

Implementation of the Eastern Partnership: Report to the meeting of Foreign Affairs Ministers, December 13, 2010

The Eastern Partnership constitutes a new development of the European Neighborhood Policy towards Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine. It aims to create the necessary conditions to accelerate political association and further economic integration between the EU and partner countries. The present report summarizes progress made since the first Ministerial meeting of the EaP on 8 December 2009.

The deliberations of the Eastern Partnership ministerial will feed into the ongoing Strategic Review of the European Neighbourhood Policy. The resulting proposals concerning the further implementation of the Eastern Partnership, its medium-term objectives and its instruments will lay the basis for the second Eastern Partnership Summit, to be held in Budapest in May, 2011.

The Strategic Review already reveals a nearly unanimous call for more focus, clearer sequencing, more measurable benchmarks, and for a better link between the partner's domestic reforms and the EU support provided for these reforms. A stronger political steering will be necessary. Matrices that have been prepared for each Partner Country (with the exception of Belarus) should help this process.

This report comes precisely as the institutional arrangements provided for by the Lisbon Treaty are being put in place. The EU has set itself new ambitions and has provided new means to meet them. The Treaty sets the objective of developing an area of special relations with neighboring countries, characterized by close and peaceful relations based on cooperation. The present report records the EU's and partners' joint achievements in strengthening bilateral ties and developing cooperation. The attainment of an area characterized by peaceful relations will nevertheless require all participants in the Eastern Partnership to step up their efforts for the resolution of old conflicts and the prevention of the emergence of new tensions among the signatories of the Prague Declaration.

BILATERAL DEVELOPMENTS GENERAL

New Association Agreements – negotiating a new foundation for our relations: Negotiations on the Association Agreement with Ukraine continued in a constructive atmosphere, including, more recently, also on the Deep and Comprehensive Free Trade Area (DCFTA). 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 covered 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). Some chapters, such as customs and trade facilitation, public procurement and intellectual property rights, are close to provisional completion. Negotiations on the Association Agreement with the Republic of Moldova were launched in January and have made very good progress since then, including through four plenary rounds. A significant number of chapters of the agreements have been provisionally closed. Negotiations on Association Agreements with Armenia, Azerbaijan and Georgia were launched in July 2010. A second plenary meeting took place with each of the countries in October, a third plenary round has been scheduled for December 2010. 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, taking into account the progress made in the implementation of the Commission's "key recommendations" to these countries.

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 and the EU-Georgia readmission agreement in November. It is expected that after signature, the European Parliament will give its consent to these two agreements which would allow their conclusion by the Council and their simultaneous entry into force. Taking into account the common approach on visa facilitation, preparations for negotiations of similar agreements for Armenia, Azerbaijan and Belarus have also been launched, with a view to starting negotiations in the first half of 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 frameworks for the movement of persons and legal migration as well as the fight against illegal 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 now entered a fully operational phase 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 and subsequent to the launching of the visa dialogue in June 2010, the Council of the European Union in October 2010 invited the Commission to prepare a similar draft action plan on visa liberalization with a view to the visa dialogue entering a fully operational phase as soon as appropriate.

Energy: Energy remained high on the agenda of cooperation between the EU and the EaP partner countries. Ukraine took energy sector reforms forward to ensure the sector's sustainability. The EU welcomed Ukraine's signature of the Protocol on the Accession to the Energy Community Treaty at a Ministerial Council meeting in Skopje in September 2010. The EU continued to support Ukraine's efforts to move ahead with the ratification process to become a full member of the Energy Community and proceed with the implementation of the necessary secondary legislation. 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 of Ukraine and increasing financial transparency

in the energy sector. In line with the March 2009 Investment Conference Declaration on the Modernization 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 and is implementing energy sector reforms in accordance with its commitments. In October 2010 sub-committee meetings on energy, transport and environment (in which energy matters featured prominently), were held for the first time with Georgia and Armenia. Armenia requested the status of an observer in the Energy Community. The European Commission and Georgia in November 2010 co-hosted a Georgia Energy Investment Conference to attract IFIs and private sector finance. Energy cooperation with Azerbaijan was further enhanced in the framework of the ongoing efforts in support of the realization of the Southern Energy Corridor. With the view to strengthening energy security, the EU reiterated its political support to natural gas infrastructure projects within the Southern Corridor, including the effective start of Nabucco. The EU and Belarus in October 2010, held their regular expert level consultations on energy issues.

Comprehensive institution building (CIB): Work has been taken forward to launch preparatory activities in 2011, ahead of the start of the fully-fledged CIB actions. In the framework of the Eastern Partnership, CIB seeks to strengthen a limited number of core institutions which 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 173M€ has been set aside for implementation in the 6 partner countries, through the relevant 2011-13 National Indicative Programmes. Framework Documents, developed jointly between each partner country and the European Commission, lay down key issues to be tackled in the reform areas identified, and core institutions to be strengthened. Agreement is expressed through a Memorandum of Understanding (MoU), signed by the European Commission and the respective partner country. For the institutions or clusters of institutions identified in the Framework Document, each EaP partner country develops Institutional Reform Plans (IRPs), outlining essentially reform objectives, measures (actions and indicators) and means to be provided, a clear timeframe for implementation and sources of funding. The European Commission supports specific components of the IRPs, through the 2011-13 Annual Action Programmes. The EU seeks involvement of other donors, including EU Member States. Framework Documents are meant to act as common reference documents to facilitate donor coordination. Following programming missions in the spring of 2010, and discussions with the partner countries, Framework Documents have been finalized with Ukraine and Georgia, and a Memorandum of Understanding on the CIB was signed with Georgia and Ukraine on the 2nd and 14th of October respectively paving the way for the CIB implementation. As regards the Republic of Moldova, the Framework Document is currently being finalized, again providing the basis for an expression of understanding that implementation should start. A Framework document is being finalized with Armenia. Discussions are ongoing with Azerbaijan on the finalization of the Framework Document, for which a MoU should be signed before the end of 2010.

Strengthened Human Rights Dialogues: Adherence to shared values of democracy, rule of law, human rights and fundamental freedoms provides the foundation of the Eastern Partnership. Significant steps have been taken to strengthen bilateral dialogues on these matters. Since its launch in July 2009, three rounds of Human Rights dialogue took place with Georgia. The first meeting of the EU Armenia Human Rights dialogue took place in December 2009. Issues of democracy and human rights will be also discussed with

Azerbaijan in the framework of a new sub-committee for JLS and Human Rights and Democracy which was established in 2010, with the first meeting expected to take place 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 .

COUNTRY BY COUNTRY DEVELOPMENTS

Armenia: EU-Armenia relations have considerably intensified both in the bilateral and multilateral track of the Eastern Partnership. Negotiations of an EU Armenia Association Agreement are ongoing, subsequent to their launching in July in Yerevan and a plenary meeting in October. This includes the possibility to start negotiating a deep and comprehensive free trade area, once the necessary conditions are met. Three new EU-Armenia subcommittees under the existing PCA were formally established in September 2010 to cover the topics of: 1) justice, freedom and security, 2) education, social affairs, telecommunication and research and development, and 3) energy, environment and transport. In addition, the first meeting of the EU Armenia Human Rights dialogue took place in December 2009. The high-level EU Advisory Group has continued to provide policy and institutional advice to the Armenian administration in the implementation of the ENP Action Plan and support to the preparations of the Armenian authorities for the negotiations on the EU-Armenia Association Agreement, including in the area of DCFTA. With activities entering a second phase, there will be a further streamlining and consolidation of this group. The EU and Armenia signed a Memorandum of Understanding on a Comprehensive Institution Building programme on 26 November 2010, paving the way for preparatory activities in 2011. To help mitigate the impact of the economic and financial crisis, in November 2009 the Council decided to provide macro-financial assistance to Armenia, in the form of a loan of 65M€ and a grant of 35M€ The Commission is working on the draft visa facilitation and readmission agreements with the EU.

Azerbaijan: EU-Azerbaijan relations have also considerably intensified both in the bilateral and multilateral track of the Eastern Partnership. Negotiations of an EU-Azerbaijan Agreement are ongoing, subsequent to their launching in July in Baku and a plenary meeting in October. Two new subcommittees under the existing PCA were formally established in September to focus on 1) justice, freedom and security, democratization and human rights issues, and 2) education, social affairs, telecommunication, research and development. During Commissioner Füle's first visit to Azerbaijan in April discussions were held to promote a broadening and deepening of EU-Azerbaijani relations. Energy cooperation remained high on the agenda of EU Azerbaijan relations, including the topic of the trans-Caspian link. Preparations for the launch of the CIB in Azerbaijan have advanced and preparatory activities are expected to start in 2011. The Commission is working on the draft visa facilitation and readmission agreements with the EU. High Representative Ashton after 7 November 2010 Parliamentary elections

called on Azerbaijani authorities to address shortcomings as well as the problematic issues identified by OSCE/ODIHR in the course of the electoral process.

Belarus: In response to some positive steps in the domain of democracy and fundamental freedoms initiated in 2008, the EU has gradually engaged with this country and encouraged further reform efforts. The continuation of high level visits from and to Belarus helped strengthen political exchanges. In parallel, the expansion of sectoral dialogues between the Commission and Belarus has provided for enhanced exchanges on technical matters at the level of administrations. To support the intensification of these dialogues, the ENPI financial allocation was raised to 16M€ and the Commission foresees further progressive allocations for the period 2012-2013. However, in November the Council regretted the recent lack of significant progress in the area of human rights, and decided to extend until October 2011 existing restrictive measures. At the same time, in order to encourage democratic progress, the Council decided to extend the suspension of the application of the travel restrictions imposed on certain officials of Belarus, for the same period. The Council also stated that subject to progress in Belarus in the areas of democracy, human rights and rule of law, it stood ready to take steps towards upgrading contractual relations with Belarus. Recognizing the importance of enhanced people-to-people contacts, the Council started discussions on negotiating directives for visa facilitation and readmission with Belarus. Further, the Council continued discussions on a Joint Interim Plan to set priorities for reforms, inspired by the Action Plans developed in the framework of the European Neighbourhood Policy. The Council agreed that the EU could consider providing macro-financial assistance to Belarus, should the necessary preconditions be met, including the conclusion of a new programme with the IMF.

Georgia: The EU has been mobilizing a variety of EU tools to continue to provide strong political, financial and technical support to Georgia, in efforts to ensure long-term stability, prosperity and peaceful conflict resolution. Negotiations of an EU-Georgia Agreement are ongoing, subsequent to their launching in July in Tbilisi and a plenary meeting in October. This includes the possibility to start negotiating a deep and comprehensive free trade area, once the necessary conditions are met. In order to provide support to the negotiation process through administrative and institutional capacity building, the EU and Georgia signed a Memorandum of Understanding on a Comprehensive Institution Building programme, paving the way for preparatory activities in 2011. Georgia constructively cooperated with the EU Monitoring Mission (EUMM). The implementation of the comprehensive EC post-war assistance package of 483.5M€ continued in 2010 and the disbursement of funds continues to be on track. The EU-Georgia visa facilitation agreement was signed in June 2010, and the EU-Georgia readmission agreement in November. It is expected that after signature, the European Parliament will give its consent to these two agreements which would allow their conclusion by the Council and their simultaneous entry into force. The EU and Georgia also finalized negotiations on civil aviation and geographic indicators agreements. Two new EU-Georgia subcommittees were formally established in September 2010, under the existing PCA, to cover the topics of: 1) education, social affairs, telecommunication and research and development and 2) energy, environment and transport.

Republic of Moldova: Very positive dynamics have continued to characterize the EU-Republic of Moldova relationship, with the Republic of Moldova actively contributing to it. Republic of Moldova has taken important steps in consolidating democracy. In this regard, the conduct of the constitutional referendum of 5 September in line with democratic standards was an encouraging sign, in the run-up to the parliamentary elections of 28 November. Negotiations on an EU-Republic of Moldova Association

Agreement, launched in January 2010, have been making very good progress. Having complied with the necessary requirements, The Republic of Moldova became a full member of the Energy Community Treaty as from 1 May 2010, paving the way for the country in 2011 to take up the rotating chairmanship of the Energy Community. A visa dialogue was launched in June 2010 examining the conditions for visa-free travel of the citizens of the Republic of Moldova as a long-term goal. Following the conclusion of the exploratory phase, a draft action plan setting out all the conditions to be met by the Republic of Moldova before the possible establishment of a visa-free travel regime is being prepared, with a view to the visa dialogue entering a fully operational phase as soon as appropriate. The EU further expanded its support to the Republic of Moldova, including with macro-financial assistance and high-level advice to the government. Substantial macro-financial assistance – 90M€ in the form of grants – starts being delivered to the state budget of the Republic of Moldova. The Commission also delivered to the Republic of Moldova its key recommendations in view of preparing the country for a deep and comprehensive free trade area. The Council invited the Commission to prepare directives for a deep and comprehensive free trade area to be negotiated as an integral part of the Association Agreement. Negotiations will start as soon as the necessary conditions are met. The Republic of Moldova continued its policy of constructive engagement in the Transnistria settlement efforts, including through supporting confidence-building measures.

Ukraine: During 2010, the EU and Ukraine took further steps in deepening their relations. The EU continued to support Ukraine's reform agenda throughout the year. The EU welcomed the fact that Presidential elections were widely recognized as having been conducted in accordance with international standards. It expressed concerns regarding respect for core values such as freedom of media, freedom of assembly and freedom of association. The EU welcomed Ukraine's economic reform programme agreed with the IMF in the context of its new Standby Arrangement. For its part the EU announced a package of 610M€ macro-financial assistance, agreed by the Council and the European Parliament this year. Significant progress was made in the negotiations on the EU-Ukraine Association Agreement, including more recently also on chapters relating to the Deep and Comprehensive Free Trade Area. The EU-Ukraine Association Agenda proved itself, in its first year, to be a valuable and practical tool for focusing structured dialogue on key reforms and for paving the way for the entry into force of the Association Agreement. Further progress was made in the EU-Ukraine visa dialogue, which was launched in 2008 with the aim of developing the relevant conditions for the establishment of a visa-free regime as a long term perspective. In June it was agreed that the dialogue would move to a fully operation phase on the basis of an Action Plan setting out a comprehensive lists of reform measures which Ukraine would need to undertake to make progress towards the goal of visa free travel. The Action Plan was announced at the EU-Ukraine Summit of 22 November 2010. A Protocol allowing Ukraine to participate in EU programmes was signed at the Summit. The EU continued to work closely with Ukraine on other core reforms, including the areas of public procurement- leading to the adoption of a new law on Public Procurement – as well as gas sector reform and the modernization of Ukraine's gas transit system. The EU warmly welcomed Ukraine's signature of the accession Protocol to the Energy Community, and looked forward to its imminent accession to this organization.

PROGRESS ON THE MULTILATERAL TRACK

The multilateral track of the Eastern Partnership complements the bilateral approach with each Partner Country, by promoting cooperation, open dialogue and the exchange of best practices and experiences. The multilateral track is structured around four thematic platforms, a Civil Society Forum and a number of flagship initiatives. In parallel, the Prague Declaration foresees the establishment of a EU-Neighborhood East Parliamentary Assembly and an East Europe and South Caucasus Local and Regional Assembly.

Thematic platforms

The four thematic Platforms address the main areas of cooperation: 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 Partner Countries, all EU institutions and, as appropriate, relevant international organizations and IFIs. They may establish Panels to support their work. Flagship initiatives, financed from the EU budget, give concrete substance to the partnership.

In 2010, the four thematic platforms have met twice and started implementing their work programmes. They have established several Panels and discussed and commented the design of flagship in initiatives. They have established cooperation with the Civil Society Forum. They have engaged in a significant number of concrete actions, involving a broad range of players. Member States have actively contributed and offered support and expertise in the organization and delivery of seminars and training programmes. Assistance from international organizations has also been provided.

Platform 1 - Democracy, Good governance and Stability

1) Integrated Border Management

At its second meeting (28/06/2010) the IBM Panel reviewed the many completed and ongoing activities initiated since the launch of the Panel (Odessa, October 2009).

Participants agreed on training priorities for the future, namely:

- IBM strategies and action plans (training and awareness-raising of concerned staff)
- Risk analysis for border guards and customs officers
- Document integrity and security, detection of forgeries and imposter recognition
- Detection of smuggled cigarettes and drugs
- Protection of Intellectual Property Rights.

Participants reviewed the IBM Flagship preparatory and needs analysis study and found that pilot projects identified by the consultants were adequate, although further refinement was recommended. They also agreed to frame future training activities under the Flagship Initiative with a more strategic and programmatic approach. Additional comments were submitted in writing by delegations.

The third meeting of the Panel (Chisinau, 17/11/2010) reviewed a presentation by the Republic of Moldova and Ukraine on progress made by in the deployment of an IBM strategy; reviewed International Center for Migration Policy Development (ICMPD) proposals for a training programme; took stock of the state of preparation of the Flagship Initiative; discussed the first set of pilot projects to be launched; discussed border demarcation issues on the basis of a presentation of Finland's experience and of the Commission's Joint Research Center related activities. The work of the IBM panel will be closely linked to the relevant elements of the action plans on visa liberalization that are currently agreed or under development.

2) Fight against Corruption

A Panel on the fight against corruption was established and its terms of reference were approved. The Panel met for the first time on 14/09/2010 (with participation of the Civil Society Forum) and made a review (based on a questionnaire prepared by the Council of Europe and filled in advance by Partner Countries) on the state of play in the Partner Countries and a first identification of assistance needs. The Council of Europe assisted in the review meeting and, on the basis of the discussion, established a set of complete country profiles. At the second meeting of the Panel (Warsaw, 15-16 November 2010), the Council of Europe proposed a Work Plan for the Panel, which was approved.

In parallel, the Polish Authorities organized a workshop on the cooperation between national anti-corruption authorities and Civil Society. The third meeting of the Panel is planned to take place in Tbilisi in early 2011.

3) Improved Functioning of the Judiciary

At its third meeting (29/04/2010), the Platform discussed the reform of the Judiciary (two presentations, one on recent developments in the UK, and one on the whole process of reform of the Judiciary in the Czech Republic and decided to establish a Panel on improved functioning of the Judiciary. The Terms of Reference of the Panel were approved at the 7 October meeting. Technical assistance by the Council of Europe to the work of the Panel has been organized, with financing from the ENPI Regional budget (CoE Facility, 4M€).

In addition, the Czech Republic proposed to organize and host a seminar on the Reform of the Judiciary in the Judicial Academy, in Kromeriz. The seminar would draw from experiences and lessons learned in the Czech Republic, in Slovakia and in Estonia. The seminar is scheduled for the period 12-18 December 2010.

4) Public Administration Reform

In April 2010, a one week seminar on public administration reform was organized by the Estonian Diplomatic Academy (with EU co-financing).

At its October meeting, the Platform decided to establish a Panel on Public Administration Reform. Launch is scheduled for early 2011. The Czech Republic hosted a seminar on Public Administration Reform at the Local and Regional Levels in Prague from the 7 to 13 November. From 23 to 27 November, the Estonian Diplomatic Academy organized the subsequent seminar week with a conference on European affairs coordination, addressing PAR issues as well.

Also, at the October meeting of the Platform, a Polish proposal for a project on police cooperation received broad support.

Platform 2 - Economic Integration and Convergence with Euro-Policies

1) Trade and Trade Related Regulatory Cooperation linked to DCFTAS

A first Trade Panel meeting was held on 29-30 March, focusing on customs cooperation and trade facilitation and, in particular discussions on the role of strategic planning for customs modernization, led by DG Taxud. Poland and Ukraine also made presentations.

A second Trade Panel meeting was held on 15-16 July, concentrating on the organization of a first Business to Business meeting and on sanitary, phytosanitary (SPS) and animal

welfare issues. Compliance with European SPS regulations is a prerequisite for exporting agricultural and food products to the EU and should therefore be pursued as a matter of priority. In the context of SPS negotiations as a part of possible future DCFTAs, Ukraine made a presentation on its experience so far in the SPS field.

A third Trade Panel meeting was held on 19-20 October, focusing on Intellectual Property Rights. Participants reflected on the way to improve follow up of agreed activities from one Trade Panel to the next. Participants also discussed the preparation of the Business to Business meeting on 25-26 November 2010. The Trade Panel also discussed the protection of Intellectual and Industrial Property rights in the European Union and in the Partner Countries, based on presentations by experts from the DG Market and other Commission services. The panel also heard presentations from the delegations of the Republic of Moldova, Georgia and Azerbaijan about their national activities and experience in the field of IPR.

A fourth Trade Panel meeting was held on 16 November 2010, covering Public Procurement.

A fifth Trade Panel meeting will be organized on 25-26 November, focusing on Business to Business Contacts.

2) Environment and climate change

A first Panel meeting was held on 23 March, launching the Environmental Governance Flagship Initiative and covering climate change and the promotion of green technologies. The meeting participants agreed that the development of a Green Economy should be the long term aim for all countries present. The topic will be the subject of a specific seminar next spring, for which the Commission will prepare a study on the possibilities and opportunities for promoting a greener economy. A seminar was also proposed on climate change. The flagship initiative on Environmental Governance, including development of a Shared Environmental Information System (SEIS), was launched at this panel meeting. A seminar on Climate Change was held on 4 November.

3) Enterprise and SME Policy

A first Panel meeting was held on 25-26 October, starting with a joint OECD/EU working group on “Enterprise Policy Development” covering the implementation of a project on "Enterprise Policy Performance", conducted by DG ENTR, OECD, the European Training Foundation (ETF) and EBRD.

A case study of the Moldovan Organization for the Development of the SME sector (ODIMM) was also presented. The envisaged project received support from the six Partner Countries and will be finalized by a comprehensive report on “Enterprise Policy Performance” in the targeted region. The SME Panel focused on a comprehensive presentation by DG ENTR on the Small Business Act (SBA) followed by short presentations by the Partner Countries on their respective SME policy approaches.

In addition, the SME Panel discussed the implementation of the SME Flagship Initiative. In particular, EURCHAMBRES presented the East – Invest Initiative, and EBRD gave a comprehensive presentation on the “TAM/BAS” programme.

4) Labour Market and Social Policies

A regional conference on “Trends and Challenges of Labour Markets and Employability of Human Capital in the six Eastern Partner Countries” was held on 20-21 October in

Odessa (Ukraine). The conference was jointly organized by DG EMPL and the European Training Foundation (ETF). It involved senior officials from the Partner Countries representing Ministries of Labour and Education, Public Employment Services and Social Partners as well as International Social Partner Organizations (the International Organisation of Employers - IOE and the International Trade Union Confederation – ITUC), the ILO and the OECD. The conference allowed for a first exchange of information and experience on labour market and skill challenges and on policy responses and discussions of the key findings of the ETF Regional Labour Market Review. Representatives from some EU MS administrations (CZ, NL and PL) shared their experience on skills anticipation, skills matching and skills aspects in the management of labour migration. All participants emphasized the added – value of working together, sharing experience and exchanging best practices also highlighting the visibility that the regional dimension brings, both to the issues addressed and to the stakeholders involved. The conference confirmed the relevance for the six Eastern Partners of the forthcoming Europe 2020 Flagship Initiative “An EU Agenda for New Skills and Jobs” to support its inclusive growth priority. The call from the Partner Countries for continuing the process in the framework of Platform 2 of the EaP was backed by ILO, the World Bank and the other international social partners’ organizations. The conference was seen as a first step paving the way in this direction.

Platform 3 - Energy security

Main agreements of Platform 3 focus on four core objectives: 1) Enhancing framework conditions and solidarity; 2) Support for infrastructure development, interconnection and diversification of supply; 3) Promotion of increased energy efficiency and use of renewable resources, and 4) Regulatory framework and approximation of energy policies.

These core objectives were completed by prioritization of specific activities, with a greater emphasis on efforts related to energy efficiency and renewable energy sources. It was as well agreed that the work of the Platform should be based on a number of principles, in particular the need to adopt a gradual and selective approach taking into account the available resources and the need to find synergies and complementarities with other initiatives in the region (e.g. Baku Initiative, Black Sea Synergy).

1) Activity 1: Security of supply statements (relation to the core objective 1)

This is one of the main activities of the Platform 3, as Partner Countries underlined the importance of security of supply statements at all meetings. Participants recognized the need for a regular reporting among Partner Countries, in the form of Security of Supply Statements, along the model used in the Energy Community, in order to build a robust basis for a constructive dialogue on security of supply issues, including regional security and solidarity questions. Representatives of each country agreed to prepare such reports within one year.

Work within this field brought about very concrete results. At the fourth meeting of the Platform 3, that took place on 27 October 2010, representatives of all Partner Countries made presentations of energy security of supply situation in their respective countries. Within these presentations, Partner Countries informed about their initiatives to secure their energy supplies (all of the Partner Countries, with exception of Azerbaijan, are dependent on gas imports). Participants also indicated their interest to discuss concrete projects that could link Eastern Partnership countries. In this framework, specific interest was shown to the Southern Energy corridor, especially to the AGRI project (Azerbaijan – Georgia – Romania Interconnection) and Ukrainian initiatives to bring gas from the

Caucasus to Romania, Hungary and Balkans, as well as to a possible construction of electricity links between Ross (Belarus) – Narev (Poland) and Ross – Alytus (Lithuania). Given presentations confirmed regional interdependencies and possible synergies between countries. Partner Countries called also for concrete EU support.

Partner Countries are invited to submit their reports of security of supply statements, based on a template provided by Energy Community. While such reports are agreed to be done on a voluntary basis, the Republic of Moldova (and soon Ukraine) is bound to it under Energy Community Treaty to which it acceded this year. In accordance with the work programme, once a set of security of supply statements is available, regional solidarity schemes will be discussed. This may lead to the identification of investment needs in energy infrastructure.

2) Activity 2: Electricity, gas and oil interconnections and diversification of supply (relation to the core objective 2)

In accordance with the work programme, some of Platform sessions were devoted to discuss gas and oil interconnections, and diversification of supply. In addition, a workshop on electricity interconnections was organized on 7 July 2010.

3) Activity 3: Stakeholders dialogue in the area of renewable energy and Activity 4: Energy efficiency and renewable energy (relation to the core objective 3)

The third meeting of the Platform 3 focused on energy efficiency in buildings. It covered in particular areas such as EU legal framework, financing of energy efficiency (presentation by EBRD), support to regional energy cooperation under the INOGATE and role of municipalities and the Covenant of Mayors.

A workshop on Sustainable Energy Finance was co-organized by EC and KfW on 26 October 2010, with particular aim to provide information on financing possibilities and challenges related to energy efficiency programmes. In this respect, the Platform 3 has continued to promote energy efficiency initiatives and best practices in the participating countries.

4) Approximation of the regulatory framework (related to the core objective 4)

This activity was only indirectly reflected within security of supply statements, when Partner Countries would share information of their existing infrastructure, its use and availability.

Platform 4 - Contacts between people

1) Education

A seminar on the Jean Monnet programme in the context of the EaP was organized in Kiev on 25-26 October 2010. The central role of the Jean Monnet professors was emphasized, who possess the critical knowledge about the EU. This will be followed up in December 2010, by a second Jean Monnet seminar dedicated to the European integration aspects of the Eastern Partnership.

The exploratory round table with the Eastern Partners, to present the eTwinning programme, its cooperation opportunities and technical requirements, took place in Chisinau on 4-5 October 2010. A roadmap for a partial extension of the programme was presented to the interested countries (including Russia). The Commission is expecting their answers by the end of November 2010.

More emphasis will be given to both Tempus and Erasmus Mundus programmes during the next round of information days that will be organized in each EaP country in late 2010. The large Tempus/ Erasmus Mundus regional information event will be organized in September/October 2011, when the increased budget for these programmes is to be available.

2) Youth

A seminar on the EU Youth Strategy and the Council of Europe youth policy approach is planned in Ukraine for the end of 2010 or the beginning of 2011.

3) Culture

Eastern Partnership Culture Programme

Part I: This will cover all targeted countries and take into account the country-specific needs. It shall encourage local ownership and long-term impact, with the following main outputs:

- Capacity building to public institutions and other cultural sector actors of the Eastern Partnership Countries,
- Monitoring, coaching and coordination of the projects selected through the call for proposals
- Collection and dissemination of results

The call for tenders for recruiting the technical assistance will be signed in the coming weeks. The activities under this contract shall start at the beginning of 2011.

Part II: The second part of the Eastern Partnership Culture Programme provides grant funding opportunities for interested cultural actors from both the public, private and voluntary sectors. The relevant call for proposals was published on 1 October 2010 with a deadline of 19 November 2010. The objective of this call for proposals is to contribute to the creation of a political, regulatory, institutional and economic environment conducive to the strengthening of the cultural sectors and their actors as a vector for sustainable economic, social and human development. Information sessions on the call for proposals were organised in October, in Brussels and some countries of the EaP region.

Results of the Special Action of the Culture Programme with Third Countries (2010)

This special action provided an added incentive for EaP countries to engage in cultural cooperation. From the EaP region, the eligible countries in 2010 were Armenia, Belarus, Georgia and the Republic of Moldova. Azerbaijan and Ukraine joined as of 1 March 2010 as they signed the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

The Special Action with Third Countries allows European and third countries to cooperate for a duration of up to 24 months in the field of culture with an EU grant amounting to €200.000. A project must involve a minimum of three EU partners plus at least one partner from a non-EU country. At least 50% of the activities must take place in non-EU countries. By the deadline (5 May 2010), 60 proposals were received. 16 applications were selected for a total of 2.64 M€ The projects cover such themes as cultural heritage, performing arts, visual arts, design and applied arts, multimedia and new technologies, literature, books and reading. Some projects also have an interdisciplinary approach. Armenia is involved in 3 projects; Belarus in 1; Georgia in 4, the Republic of Moldova in 3.

4) Information society

In the field of research in ICT, the main activities carried out so far include the mapping of ICT actors; the identification of research potential and priorities in the region; training and assistance to the research actors; and enhancement of the ICT research policy dialogue.

Furthermore, preparatory work is under way to launch cooperation between national telecoms regulators of the Eastern Partnership countries and those of the EU. Workshop on this issue took place on 7-8 October 2010 in Vienna. Ongoing work to improve high-speed connectivity with research and education networks including the recent fibre-link to the Republic of Moldova, the Black Sea Interconnection Initiative (and its follow-up HP-SEE extending from networking to computing), SEE-GRID-SCI for the provision of a digital collaboration infrastructure across the whole of south East Europe and the Eastern Partnership countries.

5) Research

Increased participation of research entities in all Eastern Partner Countries in the 7th Framework Programme, including successful applications from all countries in the ERA-WIDE call. A new range of opportunities for all research organizations in all Eastern Partner Countries is offered through the 2011 work programmes; the first series of calls from these work programmes were published on 20 July.

Support from the Eastern Partnership will be provided to increase networking with National Contact Points (NCP) from the Member States and FP7 Associated countries. All officially nominated FP7 contact national coordinators from the Eastern Partners have been invited to attend the annual meeting of national NCP coordinators, which took place in Brussels on 11-12 October.

In addition, the legal and financial FP7 contacts from the Eastern Partners were invited to attend the training session for legal and financial NCPs, which were held in Brussels on 30 June – 1 July. As only Armenia and the Republic of Moldova have nominated NCPs for legal and financial affairs, the NCP national coordinators from the other Eastern Partners were invited to attend this meeting on an exceptional basis. It is hoped that Azerbaijan, Belarus, Georgia and Ukraine will nominate NCPs for legal and financial affairs in advance of the next training session which is planned for 22-23 November 2010 in Brussels.

The Civil Society Forum

The EaP Civil Society Forum (CSF) following its first meeting in November 2009 has become an integral part of the multilateral track of the EaP. Its representatives participated in spring round of platform meetings in capacity of guests of the Chair. They presented the Forum's recommendations on the implementation of the EaP.

Following the decision taken by Platforms, the representatives of the CSF have been so far invited to participate in the Panel on Fight against Corruption, in the Panel on Public Administration Reform, in the Panel on improved functioning of the Judiciary, in the Panel on SMEs, and in the Panel on Environment and Climate Change. They also participated in the Seminar on Jean Monnet Programme and in the consultation on trade policy. In addition the Panel on Trade will review the possible participation of the CSF in its meetings.

In September and October 2010 four CSF working groups met in Brussels to discuss the state of play of the EaP's implementation and to plan upcoming activities, particularly the second meeting of the CSF.

The CSF steering committee met four times in 2010. According to the decision taken by the Forum, the steering committee selected participants to the second meeting of the Forum at its meeting of July 2010. It also prepared the second Forum's meeting, which took place in November 2010 in Berlin. Some 220 civil society organisations participated, including some 140 from Eastern Partner Countries.

The second meeting of the Forum has been useful to take stock of the EaP implementation and discuss the further development of the CSF. Representatives of the European Parliament, of the EU Member States and EaP countries' governments have been invited by the steering committee to a plenary session. The Forum worked out recommendations on the implementation of the EaP which will be presented during the EaP Ministerial meeting on December 13, 2010.

The EU-Neighborhood East Parliamentary Assembly

The Prague declaration had invited Parliamentarians from the European Union and the Partner Countries to come forward with ideas regarding the European Parliament's proposal to establish a EURONEST-P.A. Attempts made have not been successful so far, since it has not been possible to find agreement on arrangements for the participation of representatives of Belarus.

The EU assistance, including Flagship Initiatives

As regards technical assistance, two innovations of the EaP are the Comprehensive Institution Building programmes (as reported upon above, in the bilateral part of this document) and Flagship Initiatives, which are multi-country programmes and are reviewed hereafter:

- The Integrated Border Management Initiative was formally launched in December 2009: A project preparatory and needs assessment study was completed (including identified pilot projects) and discussed thoroughly within the IBM Panel. The design of the training programme was also finalized. In parallel, the South Caucasus IBM project is on-going.
- The SME initiative was launched and activities have started, namely the "support to the development, of business associations and networking"; and the support to the establishment of a SME funding facility, including revolving funds and technical assistance to financial intermediaries; the TAM/BAS programme was approved in November.
- The Regional Electricity Market Flagship was launched in late 2009: this Flagship is closely connected to the on-going INOGATE programme. The Covenant of Majors project was funded (5M€).
- The Civil Protection Flagship was launched in December 2009; the review of the existing civil protection capacities in the region and the needs analysis were completed and the risk atlas was prepared. The implementation of Phase 1 (6M€) was about to be contracted by end 2010.

The Environmental Governance Flagship was launched in March 2010. The improved collection and management of environmental data is on-going; the air quality governance in the region is scheduled to start implementation in early 2011.

The Flagship Diversification of Energy Supplies has been postponed because of lack of consensus amongst Partner Countries.

The operation and activities of the thematic Platforms are also covered by the ENPI regional budget and allow for the financing of limited actions, such as seminars and conferences. A 4M€ facility with the Council of Europe provides for substantive technical assistance in the sectors where the experience of the C.O.E is recognized.

An overview of the available budgets, both bilateral and regional, is annexed to the present report.

Table 1					
ENPI Assistance to the Eastern Partnership Countries for the period 2010-13 - Indicative allocations					
(Latest update AIDCO A 11/11/2010)					
	2010	2011	2012	2013	Total
Admin expenses (BA) EaP	0,75	1,59	3,39	4,77	10,5
Total Armenia	27,7	43,09	54,52	59,71	185,02
Baseline allocation	27,7	36,39	39	42	145,09
EaP Top-up Armenia , of which:	0	6,7	15,52	17,71	39,93
<i>Comprehensive IB programmes</i>		6,7	13,52	12,59	32,81
<i>Cohesion Policy</i>		0	2	5,12	7,12
Total Azerbaijan *	7	31	42,15	49,34	129,49
Baseline allocation	7	28	32	34	101
EaP Top-up Azerbaijan , of which:	0	3	10,15	15,34	28,49
<i>Comprehensive IB programmes</i>		3	8,15	8,05	19,2
<i>Cohesion Policy</i>		0	2	7,29	9,29
Total Belarus **	10	16,07	26,46	37,73	90,26
Baseline allocation	10	15	22	27	74
EaP Top-up Belarus , of which:	0	1,07	4,46	10,73	16,26
<i>Comprehensive IB programmes</i>		1,07	2,46	2,35	5,88
<i>Cohesion Policy</i>		0	2	8,38	10,38
Total Georgia	37,2	50,73	61,87	67,69	217,49
Baseline allocation	37,2	45	47	50	179,2
EaP Top-up Georgia , of which:	0	5,73	14,87	17,69	38,29
<i>Comprehensive IB programmes</i>		5,73	12,87	12,26	30,86
<i>Cohesion Policy</i>		0	2	5,43	7,43
Total Republic of Moldova	66	78,6	94,19	100,35	339,14
Baseline allocation	66	71	75	79	291
EaP Top-up Republic of Moldova , of which:	0	7,6	19,19	21,35	48,14
<i>Comprehensive IB programmes</i>		7,6	17,19	16,37	41,16
<i>Cohesion Policy</i>		0	2	4,98	6,98
Total Ukraine	126	137,32	152,57	180,17	596,06
Baseline allocation	126	130	132,15	133,75	521,9
EaP Top-up Ukraine , of which:	0	7,32	20,42	46,42	74,16
<i>Comprehensive IB programmes</i>		7,32	18,42	17,63	43,37
<i>Cohesion Policy</i>		0	2	28,79	30,79
Total Country Programmes East	273,9	356,81	431,76	494,99	1557,46
Total Regional Allocation ***	86,25	71,77	98,06	92,49	348,57
Baseline allocation	62	51,77	73,06	67,49	254,32
EaP Top-up regional	24,25	20	25	25	94,25
Total East, incl. EaP funds	360,15	428,58	529,82	587,48	1906,03
Total EaP top-up	25	53,01	113	159,01	350,02
*) Programmed amount for Azerbaijan in 2010 was reduced from € 26 to € 7 million due to lack of absorption					
**) Figures for 2012-13 for Belarus can only be considered planning figures in the absence of adopted programming documents.					

Table 2		
EaP Top up to the Regional East Programme in 2010		
Measures	Budget in M€	State of procedure
Council of Europe Facility (supporting Platform 1)	4,00	Regional Action Programme part 2 adopted by the European Commission on 8 November 2010. Implementation to start early 2011.
Integrated Border Management (Training)	2,00	Modification of this action as part of Regional Action Programme part 1 to be adopted by the European Commission by the end of November 2010. Implementation to start early 2011.
Territorial Cooperation (participation in European Regional Development Fund Transnational Cooperation)	2,00	Implementation of the funds transferred to DG REGIO, to start in 2011.
Multilateral dimension (Platforms and Civil Society Forum)	5,00	Regional Action Programme part 1 adopted by European Commission in July 2010. Implementation (funding of activities) ongoing.
Energy Flagship	6,25	Regional Action Programme part 1 adopted by the European Commission in July 2010. Implementation to start early 2011
Small and Medium Enterprises Flagship	5,00 ^[*]	Regional Action Programme part 3 to be adopted by the European Commission by the end of November 2010. Implementation foreseen to start early 2011.
Total	24,25	

[*] a further M€15 is allocated for the flagship in 2010 through the Neighbourhood Investment Facility (Inter-Regional Programme)