Increased cooperation between regional and inter-regional value chains/industry clusters in strategic sectors.

SO3: Promote the green, and circular economy

- Enhanced partnership between European and Southern Neighbourhood networks of business associations and increased awareness on business, employment and skills development opportunities in green and sustainable economy;
- Increased number of enterprises using sustainable production methods;
- Enhanced awareness of and behaviours of citizens on sustainable consumption, including for climate change mitigation and adaptation;
- Progresses in the development of ESG standards is fostered;
- Addressing key EU priorities such as green, sustainable economy, including blue economy and digital transition, social aspects of the economy addressed in various programmes.

SO4: Enhance inclusive economy and promote financial inclusion

- Social economy and social entrepreneurship demonstrate their potential to contribute to inclusive growth and job creation, especially for young people and vulnerable groups, and become part of the regional policy agenda.
- Institutional capacity of social economy stakeholders and better linkages between the social economy actors improve.
- Access to finance for targeted stakeholders (e.g. small companies; social entrepreneurs; business support structures) gets more inclusive and microfinance and new 'alternative' financing is available.
- The role of women and young people in the labour market and the economic development of the region becomes stronger and more visible with better access to financial and business opportunities.

2.2.3 Indicators (including baseline and targets), per expected result

SO1: Strengthen economic governance and enhance entrepreneurship through research, innovation and digitalisation

- Number of countries strengthening revenue mobilisation, public financial management and/or budget transparency with EU support;
- Number of Civil Society Organisations trained in budgetary analysis and advocacy work;
- Number of business organisations and innovation stakeholders targeted by EU support;
- Adoption and implementation of MSME related policies and regulations with EU support;
- Score of the Global Innovation Index;
- Number of technology transfer roadmaps developed;
- Number of EU supported start-ups in the Southern Neighbourhood;
- Number of EU-supported MSMEs (including women-led MSMEs) having access to finance;
- Total jobs provided by EU-supported MSMEs.

SO2: Facilitate regional economic integration through trade, sustainable investment and connectivity

- Number of quality schemes adopted by economic operators with EU support;
- Value of exports of companies that have received EU support in million EUR;
- Number of jobs created in companies that have received EU support;
- Number of countries that provide timely statistics on trade, investment, and employment produced in compliance with European and international norms and standards;
- Progresses on the harmonisation of countries' legislation with international, continental and regional norms and regulations;
- Total length of transport infrastructure supported by the EU (kms): a) roads; b) railways; c) waterways;
- Increase in Foreign Direct Investment (FDI) inflows, including towards sustainable and green investments;
- Number of countries participating in the International Platform on sustainable finance (IPSF);
- Number of sectoral/national policies adopted that account for employment effects in trade and investment policies;
- Number of cooperation agreements concluded between value chain members/industry clusters.

SO3: Promote the green and circular economy

- Number of MSMEs reporting the adoption of sustainable consumption and production practices;
- Number of institutional coordination mechanisms on inclusive green economy established with project support (number of mechanisms/actor engaged);
- Number of consumer awareness activities (e.g. campaigns, events) run with project support;

- Number of countries with sustainable consumption and production (SCP) national actions plans or SCPs mainstreamed as a priority or a target into national policies; progress in the implementation of national SCPs.

SO4: Enhance inclusive economy and promote financial inclusion

- Regional platform of social economy support structures established with EU support and number of new social enterprises initiatives;
- Number of social economy organisations and enterprises connected to incubators/accelerators/business angels;
- Number of beneficiaries with access to financial services with EU support;
  Number of policy, regulatory or legal reforms adopted to support women's employment and entrepreneurship;
- Number of enterprises led or managed by women supported by the EU;
- Number of social investment vehicles / venture philanthropy funds supporting CSOs and social enterprises in the South;

2.2.4 Possible use of blending and guarantees for investment under EFSD+

While specific infrastructure investments are typically supported at bilateral level, MSME finance is sometimes done through regional instruments. Therefore, this priority will also be supported by the use of blending and guarantees under EFSD+, building on regional initiatives, such as the "EU Initiative for Financial Inclusion" in the field of MSME finance and the "EU Trade and Competitiveness Facilities" which, in line with EU policy objectives, focus on financing value chains in sectors with export potential.

The overall approach at regional level is to pilot new and innovative forms of financing, which require scale and which are not yet widely available at country level. For instance, the existing regional facilities on MSME finance may be complemented by targeted financing for start-ups, by new blending operations with a higher degree of conditionality for entrepreneurs of the social and green and circular economy, and by further funding or guarantees for targeted value chains and clusters. Also, microfinance support through financial instruments will be continued. In addition, alternative financial tools, such as impact financing will be explored.

The regional level is well suited for developing and testing new financial instruments, which require sufficient scale and geographic flexibility, and further regional initiatives may be developed in the future, as needs arise.

2.3 Peace and Security

The Treaty of the European Union clearly defines the promotion of peace and security as a fundamental goal and central pillar of European Union external action. Governance, Peace and Security is a key pillar of the Commission's political vision for building a stronger Europe in the World.

The overarching framework in which the EU operates is the Global Strategy for the European Union's Foreign and Security Policy (2016) as well as the 2020-2024 **"EU Security Union Strategy"**[25] and the multiple legal and strategic policy documents[26] that have been and are being developed in this framework and reflect the strong internal/external security nexus.

They provide a framework for intra-EU cooperation on security and also underscore the internal and external dimensions of security. It is in the geostrategic interest of the EU and its member states to continue to develop a sustainable security relationship with its neighbouring regions. To this end, political and security dialogues play

[25] EU Security Union Strategy, COM(2020) 605.
[26] EU Strategy to tackle Organised Crime 2021-2025; EU Drugs Strategy 2021-2025; EU Roadmap to fight drug trafficking and organized crime; EU Action Plan on firearms trafficking 2020-2025; EU Strategy on Combatting Trafficking in Human Beings 2021-2025; EU strategy for a more effective fight against child sexual abuse.

an important role.

In line with the overarching objective of the Agenda for the Mediterranean of strengthened stability in the region and the integrated approach, the actions foreseen under the other priorities in this document will ultimately contribute to this overarching objective. Likewise the actions foreseen under peace and security in this document will complement and be consistent to the actions foreseen in the bilateral and relevant thematic programmes.

Security threats affecting both shores of the Mediterranean can only be addressed through joint efforts: strengthening cooperation on counter-terrorism, prevention of radicalisation leading to violent extremism, fight against serious and organised crime, and all forms of trafficking, including trafficking in human beings, drugs and firearms trafficking, economic and financial crime, cybercrime, hybrid threats and disinformation. Our actions must also contribute to enhanced resilience in the field of cyber-security, hybrid threats and disinformation, natural and man-made disasters, including maritime pollution, as well as pandemics.

To enhance coherence and efficiency, avoid duplications and address potential gaps, actions under this programme will be defined in complementarity and close coordination with actions covered under the thematic programme on Peace, Stability and Conflict Prevention[27], which could supplement actions, notably with a global or trans-regional dimension. In line with the integrated approach, regional programmes will also closely cooperate with the ongoing civilian crisis management missions in the region.

In order to be coherent, in some specific cases, the neighbours of our neighbours will have to be integrated. For example Mauritania, which is a Member State in the Union for the Mediterranean, requested repeatedly to be integrated in the Prevention, Preparedness and Response to Natural and Man-Made disasters in Middle East and North Africa Partnership Countries (PPRD) or EuroMed Police. In this respect, it will be important to ensure coherence and avoid overlap with actions implemented in the context of the MIP on peace and security in sub-Sahara Africa, which also have the possibility to cover North Africa.

2.3.1 Specific objectives related to the priority area

DAC-codes:

- 12250 Infectious disease control
- 15113 Anti-corruption organisations and institutions
- 15130 Legal and judicial development
- 15170 Women's equality organisation and institutions
- 15210 Security systems management and reform
- 74020 Multi-hazard response preparedness

This priority area will seek to address the following specific objectives (SO):

SO1: Strengthen cooperation to fight organised crime and terrorism between partner countries and with EU Member States

Support to *Law enforcement cooperation and judicial cooperation* will be strengthened between the EU and partner countries, including the exchange of information, involving relevant EU agencies and bodies such as the European Law Enforcement Agency (Europol), the European Union Agency for Law Enforcement Training (CEPOL), the European Border and Coast Guard Agency (Frontex), the European Union Drugs Agency (EUDA), the European Union Agency for Criminal Justice Cooperation (Eurojust), and the European Public Prosecutor's Office), including by:

[27] This will cover : capabilities related to analytical tools to detect and monitoring early signs of conflicts, promote conflict prevention and resolution measures, support to peace processes and transitions of conflict-affected societies and communities, mitigation of threats posed by intentional, accidental or naturally occurring release of chemical, biological, radiological and nuclear (CBRN) materials or agents, addressing global and trans-regional effects of climate change, aviation and maritime security, transnational criminal phenomena.

- Supporting strategic and operational cooperation with EU agencies and bodies;
- Supporting the negotiations of working arrangements between the countries and CEPOL. Europol, Eurojust, the EPPO and (memoranda of understanding) with other EU agencies and bodies;
- Seeking to negotiate international agreements for law enforcement and judicial cooperation in criminal matters and exchange of personal data between (respectively) Europol, Eurojust, the EPPO and the relevant Southern Neighbourhood countries;
- Promoting the participation of partner countries' law enforcement and other competent authorities in the activities of the European Multidisciplinary Platform Against Criminal Threats (EMPACT);
- Supporting cross-border cooperation among the partner countries.

To this end, the EU shall continue to engage with Southern partners in order to ensure that their law enforcement and judicial systems meet high standards of data protection and respect human rights. Part of the activities will directly contribute to the objective "*Integrating the Women, Peace and Security Action Plan*" of the EU gender action plan for 2021–2025 (GAP III)[28], by mainstreaming gender in law enforcement.

Digitalisation becomes increasingly important in the region and requires societies to equip themselves against cyber and hybrid threats, including cybercrime. Cybersecurity is an integrated part of a holistic security policy. In line with the new EU Cyber Security Strategy[29], the EU will assist the region to further step-up cyber resilience and security, to address hybrid threats, to fight disinformation and to foster a better understanding of the threats linked to the illicit use of cryptocurrencies.

Timely access to, sharing and analysing relevant information across borders is essential for the fight against all forms of serious organised crime and terrorism. This also includes the use of new tools such as Open Source Investigations (OSINT) and Artificial Intelligence (AI), requiring strong guarantees on the respect of data protection standards and human rights.

The Southern Neighbourhood is badly affected by *Illicit Financial Flows (IFFs)* which negatively impact on economic growth and societies at large. There is a need to further strengthen cooperation on effectively addressing money-laundering, improving confiscation of criminal assets and preventing and fighting corruption as well as to further build capacity on running financial investigations including the provision of tools such as Artificial Intelligence for better tracking of illicit financial flows.

Partner countries will be encouraged to (ratify where still required and) effectively implement relevant international conventions and/or to effectively implement international standards, in particular those developed by the Financial Action Task Force (FATF).

SO2: Improving judicial cooperation in civil matters

Judicial cooperation in civil matters is needed to improve contract enforcement and address cross-border child abductions, child protection, maintenance obligations, but also divorce decisions and decisions on child custody. Partner countries will be encouraged to ratify and effectively implement relevant international conventions, in particular those developed by The Hague Conference on Private International Law.

SO3: Prevention, preparedness and response to natural and man-made disasters

Increasing the region's resilience against natural and man-made disasters remains a priority and can be effectively achieved by enhanced prevention, preparedness and response through civil protection cooperation and enhanced health security cooperation.

Efforts will be deployed to involve, where possible, Civil Society Organisations (CSOs) at different stages, be it programming, implementing, monitoring and evaluation, with the objective either to inform, to consult or to partner. It is for example crucial to involve CSOs in Disaster Risk Management by implementing education,

[28] JOIN(2020) 17.
[29] https://ec.europa.eu/digital-single-market/en/news/eus-cybersecurity-strategy-digital-decade

citizen awareness programmes and/or training on how to reduce vulnerability. CSOs may also play an important role by informing and sensitising target groups (migrants, refugees, asylum seekers, victims of human trafficking and cybercrime) on the dangers of being involved in criminal networks without any protection of their rights. Considering the increasing need for a Humanitarian Development Peace Nexus approach, it will be important to also involve and consult humanitarian actors when discussing disaster preparedness and disaster risk reduction

2.3.2 Expected results per specific objective

Based on these objectives, the actions and measures supported under the MIP are expected to help the Southern Neighbourhood countries to achieve the following results.

SO1: strengthen cooperation to fight organised crime and terrorism between partner countries and with EU Member States

- EuroMed Police and EuroMed Justice are recognised as sustainable mechanisms for cooperation and coordination in criminal matters between the partner countries and EU Member States.
- Cooperation – both at strategic and operational level - with EU agencies and bodies is strengthened and (working and cooperation) arrangements between EU agencies (such as Europol, CEPOL, EUDA[30], and Eurojust) and bodies (such as the EPPO) and competent authorities of Southern Neighbourhood countries are concluded.
- Legal frameworks and regional networks on anti-money laundering, countering financing of terrorism, asset recovery and anti-corruption are in place and duly implemented.
- The EPPO is recognised as a competent and central authority for the purposes of the existing multilateral international agreements on legal assistance in criminal matters.
- Partner countries' authorities participate in EMPACT activities.
- A timely exchange of and timely access to information in full respect of human rights and personal data protection takes place (Interpol tools & databases, World Customs Organisation tools & databases, Advanced Passenger Information (API) Passenger Name Records (PNR), etc.).
- There is an increased identification of illicit flows and increased confiscation of criminal assets.
- Resilience against cyber security threats, hybrid threats and disinformation is enhanced.

SO2: Improving judicial cooperation in civil matters

- Progressive alignment with and implementation of the Hague Conventions on Private International Law.
- A EuroMed Judicial Network on Civil matters.

SO3: prevention, preparedness and response to natural and man-made disasters

- PPRD MED is recognised as sustainable mechanism for cooperation and coordination in civil protection matters between the partner countries and EU Member States.
- The number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015–2030 rises.
- The countries' systems and capacities that are necessary to effectively assess, detect, respond and prevent threats from communicable diseases become stronger.
- Civil Society Organisations are involved in promoting risk awareness and volunteering.
- The Mediterranean and Black Sea Field Epidemiology Training Programme Network (MediPIET) as Field Epidemiology Training Programme continues and is further developed.
- Maritime surveillance is increased for the prevention of accidents at sea and possible pollution.

[30] European Union Drugs Agency.

2.3.3 Indicators (including baseline and targets), per expected result

SO1: strengthen cooperation to fight organised crime and terrorism between partner countries and with EU Member States

- Number of EU Member States and partner countries actively involved in the cooperation mechanisms such as those established by EuroMed Police and EuroMed Justice;
- Technical compliance and effective implementation of FATF recommendations;
- Number of consultations of databases and positive hits;
- Proportion of seizures in value compared to estimated total real flows;
- Effective operational Computer Security Incident Response Team;
- Number of countries having in place data protection legislation for the law enforcement and criminal justice sector;
- Number of cases in which EU agencies and offices cooperate with Southern Neighbourhood countries' authorities (for instance Number of working arrangements/Memorandum of Understanding (MoUs) negotiated and signed with Justice & Home Affairs (JHA) Agencies;
- Number of EMPACT activities partner country authorities take part in;
- Number of state institutions and non-state actors supported on security, border management, countering violent extremism, conflict prevention, protection of civilian population and human rights;
- Number of partner countries adhering to or aligning their legislations to international conventions (United Nations Convention against Corruption, United National Firearms Protocol, United Nations Convention against Transnational Organized Crime, and the Protocols Thereto, Budapest Convention, Convention 108, Medicrime, Warsaw convention …).

SO2: Improving judicial cooperation in civil matters

- Number of people directly benefiting from legal aid interventions supported by the EU;
- Number of partner countries adhering to or aligning their legislations to the Hague Conference on Private International Law, conventions, protocols and principles;
- Existence of an operational EuroMed Judicial Network on civil matter;
- Reduction of the number of pending unsolved family law cases between partner countries and EU Member States.

SO3: prevention, preparedness and response to natural and man-made disasters

- Degree to which other donors coordinate with PPRD Med before launching new initiatives;
- Number of countries with operational disaster risk reduction strategies
- Availability of risk assessments and level of response capacity;
- Number of new communication tools (such as Early Warning Systems etc.) aiming at better informing populations on potential risks, how to be prepared and how to behave in case of crisis;
- Level of co-financing by third parties from public or private sector of the MediPIET as Field Epidemiology Training Programme.

2.3.4 Possible use of blending and guarantees for investment under EFSD+

The EFSD+ will not be used to support activities under this priority area.

2.4 Green Transition

The Overall objective of the Green transition priority area is to support partner countries' transition to low carbon, climate-resilient and resource efficient economies, while mitigating environmental degradation and promoting sustainable food systems and less polluting transports. This priority area addresses cooperation on clean and sustainable energy, climate, and environmental action, including sustainable fisheries and water management, in

line with the UfM ministerial declarations of 2021 on Energy, and Environment and Climate action].

Regarding *energy*, the European Union promotes the enhancement of energy security of its Southern neighbouring countries, the progressive decarbonisation of their economies and a gradual integration of Mediterranean energy systems and markets. These policy priorities play an important role in supporting the countries' green, digital and sustainable economic development (in particular through jobs creation and prosperity), which in turn favours the consolidation of inclusive and resilient societies. They also contribute to building a more resilient Energy Union (through the diversification of the EU's clean and sustainable energy sources) in line with the Green Deal objectives, and pave the way for new business opportunities and partnerships for the European energy industry, fully exploiting scientific and technological advances, while unleashing the full potential of innovation. The UfM Regional Research and Innovation platform jointly identified research and innovation priorities in support of this objective, and elaborated specific roadmaps through expert advice and public consultations focusing on renewable energies, climate change and health[31].

In the framework of the Union for the Mediterranean (UfM), the EU is committed to strengthening its energy dialogue with neighbourhood countries on energy security, market reforms, better interconnected systems and the promotion of clean and sustainable energy. The latter mainly consists of mainstreaming energy efficiency in all sectors, massively exploiting the important (untapped) renewable energy sources (solar, wind, ocean[32]…) and fostering the switch from fossil-fuels' consumption to decarbonised and/or lower carbon-emitting gases (such as green hydrogen).

Climate action will consist of: a) enhanced support for countries to develop their adaptive capacity and increase their resilience to the impacts of climate change across all key sectors, thereby contributing towards the implementation of the external dimension of the EU Climate Adaptation Strategy[33], and b) increased support for partner countries' climate mitigation efforts thereby accompanying their transition towards sustainable low carbon economies and contributing to the achievement of the global goals of the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. Climate action might also include support to sustainable finance and will strive to increase flows of climate investment in the region. It may also include measures to maximise the opportunities offered by the Green Deal in our partner countries and mitigate any potential short-term negative impacts of the EU transition towards climate neutrality in the region.
These activities align with Flagships 9: "Green Growth and Climate Action", and 10 "Energy Transition and Energy Security" of the Economic and Investment Plan.

Support for the *environment* will aim at implementing a resource-efficient and circular economy, for the benefit of the environment and the competitiveness of local companies. Activities to reduce pollution shall accompany the efforts of the EU to reach zero net pollution by 2050, with a particular attention to plastic pollution in the marine environment. Specific actions to this end will be in line with the EU Plastic strategy and the Ocean missions[34]. Protection of and restoration of coastal and marine biodiversity and cooperation on sustainable water management, another key problem in the South, are priorities identified both by the EU and by the UfM.
With climate change, water shortage, and increasing population, availability of food may become critical in the decades to come. Therefore, the Commission will identify means to *support efficient food systems*, in line also with the Food and Agriculture Organisation (FAO) policies. Should this appear a promising avenue for cooperation, a proposal for a regional approach will be prepared. It is designed for individual countries, it has benefitted and will continue to take advantage of the actions undertaken at regional level.

This aligns with Flagship 11 "Resource Efficiency, Including Water and Waste Management, and Biodiversity".

[31] R&I Roadmaps were adopted by the NFP on 7 July 2021 and UfM Senior Officials on 26 July.
[32] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions "An EU Offshore Renewable Energy Strategy", COM(2020) 741.
[33] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions "Forging a climate-resilient Europe - the new EU Strategy on Adaptation to Climate Change", COM(2021) 82.
[34] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions "A European Strategy for Plastics in a Circular Economy", COM(2018) 28.

Biodiversity objectives under this flagship can only be achieved if there is an underlying regional cooperation.

2.4.1 Specific objectives related to the priority area

DAC Codes

- 140 Water Supply and Sanitation
- 12240 Basic Nutrition
- 23110 Energy Policy and Administrative Management
- 23183 Energy Conservation and Demand-side Efficiency
- 23210 Energy Generation, Renewable Sources – Multiple Technologies
- 41020 Biosphere Protection
- 41030 Biodiversity

This priority area will seek to address the following specific objectives (SO):

SO1: To undertake Joint Climate Action: climate mitigation, adaptation and resilience to climate change impacts

Climate action in the Southern Neighbourhood is of paramount importance considering the high vulnerability of this region to the impacts of climate change and the considerable opportunities to advance the mitigation agenda. Meeting the objectives of the Paris Declaration and ensuring that the region is well on track towards the green transition requires the active participation of all players, including governments (from central to local level) but also private sector stakeholders, civil society organisations and individuals. Our support will seek to involve meaningfully all of these stakeholders.

The countries in the region are party to the Paris Agreement but lack frequently the means to implement the commitments. Therefore, they need to enhance scientific knowledge, innovative solutions, transfer of knowledge, technologies, as well as building capacities and governance systems to reduce their contribution to greenhouse gas emissions, and more precisely decouple them from much-needed socio-economic growth, and on the other hand to prepare and implement long-term adaptation strategies. Actions under this specific objective will support partner countries in elaborating/updating and achieving their Nationally Determined Contributions under the Paris Agreement and support their efforts to reduce emissions and to increase their resilience to the impacts of climate change, while encouraging regional research and innovation collaboration.

To this end, the capacity of central and local administrations should be reinforced to make effective use of available climate finance and help raise additional funding for climate adaptation and mitigation. We will continue to support local authorities, as key agents of change, to increase further their participation to the Global Covenant of Mayors initiative and to build their capacity to develop, implement and secure funding for integrated climate action projects at local level, featuring innovative partnerships. Our actions will continue to promote education and awareness raising activities aimed at citizens' behavioural changes and active engagement in the green transition. To this end, involvement of CSOs will be promoted in policy-making, and as information relays to the wider public.

Technical assistance to partner countries will mitigate the effects of the introduction of the Carbon Border Adaptation Mechanism. Technical assistance may include designing and implementing carbon pricing, improved monitoring, reporting and valuation (RMVs, as foreseen by the Paris Agreement).

Increasing countries adaptive capacity and addressing disaster risk reduction in an integrated manner is a key priority for the region, in view of its particular vulnerability, and in line with the EU Adaptation Strategy's call for stepping up international action. We will support countries in the development or the updating of their National Adaptation Plans, and improve their capacities for monitoring and implementation of these plans across key sectors. In particular, climate-proofing investments, improving risk reduction and risk management measures as well as promoting nature-based solutions should be at the core of our climate adaptation support.

SO2: To cooperate with partner countries towards a clean, sustainable and secure energy

The ambition of this specific objective is to improve energy security and the progressive decarbonisation of partner countries' economies, by promoting energy efficiency, take advantage of the potential of renewable sources, low carbon gases and green hydrogen development, develop and deploy clean and sustainable breakthrough technologies and contribute to achieving more efficient electricity systems, improving interoperability and interconnections.

SO3: To protect biodiversity and natural resources through pollution reduction, sustainable food systems and preserved ecosystems.

Protect ecosystems, biodiversity and natural resources through sustainable waste and water management and reduction of pollution (in particular plastic pollution), improved maritime security and safety, development of sustainable food systems and safeguarding and restoring of ecosystems and biodiversity.

Actions in this area will identify the threats to biodiversity – marine and terrestrial, and propose means to EU and non-EU countries to cooperate in order to mitigate them. Assistance will address central and local administrations, as well as business and civil society actors, and will aim at increasing the capacity and innovative solutions, including nature-based, to measure and contain pollution, design and implement areas of protection of biodiversity (e.g. marine protected areas), promote sustainable fisheries and support water and ocean governance in line with the objectives under the Communication on a New Approach for a Sustainable Blue Economy in the EU[35], the European Ocean Pact[36] and the new General Fisheries Commission for the Mediterranean (GCFM) 2030 Strategy on sustainable fisheries and aquaculture in the Mediterranean and Black Sea

The FAO agenda will inspire measures to develop resilient and sustainable food systems, which may target agricultural production adapted to climate change, downstream processing, and food waste.

2.4.2 Expected results per specific objective

Based on these objectives, the actions and measures supported under the MIP are expected to help the Southern Neighbourhood countries to achieve the following results.

SO1: To undertake Joint Climate Action: climate mitigation, adaptation and resilience to climate change impacts

- Green House Gas (GHG) emissions are reduced, in line with countries' updated Nationally Determined Contributions (NDC) commitments, and through the participation of all relevant public, private and individual actors and with specific objectives for the transport sector, notably in the maritime and aviation sectors [37].National Adaptation Plans for each countries are developed/updated, implemented across key sectors and adequately monitored.
- Funding for climate action in the region is more readily available. On the recipient's side, national and local administrations are able to implement financing schemes; funding side's access to existing climate finance mechanisms is improved and additional funding volumes are made possible through the mobilisation of additional funding via innovative climate finance instruments and partnerships.
- EU-MED research and innovation (R&I) cooperation is enhanced, including exploiting synergies with Horizon Europe and other R&I multilateral collaborations such as BlueMED and PRIMA.

[35] Communication on "a new approach for a sustainable blue economy in the EU", COM(2021)240.
[36] Communication on a "European Ocean Pact", COM(2025) 281.
[37] Carbon Offsetting and Reduction Scheme for International Aviation.

SO2: To achieve clean, sustainable and secure energy production and consumption objectives

- Increased private and public sustainable investments (from domestic and international sources) uphold the massive deployment of renewables and energy efficiency measures, thereby contributing to enhanced countries' energy security.
- Euro-Mediterranean electricity and gas systems become gradually more integrated, stable and efficient.
- Decarbonised and low carbon gases (including green hydrogen) are confirmed as alternatives to fossil fuels.
- Fugitive methane emissions in key sectors of the economy are reduced.
- Breakthrough clean and sustainable technologies and other innovative solutions are developed and deployed, including as a result of the uptake of collaborative research funded through Horizon Europe and other R&I multilateral collaborations.

SO3: To protect biodiversity and natural resources through pollution reduction, sustainable food systems and preserved ecosystems.

- Pollution – an in particular plastic pollution - of the Mediterranean Environment (Land and Sea) is stabilised or reduced, thanks to the reduced pressure on resources, and through proactive approaches to pollution reduction (awareness raising, dissemination of impactful methods and technologies).
- Natural resources and biodiversity in the Mediterranean region are preserved within an integrated ecosystem approach at terrestrial and marine level.
- The scarce water resources are managed efficiently, water poverty in the region is reduced [or not worsened] and partners cooperate towards an efficient regional water policy.
- Sustainable food systems that are profitable, socially inclusive, climate resilient and preserving the natural resources are promoted, and food security is increased in Southern Mediterranean countries.
- Maritime safety and surveillance is increased for the prevention of accidents at sea and possible pollution.
- Marine pollution of all kinds is prevented and significantly reduced.

2.4.3 Indicators (including baseline and targets), per expected result

SO1: To undertake Joint Climate Action: climate mitigation, adaptation and resilience to climate change impacts

- NDCs are upgraded and their implementation progresses (including better RMV mechanisms);
- National and local authorities design and implement climate projects (mitigation, and adaptation);
- Use of climate finance is increased (number of projects funded through other than grants).

SO2: To achieve sustainable and clean energy production and consumption objectives

- Decrease of the energy intensity (measured in terms of primary energy and GDP);
- Number of new operational sustainable and clean energy interconnections (South-South and South-North);
- Increase of the renewable energy share (and in particular decarbonised gases) in the total final sustainable and clean energy consumption;
- Greenhouse gas emissions reduced or avoided (Ktons CO2eq) with EU support.

SO3: To protect biodiversity and natural resources through pollution reduction, sustainable food systems and preserved ecosystems

- Percentage of resources saving generated by companies supported by the EU;
- Reduction of the production and consumption of plastics;
- Reduction of the amount of litter in the water column and the sea floor of the Mediterranean sea;

- Reduction of overexploitation of scientifically assessed fishery resources in the Mediterranean sea;
- Increase of the area of marine, terrestrial and freshwater ecosystems protected and/or sustainably managed, including number of MPAs;
- Increase of the number of people having access to safe drinking water;
- Increase of coastal eutrophication and reduction of floating plastic debris density.

2.4.4 Possible use of blending and guarantees for investment under EFSD+

The EU will reinforce its strategic engagement with International Financial Institutions and the private sector to mobilise increased climate finance and support the development of a financial system that supports sustainable growth and climate resilience investments

EFSD+ can contribute to developing renovation in buildings to achieve better energy efficiency, improve infrastructures for more efficient transmission of sustainable and clean energy, and develop renewable energy sources, as all these have a potential to generate profits or at least allow large savings in spending on energy, and therefore to attract the private sector. In the longer run, EFSD+ may be instrumental to developing innovative technologies, such as the hydrogen value chains.

EU support to local authorities will aim at improving their capacity to develop, implement and monitor climate action projects at local level as well as their ability to raise funding from the private sector, financing institutions or other sources. In this regard, blending and guarantees under EFSD+ could come in as complementary to our grant support and there is a potential for joint programming.

Port reception facilities need upgrading in the region to contribute to the transition towards a sustainable blue economy, notably through greening maritime transport, to diversify the tourism sector, supporting the development of sustainable aquaculture and facilitating treatment of plastic and pollutants collected at sea. EFSD+ may contribute to funding the necessary investments.

Finally, reaching the ambitious goals of the Paris Agreement requires massively stepping up investments for climate action. The EU will endeavour to promote the development of financing instruments, such as Green Bonds and the development of sustainable finance in the region. This may include, for instance, measures of support to green bond issuers, as well as support to improve the regulatory frameworks in place at country level.

2.5. Support to the main drivers of regional integration

The Southern Neighbourhood region is among the least integrated in the world economy, notably in terms of transport connectivity, infrastructure, trade and even people-to-people exchanges. Political fragmentation, recurring conflicts, and authoritarian regimes have affected the integration. In many ways, regional integration affects prosperity and political stability. It is therefore in the EU's strategic interest to support those regional institutions, which drive regional integration and deliver concrete results, as well as maintaining political dialogue with regional players and encouraging further intra-regional cooperation.

The future regional cooperation should have a flexible geographical and thematic scope, also allowing for interlinkages with other regions, where necessary and appropriate as highlighted in the Joint Communication on a renewed partnership with the Southern Neighbourhood. Efforts will continue to enhance regional cooperation. This will also include support to sub-regional and inter-regional cooperation, notably with African partners in the spirit of the "whole of Africa" approach and in line with the Joint Communication "Towards a comprehensive Strategy with Africa"[38]. Building on the approach of associating the neighbours of the neighbours" in flexible constellations, inter-regional cooperation could be envisaged with the Gulf and Red Sea regions in areas of mutual interest. The EU will be ready to explore further regional, sub-regional, trilateral or cross-regional cooperation and joint initiatives between partners in selected areas. In the same vein, increased cooperation with key regional and international organisations pertinent to achieve our objectives will be also pursued.

[38] 'Towards a comprehensive Strategy with Africa' (JOIN(2020) 4)

2.5.1. Specific objectives related to the priority area

DAC Codes

- 151 Government & Civil Society – general
- 15129 Other central transfers to institutions

This priority area will seek to address the following specific objectives (SO):

SO1: To enhance cooperation with regional organisations

The Southern Neighbourhood region is among the least integrated in the world economy, notably in terms of transport connectivity, infrastructure, trade and even people-to-people exchanges. Political fragmentation, recurring conflicts, and authoritarian regimes have affected the integration. In many ways, regional integration affects prosperity and political stability. It is therefore in the EU's strategic interest to support those regional institutions, which drive regional integration and deliver concrete results, notably the Union for the Mediterranean (UfM), the League of Arab States (LAS) and the Anna Lindh Foundation (ALF), as well as maintaining political dialogue with regional players.

The Union for the Mediterranean (UfM), under the co-chairmanship of the EU and Jordan, has a central role and is a key interlocutor to build regional agendas that are strategic for the socio-economic recovery of the Southern Neighbourhood region. The success of the ministerial meetings of the past years, including the Foreign Ministers´ annual Regional Forum, have consolidated the importance of the UfM as a multi-stakeholder platform for policy dialogue and reconfirmed the significance of regional cooperation and integration.

The League of Arab Stats (LAS) is another key regional actor, with its main forum discussing political and security solutions to conflicts affecting the region besides those linked to its primary mandate[39]. The EU-LAS cooperation has gained a renewed impetus thanks to the EU-LAS Summit and the regular EU-LAS Foreign Affairs Ministerial Meetings as well as other contacts between the two organisations. The EU and the LAS have also established a Strategic Dialogue, enabling the two organisations to address security related topics through six different working groups.

The Anna Lindh Foundation (ALF), an intergovernmental region-wide organisation whose Member States and general goals coincide with those of the Union for the Mediterranean, is an important regional player to bring people together for cultural dialogue in the Mediterranean. The EU will continue to support to the Foundation to make intercultural dialogue an inseparable component of regional integration and social cohesion.

Although the above institutions remain key partners to build a stronger regional agenda in several strategic fields which are financially supported by the EU, the integration process in the Southern Neighbourhood comprises other institutions or initiatives, which are contributing to deepen intra-regional cooperation. *Political dialogue* will also be extended to a range of organisations, such as the Organisation of the Islamic Cooperation, the African Union, the Summit of the Two Shores and other relevant regional and sub-regional groupings, such as the 5+5 Western Mediterranean Dialogue.

SO2: To promote intra-regional and cross-regional cooperation, in particular with Sub-Saharan Africa, the Gulf and the Red Sea region

Regional cooperation should have a flexible geographical and thematic scope, allowing for interlinkages with other regions between countries sharing continuous borders, as well as with the neighbours of the Southern neighbours. This will include support to inter-regional and cross-regional cooperation notably with African partners in the spirit of the "whole of Africa" approach. Building on the approach of associating the neighbours

[39] See: https://www.files.ethz.ch/isn/125350/8005_arableaguecharter.pdf)

of the neighbours" in flexible constellations, inter-regional cooperation could also be envisaged with the Gulf and Red Sea regions in areas of mutual interest. The EU will be ready to explore further regional, sub-regional or trilateral cooperation and joint initiatives between partners in targeted areas of mutual interest and of a cross-border nature (e.g. on trade, peace and security, environment).

2.5.2 Expected results per specific objectives

Based on these objectives, the actions and measures supported under the MIP are expected to help the Southern Neighbourhood countries to achieve the following results.

SO1: To enhance cooperation with regional organisations

- The partnership with the UfM Secretariat and the LAS General Secretariat is reinforced.
- The institutional capacity of UfM and LAS to engage in sectorial policy dialogue with institutional, private and civil society stakeholders is increased.
- UfM and LAS develop greater independence from national governments and operate as transmitters of international standards among their members.
- The work of the Anna Lindh Foundation is supported.
- Political dialogue with the Organisation of Islamic Cooperation and other regional and sub-regional actors is enhanced.

SO2: To promote intra-regional and cross-regional cooperation, in particular with Sub-Saharan Africa, the Gulf and the Red Sea region

- Regional and sub-regional integration are strengthened through dialogue and cooperation, as well as with neighbouring regions (Sub-Saharan Africa, Gulf, Read Sea)
- Institutional partnership and cooperation with regional initiatives relevant for the Mediterranean area is developed.

2.5.3 Indicators (including baseline and targets)

SO1: To enhance cooperation with regional organisations

- Number of UfM Ministerials organised and Ministerial declarations followed up at national level;
- Number of initiatives where EU and LAS officials can interact, notably in the context of the El Hiwar programme;
- Number of policy dialogues promoted and high-level meetings or working groups held as part of the UfM and the LAS Secretariat and its Member States;
- Number of legislative texts developed at country level integrating UfM ministerial and working groups' recommendations;
- Number of political initiatives promoted with the Organisation of Islamic Cooperation and other relevant regional organisations.

SO2: To promote inter-regional and cross-regional cooperation, in particular with Sub-Saharan Africa, the Gulf and the Red Sea region

- Number of regional integration processes or initiatives in the Mediterranean to which the EU participates or promotes as institutional partner;
- Number of cross-regional initiatives promoted or supported.

3. Proposals of regional Team Europe Initiatives

In collaboration with five Member States (Germany, Italy, France, Spain, Sweden), the EIB and EBRD as well as the European Training Foundation, the regional Team Europe Initiative (TEI) on "Jobs through Trade and Investment" was launched at the Union for the Mediterranean Ministerial meeting held in 2022. The initiative aims to boost employment in the region through a transformative approach focusing on sustainable trade and investment, vocational training and skills, and inclusive entrepreneurship. The cumulative budget for this regional TEI amounts to EUR 2.8 billion, encompassing over 90 bilateral and regional initiatives which support job creation through innovative ways.

The EU's indicative contribution to this TEI amounts to EUR 160 million.

4. Support measures

4.1 Measures in favour of civil society

Today, in many parts of the Southern Neighbourhood, the political, economic and social space in which civil society organisations operate has come under serious pressure, leading to the exclusion of civil society from public debates. The capacities of civil society to play a valuable role in helping advance democracy remain weak.

The EU support to civil society will include actions to develop the capacity of civil society organisations, build up their advocacy skills and strengthen the work with civil society to support reforms in the region. More specifically, the targeted support will be embedded in a Civil Society Facility for the South, which will foster civil society participation in public policy-making and promote a space of encounter and dialogue between the civil society of the South of the Mediterranean and the EU institutions.

The proposed support to civil society aligns with flagship 2 "Human Rights, the Rule of Law, and Modern, Effective Administrations, Governance and Accountability" of the Economic and Investment Plan.

The EU will also continue promoting a dynamic, inclusive and reinforced social dialogue via the development of the capacity of trade unions and their homologues of employers' associations and civil society organisations and the promotion of a civic and multipartite dialogue between the social partners.

4.2 Cooperation facilities

In addition to the five priority areas identified in this programming document, a specific allocation will be foreseen for a multi-country cooperation facility that will support and complement the other means of the EU-Southern Neighbourhood partnership, in the following areas:

- Support to Public Diplomacy and Strategic Communication to promote EU policies and activities in the Southern Neighbourhood countries as well as the roll-out and coordination of Team Europe Initiatives;
- Support to Programme/Project Cycle Management, including design, monitoring and evaluation of the Union's cooperation activities at bilateral and regional level, and for studies relevant to the areas covered under the Neighbourhood policy;
- Support to the organisation of sector policy dialogues, conferences, exchange platforms, meetings and training activities leading to policy reforms and engagement with governments and other stakeholders;
- Specific capacity development and institution building, including via technical assistance, in particular exchanges of public sector expertise through the Technical Assistance and Information Exchange facility (TAIEX), both for demand-driven requests as well as for strategic priorities of the Union;
- Strengthening of public management in areas such as administrative reform, public procurement, public sector ethics, anti-corruption, and external and internal controls under the Support in Improvement in Governance and Management facility (SIGMA);
- Support to peace building initiatives between two or several countries.

5. Support to investments under the EFSD+

The European Fund for Sustainable Development Plus (EFSD+) and the External Action Guarantee build on experience gained through the ongoing European Fund for Sustainable Development (EFSD), launched in 2017, the Neighbourhood Investment Platform (NIP) and previous experience with the External Lending Mandate (ELM) of the EIB. It constitutes an integrated financial package consisting of grants, budgetary guarantees and financial instruments.

The NIP will support blending projects in the Neighbourhood South, combining European Union grant contributions or financial instruments, with other public and private sector resources such as loans and equity in order to leverage additional non-grant financing. Projects are prepared in cooperation with eligible Finance Institutions in line with the key objective of the NIP which is to contribute to achieving the Sustainable Development Goals of the 2030 Agenda, notably creating sustainable jobs and investing in infrastructures, and addressing some root causes of migration.

The EFSD+ combines blending and budgetary guarantee operations covered by the External Action Guarantee, including those related to sovereign risks associated with lending operations. In terms of leverage, it aims to attract substantial public and private investment for viable business proposals designed to respond to sustainable development needs. The guarantees will contribute to increasing the investment that is needed in partner countries, including in high-risk areas and sectors. In addition, the Multiannual Indicative Programme will continue supporting the legacy programme of the EFSD and the ELM targeting the Southern Neighbourhood countries[40].

Special attention will be given to riskier areas/countries which until now have benefitted less from blending and guarantees. The European Commission will furthermore give priority to investment proposals targeting underserved groups such as women, youth, migrants and refugees. In line with the provisions of the NDICI-Global Europe, when funding EFSD+ operations, priority should also be given to operations which have a high impact on job creation and whose cost-benefit ratio enhances the sustainability of investment. The operations covered under the EFSD+ should be accompanied by an in-depth ex-ante assessment of environmental, financial and social aspects, as appropriate and in line with the better regulation requirements.

Since the EIB has an exclusive mandate for sovereign lending under the NDICI-Global Europe Regulation, it will play a prominent role in funding large infrastructure investments in the Southern Neighbourhood countries.

Investments under the EFSD+ will also support the policy priorities identified under the **Joint Communication for a Renewed Partnership** with the Southern Neighbourhood, notably under the **Economic and Investment Plan for the Southern Neighbours (EIP),** which includes a series of indicative flagship initiatives at national, multi-country and regional level. In particular, they will cover the following areas:

- Human development, good governance and the rule of law
- Strengthening resilience, build prosperity and seize the digital transition
- Green transition: climate resilience, energy and environment

Following the adoption of the Communication and the EIP, the EU political dialogue on investment priorities in each country has been further refined and is also reflected in the bilateral MIPs. Both bilateral and regional priorities are developed in the investment needs matrix under EFSD+ attached to this MIP. The matrix may also

[40] The Neighbourhood envelope will cover the necessary provisioning for the "legacy" External Lending Mandate of the EIB for the period 2014-2021. In accordance with Article 31 (8) of the NDICI – Global Europe Regulation, the provisioning of guarantees previously backed by the Guarantee Fund for External Actions shall continue to follow the methodology that was set out in Regulation (EC, Euratom) No 480/2009. That methodology requires annual ex post replenishments to be made in favour of the provisioning fund in order to keep the provisioning at 9% of outstanding disbursed exposure for the portfolio in question. These replenishments will be calculated annually on the basis on the actual evolution of the outstanding disbursed portfolio under the ELM 2014-21. The same mechanism will apply to provisioning for EU Macro-Financial Assistance (MFA) loans extended to Neighbourhood countries in 2014-20. This also means that amounts of legacy ELM and MFA provisioning mentioned in the Financial overview below are only indicative and subject to annual adjustments. Possible increases or decreases in the amounts of "legacy" provisioning compared to those indicated below may need to be traded off with provisioning of EFSD+ guarantees and Macro Financial Assistance for the 2021-27 period.

refer to other priorities resulting from this dialogue which are appropriate for support via EFSD+ but which are not explicitly mentioned in the Communication.

Under **Human development, good governance and the rule of law**, the EU will continue to fund investments in social sectors like health, education, social protection and housing. The EU will pursue its efforts to fight the COVID-19 pandemic and improve people's living conditions by strengthening health systems and social protection systems. Investment via EFSD+ may include e.g. health and education-related infrastructure. The EU will also give special attention to investing in young people via Technical and Vocational Education and Training (TVET), secondary and higher education as outlined in *Flagship 1 "Support to social sectors, education, skills and health" of the Economic and Investment Plan*. Furthermore, the European Commission will maintain its support to COVAX facility, the global initiative to ensure equitable and fair access to safe and effective vaccines for low and middle income countries.

Under **Strengthening resilience, build prosperity and seize the digital transition**, the EU will focus on investments for socio-economic sustainability, strengthening partner countries' ability to recover from the economic shocks, notably caused by the COVID-19 pandemic. In complementarity to programmes aiming at improving the business environment and investment climate, EFSD+ support will include access to finance and financial inclusion operations with special attention to underserved market segments and social business, as well as start-ups and early stage support. Other operations could include key value chains and clusters as well as trade and connectivity relevant infrastructure. The EU will support digitalisation efforts through promoting the deployment of relevant internet and mobile infrastructure. Investments via EFSD+ could include e.g. promoting innovative digital solutions by local entrepreneurs, decent job creation, or supporting the introduction and development of e-government related services and the use of digital technologies in a range of priority areas such as education, health, energy, water management and agriculture.

This aligns with flagship 5 "Connected Economies" and 7 "Digital Transformation, Research and Innovation" of the Economic and Investment Plan.

Support to the green transition is of outmost importance for the Southern Neighbourhood countries which have experienced the impact of the climate change over the past few years, and have become one of the main hotspots in the world as regards climate change. Considering the overarching goal of green transition, the EFSD+ investment windows should sufficiently provision for supporting investment and public private partnerships in these areas.

The EU intends to support partners' policies and innovative financing instruments, including Green Bonds, to finance investments needed to achieve their National Determined Contributions (NDCs) under the Paris agreement and the external dimension of the European Green Deal. The energy transition and the energy securities should be addressed simultaneously through national programmes of renewable energy, energy efficiency investments and through a stronger interconnection of electricity systems. Measures and investments to protect and restore biodiversity as well as sustainable water management and water infrastructure are of outmost importance in the region and will mostly be supported through bilateral programmes.

This aligns with flagship 9 "Green Growth and Climate Action" of the Economic and Investment Plan.

Other sectors/domains relevant for support are transport, connectivity and municipal development. EFSD+ could unlock investments at regional, national and territorial level, promoting low carbon emission solutions that work for all (sustainable and smart urban mobility with a focus on active mobility), giving access to qualitative local infrastructure (waste management, wastewater) and supporting the empowerment of local administration (e-governance). Private sector will play a major role in addressing climate and environmental challenges through innovative approaches with public entities such as Public Private Partnerships (PPP) particularly for connectivity areas and digitalisation.

As regards to the technical assistance attached to guarantees, the allocation will be based on the needs of development finance institutions to establish their products in the Southern Neighbourhood countries. This allocation for technical assistance will not exceed a certain percentage (indicative 10%) of the amount of each supported guarantee programme.

6. Financial overview

Although the duration of this MIP is seven years, the indicative allocations for the Neighbourhood Regional South laid down under table 1 below are provided for the 2021-2024 period only. The indicative allocations for 2025-2027 are included under table 2 as a result of the mid-term review of the implementation of the MIP

Table 1 – Financial overview for 2021-2024

Priority areas for 2021-2024	***Percentage of total***	***Amount***
1. Human development, good governance, and the Rule of Law	***<15 % of total>***	*EUR 59 million*
2. Strengthen resilience, build prosperity and seize the digital transition	***<30% of total>***	*EUR 118 million*
3. Peace and Security	***<15% of total>***	*EUR 59 million*
4. Green transition	***<30% of total>***	*EUR 118 million*
5. Support to the main drivers of regional integration	***<10% of total>***	*EUR 40 million*
SUB-TOTAL for initial period (2021-2024)		***EUR 394 million***
Support measures[41]		*EUR 80 million*
TOTAL for initial period (2021-2024)		***EUR 474 million***

In addition, **an allocation of EUR 1,248** million is indicatively foreseen to support blending under the Neighbourhood Investment Platform (NIP) and the deployment of budgetary guarantees under EFSD+ in the Neighbourhood South for the period 2021-2024[42]:

Provisioning of EFSD+ guarantees and Macro Financial Assistance	*EUR 748 million*
Provisioning of Macro Financial Assistance loans dating from 2014-2020	*EUR 18 million*
Provisioning of the legacy External Lending Mandate of the European Investment Bank (2014-2021)	*EUR 162 million*
Neighbourhood Investment Platform (2021-2024)	*EUR 320 million*
TOTAL	***EUR 1,248 million***

Table 2 – Financial overview for 2025-2027

Priority areas for 2025-2027	***<Indicative Amount> (million EUR)***	***<% of total>***
Priority area 1 Human capital development, Good Governance and Security	84.0	30%

[41] Support to civil society will be covered under priority 1 and mainstreamed under all 5 thematic priorities.
[42] The investments needs for the Southern Neighbourhood for the period 2021-2024 are detailed in the Annex.

Priority area 2 Inclusive, sustainable, and just economies for a shared prosperity	84.0	30%
Priority area 3 Enhancing regional resilience through integrated energy, climate, environmental and connectivity strategies	84.0	30%
Priority area 4 Regional integration, institution-building, cross-regional partnerships	28.0	10%
SUB-TOTAL for 2025-2027	280	100%
Support measures	35.5	
TOTAL for the period 2025-2027	**315.5**	

As to the **Neighbourhood Investment Platform**, on average, the NIP allocation from 2021 to 2024 amounted to EUR 80 million annually as foreseen in the regional MIP, complemented by substantial bilateral top-ups, which can vary substantially on a case-by-case basis. While the overall NIP allocation is thus difficult to estimate, the indicative amount of EUR 80 million for the NIP under this MIP will be maintained for the period 2025-2027.

Provisioning and Neighbourhood Investment Platform	**Amount**
Macro Financial Assistance loans dating from 2024-2027	EUR 756.8 million
EFSD+ guarantees	EUR 1.147 billion
Neighbourhood Investment Platform (2025-2027)	EUR 240 million
TOTAL for the period 2025-2027	**EUR 2.143 billion**

Attachments*:*

1. Intervention framework
2. Matrix of investment needs under EFSD+
3. List of supporting documents

Annex I: Intervention Framework

Expected Results	**Indicators**	**Baselines & Targets**	**Means of Verification**
Priority area 1: Human Development, Good Governance and Rule of Law			
Specific objective 1: To promote democracy, fundamental rights, good governance and transparency			
A. Increased use of European and international standards by beneficiary authorities to improve legislation and implementing mechanisms aimed at strengthening the principles of rule of law,	A.1. Number of revised laws, including on constitutional matters, in core areas relating to human rights, Rule of Law and democracy, in accordance with European	A.1. **Baseline:** 32 key Council of Europe Conventions and Additional Protocols ratified by several countries of the Southern Mediterranean region	Council of Europe reports and relevant monitoring bodies where SN beneficiaries are members and/or observers. Project

human rights and democracy.	and international standards.	**Targets:** Higher degree of compliance of the legislation and practices in the Southern Mediterranean region with international and European standards Progress towards increased level of trust of citizens of the Southern Mediterranean region in institutions and bodies with specific responsibilities in human rights or good governance related areas Increased level of regional co-operation among beneficiaries to reinforce human rights protection, respect of the rule of law and democracy Progress towards achievements to SDGs by beneficiary authorities	reports. UNDP reports.
B. Human rights defenders, democracy activists and pro-democracy movements are supported	B.1. Number of grassroots civil society organisations benefitting from (or reached by) EU support (Result Indicator 4.4.3)	B.1. => 500	Project reports
C. Enhanced professional capacity of journalists, media outlets and media institutions to exercise the right to freedom of expression, access to information and to strengthen pluralism	C.1. Number of media outlets supported with core and bridge funding C.2. Number of media actors trained on investigative journalism	C.1. => 150 C.2. => 500	World Press Freedom Index, RSF Media Ownership Monitor, EU projects narrative reports World Press Freedom Index, Media Ownership Monitor, EU projects narrative reports
D. Increased media literacy skills for media consumers	D.1. Number of citizens trained on media and information literacy, digital and innovative tools to address disinformation or hate speech	D.1 => 15 000	World Press Freedom Index, EU projects narrative reports

E. Citizens, in particular young people, in the Euro-Med region are sensitised on the importance of intercultural dialogue to coexist peacefully in multi-cultural societies.	E.1 Number of activities supporting people-to-people interactions and promoting intercultural dialogue between young people of both shores of the Mediterranean;	E.1. 0 => 150	Bertelsman Transformation Index : Political transformation, Freedom House Country Reports, EU projects narrative reports
<u>Specific objective 2</u>: to fight gender discrimination and gender-based violence against women and girls			
A. Gender equality and non-discriminatory legislation are promoted in line with European and international human rights standards.	A.1. Number of specific actions taken by partner country government (such as quota systems or other similar measures) to address discriminatory practices and improve women's representation in parliament and government institutions and decision-making positions, at regional, national and local level.	A.1. SDG 5.C Target Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels	GAP III Reporting, CEDAW Reports and shadow reports, other reports from OECD, CoE, UN Agencies, as well as data offered by national statistical offices and CSOs in the Southern Neighbourhood region.
B. Gender based violence against women and girls is progressively eradicated in line with European and international human rights provisions.	B.1. Number of legislative actions adopted by partner countries to criminalise gender-based violence, including online, and to prosecute perpetrators, in line with European and international standards.	B.1. SDG 5.1. Target End all forms of discrimination against all women and girls everywhere	GAP III Reporting, SDG Reports, and other reports (i.e. OECD, CoE, UN Agencies) as well as data offered by national statistical offices and CSOs in the Southern Neighbourhood region. EU projects.
C. Men and boys in the region are educated as key agents of gender change to prevent gender-based violence and advance gender equality.	C.1. % of men and boys who acknowledge that gender-based violence is not acceptable.	C.1. Men and boys become active and responsible agents in the eradication of GBVAWG as a social concern for all citizens.	GAP III Reporting, EU project reports, including reports of awareness raising and peer to peer exchanges activities and surveys supported by the programme. Regional Civil Society Observatory on VAWG.
D. Women's associations and women's human rights defenders are supported to monitor gender equality progress in the region, in	D.1. Number of women's associations or networks whose capacities have been built to work on gender discrimination,	D.1.Women´s Civil Society Organisations are empowered and trained to act as legitimate and trust-worthy monitoring agents	Regional Civil Society Observatory on VAWG, GAP III Reporting, EU

particular achievements and challenges to eradicate gender-based violence.	and gender-based violence.	on progress to advance gender equality at national and regional level	Projects narrative reports.
<u>Specific objective 3</u>: To promote active youth citizenship			
A. A culture of dialogue among young people across the Mediterranean to contribute to public policy is promoted	A.1 Number of regional activities to which young people participate and formulate policy recommendations	A.1. => 150	EU projects narrative reports
B. A shared understanding with youth peers across the Mediterranean on how to address issues of common concern to their communities is created.	B.1. Number of young people with increased leadership and debating skills	B.1. 0 => 400	Youth Progress Index, EU projects narrative reports
C. The development of policies and outreached activities inspired by the European Youth Guarantee is fostered	C.1. Cross-sector multi-stakeholder partnerships for policy dialogue and coordination on youth employment are piloted in three or more partner countries	C.1. Baseline and target numbers will be established based on current programming data	EU projects narrative reports
<u>Specific objective 4</u>: to support culture as a requirement for human development and better quality of life			
A. Cultural workers are contributing to community building at local and regional level.	A.1. Number of cultural workers and institutions contributing to community building.	A.1. 0 => 400	Project reports, media articles National statistics
B. Global issues such as green and digital transition, migration, peace and security, gender equality are addressed via cross-sectoral cooperation with cultural workers.	B.1. Number of cultural projects supporting cross-sectoral cooperation.	B.1. 0 => 150	Project reports, media articles
C. Culture is accessible to non-traditional public	C.1. Number of collaborative and participative approaches to cultural heritage for social cohesion	C.1. 0 => 15,000	Project reports, media articles
Priority area 2: Strengthen resilience, build prosperity and seize the digital transition			
<u>Specific objective 1</u>: Strengthening economic governance and enhance entrepreneurship through research, innovation and digitalisation			

A. Partner authorities have better capacity to design and implement adequate macroeconomic, fiscal, competition and financial policies	A.1. Number of countries strengthening revenue mobilisation, public financial management and/or budget transparency with EU support	A.1. 0 => 7 compared to IMF-METAC Report 2021	IMF-METAC Reports WB/EU Public Finance Management Country Assessments National and regional statistics
B. Civil society participates in undertaking budgetary analysis, monitoring and advocacy work	B.1. An **Open Budget Survey** (OBS) is carried out for x number of new countries and those who already have been covered by an OBS improve their score on the survey B.2. Number of Civil Society Organisations trained in budgetary analysis and advocacy work	B.1. At least 1 new OBS, and at least 10% general scores improvement in at least 50% of involved countries B.2. 0 => 20	Open Budget Survey reports International Budget Partnership (IBP) reports
C. Capacities of business organisations and innovation stakeholders are improved through ecosystem strengthening activities	C.1. Number of business organisations and innovation stakeholders targeted by EU support	C.1. Baseline and target numbers will be established based on current programming data	EU project reports
D. The policy framework conducive to efficient SME policies, in particular start-ups, green and social enterprises, is stimulated through advocacy, peer learning and knowledge-sharing	D.1. Adoption and implementation of SME related policies and regulations with EU support	D.1. Baseline and target numbers will be established based on current programming data	EU project reports
E. Stronger innovation policies and regulatory framework in place in partner countries, including incentives for the start-up ecosystem and smart	E.1. Score of the **Global Innovation Index**	E.1. **Baseline (2020)** Algeria: 19.4 Egypt: 24.2 Jordan: 39 Lebanon: 34.9 Libya: N.A.	Global Innovation Index

specialisation approaches are put in place	E.2. Number of technology transfer roadmaps developed	Morocco: 28.9 Palestine: N.A. Tunisia: 31.2 Syria: N.A. E.2. 0 => at least 2	 ERA country reports, Joint Committees under Horizon Europe, JRC and EU Delegations reports
F. The number of start-ups (including FinTech) and MSMEs, (including women-led MSMEs) and MSME contribution to employment and GDP increases	F.1. Number of EU supported start-ups in the Southern Neighbourhood F.2. Number of EU-supported MSMEs (including women-led MSMEs) having access to finance F.3. Total jobs provided by EU-supported MSMEs	F.1. Baseline and target numbers will be established based on current programming data F.2. 0 => 30,000 F.3. Baseline and target numbers will be established based on current programming data	EU Programme reports IFI reports, SANAD IFI reports, Eurostat, Neighbourhood South labour market statistics
<u>Specific objective 2:</u> Facilitate regional economic integration through trade, investment and connectivity			
A.1. International, continental and regional norms and regulations are harmonised and applied. Compliance with sustainable trade standards, including fair trade and consumer welfare protection is insured	A.1. Number of quality schemes adopted by economic operators with EU support A.2. Progresses on the harmonisation of countries' legislation with international, continental and regional norms and regulations	A.1. Baseline and target numbers will be established based on current programming data A.2. Improvement rate to be defined based on programming data	ITC reports Project reports
B. Increased export capacity of business operators of the region, both towards the EU and third countries in sectors contributing to sustainable and decent job creation.	B.1. Value of exports of companies that have received EU support in million EUR	B.1 Baseline and target numbers will be established based on current programming data	Sub-Committee reports Annual EU project reports & data from international organisations (WBG, IMF, OECD)

C. Comprehensive statistics and data on trade, investment, and employment made available at regional level with a view to enhanced exchange of information and convergence, and as a help to evidence-based policy making.	C.1. Number of countries that provide timely statistics on trade, investment, and employment produced in compliance with European and international norms and standards;	C.1. 0 => 6 Improvement rate to be defined based on programming data	ITC reports Economic reports & data from international organisations (WBG, IMF, OECD, UNCTAD, WTO) National statistical handbooks
D. Transport networks are increasingly integrated and serve trade and circulation of persons	D.1. Total length of transport infrastructure supported by the EU (kms): a) roads; b) railways; c) waterways D.2. Increased modal shift of freight transport from road to rail	D.1. Baseline and target numbers will be established based on current programming data D.2. Baseline and target numbers will be established based on current programming data	EU project reports
E. A more conducive business environment and investment climate is fostered	E.1. Increase in Foreign Direct Investment (FDI) inflows	E.1. Baseline USD 16 billion (retrieved 2019)	Project reports World Bank Doing Business Ranking
F. Trade and investment policies take into account decent employment effects and sustainable development goals	F.1. Number of sectoral/national policies adopted that account for employment effects in trade and investment policies	F.1. Baseline and target numbers will be established based on current programming data	Trade subcommittee reports, ILO reports, relevant standard authority reports
G. Increased cooperation between regional and inter-regional value chains/industry clusters in strategic sectors	G.1. Number of cooperation agreements concluded between value chain members/industry clusters	G.1. Baseline and target numbers will be established based on current programming data	EU project reports
<u>Specific objective 3</u>: Promote the green and circular economy			
A. Enhanced partnership between European and Southern Neighbourhood networks of business associations and increased awareness on business, employment and skills development opportunities in green and sustainable economy	A.1. Number of countries with sustainable consumption and production (SCP) national actions plans or SCP mainstreamed as a priority or a target into national policies A.2. Number of institutional coordination mechanisms on inclusive green economy established with project	**SDG 12.1:** Implement the 10-year framework of programmes on sustainable consumption and production. A.1. 0 => 5 A.2. 0 => 10	Project M&E system IFI reports EU Dels reports

	support (number of actors engaged)		
B. Increased number of enterprises using sustainable production methods	B.1. Number of MSMEs reporting the adoption of sustainable consumption and production practices	B.1 Baseline and target numbers will be established based on current programming data	EU/IFIs reports EU Project reports
C. Enhanced awareness of consumers on sustainable consumption, including for climate change mitigation and adaptation	C.1. Number of consumer awareness activities (e.g. campaigns, events) run with project support	C.1 Baseline and target numbers will be established based on current programming data	Project M&E system
D. Key EU priorities such as green and digital transition, social aspects of the economy are addressed in various programmes	D.1. Amount of green investments in targeted sectors (in million EUR)	D.1. All EU investments systematically screened for compliance with EU taxonomy D.2. Increased level of alignment at national level	Project M&E system EUFI/IFIs reports
E. Progresses in the development of ESG standards	E.1. Number of countries participating in the International Platform on sustainable finance (IPSF)	E.1 Baseline and target numbers will be established based on current programming data	Project M&E system EUFI/IFIs reports
<u>Specific objective 4</u>: Enhance inclusive economy and promote financial inclusion			
A. Social economy and social entrepreneurship demonstrate their potential to contribute to inclusive growth and job creation, especially for young people and vulnerable groups, and become part of the regional policy agenda	A.1. Adoption and implementation of policies and regulations conducive to facilitating social economy A.2. Number of new social economy organisation and enterprise initiatives launched as a pilot A.3. Number of jobs created by social economy organisations and enterprises with EU support A.4. Number of UfM Regional Platforms discussing policy recommendations	A.1. Baseline and target numbers will be established based on current programming data A.2. 0 => 50 A.3. Baseline and target numbers will be established based on current programming data A.4. 0 => 2	ILO reports EU Project reports EU Project reports EU project reports Minutes of UfM Platforms on Industrial cooperation; Labour and Employment

B. More inclusive access to finance for targeted stakeholders (e.g. small companies; social entrepreneurs; business support structures) and availability of microfinance and new 'alternative' financing	B.1. Number of social economy organisations and enterprises connected to incubators, accelerators or business angels B.2. Number of social entrepreneurs and their support structures having access to finance (including microfinance, FinTech etc) through EU support	B.1 Baseline and target numbers will be established based on current programming data B.2 Baseline and target numbers will be established based on current programming data	Project reports EU/IFI reports
C. Improved narrative on social economy and better linkages between the social economy actors	C.1. Regional platform of social economy support structures established with EU support C.2. Number of visibility actions and awareness campaigns on social economy	C.1. At least 1 C.2. Baseline and target numbers will be established based on current programming data	EU project reports
D. Stronger and more visible role of women in the economic development of the region with better access to financial and business opportunities	D.1. Number of policy, regulatory or legal reforms adopted to support women's employment and entrepreneurship D.2. Number of enterprises led or managed by women supported by the EU	D.1. 0 => Baseline and target numbers will be established based on current programming data D.2. 0 => 5,000	EU project reports Eurostat Neighbourhood GAP III reporting, EU/IFIs reports
<u>Priority area 3</u>: Peace and Security			
<u>Specific objective 1</u>: To strengthen cooperation to fight organised crime and terrorism between partner countries and with EU Member States			
A. EUROMED Police and Euromed Justice are recognised as sustainable mechanisms for cooperation and coordination in criminal matters between the partner countries and EU Member States.	A.1. Number of EU Member States actively involved in the international conventions and mechanisms, or aligning their legislation A.2. Number of state institutions and non-state actors supported on	A.1. 5 => 10 A.2. 0 => 24	Activity reports: - Participation in Prosecutor General Forum and Strategic Police Cooperation Forum - Participation in CrimEx, ANASPOC and CAPASPOC networks

	security, border management, countering violent extremism, conflict prevention, protection of civilian population and human rights		
B. Legal frameworks and regional networks on anti-money laundering, asset recovery and anti-corruption are in place.	B.1. Technical compliance and effective implementation of FATF recommendations	B.1. Considerable decrease of the number of non-compliances or partially compliances at technical level and decrease of low or moderate level of effectiveness at implementation level	FATF Consolidated Assessment Ratings
C. Timely exchange of and timely access to information in full respect of human rights and personal data protection. (Interpol tools & databases, World Customs Organisation tools & databases, API/PNR,…).	C.1. Number of consultations of databases and positive hits	C.1. Pre survey, rating scale from 1 to 10 => Post survey, Increased rate by 20% (absolute data may be subject to confidentiality)	Interpol statistics WCO statistics UNOCT statistics
D. Increased identification of illicit flows and increased confiscation of criminal assets.	D.1. Proportion of seizures in value compared to estimated total real flows	D.1. Pre survey, rating scale from 1 to 10 => Post survey, Increased rate by 20% (absolute data may be subject to confidentiality)	UNODC and UNICRI estimates
E. Enhanced resilience against cyber security threats, hybrid threats and disinformation.	E.1. Effective operational Computer Security Incident Response Team	E.1. Pre survey, rating scale from 1 to 10 => Post survey, Increased rate by 20%	ENISA supported Peer Reviews or equivalent
F. Cooperation with EU agencies – both at strategic and operational level – is strengthened and (working) arrangements between EU agencies (such as Europol, CEPOL, EUDA and Eurojust) and competent authorities of SN countries are concluded	F.1. Number of cases in which EU agencies and offices cooperate with Southern Neighbourhood countries' authorities (for instance F.2. Number of working arrangements/MoUs negotiated and signed with JHA Agencies F.3. Number of partner countries adhering to or aligning their legislations to international	F.1. Pre survey, rating scale from 1 to 10 => Post survey, Increased rate by 10% (absolute date may be subject to confidentiality) F.2. 0 => 6 F.3. Pre survey, rating scale from 1 to 10 => Post survey, Increased rate by 10% (qualitative	Annual reports JHA Agencies Council of Europe reports

	conventions (United Nations Convention against Corruption, United Nations Convention against Transnational Organized Crime, and the Protocols Thereto, Budapest Convention, Convention 108, Medicrime, Warsaw convention …).	judgment since many conventions are relevant and adhering and aligning has not the same value)	
G. Recognition of the European Public Prosecutor's Office (EPPO) as a competent and central authority for the purposes of the existing multilateral international agreements on legal assistance in criminal matters	G.1. Number of working arrangements/MoUs negotiated and signed with the EPPO	G.1. 0 => 3	Reports of the European Public Prosecutor's Office
H. Partner countries participate in EMPACT activities	H.1. Number of EMPACT activities partner country authorities take part in)	H.1. Pre survey, rating scale from 1 to 10 => Post survey, Increased rate by 20% (qualitative judgment since level of participation may differ)	DG HOME
<u>Specific objective 2</u>: To improve judicial cooperation in civil matters			
A. Progressive alignment with and implementation of the Hague Conventions on Private International Law	A.1. Number of partner countries adhering to or aligning their legislations to the Hague Conference on Private International Law, conventions, protocols and principles. A.2. Reduction of the number of pending unsolved family law cases between partner countries and EU Member States A.3. Number of people directly benefiting from legal aid interventions supported by the EU	A.1. 0 => 3 A.2. Pre survey, rating scale from 1 to 10 => Post survey, decreased rate by 10% A.3. Pre survey, rating scale from 1 to 10 => Post survey, Increased rate by 20% (qualitative judgment since level of support may differ)	Council of Europe reports DG JUST opinion
B. A Euromed Judicial Network on Civil matters.	B.1. Existence of an operational network	B.1. NO => YES	DG JUST reports
<u>Specific objective 3</u>: Prevention, preparedness, and response to natural and man-made disasters			

A. PPRD Med recognised as sustainable mechanism for cooperation and coordination in civil protection matters between the partner countries and EU Member States	A.1. Degree to which other donors coordinate with PPRD Med before launching new initiatives	A.1. Pre survey, rating scale from 1 to 10 => Post survey, increased rate by 20%	DG ECHO reports
B. The number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015–2030 increases Maritime surveillance is increased for the prevention of accidents at sea and possible pollution	B.1. Number of countries with operational disaster risk reduction strategies	B.1. Pre survey, rating scale from 1 to 10 => Post survey, increased rate by 20%	DG ECHO Peer Reviews The Sendai Framework Monitor (online tool that captures self-reported progress data against a set of 38 Sendai Framework indicators)
C. The countries' systems and capacities necessary to effectively assess, detect, respond and prevent threats from communicable diseases becomes stronger	C.1. Availability of risk assessments and level of response capacity	C.1. Pre survey, rating scale from 1 to 10 => Post survey, increased rate by 20%	ECDC supported Peer Reviews
D. Involvement of Civil Society Organisations in promoting risk awareness and volunteering.	D.1. Number of new communication tools aiming at better informing populations on potential risks, how to be prepared and how to behave in case of crisis	D.1. Pre survey, rating scale from 1 to 10 => Post survey, increased rate by 20%	UfM working groups on civil protection
E. Continuation and further development of MediPIET as Field Epidemiology Training Programme	E.1. Level of co-financing by third parties from public or private sector of the MediPIET as Field Epidemiology Training Programme	E.1. 0% => 20%	Financing agreements
<u>Priority area 4</u>: Green Transition			
<u>Specific objective 1</u>: To undertake Joint Climate Action: climate mitigation, adaptation and resilience to climate change impacts			
A. GHG emissions are reduced, in line with countries' updated NDC commitments, and through the participation of all relevant public, private and individual actors	A.1. GHG emission reduction per sector A.2. Implementation status of updated NDCs	Baseline and target numbers will be established based on current programming data	Project reports Reports to other measuring entities

B. National Adaptation Plans for each countries are developed/updated, implemented across key sectors and adequately monitored	B.1. Up to date NAPs in place for each country B.2. Climate Adaptation actions mainstreamed in sector strategies and programmes	Baseline and target numbers will be established based on current programming data	Project reports Reports to other measuring entities
C. Funding for climate action in the region is more readily available, both from improved access to existing climate finance mechanisms and through the mobilisation of additional funding via innovative climate finance instruments and partnerships.	C.1. Increase in the issuance of green bonds and/or other financing mechanisms for green investments C.2. Increased use of existing climate finance/ Increased number of large scale CCA/CCM project implemented in the region	EU investments systematically screened for compliance with EU taxonomy, increased level of alignment on the national level	IFI reporting Project reports
D. Enhanced EU-MED research cooperation, including exploiting synergies with Horizon Europe and other R&I multilateral collaborations such as BlueMED and PRIMA	D.1. The development, transfer, dissemination and diffusion of sound technologies to South Med countries is promoted, including on concessional and preferential terms	D.1. Total amount of approved funding development, transfer, dissemination and diffusion of sound technologies to South Med countries (in million EUR) D.2. Number of science and technology cooperation agreements	BlueMED reports PRIMA reports
<u>Specific objective 2</u>: To achieve sustainable and clean energy production and consumption objectives			
A. Increased private and public sustainable investments (from domestic and international sources) uphold the massive deployment of renewables and energy efficiency measures, thereby contributing to enhanced countries' energy security	A.1. Decrease of the energy intensity (measured in terms of primary energy and GDP) A.2. Increase of the renewable energy share (and in particular decarbonised gases) in the total final energy consumption	A.1 Baseline: 0,15 (toe/thousand EUR) Target: 0,13 (toe/thousand EUR) (average value for the 10 countries)	Mediterranean Energy Perspectives by OME
B. Euro-Mediterranean electricity and gas systems become gradually more integrated, stable and efficient.	B.1. Number of new operational energy interconnections (South-South and South-North)	B.1. 0 => 3	MED TSO Mediterranean Master Plan
C. Decarbonised and low carbon gases (including green hydrogen) are	C.1. Increase of the renewable energy share (and in particular decarbonised gases) in the	C.1. Baseline: 6,6% Target: 7,6% *(average value for the 10 countries)*	Mediterranean Energy Perspectives by OME

confirmed as alternatives to fossil fuels.	total final energy consumption		
D. Reduction of fugitive methane emissions in key sectors of the economy	D.1. Greenhouse gas emissions reduced or avoided (Ktons CO2eq) with EU support	D.1. Baseline: 0 Target: xxx	Mediterranean Energy Perspectives by OME
<u>Specific objective 3</u>: to protect biodiversity and natural resources through pollution reduction, sustainable food systems and preserved ecosystems			
A. With sustainable consumption and production methods in place, consumers' and businesses awareness raised and a receptive financial sector, resource efficiency is increased leading to less consumption of natural resources and energy	**A.1. % of resources saving generated by companies supported by EU.** A.2. Reduction of the production and consumption of plastics	A.1. Baseline: 0 Target: 200 Source: Projects reports A.2. Baseline:0 Target: 30% Eau, 30%; Water and 10% raw material	Project reports
B. Pollution – and in particular plastic pollution- of the Mediterranean Environment (Land and Sea) is stabilised or reduced	B.1. Concentration of key harmful contaminants are reduced in the Mediterranean sea B.2. Reduction of the amount of litter in the water column and on the sea floor.	Baseline and target numbers will be established based on current programming data	Project reports Reports to other measuring entities
C. Natural resources and biodiversity in the Mediterranean region are preserved within an integrated ecosystem approach at terrestrial and marine level	C.1 Number of nationally designed MPAs included in the Barcelona regional MPA network. C.2. Area of marine, terrestrial and freshwater ecosystems protected and/or sustainably managed with the EU support.	Baseline and target numbers will be established based on current programming data	Project reports Reports to other measuring entities
D. The scare water resources are managed efficiently, water poverty in the region is reduced (or not worsened) and partners cooperate towards an efficient regional water policy	D.1. Progress on Water Use Efficiency D.2. Number people having access to safe drinking water with EU support. D.3. # of UfM Ministerial on water proposing a regional water policy acceptable by all countries that took place during the period.	Areas of freshwater ecosystems under a) good governance, b) protection c) sustainable management with EU support (ha).	Project reports Reports to other measuring entities

E. Sustainable food systems that are profitable, socially inclusive, climate resilient and preserving the natural resources are promoted and food security is increased in southern Mediterranean countries	E.1. Agricultural and pastoral ecosystems where sustainable management practices have been introduced with EU support (ha). E.2. Prevalence of moderate and severe food insecurity in the population in the ENI South region	E.1. Number of research programmes supported for scaling innovation into agro-ecological transition E.2. Number of people covered during food crisis	FAO reports, Project reports
F. Maritime safety is increased for the prevention of accidents at sea and possible pollution	F.1. Number of conventions ratified by beneficiaries under MARPOL Annexes, International Convention on the Control of Harmful Anti-fouling Systems on Ships (AFS) and Ballast Water Management (BWM) conventions	F.1. 50 => 53	MARPOL reports Project reports
<u>Priority area 5</u>: Support to the main drivers of regional integration			
<u>Specific objective 1</u>: To enhance cooperation with the UfM and the League of Arab States			
A. The partnership with the UfM Secretariat and the LAS general secretariat is reinforced	A.1. Number of UfM Ministerials, High Level Meetings or Working Groups held A.2. Number of initiatives where EU and LAS officials can interact, notably in the context of the El Hiwar programme	A.1. 0 => 30 A.2. 0 => 30	Joint Declarations
B. Increased capacity of UfM and LAS to engage in sectorial policy dialogue with institutional, private and civil society stakeholders	B.1. Number of policy dialogues with institutional, private and civil society stakeholders, promoted as part of the support to the UfM and the LAS	B.1. 0 => 25	Joint Declarations
C. UfM and LAS develop greater independence from national governments and operate as transmitters of international standards	C.1. Number of legislative texts developed at country level integrating UfM working groups' recommendations	C.1. 0 => 20	Joint Declarations

D. Political dialogue with the Organisation of Islamic Cooperation and other regional and sub-regional actors is enhanced	D.1. Number of political initiatives promoted with the Organisation of Islamic Cooperation	D.1. 0 => 5	Joint Declarations
E. The work of the Anna Lindh Foundation is supported	E.1. Percentage of EU co-financing rate to the budget of the triennial working programme of the Anna Lindh Foundation	E.1. > 60%	Joint Declarations
<u>Specific objective 2</u>: To encourage further intra-regional cooperation and integration with other regional players			
A. Stronger regional integration through dialogue and cooperation, with Neighbours of the Neighbours (Sub-Saharan Africa, Gulf, Read Sea)	A.1. Number of cross-regional initiatives promoted or supported.	A.1.0 => 2	Joint Declarations
B. Institutional partnership with regional initiatives relevant for the Mediterranean area is developed	B.1. Number of regional integration processes or initiatives in the Mediterranean to which the EU participates as institutional partner		Joint Declarations

Annex II: Indicative Investment Priorities under EFSD+ – Neighbourhood South

	Green, Natural Resources, Environment (1)	Transport, Connectivity and Municipal Dev. (2)	Private sector (3)	Social (4)
EIB sovereign & non-commercial sub-sovereign	**Energy**: Greening of the energy mix (solar, wind, hydrogen), decentralised renewable energy, industrial decarbonisation **Energy efficiency**: in public buildings and transport sectors, street lighting **Water**: Enhanced water sector management (supply and demand), waste water treatment, irrigation (nexus Food-Water-Energy), water distribution network, desalination (mainly powered by renewable energy) **Natural resources:** sustainable land use, nature-based solutions **PPPs** *(to the extent compatible with W1)* **Green Bonds** **Policy Based Lending**: climate, biodiversity	**Sustainable and Smart Mobility** **Regional Transport infrastructure (TMN-T)** **Regional Development and Municipal services:** implementation of Sustainable Energy and Climate Action Plans (SECAP), waste management, wastewater treatment **Urban residential rehabilitation** **Policy based lending** (urban planning) **Digital**: e-government **PPPs** *(to the extent compatible with W1)*		**Health** **Education** and TVET, higher education **Social protection schemes** **Rehabilitation** of social infrastructure **Affordable and Green Housing**
Commercial sub-sovereign (EIB and other IFIs)	**Energy**: Greening of the energy mix (solar, wind, hydrogen), decentralised renewable energy, industrial decarbonisation **Energy efficiency**: in public buildings and transport sectors, street lighting, **Water**: Enhanced water sector management (supply and demand), waste water treatment, irrigation (nexus Food-Water-Energy), water distribution network, desalination (mainly powered by renewable energy) **Natural resources:** sustainable land use, nature-based solutions **Circular Economy:** waste management; agriculture, water **PPPs** **Green Bonds** **Policy Based Lending**: climate, biodiversity	**Sustainable and Smart Mobility** **Regional Transport Infrastructure (TMN-T)** **Regional Development and Municipal services**: implementation of Sustainable Energy and Climate Action Plans (SECAP), waste management, wastewater treatment **Urban residential rehabilitation** Policy based lending (urban planning) **Digital**: e-government) **PPPs**	**Financial Inclusion, Microfinance**	**Health** **Education** and TVET, higher education **Social protection schemes** **Rehabilitation** of social infrastructure **Affordable and Green Housing**

Private Investment (Open-access)	**Energy**: Greening of the energy mix (solar, wind, hydrogen), decentralised renewable energy, industrial decarbonisation, energy grids, energy transition **Energy efficiency** **Water**: Enhanced water sector management (supply and demand), waste water treatment, irrigation (nexus Food-Water-Energy), wastewater, desalination (mainly powered by renewable energy) **Natural resources:** sustainable land use **Circular Economy:** waste management; agriculture, water **PPPs** **Green Bonds**	**Sustainable and Smart Mobility** **Regional Transport Infrastructure (TMN-T)** **Regional Development and Municipal services**: implementation of Sustainable Energy and Climate Action Plans (SECAP), waste management, wastewater treatment **Digital**: e-government; research and innovation **PPPs**	**MSME:** Financial Inclusion, Microfinance, subordinated debt, Private equity and Venture Capital, Sustainable Tourism, digital solutions, green and rural MSMEs **Social business**, **Value Chain Development** and large exporters **Local currency** financing	**Health** **Education** and TVET, higher education **Rehabilitation** of urban and social infrastructure (including affordable connectivity) **Affordable and green Housing** **Urban residential rehabilitation**

This document is without prejudice to ongoing negotiations on EFSD+ Guarantee Agreement(s) with the EIB and ongoing work on the intervention logic of the EFSD+. The matrix defines the key priorities that could in principle be addressed with our financial instruments (EFSD+ blending and guarantees).

All sectors/instruments are mentioned subject to an understanding that "EIB Window 1" guarantee cover for operations with sub-sovereign entities will be subject to a confirmation by the Commission, in accordance with the requirements of the NDICI Regulation. Many of these sectors can be supported also (and possibly more appropriately) under "EIB Window 2" (operations with commercial sub-sovereign counterparts), "EIB Window 3" (political risk guarantee for private sector operations) and/or through open-access guarantees of the EFSD+. The possibility of using budgetary guarantees to support Policy Based Lending is still under consideration.

Narrative Description

All the investment priorities shall be approached from two angles: (i) how will they feed the EU political objective in line with SDGs and (ii) how attractive is the de risking incentive provided by the guarantee in order to crowd in private investors.

1. Green, Natural resources and Environment

This domain will address the following SDGs: #6 "Clean water and sanitation", #7 on "affordable and clean energy"; #9 "Industry and innovation and infrastructure", #13 "Climate action", #14 "life below water", #15 "life on land".

Renewable and sustainable energy is fundamental to competitive low-carbon and climate-resilient inclusive green economies (greening of the energy mix). Public

action requires ambitious policy measures, as well as unlocking private capital, in particular from institutional investors, through risks mitigation. Combined effort of governments, public institutions, the financial/banking sector and private investors are therefore necessary to meet the growing energy demands while addressing climate change risks. Both on-grid decentralised and off-grid renewable projects are needed to target the industrial (decarbonisation) and building sectors. Hence, support public utilities and promote the launch of capital market instruments (such as Green Bonds) related to green energy is also essential.
Renewable energy is relevant in Jordan due to the energy consuming needs for desalination and can support export revenues (e.g. when exporting renewable energy surplus). It is also a matter of priority for Morocco where a developing technology (green hydrogen) is strongly envisaged to complement solar and wind. Energy efficiency investments is an essential component of greening the economy. The industrial and building sectors but also street lighting upgrading appear as being driving actions. Overlaps with municipal development are frequent.

Among natural resources to be safeguarded, water is key in the South Neighbourhood, particularly in rural areas to address the nexus Food-Water-Energy. Water sector infrastructure investment is highly relevant for all countries in the South without exception. Water scarcity is a major burden for economic growth. Additional natural resources needs in the area of sustainable agriculture, e.g. in Egypt to ensure food supply for a growing population and to improve living standards of a rural population. Population growth, including e.g. hosting refugees and increasing urbanisation also requires enhanced infrastructures for wastewater treatment and a more efficient demand side management. In this regard, the EFSD+ guarantee will allow unleashing public investments. It will also support sub sovereign and private investments, extending the guarantee to drinking water supply and waste water treatment.

Innovative financial and "win / win" type of operations should also be promoted under this domain which constitutes the direct response to the EU "Green deal" developed through a team spirit. Among these alternatives, PPPs, and Policy Based Lending (complementary to budget support) should contribute to bring together the EU, the partner countries' public sector, the domestic and international private companies and the IFIs towards a common thread, addressing green challenges. EIB lending to PPPs could also be envisaged in this regard, unless the EU guarantee can be more efficiently provided through open-access guarantees or other EIB-dedicated windows. Innovative fund raising mechanisms guaranteed by the EFSD+ such as green bonds should also be supported where feasible, to unlock the high potential of private financing volume available through the capital markets, and to steer these funds to developing and supporting a pipeline of projects in the green economy.

Morocco is working on a post-COVID-19 support to cross-sectorial issues channeled through a public sovereign fund in order to accelerate the shift towards a greener economy. EFSD+ could provide tailored made solutions to take part to the arising fund in the green components.

EFSD guarantee examples (NEAR): Scale up Renewables and Resilience (EBRD), RECIDE (AECID).

2. Transport, Connectivity and Municipal Development

This domain will address the following SDGs: #10 "Reduced inequalities", #11 "sustainable cities and communities".

It will unlock investments at regional (Trans-Mediterranean Transport Network), national and territorial level (regions and tier2 cities), promoting low carbon emission solutions that work for all (sustainable and smart urban mobility with a focus on active mobility), giving access to qualitative local infrastructure (waste management, wastewater), supporting the empowerment of local administration (e-governance).

Private sector will play a major role in addressing climate and environmental challenges through innovative approaches with public entities such as PPP particularly for connectivity areas transport and digitalisation.

By lowering the risk perceived by commercial banks and investors, the EFSD+ guarantee will reduce inequalities among municipalities (tier2 cities), State owned enterprises and Special Purpose Vehicles (SPVs) to access long term and affordable financing with or without a sovereign guarantee.

Complementarity with existing EU schemes will be fostered (e.g. Covenant of Mayors and SECAPS), contributing to engage on policy dialogue and support decentralisation dynamics as well as enhancing urban planning capacities of municipalities.

EFSD guarantee examples (NEAR): RECIDE (AECID), EBRD Resilience.

Support to municipalities is particularly relevant in Morocco where partnering with the "Fonds d'Equipement Communal – FEC" through intermediated lending on project addressing the energy efficiency, waste and water management would open the access to tier2 cities.

3. Private sector

This domain will address all SDGs, as the EFSD+ aims at crowding in private sector and contribute to raise private investors to a leading role in sustainable finance. SDGs which can be particularly flagged are: #2 "sustainable agriculture", #8 "decent work and economic growth", #9 "Industry, innovation and infrastructure", #12 "Responsible consumption and production".

MSMEs (urban and rural) are the main employment provider and bring a significant benefit to the local economic ecosystems. In this regard, it is critical to foster their capacity to match eligibility criteria defined by financial services providers and as such paving the way to financial inclusion (financial sustainability, collaterals, regulatory pre requisites). Special attention will be given to underserved market segments and social businesses, such as women owned business, young and migrant (incl. refugees) entrepreneurs, as well as innovation, early stage support, climate-smart activities and start-ups. Particularly affected sectors in the Southern Neighbourhood such as tourism will be given special attention. Guarantees will be provided to commercial banks and non-banking financial institutions (microfinance) covering the various risk range (subordinated debt, counterparty default, interest rate fluctuation, foreign exchange rate fluctuation). Hence, the EU support will foster the inclusion of MSMEs in value chains ecosystems at domestic level and also international (large exporters).

Among key areas for private sector crowding in, digital is a major one as it concerns a wide range of priorities for development (e-governance, agriculture, education, water management, health, energy). Investments from private local companies, start-ups, venture capital and business angels investors need to be de-risked in order to grow. Their financial and technical engagement in last mile infrastructure and solutions will complement public sector efforts to enhance connectivity and deploy broad digital services.

EFSD guarantee examples (NEAR): Archipelagos and Inclusifi (CDP), Nasira and Ventures (FMO), Access to finance (EIB), Small loans guarantee programme (IFC)

Relevance for Egypt and Jordan, in the areas of Start-up financing, women in business and possibly MSME in the agricultural area.

Relevance for Tunisia where supporting commercial banks lending to MSMEs using local currency mechanisms is a major challenge. Supporting non-banking finance institutions is also at stake in order to ensure that the most vulnerable (less bankable) segments are covered.

4. Social

Regardless the social consequences of the pandemic of COVID-19, social investments constitute the backbone of development. The SDGs which would be concerned by this domain are: #3 “Good Health and wellbeing”, #4 “quality education”.

The domain includes all the topics which are specifically addressing social impact, be it social protection (protection or assistance systems), educational (including TVET, secondary and higher education), sanitary (health) or living conditions (affordable and green housing, urban residential rehabilitation). The funds allocated by the governments are not enough and should be complemented at the territorial level. Private sector can also play a key role, particularly when it comes to TVET and affordable housing, as well as the municipal area in their leading role e.g. in social infrastructure.

The EFSD+ would provide guarantees not only for sovereign operations but also to enhance sub sovereign and private sector institutions to engage in self-sufficient operations.
In order to respond to the backlash of the pandemic and the growing awareness of the importance of social safety nets across the region, it would be essential to support the strengthening of social protection schemes.

Social investment is relevant in Egypt, Tunisia and Morocco for affordable housing, health equipment and capacity building of health centres as well as in Education to enable access to a qualitative education for a broader part of the population. Investment in health and education related infrastructure is also necessary in Jordan, Lebanon and Palestine.
EFSD guarantee examples (NEAR): COVAX (EIB).

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Annex III: List of documents that served as a basis for the Regional Multi-annual Indicative Programme for the Southern Neighbourhood 2021-2027

- Joint Communication on a Renewed Partnership with the Southern Neighbourhood and its annexed Economic and Investment Plan (February 2021) - SWD(2021) 23 final
- Review European Neighbourhood Policy (November 2015) - 2015/2002(INI)
- Global Strategy for the European Union's Foreign and Security Policy (June 2016)
- European Commission Political Guidelines (2019-2024)
- EU Trade Policy Review – An Open, Sustainable and Assertive Trade Policy (February 2021) - COM(2021) 66 final
- Council Recommendation on A Bridge to Jobs – Reinforcing the Youth Guarantee (October 2020) - 2020/C 372/01
- Communication on a New Approach for a Sustainable Blue Economy in the EU Transforming the EU's Blue Economy for a Sustainable Future (May 2021) - COM/2021/240 final
- Communication on a European Ocean Pact (June 2025) – COM/2025/281 final
- Joint Communication "Towards a Comprehensive Strategy with Africa" (March 2020) - JOIN(2020) 4 final
- Regional Transport Action Plan for the Mediterranean Region (March 2015)
- GFCM 2030 Strategy for Sustainable Fisheries and Aquaculture in the Mediterranean and Black Sea
- Communication the Global Approach to Research and Innovation Europe's strategy for international cooperation in a changing world (May 2021) - COM(2021) 252 final
- EU Gender Action Plan III 2021-2025 (November 2020) - JOIN(2020) 17 final
- Joint Statement of the 11th Union for the Mediterranean (UfM) Trade Ministers Conference (November 2020)
- EU Strategy to Tackle Organised Crime 2021-2025 (April 2021) - COM/2021/170 final
- EU Drugs Strategy and Action Plan 2021-2025 (December 2020) – COM/2020/606 final/2
- EU Action Plan on Firearms Trafficking 2020-2025 (July 2020) - COM/2020/608 final
- EU Strategy on Combatting Trafficking in Human Beings 2021-2025 (April 2021) - COM(2021) 171 final
- EU Strategy for a More Effective Fight Against Child Sexual Abuse (July 2020) - COM/2020/ 607 final