

Action Fiche for the southern Neighbourhood region programme
Support for partnership, reforms and inclusive growth (SPRING)

1. IDENTIFICATION

Title/Number	Support for partnership, reforms and inclusive growth (SPRING)		
	Southern Neighbourhood		
Total cost	EU contribution: EUR 350 million (EUR 65 million committed in 2011) (EUR 285 million to be committed in 2012, subject to the approval of the Budgetary Authority)		
Aid method / Method of implementation	Direct centralised Indirect centralised Joint Management Partially decentralised (See section 4.1)		
DAC-codes	43010 15160 15110 16020	Sector	Multi-sector aid. Human Rights Public sector policy and administrative management. Employment policy and administrative management

2. RATIONALE

2.1. Sector context

The southern Mediterranean is going through a period of sweeping changes. The overthrow of long-standing repressive regimes in Egypt and Tunisia; the ongoing military conflict in Libya, the announced changes in Jordan and Morocco and the repression in Syria are having deep consequences on the region's political and economic stability.

The situation on the ground has considerably evolved in the last six months. In **Tunisia** and **Egypt**, at a time when democratic transformation is advancing the economic situation is deteriorating. Tourism revenues and foreign direct investment have fallen – they need support to revive the economy. In **Syria**, demonstrations being met with violence and repression and President Assad's promises of reform and dialogue remain weak. The instability in Syria has echoes in **Lebanon**, where the new government needs to respond to internal and regional challenges, as well as to

the Special Tribunal indictments. In **Morocco**, and **Jordan** a strong commitment to reforms has emerged. On 12 June, King Abdullah of **Jordan** outlined ambitious reform proposals concerning political parties and the electoral process. In **Morocco**, a referendum endorsed the new Constitution. In **Algeria**, the state of emergency has been lifted, and the President's promises of reform need to be translated into action.

Against this rapidly changing political backdrop, particularly in the southern Neighbourhood, and 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 European Union for Foreign Affairs and Security Policy adopted a Joint Communication on 25 May 2011 entitled "A new response to a changing Neighbourhood"².

The latter Communication provides for a renewed European Neighbourhood Policy (ENP) with as one of its principles enhanced differentiation among partner countries and of the EU's response to them. Such an approach would allow each partner country to develop its links with the EU in line with its own aspirations, needs and capacities. The Communication proposes to allocate additional EU resources of up to EUR 1.24 billion for the period 2011 – 2013 to support this approach and the endeavours of partner countries at such a crucial juncture in their history. The additional EU support will be provided on a '*more-for-more*' basis to partners engaged in deep democratisation and with strong and lasting commitment to reform. EU financial assistance should be geared towards supporting the democratic transformation of those countries and towards helping them to address economic challenges that might weaken popular support for democratisation.

At the Foreign Affairs Council meeting of 20 June, the Council of the European Union welcomed the Joint Communication of 25 May 2011, agreeing "on the need to provide greater support to partners engaged in building deep and sustainable democracy, to support inclusive economic development and to strengthen both the Eastern and the Southern dimensions of the ENP, in particular in the areas of democracy, human rights and the rule of law"³.

2.2. Lessons learnt

The European Commission carried out a thorough stocktaking exercise of the European Neighbourhood Policy in 2010. This highlighted that the EU had been able to establish a partnership for reform with its neighbours and that this had brought tangible benefits to both our partners and the EU. But it also highlighted that the partnership had been much stronger in sectoral reform and economic integration than in promoting democratisation and good governance. The ENP review identified areas where the European Neighbourhood Policy could be considerably strengthened and pointed to the need for the EU to engage with increasing determination and ambition with its nearest neighbours on the basis of democratic values, the rule of law and the respect for human rights.

The Commission's evaluation of EU co-operation with Tunisia for the period 1995-2008 bore out the findings of the ENP Review. It found that assistance had in general

¹ COM(2011)200.

² COM(2011)303.

³ Conclusions of 3101st Foreign Affairs Council meeting.

been relevant and aligned to national development plans and to economic growth needs, but that support related to justice, rule of law and liberty of expression/association as well as to civil society had often been difficult.

The Joint Communication of 8 March 2011 "A partnership for democracy and shared prosperity with the Southern Mediterranean" also noted that *"the EU response to the changes taking place in the region needs to be more focused, innovative and ambitious, addressing the needs of the people and the realities on the ground. Political and economic reforms must go hand-in-hand and help deliver political rights and freedoms, accountability and participation. The EU should be ready to offer greater support to those countries ready to work on such a common agenda, but also reconsider support when countries depart from this track"*.

The proposed "Support for partnership, reforms and inclusive growth (SPRING)" programme offers a response to this challenge by making funds available to partner countries truly committed to establish deep and sustainable democracies and by supporting initiatives providing financial and technical support to help implementing the associated reforms.

2.3. Complementary actions

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

2.4. Donor coordination

Through their embassies and aid agencies active in partner countries EU Member States will be closely involved in the identification and preparation of initiatives to be supported in the framework of the SPRING programme. The flexible approach proposed under the SPRING programme also provides significant opportunity for joint initiatives between EU funding, EU Member States' bilateral funding and that of other donors.

3. DESCRIPTION

The Joint Communication of 25 May 2011 "A new response to a changing Neighbourhood" defines three different priority areas for partnership: (a) democratic transformation and institution building, (b) partnership with people⁴, and (c) sustainable and inclusive growth and economic development.

⁴ Support for (b) "partnership with people" targets in particular civil society and student mobility and will be available in partner countries regardless of their governments' commitment to, and track record on, reform. To complement support already available through instruments such as the non-state actors and Local Authorities in Development programme, a Civil Society Facility for the Neighbourhood is under preparation. Activities to start in 2011 are along three components: Strengthening non state actors (NSA) capacities to promote public domestic accountability, increase regional and local calls for proposal and involve NSA stronger in sector policy dialogues around EU supported reforms. It is planned also to increase support to the southern Neighbourhood countries through Erasmus Mundus and other programmes targeting students and youth.

The SPRING programme will focus specifically on support related to priority area (a) democratic transformation and institution building, and priority area (c) sustainable and inclusive growth and economic development.

The SPRING programme is a multi-country programme with an umbrella approach that provides the flexibility for modulating the assistance on the basis of progress of individual southern Mediterranean countries towards deep and sustainable democracy and inclusive socio-economic development, applying the "more-for-more" principle. By covering the EU's commitment to these objectives for 2011 and 2012 in a single Decision, it also gives more credibility to the principle of "mutual accountability", the second important principle of the strengthened partnership. Initially (2011) support may go to Egypt, Jordan, Morocco and Tunisia. Other countries in the southern Mediterranean could also be covered by the programme at a later stage (2012), provided the right conditions are in place. However, allocations to any country will be dependent on significant progress in reforms.

Initially the SPRING programme will be a bi-annual 2011-2012 multi-country programme. Depending on performance, further support may, depending on the multi-annual financial framework and decisions by the Budget Authority, be made available through it in 2013. At the outset it will provide bilateral support to different partner countries. When necessary for reasons of effectiveness or efficiency, the SPRING programme may also finance multi-country activities involving several partner countries.

3.1. Objectives

I - Consolidation of democratic reform and institution-building.

II - Sustainable and inclusive growth and economic development.

3.2. Expected results and main activities

I - Consolidation of democratic reform and institution-building:

The SPRING programme will support democratic transformation and institution-building, addressing the needs of those institutions and actors which are key to building democratic societies, assisting the democratic reform of the security sector and preparing for the implementation of mobility partnerships.

Depending on partner country reforms and initiatives which the EU agrees to support under the SPRING programme, progress is expected to be made in some of the following areas:

- (1) Human rights and fundamental freedoms.
- (2) Democratic governance.
- (3) Freedom of association, expression and assembly and a free press and media.
- (4) Gender equality.

- (5) Economic and social rights including the role of social partners and social dialogue.
- (6) More efficient, integrated, transparent and accountable public administration.
- (7) Rule of law administered by an independent judiciary and right to a fair trial.
- (8) Fight against corruption.
- (9) Security and law enforcement sector reform (including the police) and the establishment of democratic control over armed and security forces.
- (10) Enhanced mobility linked to better border and migration management.

II - Sustainable and inclusive growth and economic development:

Depending on partner country reforms and initiatives which the EU agrees to support under the SPRING programme, results could include the following:

- (1) Enhanced regulatory framework for business, providing the appropriate incentives for job creation and the transition from the informal to the formal economy.
- (2) Increased numbers of self-employed, micro and small and medium-sized companies.
- (3) Reduced poverty and social and economic disparities within these countries, through a policy approach geared at social inclusion.
- (4) Reduced levels of unemployment, in particular of youth.
- (5) Improved skills development matching labour market needs, notably through increased availability of good quality vocational education and training.
- (6) Improved social security schemes.
- (7) Improved livelihoods of farming and fishing communities.
- (8) Increased food security.

Activities may inter-alia include the following:

- Comprehensive Institution building programmes and other institution building activities supporting democratic transformation;
- Support for integrated socio-economic reform;
- Support to social partners to enhance their role in economic and social reforms and to promote social dialogue structures;
- Strengthening labour market institutions such as in the area of public employment services (PES) as well as promoting labour market reforms.

- Microfinance support modelled on the European Progress Microfinance Facility⁵;
- Integrated business development services targeting specifically vulnerable groups building upon EU experiences with inclusive entrepreneurship support⁶;
- Addressing the situation of young people who are neither in employment, education or training (NEET) with activities modelled on the 'Youth guarantee', aimed at ensuring that young people are in employment, education or (re)training within a few months of leaving school;
- 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;
- Pilot programmes modelled on initiatives inspired by the EU cohesion and rural development policies (i.e. European Neighbourhood Programme for Agriculture and Rural Development (ENPARD));
- Support for partner country participation in the work of selected EU agencies and programmes;
- Support for sector co-operation, with a particular focus on knowledge and innovation, climate change and the environment, energy, transport, technology, sustainable fisheries, as well as cooperation across maritime sectors.

3.3. Risks and assumptions

- 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.
- Possible backtracking on the process democratic transformation may render difficult attaining the stated objectives by working with government institutions. In such cases consideration will be given to channel assistance through non state actors.
- The novelty of some initiatives may require upfront investment in information and training from the EU side to facilitate consensus building and implementation;

3.4. Crosscutting Issues

Partner countries and implementing entities will ensure that all financed initiatives respect principles related to equal opportunities, human rights, gender equality and environmental sustainability.

⁵ <http://www.ec.europa.eu/epmf>

⁶ <http://www.cop-ie.eu>

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 different community groups are envisaged as they are at the heart of a sustainable civil democratic modernisation path and may also benefit from the SPRING programme.

Member States (through the European Neighbourhood Partnership Instrument (ENPI) Committee) and the European Parliament will be regularly updated on initiatives proposed and implemented, including aggregate overviews on commitment and payment levels per country.

3.6. Method of allocation

Support provided through the SPRING programme will be tailored to **the needs** of each country respecting the principle of **joint ownership** and allocated through a **transparent** approach.

Funds available for the SPRING programme in 2011 will be allocated to different partner countries based on an assessment of progress in building and consolidating deep and sustainable democracy and on needs. The assessment, to be carried out by the Commission services and the European External Action Service, will include reference to the level of compliance with democratic standards and the progress made towards them in relation to the deep democracy criteria identified in the Joint Communication of 25 May 2011:

- Free and fair elections;
- Freedom of association, expression and assembly and a 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.

The assessment will rely inter alia on the most recent ENP Progress Reports, on the EU's own evaluation of the most recent developments and on indicators compiled by international organisations, (i.e. World Bank Governance Index)

For funds available for the SPRING programme in 2012 (and future years, subject to decisions by the Budget Authority), allocation among countries will be made based on a similar assessment to be carried out periodically.

Initiatives to be supported at national level will be identified by EU Delegations working closely with partner governments, EU Member States and international stakeholders. Initiatives will be prepared by the Commission in agreement with the EEAS and sectoral Directorates General and services as appropriate.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

While ensuring the necessary transparency and respecting relevant EU rules and procedures, the SPRING programme will allow for **flexibility** and for **rapidity of response**. Different types of support involving **different types of aid modality** will be provided to partner countries, depending on their priorities and urgent needs and the most appropriate means of implementation to address them. The types of aid modality will be determined using the method described in section 3.6 above.

Initiatives may be implemented through direct or indirect centralised management, joint management and partially decentralised modes. For modes other than direct centralised management the procedure outlined in Article 4 of the Commission decision will be applied.

Where Financing Agreements will be signed, management modalities will be specified in the Financing Agreements. Indirect centralised management will be implemented in accordance with Article 54(2)(c) of the Financial Regulation.

Joint management will be implemented in accordance with Article 53d of the Financial Regulation and with organisations complying with the criteria provided for in the Financial Regulation.

Where indirect centralised management or joint management will be selected, Delegated bodies (indirect centralised management) and international organisations (joint management) will be identified during or following the phase of selection of the types of aid modality as described in section 3.6 above. Bodies and organisations will then be designated following the relevant approval procedure.

Partial decentralised management will be implemented through the signature of a Financing Agreement(s) with the relevant beneficiary country(ies), in accordance with Articles 53c and 56 of the Financial Regulation.

4.2. Procurement and grant award procedures

1) Contracts

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.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by ENPI Regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in article 21(7) ENPI.

2) Specific rules for grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. They are established

in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the General Budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget.
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.

3) Specific rules on programme estimates:

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question (i.e. the Practical Guide to procedures for programme estimates).

4) Joint management with international organisations:

All contracts implementing the action are awarded and implemented in accordance with the procedures and standard documents laid down and published by the relevant International Organisation.

4.3. Indicative budget and calendar

EUR 65 million for 2011 and EUR 285 million for 2012, are subject to the adoption of the budget by the Budget Authority and the corresponding reinforcement of the ENPI budget line. No commitments will be made against 2012 commitment appropriations prior to this budgetary reinforcement.

The Financing Agreements and, where there is no Financing Agreement, contracts which will implement this action will be signed on 31 December of the N+1 year at latest – year N being the year of the approval of the budgetary commitments (i.e. year N is 2011 for the EUR 65 million allocated from 2011 budget and 2012 for the EUR 285 million allocated from 2012 budget).

The implementation of individual initiatives will have an indicative maximum duration of 60 months from the signature of the Financing Agreement, or other primary contractual document, to the end of the project's activities. Where financing agreements are signed, a 24 month closure phase will be added to the implementation duration.

The indicative breakdown per activity / Development Assistance Committee (DAC) code is 25% for each (multi-sector/human rights/public sector policy/employment policy). Indicative budget breakdown will be as follows: 40% for objective I "Consolidation of democratic reform and institution-building" and 60% for objective II "Sustainable and inclusive growth and economic development".

	Total amount	Percentage (%)
SPRING programme	EUR 347 million	99
Evaluations, audits, visibility, and others ⁷	EUR 3 million	1
Total	EUR 350 million	100

4.4. Performance monitoring

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

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 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. 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 (ROM).

4.6. Communication and visibility

At country level: A communication strategy and specific activities dedicated to communication and visibility will be developed by 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.

At headquarters level, a communication and visibility strategy will be devised and implemented for the SPRING programme as a whole.

⁷ As centralised direct management by the European Commission.