

# Procedure file

Basic information	
CNS - Consultation procedure Regulation	1995/0127(CNS) Procedure completed
Euro-Mediterranean partnership: financial and technical measures to accompany (MEDA) the reform of economic and social structures	
Amended by <a href="#">1997/0298(CNS)</a> Amended by <a href="#">1999/0214(CNS)</a> See also <a href="#">1999/2120(COS)</a> Repealed by <a href="#">2004/0219(COD)</a>	
Subject 6.30.02 Financial and technical cooperation and assistance 6.40.05 Relations with the Mediterranean and southern European countries	
Geographical area Mediterranean Sea area	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>AFET</b> Foreign Affairs, Security and Defense Policy	PSE <a href="#">BARÓN CRESPO Enrique</a>	06/09/1995
	Former committee responsible		
	<b>AFET</b> Foreign Affairs, Security and Defense Policy	PSE <a href="#">BARÓN CRESPO Enrique</a>	06/09/1995
	Former committee for opinion		
	<b>BUDG</b> Budgets	PPE <a href="#">FABRA VALLÉS Juan Manuel</a>	19/07/1995
	<b>RELA</b> External Economic Relations	PSE <a href="#">MONIZ Fernando</a>	20/07/1995
	<b>REGI</b> Regional Policy	GUE/NGL <a href="#">SORNOSA MARTÍNEZ María</a>	17/10/1995
	<b>DEVE</b> Development and Cooperation		
	<b>CONT</b> Budgetary Control	PPE <a href="#">FABRA VALLÉS Juan Manuel</a>	19/07/1995
Council of the European Union	Council configuration <a href="#">General Affairs</a>	Meeting <a href="#">1977</a>	Date 06/12/1996

<a href="#">Agriculture and Fisheries</a>	<a href="#">1944</a>	23/07/1996
<a href="#">General Affairs</a>	<a href="#">1943</a>	15/07/1996
<a href="#">General Affairs</a>	<a href="#">1934</a>	10/06/1996
<a href="#">General Affairs</a>	<a href="#">1902</a>	29/01/1996
<a href="#">General Affairs</a>	<a href="#">1891</a>	04/12/1995
<a href="#">General Affairs</a>	<a href="#">1883</a>	21/11/1995

Key events			
07/06/1995	Legislative proposal published	COM(1995)0204	Summary
18/09/1995	Committee referral announced in Parliament		
21/11/1995	Debate in Council	<a href="#">1883</a>	
28/11/1995	Vote in committee		Summary
28/11/1995	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0304/1995</a>	
04/12/1995	Debate in Council	<a href="#">1891</a>	
13/12/1995	Debate in Parliament		
14/12/1995	Decision by Parliament	T4-0623/1995	Summary
29/01/1996	Debate in Council	<a href="#">1902</a>	
25/03/1996	Modified legislative proposal published	COM(1996)0113	Summary
14/05/1996	Amended legislative proposal for reconsultation published	<a href="#">07326/1996</a>	Summary
20/05/1996	Formal reconsultation of Parliament		
10/06/1996	Debate in Council	<a href="#">1934</a>	
10/06/1996	Vote in committee		Summary
10/06/1996	Committee report tabled for plenary, reconsultation	<a href="#">A4-0198/1996</a>	
19/06/1996	Debate in Parliament		Summary
20/06/1996	Decision by Parliament	T4-0351/1996	Summary
23/07/1996	Act adopted by Council after consultation of Parliament		
23/07/1996	End of procedure in Parliament		
30/07/1996	Final act published in Official Journal		

Technical information	
Procedure reference	1995/0127(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amended by <a href="#">1997/0298(CNS)</a>

	Amended by <a href="#">1999/0214(CNS)</a> See also <a href="#">1999/2120(COS)</a> Repealed by <a href="#">2004/0219(COD)</a>
Legal basis	EC before Amsterdam E 235
Stage reached in procedure	Procedure completed
Committee dossier	AFET/4/07887; AFET/4/07097

### Documentation gateway

Legislative proposal	<a href="#">COM(1995)0204</a> <a href="#">OJ C 232 06.09.1995, p. 0005</a>	07/06/1995	EC	Summary
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0304/1995</a> <a href="#">OJ C 017 22.01.1996, p. 0005</a>	28/11/1995	EP	
Text adopted by Parliament, 1st reading/single reading	T4-0623/1995 <a href="#">OJ C 017 22.01.1996, p. 0138-0184</a>	14/12/1995	EP	Summary
Modified legislative proposal	<a href="#">COM(1996)0113</a> <a href="#">OJ C 150 24.05.1996, p. 0015</a>	25/03/1996	EC	Summary
Amended legislative proposal for reconsultation	<a href="#">07326/1996</a>	14/05/1996	CSL	Summary
Committee final report tabled for plenary, reconsultation	<a href="#">A4-0198/1996</a> <a href="#">OJ C 198 08.07.1996, p. 0005</a>	10/06/1996	EP	
Text adopted by Parliament after reconsultation	T4-0351/1996 <a href="#">OJ C 198 08.07.1996, p. 0160-0186</a>	20/06/1996	EP	Summary
Non-legislative basic document	<a href="#">COM(1999)0291</a>	22/06/1999	EC	
Follow-up document	<a href="#">COM(2000)0472</a>	20/12/2000	EC	Summary
Non-legislative basic document	<a href="#">COM(2001)0806</a>	28/12/2001	EC	Summary
Court of Auditors: opinion, report	RCC0005/2006 <a href="#">OJ C 200 24.08.2006, p. 0001-0018</a>	31/05/2006	CofA	Summary

### Additional information

European Commission	<a href="#">EUR-Lex</a>
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### Final act

<a href="#">Regulation 1996/1488</a> <a href="#">OJ L 189 30.07.1996, p. 0001</a> Summary
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## Euro-Mediterranean partnership: financial and technical measures to accompany (MEDA) the reform of economic and social structures

**OBJECTIVE:** to establish a new MEDA line in the budget (B7-410) to finance the measures on technical and financial cooperation for the Mediterranean region, amounting to ECU 3 899.5 million over the period 1995-1999. **SUBSTANCE:** through the new MEDA budget line, the Commission hopes to rationalise, by the end of a transitional period (31 December 1996), all the funding relating to the Mediterranean countries, including the bilateral financial protocols and horizontal financial measures, which form the basis of the current "reformed Mediterranean policy". In addition to the fact that this new budget line significantly increases the amount of funding granted to the region, the MEDA programme is extended to include new beneficiary countries (mainly the Occupied Territories of Gaza and the West Bank). The measures implemented aim to finance in full or in part the following programmes: .A) support for the economic transition by promoting the establishment before 2010 of a free trade area with and between the Mediterranean countries and by supporting the economic and social

reforms for the modernisation of businesses (development of the private sector) by emphasising in particular: - increased competitiveness, - support for SMEs and job creation, - encouragement for private investment, - improvement in economic infrastructures (communication networks), - creation of an appropriate regulatory framework, - modernisation of the institutional working of the economies (financial and fiscal systems); .B) achievement of a better socio-economic balance: in order to tackle the new challenges, measures will involve: - improvement of social services (education, health, social housing, water, etc.), particularly in urban areas and primarily for less favoured sections of the population (young people and women), - harmonious and integrated rural development incorporating agricultural development together with an improvement in services such as health, education, electricity and tourism, - greater emphasis on democracy and human rights, - participation of civil society in development through MED programmes concerning decentralised cooperation, - support for education (primary, secondary and vocational) by promoting integration into the workplace, - promotion of cultural exchanges through dialogue at all levels, - protection of the environment by contributing to investment in this sector (long-term subsidised loans) and by encouraging the transfer of expertise (dialogue with national environmental agencies to introduce appropriate legislation, support for the development of alternative energy sources); .C) support for regional integration through projects/actions involving several Mediterranean countries and through cooperation between neighbouring areas throughout the Mediterranean, and support for the Middle East peace process. The beneficiary countries are: Algeria, Cyprus, Malta, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia, Turkey and the Occupied Territories of Gaza and the West Bank. With regard to the management of this budget line, the Commission proposes that during the transitional period before the actual implementation of the MEDA programme (and thus in the period during which the bilateral financial protocols will still be in force, and in any case before 1 July 1997), the measures to be implemented should be selected taking account of the beneficiaries' priorities in cooperation with the Community. This selection process must lead to the establishment of a three-year programme. The budgetary resources and projects shall continue to be adopted each year. It is also proposed that a type IIa management committee be created (MED Committee) to assist the Commission and to simplify decision-making in the context of this much broader cooperation. The activities shall mainly take the form of technical assistance, training, institution building, studies, seminars, investment in micro-entreprises and SMEs, and infrastructures. This will largely involve non-refundable assistance or risk capital. Actions should ensure the visibility of Community assistance. Coordination and cooperation with international financial institutions and other donors are encouraged (EIB, public and private financial bodies in the Member States and beneficiary countries, etc.). ?

## Euro-Mediterranean partnership: financial and technical measures to accompany (MEDA) the reform of economic and social structures

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The Committee unanimously adopted, with two abstentions, the report by Mr Enrique BAR(N) CRESPO (PSE, E) on the financial and technical measures designed to support the reform of the economic and social structures of Mediterranean non-member countries and territories (MEDA). Before proceeding to the vote, the Chairman, Mr MATUTES, condemned the Council's attitude, since at best Parliament would in fact only be able to give a ruling at the plenary sitting in December. Mr MATUTES took the view that the code of conduct had not been respected and that a response was needed. Mr BAR(N), for his part, thought that the Committee should still vote on the report. After his report had been adopted, Mr BAR(N) criticised the attitude of the Council, which wanted to reach a decision too quickly. By way of contrast, he pointed to the extensive work which had been carried out within Parliament, proof of which could be seen in the 90 or so amendments which had been examined. Substance of the report: The MEDA programme replaces various bilateral financial protocols which exist with countries in the Mediterranean basin (Morocco, Algeria, Tunisia, Egypt, Israel, Jordan, Lebanon, Syria, Turkey, Cyprus, Malta and the occupied territories of Gaza and the West Bank). The programme follows the example of the PHARE and TACIS programmes, particularly in respect of transparency and assessment. A new budget line is introduced in order to: - support economic transition and establish a Euro-Mediterranean free trade area, - promote the conditions for a better socio-economic balance and strengthen regional cooperation, and - promote good management. The Committee adopted two important amendments to the Commission's proposal: one relating to respect for democratic principles and human rights, so as to introduce conditionality to the granting of financial aid, the other relating to the rights of minorities. In addition, it was proposed to put greater emphasis on opportunities for promoting projects at local level in order at the same time to encourage cooperation between regional bodies. An amendment was also proposed and approved in session whereby the allocations made to each country would be entered under the total line of the budget. ?

## Euro-Mediterranean partnership: financial and technical measures to accompany (MEDA) the reform of economic and social structures

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In adopting the report by Mr Enrique BARON CRESPO (PSE, E), the European Parliament approved this proposal for a regulation with the following amendments: - to the beneficiaries of support measures, the EP adds education and training structures and trade union organizations; - respect for democratic principles and human rights, as well as the rights of minorities, should be a criterion for the granting of financing. In cases of violation of these principles, the Council may, on a proposal from the Commission or a recommendation from Parliament, suspend assistance; - the EP proposes adding to the list of financable measures the sustainable management of the natural and cultural resources of the countries concerned and regional cooperation (Union regions included). Parliament would also include the development of the financial system, privatization and promotion of Mediterranean products, improvement of the level of self-sufficiency in food, development of basic infrastructure (water, transport and telecommunications), sustainable development, modernization of public administration, strengthening democracy and the respect for the rights of minorities, and efforts to reduce the trade in human beings. It would drop assistance in support of cooperation with the Arab League; - Parliament calls for the quantities allocated to each country to be indicated under the general line of the budget; - it calls for more emphasis to be placed on the need to promote projects at local level in order to encourage cooperation between regional bodies; - it asks to be kept regularly informed about the implementation of the regulation. To this end, it asks to be sent each year an assessment of developments relating to democratic principles, as well as a review of the position regarding contracts concluded under the MEDA programme. From 1997 an interim report should be submitted to it covering the whole range of measures financed for the period concerned. These various reports should serve as the basis for decisions concerning the continuation of the programmes; - the regulation should be revised five years after its entry into force. ?

## Euro-Mediterranean partnership: financial and technical measures to accompany (MEDA) the reform of economic and social structures

In its amended proposal, the Commission incorporated a number of the amendments adopted by Parliament, either in full or in a modified form. The purpose of the amendments in question was to: - develop an integration strategy for Mediterranean countries with the involvement of regions within the Union (promotion of interregional cooperation), - take into consideration the principles set out in the Commission's communication on 'The inclusion of respect for democratic principles and human rights in agreements between the Community and third countries' (COM(95)0216), - enable education and training structures, and trade union organizations, to receive financial support, - add to the list of support measures the sustainable management of natural and cultural resources and cooperation with the regions of the European Union (including, in the list of activities that may be funded, the development of the financial system, restructuring and privatization of industrial sectors and infrastructure, development of water resources, transport and telecommunications, the modernization of public administration, strengthening respect for the rights of ethnic and religious minorities and strengthening the media), and cooperation between local and regional bodies with a view to promoting good governance. - With regard to cooperation with the Arab League, the Commission did not omit this topic but preferred to refer to supporting regional activities 'including the Euro-Arab dialogue'. - Finally, in the interests of financial transparency, the Commission, in line with one of Parliament's amendments, called for the results of invitations to tender to be published in the Official Journal of the EC and for detailed information on the contracts concluded to be submitted to the MED Committee twice a year. The Commission also endorsed Parliament's proposal for a series of annual and interim reports to be submitted by the dates specified by the latter. Finally, although the Commission did not incorporate the proposal to review the regulation after five years, it called for the regulation to be re-examined before 30 June 1999 in the light of an evaluation report submitted before 31 December 1998. ?

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## Euro-Mediterranean partnership: financial and technical measures to accompany (MEDA) the reform of economic and social structures

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At its meeting of 13 May 1996, the Council had decided to forward to the European Parliament, for second consultation, the text of the proposal on MEDA, in view of the substantial amendments that had been made to it. Those amendments essentially related to the following points: - emphasising the 'Euro-Mediterranean partnership' context of actions undertaken under MEDA and realignment of actions with the three aspects of that partnership; . strengthening of political stability and democracy, . introduction of a Euro-Mediterranean free trade area and development of social and economic cooperation; . taking account of the human and cultural aspects. The priority areas of action were summarised in a new annex which essentially repeated the areas listed in the initial proposal (although clarifications had been introduced relating to projects to support the structural adjustment programmes and those to increase the involvement of civil society; on the other hand, projects relating to the rights of ethnic and religious minorities had been deleted); - introduction into the Regulation of a financial reference amount of ECU 3 424.5 million for the period 1995-9; - emphasis on the democratic basis of the Regulation (respect for human rights and fundamental freedoms constituted an essential element of the Regulation, violations thereof justifying the adoption of appropriate measures which must themselves be determined in accordance with a procedure to be defined before 30 June 1997); - clarifications regarding the definition of indicative programmes to be instituted in consultation with the partner States. In particular, the measures to be financed were to be the subject of a selection process taking due account of the priorities of the beneficiaries, their needs and their capacity for absorption of the financial resources allocated. The guidelines for the indicative programmes were to be adopted by the Council, acting by a qualified majority; - clarifications regarding loans signed by the EIB (rates fixed at 3%) and sectors covered by risk capital (manufacturing undertakings, etc.). ?

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The committee adopted the report by Mr Enrique BARON CRESPO on the new Council proposal. In its first opinion, Parliament had stressed two essential requirements and these were highlighted once again: - the need to make financial aid conditional upon respect for human rights: the agreement contains a conditionality principle whereby aid may be suspended if human rights and fundamental freedoms are violated. The Commission is to present proposals on the procedure to be applied in the Council for suspension decisions by 30 June 1997. The committee felt that the procedure for adopting appropriate measures in the event that a Mediterranean partner failed to meet its obligations, especially the suspension of aid programmes, should be approved by a qualified majority on a proposal from the Commission and after consultation with the European Parliament; - the concern for greater transparency in the administration of MEDA appropriations: on this point, the committee adopted the rapporteur's amendment making provision in the EU budget for "a breakdown of the amounts allocated to each beneficiary country and territory". The report therefore called for an indication of the allocations to each country under the annual overall budgetary line. The Commission had opposed this, basing its refusal on respect for the concept of financial cooperation which is no longer bilateral. ?

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The rapporteur, Barón Crespo (PSE, E), recalled the two reasons why the MEDA programme had been blocked at Council level: the first related to the clause on human rights, which in the event of a really serious violation would result in a suspension of the aid provided under the programme; according to one of the amendments tabled, this decision could be taken by the Council by qualified majority and would supersede any right of veto applied by a Member State. The second concerned the protection of Member States themselves; this applied in the case of Greece, on whose account an amendment had been tabled subordinating aid to the provision of safeguards for the territorial integrity of the external borders of Member States and of the Union itself. This said, the rapporteur recommended that Parliament should deliver a favourable opinion so that the Council could approve the regulation in question. Commissioner Marin pointed out that the MEDA and TACIS programmes were symbolic of the need for the reform of the CFSP to be examined by the IGC as a matter of some urgency; as regards the amendments, he declared that the Commission could accept Amendment No 3, which concerned the introduction of qualified majority voting in respect of human rights, this being for obvious reasons of a political nature that were also linked to the outcome of the IGC.

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Parliament first delivered its opinion on this proposal for a regulation in December 1995; after the Council had asked for Parliament to be consulted again, it delivered a fresh opinion in adopting the report by Mr BARON CRESPO (PSE, E). In its first opinion, Parliament had stressed two essential requirements: the conditional nature of assistance and the need to ensure transparency in the management of the programme. With regard to the former, Parliament stressed that only those Mediterranean countries and territories that guaranteed genuine respect for human rights should benefit from the MEDA programme; - With regard to the latter, transparency should be guaranteed by indicating the amounts intended for the various beneficiaries. However, various developments delayed the Council's final adoption of the regulation (i.e. the United Kingdom's contention that the unanimity rule should apply to any decision taken by the Council concerning the suspension of aid in the event of one of the essential elements of the regulation being infringed, and Greece's opposition to any type of financial cooperation with Turkey, and its insistence that any suspension of financial aid should be decided by majority voting), as a result of which the Council adopted a new text on which Parliament was reconsulted. Parliament proposed new amendments concerning the following points: - the Community's Mediterranean policy, in addition to helping to promote and entrench democracy and the rule of law, should promote respect for the territorial integrity and external frontiers of the Member States and Mediterranean non-member countries as well as international law; - the MEDA budget included in the general budget of the EC should contain a breakdown of the amounts allocated to each beneficiary country and territory, - the procedure for deciding to suspend aid where a Mediterranean partner is in breach of the obligations under Article 3 (failure to respect human rights, etc) must be approved by qualified majority on a proposal from the Commission and after consultation of the European Parliament before 30 June 1997. ?

## Euro-Mediterranean partnership: financial and technical measures to accompany (MEDA) the reform of economic and social structures

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- OBJECTIVE: implementation of cooperation measures to support the efforts of Mediterranean non-member countries in undertaking to reform their economic and social structures and to offset the effects of economic development on society and the environment. - COMMUNITY MEASURE: Council Regulation 1488/96/EC on financial and technical measures to accompany the reform of economic and social structures in the framework of the Euro-Mediterranean partnership (MEDA). - SUBSTANCE: . scope of MEDA: the operations have a three-fold objective: - bolstering of political stability and democracy, - establishment of a Euro-Mediterranean free trade area and development of economic and social cooperation, - inclusion of the human and cultural dimension. These three objectives follow a number of priorities described in the Annex to the Regulation including: . support to economic transition (employment creation and private sector development, promotion of investment and trade between the EEC and the Mediterranean countries, updating of economic infrastructure), .support to structural adjustment programmes (including programmes to restore the major financial balance mechanisms and the creation of a free trade area), . support to achieving a better socio-economic balance (participation of civil society and the local inhabitants in development, improvement of social services, action to combat poverty, rural and fisheries development, reinforced environmental cooperation, development of human resources and strengthening of democracy, cultural cooperation, technical assistance to reduce illegal immigration and drugs trafficking, etc.); . regional and cross border cooperation (establishment of structures for regional cooperation between Mediterranean partners, improvement of the Euro-Arab dialogue and exchanges between Community partners and recipient countries, in the context of decentralized cooperation). . beneficiaries: Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Syria, Tunisia, Turkey and West Bank/Gaza. The beneficiaries of support measures may include not only States and regions, but also local authorities, public agencies, local or traditional communities, organizations supporting business, private operators, cooperatives, mutual societies, associations, foundations and non-governmental organizations. . financial reference amount for the period 1995-1999: ECU 3.424,5 m. . democratic basis of MEDA: the Regulation is based on respect for democratic principles and human rights. Any violation results in the adoption of appropriate measures. . implementation: the Commission is to ensure the coordination of projects in agreement with the Member States and on the basis of regular exchanges (including 'on the spot'). Projects will be selected on the basis of the beneficiaries' priorities and in accordance with their capacity to absorb the amounts granted and progress towards structural reform. Three-year indicative programmes will be drawn up laying down the guidelines and priority intervention sectors. The guidelines for these programmes will be adopted by the Council by a qualified majority on a proposal from the Commission. Any amendments will be subject to a committee procedure (MED committee), as well as financing decisions exceeding ECU 2 m. Decisions concerning appropriations below this amount will be taken by the Commission, but after duly notifying the committee. Parliament will be kept informed of the implementation of the Regulation. A specific procedure is laid down for all decisions relating to EIB financing, and in particular the environment. . form of financing: non-refundable aid and risk capital and, in the environment sector, interest rebates of 3% on EIB loans. Financing may cover goods and service import costs and local costs for the conduct of projects. Taxes, duties and charges are excluded from Community financing. . procedures for the awarding of contracts: invitations to tender and contracts will be opened without discrimination to all natural and legal persons of the Member States and Mediterranean partners. Various specific provisions are laid down with regard to transparency and the proper conduct of markets (regularly covered in the OJ). . transparency and assessment: an annual progress report should be submitted to the EP and the Council on the operations undertaken and their evaluation. Every three years a comprehensive assessment report will be forwarded to the MED committee. Finally, before 30 June 1999, this Regulation will be re-examined on the basis of an assessment report presented by the Commission on 31 December 1998. - ENTRY INTO FORCE: 2 August 1996 (Regulation No 1763/92/EEC to be repealed from 31 December 1996; from 1 January 1997 the financial protocols still in force will be covered by Regulation No 1762/92/EEC until expiry.

## Euro-Mediterranean partnership: financial and technical measures to accompany (MEDA) the reform of economic and social structures

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PURPOSE: to present the European Commission's annual report on the MEDA programme 1999. CONTENT: the Conference of the Euro-Mediterranean Foreign Ministers in Barcelona in November 1995 marked the beginning of the Euro-Mediterranean Partnership, which constitutes the most important attempt in modern history to create durable and strong bonds between the Mediterranean shores. To achieve this, the Partnership provides for action in the key areas of political, economic and social affairs. The MEDA Programme is the main component of the Partnership's economic and financial cooperation. Against this background, the main conclusions of the annual report are the following: 1) Europe is the largest donor of non-military aid to the Mediterranean region and is strongly supporting economic reform in the partner countries; 2) all Mediterranean Partner countries have embarked on programmes of economic reforms, at varying speeds; 3)

commitment appropriations in the context of the MEDA Programme were fully utilised in 1995-1999. For the same period, payments averaged 26% of commitments due to a number of reasons; 4) about 86% of MEDA resources were channelled to bilateral cooperation and about 12% to regional cooperation; 5) although it is still too early to quantify the impact of MEDA-financed actions, they do contribute to the creation of a favourable economic environment for business and investment and to the transfer of key economic decisions from the state to the market; 6) the need to focus assistance under the MEDA programme on reform is compelling; 7) the current revision of the MEDA regulation aims at achieving significant time gains in the decision process and reinforcing the strategic planning of aid; 8) finally, as emphasised in the Fourth Meeting of "Experts on Economic Transition in the Euro-Mediterranean Aid" held in Brussels on 2-3 October 2000, the MEDA funds would be increasingly channelled towards partners that have confirmed absorption capacity as well as a good implementation record of their association agreement. ?

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**PURPOSE :** to present a special report from the Court of Auditors concerning the MEDA programme.

**CONTENT :** in 1995, the EU and 12 Mediterranean countries decided on a new phase in their relationship, called the "Barcelona Process" or the "Euro-Mediterranean Partnership". The main aim is to develop different aspects of the partnership, including the political, economic and financial, and social and cultural dimensions.

The MEDA programme is the EC's main financial instrument for the implementation of the Euro- Mediterranean Partnership, with more than EUR 8 billion allocated for the period 1995 to 2006. At the end of 2005 about EUR 7 billion had been committed for different projects and programmes, and some EUR 4 billion had been spent.

The Court has audited the MEDA programme, to determine whether it actually contributes to economic reform and social development in the partner countries, and whether the Commission's management of the programme is adequate.

**Conclusions of the report:**

Regarding the MEDA programme's contribution, the EC support has:

- been relevant to the needs of the countries concerned;
- focused on a limited number of sectors in two of the three countries examined;
- encouraged ownership by an increasing use of budget support;
- systematically included capacity-building measures;

Concrete results, after more than 10 years of MEDA, are so far rather limited as many projects have not yet been completed. For most MEDA countries the impact of the EC support is to be found not so much in its financial importance as in its attempts to address sensitive policy reform issues and support poorer segments of populations.

The Commission's management of the MEDA programme has clearly improved since the early years and can be considered as satisfactory, as programming efforts now result in a more even allocation of resources over time, preparation periods are becoming shorter and disbursements have increased significantly.

Contributing factors to these improvements are an increase in the number of projects and programmes, a larger share of budget support in the total programme and the overall positive effect of devolution on project preparation and implementation by delegations. Other improvements include more systematic monitoring and evaluation and more intensive dialogue and coordination with local counterparts and other donors. The most common cause of implementation delays remains procurement problems.

With the MEDA Regulation coming to an end in 2006 and the new European Neighbourhood and Partnership Instrument coming into effect in 2007 (see COD/2004/0219), the Court recommends that the Commission should:

- ensure a smooth and quick transition to the new country programmes, to avoid negative consequences for future implementation;
- define more clearly in the new country programming documents its strategic objectives and establish appropriate indicators, to allow for better monitoring and evaluation of impact;
- continue to focus its support on a limited number of intervention areas to ensure coherence and to keep the programmes manageable;
- continue to search for best practices in managing projects to avoid delays.