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ANNEX

Summary of the mid-term review of Algeria's Country Strategy Document 2007-2013 and National Indicative Programme 2011-2013

The new National Indicative Programme (NIP) for Algeria, covering the 2011-13 period, is based on a review of the Country Strategy Paper (CSP) for 2007-13 that was adopted in 2007 under the European Neighbourhood and Partnership Instrument (ENPI). The mid-term review confirmed that both the 2007 CSP and the EU response strategy remain the framework for cooperation between the EU and Algeria in the years to come.

This paper gives a summary of the mid-term review of the CSP, which assessed the appropriateness of the cooperation priorities with a view to drawing up the new NIP. The 2011-13 NIP with an indicative allocation of €172 000 000, is presented in the second part of the paper, which gives more details of the Commission's operational response.

Mid-term review

This part comprises an assessment of significant recent events in EU-Algeria relations, new EU policies, and political, economic and social developments in Algeria.

It sets out the new priorities of the EU's external policy (for example, in relation to the economic and financial crisis and to climate change), describes how EU-Algeria relations have been further enhanced by adopting a "Road Map" to make better use of the Association Agreement (AA), and reviews Algeria's new political initiatives. It also takes stock of cooperation, showing that implementation has progressed, stressing the advisability of sectoral support in order to increase aid efficiency and highlighting the new ground broken by Algeria in governance operations. Furthermore, from December 2008 the support programme for the implementation of the AA, P3A, has provided for institutional twinning.

The AA lays down the contractual relations with Algeria. The Road Map agreed with Algeria in September 2008 sets objectives in sectors of mutual interest (economic reform, commercial policies, energy, movement of persons, the fight against terrorism, etc.). Other measures have been identified taking into account the areas outlined in Algeria's own reform programme.

Several horizontal questions have become increasingly important in the EU's external policy, such as, the fight against *climate change, migration, aid for trade, soaring food prices, anti-drugs campaigns, energy, the economic and financial crisis and human rights*.

Given its situation in the Mediterranean basin, Algeria is very vulnerable to climate change. Substantial problems remain in the various environmental sectors.

The newly-launched Union for the Mediterranean (UfM) will further enhance the complementarity of the NIP with the Regional Indicative Programme and the new EU initiatives in the region. It will develop new cooperation projects, which will benefit several countries in the region, in areas such as de-pollution of the Mediterranean, motorways of the sea and land, civil protection, alternative energy sources, higher education and research, and the Mediterranean business development initiative.

The relatively stable political situation and favourable macroeconomic conditions in Algeria have not lead to a similar improvement in the standard of living for most of the population.

2011-13 NIP

The 2011-13 NIP was prepared in close cooperation with the Algerian authorities, the Member States, the main multilateral donors and representatives of civil society.

The choices in this programming were made taking into account the developments in the framework for EU-Algeria relations mentioned above (AA, Road Map, UfM), changes in the EU's external policy on horizontal issues, needs expressed by the Algerian partner, past experience, considerations of aid effectiveness and dialogue (particularly with Member States) on task sharing and complementarity between donors. A specific programme, the P3A III, has been drawn up to implement the Road Map.

Algeria was a pioneer in third generation operations (governance) among the Southern Neighbourhood partners. In the 2011-13 programming cycle it wanted to focus more on the social, economic and commercial aspects of the AA, economic diversification (cultural tourism) and topical horizontal policies (poverty, environment, etc.). The 2007-2010 NIP's priority of "economic growth and jobs" has been retained in this NIP with the Transport II Programme, the P3A III and a new programme of reform of the fisheries and aquaculture sector. The "Reinforcement of basic public services" priority has evolved towards "Sustainable development and culture", partly due to changes in the EU's external horizontal policies, with a local socio-economic development programme II and new environment and culture programmes.

While the strategic priorities set out in the CSP will be pursued, the programming exercise identified three operations in new areas of intervention and another three which are extensions of successful past interventions. It was agreed that an NGO III programme might be introduced following the mid-term review of the programming.

The cooperation priorities and the six NIP 2011-13 operations, with financing of €172 000 000, are:

Priority A – Sustainable development and culture

Aid for environmental protection

The programme aims to **prevent and fight the deterioration of the environment, protect human health and promote the rational use of natural resources. In order to achieve this, it is particularly important that environmental considerations become an integral part of other sectoral policies in Algeria.**

Preservation and enhancement of the cultural heritage

The purpose of this programme is to identify, protect, rehabilitate and enhance the cultural heritage and its contribution to economic development and sustainable tourism.

Aid for local socio-economic development II

Stimulate and support an autonomous process of local development in 25 disadvantaged rural areas of three wilayas in Algeria's Western Highlands and three wilayas in its northern centre by facilitating the development of local production initiatives, which could improve the standard of living of the poorest groups.

Priority B - Economic growth and jobs

Aid to reform the transport sector (Transport II)

The objectives are to organise transport corridors, infrastructure and logistical services and reinforce maritime and port administration and urban transport organisation.

Programme accompanying the Association Agreement (P3A III)

The objective is to facilitate the partnership between the European Union and Algeria as set out in the Association Agreement and its Road Map by helping the Algerian economy to

adjust in line with the Agreement and by providing support for the reforms set up in the Road Map.

Aid to reform fisheries and aquaculture

Support the diversification of the Algerian economy by boosting the development of the fisheries and aquaculture sector.

Priorities	Indicative range	Percentage
Sustainable development and culture	€72-76 000 000	+/- 43 %
Economic growth and jobs	€96-100 000 000	+/- 57 %