



Rabat, 25 March 2012

RECOMMENDATION

of the Committee on economic and financial affairs, social affairs and education

on

**Decentralisation, territorial, economic and social cohesion:
coastal and inland regions**

Rapporteurs : - Mrs. Inès AYALA SENDER, Vice-Chair of the Committee on economic and financial affairs, social affairs and education of PA-UfM and Member of the European Parliament

and

- Mr. Ali ERCOSKUN, Chair of the Committee on economic and financial affairs, social affairs and education of PA-UfM and Member of the Grand National Assembly of Turkey

and on

**Towards a comprehensive Euro-Mediterranean financial
framework for the economic development of the region**

Rapporteurs: - Mrs. Dominique VLASTO, Member of the European Parliament

and

- Mrs. Reem BADRAN, Member of the Parliament of Jordan

The Committee on economic and financial affairs, social affairs and education of the Parliamentary Assembly of the Union for the Mediterranean,

On

**Decentralisation, territorial, economic and social cohesion:
coastal and inland regions**

- Whereas the accelerated growth of large conurbations, together with the rapid growth of coastal tourism and a huge increase in global trade via maritime transport in the Euro-Mediterranean area generates territorial imbalances by favouring coastal regions over rural areas,
 - Whereas it appears necessary to promote the territorial dimension of the Euro-Mediterranean relations and initiate reflections on a Euro-Mediterranean strategy for the sustainable development of coastal and inland regions,
 - Whereas, in the context of recent events in a number of UfM (Union for the Mediterranean) countries, inclusive economic development should be given fresh impetus to tackle the economic and social challenges of the Euro-Mediterranean area,
1. Requests that the Union for the Mediterranean contribute through its cooperation instruments to the consolidation of democracy and lasting stability in all the southern Mediterranean countries and calls for the strengthening of cooperation with Mediterranean partners (and civil society) who have chosen the road to democracy and who expect significant support, particularly financial support, from the European Union;
 2. Regrets that the Union for the Mediterranean, Euro-Mediterranean countries as a whole and donor institutions have so far failed to fully integrate the territorial dimension of the Euro-Mediterranean area into their policy agenda, although it is key to identifying the economic and social challenges of the region to be tackled over the coming years;
 3. Underlines that the core objective of a Euro-Mediterranean territorial policy should be to create an area of democracy, peace and shared prosperity combining social cohesion (through social, human and cultural co-operation), territorial cohesion and economic growth so that UfM countries can trade, invest and grow in a sustainable way;
 4. Highlights that the imbalance between coastal areas and inland regions requires a new approach based on sustainability, cohesion and good governance;
 5. Underlines the important role played by local and regional authorities for promoting the development of SMEs, calls therefore on national authorities to reinforce the financial and administrative capacities of local and regional authorities;
 6. Welcomes the work undertaken in this respect by the first Ministerial conference of the Union for the Mediterranean on sustainable urban development held in Strasbourg on 10 November 2011 and the report on the territorial dimension of the Union for the Mediterranean by the Euro-Mediterranean Regional and Local Assembly (ARLEM) adopted in Agadir on 29 January 2011;
 7. Invites each UfM countries to design a national strategy of territorial cohesion to ensure the sustainable development of coastal and inland regions in close cooperation

with local and regional authorities;

8. Points out that national strategies of territorial cohesion and EU-Mediterranean co-operation projects should promote an integrated approach to address the economic imbalances and disparities between regions that undermine the capacity of a country's economy as a whole, including:
 - a. transport and infrastructure policies to tackle the problems of isolation and accessibility of inland regions as well as the establishment of a Euro-Mediterranean integrated and multimodal transport network to help strengthen trade between the EU and Mediterranean partners and between partners themselves, as advocated by the recommendation of the Parliamentary Assembly of the Union for the Mediterranean on "Euro-Mediterranean transport networks" approved on 4 March 2011 in Rome; *special attention should be paid to customs procedures, in particular simplification and harmonisation with EU customs policy and rules;*
 - b. pilot programmes supporting agriculture and rural development as well as pilot regional development programmes, drawing on the EU's extensive experience in these fields; calls for better coordination and greater synergy between programmes under the European Regional Development Fund at the EU's external borders and those under the European Neighbourhood Policy Instrument;
 - c. sustainable urban development strategies including urban planning, renewables and improved energy efficiency in transport and habitat,
 - d. climate change, with a particular emphasis on the issue of desertification;
 - e. the interplay of rural and urban areas, building upon the pilot "Rurban" partnership approach developed by the European Commission to assess possible economic and social gains from enhanced rural-urban synergies,
 - f. the role of small and medium-sized enterprises in the Mediterranean;
 - g. development of a digital economy and support to information and communication technologies and high speed connections to the internet to better connect isolated territories, improve competitiveness and strengthen social cohesion;
 - h. cultural heritage, notably in terms of the role of young people in the preservation and promotion of local cultural heritage;
9. Calls upon the European Commission to take into account these elements in the next multiannual financial framework 2014-2020, e.g. through cofinancing of infrastructure projects by the Neighbourhood Investment Facility, and welcomes its proposal of 7 December 2011 to increase budget appropriations of the European Neighbourhood Instrument by 40 % (to €18.1 billion) as compared to the 2007-2013 period;
10. Invites the Union for the Mediterranean to better integrate the territorial dimension of the EU-Mediterranean relations in its priorities and asks its Secretariat, in collaboration with the European Commission and other institutions (e.g. the European Investment Bank and the European Bank for Reconstruction and Development), to better coordinate UfM initiatives with existing European programmes and to exchange best-practices within the region, for instance through a Euro-Mediterranean web portal or a database on territorial cohesion;

11. Urges UfM countries to acknowledge that territorial cohesion policies entail a more decentralized process and a regionalization of national policies taking into account the role of regions in ensuring the success of social and economic reforms; underlines in particular the importance of the Cross-Border Cooperation (CBC) component of the Neighbourhood Policy, which facilitates this decentralised partnership cooperation between local and regional authorities around the Mediterranean, and considers that the 5 % share allocated to CBC programmes in the new programming period should be reinforced;
12. Calls for the mobilisation and empowerment of all levels of society so that decentralisation can contribute to the development of all territories in a democratic manner, by involving populations in the management of their own affairs, to improve relations between the state and citizens and to provide a boost to economic, social and territorial cohesion;
13. Recalls in this respect the necessary involvement of all local stakeholders (local authorities, socioeconomic partners, the private sector and civil society, including women and youth associations) in the definition and implementation of regional development and territorial cohesion schemes;
14. Calls on the European Commission to strengthen twinning programmes between local authorities from the EU and their counterparts in the Southern-Mediterranean;
15. Invites UfM countries and stakeholders to adopt a flexible and innovative approach when implementing territorial cohesion strategies, as many issues do not respect administrative boundaries and may require a coordinated response from several regions or countries, while others need to be addressed at a local or neighborhood level;

On

Towards a comprehensive Euro-Mediterranean financial framework for the economic development of the region

- A. Whereas the comprehensive Euro-Mediterranean financial framework for the economic development of the region should be viewed as the sum of the bilateral and multilateral and public and private organizations, structures and mechanisms involved in financing economic development and supporting investment, and whereas its aim is simultaneously to strive to combat poverty, illiteracy and unemployment in order to improve living conditions and job performance, develop public services, build infrastructures, in particular water, transport and energy infrastructures, support entrepreneurship and involve civil society,
- B. Whereas the European Union has increased the level of funds allocated to the Mediterranean partner countries to incorporate the needs arising from the Arab Spring and the consequences of the economic crisis,
- C. Whereas the current financial, economic and social crisis is a global crisis, which has considerably weakened the economies and the societies of the Euro-Mediterranean region, has highlighted the need for greater solidarity and cooperation in order to provide a comprehensive and effective response able to ease the impact of this crisis and to achieve sustainable economic growth benefiting everyone; whereas to this end urgent action is needed to address the limitations and weaknesses of the existing financial framework, which involves relatively small amounts of resources, which are inequitably distributed, inadequately followed up and insufficiently channelled towards SMEs-SMIs and job creation,
- D. Whereas the European Investment Bank (EIB) can, in addition to the amount of EUR 4 billion made available before the Arab Spring, henceforth allocate additional loans up to EUR 1 billion to the Euro-Mediterranean region and whereas the European Bank for Reconstruction and Development (EBRD) is set to extend its geographical coverage in order to include the southern neighbourhood and to provide up to EUR 2.5 billion annually for public and private sector investment to support the creation and expansion of enterprises and the funding of infrastructures;
1. Notes that in a very difficult budgetary context, it is essential to achieve more with fewer financial resources and to prioritize all actions having a leverage effect on the economy and employment; supports the European Commission's overall approach concerning the economic and financial dimensions of the European Neighbourhood Policy; welcomes the promising launch of the Neighbourhood Investment Facility (NIF); and stresses the importance of prioritizing:
- the practical deployment of the 3Ms approach (Money, Mobility and Market);
 - improvements in governance and the coordination of appropriate means and measures to support economic development in the region;
 - the opening-up of markets and sub-regional and regional integration in economic and political terms, which form the basis of the Euro-Mediterranean partnership;
 - a greater mobilization of resources and funds, particularly through a massive

commitment of banks and the private sector;

2. Notes that the economic and financial crisis has had a severe impact on citizens, economic actors and local and regional authorities in all countries and therefore considers it essential to implement job creation measures, to deepen Euro-Mediterranean trade relations and promote innovation and social cohesion; recalls in this context that these priorities are related to the local markets and opportunities offered by the territories of the Mediterranean region;

3. Demands that initiatives aimed at creating a genuine financial framework should be taken within the context of the Union for the Mediterranean; calls for a greater involvement of the Secretariat of the Union for the Mediterranean in this area, in particular by informing it about funding and the mechanisms and projects deployed for the economic development of the region; considers that this would increase the visibility of the financial framework and promote better coordination between different stakeholders, whether institutional or financial;

4. Encourages the creation of a Euro-Mediterranean Investment Bank, after a study of all the conditions and prospects for the creation of such a bank, aimed at supporting the countries on the southern shore in their reform efforts, and providing specific financing to support decentralisation and local and regional governments;

5. Regrets the fact that the Euro-Mediterranean region suffers from a lack of investor confidence; recalls that restoring confidence can only be achieved by improving the economic and legal environment through major structural reforms, ensuring good governance, transparency and the enforcement of legislation aimed at strengthening the private sector, the opening up of public procurement and making the region more attractive; welcomes in this connection the support given by the European Union, Turkey and members of the G8 to the Arab Awakening, particularly through the Deauville Partnership, which is intended as long-term support for the process of political and economic transition on the southern shore of the Mediterranean; calls, nevertheless, for clarification about the nature and objectives of the Deauville Partnership; emphasizes the importance of confidence-building by pushing ahead with concrete structural projects, such as those of the Union for the Mediterranean, so as to create a positive dynamic; welcomes the projects already under way in this area; regrets, however, the slow pace of their operational implementation, in particular of the Mediterranean Business Development Initiative; welcomes also the very positive action taken by the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) of the European Investment Bank (EIB), which, for over a decade, supports the private sector development in the Maghreb and the Mashreq; calls on the EIB to maintain the volume of loans and equity sufficient to meet the increased need of new job creation, by supporting microfinance and SME and infrastructure financing; also calls for an active promotion by the EIB of its projects, including in the form of public-private partnerships, towards other development institutions and international finance, but also regional institutions and Gulf countries, which could help fill these gaps in funding and provide practical support for the Deauville Partnership; also welcomes the extension of activities of the European Bank for Reconstruction and Development to the southern shore of the Mediterranean; calls more generally for measures to build up the capacities of all stakeholders in the economic development of the region;

6. Calls for the optimization and sharing of existing economic development structures and

instruments in the region, as a prerequisite for the establishment of a relevant and effective financial framework; takes the view that greater complementarity is needed between bilateral and multilateral funding; stresses that the region's economic fabric consists mainly of SMEs-SMIs and that micro-credit seems to be the most appropriate form of funding; calls in this connection for the supply of and access to microcredit to be extended; supports the development of funding and projects based on public-private partnerships; believes that economic development funding must:

- be secured against the risks inherent in lending activities;
- benefit from a reduction in red tape so as to facilitate deployment;
- meet priorities and targets set in advance;
- be granted if eligibility criteria are met, in particular a commitment to reforms to strengthen democracy, the rule of law and fundamental freedoms, with a particular focus on women's rights, ending discrimination and a free civil society;
- respect the principles of co-responsibility, co-management and co-ownership;
- be monitored as regards the use to which it is put;
- serve the needs and meet the expectations of the population;

To this end, the roles played by parliaments and civil society are critical;

7. Calls for initiatives from both sides of the Mediterranean aimed at exploiting the potential of men and women, without discrimination, promoting education and vocational training that matches the demands of modern markets, thus promoting exchanges, the sharing of abilities as well as the mobility of students, workers and entrepreneurs;

8. Demands that the establishment of a comprehensive Euro-Mediterranean financial framework for the economic development of the region be achieved by adopting a macroeconomic approach which simultaneously encourages growth, competitiveness and employment; calls on the EIB to play a significant role in the implementation of this Euro-Mediterranean financial framework; stresses on the necessity of the presence of EIB in future activities of the Committee; believes that economic development requires a reduction in economic disparities within and between countries; considers in this regard that a balance should be struck between an overall strategy and a case-by-case approach based on the specific features of each country; is convinced that these efforts will make it possible for the entire region to achieve inclusive and sustainable economic growth.

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Instructs its Chair to forward this recommendation to the Co-Presidency of the Union for the Mediterranean, the Secretary-General of the UfM Secretariat, the Council of Ministers of the European Union, the High Representative/Vice-President Catherine Ashton, the European Commission, the parliaments and governments of the member states of the Union for the Mediterranean, and the European Parliament.