

EUROPEAN UNION



**Committee of the Regions**

# **New Approach to the European Neighbourhood Policy**

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# Executive summary

Thirteen years since its conception, the European Neighbourhood Policy has had a tremendous impact on EU foreign relations at the national and supranational level. However, comparatively little work has been done to examine the effectiveness, challenges, or opportunities available to cooperation at the sub-national level. This report represents an attempt to rectify this omission, by providing a comprehensive examination of the ENP in relation to five separate areas: (1) regional cooperation among local and regional authorities (LRAs); (2) sectoral development for LRAs, especially in economic development; (3) funding; (4) association agreements; and (5) migration.

## **Regional cooperation**

Our research showed that cooperation of LRAs within the EU Neighbourhood was very variable, focused mainly on cross-border programs, but even where these were prevalent they were heavily donor-driven (with Israel being the only exception). Despite the reliance on donor monies, there were clear examples of good practices, where cooperation developed well and where growing networks of foreign partners offered the potential for sustainability. In this group, Ukraine, Moldova, Lebanon, and perhaps to some extent Jordan were prominent examples. At the other end of the spectrum were countries where it seems that there is no genuine bottom-up cooperation of local LRAs with partners from the EU or from the ENP area, not even as partners in cross-border projects. This was the situation in Algeria, Egypt, Libya, Azerbaijan, and Belarus. Palestine and Israel remain as outliers in this analysis, due to a rich history of international cooperation but constantly shifting political circumstances.

## **Sectoral development and the role of LRAs**

The role of LRAs in local development follows from how much power is delegated to local authorities. There are countries in the EU Neighbourhood where LRAs have little say in terms of local development (Belarus, Azerbaijan, Egypt, and Algeria). Overall, the most commonly-observed practice was for local authorities to retain competences in few specific fields only, with the central government controlling the rest.

Despite this reality, there have been noteworthy donor-funded programmes and projects in specific fields addressed to local authorities in the Eastern Neighbourhood, through which the LRAs have gained more competences in communicating grass-roots initiatives to central governments, influencing legislative changes and managing a given field in a sustainable way. Additionally, decentralisation reform has been implemented in Morocco and is

underway in Ukraine and in Tunisia; it is too early to assess their progress, yet the respective LRAs have been adjusting to their new responsibilities.

### **Funding of LRAs**

There were many points raised by interviewees related to funding bottlenecks, mostly centred on the fact that the EU grant application is perceived as cumbersome and requires capacities which do not exist at the level of an average local authority. Another point raised by the stakeholders from the Southern Neighbourhood was that often local governments find it hard to pay for project expenses out of own budget, only to be reimbursed later. This pre-financing requirement, as well as the co-financing rule, effectively excludes smaller and poorer LRAs from participating in many EU-funded projects.

In an attempt to quantify the outreach of EU funding at the local level, we came up with a ranking of LRAs access to the EU funding. According to our methodology, local LRAs in Ukraine and in Israel seem to be able to access the EU funding to the highest extent, while local populations in few other countries have benefitted from good or satisfactory access to the EU funding. Furthermore, local authorities in the Eastern Neighbourhood have mostly benefitted from EU support in the environment and energy sectors.

### **Role of LRAs in implementing Association Agreements**

The experience in implementing Association Agreements in countries such as Ukraine, Moldova and Georgia is relatively recent, and in theory some LRA associations should have been able to relate to it. However, we managed to track only one such case so far, in Ukraine, where the Association of Ukrainian Cities has been involved in shaping the agreement and now in its implementation, most intensively in the approximation of Ukrainian law to the EU law. Similarly, despite the longer time-frame involved with Agreements in the Southern Neighbourhood, there is little evidence available on LRA involvement.

### **Migration**

Although there are large flows of migrants to the EU from the EU Neighbourhood, local authorities there seem to deal very little with EU-ENP migration, and the vast majority of them are not involved in any consultation or lobbying effort with the state-level institutions. As with the AAs, a notable exception to this seems to be Ukraine. But even though the vast majority of LRAs do not seem to deal with international migration issues, they deal extensively with displaced populations and welcome assistance in this sphere. However, the LRAs we spoke with estimated no effect on migration from the creation of hot spots on the EU Southern border; some LRAs suggest that the situation would have been different had the EU established hot spots in Arab countries.

# **1. Background and structure**

This report describes the role of the local and regional authorities (LRAs) from the European Neighbourhood Policy (ENP) partner countries in five thematic areas. The objective of the study is to provide evidence for the existing challenges at the subnational level in the Neighbourhood countries in the areas of regional and sub-regional cooperation, funding, sectoral development, implementation of the association and similar agreements, and migration.

Within each chapter, we have grouped the countries first into whether they are located geographically in either the Southern or Eastern Neighbourhood, and from that starting point we discuss country cases individually. This approach was done to improve the readability of the report, as well as to keep similarly-situated countries, facing similar problems, grouped thematically rather than alphabetically. In order to avoid repetition, the individual, descriptive material is presented in chapters 3 to 7, while chapter 8 consists of more analytical material to synthesize what has been learned.

## **2. Methodological approach**

The work on this report started with secondary sources and desk research, involving gathering substantial background material on each of the five issues in the 15 countries (as will be seen below, most issues are not directly relevant for the moment for Syria). This approach was to get a sense of the relative competencies of LRAs, ENP engagement to date, and results at the local and regional level. It also allowed us to formulate certain focal points regarding bottlenecks and capacity constraints.

The core of the report is based on the next phase of research, interviews with the representatives of LRAs and/or local donors or researchers. The interviews had the form of 'structured questionnaires' with same or similar questions being asked respondents in different countries of interest. Often, only portions of the questionnaire were used when talking to a particular respondent. Some respondents preferred to be interviewed by phone while some others sent their answers by email.

Consequently, the picture which emerges is most likely still selective, as in some cases we were able to attain substantial degree of depth in the analysis, while in some others even the most intensive efforts produced only a very modest harvest. However, the main advantages of such a mixed approach are that: (1) the findings and the interpretation of facts were validated and tested by the actors in the ENP area and (2) the material gathered is up-to-date.

## **3. Regional cooperation**

This section looks at existing regional and sub-regional cooperation projects within the ENP and with the EU, with the view to analysing the bottlenecks for regional and sub-regional cooperation. In general, cooperation among LRAs from different ENP countries continues to be donor-driven, with Israel being the only exception. Within donor-supported cooperation, there are clear examples of good practices, where cooperation is developing well and with growing networks of foreign partners and potential for sustainability. However, there is also a prevalence of countries where it seems that there is no genuine bottom-up cooperation of local LRAs with partners from the EU or from the ENP area (not even as partners in cross-border projects).

### **3.1 Eastern Neighbourhood**

#### **3.1.1 Belarus**

Internet sources and contacts made so far suggest there are virtually no bottom-up initiatives between the local Radas (LRAs) and partners from other countries<sup>1</sup>. Cross-border cooperation has been so far limited to local NGOs with little, if any, engagement of LRAs.

#### **3.1.2 Ukraine**

The Association of Ukrainian Cities (AUC), representing local governments of cities, towns and villages accounting altogether for 95% of the population of the country, represents Ukraine in the Council of European Municipalities and Regions and in the World organization United Cities and Local Governments. As to its international cooperation, it seems that much of it is donor-driven.

Ukrainian municipalities from Western Ukraine take part in cross-border projects within (1) the Hungary-Slovakia-Romania-Ukraine ENPI cross-border cooperation programme (mostly as implementing partners with lead organisation in one of the EU countries), and (2) the Poland-Belarus-Ukraine programme. Both programmes are going to continue under ENI.

#### **3.1.3 Moldova**

The development of LRA cooperation in Moldova is intimately tied into cooperation between the Latvian Association of Local and Regional

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<sup>1</sup> The Council for cooperation of Local Self-Government bodies in the Council of the Republic of Belarus represents Belarus in CORLEAP, yet it has been unresponsive so far.

Governments (LALRG) and local governments in Moldova, supported by the US-based National Democratic Institute. The process started in 2005 but only began serious implementation in 2007 with Latvian delegations visiting Moldova and meeting representatives of the government, the parliament, the Moldovan Association of Mayors and the Chisinau city authority. Training sessions and conferences were organised in Moldova through LALRG, covering topics like local government reform, local budget and finance issues, relations between local and central government and public-private partnerships.

On 21 March 2010, the Congress of Local Authorities of Moldova (CALM) was created. Since then, LALRG and CALM have cooperated on a range of projects. The total cost of LALRG's technical assistance to Moldova was EUR 80,000. Thus the project was effective and cost-effective, but funding came directly from the Latvian government, not the EU. CALM currently works with 40 organisations from some 25 countries on the Local Authorities as Drivers of Development Education and Raising Awareness (LADDER) project within the framework of the Development Education and Awareness Raising (DEAR) programme, and under the aegis of the European Association for Local Democracy (ALDA). It also cooperates with some 30 organisations with the framework of the Council of European Municipalities and Regions (CEMR)/Platforma.

***Cross-border Cooperation Joint Operational Programme projects involving local authorities in Moldova***

**Tradition, Originality, Uniqueness and Richness for an Innovative Strategy for Tourism development in Black Sea Region - TOURIST**

**Project total budget EUR 723,721.00 (ENPI +cofinancing)**

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**Introduction of innovative waste management practices in selected cities of Georgia, Moldova and Armenia**

**Project total budget EUR 374,882.84 (ENPI +cofin)**

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**A clear environment for our future**

**Project total budget EUR 465,536.67 (ENPI +cofin)**

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Attempts by CALM to develop cross-border cooperation with Romania and Ukraine have been fraught with difficulties, with instability in funding and political complications. What was originally conceived as three-country cooperation (Moldova-Romania-Ukraine) has now been split into two – Moldova-Romania and Moldova-Ukraine. It is not clear whether these CALM initiatives have been pursued wholly or partly through the *Cross-border Cooperation Joint Operational Programme* on Black Sea Synergy, which ran from 2007 to 2013, generating 62 projects. All these projects received funding from the ENPI. The ones that involved a Moldovan local authority are listed below. It is expected that two calls for proposals will be issued under the aegis of the current *Black Sea Basin ENI CBC programme 2014-2020*, the first in 2016 and the second in 2018.

### 3.1.4 Georgia

***Cross-border Cooperation Joint Operational Programme projects  
involving local authorities in Georgia***

**Introduction of innovative waste management practices in selected cities of Georgia, Moldova and Armenia**

**Project total budget EUR 374,882.84 (ENPI +cofin)**

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**Black Sea - Solidarity and Economic Activity - BS - SEA**

**Project total budget EUR 154,561.50 (ENPI +cofin)**

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**Capacity for Integrated Urban Development: INTEGR-ABLE**

**Project total budget EUR 262,528.78 (ENPI +cofin)**

**Beneficiary (Lead Partner)**

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As noted in the previous section, the *Cross-border Cooperation Joint Operational Programme* on Black Sea Synergy, which ran from 2007 to 2013, generated 62 projects. All these projects received funding from the ENPI. The ones that involved a Georgian local authority are listed below. It is expected that two calls for proposals will be issued under the aegis of the current *Black Sea Basin ENI CBC programme 2014-2020*, the first in 2016 and the second in 2018.

The *Local Governance Programme South Caucasus*, commissioned by German Federal Ministry for Economic Cooperation and Development (BMZ), is implemented by the German Agency for International Cooperation (GIZ). This programme, which focuses on multi-level governance and partnership as defined in chapter 21 of the Association Agreement between Georgia and EU, targets good local governance, in terms of financial management, citizen-orientation and improvement in local services. In particular, it sought to create a national framework for municipal development through the development of national standards for local government and introduction of citizen-oriented



administrative reforms at the local level. This framework was targeted at improving the interaction between central and local/regional governments, e.g. in relation to the elaboration of regional development strategies. This last point is particularly important in relation to the Adjara Autonomous Republic. Informal feedback from national, regional and local participants in the Local Governance Programme South Caucasus for Georgia suggests positive outcomes, while an official evaluation will be available later this year.

The *Eastern Partnership Territorial Cooperation programme* (EaPTC), consists of two components: a support programme for Technical Assistance implemented by a consortium led by the Spanish consulting company ALTAIR ASESORES, and a financial management part implemented by GIZ as Managing Authority. In 2011 the Armenian-Georgian Euroregion, involving five regions of Armenia and four of Georgia, was set up within the framework of EaPTC. The project was supported by the German economics ministry and the KfW, the German government-owned development bank. The project is still at an early stage, but preliminary reports are positive.

### **3.1.5 Armenia**

As noted above, The *Cross-border Cooperation Joint Operational Programme* on Black Sea Synergy, which ran from 2007 to 2013, generated 62 projects. All of these projects received funding from the ENPI. The ones that involved an Armenian local authority are listed below. It is expected that two calls for proposals will be issued under the aegis of the current *Black Sea Basin ENI CBC programme 2014-2020*, the first in 2016 and the second in 2018.

The Association of Municipalities of Armenia has applied, as member of a consortium, to the COMO East II programme<sup>2</sup> and to the Pilot Regional Development Programme (PRDP), project EuropeAid/150426/DD/ACT/AM. The Association believes that these programmes need to be more specifically targeted, and questions the usefulness of the tender procedures employed.

The Association of Municipalities of Armenia was involved in the setting-up in 2011 of the Armenian-Georgian Euroregion, involving five regions of Armenia and four of Georgia, within the framework of the *Eastern Partnership Territorial Cooperation programme* (EaPTC). The project was supported by the German Economics Ministry and the KfW bank, the German government-owned development bank.

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<sup>2</sup> A programme for energy efficiency and sustainability under the auspices of the Covenant of Mayors.

***Cross-border Cooperation Joint Operational Programme projects involving local authorities in Armenia***

**Introduction of innovative waste management practices in selected cities of Georgia, Moldova and Armenia, GMA-WMP**

**Project total budget EUR 374,882.84 (ENPI +cofin)**

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**Capacity for Integrated Urban Development: INTEGR-ABLE**

**Project total budget EUR 262,528.78 (ENPI +cofin)**

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### **3.1.6 Azerbaijan**

There is very little cooperation between Azeri municipalities and the LRAs from the ENP and the EU. Although the Association of City-Municipalities of Azerbaijan represents the country in CORLEAP, we have not been able to find information of how active the organisation is nor have we been able to contact representatives. There are clearly some municipalities (Sheki, Ganja<sup>3</sup>) which are able to receive international exposure, yet we cannot be sure of the extent of real cooperation beyond official visits. In total, Azeri LRAs still have very few responsibilities<sup>4</sup>.

The EU funded cross-border cooperation programme between border regions in Georgia and Azerbaijan is effectively starting in 2016. Individual municipalities have signed agreements on friendship and cooperation between themselves and various EU municipalities but it is hard to assess the real value of these

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<sup>3</sup> And most likely Nakhchivan Autonomous Republic. For an overview, one may browse news of the Azerbaijan State News Agency [www.azertag.az](http://www.azertag.az) under Regions heading.

<sup>4</sup> See the part on sectoral development and the information in the “Division of Powers” study <https://portal.cor.europa.eu/divisionpowers/countries/EasternPartnershipcountries/Azerbaijan/Pages/default.aspx>

agreements in the absence of any tangible results to date, as well as to understand as to what extent these agreements were bottom-up initiatives.

## 3.2 Southern Neighbourhood

### 3.2.1 Syria

The country is torn apart by war, and any form of international cooperation is at present not possible.

### 3.2.2 Lebanon

Lebanon was one of active participants of the 2007–2013 Cross-border Cooperation Joint Operational Programme (CBC-Med) programme – altogether, 60 ENPI projects were carried out in the country. Out of those, Lebanese LRAs partnered in 19; the Municipality of Jbeil-Byblos was a partner in three of those, and the Union of Municipalities of Hermel and the Urban Community of Al Fayhaa – in four each. The next call for proposals is expected to be announced in 2016. Moreover, 0.89 million EUR has been allocated to Lebanese LRAs in 2015 under the Civil Society Organizations and Local Authorities (CSO-LA) Programme, a successor to the thematic programme NSA-LA (2007-2013) for the period 2014-2020<sup>5</sup>.

Several Lebanese municipalities and unions of municipalities cooperate within the **MedCities network**, established in Barcelona in November 1991 at the initiative of the Mediterranean Environmental Technical Assistance Programme (METAP) by the World Bank, the European Investment Bank, the European Commission and UNDP (United Nations Development Programme): Al-Fayhaa, Batroun, Dannieh, Djerba Midoun, El Mina, Jbeil-Byblos, Tripoli and Zgharta-Ehden. Moreover, other Lebanese cities have cooperated via **UCLG – The Global Network of Cities, Local and Regional Governments**; since 2007 around fifty decentralized cooperation partnerships have been established through the **Italian Cooperation in Lebanon** between Lebanese and Italian LRAs, and the presence of the *Agence Française pour le Développement* (AFD) has resulted in the establishment of a number of partnerships between French and Lebanese LRAs, e.g. between Swayjani and Lille, Beirut and Ste-Etienne, Ba'albeck and Aix-en-Provence, as well as Sour and the PACA region of France. Additionally, Catalonia and Andalusia established relationships with Tripoli and Saida municipalities and unions under the Spanish cooperation programme.

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<sup>5</sup> [http://ec.europa.eu/europeaid/sites/devco/files/commission-decision-cso-las-maap-30062015\\_en.pdf](http://ec.europa.eu/europeaid/sites/devco/files/commission-decision-cso-las-maap-30062015_en.pdf)

In the wake of these projects, **new bilateral cooperation between former project partners has been established**, e.g. between the Municipality of Barcelona and the Municipality of Saida, following on a USUDS CBC-Med project. Moreover, “the project has contributed to South-South cooperation due to the exchanges between partners from Tunisia and Lebanon, a really pressing challenge that not many initiatives achieve” (USUDS report). The Union of Municipalities of AL-Fayhaa in Lebanon (one of the most active municipalities) cooperates with Barcelona and Marseilles.

Some persons interviewed for this project expressed the belief that the decentralized cooperation between Lebanese and foreign LRAs is much easier outside the bureaucratic EU structures and projects, and that in general the EU tools are too complicated and poorly adapted to the needs of local authorities (and that the same is true in other South Med countries). Moreover, the National Contact Point was not evaluated very positively by some interviewees, as they believed that the officials there lacked appropriate training and had little time for the job, owing to their other obligations.

Red tape is however also very present in Lebanon itself – indeed to a much larger extent than in the EU institutions. Many CBC-Med projects (e.g. CUSTOM Med, GOUV’AIRNANCE and MEDSEATIES) have experienced delays in implementation due to oppressive bureaucratic procedures, where permissions had to be obtained by the LRAs from a number of different government-level bodies.

An example of one of the most active LRAs in Lebanon is the Al-Fayhaa Union of Municipalities (Tripoli, El-Mina and El-Beddawi, and also al-Qalamoun, which joined in 2014), who have participated in so many projects that now they have not had to search for project opportunities or funding themselves; they are known “to be professional” and are approached by partners. Similarly, they are contacted by NGOs and international donors who are reaching out with grants (e.g. Kuwaiti Treasury funding for a new slaughterhouse, the Japanese and Italian Embassies sponsoring new vehicles for fire brigades, or the Italian Embassy offering “cash for work” schemes for both Lebanese and Syrians). Because of their experience, they are often approached by other Unions of Municipalities and Municipalities who ask for advice, and in order to disseminate their knowledge more effectively, they have established a Knowledge Transfer Centre under the MedCities.

### **3.2.3 Jordan**

Jordanian LRAs had been involved in a number of regional and sub-regional cooperation projects, most notably under The Cooperation in Urban

Development and Dialogue (CIUDAD) programme (2010-2013), MED-PACT - Local Authorities (2006-2010), and most recently the Mediterranean Sea Basin Programme (2007-2013) under which Jordan participated in 47 projects; out of those, Jordanian LRAs participated in eight.

The main problem faced during the implementation of almost all the projects was delays due to the Jordanian bureaucracy. Moreover, some Jordanian LRAs had trouble dealing with the bureaucracy and standards on the EU side, mostly relating to financial management and bookkeeping. Jordanian LRAs do cooperate to a limited extent with their counterparts from other countries, but mostly within larger networks or under foreign-sponsored projects.

### **3.2.4 Palestine**

Over 2005 to 2012, Palestinian municipalities cooperated with their Israeli counterparts within the Municipal Alliance for Peace network (the Alliance ended its activities in 2012). Its joint initiatives involved the Association of Palestinian Local Authorities (APLA) on the one side and the Federation of Local Authorities in Israel (ULAI) on the other, and it was supported by the Association of Netherlands Municipalities (VNG) and UNDP. The Alliance focused its activities on issues such as sewage treatment and water projects, and was assessed by the donors and the recipients as bringing good results in both tangible successes and in the form of shifting responsibilities towards the municipalities.

Currently, Palestinian municipalities cooperate with French cities within the Réseau de la Coopération Décentralisée pour la Palestine (RCDP). RCDP helps with organisation of meetings, sharing experiences and information, helps in starting cooperation projects etc. and is assessed by the Palestinian side as very useful. Long-standing support of infrastructure and capacity building projects in Palestine by the German agency GIZ has also recently brought hopes for increased cooperation between Palestinian and German cities. There is also a possibility for renewed cooperation between Palestinian and Dutch LRAs, a hope which was expressed by interviewees.

Palestinian municipalities have also been members of the Standing Committee for the Euro Mediterranean Partnership of Local and Regional Authorities (COPPEM), currently working on the charter for equality between women and men. APLA is a member of the Arab Towns Organisation, and participates in its meetings and conferences. Palestinian LRAs has cooperated with the past with Moroccan municipalities, though this last cooperation was of the top-down type, perceived as being very controlled by the central governments.

It should be stressed that most of the cooperation projects by Palestinian municipalities rely heavily, if not exclusively, on foreign funds. This creates a myriad of issues for the capacity-deficient municipalities, who need to rely on foreign aid when any follow-on projects are considered but find it difficult to adhere to different application requirements (which vary widely by donor). Another obstacle in relation to foreign-funded cooperation is that donors often arrive with preconceived ideas, and tend to micromanage projects to the extent that there is little shift of responsibilities towards the Palestinian side, leading to short-lived cooperation. Finally, and perhaps a more overarching problem, constraints resulting from the relationship with Israel remain the main bottleneck in international cooperation, and in particular in cross-border cooperation. According to a representative of APLA, in some cases the tenuous relationship with Israel even makes cooperation impossible.

### **3.2.5 Israel**

Despite the highly centralised nature of administrative power in Israel, local governments have a rich history of international cooperation. In regards to the neighbourhood, however, and as noted above, cooperation with the Palestinian local authorities is dependent on foreign-initiated programmes. Due to other issues in Israel's immediate geographic vicinity, cooperation most often takes the form of collaboration of the long-distance type instead.

The Federation of Local Authorities in Israel (ULAI) cooperates with similar organisations in the US and is a member of the global and European umbrella organisations of local authorities (UCLG and CEMR, respectively). Noting the increasing role of the local authorities around the world in relation to international state-level relations, ULAI is planning to intensify international cooperation in 2016. Its strategic plan seeks more international exposure of its members and more professional workshops for local communities. In particular, it aims to strengthen ties with US local organisations, also with a view to helping to develop Palestinian-inhabited and peripheral cities in Israel. ULAI aims to get its members more involved in EU projects (also through being more active within ARLEM) and to tighten cooperation with local authorities from a few specific EU countries (Germany, France, Poland), as well as to examine relationships with partners, such as Cyprus, Greece, Belgium. Outside the EU and the US, ULAI also has plans to cooperate more closely with Chinese cities.

In terms of cooperation in the form of twin cities, Israeli city partners are mostly in EU and the US. However, some Israeli cities have 'twins' in Ukraine, Russia, Belarus, Moldova and Turkey, owing to cultural and population ties.

### **3.2.6 Egypt**

A key fact regarding Egypt that must be noted up-front is that there are no regional authorities in Egypt in the true meaning of the word. Instead, there is rather a local administration that is de facto a representative of the central government and is completely dependent financially and politically on it.

It is not possible to establish direct cooperation with an LRA in Egypt without a central government body (usually the Ministry of International Cooperation or Ministry of Local Development) as intermediary. The local administration can act as a beneficiary, but not as a contractor to any contract with a foreign body. Egyptian institutions participated in 32 projects under the 2007-2013 CBC-Med programme; none of these institutions was an LRA, though. Currently, a project “Strategy for Administrative Reform”<sup>6</sup> is running in Egypt (2015-2018). Its aim is to assist the Egyptian government in reforming public administration services and pursuing the decentralization process. The consortium, consisting of the International Agency of the Association of Netherlands Municipalities (VNG International) and the École Nationale d'Administration (ENA) from France is working together with the Ministry of Planning Monitoring and Administrative Reform (MoPMAR) and the Ministry of Local Development (MoLD) to develop local administrative skills and competences and improve the performance of local administrators.

### **3.2.7 Libya**

Currently, in Libya newly-elected municipal councils composed of seven persons are the only official LRAs in the country; during the Gaddafi era, local authorities never really existed and government was highly centralized. These municipal councils are free to work with the EU and international donors (although each foreigner wishing to work in Libya needs permission from the central government; due to security issues, no European staff members work on the ground and all the work for EU projects is conducted by Arab personnel). In fact, it appears that all municipalities, no matter in which part of Libya they are located (and consequently, under which “national government”), freely cooperate with the EU, even when some parts of the cities, like in Benghazi, are out of limits.

The major problems these municipalities face are an almost complete lack of skilled workers, as know-how and capacities on the part of municipal authorities to manage the cities they are supposed to govern is missing. Human capital deficiencies are compounded by physical capital inadequacy, as the

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<sup>6</sup> <http://www.vng-international.nl/blog/official-start-project-support-to-public-administration-reform-and-local-development-in-egypt/>

municipalities lack procedures and equipment as well as staff; to quote one of the interviewees, they are “literally starting from scratch.” Indeed, the only factor in their favour is political legitimacy, since the members of the councils were elected by the local population.

In an attempt to start changing this situation, between December 2011 and April 2015, VNG International (the International Cooperation Agency of the Association of Netherlands Municipalities) and its daughter organization CILG (International Development Centre for Innovative Local Governance) implemented a project “Support Programme to Urban, Democratic Governance and Local Economic Development in Tunisia and Libya,” funded by the Netherlands Ministry of Foreign Affairs and the Danish Arab Partnership Programme<sup>7</sup>. Under the project, fourteen events in Libya, 41 in Tunisia and three elsewhere were organized, during which representatives of Libyan LRAs, NGOs and the business community received training in an effort to promote democratic principles, and local-level democracy and governance. It was also aimed at promoting cross-border cooperation between Tunisian and Libyan LRAs. At least officially, the programme was successful and showed “that it is possible to carry out a programme under difficult circumstances.”<sup>8</sup> A new capacity-building project is also being prepared by UNDP. The EU has also been trying to create a national-level council of municipalities, but the efforts have been unsuccessful thus far.

### **3.2.8 Tunisia**

Under the new laws introduced after the revolution of 2011, the municipalities enjoy substantial amounts of autonomy. The new laws regarding municipalities and local governance were modelled on European legislation (mainly German and Dutch), so at least on paper LRAs gained freedom in terms of local governance. According to Article 140 of the new Constitution, “Local authorities may cooperate and enter into partnerships with each other with a view to implementing programmes or carrying out activities of common interest. Local authorities may also establish foreign relations relating to partnership and decentralized cooperation. Rules for cooperation and partnership between authorities shall be regulated by law.”

In what follows, municipalities are technically free to engage in cooperation with other LRAs both inside and outside of the country, although there remains certain ambiguity regarding this fact. Indeed, some LRAs interviewed reported

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<sup>7</sup> <http://www.vng-international.nl/blog/projects/libya-and-tunisia-support-to-democratic-local-government/>

<sup>8</sup> <http://www.vng-international.nl/wp-content/uploads/2015/07/DEFUPDATE2015small96.pdf>



that despite the introduction of the new laws they still need central government permissions, although they do believe changes are underway.

There seems to be slightly more interest on the government side in establishing relationships between the municipalities within than outside the country. International cooperation is still welcomed, though, and (at least theoretically) no permission from the Ministry of Interior is needed anymore. On the other hand, each Ministry has its own International Cooperation Unit and the Ministry of Development, Investment, and International Cooperation is involved in many ongoing projects, while the Ministry of Local Affairs is still informed about new cooperation initiatives.

Many municipalities lack staff competent enough to take on these new responsibilities, so in many places, especially in smaller towns, many functions are still managed centrally. For example, the Government of Japan is implementing a bilateral project on decreasing unemployment in South Tunisia, and although the governorate-level authorities are a second-hand partner, it is the central government that pursued negotiations and signed the contract.

Part of the problem is that a career in local administration is not seen as attractive and is not well-paid, so that the most skilled people move to central administration (especially true in smaller cities). This results in a severe imbalance, with overstaffing of public administration at the national level and understaffing at the local level. Municipalities lack the funding, know-how and human resources to make full use of their newly-acquired privileges.

In terms of international cooperation, most recently Tunisian LRAs participated in the 2007-2013 CBC-Med programme. Tourist-oriented Sousse was the most active participant in the project, with only three other LRAs – those of Mahdia, Sfax and Maamoura - taking part in the programme at all. Virtually all projects suffered major delays due to the political situation at the time of their implementation. Even the most experienced Municipality of Sousse faced serious problems fulfilling their obligations. Moreover, the National Contact Point is seen as not fulfilling its role and remaining very passive.

Under the Tunisia-Italy scheme, 31 projects have been carried out. A local authority was involved in one of them – the Municipality of Hammam-Lif took part in a MEDCOT project (Sustainable methodologies for rehabilitation and valorisation of coastal shoreline). Moreover, EUR 1.6 million is foreseen in 2017 for Tunisian LRAs under the CSO-LA programme.

Tunisian LRAs are cooperating within the National Federation of Tunisian Cities (FNVT), which for its part works with VNG International, the

International Cooperation Agency of the Association of Netherlands Municipalities, and its daughter organization CILG (International Development Centre for Innovative Local Governance), as well as the German development agency GIZ under the “CoMun – coopération municipale: Strengthening municipal structures in the Maghreb Region” project. Shortly after the adoption of the new Tunisian constitution at the beginning of 2014, the FNVT, CILG and VNG International signed an agreement meant to strengthen the cooperation between the three partners and promote sustainable local development, as well as international cooperation between LRAs<sup>9</sup>. In March the project entered a new phase, with the VNG signing a cooperation agreement with the Tunisian Ministry of Local Government. Moreover, the patronage was assumed by the Ministry of Interior (Direction Générale des Collectivités Publiques Locales du Ministère de l'Intérieur), with the support of the official Training Centre for the Support of Decentralization, CFAD (Centre de Formation et d'Appui à la Décentralisation). The main goal is to help Tunisian authorities to progress with the decentralisation process as defined in the new constitution. The project is being implemented in twelve municipalities: Ben Gardane, Djerba Midoune, Gafsa, Gabès, Jendouba, Kasserine, Menzel Bourgiba, Monastir, Sfax, Siliana, Sousse und Tunis. The municipalities cooperate with each other within the FNVT network, share experiences and know-how, e.g. in the field of waste management, and work on building civil society and improving relationship not only with each other, but also with the citizens<sup>10</sup>. GIZ is also coordinating twinning projects between German and Tunisian municipalities; around eight such partnerships of this kind are in place right now, e.g. Cologne with Tunis, and Stuttgart with Menzel Bourguiba.

Moreover, in 2015, VNG implemented a project “Support Programme to Urban, Democratic Governance and Local Economic Development in Tunisia and Libya”<sup>11</sup>. Currently (November 2015-December 2017), CIGL (with the financial support of the Denmark’s development agency, DANIDA) is carrying out a project PAGUDEL 2 (Programme d’Appui à la Gouvernance Urbaine Démocratique et au Développement Economique Local en Tunisie), again aimed at helping with the decentralisation process and the strengthening of the capacities of Tunisian LRAs.

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<sup>9</sup> <http://www.vng-international.nl/blog/partnership-and-cooperation-between-the-fnvt-cilg-and-vng-international/>

<sup>10</sup> <http://www.co-mun.net/tunesien>

<sup>11</sup> <http://www.vng-international.nl/wp-content/uploads/2015/07/DEFUPDATE2015small96.pdf>

### 3.2.9 Algeria

LRAs in Algeria are as a rule not allowed to sign any kind of partnerships themselves and they need to act through the central government, a reality that appears on the cusp of change due to increased political will. However, before such a reform occurs, representatives of the LRAs need to be trained in order to be ready for the new responsibilities that such a reform will create. In general, those in the North of the country are believed to be better prepared to participate in projects involving cooperation with partners from other countries, and LRAs in the South will need more help. The EU provided some training to the representatives of LRAs across the country last year, but more involvement would be helpful.

Algeria did not participate in the 2007-2013 CBC-Med programme. However, under the 2006-2010 MED-PACT Local Authorities Partnership Programme in the Mediterranean:

- Wilaya d'Alger was a partner in a project: "SHAMS - Sustainable Human Activities in Mediterranean Urban Systems" (EU co-financing 600,000.00 EUR | December 2009 – June 2010);
- Oran – "APUDUI Accompagnement méthodologique à la définition de Politiques d'Urbanisme et de Développement Urbain Intégrées, et à la construction d'outils à Annaba, Algérie et à Bizerte, Tunisie" (EU co-financing 300,000.00 EUR | December 2009 – April 2011); and
- Oran – "ARCHIMEDES Actions to Regenerate Cities and Help Innovative Mediterranean Economic Development Enhancing Sustainability" (EU co-financing 580,000.00 EUR | January 2007 – December 2008).

More recently, under the ENP programme Cooperation in Urban Development and Dialogue (CIUDAD), Sétif participated in a programme "Promotion of a sustainable and integrated urban solid waste management system in the Maghreb countries (Morocco, Algeria and Tunisia)", and "NEW MEDINA From pilot towns to sustainable towns – reinventing new towns" (March 2010 – September 2014). Additionally, EUR 1.2 million was allocated for Algerian LRAs under the CSO-LA Programme between 2015 and 2016.

One of the most important lessons learned from these projects was the fact that "the wilaya (governorate) level cannot be short-circuited, and that working with Popular Communal Assemblies (APC – the equivalent of the Municipality)

requires close coordination and even a “green light” from the Wilaya level.”<sup>12</sup> This conclusion has been more recently confirmed in an evaluation of an EU funded project “Appui au développement socio-économique local dans le Nord-Est de l'Algérie (Appui au filet social)” (more about this one in the next chapter of the report); different levels of APC are still very important in Algeria, and that should always be remembered.

As for non-EU funded projects, in 2016 Algeria joined a GIZ funded project “CoMun – coopération municipale” (which is also being conducted in Morocco and Tunisia). It is being implemented in close cooperation with the Ministry of Housing and Urban Development (a change in implementation, as previously it was the Ministry of Interior who was solely authorized to interact with external donors; this time it was informed, but is not formally a partner) and its arm, the National Agency for Urban Development (ANURB), which chose the wilayas of Mostaganem, Annaba, Oran, Sétif and Tlemcen. Under the project, the above mentioned wilayas will partner with chosen German cities and work together on small-scale projects relating to public spaces, rehabilitating old town (medinas), waste management and upgrading of cultural establishments<sup>13</sup>. These projects are however treated rather as an opportunity to build relationships with other municipalities and not an end in and of themselves.

Currently, the information on activities in which LRAs have been involved is quite fragmented. The EU Delegation to Algeria is currently conducting a study on cooperation of Algerian LRAs with other local authorities, but no results are available yet, and they could not provide any details on such cooperation. At the same time, though, the “Overview of the European Neighbourhood and Partnership Instrument 2007-2013” states that “[m]ore than fifteen Twinning operations between Algeria and the EU have been launched since 2008, with a total budget of EUR 16 million for cooperation in areas including trade and industry, agriculture and environment, finance, health, energy and governance.”<sup>14</sup>; more details could not be obtained, though, and the ENI Twinning National Contact Points in the Neighbourhood did not reply to contact requests. The EU authorities also seem unaware of the new GIZ project, so the abovementioned study is much needed for EU to proceed in a systematic and organized way.

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<sup>12</sup> [https://ec.europa.eu/europeaid/sites/devco/files/publication-local-authorities-partnership-mediterranean-programme-med-pact-201011\\_en.pdf](https://ec.europa.eu/europeaid/sites/devco/files/publication-local-authorities-partnership-mediterranean-programme-med-pact-201011_en.pdf)

<sup>13</sup> <http://www.co-mun.net/algerie>

<sup>14</sup> [http://enpi-info.eu/main.php?id=38735&id\\_type=1&lang\\_id=450](http://enpi-info.eu/main.php?id=38735&id_type=1&lang_id=450)

### 3.2.10 Morocco

Following the implementation of new legislation in July 2015, the process of decentralization in Morocco accelerated. Moroccan LRAs are currently allowed to cooperate with international donors as well as other LRAs directly, although the Ministry of Interior (as the superior body overseeing municipalities) is still the main partner for international donors. This, much as in Tunisia, is to a large extent a result of the lack of capacities of LRAs, who do not have enough trained staff to manage both the internal and external affairs of their respective territories. Additionally, despite the fact that there is political will to transfer more responsibilities to LRAs, the bureaucracy is slowing the process down significantly.

Moreover, in general, there is more interest on the government side in establishing relationships between the municipalities within than outside the country (there are three national associations of LRAs in the country: L'association Nationale des Présidents des Collectivités locales, L'association Nationale des Présidents des Conseils Communaux and L'association des Régions du Maroc), and the Moroccan government is more reluctant than, for example, the Tunisian to allow LRAs freely to establish international relationships. This is especially true in relation to Algeria, with whom Morocco is in conflict over the Sahrawi people. Political tensions on the national level are adversely affecting existing and prospective cooperation projects on sub-national level.

Morocco did not take part in the 2007-2013 CBC-Med programme, and the EU-funded projects supporting regionalisation ended in 2013. However, EUR 0.8 million was allocated in 2015 to Moroccan LRAs under the CSO-LA programme. Additionally the LRAs in Morocco are currently participating in the German development agency GIZ project: “CoMun – coopération municipale: Strengthening municipal structures in the Maghreb Region.” It was carried out in partnership with the General Directorate of Local Authorities (Direction Générale des Collectivités Locales, DGCL) and – since 2014 – the Moroccan Association of Presidents of Communal Councils (l'Association Marocaine des Conseils Présidents Communaux, AMPCC). The main aim of the project is strengthening the cooperation and building a strong network between the cities in Morocco and within the Maghreb, as well as providing technical support in the area of solid waste management, historical heritage protection, energy efficiency and urban mobility to seven participating municipalities: Agadir, Beni Mellal, Fes, Kenitra, Meknes, Rabat and Salé<sup>15</sup>. The cities were chosen in a competition run in 2010 out of 16 municipalities that submitted project

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<sup>15</sup> <http://www.co-mun.net/maroc>

proposals. Moreover, the Wilaya of Oujda works in cooperation with the Spanish Autonomous Government of Galicia on a project “Strengthening the capacities of Wilayas in the Region Oriental in terms of integrated and sustainable economic development of the region”.

## **4. Sectoral development and the role of LRAs**

This chapter focuses on possible bottlenecks of LRA involvement in various sectors, where ‘sectors’ are understood as the policy areas for which the Treaty for the Functioning of the European Union provides for obligatory consultation of the Committee of the Regions, namely: transport (arts. 91 and 100 TFEU), employment (arts. 148 and 149 TFEU), social policy (art 159 TFEU), education, vocational training, youth and sport (arts. 165 and 166 TFEU), culture (art. 167 TFEU), public health (art. 168 TFEU), trans-European networks (art. 172 TFEU), economic, social and territorial cohesion (art. 175 et seq TFEU), environment and the fight against climate change (art. 192 TFEU) as well as energy (art. 194 TFEU). The data for this section has been obtained based on the outcomes of interviews the CASE team conducted during the project implementation period.

### **4.1 Eastern Neighbourhood**

#### **4.1.1 Belarus**

Regional and local development is mostly determined by the top government bodies (the president, the president's administration, the Council of Ministers), ministries and state agencies, as well as oblast executive committees (in a barely-reformed Soviet style). Local authorities devoid of powers and funds play a minor role in the territorial development (Sivograkov et al 2014). Moreover, statistics on LRA budgets in Belarus seem not to reflect the true situation of the local authorities. The budgets are relatively high (above 10% of GDP), though this most likely reflects rather the top-down distribution of funds.

The effects of centralization can be easily spotted, especially in the form of the lack of the responsibilities and management skills at the local level. Sivograkov et al. (2014) write that “there are still many subsidized regions (115 out of 118). Many enterprises of the agrarian sector, which often form the basis for the rural areas’ economy, are still functioning entirely due to state support.” A survey on local and regional development in Belarus conducted among country experts revealed that the level of public engagement in local development has been highly unsatisfactory, that the vast majority of businesses do not participate in local and regional development, and that there is practically no cooperation between the Belarusian and foreign regions. Overall, economic development at the local and regional level was assessed as unsatisfactory (Sivograkov et al 2014).

There seem to be promising initiatives on a small scale, often pilot projects, oriented to sustainable local development and supported by foreign donors. These initiatives are assessed by the experts interviewed in the above-mentioned study as very beneficial and able to lay grounds for future decentralisation. We make reference to one of such projects financed by the EU in the section on LRA funding below.

#### **4.1.2 Ukraine**

Ukraine made important steps in the direction of fiscal decentralisation in 2015, bringing the division of powers between the local and central authorities more in line with EU practice. Local governments' capacities for conducting development policies were increased, while "some taxes, particularly the real estate tax and a fixed agricultural tax, will be retained at local level. Local municipalities also got autonomy to approve their budgets and borrow from international financial institutions."<sup>16</sup>

Ukrainian local authorities now possess exclusive competences in, among other areas, approving programmes of socio-economic and cultural development and supervising their implementation, managing education, health, culture, physical culture and sport, providing social protection services, managing housing and communal services, trade services, and transport and communications. The programmes of socio-economic development and the local budgets are approved by the regional authorities, but as of yet regional authorities have no executive power, and thus their role in planning is correspondingly small. Similarly, given the relative recent nature of Ukraine's changes, it is too early to observe any outcomes of the increased role of the local authorities in shaping sectoral development. Nevertheless, it is a step in the right direction, and with continued foreign assistance<sup>17</sup> it should soon bear the fruit in the form of effective decentralisation of the country.

Currently, the Union of Ukrainian Cities states that the main bottlenecks for shaping local development are lack of physical and human capital ("lack of funding, knowledge, [and] people"). As the decentralisation can be still labelled a 'work in progress,' there is reportedly significant distrust in some local populations, as competencies have been moved from the levels of villages to

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<sup>16</sup> Implementation of the European Neighbourhood Policy in Ukraine Progress in 2014 and recommendations for actions, March 2015, EC, at [http://eeas.europa.eu/enp/pdf/2015/ukraine-enp-report-2015\\_en.pdf](http://eeas.europa.eu/enp/pdf/2015/ukraine-enp-report-2015_en.pdf)

<sup>17</sup> As an example we may refer to the ongoing \$4.2 million project granted by the USAID and implemented with the Association of Ukrainian Cities (AUC) "Development Initiative for Advocating Local Governance in Ukraine". The project involves local actors in shaping the decentralisation of powers.



bigger entities. There is a risk that, as it progresses, the needs of small groups of population will be neglected and the migration of working-age people from rural areas will continue. Also, in the near future, there will be a need to tackle the socio-economic development of eastern Ukraine, as the reliance on heavy industry in the region is not sustainable (see below under migration).

### **4.1.3 Moldova**

There have been a number of programmes for environmental and rural development with a direct interface with LRAs in Moldova, including:

- A project financed by the EBRD, the EIB and the Neighbourhood Investment Fund, to modernise the water supply and sewage system of Chisinau, the Moldovan capital. This project has been successfully implemented.
- The Moldova Energy and Biomass Project, funded by UNDP and the EU, aimed at the development of sustainable energy production. This project is ongoing.
- Sustainable forest management under the aegis of the Forest Law Enforcement and Governance Programme, FLEG II, funded by the EU. We look at this last project in greater detail. Though not directly connected with the ENP, and indeed including countries not involved in the ENP, it illustrates graphically the extent to which complex EU-sponsored programmes are able to get through to the local level, in terms of both people and organisations, and in terms of providing services directly and raising local competences. It is also a project on which there is ample information in the public domain, and a readiness on the part of participants to discuss their experience. For this reason, we have used it as a key case study, not just for Moldova, but also for Georgia and Armenia (see below).

As in other countries of the Eastern Partnership, the implementation of FLEG-II in Moldova has gone well. Implementation of the project is backed up by a National Programme Advisory Committee (NPAC), on which sit representatives of various stakeholders – local partners, government organisations, forestry agencies, members of local communities, research and management personnel, and NGOs. One of the strengths of the programme has been its sharp focus on fostering good practice – in terms of hard technical issues like forest management, wood traceability and the generation of energy from wood; and on ‘soft’ issues like education, communication and transparency. The project has also looked hard at key problems in Moldova’s forests, and studies have been completed in relation to overuse, illegal logging, and patterns of wood consumption. All of this has meant that FLEG-II in Moldova has had to develop a legal dimension to supplement its technical dimension. The process of

transition from FLEG-I to FLEG-II was a smooth one, not just in bureaucratic terms, but in terms of the continuation of the learning process that had been initiated by FLEG-I, and which provided a higher platform for FLEG-II to take off from. This learning process has continued through FLEG-II. But while the Moldovan authorities seem to be happy enough with the management structure of FLEG-II, authorities in other countries (see section on Georgia, below) complain of excessive complexity.

It is difficult to assess the extent of outreach of the project. Only a handful of forestry workers and forest dwellers are directly affected by the measures. But the entire population of Moldova benefits indirectly from environmental protection of forests – even if they are not aware of it.

#### 4.1.4 Georgia

There have been a number of programmes for environmental and rural development with a direct interface with LRAs in Georgia, including:

- The setting-up of a hydrological monitoring network in the Adjara region under the auspices of the *Environmental Protection of International River Basins* (EPIRB) initiative.
- The setting-up of an Agro Service Centre in Adjara under the auspices of a Georgia-wide programme for rural development funded by the EU ENPARD agriculture and rural development initiative.
- A programme for the restoration of sub-tropical forests in the Adjara region under the aegis of the *European Neighbourhood and Partnership Instrument* (ENPI) *East Countries Forest Law Enforcement and Governance* (FLEG) II Programme.<sup>18</sup>

In regards to the FLEG project, the local team in charge of the project emphasised its goal-directed nature, in terms of sustainable forest policy, pilot projects in Adjara and international cooperation, and stress that the funders of the project (in this case principally the Austrian Development Agency, with a small contribution from the EU<sup>19</sup>) never tire of reminding them of the need to stick strictly to the approved objectives of the project.

The Adjaran team complain that the management structure of FLEG-II is too complicated, with three international organisations – the World Wildlife Fund, the International Union for Conservation of Nature and the World Bank all

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<sup>18</sup> see earlier section on Moldova for a general discussion of FLEG-II.

<sup>19</sup> The EU is, of course, the main funder of the seven-country FLEG-II programme as a whole. The ADA provides additional funding in Georgia under the ‘Complementary Measures for Georgia and Armenia’ programme.

involved in the running of the project. For each country there is a Steering Committee, a Programme Management Team and a Programme Coordination Team. All important decisions have to be passed by each of these bodies, and this makes dynamic decision-taking slow and difficult.

The local team emphasises the advantages of implementing the project within an Adjara framework. Because Adjara is an autonomous republic within Georgia, it has its own government, ministries, and administrative framework. The leadership of the forestry and environment authority of Adjara has been fairly stable in recent years, and this compares favourably with the situation at the level of the Georgian government, where there have been frequent changes in personnel in the forestry and environment administration (NB FLEG-II also operates at the Georgian national level). The Adjara forestry and environmental authority has a reputation, not only for stability, but also for a hands-on, flexible approach to regulation, and this has greatly helped the implementation of the project.

A number of points emerge from the above:

- The management structure of FLEG-II is exceedingly complex; this must raise issues of optimality in management structures for emerging countries with limited administrative capacity.
- The fact that the project is implemented by the regional authorities seems to have resulted in a significant dividend in terms of effectiveness.

As with other FLEG countries, it is difficult to assess the extent of outreach of the project, except to say that its direct impact is on only a small number of people, while its indirect (environmental) impact is virtually universal.

#### **4.1.5 Armenia**

The Association of Municipalities of Armenia reports that they have no existing programmes here, but that projects are now being developed. As in other countries of the Eastern Partnership, FLEG-II in Armenia, running until 2017, has stood out as a clearly focused and goal-directed programme. Policies for sustainable forest management have been formulated, and the legal and administrative reforms necessary to implement them put in place.<sup>20</sup>

FLEG-II in Armenia devotes a great deal of attention to demonstration of best sustainable forest management at the grass-roots level. A FLEG ‘roadshow’ has

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<sup>20</sup> see earlier section on Moldova for a general discussion of FLEG-II.

addressed practical issues like the implementation of a new law which seeks to reduce illegal logging by allowing all wood-dependent communities a certain ration of free dead wood for burning each year. More generally, the roadshow has served as a channel through which local communities and local governments can communicate their concerns to the central government. The main funder of FLEG-II in Armenia is ADA, under the rubric of ‘Complementary Measures for Georgia and Armenia’, with the EU also making a contribution (the main funder for the full, seven-country FLEG programme is, of course, the EU). At the level of management of the project, the ADA office in Yerevan has to coordinate with the Project Management Team in charge of FLEG-II as a whole, which is at the World Bank in Washington. This coordination is supposed to work through a Steering Committee, but in practice there are significant problems of coordination. ADA in Yerevan believes that the World Bank bureaucracy in relation to FLEG-II is excessive. There are also problems of coordination with the EU in relation to its small part in the project. The World Bank itself, however, seems to be perfectly content with the pattern of implementation, and indeed does not distinguish between the two funders in that connection.

As with other FLEG countries, it is difficult to assess the extent of outreach of the project, except to say that its direct impact is on only a small number of people, while its indirect (environmental) impact is virtually universal. For some rural populations in Armenia the impact of the programme, for instance in just guaranteeing a supply of fuel through the winter, has clearly been considerable.

#### **4.1.6 Azerbaijan**

It seems that there is very little that the Azeri municipalities (the bottom level of elected government) are authorized to do in terms of supporting local development. Although they may agree on local economic programmes, the lack of funding and the dominance of the central level of government in the provision of public goods makes control over their plans impossible. Indeed, municipalities seem to only have a role to play in the maintenance of some local roads, and their sole exclusive competence seems to be the maintenance of cemeteries.

In practice, the local governmental system in Azerbaijan is structured to favour the central government, which has local divisions of executive power with far superior capacities to the municipalities. The municipalities sometimes have overlapping functions with the central government (such as provision of social services, waste management, or construction projects) and, in such situations, the municipalities must not interfere with the matters of local units of central bodies. As a result, even if a common project arises, the role of a municipality is secondary.

While the will may be present at the local level, a further obstacle to local control is a lack of funds. The budgeting structure and peculiarities of local administration mean that LRAs are prevented from taking the initiative in such spheres as education, health care, and culture.

## **4.2 Southern Neighbourhood**

### **4.2.1 Syria**

The ongoing civil war makes an assessment on sectoral development impossible.

### **4.2.2 Lebanon**

In terms of legal rules, most services, such as agriculture, urban planning, education, environment, energy, transportation, tourism, and housing are centrally administered by relevant Ministries and LRAs are not involved in the process of drafting laws or creating new strategies. Exceptions to this rule are i) water services, which are partially decentralized; the Ministry of Energy and Water (MEW) shares responsibilities with the Council for Development and Reconstruction (CDR), the Autonomous Water Authorities and the Litani Water Authority (municipalities are mostly not involved in any decision-making regarding water management, though); and ii) social affairs – Ministry of Social Affairs (MOSA) works largely through Social Development Centres that often work closely with municipalities.

However, by law, municipalities – or more precisely municipal councils – can accept and refuse grants, as well as decide on revenues and expenditures and take certain kind of loans; they also have to contribute to expenditure on public projects and hospitals. As an interviewee mentioned, “thus, there is a wide gap between what municipalities are allowed to do by law, and what they are actually able to do, given their resources. Most projects of a developmental nature are being undertaken not by the municipality, but by line ministries or by the CDR, using funds from the Independent Municipal Fund and/or other grants and loans that have been secured by central government agencies or ministries.”<sup>21</sup>

As a result, each time a LRAs gets involved in a project covering one or more of the above mentioned areas, a permission and approval are needed from relevant

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<sup>21</sup> Harb and Atallah, p. 200

Ministries. Although permissions are almost always granted, the process itself involves a lot of bureaucracy and takes a long time. Also, the scope of services provided depends to a large extent on how big a municipality is and what kind of resources it has at its disposal, as well as on how competent and efficient its political management is. Municipalities are in need of trained technical staff, know-how, and funding. Otherwise even when they do manage to get funding for service delivery, they are forced to transfer the management to central government, as they lack qualified staff to run it – for instance, the Union of Swayjani, which managed to build a waste water treatment plant thanks to donor money was forced to ask the central authorities for help in running it, as they lacked the capacity to do it themselves.

At the same time, as one interviewee suggested, in the case of certain projects it may be more efficient to work with unions of municipalities or even regions in order to get more impact and make sure that the undertaken actions are well coordinated; in certain cases, like tourist sector development, municipalities might be unwilling to share the knowledge they gained in order not to lose the advantage they gained thanks to the training received.

### **4.2.3 Jordan**

Despite the fact that according to the 1955 Act municipalities are responsible for the management of 39 different services, in reality most basic services such as electricity, gas, healthcare, education, and public transport are provided by the government. The water sector is partly decentralized, with three companies in charge of different areas of the country.

Municipalities on their part are responsible for the implementation of urban development plans, and control of the implementation of sanitary standards, flood and fire prevention, granting of building permits, sewage and waste management, public cultural and sports institutions, and managing municipal properties.

One government official expressed a belief that the division of responsibilities between central and local authorities is apparently clear, especially in the area of solid waste and water management, and there are no confusions (unlike for instance in Lebanon) as to who is responsible for what. Be that as it may, as mentioned above, there is a disparity between what municipalities are allowed to do by law, and what they are in fact responsible for. At the same time the municipalities do lack capacities – competent staff, funds, know-how and equipment – to manage all their affairs independently.

As for EU funding, as one of the interviewees mentioned, it is quite easy to find a municipality in Jordan that would be willing to participate in a project; however, only those previous known to at least one project partner or active within one of international networks have a chance of being approached. In practice it means that just as most other South-Med countries, funding does not reach all LRAs but mostly to the most active ones that have influential, competent and energetic mayors – even under the NSA-LA project discussed in more depth below, the study case prepared by the EC mentions “dedicated staff and guidance from the charismatic mayor”<sup>22</sup> of one of the municipalities chosen by national authorities to participate in the project. Similarly, an active mayor was mentioned in the context of the “Poverty Pockets in Jordan” project.<sup>23</sup>

The Non-State Actors and Local Authorities in Development project reached 21 municipalities with recognized poverty pockets – although the municipalities beneficiaries of the programme, the main implementation partner was the Ministry of Municipal Affairs (similarly, although the municipalities of Greigrah and Feinan were the beneficiaries of “Poverty pockets in Jordan (...)” projects, the main partner was the Ministry of Municipal Affairs). The main aim of the project was to empower local actors and engage them in local development, and to inform them about the EU’s actions, and the opportunities created in Jordan. One of the effects noted was an increase in applications for EC grants by LRAs and NGOs in the municipalities targeted by the project.

#### **4.2.4 Palestine<sup>24</sup>**

Far-reaching decentralisation in theory creates a large role for the Palestinian LRAs in sectoral development. Yet the real picture is uneven: due to the fragmentation of the territory, there is lack of fiscal equalisation. As a result, local authorities are extremely uneven in their ability to provide services to the population.

On average the activity of LRAs is often limited to provision of basic services. The case is particularly strong in Gaza, as the primary concern of local authorities there is to rebuild housing. Next comes water treatment, as the water there is very salty and possesses health hazard.

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<sup>22</sup> [http://ec.europa.eu/europeaid/documents/case-studies/jordan\\_civil-society\\_raising-local-voices\\_en.pdf](http://ec.europa.eu/europeaid/documents/case-studies/jordan_civil-society_raising-local-voices_en.pdf)

<sup>23</sup> [http://ec.europa.eu/europeaid/documents/case-studies/jordan\\_roses\\_cultivation\\_en.pdf](http://ec.europa.eu/europeaid/documents/case-studies/jordan_roses_cultivation_en.pdf)

<sup>24</sup> The „Division of Powers” study provides more detail per sector policy:  
[https://portal.cor.europa.eu/arlem/Documents/PALESTINE%20FACT%20SHEET%20%20EN\\_8%20May%202014.pdf](https://portal.cor.europa.eu/arlem/Documents/PALESTINE%20FACT%20SHEET%20%20EN_8%20May%202014.pdf)

Palestinian LRAs are very dependent on external donors, such as the EU and the WB. Even though the state is fairly decentralised, the vast majority of grants are first channelled to a central ministry. Grants and aids represent 30% of the central government revenues (below 5% of LRA revenues; but this does not include transfers from the central budget; see Table 1).

High debt burden and dependence on foreign aid, the geographical fragmentation of the country, as well as restrictions imposed by Israel, make the formulation of coherent and sustainable development policies impossible in practice. APLA thinks that in order to improve the situation, municipalities should have more say when choosing a particular foreign-sponsored project.

**Table 1. General government finance in Palestine, 2014**

Indicator	Value in million US\$		
	General Government	Central Government	Local Government *
<b>1.Total Revenues</b>	<b>4447.6</b>	<b>4032.7</b>	<b>414.9</b>
1.1 Taxes	2651.8	2599	52.8
1.2 Social contribution	2.6	0	2.6
1.3 Grants and aids	1247.9	1231.3	16.6
1.4 Other revenues**	545.3	202.4	342.9
<b>2.Current Expenses</b>	<b>4106.1</b>	<b>3716.8</b>	<b>389.2</b>
2.1 Compensation of employees	2384.3	2248.2	136
2.2 Use of goods and services	712.1	555.5	156.6
2.3 Consumption of fixed capital	18.5	0	18.5
2.4 Interest	70	70	0
2.5 Subsidies	0	0	0
2.6 Grants	28.8	28.8	0
2.7 Social benefits	754.1	746.3	7.8
2.8 Other Expenses	138.3	68	70.3
<b>Budget balance</b>	<b>341.5</b>	<b>315.9</b>	<b>25.7</b>

Notes: \*Local governments participating: 95% of the West Bank, without the Gaza Strip; \*\* This included fees from resale electricity and water to the people, administrative fees, fines, property income, transfers other than grants.

Source: Palestinian Central Bureau of Statistics



#### 4.2.5 Israel<sup>25</sup>

As Israel has a very centralised power structure, local authorities are often limited to the delivery of national services, supervised by the Ministry of the Interior and the Ministry of Finance. It appears that local authorities are not able to influence in any important way either economic development or the provision of education, welfare and health services. Their main focus is instead on water supply, sewage systems, garbage disposal, road paving and maintenance, and instalment and maintenance of public gardens and parks.

#### 4.2.6 Egypt

As already mentioned, local units in Egypt are administrators, not governors, and so they have no say in decision-making processes; they may be, but do not have to be, consulted, whether international donors are involved or not. This arrangement has in the past led to situations where citizens were not even informed of planned local development works. For instance, according to some sources “residents of the residential Mohandiseen neighbourhood in Giza woke up one day last year (2015) to find that they had to cross over a scaffold to access streets because a tunnel was being dug, without any prior notification from local authorities and with complete disregard to public safety. It was not until one week later that residents found out that a new metro line was going to run under their homes. The National Authority for Tunnels, which is responsible for implementing metro projects in Egypt, is a central authority that reports to the Ministry of Transportation. It acts according to plans put forth by the government without any engagement with citizens.<sup>26</sup> In a similar case one year before that (in 2014), the Endowments Authority decided without consulting local authorities and citizens to bulldozer 1200 houses in Alexandria in order to build a new business centre.<sup>27</sup>

The LRAs lack not only political powers, but also the know-how and capacities to properly manage their affairs. For instance, in 2015, also in Alexandria, a flood destroyed the city’s sewage system. Although similar problems had been occurring on a daily basis, the city leaders seemed unable to do anything about the situation - even though sewage management is theoretically the responsibility of local administration.

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<sup>25</sup> As with Palestine, the „Division of Powers” study provides more detail per sector policy. We do not intend to duplicate its work, hence we have only provided a summary For more detailed information see <https://portal.cor.europa.eu/arlem/Documents/ISRAEL%20-%20FACT%20SHEET%202%20EN%2011%20May%202014.pdf>

<sup>26</sup> <http://www.madamasr.com/opinion/egypt-there-no-local-government>

<sup>27</sup> <http://www.shorouknews.com/news/view.aspx?cdate=16122014&id=e8f21912-39b3-4915-9599-d7beb0efd165>

This situation persists despite the fact that the 2014 Constitution gives LRAs certain prerogatives and freedoms. According to Article 181, “Local council decisions that are issued within the council’s mandate are final. They are not subject to interference from the executive authority, except to prevent the council from overstepping these limits, or causing damage to the public interest or the interests of other local councils.” Due to the political situation, though, with few exceptions (like waste management<sup>28</sup>) they are usually afraid of taking initiative and making use of their prerogatives, and seek guidance of the central government in all matters.

Despite the issues surrounding local governance, international donor assistance in Egypt has continued, with an on-going project on “Technical Assistance to the Integrated and Sustainable Community Development Programme” (February 2015 – August 2018), funded by the European Investment Bank and implemented by VNG International together with Sweco Danmark A/S, Eptisa Internacional, and Chemonics Egypt Consultants. GIZ has also implemented a number of projects, for instance “Participatory development programme in urban areas” (2010-2018), commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ). However, although the municipalities chosen are the beneficiaries, the leading executing agency is the Ministry of Housing, Utilities and Urban Development. Similarly, in other projects, LRAs are not fully-fledged partners.

#### **4.2.7 Libya**

During the Gaddafi era, all municipal services were centrally supplied. Even today, despite the lack of one universally-acknowledged national government, water supply, waste management, and electricity is being supplied in most of the cities, although it is not always clear to the municipal councils by whom (e.g. in Bengazi).

In April 2016, UNDP in cooperation with the United Nations Support Mission in Libya (UNSMIL) launched a project entitled, “Stabilization Facility for Libya.” The project aims at providing “very visible and tangible quick-wins to the population at the local level”<sup>29</sup>, such as restoring destroyed key public infrastructure like hospitals, police and fire stations, water and waste water treatment facilities, as well as power grids and stations. Local authorities are supposed to be invited to participate in negotiations during which priorities will

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<sup>28</sup> Country Report on the Solid Waste Management in Egypt. 2010. SWEEP.NET The Regional Solid Waste Exchange of Information and Expertise network in Mashreq and Maghreb countries. <http://www.sweep-net.org/ckfinder/userfiles/files/country-profiles/rapport-Egypte-en.pdf>

<sup>29</sup> <http://www.un.org/apps/news/story.asp?NewsID=53670>

be agreed on. Initially the project will only cover a limited number of localities in the east, west, and south of the country. As the project is just underway, we are unable to assess its effectiveness.

#### **4.2.8 Tunisia**

With the establishment of the new constitution in 2014, LRAs gained new freedoms in terms of influencing their development, and there is a growing feeling of accountability to the citizens from LRA officials.

The municipalities are primarily active in the collection of solid waste, but not in its treatment or making use of the recyclable parts. They are also partially responsible for the organisation of local public transport (mostly management of parking spaces), providing public lightning, and they have gained competences in employment and entrepreneurship promotion. They are also free to engage in the promotion of local tourism. In terms of urban development, LRAs role is, among others, to prepare development plans and grant building permits. Employment and education technically do not lie within the competences of municipalities; however a pilot project implemented under the CBC-Med USUDS project for combating school failure in a disadvantaged area of the city of Sousse showed that there is a great margin for municipal-level initiatives outside their formal competences on educational activities and curriculum issues, which allow them to influence educational and social issues. It is also a good way of showing political will of the municipality to contribute to solving the social problems of the city, and thus earning political legitimacy. Similarly under the USUDS project, the municipality of Saida was engaged in a pilot project on enhancement of the livelihoods of citizens working in the handicraft sector, which is theoretically beyond their competences.

Although some cities like Sousse seem to be making use of these new possibilities, most municipalities, especially smaller ones, lack the human and financial resources, as well as the know-how, to manage their own local affairs independently. Moreover, in some areas there seems to be lack of coordination between local and regional authorities, even in the areas in which competences and duties are clearly divided, such as the water management sector.

Some projects financed by international donors (such as those mentioned in the previous section) are aimed at preparing the LRAs to become more independent from the central government. This is, however, still work in progress and it is too soon to make any judgements.

### 4.2.9 Algeria

Currently, LRAs have practically no role in the economic life of the country. When the Algerian government expressed a wish to start a process of decentralization, the EU came up with a scheme “Programme de renforcement des capacités des acteurs de développement local / Communes modèles (CapDeL): Démocratie participative et Développement Local” (2014-2017). The partner for this programme is UNDP at a total cost of: 10.1 million EUR (EU contribution 8 million EUR); the project already has approval on the side of Algerian partners and should start soon.<sup>30</sup>

A new project “Programme d’Appui aux Actions Sociales et pour un Développement Local Durable dans le Nord-ouest d’Algérie”, with EU contribution of 20 million EUR and parallel financing of Algeria of 22.4 million EUR, is also underway. It will focus on 6 cities: Saïda, Tiaret, Tissemsilt, Aïn Defla, Chlef, Medea. The project, although planned for the period 2011-2013, has not yet been endorsed by the Algerian authorities, but as the political climate in the country has begun to change, the EU Delegation to Algeria is hoping it will commence soon<sup>31</sup>. As for past projects, the EU has implemented a project “Appui au développement socio-économique local dans le Nord-Est de l’Algérie (Appui au filet social)”, which was completed in June 2013<sup>32</sup>.

In general, any future projects should also focus on providing training to representatives of the local authorities to prepare them for the forthcoming changes, teaching them how to interact with civil society actors and implement new laws.

### 4.2.10 Morocco

Although services are managed on the national level, LRAs in Morocco have quite a lot of freedom in managing their own affairs, and there is a political will to advance the process of regionalization; however the LRAs often lack the capacities to do so efficiently. For instance, Moroccan LRAs can directly sign contracts with private (usually foreign) companies to manage waste management. Due to their lack of experience and know-how, they have ended up signing unfavourable contracts – some LRAs got indebted because of these contracts – and are seeking the help of international donor to get out of them; the

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<sup>30</sup> [http://ec.europa.eu/enlargement/neighbourhood/pdf/key-documents/algeria/20151009\\_aap-2015-algeria-financing-commission-decision.pdf](http://ec.europa.eu/enlargement/neighbourhood/pdf/key-documents/algeria/20151009_aap-2015-algeria-financing-commission-decision.pdf)

<sup>31</sup> [http://ec.europa.eu/enlargement/neighbourhood/pdf/key-documents/algeria\\_aap\\_2013\\_part\\_1\\_merged-financing-decision-and-action-fiche.pdf](http://ec.europa.eu/enlargement/neighbourhood/pdf/key-documents/algeria_aap_2013_part_1_merged-financing-decision-and-action-fiche.pdf)

<sup>32</sup> [http://eeas.europa.eu/delegations/algeria/documents/more\\_info/padssel\\_noa/evaluation\\_padssel\\_nea\\_report\\_final.pdf](http://eeas.europa.eu/delegations/algeria/documents/more_info/padssel_noa/evaluation_padssel_nea_report_final.pdf)

trend in the country right now is to re-communalize the waste management services. Some municipalities have approached international development agencies to ask for help in improving the competences of their staff.

In terms of EU-sponsored projects, currently a project “Support for the integrated, sustainable development of rural territories in the North” (2012-2018, budget: EUR 19 million) is being implemented in the province Al Hoceima in the Rif region<sup>33</sup>. Moreover, a programme “Non-state Actors and Local Authorities in Development” – now under the name “Civil Society Organizations and Local Authorities” (OSC-AL) – is currently being carried out in the country.

Additionally, international donors are carrying out projects to support development of LRAs. However, in many instances they are just the beneficiaries and the actual implementation partners are national-level authorities. For instance the Belgian Development Agency (BTC) is currently implementing two projects of this kind in Morocco: *Mise à niveau environnementale des écoles rurales - APMNEER*<sup>34</sup> (2010–2016 | budget: EUR 5 million) – the project takes place in Souss-Massa-Drâa, but the implementation partners are Ministry of Economy and Finance, Ministry of Energy, Mines, Water and Environment, and Ministry of Higher Education. The second project, “*Développement des filières du safran et du palmier dattier dans la région Souss-Massa-Draâ - Safran-Dattes*”<sup>35</sup> (2013–2020 | budget EUR 12 million) has Région Souss-Massa-Drâa as a beneficiary, but again the implementation partners are the national-level authorities: Ministry of Economy and Finance, MAPM Ministry of Agriculture and Maritime Fishing, and the Agency of Agricultural Development.

In general, the experts our team interviewed are in agreement that LRAs should be involved in the process of negotiating projects as full-fledged partners more often, and encouraged to take on more active role in managing their own development.

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<sup>33</sup> [http://eeas.europa.eu/delegations/morocco/press\\_corner/all\\_news/news/2014/20140702\\_1\\_fr.htm](http://eeas.europa.eu/delegations/morocco/press_corner/all_news/news/2014/20140702_1_fr.htm)

<sup>34</sup> <http://www.btcctb.org/files/web/project/flyer/Brochure%20APMNEER-Fr.pdf>

<sup>35</sup> [http://www.btcctb.org/files/web/project/flyer/Brochure%20Safran-Dattes\\_0.pdf](http://www.btcctb.org/files/web/project/flyer/Brochure%20Safran-Dattes_0.pdf)

## 5.Funding of LRAs

This chapter researches LRA access to EU funding on the basis of statistics from funding bodies and selective interviews across the sample of countries. Whenever possible, we try to make a rough estimate of how much of the funding reaches the LRAs. If re-granting schemes have been used, we will refer to their outcomes.

### 5.1 Eastern Neighbourhood

Local authorities in the Eastern Neighbourhood have largely benefitted from EU support in the environment and energy sectors. The budgets of these initiatives per country represented not that big part of total EU funds directed there. Yet the initiatives have had an important impact in terms of creating bottom-up municipal energy-efficiency plans, sustainable forest management regulations, or leveraging EU funds.

#### 5.1.1 Re-granting

A re-granting programme directed to the Eastern Partnership countries kicked off in 2015<sup>36</sup>, in the civil society sphere. The calls do not seem to be addressed to the LRAs, yet some of the projects may have indirect effects on them. The projects have covered a whole range of issues in the Eastern Neighbourhood; from freedom of speech and rights of minorities to gender equality. An average project in 2015 lasted for 6 months, had a budget of EUR 13,000.00 and most of them involved participants from three Eastern Partnership countries.

#### 5.1.2 Belarus

As Belarus participates only in the multilateral track of the ENP, there has not been an ENP action plan for the country yet. Nevertheless, Belarus has taken part in several EU-funded regional projects. The major areas of cooperation are border management, environment, energy and transport. Project type interventions formed  $\frac{3}{4}$  of total EU grants disbursed to Belarus in 2011-2014 and averaged EUR 11 million annually (see Appendix tables on development assistance). It is not clear whether any of these funds reached Belarusian LRAs.

EU funds for local and regional development were programmed in the ENI indicative programme for Belarus for 2014-2017 in the range of EUR 50 million

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<sup>36</sup> so far there have been two rounds of competitions: 2015 and 2016, at <http://eap-csf.eu/en/projects/2015/>

annually. However, it is not clear to what extent the Belarusian government is going to cooperate and use those.

In March 2016, a memorandum was signed between the Belarusian side and the EU/UNDP project (EUR 5 million) on Support to Local Development in the Republic of Belarus. It involves implementation of area-based development in 30 pilot areas. Unfortunately, project managers have not yet attained the capacity to contribute to this report.

### **5.1.3 Ukraine**

Although the major part of the funds budgeted for Ukraine in recent years within the ENP has been aimed at budget support of the central government, there have been few initiatives directed at local and regional actors. These were:

- Community Based Approach to Local Development (CBA) phase II: EUR 17 million (implemented jointly with UNDP). Multi-year programme aimed at local development in general (with establishing local partnerships and trainings) and in particular at improving energy efficiency and supporting the environment.
- Support to Ukraine's Regional Development Policy: EUR 20 million: technical assistance in the field of regional development, financing of regional or local development plans (grants) spread over 3-4 years, which started in 2013-2014.
- Community Based Approach to Local Development – CBA Phase III ENPI: EUR 23.8 million (joint co-financing with the UNDP). Indicatively, the programme provides up to 50% co-financing for microprojects by municipalities/communities. It aims to promote a community-based approach to local governance and sustainable development. Local authorities (village/city/district/regional councils) are among the key stakeholders. The programme was planned to start around 2014 and run for 4 years.
- Sector Policy Support Programme - Support to Ukraine's Regional Policy: EUR 55 million, of which EUR 50 million is budget support and EUR 5 million is complementary support. LRAs and LRA associations are among the stakeholders of this project. The resources were planned for disbursement in 2015-2016.

The EU also supports and finances development programmes in the area of local rural development, based on a participatory/community-based approach. There is broad experience in decentralised cooperation, with several projects being financed through programmes such as cross border cooperation programmes, Non-State Actors and Local Authorities programmes, and Cooperation in Urban Development and Dialogue (CIUDAD). Generally speaking, those EU

programmes follow bottom-up approaches and promote the concept and principles of self-government or autonomy of local authorities.

Other donors active in municipal development projects are USAID, CIDA, SIDA, the Swiss Agency for Development and Cooperation, and GIZ. There have been suggestions by interviewees that, although in general the EU funding seems to reach regional authorities (*oblasts*), it has not been very visible so far at the local level. Moreover, some of the EU funds aimed at central budget support have resulted in the change of the territorial organisation of power in Ukraine, with more resources moved to the local administration (see above on sectoral development).

Overall, project-type EU grants disbursed in 2011-2014 to Ukraine totalled roughly between EUR 20 million and 50 million per year<sup>37</sup>, which was, on average, around ¼ of all the EU grant funds disbursed to the country. Now in 2014, out of all the EU-granted projects (EUR 54 million), Ukrainian LRAs were able to access some EUR 14 million<sup>38</sup>, i.e. 4% of all non-returnable EU funds directed to the country in that year<sup>39</sup>.

#### 5.1.4 Moldova

Table 2 shows that local budgets have been in deficit in Moldova in most of the years 2010-2014, and in significant deficit in some of these years. It should be noted, however, that in each year of that period the actual deficit on aggregate municipal budgets was considerably lower than the projected deficit, indicating bottlenecks in the capacity of the corresponding authorities to implement approved projects/expenditures.

*Table 2. Moldova: budget surpluses/deficits (lei m)*

	2010	2011	2012	2013	2014
<b>Consolidated</b>	-1,786.2	-1,961.2	-1,843.2	-1,751.8	-1,946.3
<b>Central</b>	-1,791.4	-1,472.6	-1,703.5	-1,662.9	-1,685.8
<b>Local</b>	5.2	-488.6	-139.7	-88.9	-260.5

Source: National Bureau of Statistics of the Republic of Moldova

<sup>37</sup> OECD CRS data

<sup>38</sup> Approximation on the basis of annual amounts envisaged in programmes listed above.

<sup>39</sup> This calculation aims to show the range of funds available to LRAs, not its actual value. The actual value may be either lower (not all parts of the listed initiatives are accessible for local LRAs) or higher (there are also other EU grants, for which LRAs have applied). Besides, LRA may benefit indirectly from other EU-funded programmes.



The specific expenditure items listed in Moldova's ENP/Association Agreement Annual Action Plan for 2015 are as follows:

**Action 1:** Support to Public Administration Reform (PAR) EUR 20 million

**Action 2:** Support to Police Reform EUR 57 million

**Action 3:** Civil Society Facility (Moldova) EUR 8 million

**Action 4:** Technical Cooperation Facility EUR 5 million

**Total EU contribution to the programme:** EUR 90 million

It is too early to make any judgement on the efficiency of the disbursement and utilisation of these funds, but none of them look very promising in relation to the role of local governments. In any case, all EU funding for Moldova was suspended in 2015 as a protest against the slowness of the investigation into the Moldovan bank scandal of 2014.

It should be stressed that outside the environment and energy sectors, where EU support for local development has been significant, as we saw in the last section, virtually no funding from EU sources has ever got through to the local level. Over the past five years, CALM has applied three or four times for EU funding for specific projects. None of the applications have been successful, and in some the applications did not even pass the pre-selection stage. The funding available is in any case small-scale, and the competition intense, so there is a real issue as to whether it is worth applying in the first place. The big exception here is the training courses for economic departments of rayon administrations run by the EU DCFTA implementation team in Chisinau. This is the most important interface between the EU and local government in Moldova. It also provides a welcome channel of communication for local governments with the Ministry for the Economy in Chisinau. Programmes like this have been running since 2010, initially under the aegis of the Economic Stimulation of Rural Areas (ESRA) programme, which operated from 2010 until the signing of the DCFTA in 2014. In March 2015 the EU and Moldova signed an agreement to set up a European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) programme worth EUR 64 million. This programme explicitly predicates the involvement of local governments, local civil society organisations, and farmers and farmers' organisations. ENPARD offers, inter alia, support for the development of business incubators and loan guarantees.

CALM gives a very negative evaluation of the effectiveness of foreign aid to Moldova, whether at central or local level. Aid in the form of budgetary support is worse than useless, because it feeds corruption and lifts the pressure for reform. Training programmes are a waste of money unless backed up by concrete reforms. Aid channelled through international organisations is ineffectual because the personnel working in these organisations do not know

enough about Moldova. And the results-based criterion for the success of an aid programme is inappropriate in most cases (an exception is made for capital projects), because good results may not be sustainable, and conditions change, so that goals have to be adjusted. Furthermore, the results-based approach has tended to result in a mushrooming of NGOs. What Moldova needs, argues CALM, is more constituency-based organisations - but these flourish in a process-based environment.

There have been a number of small capacity-building projects financed by USAID, UNDP and GIZ, among others in Moldova. But they have encountered a huge problem of sustainability, because they have been couched in terms of a dysfunctional social and political environment. The fact that participants in these programmes have seen no progress in terms of that environment over a period of 20-25 years has produced a huge problem of training-fatigue. But where agencies have provided funding for capital investment projects, even on a small scale, the funding has been much more effective.

The way that the political system affects sustainability has been graphically illustrated by the issue of local community social centres. Local governments have in the past been encouraged by the Ministry of Social Security to raise international financing for the building of these. Until recently the running and maintenance costs of the centres were met from the central budget. But as part of a financial reform enacted in 2015, the central government has stopped providing this support, and has told the LRAs that they must find the funding for maintenance themselves. The result is that the centres are falling into disrepair (ironically, CALM was a major lobbyist for the financial reform, and this is one of the few areas where CALM has had a real influence on the central government).

Re-granting is a major issue, and CALM is looking forward to discussing this matter in Brussels. CALM's recommendations for solving these problems are:

- Absolute priority on implementation of the Association Agreement with the EU, backed up by administrative reform. At the general level, aid should be concentrated on these goals, and training programmes should be tightly bound in to reform programmes.
- Donor funding for capital projects should be channelled through local governments.
- Implementation of projects should be as much as possible devolved to local actors.

Some of CALM's strictures need to be viewed with a degree of reserve. Local actors commonly accuse international organisations and their employees of ignorance of local conditions, and the accusations are not always well-founded.

It is again, difficult to see how any funder, international or national, can monitor the cost-effectiveness of particular projects without some regard for results. But CALM’s general assessment that international funding for Moldova can only produce significant results if the process of government can be fundamentally recast, and corruption removed, is surely sound advice.

Finally, FLEG-II in Moldova has been successful in leveraging the EU funding, pulling in number of locally financed projects conceived by local stakeholders. As in other countries covered by FLEG-II, re-granting seems to have been more or less automatic.

**5.1.5 Georgia**

Table 3 shows, Georgia has shown a considerable degree of fiscal discipline in recent years. Where net operating deficits have appeared, they have been on account of central government, not local government, and the performance of local government on net operating balance has been consistently better than that of the central government. Two caveats must be issued here, however. Firstly, the figures in the table do not include capital expenditure (hence the discrepancy between the figures in this table and those for government balance in Appendix 1). Secondly, the figures for local government are aggregated, and may well conceal substantial deficits in some regions. Nevertheless the general conclusion must be that local authorities in Georgia are not lacking in funding.

*Table 3. Georgia: budget net operating surpluses/deficits (GEL m)*

	2010	2011	2012	2013	2014	2015
<b>Consolidated</b>	385.5	1,087.1	1,064.3	711.2	388.1	782.7
<b>Central</b>	-45.0	462.0	416.7	293.9	-44.9	12.4
<b>Local</b>	430.5	625.1	647.6	417.9	433.0	770.3

Source: Geostat

The specific expenditure items listed in Georgia’s ENP/Association Agreement Annual Action Plan for 2015 are as follows:

- Action 1:** Support to the Public Administration Reform in Georgia EUR 30 million
- Action 2:** European Neighbourhood Programme for Agriculture and Rural Development in Georgia, phase II EUR 50 million (clearly involving re-granting)
- Action 3:** Civil Society Facility (Georgia) EUR 6 million
- Action 4:** Technical Cooperation Facility EUR 14 million
- Total EU contribution to the programme:** EUR 100 million

It is too early to make any judgement on the efficiency of the disbursement and utilisation of these funds, though early reports on Action 1 are very positive. Of the four actions, the one that is most clearly oriented to the local level is Action 2 and should be watched closely for its results.

The total cost of the FLEG-II programme for Adjara is around EUR 175,000.00. Procurement procedures for FLEG-II in Adjara, funded by the ADA and the EU, are very strict, and follow World Bank rules. This means that even quite minor procurement decisions have to be processed in terms of the formal procurement rules. The local team find this burdensome, and prefer the approach of other funders of similar projects, such as the German Ministry for Economic Cooperation and Development (BMZ), which also have rules for procurement, but which implement them in a much less bureaucratic way.

*Application procedures* are complex and time-consuming. FLEG-I was originally conceived in 2006, but did not start operating till 2009. Again, unfavourable comparisons are made with other funders like BMZ. But the whole process was much smoother and faster for FLEG-II.

A couple of points emerge from this analysis. First, EU funding involves more bureaucracy and less autonomy for the beneficiary than that coming from other bodies. This is an irritant for those implementing projects at the local level, though there is no implication that it is a disincentive to beneficiaries to apply for EU funding. From the EU point of view, of course, it simply reflects a concern to make sure that EU taxpayers' money is properly spent.

There has been no problem with re-granting, which seems almost to have been automatic, running from FLEG-I to FLEG-II, and with the latter from one year to the next. This has clearly reduced the administrative burden on beneficiaries. GIZ considers that the replacement of the old European Neighbourhood Policy Instrument (ENPI) by the ENI as the central fund for financing the Neighbourhood policy to be a great improvement in terms of ease of negotiating the related regulations.

### **5.1.6 Armenia**

Table 4 below shows that the great bulk of Armenia's substantial budget deficit relates to the central budget. Municipal budgets have in aggregate recorded some surpluses and some deficits, but over the period 2010-2014 these have more or less cancelled each other out on net (it is not clear, however, whether these figures include capital expenditures). While there may, of course, be wide variation between regions, the general picture is that Armenian municipalities are not desperately short of funds.

**Table 4. Armenia: budget surplus/deficits (drams m)**

	2010	2011	2012	2013	2014
<b>Consolidated</b>	-171,567.1	-107,428.4	-61,847.9	-68,846.9	-90,567.1
<b>Central</b>	-173,877.1	-105,658.2	-59,908.8	-71,519.9	-90,290.7
<b>Municipal</b>	2,310.0	-1,770.2	-1,939.1	2,672.3	-278.3

*Note:* There are some inconsequential inconsistencies by column in the figures above

*Source:* Armstat

The specific expenditure items listed in Armenia's ENP/Association Agreement Annual Action Plan for 2015 are:

**Action 1:** Support to employability and labour market efficiency EUR 15 million

**Action 2:** Public Finance Policy Reform programme EUR 10 million

**Action 3:** Civil Society Facility (Armenia) EUR 5 million

**Total EU contribution to the programme:** EUR 30 million

It is too early to make any judgement on the efficiency of the disbursement and utilisation of these funds. Action 1 looks the most promising heading from the point of view of local involvement.

In the past the Association of Municipalities of Armenia has applied for funding to the Supporting the Eastern Partnership Cities in the Implementation of Sustainable Energy Action Plans initiative under the auspices of the Covenant of Mayors (EuropeAid/235376/C/ACT/MULTI). They were unsuccessful, and felt that their application had not been dealt with fairly. In the end the organisation that received the grant came to the Association with a request that they implement some of the components. The Association has also applied to the EaPTC programme (cross-border cooperation) for funding, but was unsuccessful here as well.

The ADA has provided a total of EUR 1.6 million for FLEG-II in Armenia and Georgia. FLEG-II for Armenia stands out as the most successful application of donor funds to a project in Armenia with active involvement by local communities and local governments.

### **5.1.7 Azerbaijan**

It is not clear whether any of the EU funding has directly reached Azeri LRAs. However, some of the funds committed within the ENP had local or regional component. These were:

- Agricultural and Rural Development Support Programme focusing on food security, access to food and water and improving entrepreneurship in rural areas: EUR 14 million,
- Regional Development Support Programme centred on development of labour and entrepreneurship in rural areas and support for the Ministry of Economic Development to coordinate rural development effectively and efficiently: 20 EUR million,
- Pilot Regional Development Programme: EUR 2 million. The technical assistance for the implementation of this project contract was awarded in 2015, and implementation starts in 2016.

There are also future funding commitments within ENP, in the particular the Integrated Regional Development of Azerbaijan Programme (addressing business development, investment promotion and employment generation, while raising rural livelihoods and quality of life in rural areas), with a budget of EUR 13.5 million.

Overall, project-type EU grants disbursed in 2011-2014 to Azerbaijan averaged EUR 6 million per year<sup>40</sup>, which was, on average, around 40% of all the EU grant funds disbursed to the country. However, it is not clear how much of these funds, if any, was accessible to Azeri LRAs. The EC in the ENP progress report notes that even in the case of calls targeting local NGOs, it has been mostly foreign, not Azeri NGOs, managing the projects. The country is largely authoritarian and often bottom up initiatives supported by foreign donors have not enjoyed much praise from the central government, which may explain the passive stance of the LRAs with respect getting foreign, and in particular EU funds.

The main constraint in the scant participation of the Azeri LRAs in the EU projects seems to be the fact that LRAs in Azerbaijan are not independent and simply implement decisions of the central government (as noted earlier). Moreover, heads of the middle-level government (also having limited responsibilities) are appointed directly by the president and are not elected locally.

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<sup>40</sup> OECD CRS data

## **5.2 Southern Neighbourhood**

### **5.2.1 Syria**

Cooperation with the EU is currently suspended.

### **5.2.2 Lebanon**

As of February 2016, under the theme ‘local development and governance’, there were 3 national level, 3 governorate level, 5 district level, and 45 cadastre level (targeting 158 cadastres) EU-funded projects. The cadastre level projects targeted community development, education, finance, culture, human and social development, de-mining and security sector reform, democracy and human rights, local development and governance, agricultural and environment; the governorate level projects dealt with regional development, democracy, human and social development, and local development and governance.

Some regions and municipalities attract more funding than others, for example Tarablus and the neighbouring Minie, as well as Machta Hammoud in the North of the Akkar governorate, Hermel, Baalbek, and Aarsal.

The funding reaches only a limited number of LRAs. As has already been mentioned, some smaller municipalities, weaker in terms of political power and human resources, lack personnel, funds and know-how to search and apply for EU or international funding, even if they are aware of it. At the same time the municipalities or unions of municipalities that are benefitting most from the funds available still do not find them sufficient to fulfil all their needs.

Lebanese LRAs face an extensive array of obstacles and red tape in obtaining funding; for example they have to obtain special permissions from the Council of Ministers to even open a project-dedicated bank account. In general, in Lebanon it is the Ministry of Interior and Municipalities (MOIM) that has control over planning, budgeting, and spending of municipalities’ revenues. No adjustments to the budget, new expenditure contracts or financial operations of any kind can be carried out without its approval.

Budgets of municipalities in Lebanon comprise of money disbursed by the government out of the Independent Municipality Fund, grants and donations, revenues from municipal properties, revenues from water, as well as electricity and telephone bills of customers residing within the municipality. The projected decrease in government’s revenue caused by the influx of the refugees will therefore most probably affect the municipalities negatively.

Moreover, municipalities cannot spend their budget on grants, which means that they cannot advance money as required in many EU-funded projects. The procedures for receiving external grants are very complicated and require a number of permissions from various ministries. Those are not new problems, though, and it has been pointed out that similar obstacles were faced under the previous rounds of ENP programming.

### 5.2.3 Jordan

Budget operations in Jordan are fully centralized and governors do not have at their disposal separate budgets. They need to ask for permission from the central government to obtain grants, open bank accounts and in general carry out any financial activities (which has created a lot of delays in many EU-funded project, e.g. I AM, T-NET). The municipalities – with the exception of Amman, Zara, and Irbid – do not even collect their taxes themselves. The budget allocations are supposed to be based on existing laws; however, in practice they are arranged based on political alliances and/or origin and tribal/family relationships of key MPs.

*Table 5. Structure of public spending in Jordan (budgets of 2010)*

	JOD millions	In % of total
Central level	3,867.00	62.9%
Governorate level	2,103.00	34.2%
Municipal level (est).	177	2.9%
Total spending	6,147.00	100%

*Source:* The Quest for Decentralizing Government in the Hashemite Kingdom of Jordan: Some Preliminary Findings of a Situation Analysis

As for the EU funding, some of the major obstacles reported were excessively complicated procedures, and – most importantly – the necessity to pay for project expenses out of own budget only to be reimbursed later; some interviewees mentioned the losses bore, due to unfavourable changes in EUR/JOD exchange rates. They also suggested that for smaller and less capable municipalities, cooperation with other international donors like USAID, embassies or foundations was easier as they mostly provided full grants, were more flexible, and demanded less paperwork.

### 5.2.4 Palestine

EU funds disbursed to Palestine averaged around EUR 300 million per year in 2011-2014, all of which were delivered through grants and over 70% of which was disbursed in the form of specific projects. In 2014, EU funding through the European Neighbourhood Instrument (ENI) amounted EUR 309.5 million. The bulk of it (EUR 170.5 million, including financial contributions from Austria



and Luxemburg) was channelled through the PEGASE Direct Financial Support, backing the 3-year Palestinian Reform and Development Plan. Part of it undoubtedly has reached LRAs, as the programme helps to provide basic public services. However, the distribution has been rather top-to-bottom, with the LRAs having little say. EUR 87 million were allocated to UNRWA in support of Palestinian refugees, which has probably also improved the capacities of local authorities. The remaining amount of EUR 52 million was allocated to support to governance (EUR 13 million), support for investment, trade and vocational training (EUR 10.5 million), the Hebron Wastewater Treatment Plant (EUR 15 million), support to Area C (EUR 3.5 million) and support to East Jerusalem (EUR 10 million)<sup>41</sup>.

The outreach of the EU funding seems to be impressive, at least at first glance. Yet in large part it just follows the very distinct (among the ENP partners) Palestinian case, where power is highly decentralised. Palestinian LRAs themselves perceive the application process for the EU grants as very bureaucratic and time-consuming, with “little human factor”. They would prefer if the officials from the Office of the EU Representative would be more reachable by phone and suggest that EU days be organised in different governorates. They usually learn about EU funding opportunities from the Office of the EU Representative’s website.

### **5.2.5 Israel**

Under ENPI, Israel, being a mature market economy, cooperated in some specific types of projects only. These were primarily projects in the form of technical assistance to the national administrations and semi-public bodies (Twinning and Taixex). For example, there are ongoing projects or starting projects within the domain of environment and statistics; however both are directed to central government bodies.

The EU Peacebuilding Initiative (formerly EU Partnership for Peace Programme), funded through ENPI, supports civil society initiatives that promote peace, tolerance, and non-violence in the Middle East. The Initiative funds local programs from Israel, Palestine and Jordan, with an annual budget in the range of EUR 5 million and contributions for an individual project in the range of 200,000.00-500,000.00 EUR. Although the projects funded in the last few years have concerned local development, it is difficult to find LRAs as project partners.

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<sup>41</sup> Information on EU funding in 2014 taken from ENP country webpage [http://ec.europa.eu/enlargement/neighbourhood/countries/palestine/index\\_en.htm](http://ec.europa.eu/enlargement/neighbourhood/countries/palestine/index_en.htm)

Israeli NGOs and civil society organisations as well as regional and local authorities have been eligible to apply to a wide variety of other programmes under ENPI including the CBC-Med and the Regional Cooperation programmes (such as the Euromed Audiovisual Programme, the Euromed Heritage programme and the Euromed Youth programme, and CIUDAD).

Out of these, Israeli LRAs cooperated in energy efficiency or sustainable energy fields (the Triangle<sup>42</sup>: Kfar, Saba, Kalanswa, Tira, Jaljulia, Kfar Bara, Kfar Kasem municipalities; Eljat municipality; The Federation of Local Authorities in Israel) and also in the environment protection field (Haifa municipality, Bir El Maksur, Hura, Iksal, Nazareth and TAEQ – The Towns Association for Environmental Quality).

### **5.2.6 Egypt**

According to Article 178 of the 2014 Constitution, “Local units have independent financial budgets”. Their resources, apart from the funds allocated by the state, are to include “original and additional taxes and fees of a local nature”. Moreover, Article 182 stipulates that “Every local council is in charge of its own budget and final accounts, in the manner organized by law.”

In practice, LRAs are not completely free to manage their budgets and are not authorised to seek foreign funding (although they can benefit from the nationally-coordinated support). The 2014 amendment to the Article 78 of the penal code extended the penalty for receiving foreign funding for activities ‘harmful to national interests’ or destabilizing ‘public peace’ previously only applicable to receiving funds from ‘foreign states and their affiliates’, to private organizations (both domestic and foreign). Moreover, the prescribed penalty for the breach of this law is now life imprisonment (the minimum fine was set at 1,000 Egyptian pounds). The new law was recently used against NGOs – the crackdown on human right organizations that begun back in 2011 with former president Hosni Mubarak, culminated in March 2016 under the new regime in banning human rights workers from travelling, summoning them for questioning, and threatening with life sentences, as well as attempting to freeze their personal assets.

The legislation, theoretically aimed at fighting terrorism, has fed into the atmosphere of fear among officials in the country. According to one of the interviewees, the representatives of LRAs are afraid to take on any initiative or make autonomous decisions, even those explicitly guaranteed to them by law,

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<sup>42</sup> A concentration of Israeli Arab towns and villages.

let alone those that might be interpreted as ‘harmful to national interests’. Consequently, all the projects financed by foreign countries and funding agencies now need in practice to be negotiated, signed, and implemented by the national-level authorities. For instance, although between 2015 and 2017 EUR 0.7 million has been allocated to Egyptian LRAs under the CSO-LA Programme, thus far the money was made available only to CSOs, and major difficulties are expected in making any transfers directly to the LRAs in 2017. Moreover, even if permission for such transfers were obtained, the LRAs usually do not have sufficient resources to complement EU funds, which negatively affect the sustainability of any undertaking. That said, it seems that under certain specific circumstances governorates can be recipients of EU grants, albeit in the framework of a Financing Agreement signed with the central government (once a dedicated bank account is opened at the Egyptian Central Bank, managed by the governorates under the supervision of the central government/bank).

### **5.2.7 Libya**

Although Libya remains outside most of the structures of the ENP, it is eligible for funding under ENI and its regional programmes, as well as certain thematic assistance programmes.

The EU is currently working with municipalities, which are the only official LRAs in the country currently. However, no money is channelled directly to the municipal councils, apart from small grants for very specific projects that are supervised by the EU-designated or international staff. As a general rule, though, there are no cash transfers to Libya at the present time. As noted elsewhere, lack of funds is not the main constraint to LRA development, but instead the lack of capacity and human capital. In this sense, training for local and national actors, in order to manage and spend the available funds in an efficient manner, is more crucial.

### **5.2.8 Tunisia**

Although the Ministry of Interior is the central body overseeing municipalities, and so remains the main partner for international donors, LRAs are free to interact and negotiate projects with international donors directly, and they do not need to seek permission from the government. According to the Article 135 of the 2014 Constitution, “Local authorities shall have their own resources, and resources provided to them by the central government, these resources being proportional to the responsibilities that are assigned to them by law. All creation or transfer of powers by the central government to the local authorities shall be accompanied by corresponding resources.” Moreover, “[a] portion of revenues coming from the exploitation of natural resources may be allocated to the

promotion of regional development throughout the national territory” (art. 136) and “Local authorities shall have the freedom to manage their resources freely within the budget that is allocated to them, in accordance with the principles of good governance and under the supervision of the financial judiciary.” (art. 137). In the past, the financial control exerted by the central government has created many problems. Most recently, for instance, under the CBC-Med programming, municipalities have faced numerous problems with long and complicated bureaucratic procedures in their attempts to receive permission from the central government to even use the funds allocated by the project (e.g. under RAMUD and USUDS projects). They have also had problems with setting up project-dedicated bank accounts and appointing external auditors, mostly due to the conflicting domestic regulations (“I AM” project).

Admittedly, the situation is said by interviewees to be changing. LRAs are now free to manage their own budgets (although they are not allowed to take out loans). In 2014, four municipalities: La Marsa, Menzel Bourguiba, Tozeur and Gabès<sup>43</sup> have even implemented participatory budgeting, the first initiative of this kind in North Africa<sup>44</sup>. Despite that, in most cases municipalities are only independent on paper – only around 2 or 3% of public expenditure is managed on the local level. This situation continues, not because of a lack of political will (although the constant delaying of the municipal elections by the government definitely adversely affects the situation and opinions on the real intentions of the national-level politicians were mixed), but again insufficient capacities. Especially the smaller ones lack competent technical staff, clear structures and a clear division of competences within the LRAs. They are, furthermore, not prepared to manage EU funds, as they are not familiar with the procedures, especially with financial reporting and auditing issues. Another problem with EU funds are the pre-financing schemes; municipalities lack capacities to advance funds for the implementation of projects that will only be reimbursed later, especially since they are not allowed to take out loans unilaterally.

### **5.2.9 Algeria**

Currently, LRAs in Algeria are prohibited by law from independently seeking out or receiving external funding of any kind. Although they have been involved in some EU- and internationally-funded projects, they have always been beneficiaries, not partners. In order to empower LRAs in the country, it is crucial to involve them at least in the design and negotiation of the planned projects. They should also be allowed to receive external funds.

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<sup>43</sup> <http://participedia.net/en/cases/participatory-budgeting-la-marsa-tunisia>

<sup>44</sup> <http://www.shareable.net/blog/bedis-bouziri-on-tunisia-participatory-budgeting-initiative>,  
<http://www.actionassociative.org/oeil-sur-le-budget-participatif/>

### **5.2.10 Morocco**

Moroccan LRAs are now allowed to independently search for external funding and negotiate projects directly, although in the end they need to obtain permission from the Ministry of Economy and Finance, among others to open a project dedicated bank account. They are also not allowed to take on credits or loans without the central government permission. They are also free to manage their own budgets, and those prerogatives are not staying only on paper, but are being fully exercised.

In terms of EU-funding available, currently LRAs are being supported under Objective 2 of the Support Framework for the EU-Morocco Partnership: Supporting good public governance at national and local level. Moreover, under the European Initiative for Democracy and Human Rights, between 2013 and 2014 two projects were carried out: “Promotion of culture of accountability in urban towns of Tangier-Tetouan -Al Hoceima” and “Strengthening democracy and the protection of rights in local governance in Morocco”. Additionally, LRAs have been receiving funding under the Support for the Reform of Public Administration (Phases I, II and III) scheme.

### **5.2.11 EU funding outreach coefficients**

In an attempt to quantify the outreach of EU funding at the local level, we devised a ranking of LRA access to the EU funding. Based on the qualitative data presented in this chapter, coefficients in the range from 1 to 5 were assigned to each country, with the higher the value of the coefficient, the better/broader/deeper the outreach. Scores in three separate fields were assessed: (1) access of LRAs to the EU funding, (2) outreach of the EU funding to as many persons as possible and (3) depth of impact. The resulting scores are presented in Table 6.

We also would argue that the qualitative dimension – political environment, stability, international status, constitutional set-up, and other institutional factors - is so important that it would be misleading to conclude that the numerical score tells all there is to know about access to EU aid money<sup>45</sup>. For example, in the case of Palestine, one has to factor in the political constraints of the relationship with Israel, while in that of Egypt the peculiarities of the policy of the central government towards LRAs must be noted, in Moldova the suspension of all EU funding needs to be accounted for, and in Syria, Libya and (on a smaller scale) Armenia and Azerbaijan, we must understand ongoing conflicts may disrupt

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<sup>45</sup> Like, for example, value of EU assistance transferred for local initiatives.

access. There is also an issue of depth as opposed to breadth: clearly, water supply projects (as with many environmental projects) that have gone through successfully have an immense impact and have many beneficiaries, but may directly benefit only a very few people.

**Table 6. Outreach of EU funding, by country**

	To LRAs	To local populations (breadth)	To local populations (depth)
<b>Eastern Neighbourhood:</b>			
Belarus <sup>3</sup>	1	1	1
Ukraine <sup>4</sup>	4	4	4
Moldova <sup>1</sup>	2	3	4
Georgia	2	3	3
Armenia <sup>2</sup>	1	3	1
Azerbaijan	1	1	1
<b>Southern Neighbourhood:</b>			
Lebanon	2	3	3
Jordan	2	2	3
Palestine <sup>5</sup>	3	3	4
Israel	4	2	4
Egypt	1	1	1
Libya	1	1	1
Tunisia	2	2	3
Algeria	1	1	1
Morocco	2	3	2

Notes: Coefficients on a scale of 1 to 5, with 1 lowest and 5 highest

<sup>1</sup>Subject to adjustment to take account of very poor standard of public administration, and current freeze on EU funding for the country

<sup>2</sup>Subject to adjustment to take account of failure of the DCFTA negotiations between Armenia and the EU, and the subsequent adherence of Armenia to the Eurasian Economic Union

<sup>3</sup> Funding for local-level initiatives being at the core of local development is starting now only (1H2016)

<sup>4</sup> Ukraine's LRAs have taken part in various EU projects, are aware of application requirements etc.

<sup>5</sup> Subject to adjustment to take account of the foreign (including the EU) funding often supporting provision of basic public services by the LRA and to take account that the funds often are channelled through a central ministry.

According to our grading method, local LRAs in Ukraine and in Israel seem to be able to access EU funding to the highest extent. Going beyond strictly local authorities and looking at the impact of the EU resources at the local populations, few other countries have benefitted from good or satisfactory access to the EU funding in terms of the breadth of outreach. These countries include Moldova, Georgia and Armenia in the East to the EU and Lebanon, Palestine and Morocco in the South. The depth of outreach, in terms of how intensely local populations were affected by given EU-funded projects, is highest in Ukraine, Moldova, Palestine, and Israel.

## 6. Concrete roles of LRAs in the implementation of Association Agreements

The experience in implementing Association Agreements in countries like Ukraine, Moldova and Georgia is fairly recent, and only some LRA associations have knowledge of the process. While the agreements in the Southern Neighbourhood are comparatively older (see Table 7 below), there seems to be little evidence available here and there is, in general, a problem with comparability and general coverage of the data.

*Table 7. EU Association Agreements, 1995-2015*

Southern Neighbourhood:			Eastern Neighbourhood:		
	Year signed	Entered into force		Year signed	Entered into force
Algeria	2002	2005	Armenia		None***
Egypt		2004	Azerbaijan		None
Israel		2000	Belarus		None
Jordan		2002	Georgia	2014	2014
Lebanon	2002	2006	Moldova	2014	2014
Libya		None	Ukraine	2014	2014
Morocco		2000			
Palestine	1997*				
Syria		none**			
Tunisia	1995	1998			

Source: own compilation on the basis of the information on <http://eeas.europa.eu/enp/>

- Notes: \* - Euro-Mediterranean Interim Association Agreement on trade and cooperation; \*\* - cooperation under ENP suspended in 2011; \*\*\*Negotiations between the EU and Armenia on 'a new overarching framework for the deepening of bilateral relations' began at the end of 2015.

### 6.1 Eastern Neighbourhood

#### 6.1.1 Belarus

No agreement has been signed.

#### 6.1.2 Ukraine

The Association of Ukrainian Cities (AUC) and its members are involved in work on the approximation of Ukrainian laws to EU legislation. AUC experts, in consultation with members, draft amendments to Ukrainian legislation and liaise with the Parliament and the Cabinet of Ministers of Ukraine to have them

adopted. In addition, the AUC has launched a USAID-financed project to support the decentralization reform and works closely with European experts to introduce basic European principles in Ukrainian sectoral legislation, as well as to develop strategies for the development of nine sectors (including education, local finance and taxes, housing and utilities, sustainable economic development, and land). With the EU project, the AUC will work on introducing European practices of transparent budgeting in Ukraine.

Currently, as a result of the agreement with the EU, AUC has most of its involvement in regards to the development and promotion of amendments to legislation concerned with local self-governance. In addition, the local Ukrainian authorities provide active assistance to the respective business entities with regard to requirements needed in order to meet the EU sanitary and phytosanitary standards and product standards. Also, the LRAs provide information to local businesses, especially to SMEs, on how to access the EU market and what support is available. In order to meet local consultation requirements, many municipalities have also introduced ‘Citizen Advisory Boards’.<sup>46</sup>

### 6.1.3 Moldova

The view of the EU team working on implementation of the DCFTA in Moldova is that the Agreement has had virtually no impact up to now<sup>47</sup>. There has been no impact on the conditions facing companies trading on the domestic Moldovan market. Exporting companies continue to export to their established markets, and many of them are not even bothering with the new accreditation and certification procedures. New exporting companies are not appearing on the scene. There has been no impact on prospects for FDI, which are dominated by regulatory enforcement and level playing-field issues. Some impact may be visible over the next 1-2 years. At the local level, the potential impact of the DCFTA is weakened by the excessive fragmentation of the local government hierarchy. There are too many communes, and rayons are weak, with budgets going 90% on salaries, and therefore on largely bureaucratic procedures.

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<sup>46</sup> The introduction of ‘Citizen Advisory Boards’ came as the response “to meet the demand for public awareness and understanding of decision-making processes” (EC, *Implementation of the ENP in Ukraine. Progress in 2014 and recommendations for actions*, at [http://eeas.europa.eu/enp/pdf/2015/ukraine-enp-report-2015\\_en.pdf](http://eeas.europa.eu/enp/pdf/2015/ukraine-enp-report-2015_en.pdf), p.10). However, according to a 2015 *Ukrainian Municipal Survey* (by International Republican Institute, [http://www.iri.org/sites/default/files/wysiwyg/2015-05-19\\_ukraine\\_national\\_municipal\\_survey\\_march\\_2-20\\_2015.pdf](http://www.iri.org/sites/default/files/wysiwyg/2015-05-19_ukraine_national_municipal_survey_march_2-20_2015.pdf)) only 1% of respondents participated in public council meetings across Ukraine. The only exception was the Uzhorod *oblast*, where 7% of respondents participated in the meetings and twice as much were invited. It seems that even in the case of Uzhorod, this is a very nascent initiative, not yet representative, although at the same time it is worth mentioning and monitoring in the near future.

<sup>47</sup> Interview with Philip Santens, Team Leader of the EU-funded TA Project for the implementation of the *DCFTA Moldova*.



CALM has a low opinion of the level of effectiveness of implementation of the Moldova-EU association agreement and, as discussed in the previous chapter on funding, believes that aid to Moldova has to be much more sharply focused on that process, and on the general reform of government administration, which is seen as a necessary condition for effective implementation. CALM has had no involvement in the process of implementing the DCFTA in Moldova.

#### **6.1.4 Georgia**

Implementation of the Association Agreement and DCFTA between the EU and Georgia is largely left to the Ministry for Euro-Atlantic Integration. There is no direct interface between the process of implementation of the Association Agreement and the DCFTA and the process of administrative reform, specifically of the Civil Service Bureau of Georgia, which carries responsibility for this process.

However the administrative reform agenda is explicitly flagged in the *EU-Georgia Association Agenda*, running from 2014 to 2016, under the rubric of its Anti-Corruption, Administrative Reform and Public Service Chapter, and it is listed as Action 1 in the EU-Georgia ENP/Association Agreement Annual Action Plan for 2015. A law has been drafted by the Bureau which aims, among many other things, to regularise and rationalise legal relations between central and local governments in Georgia. The law has been adopted and will come into force in 2017.

The Bureau conducts training modules for local government employees, which focus on issues like corruption, administrative ethics and protection for whistle-blowers. It is obliged to train at least two representatives from every organisation of public administration within the framework of the Anti-Corruption Action Plan. The Bureau is currently conducting an institutional audit (functional analysis) with a view to elaborating a unified set of rules for the structural set-up of all governmental institutions, including at the local level<sup>48</sup>. Thus, the Civil Service Bureau does interface systematically with local governments in a way that is likely, in the medium term, to improve local capabilities in terms of raising money abroad for key local projects. But the process seems to be a purely top-down one. Local governments appear to make no inputs into the process of implementation of the Association Agreement and the DCFTA.

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<sup>48</sup> Interview with Irina Aghapishili, Head of the Civil Service Institutional Set-up and Practice Generalization Department at the Civil Service Bureau of Georgia.

### **6.1.5 Armenia**

The Association of Municipalities of Armenia reports that the central government maintains a strict monopoly in relation to agreements with the EU. The Association has tried to break this monopoly, without success, and suggests that the EU should address the issue.

### **6.1.6 Azerbaijan**

No agreement has been signed, and Azeri LRAs in general seem to be rarely consulted.

## **6.2 Southern Neighbourhood**

### **6.2.1 Syria**

Cooperation under ENP was suspended in 2011.

### **6.2.2 Lebanon**

LRAs in Lebanon do not play any active role in the implementation of the Association Agreement.

### **6.2.3 Jordan**

LRAs in Jordan do not play an active role in the implementation of the Association Agreement.

### **6.2.4 Palestine**

As the Euro-Mediterranean Interim Association Agreement on trade and cooperation was signed in 1997, it goes beyond the institutional memory of the representatives of the Palestinian LRAs.

### **6.2.5 Israel**

We have not been able to track so far concrete roles of LRAs in the implementation of the EU-Israel agreement.

### **6.2.6 Egypt**

There is no role played by LRAs in the Association Agreement.

### **6.2.7 Libya**

Libya does not have an Association Agreement with the EU.

### **6.2.8 Tunisia**

Again, the role of LRAs is growing, but they seem to have no real role in the implementation of the association agreements (or any similar agreements) in Tunisia thus far.

### **6.2.9 Algeria**

There is also no role for LRAs in Algeria in this area.

### **6.2.10 Morocco**

LRAs do not play an active role in the implementation of Association Agreement.

# 7. Migration flows

## 7.1 Eastern Neighbourhood

### 7.1.1 Belarus

Belarus started to record a positive migration balance with countries other than the CIS in 2008, and this has continued until the present time, according to official statistics (see Table 8). However, the population registers/censuses of neighbouring countries (registering arrivals from Belarus) appear to point to underestimation by Belarusian authorities of the numbers of departing population (although the actual trends appear correct, if not the magnitude). Out of the total migration stock, there was an estimated total of close to 300,000 Belarusians living in the EU, mainly in Poland, Latvia and Lithuania (data as of 2011, see MPC 2013). The main destination of Belarusian migrants has been Russia and the CIS.

*Table 8. International migration from Belarus, 2007-2015*

	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Net migration</b>	<b>4,676</b>	<b>8,145</b>	<b>12,249</b>	<b>10,303</b>	<b>9,900</b>	<b>9,328</b>	<b>11,643</b>	<b>15,722</b>	<b>18,494</b>
with CIS countries	4,796	7,383	10,269	9,263	8,891	6,946	9,315	13,943	15,826
with other countries	(120)	762	1,980	1,040	1,009	2,382	2,328	1,779	2,668
<b>Departures</b>	<b>9,479</b>	<b>9,268</b>	<b>7,643</b>	<b>6,866</b>	<b>7,610</b>	<b>8,712</b>	<b>7,792</b>	<b>9,219</b>	<b>9,855</b>
with CIS countries	7,142	6,856	5,313	5,040	5,799	6,509	5,374	5,912	6,679
with other countries	2,337	2,412	2,330	1,826	1,811	2,203	2,418	3,307	3,176

Source: National Statistical Committee of the Republic of Belarus

Note: Georgia is included in the CIS until 2008

The discrepancy between the Belarusian statistics on departures to the EU and the EU data suggests that most of the Belarusian migration is the returning labour movement, with migrants retaining their base (or at least permanent registration) in Belarus. Two top EU receiving countries (Italy and Poland in 2011) reported that the vast majority of Belarusian workers were females, and the opportunities in the domestic work sector suggest that this might be predominantly non-registered employment, at least initially (MPC 2013).

The most relevant measures with respect to regularisation of circular migration are bilateral agreements regulating employment of Belarusians abroad. Belarus has such agreements with CIS countries, Lithuania, Latvia, Poland and Serbia. They provide a legal basis for employment abroad and state guarantees that labour emigrants' rights will not be violated (Bobrova et al 2012).

Local authorities do not seem to have any influence over migration-related policies. They do register labour movements (registration is mandatory), which is controlled by the Ministry of Internal Affairs. However, there is some hope of local authorities getting some competences in this sphere, following the on-going negotiation of the Mobility Partnership with the EU.

## 7.1.2 Ukraine

Official registration statistics suggest that Ukraine has stopped being a country of net emigration over the last decade (see Table 9). Although, as in Belarus, the statistics may underestimate the emigration numbers<sup>49</sup>, they most likely capture the overall trend, and there seems to have been three-fold decrease in the number of Ukrainians migrating abroad since 2003 (bottom row of Table 9). This may be explained by the improvement of the economic situation in Ukraine between 2003 and up to the 2009 global financial crisis, and also likely includes return migration from Russia in years following the crisis.

Nevertheless, there are around 600,000 Ukrainian labour migrants in the EU (in 2012, ILO 2014). Within the EU, the most popular destinations are Poland, Italy and the Czech Republic<sup>50</sup>. However, by far the bulk of Ukrainian labour emigrants headed to Russia as of 2012 (43% of all migrants, according to the ILO [2014]), although there likely has been a change in this since the Russian annexation of Crimea and invasion of eastern Ukraine. Regardless of their destination, Ukrainian labour migrants make on average three trips per year between their destination country and Ukraine.

*Table 9. Net migration to/from Ukraine, 2003-2015, no. of persons*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
net migration	24,210	-7,615	4,583	14,245	16,838	14,879	13,447	16,133	17,096	61,844	31,913
number of emigrants	63,699	46,182	34,997	29,982	29,669	22,402	19,470	14,677	14,588	14,517	22,187

Source: State Statistics Service of Ukraine [www.ukrstat.org](http://www.ukrstat.org)

Note: Information on the basis of persons officially changing the place of registration.

The bulk of Ukrainian migration to the EU seems to be of a circular nature. Moreover, the numbers for overall migration suggest that there are more and more returning workers. However, there seems to be no effort to re-integrate

<sup>49</sup> Many migrants may opt to retain the permanent registration in Ukraine, even though they live abroad. This is in particular an issue in the case of circular migrants.

<sup>50</sup> The numbers on the EU destination countries must be interpreted with caution as they might reflect the relative ease of access offered by a Schengen visa issued by a given EU countries. For example, a migrant having obtained a Polish visa may wish to travel further to Germany for work.

returning migrants in Ukraine, with no credit schemes for small loans or any consistent effort in fostering business developments by presumably entrepreneurial returning workers. A very precise and not watered-down Mobility Partnership agreement between the EU destination countries and Ukraine may be some help in this regard going forward.

At the local level, the Association of Ukrainian Cities has initialled the formation of the parliamentary inter-factional union “For the development of local governance,” which took an active part in the promotion of necessary legislative changes related to migration.

**Table 10. Migration in Ukraine in 2015, by oblast, no. of persons**

▪	All migration flows			of which international migration		
	arrivals	departures	net migration, decrease (-)	arrivals	departures	net migration, decrease (-)
<b>Ukraine</b>	<b>533,278</b>	<b>519,045</b>	<b>14,233</b>	<b>30,659</b>	<b>21,409</b>	<b>9,250</b>
Vinnitsya	27,829	27,143	686	755	298	457
Volyn	16,253	16,134	119	414	272	142
Dnipropetrovsk	37,594	38,945	-1,351	2,126	2,300	-174
Donetsk <sup>2</sup>	16,662	25,901	-9,239	516	315	201
Zhytomyr	19,783	21,063	-1,280	596	355	241
Zakarpattya	6,103	7,754	-1,651	266	1,519	-1,253
Zaporizhzhya	17,890	18,687	-797	1,163	965	198
Ivano-Frankivsk	18,873	16,972	1,901	989	707	282
Kyiv (around Kyiv)	35,554	24,329	11,225	1,314	451	863
Kirovohrad	14,898	15,586	-688	554	350	204
Luhansk <sup>2</sup>	5,974	11,608	-5,634	245	68	177
Lviv	31,499	30,164	1,335	1,007	713	294
Mykolayiv	14,023	13,817	206	799	541	258
Odesa	25,781	24,795	986	3,151	2,126	1,025
Poltava	23,735	22,745	990	1,020	328	692
Rivne	19,812	20,594	-782	332	346	-14
Sumy	18,334	19,308	-974	568	496	72
Ternopil	15,263	15,013	250	698	312	386
Kharkiv	40,549	35,568	4,981	5,533	3,291	2,242
Kherson	12,646	12,947	-301	406	286	120
Khmelnyskiy	22,350	22,524	-174	481	252	229
Cherkasy	18,680	18,868	-188	777	359	418
Chernivtsi	10,548	9,552	996	735	382	353
Chernihiv	16,538	16,383	155	594	282	312
City of Kyiv	46,107	32,645	13,462	5,620	4095	1,525

Source: State Statistics Service of Ukraine [www.ukrstat.org](http://www.ukrstat.org)

Note: Information on the basis of persons officially changing the place of registration.

<sup>1</sup> Excluding the Autonomous Republic of Crimea, the city of Sevastopol and part of the anti-terrorist operation zone. Information is compiled on the basis of available administrative data on change of permanent place of residence. The data are preliminary.

<sup>2</sup> Data can be revised.

Meanwhile, within Ukraine, the annexation of Crimea and the subsequent military conflict with Russia in the east has resulted in 1.5 million internally displaced persons (IDPs).<sup>51</sup> Roughly half of them remain close to the conflict territories, i.e. in the part of Donetsk and Luhansk regions remaining under Ukrainian control. Many others have decided to relocate from the conflict territories to Kyiv and some even to Western Ukraine (see Table 10), this area being traditionally the ‘source’ of the labour migration to the EU. Overall, this is the population which at least on the first glance is in largest need of social services, as nearly 60% of the internally displaced are pensioners, 13% are children and 4% are disabled.

Looking at the role of the local authorities in managing this huge movement of people, things overall seem to be under control, especially taking into account the limited resources and the state of the Ukrainian economy in general and in particular that of eastern Ukraine. However, the new ‘decentralisation’ law seems to be open to some interpretation at the local level, and in practice much depends on the goodwill of local authorities. In particular, local authorities in the Donetsk and Luhansk regions seem to understand their role well. This is because often local authorities from the separatist-controlled zones have opted to move to the Ukrainian-held part of the oblasts so in other words displaced local authorities are talking to other local authorities within the same region. The IDPs are entitled to government assistance for the first six months, or to their Ukrainian pensions or other social entitlements, provided they are registered on Ukrainian-controlled territory. This is just distributed locally. However in both mentioned regions, there are initiatives to reduce the size of the grey zone of fake registrations, to help with accommodation etc. and this is undertaken locally. UNHCR is assisting in the protection of IDPs, and has six regional offices in Ukraine. For the protection of Ukrainian IDPs, UNHCR requested a budget of USD 42 million in 2015.<sup>52</sup>

The Association of Ukrainian Cities is of the opinion that more support from the EU directed at internal migration issues would be helpful. In particular, there seems to be a need for training of local government officials in managing internally displaced people, as well as direct support to cities to help them cope with the problems of IDPs.

The internally displaced population is said to face larger problems and general mistrust when they relocate to western Ukraine, as local authorities there are viewed as not helpful with registration or social payments, even though this

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<sup>51</sup> As of October 2015, after UNHCR Ukraine Factsheet <http://www.unhcr.org/5614d38e3.html>

<sup>52</sup> UNHCR Ukraine Factsheet <http://www.unhcr.org/5614d38e3.html>

obligation has been placed on them by Presidential decrees. There are thus cases of IDPs staying in western Ukraine but registering and physically getting their payments from a central or eastern Ukraine location.

There is certainly scope for a more systemic approach at the local level in the future. As the conflict enters its third year, there is a need to address issues such as accommodation for the most vulnerable over the longer-term or assistance in local economic development, as the eastern regions have relied on heavy industry vertically integrated with the separatist-controlled territories or Russia, and this model of development is not sustainable. Nor is it a desirable path in the future, as the reliance on heavy industry and goods with a low level of processing has made Ukraine very vulnerable to changes in world prices of commodities.

The Ukrainian conflict has not resulted so far in high refugee flows to the EU. According to receiving countries, the total number of Ukrainians seeking asylum or other forms of legal stay in abroad now stands at 1.1 million persons, with the majority going to the Russian Federation (900,000) and Belarus (100,000). OSCE reports that as of February 2016, since the beginning of the crisis, in the top five receiving countries in the European Union there were 6,540 applications for international protection in Germany, 4,665 in Poland, 6,522 in Italy, 2,532 in Sweden, 2,687 in France, 258 in Moldova, 73 in Romania, 65 in Hungary and 26 in Slovakia<sup>53</sup>.

**7.1.3 Moldova**

As Table 11 shows, there has been a steady, if slightly diminishing, outflow of migrant labour from Moldova throughout the period since 2001. But the great bulk of emigration actually took place in the 1990s, and the total number of Moldovans living abroad, permanently or temporarily, in 2013 was 820,222. The number of those working abroad came to 426,900 in 2012. Many of these are working illegally and are not captured in official statistics in their destination countries.

*Table 11. Moldova: gross out-migration, 2001-2014*

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
6,466	6,592	7,376	7,166	6,828	6,685	7,172	6,988	6,663	4,714	3,920	3,062	2,595	2,374

Source: National Bureau of Statistics of the Republic of Moldova

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<sup>53</sup> <http://www.unhcr.org/5614d3fb9.html> Ukraine. UNHCR OPERATIONAL UPDATE, 20 January – 9 February 2016



Much of the out-migration is from Moldova circular – it is estimated that around 26% of all Moldovan migrant workers are actually in Moldova at any one point in time<sup>54</sup>. Of total migrant workers, 69.2% were working in Russia in 2012, with most of the rest working in the EU<sup>55</sup>. The dropping-off of annual out-migration since 2010 can probably be explained by the deterioration in relations with Russia consequent on the signature of the EU-Moldova DCFTA and by the recession in Russia. Returning guest workers from Moldova are tending now to reorient towards the EU. An Extended Migration Profile for Moldova was produced in 2012 under the auspices of the ENPI. The EU-Moldova Mobility Partnership provides a framework for ongoing cooperation in this area, and a Migration Technical Facility has been established under the Mobility Partnership. However, CALM has a low opinion of the effectiveness of the Partnership.

Support for Moldova, together with the other Eastern Partnership countries, in the fight against irregular migration has come in the form of the EAP-SIPPAP project, worth EUR 1.014 billion over the period 2013-15, with 80% of the funding coming from the EU. The NEXUS Moldova programme, jointly funded by the EU and the Swiss Agency for Development and Cooperation and implemented by a consortium under the leadership of the Austrian IASCI (International Agency for Source Country Information), which ran from 2013 to 2015, was aimed at helping migrants to reintegrate on return to Moldova, and indeed to plan their whole migration project, from pre-departure to return. The PARE-I+I programme, designed to encourage returnees to invest their savings in business enterprises, had at February 2016 approved 98 such projects. Originally financed by ESRA, the programme is now supported by the EU through the financial support for the development of the DCFTA. The programme is rolled over every year, and this does not seem to involve any problems.

#### **7.1.4 Georgia**

As Table 12 shows, the pattern of net migration in Georgia has been volatile. In most years since 2000 there has been net outmigration, but there was very substantial net in-migration in 2005 and 2009-11. The latter figures can probably be explained by the flow of returning migrant workers from Russia after the 2008 war with Russia. The former figure reflects the high rate of return of migrant workers with the improvement in the political and economic environment in Georgia after the ‘Rose Revolution’ of 2003.

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<sup>54</sup> European Training Foundation, Migrant Support Measures from an Employment and Skills Perspective (MISMES). Moldova, May 2015.

<sup>55</sup> Biroul Național de Statistică, Migrația Forței de Muncă, Chisinau, 2013.

**Table 12. Georgia: net migration (thousands)**

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
-35,2	-32,6	-27,8	-27,5	5,5	76,3	-12,1	-20,7	-10,2	34,2	18,1	20,2	-21,5	-2,6	-6,5

Source: Geostat

There is, nevertheless, a clear general trend towards lower levels of net migration (unfortunately, Geostat does not provide separate figures for out-migration and in-migration), and the indications, on the basis of inadequate data, are that migration is becoming more circular. With the breakdown in Georgian relations with Russia after the 2008 war, it has also become much more focused on the EU. Georgia has a Mobility Partnership agreement with the EU. There is a huge problem of displaced persons due to the Abkhazia and South Ossetia wars, and the resultant wave of refugees from those two autonomous republics. On 17 September 2014 there were 259,247 registered IDPs in Georgia. The European Union (and the Council of Europe) have actively participated in reintegration programmes for these IDPs, but do not seem to be involved in any projects running at present. Support for Georgia, together with the other Eastern Partnership countries, in the fight against irregular migration has come in the form of the EAP-SIPPAP project, worth EUR 1.014 billion over the period 2013-15, with 80% of the funding coming from the EU.

### **7.1.5 Armenia**

Levels of out-migration from Armenia have eased slightly in recent years, but are still very high. Around one million Armenian work abroad, either permanently or temporarily. Some 90% of total out-migration is to Russia, and there is a substantial degree of circularity in this migration flow, with the great majority of returnees also coming back from Russia. The Association of Municipalities of Armenia reports that there are significant social and reintegration problems with returning workers, but that the issue is largely ignored. There are no on-going projects relating to the returnee problem. Overall the circularity coefficient<sup>56</sup> is about one-third.

**Table 13. Armenia: in-migration, out-migration and net migration**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>In-migration</b>	18,300	17,800	19,500	12,300	10,700
<b>Out-migration</b>	55,600	46,300	28,900	36,700	32,500
<b>Net migration</b>	-37,300	-28,500	-9,400	-24,400	-21,800

Source: Armstat

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<sup>56</sup> A circularity coefficient of one-third means that in any one year the number of returnees is equal to one-third of the total number of people working abroad.

Armenia has a Mobility Partnership agreement with the EU. There do not seem to be many EU-supported projects relating to migration issues in Armenia at present. Support for Armenia, together with the other Eastern Partnership countries, in the fight against irregular migration has come in the form of the EAP-SIPPAP project, worth EUR 1.014 billion over the period 2013-15, with 80% of the funding coming from the EU.

### 7.1.6 Azerbaijan

Azerbaijan changed from being a net emigration country to a positive migration balance in 2008, and has remained in this position ever since. The bulk of two-way migration is to and from Russia, with an abrupt fall in the number of people moving permanently to Russia resulting in the shift in the migration balance. Indeed, between 2005 and 2010, the number of emigrants going to Russia fell by 2,000. Departures for permanent residence to the EU do not seem to be significant, though the numbers do not capture circular migrants.

UNCHR reports that there are still over 600,000 internally displaced persons living in Azerbaijan; their displacement dates back to the eruption of the Nagorno-Karabakh war in the late 1980s-early 1990s. There are some 1,300 refugees (ethnic Azerbaijani from Armenia). There have been assertions that the government of Armenia resettled ethnic Armenian refugees from Syria into the breakaway region of Nagorno-Karabakh in 2015<sup>57</sup>; the region remains in Armenian hands.

**Table 14. Net migration to/from Azerbaijan, 2005-2014, thousands of persons**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
net migration	-0,9	-0,4	-1,1	1,1	0,9	1,4	1,7	2	2,3	1,1
number of emigrants	2,9	2,6	3,1	2,5	1,4	0,8	0,5	0,2	0,8	0,8

Source: State Statistical Committee of the Republic of Azerbaijan

Note: Information on the basis of persons filing for permanent residence.

In December 2013 Azerbaijan signed a joint declaration with the EU Commission and with eight EU Member States establishing a mobility partnership. This followed the earlier initialling of a readmission agreement and signature of the visa facilitation agreements. The EU is preparing financial support for the mobility partnership. There was most likely no involvement of local authorities in this process.

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<sup>57</sup> <http://www.arminfo.info/index.cfm?objectid=37F9BC30-09F1-11E5-A60E0EB7C0D21663>

## 7.2 Southern Neighbourhood

### 7.2.1 Syria

Due to the ongoing conflict in the country, more than half of the Syrian population is currently displaced. As of May 2nd 2016 UNHCR reported there were 4,835,909 Syrian refugees – 2.1 million registered by UNHCR in Egypt, Iraq, Jordan and Lebanon, as well as 2.7 million registered by the Turkish government, and over 29,000 registered in North Africa. Only 10% of them reside in refugees camps, and the remaining 90% live among host communities. On the top of this, 6.6 million Syrians are internally displaced.

Globally, only 162,151 Syrians have been resettled outside of Lebanon, Jordan, Iraq, Egypt and Turkey– none of them to Gulf countries (Qatar, United Arab Emirates, Saudi Arabia, Kuwait, and Bahrain)<sup>58</sup>. In terms of arrivals to Europe, between April 2011 and February 2016, 972,012 Syrians applied for asylum in one of the European countries (653,442 to the EU, Norway and Switzerland); during the twelve months between January 2015 and 2015 they constituted 55% of all arrivals in Greece and 5% of all arrivals in Italy via the Mediterranean Sea.

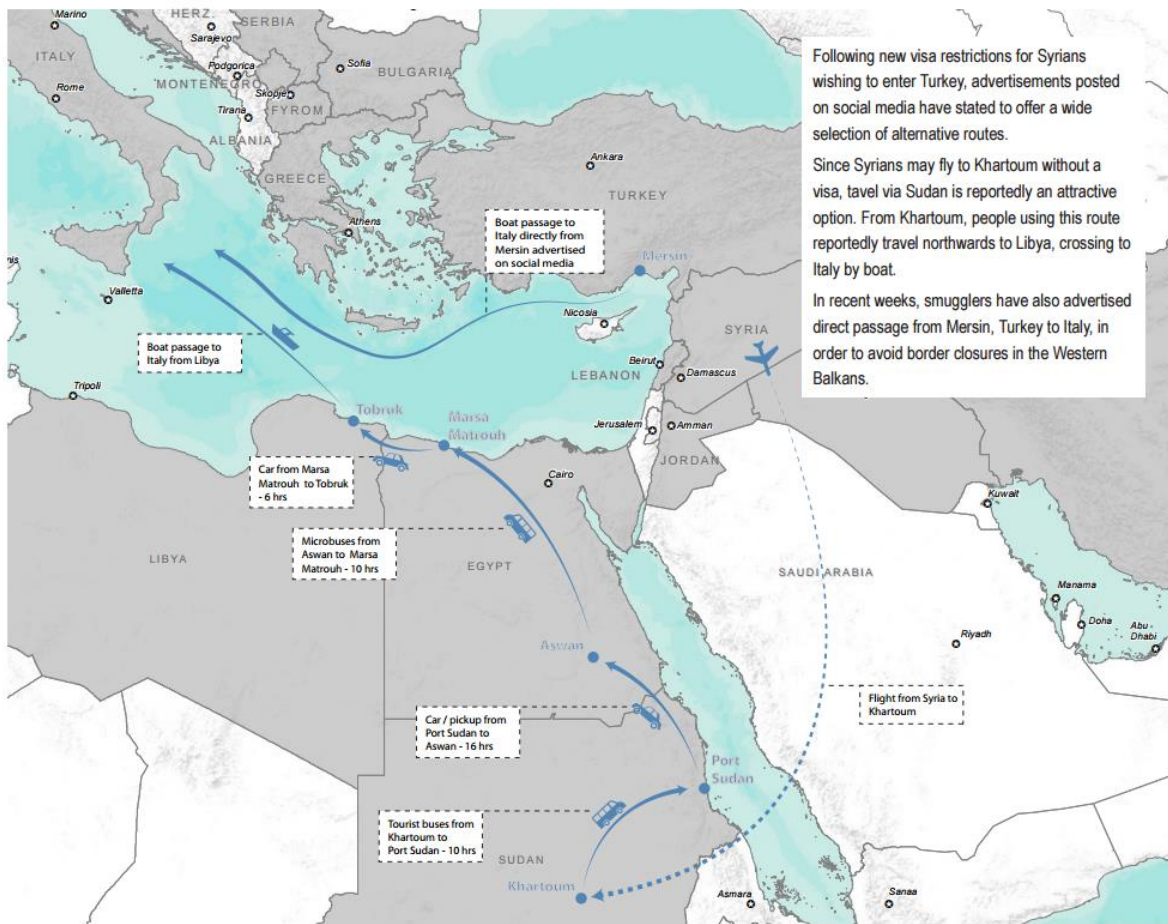
Since the EU-Turkey deal went into effect, Syrians, although by no means stopped from trying to cross the sea, are looking for new ways to reach Europe. Some new alternative routes that the refugees are reported to be exploring involve going by plane to Brazil (one of the few countries in the world that has never imposed limitations on the arrival of Syrians) and from there to French Guyana – a much safer trip that costs about as much as illegal transit by the sea.

As for the hot spots, none of the persons interviewed expressed belief that their creation in EU countries will change anything for the LRAs in the South Med, although some suggested that similar facilities in the Arab countries might be helpful<sup>59</sup>.

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<sup>58</sup> The Gulf states claim differently; for a discussion on the topic see e.g. Françoise De Bel-Air, A Note on Syrian Refugees in the Gulf: Attempting to Assess Data and Policies, Gulf Labour Markets and Migration. 2015 [http://gulfmigration.eu/media/pubs/exno/GLMM\\_EN\\_2015\\_11.pdf](http://gulfmigration.eu/media/pubs/exno/GLMM_EN_2015_11.pdf).

<sup>59</sup> Our interviews were conducted with experts working in projects sponsored by international aid organisations.



Map 3: Examples of new migration routes advertised to Syrians via social media

Source: [http://www.reachresourcecentre.info/system/files/resource-documents/srb\\_situation\\_overview\\_monthly\\_migration\\_monitoring\\_march\\_2016\\_0.pdf](http://www.reachresourcecentre.info/system/files/resource-documents/srb_situation_overview_monthly_migration_monitoring_march_2016_0.pdf)

## 7.2.2 Lebanon

Lebanon has currently the highest per-capita number of refugees in the world (232 per 1000 inhabitants). Since the creation of new refugee camps was forbidden by the government, all 1,067,785 Syrian refugees registered with UNHCR live in the host communities and informal tented settlements (ITS). The bulk of these refugees reside in the Bekaa governorate (35.8% of the local population), North Lebanon (25%), and in Mount Lebanon (24.9% of the local population). Additionally, 29% of Syrians live in Beirut, but they only make up 2.7% of the local population.

This situation puts a huge strain on local communities and negatively affects i) municipal services, such as water, garbage collection, sanitation, public lighting and roads, ii) electricity, iii) access to education, iv) access to healthcare, v) the labour market, as well as vi) security (some 45 villages imposed curfews on Syrians in 2014) – especially since under the 1977 Decree-Law municipalities themselves are responsible for funding hospitals and public schools, maintenance of the streets within the municipality, and local

transportation<sup>60</sup>. The situation also leads to growing tensions between host and refugee communities, not least because the former – often also impoverished – feel that all international help and attention is directed at Syrians, while they are left to their own devices.

In general, host communities are most worried about employment prospects, as Syrians work illegally for lower wages and take over most low-skilled jobs. Among the top worries of both groups are also overstretched resources and youth unemployment and, consequent on that, possible violent behaviour. Lack of confidence in institutions is also seen as one of the main sources of social tensions.

In terms of municipal services, the most pressing needs are related to solid waste management (which has been practically non-functioning in some parts of the country even prior to the influx of refugees and the “garbage crisis”), sewage management (and sanitation in general), energy shortages, access to education and medical care, as well as housing. During the colder months winterisation is also a very serious issue for the refugee communities. The inability to tax Syrians effectively diminishes their ability to provide services to the rapidly grown communities. According to Oxfam, “The central government has transferred the responsibility of dealing with the Syrian influx to local authorities without providing the appropriate financial and administrative means with which to do so.”

Although LRAs receive help from international donors, it is very fragmented and municipal leaders have trouble manoeuvring between several donors. As a result, the projects are overlapping, are not sustainable, and are simply ineffective in the long term.

As for the hot spots established by the EU, it is suggested that they will not have much impact on Lebanese LRAs, and it might be more useful if they were erected on the Southern side of the Mediterranean, in Lebanon and in Jordan.

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<sup>60</sup> Municipal Finance Studies Programme Final Strategic Framework  
[www.interior.gov.lb/Download.aspx?idf=81](http://www.interior.gov.lb/Download.aspx?idf=81)

**Table 15. Reported top needs in Lebanon**

	Host Communities		Displaced	
	Male	Female	Male	Female
Employment	19%	19%	15%	15%
Health	14%	17%	9%	14%
Winterisation	5%	7%	16%	18%
Education	6%	8%	10%	12%
Electricity	14%	12%	4%	3%
Shelter	2%	2%	13%	12%
Food	2%	2%	10%	10%
Drinking Water	8%	8%	8%	6%
Roads	9%	7%	1%	0%
Waste Water Mgmt	6%	5%	2%	1%

Source: Lebanon Factsheet. Country-wide Community Vulnerability Profiles. Feb 2015. UNHCR. [http://www.reachresourcecentre.info/system/files/resource-documents/reach\\_lbn\\_allprofiles\\_hcv\\_lebanon\\_jul2015.pdf](http://www.reachresourcecentre.info/system/files/resource-documents/reach_lbn_allprofiles_hcv_lebanon_jul2015.pdf)

Apart from Syrians (63%), in 2015 Lebanon hosted migrants from the West Bank and Gaza (26% of all migrants in the country) and Iraq (6%). Just 4% – mostly labour migrants – came from Egypt, and there were some smaller numbers (of migrant workers) from Sri Lanka, Bangladesh, Indonesia, China, India, Philippines and Pakistan (1% of total), on the top of 10% of EU nationals.

**Table 16. Lebanon: net migration rate (per 1,000 population)**

	2000 - 2005	2005 - 2010	2010 - 2015
<b>Lebanon</b>	30.5	8.8	49.1

Source: UNPOP <http://esa.un.org/unpd/wpp/DataQuery/>

**Table 17. Lebanon: migrant stock, 2000-2015**

	2000	2010	2013	2015
<b>In-migration</b>	692,913 <sup>a</sup>	758,167 <sup>b</sup> / 820 655 <sup>a</sup>	1,586,721 <sup>b</sup> / 849,721 <sup>a</sup>	1,997,776 <sup>a</sup>
<b>Out-migration</b>	538,904 <sup>a</sup>	664,073 <sup>b</sup> / 648,517 <sup>a</sup>	810,854 <sup>b</sup> / 683,061 <sup>a</sup>	798,140 <sup>a</sup>
<b>Net migration</b>	154,009	94,094 <sup>b</sup> / 172,138 <sup>a</sup>	775,867 <sup>b</sup> / 166,660 <sup>a</sup>	1,199,636 <sup>a</sup>

Source: <sup>a</sup>UN, <sup>b</sup>WB

Moving to migration out of the country, in 2015 Lebanese expatriates resided predominantly in USA (15.5% slight decrease from 16% in 2013), Saudi Arabia (14.6% decrease form 20% in 2013), Australia (12%), Germany (10%, slight decrease from 11% in 2013) and Canada (11%), as well as France (6%) and United Arab Emirates (6.5%). Altogether, 26% of Lebanese migrants were located in the EU. Between 2010 and 2015 the number of Lebanese in the EU increased by 8%, from 195,030 to 209,859. In 2015, the migrants sent home

USD 7.2 billion worth of remittances (16.1% of GDP), down from USD 7.47 billion in 2014 (18% of GDP).

### 7.2.3 Jordan

The data available from the Jordanian Department of Statistics is fragmented and incomplete. In 2015, however, a new census was conducted in the Kingdom, and the statistics were made available at the beginning of 2016. According to the census, there are currently 9.532 million people residing in the country, 44% of whom (2.918 million) are foreign nationals. Among them, 43.37% are Syrians (1,265,514; UNHCR reports 937,830 Syrians registered with them), 21.73% Palestinians (634,182 – the World Bank, on the other hand, estimates that there were 2,114,224 Palestinians in Jordan just two years earlier), 21.8% Egyptians (636,270), 4.49% Iraqis (130,911 – this is more than twice the number estimated by UNHCR, who claims there are 57,840 Iraqi refugees and asylum seekers, fewer than half of whom are assisted by UNHCR). Moreover, there are 31,163 Yemenis (1.07%), 22,700 Libyans (0.78%) and 197,385 “others” – most probably the majority of whom are domestic workers (although according to a recent report by the Ministry of Labour there are only 38,000 legally employed domestic helpers in the country).

**Table 18. Jordan: migrant stock, 2000-2015**

	2000	2010	2013	2015
<b>In-migration</b>	1,927,845 <sup>b</sup>	2,176,219 <sup>a</sup> / 2,722,983 <sup>b</sup>	3,592,780 <sup>a</sup> / 2,925,780 <sup>b</sup>	3,112,026
<b>Out-migration</b>	395,523 <sup>b</sup>	734,113 <sup>a</sup> / 603,731 <sup>b</sup>	782,015 <sup>a</sup> / 639,233 <sup>b</sup>	699,719
<b>Net migration</b>	1,532,322 <sup>b</sup>	1,442,106 <sup>a</sup> / 2,119,252 <sup>b</sup>	2,810,765 <sup>a</sup> / 2,286,547 <sup>b</sup>	

Source: <sup>a</sup>World Bank; <sup>b</sup> United Nations, Department of Economic and Social Affairs (2013). Trends in International Migrant Stock: Migrants by Destination and Origin (United Nations database, POP/DB/MIG/Stock/Rev.2013)

**Table 19. Jordan: net migration rate (per 1,000 population)**

	2000 - 2005	2005 - 2010	2010 - 2015
<b>Jordan</b>	-3.7	15.2	6.5

Source: UNPOP <http://esa.un.org/unpd/wpp/DataQuery/>

Most of the foreigners reside in the north-western parts of the country: in Amman, Zarqa, Irbid and Mafraq governorates (49.78%, 15.12%, 15.54% and 8.08% respectively; Census).

#### *Impact of refugee inflow on LRAs*

In Jordan 84% out of the country's estimated 1,265,514 Syrians live outside of the refugee camps. More than three quarters (76%) of Syrian refugees live in the northern governorates: in Amman, Irbid and Mafraq (representing 10.9%, 19.4%



and 37.8% of their populations respectively)<sup>61</sup>. This creates pressure at both the governorate and municipality level, especially in terms of i) municipal services, such as water, garbage collection, sanitation, public lighting and roads, ii) access to education, iii) access to healthcare, iv) labour market. LRAs need both financial and technical support in order to manage the inflow of the refugees. Many municipalities already had problems with timely and adequate delivery of services prior to the refugee influx, and now they are hardly coping, especially in the governorate where most refugees reside outside of the refugee camps. The waste management capacities of the municipalities, for example, are currently exceeded by 11%, 85% of which is attributed to the presence of the Syrian refugees; the most vulnerable sub-districts were identified as Ain-Albasha in Balqa, Qasabet Zarqa and Azraq in Zarqa, and Naour in Amman. The government estimates that 32 new compressors are required to meet new processing needs. Moreover, landfill capacities have been exceeded by 19% (91% of which is attributed to the refugees influx). In some cities like Mafraq there is also an issue of unplanned, illegal settlement growth.

The Jordanian government estimates that “the total direct cost for municipalities to provide services to Syrians in Jordan will reach an average of USD 26 million per year for the period 2016-2018”.<sup>62</sup>

**Table 20. Costs for Jordanian municipalities of providing services to Syrians**

	2016	2017	2018
Municipalities debt	156,725,334	172,397,867	189,637,654
Estimated cost of each citizen	17	18	20
Total cost of Syrian population	23,677,543	25,567,786	27,607,280

Source: JORDAN RESPONSE PLAN for the Syria Crisis 2016-2018

[http://reliefweb.int/sites/reliefweb.int/files/resources/JRP16\\_18\\_Document-final+draft.pdf](http://reliefweb.int/sites/reliefweb.int/files/resources/JRP16_18_Document-final+draft.pdf)

The expected budget requirements for Local Governance and Municipal Services were estimated at 69,163,402 USD in 2016, 76,361,270 USD in 2017, and 58,227,216 USD in 2018.

As for the creation of hot spots, persons interviewed expressed the belief that their creation will not impact on Jordanian LRAs in any way.

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<sup>61</sup> Estimates based on Jordanian Population and Housing Census 2015. Estimates vary greatly from 27.4%, 23.5% and 26.1% respectively by Verme, Paolo; Gigliarano, Chiara; Wieser, Christina; Hedlund, Kerren; Petzoldt, Marc; Santacroce, Marco. 2016. The Welfare of Syrian Refugees: Evidence from Jordan and Lebanon. Washington, DC: World Bank to 7%, 12% and 52% according to Svein Erik Stave and Solveig Hillesund. Impact of Syrian refugees on the Jordanian labour market. Findings from the governorates of Amman, Irbid and Mafraq. International Labour Organization Regional Office for the Arab States And Fafo. 2015.

<sup>62</sup> [http://reliefweb.int/sites/reliefweb.int/files/resources/JRP16\\_18\\_Document-final+draft.pdf](http://reliefweb.int/sites/reliefweb.int/files/resources/JRP16_18_Document-final+draft.pdf)

As for emigration, the data seems even more difficult to obtain. The number of foreign workers in GCC countries is a sensitive issue and the authorities are reluctant to share the statistics. Jordanian Ministry of Labour publishes some data; however they only cover those labourers who found a job via official recruitment schemes.

The data provided by the UN and WB is not very consistent. However, as can be seen, in 2015 the top migration countries for Jordanians were mostly other Arab countries: Saudi Arabia (26%, down from 38% in 2013), UAE (24%, up from 18% in 2013), West Bank and Gaza (8%, slightly up from 7% in 2013), Kuwait (7% slightly up from 5% in 2013), Qatar (5%, again slightly up from 4% in 2013), Libya (3%), Bahrain (2%), Oman (1%), Egypt (1%), Iraq (1%), Algeria (1%). Another popular destination was the USA (9%, slightly down from 10% in 2013). As for the EU, although as of 9 October 2014 Jordan has a Mobility Partnership agreement with the EU and participating Member States of the EU (Cyprus, Germany, Denmark, Greece, Spain, France, Italy, Hungary, Poland, Portugal, Romania and Sweden), migration to EU is rather limited. According to UN data, only 5% of Jordanians who have migrated out of the kingdom in 2015 chose an EU country (less than 36,000). This figure is still higher than the official Eurostat one, according to which at the end of 2012 there were 21,000 Jordanian nationals legally residing in the EU, in 2013 further 41,940 applied for Schengen visa.

Migration out of Jordan to the Gulf countries is most probably circular, with workers leaving their families in Jordan and returning regularly to the country. Migrant remittances in 2015 amounted to 3.8 billion USD (11% of GDP) and 3.643 billion USD (11.7% of GDP) in 2014.

#### **7.2.4 Palestine**

Since the Arab-Israeli wars of the 1940s, Palestinians have been seeking refuge and work abroad. In recent decades, the Palestine territories have recorded a negative migration balance, with the early 1990s as the only exception.<sup>63</sup> The second Intifada brought back the negative migration balance (see Table 21). Half of the migrants in recent years have gone to the US and other non-Arabic countries, a further 24% to Jordan, 20% to the Gulf countries and 8% to Egypt and other Arab states. Present-day Palestinian migrants are mostly young, male, declaring unemployment in Palestine and the wish to study abroad as the main reasons to leave. As many as 80% of those leaving in recent years had at

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<sup>63</sup> With high numbers of returnees after the Oslo accords.

minimum a secondary education, meaning a loss of potentially skilled workers from the economy (from 2000-2010; PCBS 2010).

**Table 21. Net migration to/from Palestine, 2005-2009, no. of persons**

Year	2,005	2,006	2,007	2,008	2,009
Net migration	1,236	849	-2290	-1,536	-696
Emigrants*	5,841	5,205	7,290	7,390	7,122

Source: PCBS (2010)

Note: whenever whole households migrated, they are not counted.

There were 18,000 Palestinians residing in Europe in 2008, most of them in Germany (Di Bartolomeo 2011). A study by the Palestine International Institute estimates the total number of Palestinians in Germany in the same year at 100 thousands, though over 70% of them are said to come from Palestinian camps in Lebanon and Syria (where they had migrated to, often decades before moving to the EU; PII 2008). Migrants of Palestinian origin are also joining the recent exodus related to the war in Syria, though exact numbers are hard to come by.

LRAs in Palestine quote Israeli restrictions as the main issue behind the relatively low numbers of international migration, especially given the income gap between Palestine and the EU countries. Internal labour migration to cities like Ramallah has become more of an issue recently for the LRAs. Due to restrictions on border crossings, Palestinian LRAs do not anticipate any changes following the erection of hotspots on the EU borders. By the same token, there is so far little scope for cooperation on migration issues between EU and Palestinian municipalities.

## 7.2.5 Israel

Mass immigration to Israel has characterised various periods of the 20th century, especially the years immediately before and after the founding of the state and most recently the early 1990s (exodus from the former USSR). Israel still has the positive migration balance<sup>64</sup> and over one third of its Jewish population was born abroad. With increased globalisation and mobility, there is some temporary movement of highly skilled Israelis to Western cities, mainly to North America. The population of temporary migrant workers in Israel has been steady at 200,000 over the last decade<sup>65</sup>, with most of them arriving from Thailand, then from Moldova, and of the EU countries from Romania and Bulgaria. Foreign

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<sup>64</sup> With net migration rate of 2.24 migrant(s)/1,000 population (2015 est., CIA World Factbook).

<sup>65</sup> According to the Israeli Center for International Migration and Integration.

workers are permitted to work in some sectors of the economy, and their maximum stay is usually limited to 5 years.

Tightly controlled borders and the lack of readiness to accept refugees<sup>66</sup> suggest that no effect should be felt in Israel as a result of changes in the EU policies vis-à-vis recent mass migration.

### 7.2.6 Egypt

Around 10% of Egypt’s population lives abroad. In 2015, 73% (up from 69% in 2013) of the Egyptians who left the country chose one of the Persian Gulf States: UAE (29%, a major increase from 9% in 2013), Saudi Arabia (22%, down from 38%), Kuwait (12%, down from 14%), Qatar (5%, slightly up from 4%), Bahrain (2%) and Oman (2%). Just 8.5% (up from 7% in 2013) chose the EU – mostly Italy (3% of all Egyptians who left the country and around 39% of Egyptian migrants to the EU). Other popular destinations were Jordan (4%, down from 8% in 2013) and the USA (5%). Most Egyptian labour migrants (87%) are men. However, there is a growing trend for women to go to work abroad (mostly in the Gulf) as well.

**Table 22. Egypt: total migrant stock at mid-year, 1990-2015**

	1990	2000	2010	2013	2015
<b>In-migration</b>	175,574	169,149	280,714	416,271 <sup>b</sup>	491,643
<b>Out-migration</b>	2,041,214	2,288,586	3,296,232	3,386,059 <sup>b</sup>	3,268,970

Source: <sup>a</sup>UN, <sup>b</sup>WB

**Table 23. Egypt: Net migration rate (per 1,000 population)**

	2000 - 2005	2005 - 2010	2010 - 2015
<b>Net migration rate</b>	-0.2	-0.7	-0.5

Source: UNPOP <http://esa.un.org/unpd/wpp/DataQuery/>

Migration on such a scale has caused, among other things, a brain-drain problem – according to IOM “Egyptian migrants abroad are more skilled than the average employee in the Egyptian domestic workforce.”<sup>67</sup> At the same time, the job opportunities even for skilled workers at home remain scarce. The global financial crises of 2008, low oil prices, and instability in the region forced many Egyptians to come back home. One in 20 households in Egypt includes a migrant that returned home, and roughly one third of these returnees are of working age, a situation that will not positively affect the Egyptian labour market. However, despite this return trend and remittances down from 20.515

<sup>66</sup> Last time Israel accepted a wave of refugees was in 2006-2011 and it consisted of refugees from Darfur, in large part Eritrean and Sudanese. Few of those who arrived have been granted asylum.

<sup>67</sup> <http://www.egyptiom.int/Doc/Development%20in%20Motion%20--%20Mainstreaming%20migration%20and%20development%20in%20Egypt.pdf>

billion USD (8.1% of GDP) in 2014 to 17.469 billion USD (7% of GDP) in 2015, the country receives more remittances than any other country in the MENA region, and the vast majority of it comes from the Gulf Region.

According to a recent study by IOM, most Egyptians who live in the West return to Egypt at least once a year<sup>68</sup>, and almost one third do so a couple of times every year. The level of irregular migration to the EU is believed to be moderate, and most of it consists of tourists or seasonal labour migrants in Italy who overstayed their visas. Higher numbers of irregular migrants try to reach the Gulf States and Jordan.

As for migration to Egypt, in 2015 out of 491,643 who resided in the country, 30% came from Syria, 31% from West Bank and Gaza (up from 23% in 2013), 6.5% from Sudan, 4.6% from Somalia (down from 10% in 2013), and 2.4% from Iraq (down from 4%). Those numbers are not very reliable, though. IOM for example estimates the number of non-Egyptians in Egypt at anywhere between 550 and 1 million (albeit they consider the former number more probable).

Apart from migrants from outside Egypt, there are around 8 million internal migrants in the country (an additional 10% of the total population); this is mostly rural population from Upper Egypt that moves up North in search of economic opportunities, although it also includes women who have moved for marriage. International agencies note that human trafficking is a serious problem in the country. Most migrants – both internal and external – head to the largest cities, and this causes stress on urban infrastructure as well as creating a boom in illegal housing.

As for the establishment of hot-spots, no effect has been visible in Egypt thus far, although some interviewees suggested it might lead more migrants to take a transit route to Egypt via Sudan.

### **7.2.7 Libya**

The ongoing armed conflict in the country has led to an increase in the number of Internally Displaced Persons (IDPs). As of February 2016, their number reached 440,000. Most of them live in urban centres among host communities, with only around a quarter residing in collective centres, or simply makeshift shelters or abandoned buildings. With urban centres more affected by the conflict than rural ones in the first place, the flood of refugees has resulted in

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<sup>68</sup> Ibid.

shortages of food, medical supplies, drinkable water, fuel, and electricity, as well as reduced access to schools, hospitals and other health facilities, and public services in general. Cities such as Tripoli, Benghazi, Derna, Zintan, Awbari or Sabha are also facing rapidly raising basic food and fuel prices. On top of that, despite the fact that Libya is currently spending a whopping 60% of its GDP on public sector salaries<sup>69</sup>, these are constantly delayed, causing serious cash shortage problems to large chunks of population.

Additionally, there are a growing number of refugees and migrants trying to reach Europe via Libyan territory; between November 2015 and January 2016 over an estimated 143,500 people arrived in Italy by sea, most of them trying to reach Europe via Libya from North Africa. It has been estimated that at the beginning of 2016 Libya hosted around a quarter of a million of asylum seekers, vulnerable refugees, and migrants from sub-Saharan and North Africa. Additionally, according to IOM<sup>70</sup> there are around 150,000 migrants in Libya who prior to the conflict had well-paid jobs; now around 7,000 of them are very vulnerable and in need of humanitarian assistance.

The IDPs are in general being treated in a better way by local populations and municipalities than immigrants from North Africa; for instance, the former will many a time be offered temporary accommodation in schools, the latter will be lucky to be given tents.

As for migration of Libyan nationals from Libya, in 2015, roughly half of the Libyans who migrated from the country (49%) went to EU, mostly Italy (52% of those who migrated to EU and 26% of all migrants) and UK (25% and 12% respectively). Those who migrated to Libya in 2015, just like two years earlier, mostly came from the State of Palestine (37%), Somalia (14%), Iraq (9%), Saudi Arabia (5%), Syria (4%), Yemen (3%), Egypt (3%), Jordan (3%), Sudan (2%) and Indonesia (2%). Libya however remains, despite the conflict, predominantly a transit and destination country.

Regarding the hot spots, it looks like only one thing is clear – no migrant should be returned to Libya because of the security situation in the country. However, once the situation stabilizes, Libyans will need both skilled and unskilled workers again, which might – at least to a certain extent – solve the problem of migrants travelling through the country to the EU, as they may wished to stay in Libya should they have a chance of finding work there.

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<sup>69</sup> <http://www.worldbank.org/en/country/libya/overview>

<sup>70</sup> <http://humanitariancompendium.iom.int/libya/2016>

**Table 24. Libya: migrant stock, 2000-2015**

	2000	2010	2013	2015
<b>In-migration</b>	558,770 <sup>a</sup>	699,144 <sup>a</sup>	755,974 <sup>ab</sup>	771,146 <sup>a</sup>
<b>Out-migration</b>	85,570 <sup>a</sup>	134,704 <sup>a</sup>	142,192 <sup>a</sup> / 146,839 <sup>b</sup>	141,623 <sup>a</sup>
<b>Net migration</b>	473,200	564,440	613,782 <sup>a</sup> / 609,135 <sup>b</sup>	

Source: <sup>a</sup>UN, <sup>b</sup>WB

**Table 25. Libya: net migration rate (per 1,000 population)**

	2000 - 2005	2005 - 2010	2010 - 2015
<b>Libya</b>	-0.4	-2.7	-16.0

Source: UNPOP <http://esa.un.org/unpd/wpp/DataQuery/>

## 7.2.8 Tunisia

It appears as if LRAs have no real role in managing migration to (or from) Tunisia. In 2015 87.8% of the Tunisians who migrated went to live in the EU, mostly in France (70%, up from 59% in 2013), Italy (18.8%, slight increase from 17%) and Germany (7%, up from 5% in 2013). Three years earlier, 11% of the country's total population lived abroad, a figure that has increased by 3% annually since 2002. In 2015, migrant remittances amounted to 2.3 million USD, (or 4.9% of Tunisian GDP), up from 2.198 billion in 2014 (4.8% of GDP) and 1.867 billion in 2013 (4.0%).

**Table 26. Tunisia: migrant stock, 1990-2015**

	1990	2000	2010	2013	2015
<b>immigrants</b>	38,018	36,212	33,583	36,526 <sup>ab</sup>	56,701 <sup>a</sup>
<b>emigrants</b>	463,212	486,881	589,410	643,612 <sup>a</sup> / 670,902 <sup>b</sup>	651,044 <sup>a</sup>

Source: <sup>a</sup>UN, <sup>b</sup>WB, National Institute of Statistics

**Table 27. Tunisia: net migration rate (per 1,000 population)**

	2000 - 2005	2005 - 2010	2010 - 2015
<b>Tunisia</b>	-2.8	-0.6	-0.6

Source: UNPOP <http://esa.un.org/unpd/wpp/DataQuery/>

On March 3, 2014, Tunisia signed a Mobility Partnership with the EU. However, thus far no new concrete policies regarding visa facilitation or border controls have emerged. As noted by the Migration Policy Institute “although Tunisia's new government seems willing to continue its long-standing cooperation with the European Union, the new domestic political context might impact the way in which this cooperation manifests. Today, while cooperation with the European Union is still economically vital, it is no longer critical for the government's political survival and legitimation. Instead, the growing activism

of Tunisia’s civil society increases the government’s democratic accountability for its policy decisions, particularly when infringing on the rights of Tunisian migrants abroad or immigrants on Tunisian soil.”<sup>71</sup>

As an interviewee noted, “migration from Libya to Tunisia continues as Libya’s political and economic instability, civil war, and growing Islamist threat have prompted thousands of Libyans and foreigners to leave. In contrast to the welcoming attitude in 2011, the government now emphasises Tunisia’s role as a transit country: foreigners arriving from Libya are only allowed to enter if they can prove their immediate exit. In response, Egypt, for instance, has implemented a repatriation programme for its citizens fleeing from Libya to Tunisia. IOM has also started a voluntary return programme for African migrants in Tunisia, and between 2012 and 2014 more than 600 migrants, mostly from Nigeria, Gambia, and Côte d’Ivoire, were repatriated. Libyan citizens are still granted the right to stay in Tunisia under the condition that they not engage in political activity that could jeopardize relations between the two countries.”<sup>72</sup>

### 7.2.9 Algeria

In terms of in-migration, much like in 2013, those who migrate to Algeria in 2015 hailed mostly from Western Sahara (38%), the State of Palestine (23%), Somalia (9%), and Iraq (6%); this has been a consistent trend since 90s. Those who leave the country on the other hand mostly go to France (in 2015 – 90%, up from 82% in 2013). In total 90% of Algerians who migrated went on to live in the EU. Two relatively new destinations are Spain (the number of Algerians residing in Spain almost doubled between 2002 and 2012) and Canada. Moreover, since the 2000s the profile of the migrant has begun to change, and more qualified, highly-skilled migrants have been leaving the country due to the lack of proper job opportunities<sup>73</sup>.

**Table 28. Algeria: migrant stock, 1990-2015**

	1990	2000	2010	2013	2015
<b>In-migration</b>	273,954 <sup>a</sup>	250,110 <sup>a</sup>	244,964 <sup>a</sup>	270,407 <sup>ba</sup>	242,391 <sup>a</sup>
<b>Out-migration</b>	921,909 <sup>a</sup>	1,039,439 <sup>a</sup>	1,657,306 <sup>a</sup>	1,716,202 <sup>a</sup> / 1,784,499 <sup>b</sup>	1,763,771 <sup>a</sup>
<b>Net migration</b>	- 647,955	- 780,329	- 1,412,342	- 1,445,795 / - 1,514,092	-

Source: <sup>a</sup>UN, <sup>b</sup>WB

<sup>71</sup> <http://www.migrationpolicy.org/article/revolution-and-political-transition-tunisia-migration-game-changer>

<sup>72</sup> Ibid.

<sup>73</sup> [http://www.carim.org/public/migrationprofiles/MP\\_Algeria\\_EN.pdf](http://www.carim.org/public/migrationprofiles/MP_Algeria_EN.pdf)



Migrant remittances in 2015 comprised 1% of GDP (2 billion USD), which is a small increase in comparison to 2014 (9% and 1.843 million USD). This figure is relatively low when compared with other countries in the region (6.4% in Morocco and 4.9% in Tunisia). According to MPC, “since the 2000s, a new upsurge of Algerian labour emigration has been observed in concomitance with the gradual liberalization of the Algerian economy which, however, still has high unemployment, especially among the highly-skilled. This new wave of emigration, indeed, has a qualified emigrant profile, together with diversification in the choice of destination country.”

**Table 29. Algeria: net migration rate (per 1,000 population)**

	2000 - 2005	2005 - 2010	2010 - 2015
<b>Algeria</b>	-1.3	-2.1	-0.8

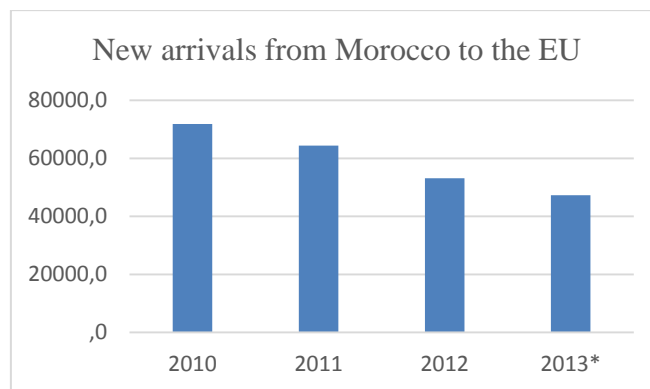
Source: UNPOP <http://esa.un.org/unpd/wpp/DataQuery/>

LRAs in Algeria do not cooperate with EU or LRAs in EU on issues related to migration. According to a representative of the EU Delegation to Algeria “it is very difficult to predict” whether establishment of the hotspots for screening migrants at its southern border (on Greek islands and in Italy) is going to affect the situation in Algeria in any way, especially now that Algeria has become not merely a transit, but a destination country. The same view is shared by some representatives of the international donor institutions, who were, indeed, more critical of the hotspots in general, seeing them as a desperate last-minute solution.

**7.2.10 Morocco**

There are two main migration trends in Morocco – one is out-migration of Moroccans from the country mostly to the EU, the other – migration and/or transit to/through Morocco by African migrants.

The latter was, until very recently, largely ignored by both the central government and the municipalities. Presently, however, the country is slowly becoming a country of destination, not only transit, partly due to the new readmission deal with EU and the increased numbers of migrants (the IOM estimates that currently there are around 100,000 African migrants in Morocco), and so the authorities are starting to acknowledge the problem. The government is however still quite reluctant to accept any projects helping cities to integrate or even interact with refugees. GIZ recently managed to get permission to implement one project in Morocco that aims at helping LRAs to integrate migrants, but it is too recent to say more about it. In general, it appears as if Moroccans are just as unwilling to accept black North African migrants in their country as Spaniards and other EU nationalities are to accept Moroccans.



Despite this fact, Moroccans continue to migrate to the EU. In 2015, most Moroccans (87.5%) migrated to EU: mostly to France (37%, up from 31% in 2013), Spain (28%, up from 25%), Italy (17%, up from 14%), Belgium (3.7%, down from 7%), Netherlands (7%, slightly up from 6%) and Germany (4.6%). Between 2005 and 2010, Morocco saw the largest outflow of migrants in the Arab region, and in 2013 Morocco was still one of the top three countries of origin in the Arab region when it comes to emigration, with 2,854,502 people living outside the country in 2013 (ECSWA). Youth migrants (15-24) constituted 17.1% of all the people who left the country that year.

**Table 30. Morocco: migrant stock, 2000-2015**

	2000	2010	2013	2015
<b>In-migration</b>	53,124 <sup>a</sup>	50,113 <sup>a</sup>	50,771 <sup>b</sup>	88,511 <sup>a</sup>
<b>Out-migration</b>	1,967,149 <sup>a</sup>	2,702,722 <sup>a</sup>	3,040,327 <sup>b</sup>	2,834,641 <sup>a</sup>
<b>Net migration</b>	-1,914,025 <sup>a</sup>	-2,652,609 <sup>a</sup>	-2,989,556 <sup>b</sup>	

Source: <sup>a</sup>UN, <sup>b</sup>WB

**Table 31. Morocco: net migration rate**

Location	2000 - 2005	2005 - 2010	2010 - 2015
<b>Morocco</b>	-4.7	-3.7	-1.9

Source: UNPOP <http://esa.un.org/unpd/wpp/DataQuery/>

Even though ever since the financial crisis of 2008 and the consequent decrease in demand for labour, migration both from Maghreb in general, and Morocco in particular, has been declining, Moroccans are still the largest single group of non-EU nationals who have received citizenship in the member states (86,541 in 2013, far ahead of second-place Indians with 48,266 the same year). Altogether, in 2013, there were officially 1,371,830 Moroccans residing in the EU. In 2015, remittances made up 6.4% of GDP (6.4 billion USD), a slight decrease from 6.6% of GDP in 2014 (6.8 billion USD). On the downside, the emigration of skilled workers and students has created a problem of brain drain; it is estimated that 20% of highly skilled Moroccans live abroad.

Moroccan LRAs cooperate with EU on the migration within two projects under the Joint Initiative for Migration and Development (ICMD) Phase II: “Investments and transfer of know-how for the revival of mixed farming in the oasis of Figuig”<sup>74</sup> and “Migration, Territories and Development” developed in the regions of Souss-Massa and Drâa-Tafilalet”. Moreover, another project has just been launched under the Mobility Partnership Programme “Sharaka”, PRIMO – “Initiatives MRE dans l'Oriental”<sup>75</sup>.

In terms of the impact of hot-spots, some interviewees expressed concern that their erection will negatively affect the situation in the country, as the smuggling routes for migrants from Niger and Mali will become more popular.<sup>76</sup>

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<sup>74</sup> <http://www.ville-figuig.info/index.php/2013-08-03-10-07-25/societe-civile/184-atelier-de-lancement-du-projet-investissements-et-transferts-de-savoir-faire-des-migrants-pour-la-relande-de-la-polyculture-dans-l-oasis-de-figuig>

<sup>75</sup> <http://aujourd'hui.ma/economie/les-marocains-du-monde-lancent-leur-initiative-primola-voix-des-mre-a-oriental>

<sup>76</sup> « La question du risque de réorientation des flux migratoires en provenance du Mali et du Niger via le Maroc se pose effectivement, le Niger où des filières de passeurs ont été détectées »

## **8.8. Summary and conclusions**

### **8.1 Regional cooperation**

The cooperation among LRAs from different ENP countries continues to be donor-driven, with Israel being the only exception. Within the donor-supported cooperation, there are clear examples of good practices, where the cooperation is developing well, with growing networks of foreign partners and an eye on sustainability. Ukraine, Moldova, Lebanon, and perhaps to some extent Jordan are prominent examples of this success. The LRA associations in Ukraine and in Moldova have been cooperating internationally extensively, including with the EU. LRAs from eligible regions engage in cross-border cooperation programmes supported by the EU. Lebanese LRAs cooperate directly with partners in the EU, and they prefer that to the highly bureaucratic EU-sponsored cooperation. Jordanian LRAs cooperate with their counterparts from other countries, but mostly within larger networks.

At the other end of the spectrum are the countries where it seems that there is no genuine bottom-up cooperation of local LRAs with partners from the EU or from the ENP area, not even as partners in cross-border projects. This is the situation of LRAs in Belarus and in Azerbaijan. Local authorities in Belarus have been indirect beneficiaries of cross-border projects but they do not become involved as partners, due mainly to domestic regulations. In the Southern Neighbourhood, LRAs from Algeria and Egypt find themselves in similar circumstances. Algerian and Egyptian LRAs are as a rule not allowed to sign any kind of partnership agreements themselves and they are obliged to act through the central government. They have not participated in any of the recent cross-border cooperation projects. Moreover, international cooperation efforts of Libyan LRAs are currently hampered by domestic circumstances, and are reduced to heavily donor-influenced cross-border cooperation between Libyan and Tunisian local authorities.

There is, finally, a middle ground of local authorities, which have started cooperating internationally, backed by donor funds, but where capacities have not yet been developed. The projects these LRAs engage in are almost exclusively of the cross-border cooperation type. Armenia and Georgia among the Eastern partners and Tunisia and Morocco among the Southern ones are typical of this middle ground. ENP cooperation projects in Armenia and Georgia seem to be focused on intra-South Caucasus cooperation and donor-driven. Tunisian municipalities have participated in the EU-sponsored cross-border cooperation programmes and cooperate with municipalities in some EU

countries directly. The last cross-border cooperation projects by Moroccan LRAs ended in 2013. Moroccan LRAs now participate in a project aimed at strengthening cooperation among and building a strong network between the cities of Morocco and of the Maghreb, as well as providing technical support in the area of solid waste management, historical heritage protection, energy efficiency and urban mobility.

Palestine and Israel come as outliers. Despite the highly centralised division of powers in Israel, local governments have a rich history of international cooperation. Israeli LRAs reach out mostly to the cities in the EU and the US, or the LRA associations. The Israeli Federation of Local Authorities aims to strengthen ties with EU-level LRA bodies and within the EU. The Israel-Eastern ENP links at the local level seems to have been so far limited to twin city cooperation with the cities of the former Soviet Union.

Palestinian LRAs have cooperated or have hopes for cooperation with LRAs from a few EU countries, and have cooperated with Israeli ones in the past. It has to be stressed that any kind of foreign cooperation for Palestinian municipalities is heavily dependent on foreign funds, and is constrained by the restrictions imposed by Israel (cross-border cooperation is next to impossible).

In terms of the geographical scope of cooperation of the LRAs in the EU Neighbourhood, the most common (and it seems that the 'easiest') type is the EU- or other donor-supported cross-border type. Within the cross-border programmes, Ukrainian and Moldovan LRAs cooperate with neighbouring EU countries, there is intra-Southern Caucasus cooperation (between Georgia and Armenia), and the Maghreb countries cooperate with each other. Lebanese and Jordanian LRAs have cooperated among themselves, and with the EU Mediterranean municipalities. In contrast, Israeli LRAs seek mostly cooperation with US and EU partners. Palestine cooperates with partners from the EU as well.

## **8.2 Sectoral development and the role of LRAs**

The role of LRAs in local development follows their relative responsibilities in this area, i.e. how much power is delegated to local authorities. There are countries in the EU Neighbourhood where LRAs have little say in terms of local development (Belarus, Azerbaijan, Egypt, Algeria); this limits their role, and it also constrains absorption capacity for foreign-funded projects in the field of regional development. In some of these countries there seem to be promising initiatives on a small scale, often just pilot projects, oriented to sustainable local development and supported by foreign donors. These initiatives can lay the ground for future decentralisation.

The common practice in the Southern Neighbourhood is that local authorities retain competences in few specific fields only, and that the central government control the rest. For example, local authorities in Lebanon enjoy competences in water management and in social services. Jordanian LRAs are responsible for the implementation of urban development plans, control of the implementation of sanitary standards, flood and fire prevention, granting of building permits, sewage and waste management, public cultural and sports institutions, and managing municipal properties. LRAs in Morocco have quite a lot of freedom in managing their own affairs and there is a political will to advance the process of regionalization. For instance, Moroccan LRAs can directly sign contracts with private (usually foreign) companies to manage waste. Usually, however, if a local authority wants to cooperate with a foreign donor on a project benefitting its inhabitants, it has to obtain permission from a central ministry. In a way, the role of Palestinian LRAs is similar - in the sense that due to the fragmentation of the country, scant resources and dependence on external aid often channelled through a central ministry, their role is de facto limited to a provision of basic services.

There have been noteworthy donor-funded programmes and projects in specific fields addressed to local authorities in the Eastern Neighbourhood, through which the LRAs have gained more competences in communicating grass-roots initiatives to central governments, influencing legislative changes and managing a given field in a sustainable way. We describe three of these programmes in the field of forestry in Armenia, Georgia and Moldova.

Decentralisation reform is underway in Ukraine and in Tunisia. It is too early to assess their progress, yet the respective LRAs have been experiencing changes and adjusting to new responsibilities. Ukrainian local authorities now possess exclusive competences in, among others, approving programs of socio-economic and cultural development and supervising their implementation, managing education, health, culture, physical culture and sport, providing social protection services, managing housing and communal services, trade services, transport and communications and so on. With the establishment of the new Tunisian constitution, the LRAs there have also gained a lot of new freedoms in terms of influencing local development.

### **8.3 Funding of LRAs**

Local authorities in the Eastern Neighbourhood have largely benefitted from EU support in the environment and energy sectors. The budgets of these initiatives per country represented small fraction of total EU funds directed there. Yet the initiatives have had an important impact in terms of creating bottom-up

municipal energy-efficiency plans, sustainable forest management regulations, leveraging EU funds etc.

It is important, nevertheless, to note that there are countries (like for example Moldova), where virtually no funding from EU sources has ever got through to the local level, with the exception of the above mentioned energy and environment programmes.

Wherever possible, we tried to estimate the range of EU funding available for LRAs, especially in the countries where the LRAs gained some capacities in applying for it. The picture that emerges is still incomplete and very selective. Yet it seems that for example in Ukraine, LRAs were able to benefit (often indirectly) only from some 4% of all EU grant money going to the country in recent years.

There were few points relating to bottlenecks raised by LRAs. The EU grant application is cumbersome and requires capacities which do not exist at the level of an average local authority in the neighbouring countries, and sometimes not even at the level of an LRA association (see section on Moldova and Armenia). As a result, LRAs or LRA associations are often unsuccessful in their bids, or even do not bother applying. The bulk of funding goes to a foreign consultancy, who involves the local authorities at a later stage, but in a limited role and without meaningful transfer of ownership and experience.

Some LRA associations advocate more training on how to apply for the EU projects conducted at local level, in order to boost the capacities of the LRAs and ease access for EU funding. Most LRAs – with the few exceptions of those who are already experienced in participating in EU projects – lack preparation for the management of European funds and are not familiarised with the procedures in terms of financial reporting and auditing. LRAs from the Southern Neighbourhood also complained that the National Contact Points are passive and difficult to get hold of (e.g. in Tunisia the Contact Point was reported to be completely inactive and in Lebanon interviewees noted it was lacking time for service and competencies).

Another point raised by the stakeholders from the Southern Neighbourhood was that often local governments find it hard to pay for project expenses out of own budget, only to be reimbursed later. Many partners had a difficulty with this time delay (sometimes due to country laws that forbade it, sometimes due to lengthy processes involving obtaining permissions from central governments, at other times, due to cash shortages). Such difficulties in turn hampered the execution of projects; in some cases, the lead partner had to advance money to the partners, otherwise the project would have stopped (not least because second

and further instalments are only paid out once 70% of the previous money allocation is spent by all partners). This pre-financing requirement, as well as the co-financing rule, effectively excludes smaller and poorer LRAs from participating in many EU-funded projects.

In an attempt to quantify the outreach of EU funding at the local level, we came up with a ranking of LRAs access to the EU funding. Scores in three separate fields were assessed: (1) access of LRAs to the EU funding, (2) breadth of outreach to the general population, and (3) depth of impact. According to our grading method, local LRAs in Ukraine and in Israel seem to be able to access the EU funding to the highest extent. Going beyond strictly local authorities and looking at the impact of the EU resources at the local populations, few other countries have benefitted from good or satisfactory access to the EU funding in terms of how broad the outreach has been. These were Moldova, Georgia and Armenia in the East to the EU and Lebanon, Palestine and Morocco in the South. The depth of outreach in terms of how intensely local populations were affected by given EU-funded projects has been the highest in Ukraine, Moldova, Palestine, and Israel.

#### **8.4 Role of LRAs in implementing AAs**

The experience in implementing Association Agreements in countries like Ukraine, Moldova and Georgia is relatively recent, and in theory some LRA associations should have been able to relate to it. However, we managed to track only one such case so far. In Ukraine, the Association of Ukrainian Cities has been involved in shaping the agreement and now in its implementation, most intensively in the approximation of Ukrainian law to the EU law.

As the agreements are not that recent in the Southern Neighbourhood, there seems to be little evidence available and there is, in general, a problem with comparability and general coverage of the data.

#### **8.5 Migration**

Although there are large flows of migrants to the EU from the EU Neighbourhood, local authorities there seem to deal very little with EU-ENP migration, and the vast majority of them are not involved in any consultation or lobbying effort with the state-level institutions. A notable exception to this seems to be Ukraine, where the Association of Ukrainian Cities helped to establish a parliamentary union aimed to regulate migration-related issues.

Even though the vast majority of LRAs do not seem to deal with international migration issues, they deal extensively with displaced populations (Ukraine,



Georgia, Azerbaijan, Lebanon, Syria, Lebanon, Jordan, and Libya) and would welcome assistance in this sphere.

Mobility partnerships, thought to regulate the issue of circular migration, seem to be so far lacking substance, and do not motivate ENP members to fill the partnerships with useful proposals. It is hard to say why, at least at first glance, as the choice of partners under a typical partnership seems right and all the parties should have had an interest. Perhaps this is still an on-going process, and the results are not yet felt. Or the LRAs are so much detached from being able to influence migration-related issues that they are not aware of changes.

LRAs commonly estimate no effect on migration from the creation of hot spots on the EU Southern border. However, some new routes of illegal migration beyond the EU are being tested. Some LRAs suggest that the situation would have been different had the EU established hot spots in Arab countries.

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# Appendix 1: Background macroeconomic information

## Eastern Neighbourhood

### Azerbaijan

Azerbaijan is highly dependent on oil, and has enjoyed high rates of growth over the past years along with declining poverty. Market-oriented reforms have been limited so far, and the development of non-oil sector, with few exceptions (real estate, banking) has been hampered. Recently, low oil prices exerted downward pressure on the country oil revenues and growth, and it seems that 2016 may prove difficult for the Azeri economy. Conflict with Armenia over the Nagorno-Karabakh region continues, and Armenia de facto controls the region. One other of the Azeri regions is the isolated Nakhchivan Autonomous Republic with a population of over 400,000 people, squeezed in between Armenia and Iran.

*Table 32. Azerbaijan: basic socio-economic indicators*

	2014	2015 E	2016F
<b>GDP per head (US\$) *</b>	17,761	18,512	19,053
<b>GDP (annual % growth)</b>	2.8	4.0	2.5
<b>Unemployment rate (%)</b>	6.0	6.0	6.0
<b>Population (m)</b>	9.3	9.4	9.5
<b>Inflation (annual average, %)</b>	1.4	5.0	4.2
<b>Balance of trade (US\$ m)</b>			
<b>Balance of payments, current account (US\$ m)</b>	10,432	1,941	1,733
<b>Balance of payments, current account (% of GDP)</b>	14.1	3.0	2.7
<b>Government budget balance (% of GDP)</b>	-0.4	-7.9	-4.0
<b>General government gross debt (% of GDP)</b>	15.9	20.6	22.7
<b>Net migration (thousands)**</b>	-16	..	..

Notes: \* - Gross domestic product based on purchasing-power-parity (PPP) per capita GDP

\*\* - data for 2012

E - estimates; F - forecasts

Source: IMF WEO, WB WDI (migration)

### Armenia

Armenia is classified by the World Bank as a lower-middle-income country (See Table 33). Growth rates of GDP are moderate. Armenia has a good record on price stability, but unemployment is high. Budget deficits are fairly high and on a rising trajectory. Balance of payments deficits have also tended to be high, but are on a falling trend. Net migration is large-scale.

**Table 33. Armenia: basic socio-economic indicators**

	<b>2014</b>	<b>2015E</b>	<b>2016F</b>
<b>GDP per head (US\$)</b>	3,634	3,467	3,320
<b>GDP (annual % growth)</b>	3.5	2.4	1.5
<b>Population (m)</b>	3.0	3.0	3.0
<b>Unemployment (%)</b>	17.6	18.0	
<b>Inflation (annual average)</b>	3.0	3.7	2.7
<b>Balance of trade (US\$ m)</b>	-2,055.4	-1,279.1	-1,494.6
<b>Balance of payments, current account (US\$ m)</b>	-849,1	-312,4	-337,3
<b>Balance of payments, current account (% of GDP)</b>	-7.8	-3.0	-3.4
<b>Government budget balance (% of GDP)</b>	-2.0	-4.9	-4.5
<b>Net migration (thousands)</b>	-21.8	..	..

E = estimate; F = forecast

Source: EIU; Armstat for population, unemployment and migration

## Georgia

Georgia is classified by the World Bank as a lower-middle-income country (see Table 34). It has reported moderate rates of GDP growth in recent years. It scores well on price stability, and reasonably well on budgetary discipline. But unemployment is high, and there is a very large balance of payments deficit, though this shows a slight downward trend. Net migration is substantial.

**Table 34. Georgia: basic socio-economic indicators**

	<b>2014</b>	<b>2015E</b>	<b>2016F</b>
<b>GDP per head (US\$)</b>	3,667	3,784	3,449
<b>GDP (annual % growth)</b>	4.8	2.6	2.8
<b>Population (m)</b>	4.5	3.7 <sup>a</sup>	3.7
<b>Unemployment (%)</b>	12.4	..	..
<b>Inflation (annual average)</b>	3.1	4.1	5.6
<b>Balance of trade (US\$ m)</b>	-4,295.0	-3,886.8	-3,600
<b>Balance of payments, current account (US\$ m)</b>	-1,825.0	-1,520.3	-1,100
<b>Balance of payments, current account (% of GDP)</b>	-11.0	-10.9	-8.1
<b>Government budget balance (% of GDP)</b>	-2.1	-2.0	-3.3
<b>Net migration (thousands)</b>	-6.5	..	..

E = estimate; F = forecast

<sup>a</sup>The Georgian census of 2014 revealed that the population of the country had been systematically overestimated over a number of years.

Source: EIU; Geostat for population, unemployment and migration

## Belarus

Belarus, after the initial post-Soviet reforms of the early 1990s, reversed to a mostly state-controlled economy. As much as 80% of industry and 75% of banks remain in state hands. The industrial base is outdated, and the whole economy depends on subsidised energy from Russia. The country was hit hard in the aftermath of the last crisis, and has been in need for external financing ever since. For the most part, this gap has been filled by Russia.

**Table 35. Belarus: basic socio-economic indicators**

	2014	2015 E	2016F
<b>GDP per head (US\$) *</b>	18,246	17,860	17,767
<b>GDP (annual % growth)</b>	1.6 E	-3.6	-2.2
<b>Unemployment rate (%)</b>	0.5 E	0.5	0.5
<b>Population (m)</b>	10	9.4	9.4
<b>Inflation (annual average, %)</b>	5.1	8.4	7.4
<b>Balance of trade (US\$ m)</b>			
<b>Balance of payments, current account (US\$ m)</b>	-5,094 E	-3,038	-2,824
<b>Balance of payments, current account (% of GDP)</b>	-6.7 E	-4.9	-4.3
<b>Government budget balance (% of GDP)</b>	0.2E	-2.4	-2.3
<b>General government gross debt (% of GDP)</b>	40.5 E	40.4	44.6
<b>Net migration (thousands)**</b>	121	..	..

Notes: \* - Gross domestic product based on purchasing-power-parity (PPP) per capita GDP

\*\* - data for 2012

E - estimates; F – forecasts

Source: IMF WEO, WB WDI (migration)

## Moldova

Moldova is classified by the World Bank as a lower-middle-income country. GDP growth is currently stalled. It is Europe's poorest country (see Table 36). Registered unemployment is low by the standards of the region, but performance on price stability has been only moderate.

**Table 36. Moldova, basic socio-economic indicators**

	2014	2015E	2016F
<b>GDP per head (US\$)</b>	4,992E	5,024	5,146
<b>GDP (annual % growth)</b>	4.6E	-1.0	0.5
<b>Population (m)</b>	3.6	3.6	3.6
<b>Unemployment (%)</b>	3.9	6.1	5.9
<b>Inflation (annual average)<sup>a</sup></b>	4.7	13.6	7.0
<b>Balance of trade (US\$ m)</b>	-3,052	-2,030	-1,900
<b>Balance of payments, current account (US\$ m)</b>	-451	-316	-197
<b>Balance of payments, current account (% of GDP)</b>	6.2	4.7	3.1
<b>Government budget balance (% of GDP)</b>	1.7E	-2.0	-2.5
<b>Net migration (thousands)</b>	1.8	..	..

Note: E = estimate; F = forecast

<sup>a</sup>end-year

Source: EIU; National Bureau of Statistics of the Republic of Moldova for population and migration

Budget deficits have been fairly low in recent years, but deficits on balance of payments have been high, though on a declining trend. Net migration is currently quite low, but there is a very large stock of Moldovans living and/or working abroad (see below).

## Ukraine

Ukraine grew through much of the 2000s, mainly on the back of high commodity prices, but with limited market-oriented reforms. The last global crisis brought a massive contraction and subsequent stagnation, and the ongoing conflict with Russia has cut the country off from a large portion of its industrial base and broke traditional trade links. Moreover, low commodity prices have exposed Ukraine's vulnerabilities and the country has become more dependent than ever on foreign financing. The economy contracted sharply in 2014-2015. Hopes for revival of the economy have accompanied the implementation of the EU-Ukraine trade agreement, which began in 2016.

*Table 37. Ukraine: basic socio-economic indicators*

	2014	2015	2016F
<b>GDP per head (US\$) *</b>	8,681	7,990 E	8,261
<b>GDP (annual % growth)</b>	-6.8	-9.1	2.0
<b>Unemployment rate (%)</b>	9.3	11.5 E	11.0
<b>Population (m)</b>	42.8	42.7 E	42.7
<b>Inflation (annual average, %)</b>	12.1	50.0	14.2
<b>Balance of trade(US\$ m)</b>			
<b>Balance of payments, current account(US\$ m)</b>	-6,187	-1,522 E	-1,548
<b>Balance of payments, current account (% of GDP)</b>	-4.7	-1.7 E	-1.7
<b>Government budget balance (% of GDP)</b>	-4.5	-4.2 E	-3.7
<b>General government gross debt (% of GDP)</b>	71.2	94.4 E	92.1
<b>Net migration (thousands)</b>	31.9	22.6**	14.2**

Notes: \* - Gross domestic product based on purchasing-power-parity (PPP) per capita GDP

\*\* - excluding Crimea and part of the terrorist-occupied zones in Eastern Ukraine

E - estimates; F – forecasts

Source: IMF WEO, State Statistical Committee of Ukraine (migration)

## Southern Neighbourhood

### Syria

The ongoing civil war makes statistical information difficult to obtain, and thus is not included in this overview.

### Jordan

Jordan is classified by the World Bank as an upper-middle-income country (see Table 38). The Kingdom is increasingly dependent on public debt and foreign aid (according to a recently published budget for 2016, Jordan envisages spending 14.7 billion USD, out of which 9% will be financed by foreign aid and 12% by new debt).

**Table 38. Jordan: basic socio-economic indicators**

	<b>2014</b>	<b>2015E</b>	<b>2016F</b>
<b>GDP per head (US\$)</b>	5,374.677 E	5,599.556	5,862.047 E
<b>GDP (annual % growth)</b>	3.096 E	2.851	3.749 E
<b>Population (m)</b>	6.675 E	6.824 E / 9.532 <sup>d</sup>	6.976 E / 8.117 <sup>c</sup>
<b>Unemployment</b>	20.7% <sup>b</sup> /11.9%	13% <sup>a</sup>	n/a
<b>Inflation (annual average)</b>	2.899 E	0.168 E / 0.03 <sup>b</sup>	3.055 E
<b>Balance of trade (US\$ m)</b>	-11,795 E (-11,1 <sup>b</sup> )	-9,878 E (-9,64 <sup>b</sup> )	
<b>Balance of payments, current account (US\$ billions)</b>	-2,450 E	-2,820	-2,649 E
<b>Balance of payments, current account (% of GDP)</b>	-6.827 E	-7.1	-6.478 E
<b>Government budget balance (% of GDP)</b>	n/a	n/a	n/a
<b>Net migration (thousands)</b>	-	-13.24 (CIA)	

E = estimate; F = forecast

<sup>a</sup> official rate; unofficial rate is approximately 30%

<sup>b</sup> official data

<sup>c</sup> CIA: increased estimate reflects revised assumptions about the net migration rate due to the increased flow of Syrian refugees

<sup>d</sup> data from official Jordanian Population and Housing Census 2015, including non-Jordanians residing in the Kingdom (the number of Jordanian national stood at 6.614)

Sources: IMF, WB, CIA Fact Book, Jordanian Department of Statistics

## Lebanon

The situation in Lebanon is quite difficult, not only due to the political stalemate, but also because of the fragile equilibrium between various denominations and the resulting territorial dynamism. The latter is also the reason why talks about decentralisation in Lebanon “often involve the fear of federalism and awake the ‘spectre’ of the country’s division into sectarian cantons—a narrative closely associated with the civil war and the desire of some political groups to operate autonomously within their self-administered territories.”<sup>77</sup> This, coupled with existing election laws, contributes to a situation in which some municipalities and unions of municipalities are very strong, and others are very vulnerable. According to a number of interviewees, the situation in a given place also depends a lot on the personal power and influence of the person/group in charge in a given city or region.

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<sup>77</sup> Harb and Atallah, p.192.

**Table 39. Lebanon: basic socio-economic indicators**

	<b>2014</b>	<b>2015E</b>	<b>2016F</b>
<b>GDP per head (US\$)</b>	10,091.94 E	11,945.35	12,404.54
<b>GDP (annual % growth)</b>	2.000 E	2.000	2.500
<b>Population (m)</b>	4.510 E	4.554	4.597
<b>Unemployment (%)</b>	-	-	-
<b>Inflation (annual average)<sup>a</sup></b>	1.854 E	0.146	1.500
<b>Balance of trade (US\$ m)</b>	-17.181	-15.116	-
<b>Balance of payments, current account (US\$ billions)</b>	-12.448 E	-11.429	-11.001
<b>Balance of payments, current account (% of GDP)</b>	-24.882 E	-21.012	-19.290
<b>Government budget balance (% of GDP)</b>	-13.503 E	-11.210	-14.222
<b>Net migration (thousands)</b>			

Source: IMF, Lebanese Ministry of Finance

## Palestine

Palestine is the most densely populated of the EU neighbouring partners and at the same time the poorest. Israeli restrictions on labour and trade flows, as well on industrial activity, hamper economic development, and make maintenance of trade links with the external world next to impossible. Gaza is even more isolated, and suffers from housing shortages, as a result of the 2014-2015 conflict between Hamas and Israel. The country has been highly dependent on foreign aid, and this is expected to continue.

**Table 40. Palestine: basic socio-economic indicators**

	<b>2014</b>	<b>2015E</b>	<b>2016F</b>
<b>GDP per head (US\$)*</b>	1,737.4	1,746.8	1,761.9
<b>GDP (annual % growth)</b>	0	3.5	3.8
<b>Unemployment rate (%)</b>	27.5	26.6	25
<b>Population (m)</b>	4.6	4.7	..
<b>Inflation (annual average, %)</b>	1.7	1.4	..
<b>Balance of trade(US\$ m)</b>	-2765	-2925.7	..
<b>Balance of payments, current account(US\$ m)</b>	-2149	..	..
<b>Balance of payments, current account (% of GDP)</b>	-28.8	..	..
<b>Government budget balance (% of GDP)</b>	2.2	..	..
<b>General government gross debt (% of GDP)</b>	..	13.9	..
<b>Net migration (thousands) **</b>	-44	..	..

Notes: \* - Gross domestic product in current US\$ per capita GDP; not directly comparable with those expressed in PPP

\*\* - data for 2012

E - estimates; F – forecasts

Source: Palestinian Central Bureau of Statistics at <http://www.pcbs.gov.ps> and WB WDI (net migration)

## Israel

Israel has a technologically-advanced economy, exporting processed and high-technology products and importing mainly raw materials. The only dark spot on this record is that growing income inequalities remain a cause for concern.



**Table 41. Israel: basic socio-economic indicators**

	2014	2015 E	2016F
<b>GDP per head (US\$) *</b>	33,136	33,658	34,548
<b>GDP (annual % growth)</b>	2.6	2.5	3.3
<b>Unemployment rate (%)</b>	5.9	5.3	5.2
<b>Population (m)</b>	8.2	8.4	8.5
<b>Inflation (annual average, %)</b>	0.5	-0.1	2.0
<b>Balance of trade(US\$ m)</b>			
<b>Balance of payments, current account(US\$ m)</b>	13,253	13,890	14,659
<b>Balance of payments, current account (% of GDP)</b>	4.3	4.6	4.7
<b>Government budget balance (% of GDP)</b>	-3.6	-3.7	-3.8
<b>General government gross debt (% of GDP)</b>	67.1	67.2	67.2
<b>Net migration (thousands) **</b>	19	..	..

Notes: \* - Gross domestic product based on purchasing-power-parity (PPP) per capita GDP

\*\* - data for 2012

E - estimates; F – forecasts

Source: IMF WEO, WB WDI (migration)

## Egypt

Despite the fact that the Article 176 of the 2014 Constitution stipulates that “the state ensures support for administrative, financial, and economic decentralization,” the political climate for the decentralization and greater autonomy of LRAs is unfavourable. In fact, one interviewee explicitly stated that the central authorities are present everywhere, and representatives of LRAs are simply afraid to take initiative and to make any kind of decisions.

Egypt does not have local government, but only local administration – all representatives of LRAs are appointed by the national authorities. The only exception from this rule is Local Popular Council members who are elected, but their role is mostly consultative. The country is highly centralized and the central government is heavily present in local affairs management. For example, during the past two years Egypt witnessed three governor reshuffles, the latest taking place in December 2015, when eleven new (out of the country’s 27) governors were sworn in by the president; nine of them are members of the military.

**Table 42. Egypt: basic socio-economic indicators**

	2014	2015E	2016F
<b>GDP per head (US\$)</b>	3,303.75	n/a	n/a
<b>GDP (annual % growth)</b>	2.163	4.194	4.260 E
<b>Population (m)</b>	86.700	88.434	90.203 E
<b>Unemployment</b>	13.365	12.881	12.417 E
<b>Inflation (annual average)</b>	10.102	10.995	8.769 E
<b>Balance of trade (US\$ m)</b>	▪ 20.200	▪ 18.005	-
<b>Balance of payments, current account (US\$ billions )</b>	-2.356	n/a	n/a

<b>Balance of payments, current account (% of GDP)</b>	-0.823	-3.684	-4.459 E
<b>Government budget balance (% of GDP)</b>	-12.978	-11.501	-9.243 E
<b>Net migration (thousands)</b>			

Source: IMF, IEMed

E = estimate; F = forecast

## Libya

Libya is currently deeply divided, and *de facto* split between two governments. The UN-backed Libyan Government of National Accord (GNA) recently (April 2016) asked the EU for help in managing its security situation, as well as migration and border control. The situation remains fragile, though, as no country-wide consensus has been achieved. Work on the new constitution is ongoing, but the final decision is yet to be announced. Until it is agreed on, the legal situation of LRAs will remain highly complicated.

*Table 43. Libya: basic socio-economic indicators*

	2014	2015	2016F
<b>GDP per head (US\$)</b>	6,670.84	4,753.60	5,109.44
<b>GDP (annual % growth)</b>	-24.031	-6.092	1.972
<b>Population (m)</b>	6.168	6.252	6.337
<b>Unemployment</b>	8.9	19.6	-
<b>Inflation (annual average)</b>	2.800	8.000	9.200
<b>Balance of trade (US\$ m)</b>	28.592	12.5*	-
<b>Balance of payments, current account (US\$ billions )</b>	-12.391	-18.473	-15.883
<b>Balance of payments, current account (% of GDP)</b>	-30.114	-62.157	-49.052
<b>Government budget balance (% of GDP)</b>	-	-	-
<b>Net migration (thousands)</b>			

Sources: IMF, IEMed, WB

## Tunisia

There is a favourable climate and much political will in Tunisia to regionalize Tunisian politics. Before the Arab Spring, international donors were not even permitted to contact directly with LRAs in Tunisia; afterwards the discourse changed completely, and the government (through the Ministry of the Interior) actively sought their (in this case: GIZ's) assistance in building democracy on the local level. Municipalities got new competences; according to Article 132 of the 2014 Constitution they "shall enjoy legal personality as well as financial and administrative independence". LRAs are allowed now to interact directly with external donors and organizations, as well as build and establish relationships with other LRAs both inside and outside the country.

The government, however, faces many obstacles: lack of funds, lack of trained, competent personnel, lack of know-how, and – in case of LRAs – lack of political legitimacy, as municipal elections have not yet been held since the

revolution (they keep on being postponed), and the people currently in power on sub-national level were appointed by the previous regime. The situation varies from city to city; municipalities with charismatic and competent leadership such as Sousse can be quite advanced in reform implementation, but in general many representatives of the LRAs are reported to be afraid to make any serious decisions, as they feel they do not have the support of the people. Moreover, the mentality of bureaucrats has not changed yet, and it will probably take some time before they get the courage and right mind-set to adopt the new, decentralised ways; previously, there was close to no communication on the horizontal level between public administration; mayors of cities would not interact with each other, but contact directly with the ministerial level.

**Table 44. Tunisia: basic socio-economic indicators**

	<b>2014</b>	<b>2015E</b>	<b>2016F</b>
<b>GDP per head (US\$)</b>	4,422.07	3,984.82	3,972.38
<b>GDP (annual % growth)</b>	2.30	1.00	3.00
<b>Population (m)</b>	10.998 E	11.110	11.224
<b>Unemployment</b>	15.300 E	15.4	14.000
<b>Inflation (annual average)</b>	4.92	4.95	4.02
<b>Balance of trade (dinars m)</b>	-13635.9	-	-
<b>Balance of payments, current account (US\$ billions)</b>	-4.302	-3.752	-3.133
<b>Balance of payments, current account (% of GDP)</b>	-8.845	-8.475	-7.026
<b>Government budget balance (% of GDP)</b>	-3.347	-3.514	-2.932
<b>Net migration (thousands)</b>			

E = estimate; F = forecast

Source: IMF, National Institute of Statistics – Tunisia

## **Algeria**

Algeria may be at an important turning point in its history. The political and economic situation is getting tenser, and the government is making attempts to defuse discontent among the people by attempting to implement some real reforms. Two years ago the European Training Foundation could not even obtain information for their report on the Algerian labour market (“The main problem in drafting this report is the current political context in Algeria. There is a reluctance to disseminate information on the activities of the various agencies – a real blackout,” EFT 2014) and the government refused to even talk to international donors about working with LRAs.

The situation has dramatically changed since that time. In 2015, the government asked the EU to assist with introducing more self-governance on the sub-national level, while other international donors were also contacted and for the first time allowed to talk with government representatives about conducting projects with LRAs. Although no ground-breaking changes have been

introduced to the law yet, the political will exists, and it is a good moment to strengthen efforts to assist Algeria on its way to at least partial decentralisation.

*Table 45. Algeria: basic socio-economic indicators*

	2014	2015E	2016F
<b>GDP per head (US\$)</b>	5,405.528 E	4,345.425	4,425.969
<b>GDP (annual % growth)</b>	3.800 E	3.011	3.881
<b>Population (m)</b>	39.500 E	40.290	41.056
<b>Unemployment</b>	10.600	11.581	11.705
<b>Inflation (annual average)</b>	2.917	4.204	4.100
<b>Balance of trade (US\$ m)</b>	12.956	-1.125	-
<b>Balance of payments, current account (US\$ billions)</b>	-9.635	-30.960	-29.396
<b>Balance of payments, current account (% of GDP)</b>	-4.513 E	-17.684	-16.177
<b>Government budget balance (% of GDP)</b>	-	-	-
<b>Net migration (thousands)</b>			

E = estimate; F = forecast

Source: IMF, IEMed

## Morocco

There have been a number of reforms affecting Morocco's socio-economic trends over the last five years. The new constitution of 2011 resulted in more power being shifted to the parliament, while local and regional authorities also gained more responsibilities. On the fiscal policy front, the government withdrew a number of subsidies, which allowed for a reduction of public deficit (and further changes in this sphere are on the government's agenda). The current account balance also improved on the back of more technologically-intensive exports and cheaper exports.

Despite these positive developments, agriculture continues to account for a substantial portion of the economy, meaning the economy as a whole is highly dependent on weather conditions (a drought has the potential to dramatically reduce Moroccan GDP in a given year). The widespread reliance on agriculture also means that poverty rates are still considerably high, especially in rural areas of the country.

*Table 46. Morocco: basic socio-economic indicators*

	<b>2014</b>	<b>2015E</b>	<b>2016F</b>
<b>GDP per head (US\$)</b>	3,315.608	3,076.603	3,249.231
<b>GDP (annual % growth)</b>	2.417	4.868	3.663
<b>Population (m)</b>	33.179	33.503	33.827
<b>Unemployment</b>	9.879	9.779	9.679
<b>Inflation (annual average)</b>	0.443	1.500	2.000
<b>Balance of trade (US\$ m)</b>	-14,675	-14.654	-
<b>Balance of payments, current account (US\$ billion)</b>	-6.023	-2.421	-1.803
<b>Balance of payments, current account (% of GDP)</b>	-5.475	-2.349	-1.641
<b>Government budget balance (% of GDP)</b>	-5.763	-5.402	-4.359
<b>Net migration (thousands)</b>			

E = estimate; F = forecast

Source: IMF

## Appendix 2: Development aid going to the ENP countries

Table 47. Gross disbursements of development aid in millions of euro, by recipient countries, 2011-2014

Recipient		Belarus				Moldova				Ukraine			
Year													
Donor	Flow	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
All Donors, of which:	Official Development Assistance, of which:	71.3	67.5	77.7	89.7	322.0	361.7	264.3	415.8	537.0	574.3	574.0	1055.0
	grants	71.3	67.5	77.7	89.7	198.1	207.4	210.3	328.8	405.9	462.3	459.3	833.1
EU Institutions	Official Development Assistance, of which:	11.1	15.6	14.1	20.8	121.6	146.7	90.6	138.2	161.0	190.8	277.6	369.9
	grants	11.1	15.6	14.1	20.8	107.6	91.5	68.5	98.5	109.0	86.8	162.9	359.9
EU individual member states	Official Development Assistance, of which:	32.9	22.4	33.5	43.4	40.4	52.5	40.5	98.7	138.5	128.6	116.7	211.8
	grants	32.9	22.4	33.5	43.4	39.5	52.5	39.5	98.7	136.3	124.6	116.7	208.0
Recipient		Algeria				Egypt				Libya			
Year													
Donor	Flow	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
All Donors, of which:	Official Development Assistance, of which:	219.2	195.3	239.0	191.7	879.6	1651.6	4451.1	3385.2	416.8	112.0	105.6	149.4
	grants	207.6	191.4	197.3	175.0	420.1	580.9	2501.3	2806.5	416.3	111.8	105.5	149.4
EU Institutions	Official Development Assistance, of which:	57.3	47.0	50.9	44.9	81.0	619.6	91.7	262.2	35.5	22.7	45.2	28.9
	grants	57.3	47.0	50.9	44.9	48.1	92.9	30.0	102.9	35.5	22.7	45.2	28.9
EU individual member states	Official Development Assistance, of which:	139.8	126.0	129.4	124.4	355.2	324.7	353.0	338.9	70.5	39.1	39.6	53.1
	grants	130.8	126.0	125.6	116.1	186.0	190.4	217.0	196.0	70.1	38.9	39.5	53.1
Recipient		Morocco				Tunisia				Armenia			
Year													
Donor	Flow	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
All Donors, of which:	Official Development Assistance, of which:	1360.2	1564.8	1943.4	2106.7	909.3	1029.3	782.9	830.2	312.0	256.6	243.6	232.8
	grants	573.0	559.5	727.0	790.7	308.4	416.7	285.0	398.1	189.1	117.1	114.8	107.5

EU Institutions	Official Development Assistance, of which:	301.5	393.5	432.7	428.4	343.9	469.0	378.8	395.9	71.8	33.8	52.5	59.7
	grants	152.5	113.1	86.6	81.0	130.3	147.3	88.5	181.9	68.8	31.8	37.6	38.1
EU individual member states	Official Development Assistance, of which:	624.5	687.5	809.4	931.2	417.1	342.0	249.6	229.9	43.6	51.7	44.8	54.4
	grants	272.9	245.0	242.8	236.4	137.2	139.5	137.0	141.2	22.1	23.4	24.8	26.0
Recipient		Azerbaijan				Georgia				Lebanon			
Year													
Donor	Flow	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
All Donors, of which:	Official Development Assistance, of which:	227.2	255.0	205.9	202.4	457.5	556.4	535.6	509.4	416.5	673.8	582.7	724.8
	grants	90.5	81.0	84.6	74.6	320.6	295.0	308.8	267.7	285.5	514.8	495.6	647.7
EU Institutions	Official Development Assistance, of which:	17.8	20.4	13.1	9.1	131.7	129.0	169.9	127.7	84.6	66.1	153.0	166.6
	grants	17.8	20.4	13.1	9.1	101.9	91.8	82.4	61.2	39.3	50.1	136.0	161.6
EU individual member states	Official Development Assistance, of which:	21.9	23.6	23.4	45.9	88.3	144.1	78.0	66.5	114.5	149.6	132.3	229.5
	grants	12.4	13.3	14.6	13.1	55.3	59.1	61.6	57.6	92.2	100.3	109.9	209.7
Recipient		Syria				Palestine							
Year													
Donor	Flow	2011	2012	2013	2014	2011	2012	2013	2014				
All Donors, of which:	Official Development Assistance, of which:	275.3	508.0	1520.1	1433.7	1701.4	1507.6	1884.8	1818.2				
	grants	186.4	475.8	1519.1	1433.7	1700.0	1505.6	1884.6	1817.1				
EU Institutions	Official Development Assistance, of which:	28.7	27.8	137.0	146.2	287.4	247.1	270.2	364.4				
	grants	26.3	27.8	137.0	146.2	287.4	247.1	270.2	364.4				
EU individual member states	Official Development Assistance, of which:	74.0	216.1	576.3	557.9	433.8	390.8	387.0	415.7				
	grants	73.6	216.1	575.8	557.9	432.4	389.1	386.9	414.7				

Source: OECD Creditor Reporting System database

Notes: Statistics cover disbursements rather than commitments as they better illustrate aid flows from a recipient point of view. Amounts in USD were converted into euros using annual average exchange rates, as published by the OECD.

Israel is classified as donor in the OECD stats and therefore there is no data on ODA inflows

**Table 48. EU disbursements of grants by ENP member and grant type, in millions of euro, 2011-2014**

	Belarus				Moldova				Ukraine			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
All Types, Total	11.1	15.6	14.1	20.8	107.6	91.5	68.5	98.5	109.0	86.8	162.9	359.9
Budget support	..	..	0.3	..	58.2	53.0	41.9	81.7	35.3	31.4	99.0	270.8
General budget support	..	..	..	..	20.0	30.0	..	..	..	..	..	250.1
Sector budget support	..	..	0.3	..	38.2	23.0	41.9	81.7	35.3	31.4	99.0	20.7
Core contributions and pooled programmes and funds	..	1.0	0.0	1.0	..	2.5	0.0	0.0	21.0	..	15.0	2.2
Core support to NGOs, other private bodies, PPPs and research institutes	..	..	0.0	..	..	..	..	..	..	..	..	..
Contributions to specific-purpose programmes and funds managed by international organisations (multilateral, INGO)	..	1.0	..	1.0	..	2.5	0.0	0.0	21.0	..	15.0	2.2
Basket funds/pooled funding	..	..	..	..	..	..	..	..	..	..	..	..
Project-type interventions	7.3	11.9	11.7	15.6	41.8	29.3	21.0	12.6	28.8	39.2	31.3	54.1
Project-type interventions	7.3	11.9	11.7	15.6	41.8	29.3	21.0	12.6	28.8	39.2	31.3	54.1
Experts and other technical assistance	3.6	1.2	0.1	3.0	6.8	6.6	4.8	3.6	23.9	16.0	16.6	32.2
Donor country personnel	..	..	..	..	..	..	..	..	..	0.6	0.5	0.0
Other technical assistance	3.6	1.2	0.1	3.0	6.8	6.6	4.8	3.6	23.9	15.4	16.1	32.2
Scholarships and student costs in donor countries	0.2	1.6	2.0	1.2	..	..	0.7	0.5	..	..	1.0	0.4
Scholarships/training in donor country	0.2	1.6	2.0	1.2	..	..	0.7	0.5	..	..	1.0	0.4
Imputed student costs	..	..	..	..	..	..	..	..	..	..	..	..
Debt relief	..	..	..	..	..	..	..	..	..	..	..	..
Debt relief	..	..	..	..	..	..	..	..	..	..	..	..
Administrative costs not included elsewhere	..	..	..	0.0	..	..	0.0	..	..	..	0.0	0.0
Administrative costs not included elsewhere	..	..	..	0.0	..	..	0.0	..	..	..	0.0	0.0
Other in-donor expenditures	0.0	..	..	..	0.8	0.1	..	..	0.1	0.1	..	0.2
Development awareness	0.0	..	..	..	0.8	0.1	..	..	0.1	0.1	..	0.2
Refugees in donor countries	..	..	..	..	..	..	..	..	..	..	..	..
Not applicable	..	..	..	..	..	..	..	..	..	..	..	..
	Algeria				Egypt				Libya			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014









	Syria				Palestine			
	2011	2012	2013	2014	2011	2012	2013	2014
All Types, Total	26.3	27.8	137.0	146.2	287.4	247.1	270.2	364.4
Budget support	..	..	..	..	..	..	169.1	..
General budget support	..	..	..	..	..	..	0.1	..
Sector budget support	..	..	..	..	..	..	169.0	..
Core contributions and pooled programmes and funds	..	..	..	..	..	7.7	2.3	91.3
Core support to NGOs, other private bodies, PPPs and research institutes	..	..	..	..	..	..	..	..
Contributions to specific-purpose programmes and funds managed by international organisations (multilateral, INGO)	..	..	..	..	..	7.7	2.3	91.3
Basket funds/pooled funding	..	..	..	..	..	..	..	..
Project-type interventions	19.6	27.0	124.3	128.1	270.0	219.8	84.5	262.1
Project-type interventions	19.6	27.0	124.3	128.1	270.0	219.8	84.5	262.1
Experts and other technical assistance	6.7	0.8	0.2	0.1	17.4	19.2	14.1	10.2
Donor country personnel	..	..	..	..	..	..	..	..
Other technical assistance	6.7	0.8	0.2	0.1	17.4	19.2	14.1	10.2
Scholarships and student costs in donor countries	..	..	..	0.9	..	0.2	0.2	0.6
Scholarships/training in donor country	..	..	..	0.9	..	0.2	0.2	0.6
Imputed student costs	..	..	..	..	..	..	..	..
Debt relief	..	..	..	..	..	..	..	..
Debt relief	..	..	..	..	..	..	..	..
Administrative costs not included elsewhere	..	..	..	..	..	0.1	0.1	0.2
Administrative costs not included elsewhere	..	..	..	..	..	0.1	0.1	0.2
Other in-donor expenditures	..	..	12.6	17.2	..	..	0.0	..
Development awareness	..	..	..	..	..	..	0.0	..
Refugees in donor countries	..	..	12.6	17.2	..	..	..	..
Not applicable	..	..	..	..	..	..	..	..

Source: OECD Creditor Reporting System database

Notes: Statistics cover disbursements rather than commitments as they better illustrate aid flows from a recipient point of view. Amounts in USD were converted into euros using annual average exchange rates, as published by the OECD.

## Appendix 3: Migration statistics

*Table 49. Stocks of migrants from the ENP countries in the EU in 2015*

Country of destination	Algeria	Egypt	Israel	Jordan	Lebanon	Libya	Morocco	State of Palestine	Syrian Arab Republic	Tunisia
Austria	1 290	14 891	2 562	749	1 841	459	1 926	277	3 320	3 690
Belgium	12 054	1 972	1 537	487	2 609	236	93 012	585	4 406	5 730
Bulgaria	369	161	434	193	670	206	85	6	1 365	95
Croatia	56	247	55	68	65	150	29	43	180	
Cyprus	39	5 776	426	492	3 067	254	71	404	3 628	39
Czech Republic	699	695	477	172	350	190	300	91	856	752
Denmark	955	1 706	1 709	1 216	13 061	246	5 632	0	4 322	926
Estonia	13	38	46	4	9	4	14	1	6	7
Finland	1 009	1 297	957	329	673	232	2 480	57	1 039	810
France	1 430 656	30 937	9 197	1 443	47 162	2 351	926 466	993	16 758	388 598
Germany	23 272	23 350	14 900	12 663	79 534	4 471	114 552		53 099	41 332
Greece	1 102	28 267	712	813	2 052	641	2 076	1 001	7 044	636
Hungary	681	1 183	1 695	350	369	423	200	69	1 433	238
Ireland	588	532	220	111	133	439	274	67	114	100
Italy	22 471	108 490	3 883	2 991	7 086	36 222	425 238	391	6 058	107 671
Latvia	14	35	98	5	40	5	9	0	16	1
Lithuania	..	48	33	..	44	..	..	..	..	..
Luxembourg	100	25	41	..	36	..	246	..	..	136
Malta	61	546	13	46	75	935	260	62	307	376
Netherlands	3 975	12 893	5 086	923	3 475	908	172 291	..	9 714	4 568
Poland	583	452	346	137	383	240	318	..	588	409
Portugal	223	407	329	28	71	28	1 906	..	26	133
Romania	146	70	1 772	58	176		107	40	2 499	1 078
Slovakia	102	181	181	56	105	55	52	38	228	144
Slovenia	30	107	34	63	25	38	23	..	52	50
Spain	55 306	4 128	2 858	2 261	3 341	966	699 800	..	5 910	2 734
Sweden	3 004	5 934	2 631	3 755	26 279	2 211	9 233	5 269	69 199	4 943
United Kingdom	26 826	33 686	19 608	6 321	17 128	17 684	23 519	..	9 950	6 606
<b>Total (EU)</b>	<b>1 585 624</b>	<b>278 054</b>	<b>71 840</b>	<b>35 734</b>	<b>209 859</b>	<b>69 594</b>	<b>2 480 119</b>	<b>9 394</b>	<b>202 117</b>	<b>571 802</b>
<b>Grand total</b>	<b>5 514 137</b>									

**Table 49 Stocks of migrants from the ENP countries in the EU in 2015 – (cont'd)**

Country of destination	Eastern Neighbourhood					
	Armenia	Azerbaijan	Belarus	Georgia	Republic of Moldova	Ukraine
Austria	3 051	1 076	1 667	3 316	1 779	8 232
Belgium	10 433	1 206	1 675	3 772	1 673	4 981
Bulgaria	1 496	1 968	707	336	2 100	6 400
Croatia	..	..	94	..	114	758
Cyprus	1 309	39	378	17 026	1 048	3 650
Czech Republic	2 020	1 099	4 094	1 045	6 421	97 474
Denmark	685	309	711	221	426	6 870
Estonia	641	1 486	11 883	1 485	821	21 683
Finland	117	148	384	79	177	1 822
France	19 083	4 112	3 400	7 584	6 560	15 880
Germany	12 609	19 180	25 532	22 884	23 196	261 147
Greece	14 287	507	1 457	83 388	10 049	19 457
Hungary	190	159	208	184	228	34 369
Ireland	53	50	611	255	3 787	4 564
Italy	1 256	709	32 383	12 226	166 819	222 241
Latvia	773	2 040	45 962	1 353	1 710	33 493
Lithuania	574	873	35 005	612	601	12 248
Luxembourg	..	..	42	..	..	175
Malta	32	..	33	47	40	336
Netherlands	850	728	284	296	173	1 208
Poland	2 105	265	75 926	326	555	206 518
Portugal	97	63	916	1 036	19 098	45 051
Romania	27	..	..	57	81 856	9 641
Slovakia	144	36	215	79	112	10 001
Slovenia	..	..	149	..	342	1 764
Spain	9 516	616	3 886	8 760	16 350	77 420
Sweden	2 520	2 882	2 785	1 275	753	6 982
United Kingdom	1 790	3 126	4 734	3 388	3 417	23 414
<b>Total (EU)</b>	<b>85 658</b>	<b>42 677</b>	<b>255 121</b>	<b>171 030</b>	<b>350 205</b>	<b>1 137 779</b>
<b>Grand total</b>	<b>2 042 470</b>					

Source: United Nations, Department of Economic and Social Affairs (2015) Trends in International Migrant Stock: Migrants by Destination and Origin (United Nations database, POP/DB/MIG/Stock/Rev.2015).

**Table 50. Migrant stocks from Southern ENP countries in other Southern ENP and GCC countries in 2015**

Country of destination	Algeria	Egypt	Israel	Jordan	Lebanon	Libya	Morocco	State of Palestine	Syrian Arab Republic	Tunisia
Algeria	-	..	..	4 063	2 203	4 182	..	56 961	5 526	..
Egypt	987	-	790	5 846	3 542	5 591	1 183	150 486	146 837	872
Israel	45 680	21 100	-	..	6 232	17 273	163 113	..	9 483	23 543
Jordan	363	138 939	1 657	-	1 940	1 028	631	2 142 755	700 266	274
Lebanon	..	83 312	412	482	-	255	157	515 550	1 255 494	..
Libya	3 589	21 004	..	20 408	11 067	-	4 899	286 136	27 762	3 084
Morocco	13 664	1 890	..	..	1 373	1 196	-	..	2 082	2 622
State of Palestine		18 451	62 895	55 709	3 311	..	..	-	4 672	600
Syrian Arab Republic	..	..	..	..	..	..	..	238 809	-	..
Tunisia	10 443	1 140				9 147	5 803	553	1 232	-
<b>Total</b>	<b>74 726</b>	<b>285 836</b>	<b>65 754</b>	<b>86 508</b>	<b>29 668</b>	<b>38 672</b>	<b>175 786</b>	<b>3 391 250</b>	<b>2 153 354</b>	<b>30 995</b>
Bahrain	..	80 889	..	1 449	4 508	..	..	4 671	3 044	468
Kuwait	..	387 993	..	50 399	11 532	..	2 795	14 253	21 340	1 784
Oman	..	78 630	..	17 005		..	648	..	..	..
Qatar	..	163 569	..	32 217	8 274	..	1 437	5 595	7 148	978
Saudi Arabia	..	728 608	..	182 152	116 577	..	..	..	623 247	..
United Arab Emirates	..	935 308	..	167 585	52 129	..	7 492	54 006	35 196	5 416
<b>Total</b>	<b>..</b>	<b>2 374 997</b>	<b>..</b>	<b>450 807</b>	<b>193 020</b>	<b>..</b>	<b>12 372</b>	<b>78 525</b>	<b>689 975</b>	<b>8 646</b>

Source: United Nations, Department of Economic and Social Affairs (2015), Trends in International Migrant Stock: Migrants by Destination and Origin (United Nations database, POP/DB/MIG/Stock/Rev.2015).