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The EU's New Agenda for the Mediterranean:
Towards a Digital and Green Economy

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The revision of EU policy towards its southern neighbourhood focuses on supporting green and digital transformations in order to boost the economic development of this region. However, the proposed solutions may bring limited results due to structural problems and the economic crisis triggered by the COVID-19 pandemic. To increase the effectiveness of this policy, the EU can strengthen local actors. Poland can promote the good practices of the Eastern Partnership in this regard.

In February this year, the European Commission (EC) and High Representative Josep Borrell announced a new "Agenda for the Mediterranean", the basis of EU policy towards the southern neighbourhood countries (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia). The Agenda was adopted as part of the 25th anniversary of the Euro-Mediterranean partnership and the need to adapt relations with the region to the priorities of the European Green Deal and the Digital Agenda. The last revision of neighbourhood policy took place in 2015.

Agenda Goals. The Union aims to reduce incentives for irregular migration to Europe. In order to encourage partner countries to better control their borders, the EU will develop bilateral partnerships. It will increase its assistance on migration management and the protection of migrants' rights to countries progressing in cooperation. The EU will also support job creation for young people by supporting the development of digital and green economy, that is, digital infrastructure, skills and services, as well as by increasing energy efficiency and the use of renewable energy. Moreover, it will contribute to improvement of living conditions, for example, respecting human rights, better healthcare, or sustainable management of the natural environment (Table 1). The EU wants to launch a COVID-19 vaccine-sharing mechanism, but this depends on the scale of their delivery. The fulfilment of these economic and social goals will be facilitated by the Economic and Investment Plan amounting €7 billion. It brings together the planned EU activities under a common

brand, but it does not generate new funds from the EU budget. The Agenda does not include any new initiatives related to security and regional conflict resolution.

Challenges and Opportunities. Because of the scale of the needs, the greatest potential lies in supporting region digitalisation. The partner countries except for Israel are struggling with low digitalisation of their economy and society, especially women. Despite the popularisation of the internet by mobile telephony, access to fixed broadband, which determines the modernisation of enterprises, is low. In 2019, the number of subscribers fluctuated at the level of 4.5-10 per 100 people in individual countries (for comparison, Israel is 29; International Telecommunication Union data). The development of e-services in the public sector, for example, in health or education, could increase their availability among the rural population for instance and help to fight against social exclusion. It might be challenging for the EU to ensure that funding for such reforms is not used by the authorities to purchase online public surveillance programs. Egypt and Jordan use internet censorship modelled on Chinese practices. The expansion of broadband infrastructure and increased digital skills might facilitate the development of SMEs. Although businesses are reluctant to disclose their online activities because of the large informal economy, the pandemic situation forces them to set up websites and use social media for promotion. While most countries are undertaking steps to develop startups and digital innovation (especially Egypt and Jordan), their opportunities are limited. The barrier is the difficult

business environment (except Morocco), the low level of IT education, and the outflow of talented young people to work in foreign enterprises, including in the EU.

Despite favourable geographic conditions for the development of renewable energy, the EU can expect a slow pace of increasing its use in the region. Over the past decade, the share of solar and/or wind energy in electricity production has gradually increased in Morocco, Israel, Tunisia, Jordan, Palestine, and Egypt. However, in 2017, the share of renewable energy in final energy consumption in most countries did not exceed 6%, except for Morocco, Tunisia, and Palestine (respectively, 10.4%, 11.9%, International Energy Agency data; 10.3%, Palestinian Central Bureau of Statistics). The countries of the region base their energy models mainly on oil and gas (Morocco, Israel, and Egypt also on coal), which are regionally cheaper than renewable energy sources that require investments in infrastructure. The sale of fossil fuels in Algeria, Egypt, and Syria is a source of income for the authorities and elites, while energy prices are subsidised in many countries (e.g., Lebanon, Algeria, Egypt, Tunisia), which blocks major changes in this industry. The Union is criticised by local experts for promoting EU energy companies, mainly from Germany, France, Spain, and Italy, at the expense of developing local businesses. Dynamically growing internal demand for energy due to demographic growth (the region's population of 250.7 million may increase by 17% by 2030, UN data) creates a market for new energy sources. However, most of the partners condition the launch of such investments on receiving external financing. The EU increased the share of climate-related funds in the years 2021-2027 to 30% of the total neighbourhood policy budget (€19.32 billion).

The challenge for the EU will be improving the functioning of cooperation on migration. Increasing EU financial assistance to countries cooperating in this field contributes to limiting the transit of migrants to the EU via the North African countries. However, it may have limited importance in reducing the number of migrants coming from these countries. In the years 2018-2020, citizens of Syria, Morocco, Algeria, and Tunisia together accounted for 35% of all detected irregular border crossings to the EU (around 145,000 people, Frontex data), and the number of migrants from the last three countries has been increasing. In 2018-2019, Member States managed to implement 49% of return decisions (deportations) for Moroccan nationals and 47% for Algeria. The partner countries do not want to sign readmission agreements with the EU, as some of them face their own problems as host countries with irregular migration, but also due to high unemployment among young people and the importance of remittances from people working in the EU for local economies. EU development aid has been increasingly spent on migration purposes rather than on socio-economic development. In the budget for North Africa (€438 million) under the EU Emergency Trust Fund for Africa, 63% was allocated to aid to migrants and refugees and border management in Libya, and 26% (€179 million) to migration management in Morocco. The fund's goal was, among others, to address root causes of migration and supporting the development of the region. Subsidising by the EU of undemocratic authorities to control migration is controversial as it implies numerous human rights violations. International organisations accused the Algerian authorities in 2018 of abandoning deported migrants in the desert and alerted about the situation in detention centres in Libya, where executions, torture, sexual violence, and human trafficking have been taking place.

Conclusions. The highest chance of implementing the Agenda relates to the digital sector due to the interest of partners in this branch development. The EU can target aid to digitally excluded groups to a greater extent. In terms of developing green technologies, the economic crisis triggered by the pandemic may limit investments in new energy sources. The condition for the EU effectiveness will be a real increase in financial resources for that purpose and supporting projects with the participation of local businesses and with the use of local products. Poland can promote the good practices used in the Eastern Partnership region. There the EU has significantly increased the aid provided by local entities (e.g., regional authorities and NGOs), while in the southern neighbourhood the funds are still largely transferred directly to state budgets.

If the pandemic deepens the economic crisis in the partner countries, migration to the EU may increase. This will force the Union to provide them increased aid from the financial reserve of the neighbourhood policy budget. Poland would face the dilemma of how to shape the EU position in order to spend financial resources for this purpose without reducing the Eastern Partnership budget. A common point for Member States interested in an active EU role in its neighbourhood will be to promote the launch of the vaccine-sharing mechanism when their supply improves.

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Table 1. Main Assumptions of the Agenda for the Mediterranean

Human development, good governance and rule of law:
- strengthening health and social protection systems, their preparedness and responsiveness. In 2020, the EU reprogrammed €2.3 billion of aid to cover needs related to pandemic and it plans to continue this course of action (e.g., purchasing medical equipment, including protective and diagnostic equipment, or trainings for doctors; increasing direct support for partner countries' budgets); - support for young people: the education sector and youth policies; boosting people-to-people contacts by increasing access to EU programs; new funding schemes under Erasmus +; - good governance and the rule of law, i.e., advising on legislative and institutional reforms in the field of human rights and good governance. More financial resources for countries implementing reforms in this area.
Digital economy:
- advising on reforms of the digital sector; - developing infrastructure (including broadband internet) and promoting universal access to improved, affordable, and secure networks; development of digital competences, skills, and entrepreneurship; - creation of digital services (e-government, e-health, e-commerce, digital access to culture and cultural heritage, and digital skills in education); - adopting EU practices in the field of security of 5G network use; - support for cyber resilience, including against disinformation, by sharing best practices and training cybersecurity experts.
Green economy:
- supporting investments in energy efficiency (especially in buildings and equipment), renewable energy use and clean hydrogen production (generating at least 40 gigawatts of power by 2030, including through appropriate regulatory and financial incentives, as well as regional integration of electricity markets and networks; - promoting the implementation of sustainable urban mobility plans in the cities of the region; - protection and restoration of biodiversity, both marine and terrestrial, animal and plant-based, as well as sustainable water management, including wastewater treatment, water reuse, and efficient use of water management; - supporting the sustainable management of agriculture and fisheries.
Migration and mobility:
- support for migrants and refugees in host countries; - combating trafficking in human beings and the criminal networks behind the smuggling of migrants and human trafficking; - strengthening migration management and the asylum system, including border management capacities; - strengthening cooperation in the field of return, readmission, and sustainable reintegration and increasing the effectiveness of returns; - supporting legal migration and mobility, in line with Member States' competences, e.g., talent partnerships.

Source: Own compilation.