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PARLIAMENT AND THE COUNCIL**

Eastern Partnership

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1. POTENTIAL SUBJECTS FOR THE WORK OF EASTERN PARTNERSHIP (EAP) THEMATIC PLATFORMS AND PANELS

For the thematic platform on *Democracy, good governance and stability*, the Commission proposes:

Democracy and Human Rights

- Exchanges of best practices and dedicated workshops on such issues as electoral standards, regulation of the media, the fight against corruption, transparent management of public goods and civil service reform.
- In cooperation with the Council of Europe, a facility for conducting peer reviews in the areas covered by CoE Conventions, modelled on the Commission's cooperation with the OECD under SIGMA.
- Allocation of resources for the training and networking of local authorities, with a view to strengthening administrative capacities and promoting local government reform. This would be carried out in cooperation with the Committee of the Regions.

Justice, Freedom and Security

- Support for partners'¹ efforts to establish integrated border management systems, including cooperation on border control and border demarcation where appropriate.
- A multilateral dialogue on visa liberalisation and security standards, with visa-free travel and a common readmission area as a long-term goal. A first step could be to conduct an assessment of the current situation.
- Multilateral cooperation in the judicial and police fields, on law enforcement issues, combating organised crime and trafficking in human beings, co-ordinated national drugs strategies, and strengthening customs administrations;

Security and Stability

- The pooling of information and resources to facilitate prevention of, preparedness for, and response to natural and man-made disasters, including a close link with the EU Civil Protection Mechanism².
- Contacts among Civil Society Organisations to improve their capacity for advocacy and promote confidence building in areas of protracted conflict.

¹ Eastern partners (or "partners") for the purposes of this Staff Working Paper are the Eastern Europe and South Caucasus countries addressed by the European Neighbourhood Policy: Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, hereafter referred to as Moldova, and Ukraine.

² Administrative Agreements will be concluded to ensure that, over time, all partners can cooperate with the EC's Monitoring and Information Centre (MIC). Among partners, this kind of agreements has so far only been concluded with Ukraine.

- Cooperation on specific CFSP and ESDP issues, including the participation of partner countries in ESDP missions and exercises, and coordination of diplomatic activities. A mechanism to involve partner countries in consultations concerning ESDP operations could be considered. Security-related early-warning systems should be enhanced, with particular focus on conflict areas. Closer cooperation on arms-export practices and non-proliferation could also be envisaged.

For the thematic platform on *Economic integration and convergence with EU policies*, the Commission proposes:

Trade and Regulatory Approximation

- Thematic workshops to assist partners in their efforts concerning trade- and market-related approximation and administrative capacity development in areas such as sanitary and phyto-sanitary rules, customs and trade facilitation, taxation (especially good governance in the tax area), intellectual and industrial property rights, public procurement, competition and services, including financial services;
- Support for the creation of a network of bilateral Deep and Comprehensive Free Trade Areas (DCFTA) among the partner countries based on the same principles and objectives as the DCFTAs between the EU and the partner countries.
- Networking and cooperation between partners' regulatory authorities.
- Strengthening of traditional trading contacts to step up trade in goods and services among partners.
- Cooperation on enforcement of IP protection, in particular as regards counterfeited and pirated goods.
- Exploration of possibilities for partners to participate in a system of diagonal cumulation of origin.
- Increased cooperation on customs and trade facilitation and border management to ensure a smooth flow of goods between the European Union and the partners (and beyond), enhance security and safety and combat customs fraud.
- Definition of a roadmap leading to accession to the Common transit system (membership in Common Transit and SAD Conventions) and exploration of possibilities to extend the current pilot project on exchanges of advance customs (transit) information with Russia, based on the contents of the TIR-Carnet, to other partners.
- Consideration of drug precursor agreements in the region.
- Maritime cross-sectoral co-operation among services, industries and scientific institutions, and cooperation and integration on the surveillance of the sea, with a view to safety and security of shipping and environmental protection.

Socio-economic development

- Identification of key issues for effective enterprise policies and the promotion of a conducive business climate.

- Development of comprehensive and coherent strategies for labour market policies, improvement of social dialogue, poverty reduction, decent work, social inclusion and protection, and equal opportunities.
- Multilateral cooperation on health topics (sector reform, HIV/AIDS and tuberculosis, approximation and implementation of EU practices). Possible partnership arrangements between partners' authorities and the Commission and EU Member States to strengthen institutional capacity and enhance preparedness to tackle the cross-border spread of diseases.

Environment and Climate Change

- Promotion of convergence with the environment *acquis* and strengthened implementation of multilateral environment agreements (in particular the Kyoto Protocol, CBD and UNECE conventions).
- Exchange of experience and best practice on strategic planning, environmental governance, progress monitoring, enforcement, specific environment themes (such as air, water, waste management, integrated coastal zone management and biodiversity), and the financing of environment investments in a regional context.
- Involvement of partners in international discussions on future climate action, promotion of regional action on mitigation and adaptation and climate mainstreaming, and sharing of experience on emissions trading.
- Cooperation on collection, monitoring and assessment of environment information, including with the European Environment Agency.
- Working with partners to assess options for developing a flagship project on environment.

General Issues

- Identification of partners' interests regarding participation in or cooperation with Community agencies and programmes³.
- Establishment of a programme of secondment to Member States' administrations and to the Commission of civil servants from partner countries responsible for particular areas of EU approximation.

³ Communication of 4 December 2006, COM(2006) 724 final, and subsequent Council Conclusions.

For the thematic platform on *Energy security*, the Commission proposes⁴:

Enhancing framework conditions and solidarity

- Development and implementation of mutual energy support and security mechanisms, including early warning mechanisms and joint security actions. One of the objectives will be strengthening of energy security contacts and enhancement of energy crisis preparedness by establishing an EaP energy security panel, bearing in mind the possibility of formalising the EaP countries' interaction, on an ad-hoc basis, with the EU's NESCO (Network of Energy Security Correspondents), Gas Coordination Group and the Oil Supply Group and bearing in mind the work being undertaken in other fora.

Support for infrastructure development, interconnection and diversification of supply

- Developing an Energy Infrastructure Action Plan taking into account the Second Strategic Energy review⁵, the TEN-E Guidelines⁶ and the EU Priority Interconnection Plan⁷. This will include the rehabilitation of existing and the development of new energy infrastructures where appropriate, including energy interconnections between partner countries and with the EU. Partners' storage capacities for oil and gas should also be improved, including through the encouragement of joint storage arrangements.
- Support for the rehabilitation the Ukrainian gas transit network (for example through the planned international investment conference) and similar infrastructure in Belarus and Moldova.
- Exploration, together with non-EaP energy partners as appropriate, the means to improve conditions for long-term supply and purchase commitments, transit guarantees, and infrastructure security that would create a level playing-field and be attractive to third country suppliers and potential infrastructure investors. As appropriate, this will take account of the provisions of existing instruments such as the Energy Community Treaty and the Energy Charter Treaty, as well as the relevant provisions of forthcoming DCFTAs .
- The development, for those key infrastructures that face heightened non-commercial risks, public-private partnerships, bringing together the EU and partner countries, may also become increasingly important. This approach could be applied to the rehabilitation of the Ukrainian gas transit network and, as appropriate, for the Belarus and Moldovan networks. It should also be considered as an instrument for better integrating the Southern Caucasus regional market.
- Enhancement of political and practical support for the realisation of the Southern energy corridor and development of similar measures in support of the extension of the Odessa-Brody oil pipeline to Plock and other projects emanating from the western shore of the Black Sea.

⁴ A number of these proposals are addressed by the INOGATE Programme.

⁵ An EU Energy Security and Solidarity Action Plan, COM (2008) 744/4

⁶ Decision No 1364/2006/EC

⁷ COM (2006) 846 final/2, 23.2.2007

- Promotion of the development of Liquefied Natural Gas (LNG) facilities in Black Sea partner countries and in the EU itself.
- Mobilisation of additional technical assistance and loans from EIB (and other International Financial Institutions), notably through the NIF (Neighbourhood Investment Facility), e.g. to increase partner's gas, oil and oil products' storage capacities, hydrocarbon processing and transportation infrastructures, and to upgrade electricity interconnections.
- Support for the acceleration of Moldova's and Ukraine's accession to the UCTE (Union for the Co-ordination of the Transmission of Electricity) network.

Harmonisation of energy policies

- Organisation of seminars, workshops and training sessions on the EU energy *acquis* covering a wide range of areas (e.g. internal energy market; renewable energy; energy efficiency).
- Twinning and networking, and as appropriate the establishment of associations, between EU and EaP energy institutions active in the energy field (regulators, energy efficiency and renewable energy agencies).
- Development of an energy dialogue with participation of EU and partners' industry.

For the thematic platform on *Contacts between people*, the Commission proposes:

Culture

- To launch a specific EaP Culture Programme that will strengthen the capacity of cultural operators in the region and enhance the role of culture as a force for reform, promotion of inter-communal tolerance and social cohesion. This programme will be complemented by opportunities to engage in transnational cultural cooperation in the whole ENP region through a dedicated window under the EC Culture Programme as of 2011.
- To open a window to complement the Youth in Action Programme in the six partner countries. This would promote youth mobility and exchanges to enhance intercultural dialogue and mutual understanding. It would also support the role of youth NGOs and other actors to strengthen civil society in the partner countries.
- To support the Council of Europe's Kyiv Initiative on cultural heritage.

Education and Research

- To significantly increase funding for the Erasmus Mundus and TEMPUS programmes, thereby increasing student and academic exchanges and promoting higher education reform.
- To support partners working towards reforms in line with the Bologna Process and integration into the emerging European Research and Higher Education Area.
- To encourage partners to take advantage of the opportunities for teaching, research and conference grants in the field of European integration studies available through the Jean Monnet Programme.
- To integrate partners more actively into the 7th Framework Programme for Research and Development.

Information Society and media

- To foster cooperation among the partners' regulatory authorities for electronic communications as well as between them and the regulators of the EU Member States.
- To promote cooperation between the partners' and the EU Member States' authorities in charge of the development of the Information Society, including the widespread use of ICT by citizens, business and the public sector.
- To favour cooperation and circulation audio-visual goods and services in compliance with Council of Europe and EU standards.
- To explore the possibilities for creating joint media projects and promoting contacts among media stakeholders of different partner countries.

2. INDICATIVE LIST OF EASTERN PARTNERSHIP POTENTIAL FLAGSHIP INITIATIVES

Integrated Border Management Programme

Building on EU experience of upgrading border management in the context of the 2004-2007 enlargement and EU Border Assistance Missions, a programme for introducing integrated border management at the EaP countries' non-EU borders could be developed. This is a pre-condition for effectively tackling customs fraud, trafficking and illegal migration, and thus for progress in key policy areas such as trade, customs and visas. Setting up integrated border management structures aligned to EU standards is also an important prerequisite for progress on the mobility of persons. Assistance for border demarcation, where appropriate, could also be provided in the frame of this initiative.

SME Facility

SMEs have an enormous potential for generating growth and employment. Their development in partner countries is hampered by an inadequate legal framework and the lack of advisory services. In addition, despite significant efforts the financial sector remains behind its potential in serving the needs of SMEs and their development. The SME facility would support the needs of SMEs, and provide external stimulus to growth and employment through the provision of technical assistance to the SMEs, SME support networks and the financial intermediaries and, if deemed suitable, also of risk capital and loans.

The facility could be modelled on similar instruments that have been developed for other transition countries, and be supported through existing instruments such as the NIF. Administrative arrangements would be simplified through a single facility which would tap into the expertise and capacities of the IFI's active in the region through their involvement in its establishment and operation. In all cases the development of the facility will build upon existing structures and operations in the area of SME support.

Regional electricity markets, improved energy efficiency and increased use of renewable energy sources

An integrated and interconnected regional electricity market in and with EaP countries will bring greater energy security for the partners and the EU. In addition, both the partners and the EU have a substantial potential to increase efficiency of energy production, transmission and use (in the area of buildings, transport and industry). There are also great opportunities for enhancing the use of indigenous renewable energy sources. However, an appropriate regulatory framework and financing mechanisms need to be developed to realise these opportunities. Work under this initiative will take into account the existing *acquis* in this area and will include support provided through programmes such as the Intelligent Energy Europe and INOGATE.

Focusing on these issues will enhance the security of electricity supply, bring environmental benefits and decrease the need for energy imports, thus improving energy security and reducing the import bill.

Southern energy corridor

The EU and its partners share an interest in enhancing energy security by diversifying energy transport routes and energy sources. The development of the strategic Southern energy

corridor is one response to this quest for diversification and has been identified as one of the EU's most important energy security priorities. The participants of the "Baku initiative" for EU-Black Sea/Caspian energy cooperation have advanced work on this corridor, *inter alia* with support provided under the INOGATE programme. Further action is necessary to strengthen the "Baku initiative" into a genuine energy partnership and to work with the countries concerned, including third countries (e.g. Turkey, Caspian littoral states), with the objective of rapidly securing firm commitments for the supply of gas and the construction of the necessary energy infrastructure.

Prevention of, preparedness for, and response to natural and man-made disasters

Recent years have seen a significant increase in natural and man-made disasters, in particular floods, fires, health risks (epidemic, pandemic), maritime pollution — resulting in loss of lives, destruction of economic and social infrastructure and cultural heritage, and displacement of people. Disasters can in a matter of days have dramatic negative effects on economic growth potential as well as on the environment. Climate change is further aggravating this negative trend. This initiative will aim to prevent, prepare for and respond to disasters affecting the partner countries and the EU, in view of the joint commitment to greater cooperation on disaster management. The co-operation will contribute to social and political stability in the region and as support countries' efforts to adapt to climate change.

The objective is to strengthen disaster management capacities at local, regional and national level, by establishing effective cooperation between the EU (the Community Civil Protection Mechanism) and the partner countries — and also among the partner countries themselves. National civil protection authorities are the main players. However, enhanced co-operation with other stakeholders is also essential, including civil society organisations, international and donor organisations, and key local and national players. A short to medium term objective is to negotiate and conclude agreements on a formal co-operation framework.

3. INTERFACE OF THE EASTERN PARTNERSHIP MULTILATERAL FRAMEWORK WITH OTHER REGIONAL AND INTERNATIONAL INITIATIVES

The **Black Sea Synergy** is a regional cooperation initiative covering five Eastern ENP countries as well as the Russian Federation and Turkey. There is substantial complementarity between the EaP and the Black Sea Synergy and other regional and international initiatives. At its core the Black Sea Synergy is a sea-basin cooperation aimed at solving problems which require region-wide efforts. As described above, the EaP will build on the declared will of partner countries to pursue alignment with the European Union and/or their aspiration for European integration, rather than on the regional aspect.

The Eastern Partnership should also draw on other regional and multilateral cooperation initiatives. In particular, it will take due regard of achievements of the Central European Initiative. The Organisation for Democracy and Economic Development has lately put forward several initiatives, notably in the fields of trade, transport and energy, which have repercussions for the EaP multilateral framework. The EaP will also promote strengthened implementation of multilateral environment agreements.

Sectoral programmes of the European Union, such as the TRACECA (transport) and INOGATE (energy) that support the Baku Initiative, involve both ENP participants and other partners. They implement projects which bring the EU and Eastern Europe closer and deal with relevant aspects of regulatory approximation and energy security. Therefore a strong link should be established between these programmes and the EaP thematic platforms.

The Eastern Partnership will also help to develop connections between its participants and cooperation frameworks for South-Eastern Europe, notably in the fields of transport, energy, environment and fight against trans-border crime.

4. FINANCIAL AND HUMAN RESOURCES

Effective delivery of financial assistance

With increased volumes of assistance and recourse to such tools as twinning and TAIEX, that are adapted to institution-building needs, implementation modalities will need some adjustment. In general, operational costs of public administrations will not be supported. Partner countries will be encouraged to systematically co-finance investments and to take more direct responsibility for the implementation of the assistance on their territory, especially through the further decentralisation of payment and contracting functions. The introduction of decentralised implementation is a lengthy process that will need to be carefully prepared and introduced. Any decision in this regard will be preceded by an audit of the recipient's financial control mechanisms.

Improved donor coordination

Coordination of EC and Member States' assistance to the six partner countries should be strengthened in accordance with the Paris declaration. The Commission intends to use the upcoming Mid-Term review of ENPI programming documents to boost joint programming with interested Member States and enhance co-ordination with all donors. EU embassies, Member States' development offices in the field and the EC delegations in each of the six capitals should improve the exchange of information in all sectors of assistance. These measures will enable EU Member States to channel funds for the Eastern Partnership priorities and projects.

Leveraging more investment funding

Investment needs in EaP partner countries are huge. Substantial progress in implementing the governance and reform agenda will make partner countries more attractive for foreign investors and, as a result, increase FDI flows. It is important for EIB, EBRD and other International Financial Institutions to step up their efforts to identify suitable investment projects in partner countries and assist their reform and modernisation efforts.

EIB and EBRD have identified a promising list of potential operations in Eastern Europe. The EIB lending mandate for Eastern Europe in 2007-13 has a sub-ceiling of €3.7 billion and this could be reached well before 2013. For this reason, in the framework of the Mid-Term Review of external assistance instruments, the Commission will consider the possibility of widening the scope and raising the relevant sub-(EIB) ceiling of the EIB's lending mandates from 2011.

Technical assistance and the blending of grants and loans will facilitate financing projects, especially in partner countries (e.g. Moldova) that have macro-economic constraints to excessively extend their foreign debt. In its first few months of operations the Neighbourhood Investment Facility has already approved six projects concerning Eastern neighbours. Grant funding of €14.8 million from the NIF has leveraged loan financing from European finance institutions worth €677 million. The NIF is operating on the basis of contributions from the Community budget (€250 million planned for 2007-10) and EU Member States (€32 million pledged as of November 2008). The Commission calls on Member States to further contribute to the Facility so as to match the Community financial effort. This will allow the facility to further expand its operations.