

# UfM

## Work programme on Industrial Cooperation 2021-2024

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### **I. Introduction**

The EU and the neighbouring Mediterranean partner countries have a mutual interest in fostering resilient economies, developing a vibrant private sector, and enhancing trade opportunities for industrial products. Faced with similar challenges, partner countries and the EU wish to pool their ideas and will cooperate on the elements developed in this Work Programme in order to stimulate economic growth and job creation.

The **European Neighbourhood Policy** (ENP) recognises that a dynamic economic development is key to stabilisation, with a particular focus on youth, education and employment. In that respect, the development of Micro, Small and Medium Enterprises (MSMEs), which represents the largest potential for job creation, will be one of the key drivers in reaching this goal. These principles are reflected in the present Work Programme.

The **Joint Communication on the Renewed partnership with the Southern Neighbourhood** [of 9.2.2021; JOIN(2021) 2 final] announced an “Economic and Investment Plan for the Southern Neighbours”, which will help spur long-term socio-economic recovery, foster sustainable development, address the region’s structural imbalances, and tap into the region’s economic

potential. It seeks strategic engagement with international financial institutions (IFIs). For these initiatives to succeed, a renewed commitment is essential to implement and support inclusive socio-economic reforms, especially of the business environment, sustainable economic growth and stability- oriented macroeconomic policies underpinned by a long-term strategy.

The **Union for the Mediterranean** (UfM), which brings together all EU Member States, the Southern Neighbourhood and other countries of the Mediterranean region, is a unique regional platform with the potential to deliver direct benefits, particularly in the areas of youth employment and employability, entrepreneurship, investment, resource efficiency, water, environment and infrastructure. The EU, as the UfM co-presidency, is committed to further strengthening the UfM as the expression of co-ownership in the management of common issues in the Mediterranean and acknowledges the role of the Secretariat of the Union for the Mediterranean.

The **UfM Regional Platform on Industrial Cooperation** is a place of exchange, a place bringing together representatives of the 42 UfM partner countries, supported by the UfM Secretariat, the UfM co-presidencies (Jordan and the European Commission) as well as relevant business associations and stakeholders depending on subject of the meeting, to discuss policies and best practices in the field of industrial policy. In turn, these exchanges are aimed to establish joint priorities and inspire partner countries to develop relevant actions and initiatives.

This Work Programme sets out priorities to be discussed during the period of 2021-2024 in the field of cooperation on industrial and MSMEs policies within the framework of UfM. It was drafted by the UfM Regional Platform on Industrial Cooperation and it reflects the priorities of the UfM Co-presidency Joint Statement adopted at the 5<sup>th</sup> UfM Regional Forum such as sustainable economic development, social inclusiveness and digital transformation. The UfM Secretariat will contribute its expertise to the different thematic chapters of this work programme, could host the UfM Working Group and where adequate, organise multi-stakeholder consultations. The UfM Secretariat will also ensure synergies with other relevant UfM Regional Platforms, notably the Employment and Labour, and the Trade & Investment, Regional Platforms.

The implementation of this Work Programme requires the cooperation of all the stakeholders involved in industrial cooperation and MSME development: public authorities, private sector, entities from the scientific and technological ecosystem, as well as business support organisations. Public-private partnership will be encouraged to foster economic integration, job creation and development.

It will be up to the UfM partner countries to put the recommendations and the outcomes of the activities included in this work programme into action. Members of the platform could agree on developing suitable monitoring indicators and mechanisms in order to take stock of the progress made in the areas covered by this regional platform, and support further discussions on the results achieved or issues observed.

The European Commission is ready to support selected key priorities of the Work Programme through regional programmes as far as they correspond to the priorities established in the Joint Communication and, inter alia, the Multi-Annual Indicative Programme under the Neighbourhood, Development and International Cooperation Instrument (NDICI 2021-2027) subject to available funds. This covers the overall EU toolbox, including the use of blending and guarantees under EFSD+ by building on regional initiatives in the field of MSME finance, and Team Europe Initiatives, such as the regional Team Europe Initiative on “Jobs through trade and investments in the Southern Neighbourhood”.

Based on this Work Programme, the Regional Platform on Industrial Cooperation will exchange on related regional cooperation activities contributing to fostering regional industrial integration and strengthening the regional supply chains.

The Work Programme is oriented around the following five thematic chapters:

1. Strengthen the EU-South neighbourhood value chain integration
2. Encourage internationalisation and support to MSMEs, innovation, business environment and access to finance
3. Enhance digitalisation
4. Support the MSMEs green transition of the UfM region
5. Promoting policies for decent job creation and social economy

## **II. Thematic areas**

### **1. Strengthen the EU-South Neighbourhood value chain integration**

As highlighted in the EU's 2021 Joint Communication on the Renewed partnership with the Southern Neighbourhood, the focus on open strategic autonomy and the restructuring of global value chains has the potential to create new opportunities for further integrating industrial supply chains between the EU and its Southern Neighbours.

The ecosystems approach developed in the Commission's Industrial Strategy and its update from May 2021 could also contribute to diversification efforts and to the development of win-win initiatives in the areas of market integration, regulatory convergence and financial inclusion.

Industrial clusters within the Southern Neighbourhood could help economic development by connecting businesses to global and regional value chains, reducing the isolation of MSMEs, promoting innovation, and generating more trade and investment.

#### ***a) Objectives***

- Explore strategic complementarity and increase business linkages between the EU and the Southern Neighbourhood to develop integration initiatives and promote regional value chains;
- Integrate the Southern Neighbourhood within the nearshoring perimeter of the European industries.
- Update the EU Southern Neighbours industrial policies and related MSMEs supporting instruments, supporting, among others, industries in rural areas and blue economy;
- Guide relations in the area of market integration and regulatory convergence;
- Support MED industrial clusters to maximise the integration of the economies of the

Mediterranean partner countries and facilitate relations with EU clusters.

***b) Actions***

To support the objectives above, the following actions are to be considered:

- Mutual exchange and regional dialogue on the re-organisation of global value chains and its consequences on the EuroMed region, as well as how to further consolidate already existing value chains;
- Regional dialogue on identifying future strategic, or high potential, value chains for further integration, and explore opportunities and challenges of next-generation global value chains;
- Peer-to-peer exchange of knowledge on, and responses to, the new EU industrial and SME strategies;
- Promote regulatory cooperation in specific economic ecosystems and sectors;
- Help identifying the South MED clusters and facilitate their development with various initiatives pursued by the European Commission, private sector matchmaking events, the European Cluster Collaboration Platform, etc.

**2. Encourage internationalisation and support to MSMEs, innovation, business environment and access to finance**

Access to international markets represents an important opportunity for MSMEs development. However, MSMEs are under-represented in international trade compared to their contributions to the national economy. A solid network and well-organised cooperation between business organisations, chambers of commerce, MSME development and trade promotion agencies in each country is the basis and platform for MSMEs in MED countries to develop their activities outside their home country.

In 2020, the EU adopted the 'EU SME strategy for sustainable and digital Europe' with an increased focus on helping SMEs to tackle the climate challenge and digitalisation. This strategy illustrates the importance of strengthening the enabling environment to ensure that new markets are created and to accelerate and improve the uptake of technologies. This is valid for the local SMEs and traditional industries as well as for the EU SMEs, micro-enterprises and start-ups which should be supported in their endeavours in the region as long as they create quality jobs and positive spill-overs.

***a) Objectives***

- Improve MSME Internationalisation policies, streamline an institutional, regulatory & policy framework to develop MSME and entrepreneurship and cut red tape;
- Enhance MSME export ecosystem and local business environment;
- Enhance access to innovative / alternative, non-banking financial tools including digital finance;

- Match MSMEs/start-ups and investors for knowledge/know how transfer;
- Support development of start-ups and inclusive entrepreneurship (among others, female & young entrepreneurs).

#### ***b) Actions***

To support the objectives above, the following actions are to be considered:

- Facilitate business partnerships, virtual marketplaces, market intelligence, regional/sectoral networking, matchmaking and promotional events;
- Support the formulation of more efficient and effective policies and regulations based on selected SBA principles, in particular as regards women, youth and social entrepreneurs and, promote legal and regulatory framework, supportive institutions as well as public policies conducive to start-ups thriving;
- Support the exchange of good practices and information on policies and actions related to help MSMEs and start-ups address the challenges of digital and green economy
- Discuss and exchange on relevant initiatives implemented by the European Commission, including for example in the framework of the MED MSMEs programme, which aims to capitalise on good practices in A2F and SME internationalisation developed in Europe or in the Southern Neighbourhood.

### **3. Enhance digitalisation**

Digitalisation can unlock important benefits for the Southern Neighbourhood. It will contribute to increased inclusion, help to attract investment, create quality jobs and increase productivity for both the public and private sectors. SMEs play a crucial role in this context building inclusive and resilient economies “leaving no one behind”.

In addition, new digital infrastructure must encompass the reinforcement of its reliability, capacity and security. Therefore, sharing experiences on relevant themes, such as designing, implementing and enforcing digital policies to transform industry, will be crucial for our future growth.

#### ***a) Objectives***

- Understand the existing regulatory environment in non-EU UfM member countries and consider the alignment or convergence with EU norms and standards;
- Understand trends in accelerating digitalisation of businesses as well as the digitalisation of public administration, and promote best practices, including to improve digital literacy.
- Promote best practices supporting MSMEs in using digital solutions, in particular small retailers that can benefit from e-commerce.
- Explore opportunities for the digitalisation of services to exporter MSMEs
- Promote a positive approach to digitisation to ensure that society can benefit more fully from the opportunities it provides, namely its great potential to empower women.

### ***b) Actions***

To support the objectives above, the following actions are to be considered:

- Map the key regulatory challenges, notably in terms of existing norms, standards and related problems affecting industrial digitalisation in non-EU UfM partner countries;
- Share best practices on MSMEs digitalisation and digital solutions, including on digital public services such as e-procurement and e-invoicing, and on digital skills and training;
- Explore possibilities for one-stop-shops for businesses to ensure a greater digital outreach;
- Explore best practices in support of digitalisation of industry in UfM partner countries, including for digital innovation activities and the use of digital solutions by MSMEs;
- Help SMEs up-skill or re-skill, both to improve their basic digital literacy but also to increase their level, including for under-represented and disadvantaged groups, in coordination with the discussions of other relevant industrial platforms.

## **4. Support MSMEs green transition of the UfM region**

In view of new and unprecedented forms of natural disasters, it is in the EU's and its Southern partners' interest to move forward with a comprehensive and responsible plan to tackle climate change.

The green transition offers opportunities to safeguard biodiversity, establish circular economies and eliminate pollution by supporting sustainable production and consumption. The green transition can create new opportunities to boost the competitiveness of industries. At the same time, it must go hand in hand with a just transition for the regions and workers affected.

### ***a) Objectives***

- Make the industry in UfM countries greener and optimise the use of energy, water and waste management;
- Promote exchange of information regarding national climate strategies and targets;
- Promote exchange of information on institutional approaches to managing transitions and mainstreaming green objectives
- Promote circular economy in the region and create awareness on market opportunities deriving from it, in particular for MSMEs.
- Promote the use of green energy and energy efficiency

### ***b) Actions***

To support the objectives above, the following actions are to be considered:

- Exchange practices on how to provide incentives for private sector to go greener

- through various setups; and how public administrations can support and mainstream green objectives in their policymaking;
- Discuss the development of technologies and eco-innovation to optimise the use of energy, materials and water through well-targeted policies and funding; and explore the availability of relevant skills and know-how;
- Explore ideas on investment priorities into green economy and transfer of know-how;

## **5. Promoting policies for social economy and for decent job creation**

Sustainable and inclusive growth are common objectives for the EU and the partner countries in the Southern Neighbourhood. Despite efforts to encourage entrepreneurship and create job opportunities amongst MSMEs in the region, unemployment remains high across most countries, in particular for young people. Therefore, new approaches and innovative social and economic development models need to be explored in addition to entrepreneurship programmes.

According to research, the social economy could generate up to 4% of total employment in the region. It has thus an important potential for job creation and socio-economic inclusion, in particular for youth and women, as well as vulnerable groups in rural areas. In recent years, the social and solidarity economy has gained a strong presence in the Mediterranean region, emerging as a key tool to generate economic and social wealth. Yet, it is still facing multiple challenges.

Additional support to adequate networks, policy and regulatory frameworks could thus further unleash its great potential to boost a balanced, job-rich and inclusive economic development in the region, as well as support its twin green and digital transition.

### ***a) Objectives***

- Enhance social economy awareness via dissemination of information on successful social entrepreneurship initiatives/social enterprises;
- Develop policy and regulatory frameworks for social economy organisations and enterprises with the goal of formalising and mainstreaming activities;
- Enhance institutional capacity of Social Economy Support Institutions.

### ***b) Actions***

To support the objectives above, the following actions are to be considered:

- Promote the exchange good practices on the set-up of policy in this area of intervention and regulatory frameworks and on the strengthening of institutional capacity;
- Promote an enabling environment, improving the institutional capacity of social economy stakeholders and creating better linkages between the social economy actors is being supported within regional initiatives pursued by the European Commission (e.g. Med Up - Promoting social entrepreneurship in the Mediterranean region or SAFIR Social Economy);
- Explore the possibilities of how to increase the linkages of social economy enterprises

in the MED region and networking with social economy enterprises in the EU;

- Explore financial mechanisms to support social economy enterprises that fits their needs and follows the economy (e.g. innovative ways of funding).

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