



Brussels, 18.11.2013
C(2013) 8112

ANNEX 1 – PART 1/2

ANNEX

ANNEX 1

to the Commission Implementing Decision modifying Decision C(2013)4452

**Action Fiche for the southern Neighbourhood
Support for Partnership, Reform and Inclusive Growth (SPRING) 2013****1. IDENTIFICATION**

| | | | |
|---------------------------------------|---|--------|---|
| Title/Number | Support for Partnership, Reform and Inclusive Growth (SPRING) 2013 | | |
| Total cost | EU contribution: EUR 150 million from the general budget of the European Union for 2013 | | |
| Aid method / Method of implementation | Direct centralised management | | |
| DAC-codes | 43010 | Sector | Multi-sector aid |
| | 15160 | | Human Rights |
| | 15110 | | Public sector policy and administrative management. |
| | 16020 | | Employment policy and administrative management |
| | 11110 | | Education policy and administrative management |
| | 12110 | | Health policy and administrative management |
| | 13010 | | Population Policy and Administrative Management |
| | 72050 | | Migration |

2. RATIONALE**2.1. Sector context**

After the historic events that shook the power structures in the southern Neighbourhood in early 2011, the Arab Spring has entered a new phase. In a number of countries, meaningful elections have been held with the participation of a diversity of political parties, and constitutional reforms are underway. Although significant challenges remain, the general trend is towards a more accountable form of governance and increased respect for human rights and fundamental freedoms.

The European Neighbourhood Policy (ENP) country Progress Reports published yearly, take stock of progress made as well as of outstanding challenges. Over the past eighteen months, Tunisia has chosen its National Constituent Assembly with the first democratic elections since the country's independence. Similarly Morocco has elected its parliament in a generally free and transparent manner. Libya also held elections, but still faces enormous challenges notably in bringing the various militias under national control and in establishing a functional system of governance and public administration. Jordan held parliamentary elections and invited an EU observation mission for the first time.

In Morocco, following popular demand, a new Constitution was prepared and adopted by referendum in July 2011. This new Constitution should open the door to major democratic reforms but implementation has so far remained at low level due to the change of administration following the elections. Jordan undertook encouraging political reforms, such as the adoption of far reaching constitutional amendments which set the basis for more transparent elections, enhanced accountability of the government, the empowerment of political parties and the prohibition of torture. A new political parties' law and a new electoral law were adopted. The establishment of an independent electoral commission ensured a successful implementation of the recent legislative elections process. A process of constitutional reform is also underway in Tunisia aimed at promoting government accountability to democratically elected parliaments, strengthening the independence of the judiciary and removing obstacles to a wider participation in political life.

Both Jordan and Lebanon suffered tremendously from the spill-over of the Syria crisis and the burden the huge influx of refugees placed on them. In Lebanon, it added considerably to the challenges already faced by the country and put its internal stability under threat. If Lebanon successfully managed to preserve its stability and national unity throughout 2012, the Syria crisis had an impact on the country's reform agenda. Limited progress was registered, with the adoption of a new electoral law and some positive steps in the justice and security sectors and in improving the services of the armed forces. Lebanon remained committed to its international obligations and respected its financial commitment towards the Special Tribunal for Lebanon. Morocco and Tunisia have ratified the optional protocol to the United Nations (UN) Convention against torture. Some progress was registered in Morocco in terms of governance and towards better respect for human rights principles and fundamental freedoms. In Tunisia three ad-hoc commissions were set up on the political reforms, corruption issues and power abuse during the revolution and new legal frameworks for the protection of freedom of assembly and association have been adopted. In Jordan, progress was also made on freedom of expression and assembly with the Public Gatherings law although challenges remain on the freedom of the press and media.

However, democratic reform is a long term process and progress remains uneven throughout the region. Moreover, democratic transitions have revealed the true extent of the lack of inclusive economic development, and have often been accompanied by an aggravation of the socio-economic situation in the country as well as increasing inequalities. In Tunisia, with declining tourism and reduced inflows of foreign investment, real economic growth fell steeply from 2011. As a result, poverty and unemployment have increased substantially. Subsequently, a major challenge for the new and emerging leaderships is to initiate social and economic reforms enabling to deliver inclusive economic growth and jobs addressing in particular womens' labour

force participation and the economic frustrations of the youth that were a key factor in the revolutions and the legitimate expectations of their populations, in terms of opportunity and freedom.

The EU response to the historic events in the southern Neighbourhood was quick and determined. In May 2011 the EU completed a major **review of its Neighbourhood Policy**. Building on the concepts set out in the Joint Communication of 8 March 2011 “A partnership for democracy and shared prosperity with the Southern Mediterranean”¹, the European Commission and the High Representative of the EU for Foreign Affairs and Security Policy adopted a Joint Communication entitled “A new response to a changing Neighbourhood”². This Communication outlined an incentive-based approach ('more for more') to assist political, economic and social reforms in the countries of the region.

In that context, the Commission proposed also to apply more specifically this methodology to the relations with the southern Neighbourhood countries in the area of migration, mobility and security, and through its Communication adopted on 25 May 2011 proposed to launch in these three areas specific dialogues leading towards the possible conclusion of mobility partnerships. Such approach was endorsed in June 2011 by the Council, which also invited to start such dialogues as a priority with Tunisia, Morocco, Egypt and Jordan, followed, once conditions allow for that, by Libya.

The EU has consequently **re-oriented its assistance** to ensure full coherence with countries' current needs and priorities.

SPRING 2011-2012, a key component of the EU's response to challenges in the southern Neighbourhood, was established as an innovative “umbrella” programme to channel additional funds to partner countries to support democratic transformation, institution-building and further growth, operationalising the incentive-driven approach provided for in the two Communications referred to above. SPRING is part of the EU response to supporting transition in the Middle East and Northern Africa (MENA) region in the context of the G-8 "Deauville Partnership".

SPRING 2011-2012 was adopted on 26 September 2011³. An amount of EUR 350 million was allocated to it and subsequently increased to EUR 390 million through the reallocation of EUR 40 million initially programmed for Syria. EUR 20 million was immediately allocated to Tunisia to support economic recovery, the transition process and the rule of law; a second allocation of EUR 80 million to Tunisia was announced in 2012. EUR 70 million was allocated to **Jordan** in February 2012 of which EUR 30 million was made available immediately, with the remainder allocated upon the consolidation of reforms. EUR 10 million was allocated to **Algeria** in March 2012, with another EUR 10 million subject to further progress in political reforms. EUR 80 million for **Morocco** and EUR 30 million to **Lebanon** were announced in April 2012 and subsequently allocated. EUR 90 million for **Egypt** was announced in November 2012.

¹ COM(2011)200.

² COM(2011)303 of 25 May 2011.

³ C(2011)6828.

The Joint Communication “Delivering on a new European Neighbourhood Policy”⁴ of 15 May 2012 assesses the first year of implementation of the new European Neighbourhood Policy (ENP). It is accompanied by the “**Report on activities in 2011 and Roadmap for future action**” that reviews, following a request made by the European Council in March 2012, the first year of implementation of the Partnership for Democracy and Shared Prosperity, and proposes a Roadmap including objectives to be pursued to the end of 2013, instruments and actions for the implementation of EU policies towards southern Neighbourhood partners. Furthermore, the **Country Progress Reports** are increasingly forthright in assessing progress, in particular towards deep and sustainable democracy. They represent a strong tool to judge partner country progress towards deep and sustainable democracy in line with the incentive-based approach.

2.2. Lessons learnt

The Joint Communication “Delivering on a new European Neighbourhood Policy” underlines the fact that over a twelve month period, the EU responded with determination to a fast-changing situation in its neighbourhood. A new policy is firmly established and the "incentive-driven approach" has also started delivering to those partners determinedly embarking on democratic reforms. Most partner countries have welcomed the new emphasis on increased differentiation and they have indicated their readiness to pursue political and economic reform with increased determination.

SPRING 2011-2012 is the first programme to make the incentive-driven approach operational. It provides a quick response to policy priorities and partners' needs, with country financial allocations based on reform progress.

While it is too early to assess in depth the result of initiatives supported with SPRING 2011-2012 funds, the first year of implementation shows that this programme:

- has given visibility to the new EU approach to the Neighbourhood and contributed to increase the EU’s credibility as a global player in the region;
- has raised interest and expectations in partner countries, and increased the leverage of our co-operation. Making part of country allocations conditional to further progress on reforms has enhanced leverage;
- has increased the flexibility and speed of the EU's response to countries’ needs;
- has contributed to effective co-ordination with the EU Member States on the preparation of new initiatives;
- has improved the potential of involving civil society in domestic policies and in EU co-operation, for example by linking country allocations to specific indicators in this area.

Implementing political, economic and social reforms is a long-term challenge, efforts need to be sustained and results can only be assessed in the long term. ENP partners

⁴ JOIN(2012)14.

that have gone through intense social and political upheaval are in need of time to set up new governance structures and formulate clear priorities. Other countries that have clear reform agendas or are beginning to open up to reform, are slowly changing their governance culture. In some areas such as the judiciary and security, essential to ensure the sustainability of ongoing political reforms, progress has been more limited – as has been the participation in reform efforts of non state actors in some countries. The 2012 Communication highlights those areas, draws partner countries attention to them and identifies ways in which the EU can support reforms (e.g. technical and financial co-operation, investment protection).

2.3. Complementary actions

Initiatives supported through SPRING 2011-2012 complement already ongoing activities in partner countries, supported at EU level or bilaterally by the EU Member States, as well as by other donors.

Other European Neighbourhood and Partnership Instrument (ENPI) initiatives launched in the course of 2011 and 2012 complement the objectives of the SPRING programme. These are:

The **Civil Society Facility** that aims to strengthen the capacity of civil society to promote reform and increase public accountability in their countries. This Neighbourhood facility especially complements initiatives also supported in this area by the thematic programme Non State Actors and Local Authorities in Development and the European Instrument for Democracy and Human Rights.

A regional programme implemented by the **Council of Europe** aimed at supporting the independence and efficiency of the judiciary, promoting good governance and the fight against corruption, protection of human rights, democratic values and institutions and the control of human trafficking.

The **European Endowment for Democracy** was set up to help actors of change and emerging players to promote deep and sustainable democracy as well as respect for human rights and the rule of law, in particular where these actors operate in a very uncertain political context.

An **investment scheme** called SANAD - 'support' in Arabic- was launched together with German bank "Kreditanstalt Für Wiederaufbau". It aims at supporting small and medium enterprises in the MENA region, in particular the business segment which is too small for banks, but too large for micro finance.

2.4. Donor co-ordination

The EU Member States, International Financial Institutions and other partners have been closely involved in the identification of initiatives to be supported by SPRING through embassies and representatives in partner countries and this close co-ordination will continue. This provides significant opportunity for joint support to new priorities in different countries. The World Bank, the African Development Bank and the *Agence Française de Développement* (AFD) are involved in the

programme for economic recovery (*Programme d'Appui à la Relance*)⁵ in **Tunisia**. Co-ordination and complementarity will be ensured with the AFD, the European Investment Bank and the European Bank for Reconstruction and Development to provide support to Employment and Growth in **Morocco**. In **Jordan** and **Lebanon**, co-ordination with UN Agencies is ongoing to support initiatives in the area of justice. This close co-ordination is key to **increase the effectiveness, leverage, and visibility of the EU support** to the region.

More broadly, the EU is also a major player in the **G-8 “Deauville Partnership”** and is committed to making the best use of the Partnership to co-ordinate efforts related to the MENA region by major economies and International Financing Institutions.

3. DESCRIPTION

SPRING 2013 translates the EU commitment to continue to support in 2013 democratic transformation and institution-building in the southern Neighbourhood countries, in line with the priorities set down in the two Joint Communications of 2011 and in accordance with the incentive-driven approach.

3.1. Objectives

SPRING 2013 will contribute and continue to encourage partner countries in the southern Neighbourhood to pursue their efforts towards (I) consolidating democratic reforms and institution-building and (II) promoting sustainable and inclusive growth and economic development.

3.2. Expected results and main activities

I - Consolidation of democratic reform and institution-building:

Support will be made available to help partner countries to consolidate reform progress in areas of human rights and fundamental freedoms; freedom of association, expression and assembly and a free press and media; democratic governance (and more efficient, transparent and accountable public administration); gender equality; economic and social rights including social dialogue; rule of law (administered by an independent judiciary and right to a fair trial); the fight against corruption; democratic control over armed and security forces; border and migration management.

With support from SPRING 2013, support will also be provided to the development of policy, legal and administrative reforms in the beneficiary countries. Support may also be provided for the development and implementation of new policies and co-operation frameworks, for example in the area of migration and assistance to asylum seekers and refugees.

II - Sustainable and inclusive growth and economic development:

With support from SPRING 2013, progress will also be consolidated in areas related to creation of quality jobs and decent work, including through increased availability

⁵ This is made up of an EU grant of EUR 100 million, a World Bank loan of USD 500 million, an African Development Bank loan of USD 500 million, and a loan from Agence Française de Développement of EUR 185 million. C(2011)5964 of 23 August 2011.

of good quality vocational education and training; integrated employment strategies, regulatory frameworks for investment and promotion of micro and small and medium-sized enterprises; social policies and measures aimed at reducing poverty and territorial disparities; youth; social protection; food security and rural development to improve livelihood of farming and fishing communities.

Initiatives supported may *inter-alia* include the following:

- Comprehensive institution-building supporting democratic transformation;
- Strengthening labour market institutions such as in the area of public employment services (PES) and labour inspections, as well as promoting labour market reforms with specific attention on the situation of women and youth;
- Support for integrated socio-economic reform;
- Support and capacity building to social partners to enhance their role in economic and social reforms and to promote social dialogue structures;
- Microfinance support modelled on the European Progress Microfinance Facility⁶;
- Integrated business development services targeting specifically vulnerable groups building upon EU experiences with inclusive entrepreneurship support⁷;
- Addressing the situation of young people who are not in employment, education or training with activities aimed at ensuring employment, education or (re)training;
- Support for matching skills and labour market needs and job mobility to facilitate industrial restructuring processes, including the creation of sector councils on jobs and skills which analyse and monitor the evolution of jobs, occupations and skills;
- Twinning and capacity-building activities in a range of economic development fields;
- Programmes modelled on initiatives inspired by the EU cohesion and rural development policies (i.e. European Neighbourhood Programme for Agriculture and Rural Development);
- Support for partner country participation in the work of selected EU agencies and programmes;
- Support for sector co-operation, included in areas of knowledge and innovation, climate change and the environment, energy, transport, technology, sustainable fisheries, as well as co-operation across maritime sectors.

⁶ <http://www.ec.europa.eu/epmf>.

⁷ <http://www.cop-ie.eu>.

Special attention will be given to initiatives most conducive to delivering results on deep democracy and sustainable and inclusive development.

3.3. Risks and assumptions

Reform progress is slow and can only be measured in the long term. It is thus difficult to reflect these processes in short term assessments. Therefore, defining comprehensive benchmarks and indicators that help monitor in both the short and long term is an exercise of the utmost importance to properly inform allocation decisions. Allocations should not be overly reactive to particular short term development that could mask longer-term trends.

The lack of political and administrative stability in those partner countries undergoing a process of democratic transition may lead to difficulties in designing initiatives, delays in disbursing funds and loss of effectiveness. A flexible approach is required.

Risk that governments do not provide an enabling environment that put in place modern and transparent institutions to encourage accountability and good governance and ensure fair and transparent rules of the game. For some of the activities under Objective II, there is a risk of co-option by elites if the governments do not lay the foundations of a modern and competitive economy by breaking down the vested interests and the networks of privilege.

Risk of other donors hindering the incentive-driven approach because of lack of conditionality of their financial support.

Possible backtracking on the process of democratic transformation may render difficult the attainment of the stated objectives by working with government institutions. In such cases consideration will be given to channel assistance through non state actors.

3.4. Crosscutting Issues

Depending on the nature of the initiatives to be financed through SPRING 2013, a number of cross-cutting issues, such as good governance, gender equality, participation of civil society, environmental sustainability and climate change will be addressed.

The EU has repeatedly recognised the essential role of women in the transition processes underway in the southern Neighbourhood. Gender issues and women's rights will be given prominence in initiatives supported.

A large number of SPRING 2013 initiatives will contribute to good governance by strengthening the capacities of public administration and promoting participation of non state actors in public policies that are central topics of the new approach for the Neighbourhood.

3.5. Stakeholders

Initiatives to be supported will be identified and prepared in close collaboration with partner governments, the EU Member States and international stakeholders. Consultations with civil society organisations, social partners and/or community

groups will take place so as to promote their participation in the identification of the initiatives.

The EU Member States (through the European Neighbourhood and Partnership Instrument - ENPI Committee) and the European Parliament will be regularly updated on country allocations, on initiatives proposed to be funded and implemented in different countries.

4. IMPLEMENTATION ISSUES

4.1. Method of Implementation

Initiatives will be implemented through direct centralised management.

Upon conclusion of the formulation phase, it is anticipated that different types of support involving different types of aid modality may be required, which would involve an amendment to this decision.

In this context, it will be proposed that the Commissioner responsible for Enlargement and European Neighbourhood Policy should be empowered, in agreement with the Member of the Commission responsible for financial programming and budget, to decide on behalf of the College of Commissioners should other management modes be considered.

4.2. Procurement and grant award procedures

1) Procurement

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Subject to the following, the geographical eligibility in terms of place of establishment for participating in procurement procedures and in terms of origin of supplies and materials purchased as established in the basic act shall apply.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 21(7) of the basic act on the basis of the unavailability of products and services in the markets of the countries concerned, for reasons of extreme urgency, or if the eligibility rules would make the implementation of this action impossible or exceedingly difficult.

2) Specific rules for grants

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

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

The maximum possible rate of co-financing may be up to 100 % in accordance with Articles 192 of the Financial Regulation and 109 of the Financial Regulation of the

10th EDF if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

4.3. Indicative budget and calendar

A revised budget of EUR 150 million is proposed for SPRING 2013, by adding an amount of EUR 40 million to the initial amount of EUR 110 million approved by Commission Decision C(2013)4452 on 18 July 2013. The allocation of these EUR 40 million is made in accordance with the approach taken for the first tranche of SPRING 2013 and confirms the assessment made for that first tranche. Initial country allocations were decided following an assessment of the progress made by each partner against progress towards deep and sustainable democracy. The assessment relied on the ENP Country Progress Reports adopted in March 2013, checked against independent information from external sources.

The assessment covered the following areas:

- Free and fair elections;
- Freedom of association, expression and assembly;
- The existence of free press and media;
- The rule of law administered by an independent judiciary and right to a fair trial;
- Fighting against corruption;
- Security and law enforcement sector reform (including the police) and the establishment of democratic control over armed and security forces.
- Respect of other human rights (abolition of capital punishment, freedom of religion, economic and social rights including non-discrimination on the basis of gender or sexual orientation, non discrimination of minorities, rights of the child, labour and trade union rights, abolition of torture and degrading punishments).

Allocations have also taken account of country needs and absorption capacity.

The Agreements which will implement this action will be signed by 31 December of the year N+1 at latest – year N being the year of the approval of the budgetary commitment. The indicative operational implementation of individual initiatives will be 60 months, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements.

Evaluations, audits, visibility actions and other contracts related to the SPRING 2013 initiatives will be financed from within the allocation of the relevant Agreement or other primary contractual document.

4.4. Performance monitoring

Initiatives funded under the SPRING 2013 programme will be monitored regularly, as will the programme as a whole. Relevant reports will be prepared and shared with the EU Member States and relevant stakeholders.

4.5. Evaluation and audit

At country level: independent evaluations will be undertaken for individual initiatives. All evaluation and audit contracts will be awarded and implemented by the European Commission in accordance with the procedures and standard documents lay down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. According to the implementation modalities, initiatives could also be subject to an annual financial and system audit launched by the European Commission as well as results oriented monitoring.

4.6. Communication and visibility

At headquarters level, communication and visibility activities will be undertaken for the SPRING programme as a whole.

At country level: a communication strategy and specific activities dedicated to communication and visibility will be developed with all implementing partners. The EU visibility guidelines will be followed. Implementation of the communication strategy in partner countries will be carried out in collaboration with relevant EU Delegations.

Task Force meetings with partner countries, organised with the support of the EU Special Representative for the Southern Mediterranean, have proved effective in terms of visibility for SPRING 2011-2012.



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ANNEX 2

to Commission Implementing Decision

modifying Commission Implementing Decision C(2013)4452

Support for Partnership, Reform and Inclusive Growth (SPRING) 2013

COUNTRY ALLOCATIONS

| Country | Decision 1st tranche | Proposal 2nd tranche | Total |
|----------------|--|--|--------------|
| Libya | 5 | 0 | 5 |
| Jordan | 15 | 6 | 21 |
| Lebanon | 15 | 6 | 21 |
| Morocco | 35 | 13 | 48 |
| Tunisia | 40 | 15 | 55 |
| Total | 110 | 40 | 150 |