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JOINT STAFF WORKING PAPER

Implementation of the European Neighbourhood Policy in 2010 Report: Eastern Partnership

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1. INTRODUCTION

The European Council of June 2008 invited the European Commission to present a proposal for an Eastern Partnership (EaP) towards EU's Eastern partners¹, emphasising the need for a differentiated approach respecting the character of the European Neighbourhood Policy (ENP) as a single and coherent policy framework. The Commission Communication of December 2008² proposed a partnership that includes a deeper bilateral engagement based on new contractual relations, a gradual integration with the EU economy, enhanced mobility and security, cooperation for secure energy supply, and enhanced support for economic and social development.

The 2008 Communication also proposed a new framework for multilateral cooperation in support of partners' progress in their bilateral relations with the EU. The multilateral EaP framework has a four levels structure: Heads of State or Government, Ministers of Foreign Affairs, four thematic platforms, and, at technical level, panels. Sector cooperation can also be enhanced through specific ministerial meetings.

Significant multilateral projects and programmes have been proposed with the objective of reinforcing the partnership by providing concrete benefits to the partner countries' population and enhancing its visibility.

The multilateral track of the EaP is run by the European External Action Service (EEAS) and includes the European Commission, the EU Member States and the six partner countries. In addition, it was proposed that participation would be open to interested stakeholders, such as EU institutions, international organisations and European Financial Institutions. A Civil Society Forum (CSF), an EU-Neighbourhood East Parliamentary Assembly (EURONEST) and an Eastern Europe and an South Caucasus Local and Regional Assembly were to be established.

Participation in EaP multilateral activities can be opened to third countries, on a case by case basis, subject to agreement by permanent participants that such participation would serve the common interest or contributes to the objectives of the EaP.

The European Council of March 2009 welcomed the proposed approach. On 7 May 2009, the first Eastern Partnership Summit adopted the Prague Declaration that commits the EU Member States, the Partner Countries, EU institutions as well as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

This report covers the progress made in the implementation of the Eastern Partnership to date. It comes as an annex to the Joint Communication of the High Representative and the

¹ Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine

² COM (2008) 823

Commission, *The European Union and its changing Neighbourhood*, and should be read in conjunction with the country progress reports on Armenia, Azerbaijan, Georgia, the Republic of Moldova and Ukraine, as well as the sector report. These documents describe more detail the progress made by the individual partner countries in implementing the ENP.

2. BILATERAL DEVELOPMENTS

Association Agreements – negotiating a new foundation for our relations

Negotiations on the Association Agreement with Ukraine, launched in 2007, continued in a constructive atmosphere, including on the Deep and Comprehensive Free Trade Area (DCFTA). Almost all chapters on Economic and Sector Co-operation are now provisionally closed. In addition, almost all provisions in the chapters on Institutional, General and Final Provisions, and on Political Dialogue and Reform, Political Association, and Cooperation and Convergence in the Field of Foreign and Security Policy, were agreed. Negotiations on the DCFTA covers a wide range of issues (tariffs, services, customs and trade facilitation, intellectual property rights, sanitary and phytosanitary standards, public procurement, geographical indications, trade defence instruments, and technical barriers to trade). Negotiations on issues such as rules of origin, transparency, customs and public procurement were completed.

Negotiations on the Association Agreement with the Republic of Moldova were launched in January 2010 and have made very good progress since then, including through five plenary rounds. A significant number of chapters of the agreement have been provisionally closed.

Negotiations on Association Agreements with Armenia, Azerbaijan and Georgia were launched in July 2010 and are advancing swiftly, with a fourth round of plenary negotiations which took place in March 2011. Moreover, efforts are underway to ensure that negotiations on a DCFTA with Armenia and Georgia as well as the Republic of Moldova can be launched as soon as possible, once respective partners have made sufficient progress made in the implementation of the Commission's "key recommendations" to each of them.

Enhanced Mobility

The EU has been responding to the strong request of partners for enhanced mobility through visa facilitation and readmission agreements and through "gradual steps toward full visa liberalization as a long-term goal for individual partner countries on a case-by-case basis provided that conditions for well-managed and secure mobility are in place", as outlined in the Joint Declaration of the Prague Eastern Partnership Summit of May 2009. There has been good progress on this agenda: the EU-Georgia visa facilitation agreement was signed in June 2010. The EU-Georgia readmission agreement was signed in November of the same year. Both entered into force in March 2011. The European Commission presented draft negotiating directives for Visa Facilitation and Readmission Agreements with Belarus in November 2010 which were adopted by the Council in February 2011..

The implementation of the EU-Republic of Moldova Mobility Partnership (Joint Declaration signed in June 2008) and the EU-Georgia Mobility Partnership (Joint Declaration signed in November 2009) has continued to progress, providing the framework for the facilitating the movement of persons and legal migration as well as for the fight against irregular migration

and trafficking of human beings. Preparations for developing a Mobility Partnership with Armenia have also started.

Progress has been made in the EU-Ukraine visa dialogue (launched in autumn 2008) which has entered into the operational phase in November 2010 on the basis of an action plan setting out all technical conditions to be met by Ukraine before the possible establishment of a visa-free travel regime (visa facilitation and readmission agreements with Ukraine have been in force since 2008). As regards the Republic of Moldova, following the launch of the visa dialogue in June 2010 a similar draft action plan on visa liberalization with a view to the visa dialogue entering a fully operational phase was presented in January 2011 (Visa Facilitation and Readmission Agreements with the Republic of Moldova have been in force since 2008).

Energy

Energy remained high on the agenda of cooperation between the EU and the EaP partner countries. Ukraine signed the Protocol on the Accession to the Energy Community Treaty at a Ministerial Council meeting in Skopje in September 2010 and acceded to the Energy Community Treaty in February 2011. The EU continued to support Ukraine's efforts to become a full member of the Energy Community and to implement the necessary secondary legislation, especially in the area of gas and electricity. The EU called for further significant reforms to be undertaken to align the Ukrainian energy market with that of the EU, notably by restructuring Naftogaz and increasing financial transparency in the energy sector. In line with the March 2009 Investment Conference Declaration on the Modernisation of Ukraine's Gas Transit System, the Neighbourhood Investment Facility (NIF) provided finance in support of feasibility, environmental and social impact studies to prepare for loan mobilization.

The Republic of Moldova acceded to the Energy Community in May 2010 and is implementing energy sector reforms in accordance with the agreed commitments.

In October 2010 meetings of the sub-committee on energy, transport and environment were held for the first time with Georgia and Armenia. Armenia requested the status of observer in the Energy Community. The European Commission and Georgia in November 2010 a Georgia Energy Investment Conference to attract International Financial Institutions (IFIs) and private sector finance. Energy cooperation with Azerbaijan and Turkmenistan was further enhanced, in particular in the framework of the on-going efforts in support of the realisation of the Southern Energy Corridor. With a view to strengthening energy security the EU reiterated its political support to natural gas infrastructure projects along the Southern Energy Corridor, including the effective start of Nabucco gas pipeline project and the launching of exploratory talks on a Trans-Caspian link. The EU and Belarus held their regular expert level consultations on energy issues in October 2010.

Comprehensive Institution Building (CIB)

The CIB seeks to strengthen a number of core institutions that are central in preparing the ground for and implementing future Association Agreements (AAs), including Deep and Comprehensive Free Trade Areas (DCFTAs), and making progress towards visa liberalisation as a long-term goal. A budget of EUR 173 million has been set aside for CIB implementation in the six partner countries, through the relevant 2011-13 National Indicative Programmes. Work has been taken forward to launch preparatory activities ahead of the start of the fully-fledged CIB activities. As foreseen by the CIB concept, Framework Documents have been developed jointly between each partner country and the European Commission. They list key

issues to be tackled in the areas identified as in need of reform, as well as core institutions that are in need of strengthening. Agreement on these objectives is object of a series of Memorandum of Understanding (MoU), between the European Commission and the partner countries. For the institutions, or clusters of institutions, identified in the Framework Document, each EaP partner country develops Institutional Reform Plans (IRPs), outlining reform objectives, measures and means to be provided, with indicators and a timeframe for implementation, and the sources of funding. The European Commission supports specific components of the IRPs through the 2011-13 Annual Action Programmes. Support to the CIB is also open to donors, including EU Member States..

Following programming missions in the spring of 2010, and discussions with the partner countries, Framework Documents were finalized with Ukraine, Georgia and the Republic of Moldova, and Memoranda of Understanding on the CIB were signed with Georgia and Ukraine in October 2010 and with the Republic of Moldova in November 2010, paving the way for the CIB implementation. Framework Documents were also finalized with Armenia and Azerbaijan, and corresponding Memorandum of Understandings were signed in November 2010 and January 2011, respectively. No discussions on CIB or CIB preparatory activities have taken place with Belarus.

Regional Development

So far as **Regional Policy dialogue** is concerned, in addition to the Memorandum of Understanding signed with Ukraine in 2009, a joint declaration was signed with the Republic of Moldova in July 2010 and with Georgia in March 2011. Progress with the work programmes associated with the agreements now in place with Ukraine and the Republic of Moldova was delayed by Government and Ministerial structure change until 2011.

Strengthened Human Rights Dialogues

The adherence to the shared values of democracy, rule of law, human rights and fundamental freedoms is the very foundation of the Eastern Partnership. Significant steps have been taken to strengthen bilateral dialogues on these matters. Since July 2009 three rounds of Human Rights Dialogue have taken place with Georgia. The first meeting of the EU Armenia Human Rights Dialogue took place in December 2009 and the second in December 2010. Issues of democracy and human rights are also discussed with Azerbaijan in the framework of a new sub-committee for Justice Liberty Security (JLS) and Human Rights and Democracy which was established in 2010. Its first meeting was held on 30 November-1 December 2010. With Ukraine and the Republic of Moldova, human rights discussions in the framework of the respective JLS subcommittee meetings have gained new momentum. As regards Ukraine, human rights issues are extensively reflected in the new EU-Ukraine Association Agenda, which replaces the former EU-Ukraine Action Plan. A dedicated and regular EU-Republic of Moldova Human Rights Dialogue was launched in March 2010. The EU and Armenia launched a dedicated and regular Human Rights Dialogue in December 2009. The EU and Georgia further consolidated their exchange on human rights, with three dedicated meetings held so far. The EU welcomed Azerbaijan's readiness to engage in a regular dialogue on human rights issues and democratization.

3. MULTILATERAL DEVELOPMENTS

The four thematic platforms that have been established in the multilateral track of the Eastern Partnership are meant to offer stakeholders with flexible spaces of discussion, where experiences, best practices and lessons-learned can be shared, compared, and spread among those who need them to support their own efforts. The work of the platforms is supported by expert panels on more specific subjects. Several flagship initiatives, financed from the EU budget, have now been launched in sectors where cooperation between partner countries is crucial to success. In addition, a Civil Society Forum has been established and supported, with the dual goal of supporting the emergence of a strong and effective citizenship in partner countries, and integrate as much as possible the views of civil society in the workings of the Eastern Partnership.

Thematic platforms

The four thematic platforms address areas that are seen as crucial to the objectives of the Eastern Partnership. They cover Democracy, good governance and stability; Economic integration and convergence with EU sector policies; Energy security; Contacts between people. Participants include the Member States and the 6 Partner Countries, EU institutions and, when relevant, international organisations and IFIs. They may establish Panels to support their work. In 2010, the four thematic platforms have met twice and have started implementing their work programmes. They have established several panels and provided inputs to the design of the flagship initiatives. They have engaged in a number of concrete activities involving a broad range of players. Member States have actively contributed and offered support and expertise to seminars and training programmes. Assistance from international organisations and International Financial Institutions (IFIs) has also been provided.

Platform 1 - Democracy, good governance and stability

Platform 1 aims at promoting democratic principles, good governance and stability through by improving key sectors of governance. The current Work Programme of Platform 1 focuses on improved functioning of the judiciary, fight against corruption, public administration reform, and safe management of state borders

In the field of *integrated border management* Platform 1 has established a panel on Integrated Border Management. It has organised a number of training seminars on border management strategies and action plans, risk analysis, document integrity and security, detection of forgeries and imposter recognition, detection of smuggled cigarettes and drugs, and protection of intellectual property rights. In relation to the Integrated Border Management flagship initiative, the panel reviewed the preparatory study carried out in 2010, which included a needs analysis, proposals for pilot projects (infrastructures, equipment, and technical assistance) and training activities. It also reviewed the proposals by the International Centre for Migration and Policy Development (ICMPD) on further training programmes. Border demarcation issues were discussed on the basis of the expertise of Finland and the European Commission's Joint Research Centre. The future work of the panel will also be linked to the action plans on visa liberalisation prepared by partner countries. The Polish idea of increasing police cooperation, in coherence with the border management flagship initiative, has received broad support.

The panel on the *fight against corruption* reviewed the situation in partner countries with the technical assistance of the Council of Europe. On that basis it identified a number of priority projects. A seminar and a workshop on the cooperation between State authorities and civil society in the fight against corruption were organised in Warsaw by Poland. The Civil Society Forum is a permanent participant to this panel.

Platform 1 have agreed to establish a panel on improving the *judiciary* and approved its terms of reference. Assistance will be provided through the Council of Europe. A first seminar was organised by the Czech Republic in December 2010.

The platform also decided to establish a panel on *public administration reform*. Two seminars on the subject were organised respectively by the Diplomatic Academy of Estonia and the Czech Republic.

The implementation of the activities of the Platform is supported by the Council of Europe through a new facility that has been agreed for that purpose. The contract was signed in December 2010 and implementation of activities started in March 2011. The facility covers activities in the areas of electoral standards, judicial reform, good governance, the fight against corruption, and cooperation against cybercrime.

Platform 2 - Economic integration and convergence with EU sector policies

Platform 2 covers issues that can help partner countries to coordinate more closely in the economic field. Economic convergence and regulatory convergence are the key objectives in this field. A number of activities have taken place, which all contribute to these central objectives.

In the field of *trade*, a very active panel was established in November 2009 and held five meetings in 2010, covering a wide variety of subjects, in support of the trade negotiations taking place in the bilateral track:

- *Customs cooperation and trade facilitation (March 2010)*: the agenda included the role of strategic planning for customs modernisation. The European Commission presented the customs policy of the EU, with contributions from Poland and Ukraine. The EaP partner countries committed to share their existing strategies with the European Commission and to revise them if necessary to bring them in line with EU standards and the objectives of the future DCFTAs.
- *Sanitary, Phytosanitary (SPS) and animal welfare issues (July 2010)*: The discussion focused on SPS harmonisation as a tool to facilitate regional trade and economic integration.
- *Intellectual Property Rights (October 2010)*: the European Commission kicked off the debate with presentations on copyrights, industrial property rights (IPR), the enforcement of IPR, and the role of customs and international cooperation in this field. The Republic of Moldova, Azerbaijan and Georgia shared their own experiences in the field of IPR with participants.
- *Public Procurement (November 2010)*: The EU public procurement acquis – general legislation, remedies, e-procurement and the role of public procurement in

Free Trade Agreements – was presented to participants. The Romanian National Authority for Regulation and Monitoring of Public Procurement informed how the EU acquis is implemented in Romania. Azerbaijan, Georgia and Ukraine explained their respective public procurement regimes.

- *Business to Business Contacts (November 2010)*: The meeting focused on business to business and business to government contacts. In this context, the role of Chambers of Commerce and other business organization in the DCFTA was discussed. A large number of business organisations from EaP partner countries participated. The idea of creating a process that would bring business organisations closer to their counterparts in the EU found strong support. Follow-up activities should involve European organisations and should complement ongoing work. The meeting provided useful input for the next business to business meeting of the trade panel.

As regards ***Environment and Climate Change***, a panel was established in November 2009 and the flagship initiative on *Environmental Governance*, including the development of a *Shared Environmental Information System* was launched in March 2010. The panel agreed to launch a study on opportunities for the promotion of a ***greener economy*** in partner countries, financed by the European Commission. The first seminar on climate change was held in November 2010 and there is agreement to hold one on the green economy in July 2011.

A panel on ***Enterprise and Small and Medium Enterprise (SME) Policy*** started working in October 2010 on the theme “Enterprise Policy Performance”, in a programme developed jointly by the Commission, the Organisation for Economic Co-operation in Europe (OECD), the European Training Foundation and the European Bank for Reconstruction and Development (EBRD). A comprehensive report on Enterprise Policy Performance in the region will be prepared for mid-2012. The panel discussions focused on the EU Small Business Act and on the review of SME policies in partner countries. In the context of the SME Flagship Initiative the panel discussed the East-Invest programme implemented by Eurochambres and the Turn Around Management/ Business Support Services (TAM/BAS) programme of the EBRD.

In May 2010 cooperation in the field of ***Transport*** was launched, focusing in particular on road safety.

A regional conference on “***Trends and Challenges of Labour Market and Employability in the six EaP Countries***” was organised in Odessa by the European Commission and the European Training Foundation (ETF) in October 2010. Participants included senior officials from relevant ministries of all EaP countries, experts from several member States and international organisations, as well as representatives from international social partner organisations concerned with the subject. The Europe 2020’s Flagship Initiative “An EU Agenda for New skills and Jobs” was discussed in this context.

Platform 3 - Energy Security:

The aim of Platform 3 is to provide the EU, its Member States and the Partner Countries an opportunity to engage in a dialogue on how to develop and implement mutual energy support and security mechanisms. Core objectives of this platform include support for infrastructure

development; interconnection and diversification of supply; the promotion of energy efficiency and use of renewables.

In the field of ***Security of supply***, partner countries agreed to prepare within a year reports on their security of supply inspired by the practice within the EU. Partner countries gave for the first time presentations on the situation of their security of supply at the third platform meeting of October 2010. The security of supply statements should help identifying the need for investment in energy infrastructure. Partner countries indicated their interest in developing regional gas and electricity links.. Infrastructure will be financed essentially by the private sector, but partners called for support from the EU as well. At the October 2010 Platform meeting participants also addressed the issue of security of oil supply.

Electricity, gas and oil interconnections were discussed extensively. A workshop on electricity interconnections was organised in July 2010.

The platform allowed the establishment of a dialogue between stakeholders on ***renewable energy***. It focused on energy efficiency in buildings, including the legal framework; the financing of energy efficiency projects; support available under the INOGATE³ programme; and the role of municipalities, including in the context of the Covenant of Mayors, an EU-supported initiative that promotes sustainable local energy policies.

The May 2010 meeting of the Platform was dedicated to a dialogue on the promotion of ***energy efficiency***. In October 2010, the European Commission and the Kreditanstalt für Wiederaufbau (KfW) organised a workshop on financing sustainable energy.

Platform 4 - Contacts between people:

Platform 4 supports the interaction between EU and partner countries' citizens, focusing in particular on the youth. EU Member States and partners countries have started a dialogue on culture. Cooperation is organised in and around a number of Community programmes, new or existing, in the areas of education, youth and research. Platform 4 also supports the development of the information society in the partner countries. Attention is being paid to modernisation issues, mobility of students, teachers, researchers and young people.

In the field of ***Education*** two seminars on the Jean Monnet programme were organised to underline the role of this initiative to promote EU studies. The partial extension of the EU eTwinning programme for schools to partner countries, and possibly to Russia, was proposed. A presentation of the eTwinning programme including an indicative roadmap for participation was conducted in Chisinau in October 2010. A large regional Tempus and Erasmus Mundus information day will be organised in the second half of 2011 in Ukraine as well as an event on the mobility of students, scholars, researchers, youth and cultural actors from EaP countries (in Poland in July 2011).

An EaP ***Youth Programme***, with a total budget of EUR 4,5 million, is currently under preparation and will start its implementation in 2012. The programme seeks to promote greater participation by young people in the social, political and professional spheres, to develop the dialogue between young people and youth actors in the EU and EaP countries. It will provide capacity building to enhance the role of youth NGOs in EaP region. An expert

³ INOGATE is the EU funded main regional technical cooperation programme in the field of energy. It covers the Eastern Partnership countries as well as Central Asia.

round table for stakeholders of the new EaP Youth Programme from the EaP partner countries is going to be held in the Republic of Moldova in May 2011.

The EaP **Culture Programme** encourages the development of local cultural policies. It involves capacity building of institutions, monitoring, coaching and coordination of projects, collection and dissemination of results. A call for proposals was launched in October 2010 for a value of EUR 8.4 Million. A regional seminar of the Culture contact persons will be organized in April 2011 in Georgia to discuss how to improve networking between the EaP partner countries.

In 2009 and 2010 a Special Action of the Culture programme was dedicated to those countries that covered by the European Neighbourhood Policy (ENP) that had (1) ratified the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions and (2) had signed an Association or Partnership and Cooperation Agreement with the EU. This reflects the political priority of reinforcing the role of culture within the ENP, and in particular the EaP countries, as means of contributing to better mutual understanding and helping to develop civil societies in partner countries. It also contributes to the promotion and implementation of the UNESCO Convention on cultural diversity. The Action aims at encouraging cooperation between cultural actors through financial support for projects involving at least three EU Member States and one third country (with at least 50% of the activity deployed in the third country). Nine applications involving EaP partners were selected with an overall budget of EUR 2.64 million.

In the field of the **Information Society** the work focused on the mapping of Information and Communication Technology (ICT) actors, on the identification of research potential and priorities, on training and assistance to the actors and enhancement of the ICT policy dialogue. Cooperation between telecoms regulators was initiated through a workshop in Vienna. Work continued on the improvement of high-speed connectivity with partner countries under the Black Sea interconnectivity initiative.

Increased participation of **research** entities from all EaP countries was proposed under the 7th Framework Programme, offering a whole range of new opportunities. A call for proposals was successfully launched in October 2010 for the programme *'Integrating Europe's neighbours into the European Research Area (ERA-WIDE)*.

One of the crucial objectives of Platform 4 is to facilitate the involvement of the EaP partners in the 7th Framework Programme. With this view, Platform 4 seeks to strengthen networking between the National Contact Points (NCPs) of the partner countries through participation in the annual meeting of the EU NCPs and through participation in the training session of the legal and financial NCPs of the EU.

The EaP Civil Society Forum (CSF):

The CSF has become an integral part of the multilateral track of the EaP. Its main aim is to strengthen the role of Civil Society Organisations (CSOs) in the framework of the EaP and facilitate their dialogue with authorities on the issues the EaP deals with. In 2010 its representatives presented their recommendations in the spring 2010 round of Platform meetings.

The CSF has been invited to participate in the activities of the several panels: *Fight against Corruption, SMEs and Environment and Climate Change*; Platform 1 has decided to invite the CSF to the panels on *Public Administration Reform and Improved functioning of the Judiciary*

to be established in 2011. Representatives of the CSF also attended the seminar on the Jean Monnet Programme and participated in the civil society consultation on the EU trade policy towards EaP countries, organised as a follow up to one of the CSF's recommendations.

The CSF is structured into four working groups reflecting the structure of the four EaP Platforms. Participants in the plenary meeting of the Forum elect a CSF Steering Committee which manages the activities of the CSF. Throughout 2010 meetings of the Steering Committee and working groups were held in order to, *inter alia*, elaborate a strategy for the further development of the Forum and prepare CSF recommendations on the implementation of the EaP. In 2010 a bottom-up process of establishing national CSF platforms was launched.

The second plenary meeting of the Forum was held in Berlin on 18-19 November 2010. The Forum adopted recommendations on the implementation of the EaP, which were presented to the EaP Ministerial of December 2010.

The EU-Neighbourhood East Parliamentary Assembly (EURONEST):

EURONEST is the parliamentary dimension of the EaP. It aims at promoting dialogue and exchanges between members of parliament in the EU and EaP areas, and to promote democratic reforms, the rule of law and good governance in all partner countries. Attempts made at establishing the EURONEST in 2010 were not successful, due to the lack of agreement on the participation of the representatives of Belarus. New attempts will be made in 2011.

EaP Flagship Initiatives:

The EaP is implemented through a very wide variety of projects and activities throughout the area. In addition to the activities of the platforms and the panels, the need has been identified for the multilateral track to focus on a number of initiatives where the cooperation of several EaP countries is crucial to the objectives. These initiatives show that many of the objectives of the EaP need partner countries to join their efforts in pushing forward cooperative approaches to common problems.

The ***Integrated Border Management (IBM) Flagship Initiative*** was launched in October 2009 during the first meeting of the IBM Panel, and activities have effectively started in 2010. The general aim of this initiative is to improve security, reduce smuggling and human trafficking, and facilitate mobility of people. It also aims at helping partner countries to develop integrated border management strategies and align border management rules to EU standards. An assessment of needs and identification of pilot projects and training activities were discussed during meetings of IBM Panel in 2010 (see above under IBM Panel). A contract with the International Centre for Migration Policy Development (ICMPD) was signed at the end of 2010, for delivery of training activities (for a budget of EUR 2 million).

The ***SME Flagship Initiative*** was launched in 2010 as well and its activities have started: support to business associations and SMEs, SME funding facility, including revolving funds and technical assistance to financial intermediaries, and start of the TAM/BAS programme. The East-Invest programme, with a budget of EUR 8.75 million (of which EUR 7 million from the European Commission) in support of business associations, was launched in November 2010. A first conference of partners took place in March 2011. A budget of EUR 5 million was allocated at the end of 2010 to support the Turn Around Management and Business Advisory Services (TAM/BAS) programme of the EBRD, and the programme is now in its inception phase. A contribution agreement between the Commission and the EIB,

the EBRD and the KfW was signed at the end of 2010 for the funding of the facility component (EUR 15 million).

The ***Regional Electricity Markets, Energy Efficiency and Renewable Energy Sources Flagship Initiative*** has been launched as well. In that context, the INOGATE programme has identified thirteen on-going projects for a total amount of approximately EUR 46 million, which cover such issues as sustainable energy, energy market convergence and security of supply.

A project supporting the participation of EaP cities in the Covenant of Mayors initiative was adopted in 2010 and activities are foreseen to start from May 2011, with a budget of EUR 5 million. The project will include the establishment of a branch of the Covenant of Mayors Secretariat in the region. In that context the European Commission and the Covenant of Mayors organised a conference in Tbilisi in 2010. The event gathered more than 150 participants from 45 cities mainly at mayor and deputy mayor level and attracted large media attention..

The ***Prevention, Preparedness and Response to Natural and Man-made Disasters Flagship Initiative*** has also been launched. The project aims at strengthening disaster management capacities through enhanced cooperation between the EU and its partner countries. The needs assessment in preparation for the definition of a work programme was completed. A contract for the implementation of the first phase of the programme, with a budget of EUR 6 million, was signed in December 2010. The steering committee of the project will meet in June 2011.

The ***Environmental Governance Flagship Initiative*** was launched in March 2010, during the first meeting of the environment panel. The first activity of the initiative focuses on improving the collection and management of environmental data, with a budget of EUR 3 million, and is underway. A start-up project has been carried out during the inception phase of the ENPI SEIS project (July-November 2010). The findings of the project were discussed with the partner countries of the neighborhood in November 2010. This will allow a better focus of the activities of the implementation phase, including the definition of priorities fitting the needs of each country, and the definition of the specific role and contribution of each partner. The implementation of the SEIS project has been on-going since December 2010. First activities have focused on the identification of common indicators.

The implementation of the Flagship Initiative on the ***Diversification of Energy Supplies*** has been delayed. More work is needed to identify objectives and activities that partners can agree to carry-out.

4. MINISTERIAL MEETING

The second annual EaP ***meeting of Foreign Ministers*** took place on 13 December 2010. Ministers took stock of progress in the implementation of the EaP in 2010. They noted the progress made in implementing the EaP and welcomed the work done under the guidance of the four thematic platforms. They expressed the need to continue with the implementation of the Flagship Initiatives and they underlined the need to identify additional financial resources to complement the contribution of the EU budget. They underlined the importance of strong coordination with International Financial Institutions and invited the EEAS to explore further

the potential of the informal Information and Coordination Group⁴. They expressed support for increased involvement of the Civil Society Forum in the multilateral track of the EaP.

Ministers also discussed possible areas of activities for the EaP. They had preliminary exchanges on cooperation in the energy and transport sectors; the participation of partner countries in EU programmes; the cooperation on conflict prevention and resolution; the role of civil society; and improving the mobility of certain categories of people, such as students, researchers, academics and business operators.

Some partners underlined the need for more visibility of the EaP and its activities, and for the Flagship Initiatives to deliver tangible results for the citizens of partner countries.

⁴ Donor Group involving bilateral and multilateral donors and regional players (Canada, Japan, Norway, Russia, Switzerland, Turkey and the United States EIB, EBRD, World Bank). It aims at promoting donor co-ordination and mobilising additional resources for EaP projects.

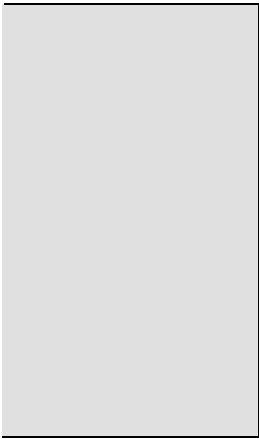
5. ANNEXE

1. Summary table on the Comprehensive Institution Building Programmes;
2. Summary table on the Flagship Initiatives;
3. Summary table on the EaP multilateral financing activities (CoE facility, Youth, CBC among partner countries)

CIB (Comprehensive institution building) Programme state of play

	Armenia	Azerbaijan	Georgia	The Republic of Moldova	Ukraine
CIB Counterpart	Minister of Economy in dialogue with Ministry of Foreign Affairs	Ministry of Foreign Affairs for FD (Framework document) and political steer; Ministry of Economic Development for Institutional Reform Plans and implementation	Deputy Prime Minister and Minister of European and Euro-Atlantic Integration	General Secretariat of the Government (new name of the State Chancellery)	Main Civil Service Department
Key reform challenges	<ul style="list-style-type: none"> - Political association/economic integration (AA negs) - Visa Facilitation Readmission Agreements - Trade policy reform 	<ul style="list-style-type: none"> - Law enforcement, Visa Facilitation Readmission Agreements - Trade: WTO accession - Civil service reform 	<ul style="list-style-type: none"> - Coordination of negotiations of Association Agreement, - Trade policy reform - Consolidation of democratic reforms (oversight institutions) 	<ul style="list-style-type: none"> - Rule of Law - Public administration reform - Deep and Comprehensive Free Trade Area preparation and implementation 	<ul style="list-style-type: none"> - EU regulatory approximation - Trade: Sanitary and Phyto-Sanitary issues and state aid monitoring - Migration
State of negotiation of	- Memorandum of Understanding signed	Memorandum of Understanding and	- Memorandum of Understanding signed	- Memorandum of Understanding signed	- Memorandum of Understanding signed

Memorandum of Understanding	on 24/11/2010	Framework Document signed on 13/01/2011	on 02/10/2010 in Tbilisi	on 15/05/2010	October 2010
State of preparation. of relevant Institutional Reform Plans	<ul style="list-style-type: none"> - Work on Institutional Reform Plans has not started - Some activities included in Annual Action Programme 2010 GBS programme 	<ul style="list-style-type: none"> - Institutional Reform Plans: preparatory work by Delegation done. Ready to launch framework contracts to support the authorities of the country. 	<ul style="list-style-type: none"> - Institutional Reform Plans: work started - Delegation has hired experts under framework contracts. Their preliminary. work will form basis for drafting Institutional Reform Plans 	<ul style="list-style-type: none"> - Framework Document signed on 26/11/2010 - Institutional Reform Plans - work started 	<ul style="list-style-type: none"> - Institutional Reform Plans: initial discussion held in Kyiv, November 2010
Institutions to be part of CIB	<ul style="list-style-type: none"> - Cluster 1: Ministry of Foreign Affairs - Cluster 2: Ministry of Foreign Affairs , Migration Services, National Security Services, Police - Cluster 3 : Ministry of Economy and a number of implementing agencies 	<ul style="list-style-type: none"> - Cluster 1: Association Agreement negotiation. bodies (neg. teams = Ministry of Foreign Affairs), Diplomatic. Academy, Civil Service Commission - Cluster 3 = Ministry of Economic Development (incl. WTO accession negs) - Cluster 4 = Min. Justice, State Migration 	<ul style="list-style-type: none"> - Cluster 1: Association Agreement negotiation. bodies (negotiation. teams = Ministry of Foreign Affairs; Ministry of Foreign Affairs and European Integration; Prime Minister's office; Civil Registry - Cluster 2 : Consolidation of Terms of Ref (Ombudsman, Parliament, Chamber of 	<ul style="list-style-type: none"> - Cluster 1: General Secretariat of the Government - Cluster 2: Internal Affairs Min., Centre for Combating Economic Crime and Corruption (or successor administration) GPO - Cluster 3: Ministries: Economy, Agric., General Inspectorate for 	<ul style="list-style-type: none"> - Cluster 1: Secretariat of Cabinet of Ministers; Ministerial. Department of Civil Service; Ministry of Economy.; Ministry of Finance. - Cluster 2: Ministry. Of Agrarian Policy, State Committees for Technical. Regulation. for Veterinary. Medicine, National Commission for Codex Alimentarius



Service, State Border
Service, Min. Interior,
Labour Migration
Department of Ministry
of Labour & Social
Protection

Control)
- Cluster 3: Deep and
Comprehensive Free
Trade Area negotiations

Phytosanitary
Surveillance & Seed
Control, Competition
Agency; Procurement
Agency; Intellectual
Property Rights Agency

- Cluster 3:
Antimonopoly
Commission, Ministry
of Finance.

- Cluster 4: Ministry of
Interior; State
Committee for
Nationalities and
Religions; State Border
Guard Service

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Eastern Partnership Flagship Initiatives

EaP Flagship Initiative	Project name	Budget	Comments
Integrated Border Management (IBM)	EaP – IBM Flagship Initiative Training project	€2 million	Under Regional East Programme 2010
	South Caucasus Integrated Border Management (SCIBM)	€6 million	Under Regional East Programme 2009 (also contributing to the objectives of the Flagship)
	Pilot projects at the borders between partner countries	€5 million	Under preparation under Regional East Programme 2011
Small and Medium Enterprises (SME) Facility	East-Invest Program - Support for development of business associations and networking	€7 million	Under Regional East Programme 2009
	Turn Around Management and Business Advisory Services (TAM/BAS)	€5 million	Under Regional East Programme 2010
	SME Funding Facility	€15 million	Under Interregional Programme 2010
Regional Electricity Markets, Energy efficiency and Renewable Energy Sources (objectives of the flagship are supported in the framework of the INOGATE programme)	- Strengthening institutional capacity for sustainable energy governance (INOGATE) - Support to Energy Security through Statistical Cooperation (INOGATE)	€8 million	Under Regional East Programme 2010 (foreseen to be joined with the 2011 allocation under the INOGATE Secretariat)
	Support to the establishment of Sustainable Energy Action Plans for EaP and Central Asian Cities joining the "Covenant of Mayors"	€5 million	Under Regional East Programme 2010
	Harmonisation of Electricity standards (INOGATE)	€1,5 million	Under Regional East Programme 2006 (also contributing to the objectives of the Flagship)
	Energy Market Integration and Sustainable Energy – SEMISE (INOGATE)	€5,7 million	Under Regional East Programme 2007 (also contributing to the objectives of the Flagship)
	Strengthening the INOGATE Technical Secretariat	€2,9 million	Under Regional East Programme 2007 (also contributing to the objectives of the Flagship)
	Energy Efficiency in Buildings (ESIB) (INOGATE)	€4,5 million	Under regional East Programme 2008 (also contributing to the objectives of the Flagship)

Prevention, Preparedness and Response to natural and man-made Disasters (PPRD)	Prevention, Preparedness and Response to natural and man-made Disasters – PPRD East Phase I	€6 million	Under Regional East programme 2009
Environmental Governance	Improved collection and management of environmental data, including ground elements for Shared Environmental Information System (SEIS)	€3 million	Under Regional East Programme 2009
	FLEG – Improving Forest Law and Governance	€6 million	Under Regional East Programme 2007 (also contributing to the objectives of the Flagship)
	Waste governance and management of environmental data	€6 million	Under Regional East Programme 2008 (also contributing to the objectives of the Flagship)
	Air Quality Governance in the ENPI East countries	€7 million	Under Regional East Programme 2009 (also contributing to the objectives of the Flagship)

Eastern Partnership multilateral financing activities

Project name	Budget	Comments
EaP Culture Programme	€12 million	Under Regional East programme 2009 (€3million) and Regional East 2010 (€9 million)
Council of Europe Facility	€4 million	Under Regional East Programme 2010
Eastern Partnership Youth Programme	€4.5 million	Under preparation under the Regional East Programme 2011
Eastern Partnership Territorial Cooperation Support Programme	€6 million	Under preparation under the Regional East Programme 2011