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A JUST TRANSITION IN THE MEDITERRANEAN

REBALANCING THE BURDENS AND BENEFITS OF EU-NORTH AFRICA ENERGY COOPERATION

ABSTRACT

This policy brief analyses the ongoing reconfiguration of Euro-Mediterranean energy relations resulting from recent geopolitical shocks that have compelled the European Union (EU) to weave decarbonisation, energy security and industrial competitiveness into a single strategic agenda. In this context, North Africa has acquired unprecedented prominence as a prospective hub for renewable energy and green hydrogen, and is now positioned to underpin Europe's diversification efforts. Yet the emerging cooperation model remains distant from the principles of a just transition, while at the same time being structurally asymmetric: European priorities – securing supplies, stabilising prices, accelerating the green transition and curbing migration flows – tend to override partner countries' development needs. The result is a set of projects that foster competition among actors in the southern neighbourhood, concentrate benefits within narrow institutional and corporate circuits, and yield limited or negligible improvements in governance, civic participation or equity in wealth distribution. Through the cases of Morocco, Tunisia and Egypt, the policy brief shows how large-scale renewable and hydrogen initiatives intersect with domestic constraints such as fossil fuel dependence, high capital costs, limited administrative capacity, acute climate vulnerability and social tensions around land and water use. In addition, export-oriented strategies risk entrenching new forms of dependency while failing to address the structural challenges of energy security and strategic autonomy in the EU's neighbourhood. At the same time, the EU's cooperation model appears insufficiently conflict sensitive, and employment gains are unevenly distributed across social groups, with marked gender imbalances. Ultimately, the analysis argues that without a clearer rebalancing of burdens and benefits, more robust safeguards for affected communities and a deeper alignment with local priorities, Euro-Mediterranean energy cooperation will remain reactive and fragmented, unable to evolve into a genuinely equitable, resilient and transformative partnership over the long term.

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Introduction: The strategic reconfiguration of Mediterranean energy ties

Recent geopolitical and security crises – from Russia's invasion of Ukraine to the joint United States-Israeli military campaign against Iran, which led to the closure of the Strait of Hormuz – have compelled the European Union (EU) to fundamentally recalibrate its energy strategy. The trajectory consolidated throughout the 2000s – centred, firstly, on the progressive reduction of emissions to fight climate change, and secondly, on the integration of the European energy market – has accordingly evolved into a more layered agenda in which energy security, industrial competitiveness and macroeconomic stability are decisive drivers. This shift has also led to a reconfiguration of the role of the EU's southern neighbourhood,[1] no longer viewed merely as an alternative supplier of hydrocarbons but increasingly imagined as a renewable energy hub capable of sustaining Europe's diversification and resilience.

This strategic turn builds on the 2019 European Green Deal (EGD)[2] and subsequent programmes – namely, the European Climate Law[3] and the Fit for 55 Package[4] – which together set the EU's long-term climate agenda, accelerate decarbonisation, and reshape the regulatory framework for the energy transition. Yet the energy shock triggered by the war in Ukraine rapidly intertwined decarbonisation with the imperative of securing reliable supplies. The result was to push the EU toward the identification of innovative solutions and new import corridors. The 2022 REPowerEU plan[5] made this shift explicit, calling for an end to dependence on Russia through a massive acceleration of renewables, large-scale development of green hydrogen, and the creation of new energy routes that the southern neighbourhood is expected to play a central role in.

The 2021 Agenda for the southern neighbourhood had already identified the green transition as a pillar of post-pandemic recovery.[6] Since then, the European Neighbourhood Policy (ENP), the Union for the Mediterranean, and, more recently, the new Pact for the Mediterranean,[7] have sought to integrate energy security, economic[8] cooperation and climate resilience into a coherent regional framework. From this perspective, the Trans-Mediterranean Energy and Clean Tech Cooperation Initiative (T-MED)[9] – launched by the European Commission in June 2026 and designed to expand renewable energy exchanges and clean-tech manufacturing in line with the EU's Global Gateway – should be understood as part of this effort.[10]

As a result, North Africa has acquired unprecedented strategic relevance. The region combines geographic proximity to Europe with some of the world's most competitive renewable resources, with production costs up to 30-40% lower than in the EU.[11] The EU's stated ambition is to build a partnership that supports European energy security and decarbonisation while strengthening local capacity to meet rising domestic electricity demand.

Yet the emerging cooperation model remains structurally unbalanced. European priorities – securing supplies, stabilising prices, containing inflation, and stopping migration flows – are fundamentally at odds with, and continue to outweigh, the partner countries' development needs. North African governments view renewables as a lever for long-term energy sovereignty but struggle to fully harness their potential, caught as they are between domestic constraints and the need to attract foreign capital. In this dynamic, a European approach still centred on investments in large-scale projects and export generates three substantial effects: it does not reduce the partners' structural dependence on external actors; it concentrates

decision-making power and economic benefits within narrow circuits, weakening the quality of governance; and it produces transition models that are only weakly rooted in local contexts, with limited capacity to generate inclusive development. Moreover, such a configuration risks exacerbating communal tensions at the domestic level if benefits and burdens are to be distributed unevenly, while, externally, it may fuel competition rather than cooperation among regional countries.

EU energy policies for the region also present a number of structural constraints that contribute to reinforcing asymmetries, such as the high cost of capital and borrowing for partner countries, and their limited institutional capacity to manage complex projects. In addition, there is a significant lack of demand-side certainty, exemplified by the fact that the Renewable Energy Directive III (RED III)[12] – designed to set mandatory quotas for renewable energy and renewable fuels in key sectors – has not yet been fully transposed by EU member states, thereby complicating investment decisions. Climate vulnerability adds another layer of complexity: North Africa is among the regions most exposed to climate change, and water scarcity in particular makes activities such as hydrogen production especially challenging. Moreover, the EU's strong regulatory power risks limiting the employment impact of EU-driven projects and constraining the development of local industry when not accompanied by substantial technology transfer. In other words, the absence of adequate safeguards in a region that, in recent years, has made no significant progress on political and civic freedoms, inclusion and economic redistribution, heightens the risk that energy projects will strengthen exclusionary governance arrangements and weaken the social foundations of a genuinely just transition.

Against this backdrop, the policy brief examines the cases of Morocco, Tunisia and Egypt – three countries well positioned to play a leading role in this transition – to assess the impact of energy cooperation projects on the ground, and whether the emerging model genuinely responds to local development needs. It also evaluates the extent to which current initiatives reflect the EU's normative framework, protect community rights and contribute to long-term strategic objectives on both shores of the Mediterranean. The policy brief concludes with policy recommendations aimed at ensuring cooperation frameworks are better aligned with local priorities, consistent with European values, and capable of supporting a more resilient, equitable and mutually beneficial energy partnership in the long run.

Morocco's green turn and its limits

In a context in which strategies for decarbonisation and security of energy supplies are urgently required, the Maghreb has emerged as Europe's new energy gateway. Morocco has consequently positioned itself as the key actor driving this transformation. The country made early investments in large-scale renewable projects and international partnerships, with the goal of establishing itself as a regional hub for green electricity and hydrogen.

This trajectory was consolidated in October 2022 with the signing of the Green Partnership[13] between Morocco and the EU – the first agreement of its kind, conceived as a template for future arrangements. Embedded in the European Investment Plan annexed to the Joint Communication: Renewed Partnership with the Southern Neighbourhood, the partnership seeks to strengthen policy coordination and promote green projects across three pillars: climate and energy, environment (including the maritime dimension), and the green economy.

In 2023, Rabat reinforced this direction by presenting Offre Maroc,[14] an operational package designed to attract investors through streamlined procedures and targeted incentives. Through this plan, Morocco positioned itself as a potential global hub for green hydrogen, responding directly to EU expectations. The 2025 Pact for the Mediterranean and its 2026 Action Plan further anchored Morocco within the EU's long-term vision for a greener and more resilient Euro-Mediterranean space.[15]

Yet a comparative analysis of Moroccan and EU energy strategies reveals structural tensions. For the EU, Morocco is a strategic partner for achieving energy transition and security goals; for Rabat, national priorities focus on meeting rising electricity demand, protecting the environment and reducing dependence on imported energy. Morocco remains heavily reliant on imported hydrocarbons, which account for around 90% of its primary energy needs, making strategic autonomy a central concern, yet one that is difficult to achieve if a significant share of renewable output is exported.[16] Despite its recent expansion of renewable capacity, Morocco's share of renewables in final consumption remains low, as transport, industry and heating still depend almost entirely on fossil fuels.

In this context, Morocco has emerged as one of the key pillars of the European Hydrogen Strategy,[17] with potentially significant macroeconomic benefits for the country but also with critical implications that warrant close attention. The EU and Morocco are collaborating on the EU's goal of importing 10 million tonnes of renewable hydrogen by 2030, through numerous projects supported by, among others, Germany, France and Spain. Among the most relevant initiatives is T-MED, a flagship of the Pact for the Mediterranean aimed at accelerating renewable deployment, hydrogen development, clean tech manufacturing and modern electricity grids across the region. T-MED seeks to mobilise up to €25 billion by 2035, with over €5 billion in EU guarantee capacity under the European Fund for Sustainable Development Plus to unlock public and private investment.[18] The European Investment Bank (EIB) has also signed a €170 million loan with the Office National de l'Électricité et de l'Eau Potable (ONEE – National Office of Electricity and Drinking Water), backed by an EU guarantee, to modernise the national grid and integrate new renewable capacity.[19]

These dynamics unfold in a region marked by persistent political tensions, driven primarily by Morocco's occupation of Western Sahara – ongoing since the mid-1970s – which has prevented the self-determination of the Sahrawi people and produced decades of conflict and hundreds of thousands of displaced persons. As a result, long-standing tensions over resource governance persist across the area, heightening local sensitivities around land use and external investment. In Western Sahara in particular, the overlap between energy projects and an unresolved political status contributes to destabilising an already fragile environment: the presence of renewable energy infrastructure in areas such as Boujdour and Dakhla[20] is perceived by many local actors as part of a broader strategy to consolidate Morocco's control over the territory. This perception intersects with long-standing controversies over the distribution of economic benefits, access to natural resources, and the marginalisation of local communities, thereby reinforcing opposition to initiatives viewed as extractive or imposed from above. In this context, Europe's energy transition ambitions and Morocco's growing strategic relevance have enabled the monarchy to use Western Sahara as a bargaining chip in its political relations with the EU and beyond – securing the support first of the US in 2020, then Spain in 2022, and, more

recently, even the EU's endorsement of Rabat's political plans for the area.[21]

These tensions also connect to Morocco's broader tradition of environmental and climate-related mobilisation, which in recent years has made water, land and infrastructure issues increasingly politically sensitive. Looking at the concrete impact of the country's green turn, consolidated with COP22 in Marrakech (2016), international indicators show no significant progress in civil society participation,[22] while economic data reveal no meaningful reduction in deep territorial inequalities.[23]

In this regard, the history of the Noor Ouarzazate solar power complex is emblematic. One of the largest in the world and a symbol of Morocco's ambition, the project has been at the centre of disputes over land taken from local communities with apparently inadequate compensation.[24] The construction of the plant has also affected the surrounding environment, already characterised by severe water scarcity. Moreover, the project has recorded annual deficits of around €80 million since its launch in 2020. Although some of these losses stem from technical problems and disputes that temporarily halted operations, the financing structure and the loan conditions raise a broader question about how the costs of disruption are distributed.[25] Despite the project's substantial impact on Morocco's renewable energy strategy,[26] these elements leave unresolved questions regarding risk sharing and the economic sustainability of public-private partnerships across North Africa. Morocco is also increasingly exposed to climate impacts, with inland and mountain areas experiencing recurrent droughts. In this context, hydrogen production, which is highly water intensive, risks further exacerbating pressure on already scarce resources.

Overall, the emerging picture is one of an energy partnership with significant potential, yet which must be shaped around local needs and supported by continuous monitoring of its local impacts. Otherwise, the EU risks limiting itself to exercising its economic and regulatory weight without enabling partners to fully realise their potential. Long-standing unresolved issues such as Western Sahara, and the limited social impact of energy projects, contribute to keeping the partnership reactive rather than transformative, and privileging short-term, contingency-driven choices over long-term strategic ones. The broader regional context reinforces this dynamic, particularly the recurrent tensions between Morocco and Algeria, which have led to the weaponisation of natural gas pipelines and the suspension of flows – most notably in 2021, when Algeria halted gas supplies through the Maghreb-Europe pipeline[27] – thereby further weakening the conditions for effective and durable regional cooperation.

The EU-Tunisia energy partnership: Between ambition and reality

Tunisia embodies some of the deep contradictions that characterise Euro-Mediterranean energy cooperation. Although the EU considers it a strategic partner in the green transition, the country remains constrained by profound structural fragilities that limit its ability to translate its renewable potential into tangible socio-economic benefits. Tunisia's energy strategy revolves around three fundamental objectives: strengthening energy security, reducing dependence on fossil fuel imports, and addressing systemic energy vulnerability. Yet their implementation is hindered by significant political, financial and infrastructural constraints to which the EU's strategy only partially responds.

In 2023, the EU and Tunisia signed a Memorandum of Understanding (MoU) on a strategic and global partnership which includes, among its pillars, a "sustainable and competitive energy partnership".[28] However, the document exposes a sharply transactional logic: energy cooperation is folded into a broader package in which economic and technological benefits are governed by conditionality tied to migration management. In this configuration, energy – alongside investment and macro-financial support – becomes a bargaining instrument to secure tighter border control, enhanced interception capacity and firmer readmission commitments from Tunis. This merging of unrelated dossiers reflects the EU's approach based on the "more for more" conditionality principle, whereby access to more advantageous forms of cooperation depends on alignment with its migration priorities.[29]

For its part, Tunisia has set ambitious energy transition targets in the National Low Carbon Strategy, aiming to achieve a renewable energy share of around 80% by 2050 and to reduce primary energy intensity by 68% by 2050 compared to 2020 levels.[30] Moreover, in 2023, the Tunisian Ministry of Industry, Mines and Energy launched a multi-phased tender programme for the development of 1,700 MW of renewable energy capacity for the period 2023-2025, a plan that is also supported by the EU through several institutions.

Hydrogen has also become a central pillar of Tunisia's long-term strategy. The country plans to produce 8.3 million tonnes of green hydrogen by 2050, of which 6 million tonnes are intended for export to Europe[31] – a prospect that is not fully aligned with the stated objective of "taking back control of the country's energy destiny", as expressed in official documents.[32] Memoranda of understanding with several EU member states aim to support this trajectory through technology transfer, technical assistance and dedicated financing. However, the gap between ambition and capacity remains wide. Tunisia's energy mix still requires substantial structural reforms and support: approximately 93.7% of the country's electricity is generated from fossil fuels, mainly natural gas, which is largely imported from Algeria.[33]

Despite their transformative potential, Tunisia's main renewable energy and interconnection projects continue to face several structural limitations. First, the country's strong dependence on imported natural gas and the limited capacity of the electricity grid make it difficult to integrate large-scale renewable capacity that meets domestic needs. Second, the financial burden of projects such as the ELMED interconnector[34] – a planned 600 MW high-voltage direct current (HVDC) sub-sea link between Tunisia and Sicily designed to integrate North Africa into the European power market – weighs heavily on public companies. These companies often rely on foreign currency borrowing and are therefore exposed to exchange rate risks and volatile financial conditions – challenges that are not always fully mitigated by international support. This may also be the case for the SoutH2 Corridor, the renewable hydrogen pipeline linking Algeria and Tunisia to Europe. Although listed as an EU Project of Common Interest and politically supported by Algeria, Tunisia, Italy, Austria and Germany, the initiative will require a significant financial commitment from Tunisia, a country whose public debt surpasses 80% of GDP. In a context of limited administrative capacity and a chronically deficit-ridden energy sector, the tension between loan conditionalities, sovereignty considerations and domestic priorities becomes particularly visible. Third, the participation of the Tunisian private sector remains limited, as local firms often lack the resources needed to compete with major

international operators in large-scale tenders. Moreover, some green hydrogen initiatives raise questions about resource sustainability, particularly regarding water use in a country already experiencing severe hydric stress.[35] Finally, several cooperation projects risk encountering delays due to political instability, fragmented governance and differing priorities among European partners.

Within this broader context arises another paradox. The expansion of green projects and the implementation of renewable-based energy strategies in Tunisia are unfolding alongside a gradual democratic backsliding, a dynamic that places additional pressure on the EU's principles of a just and inclusive transition.[36] In this sense, President Kais Saied's sovereigntist stance – a core pillar of his political legitimacy – is at odds with European cooperation frameworks, enabling the Tunisian government to adopt a selective and often confrontational approach in its dealings with the Union. As a result, rising levels of foreign financing have not translated into a reduction in inequality, partly because the EU's priorities remain centred on the migration dossier, leaving limited attention and weak monitoring capacity for assessing how cooperation affects socio-economic dynamics.[37]

Moreover, the employment prospects associated with large green projects, which tend to generate significant labour demand during the construction phase, remain limited over time due to increasing automation and the relatively low number of long-term operational jobs they create. Furthermore, while the construction sector continues to face high levels of labour market informality, green jobs in the region are concentrated in science, technology, engineering and mathematics (STEM) and technical fields, areas that largely remain male-dominated.[38] These constraints are compounded by the broader effects of emerging regulatory frameworks such as the EU's Carbon Border Adjustment Mechanism (CBAM), which places additional pressure on Tunisia's energy-intensive industries by tightening carbon-related compliance costs and potentially reducing their competitiveness in European markets. Notably, Tunisia could experience job losses amounting to between 0.2% and 0.4% of total employment, with higher-paid workers more likely to be affected.[39]

The Tunisian context is further complicated by extreme climate vulnerability, with a significant share of the population living along one of the most exposed Mediterranean coastlines, at risk of flooding, drought and coastal erosion. Yet these vulnerabilities rarely emerge as genuine priorities in joint energy projects. When they do, they are not treated as central considerations, despite their impact on the population, including in terms of displacement and migration. Hydrogen production, for instance, requires large quantities of water, a resource already scarce in the country, as highlighted by organisations such as the Observatoire Tunisien de l'Eau and the Forum Tunisien pour les Droits Économiques et Sociaux.

In this context, the heightened sensitivity that Tunisian civil society has shown toward environmental issues, as illustrated by the continuous protests in Gabès, becomes particularly significant.[40] In a region marked by decades of environmental pressure and ecosystem degradation, the announcement of green hydrogen projects has been met with fear that the burdens will once again fall locally as the benefits accrue elsewhere. These protests reflect a deeply rooted concern that unless accompanied by credible social and environmental safeguards, the energy transition

will reproduce the same asymmetries that have shaped the region's development. This represents an important warning signal for EU cooperation initiatives in the area.

Overall, Tunisia represents a paradigmatic case of the tensions that shape Euro-Mediterranean energy cooperation: a country with enormous potential but limited capacities; a strategic yet politically fragile partner; a territory that is crucial for Europe's green transition but is deeply exposed to climate and social risks. For the transition to be genuinely just, a substantial rebalancing of burdens and benefits is required, together with stronger Tunisian institutions, greater involvement of civil society, and a more coherent, predictable and locally-oriented European commitment.

Egypt's green aspirations and the challenges of a pragmatic partnership

Egypt occupies a central position in the new Euro-Mediterranean energy geography, yet it does so within a political, economic and climate framework marked by profound contradictions. Energy relations with the Union were further strengthened in June 2022 with the adoption of the EU-Egypt Partnership Priorities for 2021-2027 agreement, which places strong emphasis on supporting Egypt's sustainable economic development and its energy and digital transitions, highlighting potential benefits for both sides. The agreement also underscores the importance of social development, acknowledging Egypt's high levels of poverty and unemployment and their severe impact on living standards.[41] Subsequently, with the Joint Declaration signed on 17 March 2024 by the President of the European Commission Ursula von der Leyen and the President of the Arab Republic of Egypt Abdel Fattah El-Sisi, the EU-Egypt relationship was elevated to a Strategic and Comprehensive Partnership, which identifies specific areas of cooperation, including "sustainable investment and trade, including energy, water, food security and climate change".[42] In the EU's approach, support for Egypt's electricity grid, renewable energy facilities and transmission infrastructure has been framed as a contribution to the country's energy resilience and its ability to become an exporter of green electricity to Europe. In this context, two major interconnection projects stand out.

The first is the GREGY Interconnector, reaffirmed by Egypt and Greece in 2020: a 3,000 MW undersea link backed by the EU's Global Gateway, expected to be operational by 2030 at an estimated cost of $4.5 billion. The second is the planned 3,000 MW interconnector with Italy, for which preliminary feasibility studies were completed in late 2024. The proposed 2,800 kilometre route, from West Sohag to the Dolo substation near Venice, could cost up to $20 billion and is designed to channel green electricity and hydrogen to Europe.[43] More recently, the EU released a €690 million package to modernise the Egyptian national grid and accelerate renewable integration under the T-MED initiative.[44]

For its part, the Egyptian government recognises the need to develop a sustainable energy mix, both to meet rising demand and to build a more diversified and environmentally sound electricity sector. The Integrated Sustainable Energy Strategy 2035 assigns a central role to renewable energy in the country's energy transition. Egypt has also raised its ambitions, now aiming to generate 42% of its electricity from renewable sources by 2030 and more than 60% by 2040, while increasingly relying on green hydrogen as well. In February 2024, Egypt approved the National Strategy for Low-Carbon Hydrogen, which seeks to capture 5-8% of global hydrogen trade by 2040 and foresees

up to $60 billion in investment.[45] To support this transformation, the European Commission and Cowater International assisted in updating Egypt's energy strategy to 2040, increasing the share of renewables and formally integrating low-carbon hydrogen into the national energy roadmap.[46] In parallel, the Egyptian government has crafted a narrative of regional leadership in the energy transition, hosting COP27 in 2022 and promoting large-scale projects in solar, wind and hydrogen. Yet behind this rhetoric lies a problematic reality.

On the climate front, Egypt is among the most exposed countries in the world. The Nile Delta, home to around 40% of the population, is a global hotspot for the combined risks of sea-level rise, saltwater intrusion and flooding, as demonstrated by major floods in 2020 and 2021.[47] The National Climate Change Strategy 2050 prioritises adaptation, including measures such as water conservation techniques to preserve arable land. By contrast, energy cooperation with the EU continues to prioritise mitigation and energy exports, relegating the protection needs of coastal communities and the sustainable management of water resources to the background.

Egypt's energy transition also faces deep financial constraints linked to the country's long-standing macroeconomic fragilities. Egypt has established a $2 billion sovereign green fund and in 2020 became the first country in the region to issue a $750 million sovereign green bond, earmarked for clean transport, renewable energy and sustainable water resource management projects.[48] While the success of this issuance paved the way for a broader green finance framework, the economics of renewable and hydrogen projects remain heavily constrained by the high cost of capital. The risk premiums applied to emerging markets such as Egypt significantly raise financing costs, creating barriers to entry and reducing project bankability.[49]

The employment dimension, which is central to the partnership, follows a pattern similar to that observed in Tunisia. Large-scale green projects generate significant labour demand during the construction phase but absorb far fewer workers in the long term due to high levels of automation and lower labour requirements. Moreover, in a labour market characterised by high levels of informality and by the exclusion of women from income-generating job opportunities, as in the Egyptian case, the main risk is that these opportunities fail to reach – or fail to materialise for – large segments of the population, especially in the absence of adequate training programmes. At the same time, European regulations such as the CBAM risk affecting industry and employment, moderating the short-term growth expected from incoming investments in the energy sector and negatively impacting export performance.[50]

The main concerns surrounding EU-Egypt energy cooperation relate to its impact on the country's internal social and political dynamics. Although the EU has adopted a pragmatic approach with Egypt,[51] its broader strategy towards the region continues to be one of mobilising European instruments and resources to "unlock sustainable investment and economic growth" and "create opportunities for young people and businesses", as highlighted in the Pact for the Mediterranean. Yet in the Egyptian context, the expansion of cooperation and investment in the energy sector coincides with a situation in which the country's authoritarian government compresses civic space and keeps civil society under constant pressure.[52] Wealth distribution indicators likewise show no significant variation, thereby evidencing a lack of any spillover effect.

In this sense, the EU's decision to substantially support Egypt's energy sector without basing that support on there being progress on governance reform and civil and social freedoms results in a lost opportunity to benefit the country's peripheral regions and its poorest communities. The current model appears to prioritise short-term stability over political and social justice – factors that are important not only from a normative perspective but also strategically, as their absence will only worsen instability in the medium and long term.

Conclusions

The reconfiguration of Euro-Mediterranean energy relations highlights a structural tension that cuts across the entire North African region: while the EU seeks to secure supplies, diversify energy resources, stabilise prices and accelerate decarbonisation, partner countries face far more complex domestic realities, whereby the energy transition intersects with political fragility, social inequality and growing climate vulnerability. Recent initiatives have undoubtedly generated new opportunities – investments, infrastructure, and prospects for integration into Europe's green markets – yet these advances coexist with persistent asymmetries that risk limiting their transformative potential.

In Morocco, Tunisia and Egypt, large-scale renewable and green hydrogen projects tend to concentrate decision-making power and economic benefits within narrow institutional and corporate circuits, without producing meaningful improvements in civic participation or reducing territorial disparities. Indicators related to political freedoms, civil society engagement and wealth distribution show minimal progress, suggesting that the expected spillover effects of green investments remain weak or unproven. At the same time, high capital costs, limited administrative capacity and exposure to climate shocks constrain the ability of partner countries to fully harness their renewable potential and translate it into greater energy sovereignty.

Against this backdrop, it is essential that cooperation over the expansion of renewables is done in a way that strengthens domestic energy security first and foremost, preventing export-oriented priorities from diverting resources away from urgent internal needs. The transition is not a neutral process: it reshapes power relations, produces winners and losers, and can alter regional geopolitical balances. If not carefully governed, it tends to reinforce competition among North African countries seeking to attract capital and projects, rather than fostering cooperation and integration. It may also deepen internal tensions between major urban centres, which benefit more from economic spillovers, and rural or marginalised peripheries, which bear environmental and social costs without receiving proportional gains. In this sense, ensuring a genuinely just transition becomes essential: a transition perceived as unequal risks becoming a boomerang, undermining the legitimacy of projects and eroding the trust needed for stable and long-term cooperation across the Mediterranean.

Industrial dynamics also present critical challenges. The EU's strong regulatory power, while essential for decarbonisation, can generate unintended effects when not accompanied by technology transfer, support for local value chains and employment safeguards. Instruments such as the CBAM risk compressing the competitiveness of North Africa's energy-intensive sectors, dampening short-term job creation and exacerbating existing socio-economic pressures.

Building a genuinely balanced and resilient partnership requires a shift in approach. Cooperation frameworks must be rooted in local development priorities, supported by stronger institutions, greater civic participation and a joint industrial strategy that enables value creation within partner countries. This is even more urgent in a context marked by intensifying global competition, in which a power such as China plays a leading role in renewable energy thanks to price competitiveness, capital availability and its control over crucial segments of the value chain. Beijing's presence risks reshaping the balance of Euro-Mediterranean energy projects, making it essential for the EU to differentiate its approach, turning transparency, reciprocity and long-term partnership into a strategic advantage for preserving Europe's and North Africa's ability to steer their energy transitions autonomously. Finally, climate adaptation – particularly sustainable water management and coastal protection – must become a central pillar of Euro-Mediterranean energy cooperation, given the region's extreme exposure to climate impacts.

Policy recommendations

1. **Govern the transition**

   The energy transition and the Euro-Mediterranean partnerships connected to it do not represent neutral processes or neutral policy choices. They reshape power relations, create winners and losers, and can amplify both domestic and regional tensions. The EU must fully anchor its energy strategy in the geopolitical dynamics of the Mediterranean – not to accommodate them, but to govern them – directing its instruments toward shared platforms and minimising bilateral fragmentation. Large-scale projects should be conceived as joint Euro-Mediterranean initiatives, while local projects must ensure direct and measurable benefits for the communities involved.

2. **Align cooperation with partners' national strategies**

   To avoid extractive models and strengthen the energy sovereignty of partner countries, EU initiatives must be consistent with their national priorities on energy security, industrial development and resource management. This requires co-planning, genuine local ownership and financial instruments calibrated to the institutional capacities of North African governments.

3. **Advance a genuinely just transition**

   A fair transition requires the protection of rights, social inclusion and the reduction of territorial inequalities. Projects must ensure access to energy, services, infrastructure and economic opportunities for peripheral areas, preventing benefits from concentrating exclusively in major urban centres. Safeguarding civic space and involving civil society are strategic conditions, not optional add-ons, as they are key drivers of medium- and long-term stability.

4. **Transfer technology and build local industrial capabilities**

   For cooperation to be transformative, the EU must go beyond infrastructure financing and promote technology transfer, advanced training, know-how sharing and joint research and development platforms. This is essential to develop local industrial value chains, generate added value within partner countries and reduce structural dependence on external actors. A further priority concerns

the high cost of capital in the region, a challenge that the EU should address by deploying European guarantees, long-term offtake agreements, and predictable and transparent regulatory frameworks.

5. **Anchor projects in local contexts and strengthen accountability**

   Every initiative must deliver tangible benefits for local populations: employment, infrastructure, essential services and affordable access to energy. Independent monitoring, community participation and transparent decision-making are indispensable to ensure equity, sustainability and long-term legitimacy, in contrast to transactional or "pragmatic" models that generate short-term gains but undermine future cooperation across the Mediterranean. A conflict-sensitivity approach is also essential to assess the impact of these projects on local communities and determine whether they mitigate or fuel tensions. Finally, migration control conditionality should not overshadow the need to ensure accountability in other areas of cooperation, such as the energy sector. Likewise, meeting technical targets on renewable energy deployment or improving border management cannot substitute for monitoring progress in protecting civic freedoms and ensuring a socially just transition.

ENDNOTES

1 The EU established its privileged partnership with the southern shores of the Mediterranean in 1995 with the launch of the Euro-Mediterranean Partnership at the Barcelona Conference. This set the objective of creating an area of peace, stability, economic prosperity, and respect for democratic values and human rights. EU cooperation with the southern neighbourhood takes place within the framework of the European Neighbourhood Policy (ENP) and involves 10 partner countries: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia. See: European Commission (2021) *Southern Neighbourhood.* Available at: https://north-africa-middle-east-gulf.ec.europa.eu/what-we-do/southern-neighbourhood_en.

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The Friedrich-Ebert-Stiftung is Germany's largest and oldest party-affiliated foundation. It is committed to the fundamental values of social democracy and is active worldwide in support of freedom, solidarity, and social justice. It has been active in Cyprus since 1986, and the Nicosia office is part of a global network comprising 107 local branches. The FES office in Cyprus is part of the FES MENA Competence Center for Peace and Security in Beirut and the FES office in Athens. As part of the FES Athens Office, they focus on the specific challenges and political issues of Cyprus. Secondly, their work for the MENA Competence Center takes a regional perspective and is not focused on individual countries. The main focus is on peace, security and migration in the MENA region.

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ON SIMILAR TOPICS


POLICY BRIEF
October 2025

FEPS
FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES

GOVERNING THE GLOBAL JUST TRANSITION FROM FOSSIL FUELS TO CLEAN ENERGY

LITMUS TESTS AND PROPOSALS FOR COP30

ABSTRACT

As part of a global just transition, there is an **urgent need for equity-based parameters for the gradual phase-out of fossil fuels and the accompanying phase-in of renewable energy**. COP30 must convert the broad mandate to "transition away from fossil fuels" into a concrete, equitable just transition governance framework that simultaneously phases out fossil supply and demand and phases in renewable, nature-positive, people-centred energy systems in a fair and equitable manner.

We propose **two equity "litmus tests" to assess outcomes in Belém**: (1) Are COP30 outcomes based on a common understanding of just transition corridors? (2) Do COP30 outcomes include an actionable plan for the phasing out of fossil fuels and phasing in of renewables, based on distributive, procedural and restorative justice? The first litmus test emphasises that just transition cannot dilute science-based end-dates for fossil fuels or license new expansion, but must respect some scientific, legal and social limits. The second litmus test emphasises that the global just transition must distribute benefits and burdens fairly and guarantee inclusive decision-making, with transparent monitoring and grievance redress, as well as repair historic harms.

These litmus tests lead us to propose **seven corresponding policy proposals that the EU and the COP30 presidency should champion** to break the deadlock, rebuild trust and accelerate delivery. For example, the COP30 outcomes should include the launch of a Just Transition Match-Making Facility under the UNFCCC Just Transition Work Programme, modelled on the platform of the Global Alliance Against Hunger and Poverty and the EU's Just Transition Platform.

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POLICY BRIEF
June 2025

FEPS
FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES

EUROPE'S STRATEGIC ROLE IN GLOBAL DEVELOPMENT

A CALL FOR AMBITION AND REFORM

ABSTRACT

In a world marked by geopolitical tensions, climate crises and weakening global cooperation, this policy brief argues that the EU must redefine its relationships with developing countries – moving from its current partnership approach to a strategic alliance, the terms of which are grounded in mutual interest and defined in common.

The policy brief identifies four urgent imperatives: (1) renewing multilateralism through more inclusive governance; (2) rethinking development priorities and metrics beyond GDP; (3) reforming cooperation instruments to foster joint action, peer learning and national ownership; and (4) overhauling the global financial architecture to generate sustainable fiscal space for developing countries, protecting them from recurring debt crises. These reforms are not merely technical – they are political. They require the EU to act as a convener of alliances and an architect of common goods, particularly in cooperation with the Global South.

At the heart of this redefinition lies the Global Gateway, which should evolve from a flagship investment strategy into a truly global platform for co-created transformation. To succeed, it must redesign its governance, connect the priorities of the EU and its partners, and invest in capacities and ecosystems beyond infrastructure. This requires rapid and visible reforms, from radically simplified delivery procedures to the creation of inclusive dialogue mechanisms and robust certification frameworks.

The EU's credibility will depend on the level of resources it commits to external action and on its determination to change – beginning with how it listens, decides and collaborates. The upcoming UN Conference on Financing for Development in Seville represents a crucial opportunity for the EU to demonstrate its willingness to shape, together with the countries of the Global South, a new compact aimed at achieving the sustainable development goals. This will be essential to the EU's global relevance and resilience.

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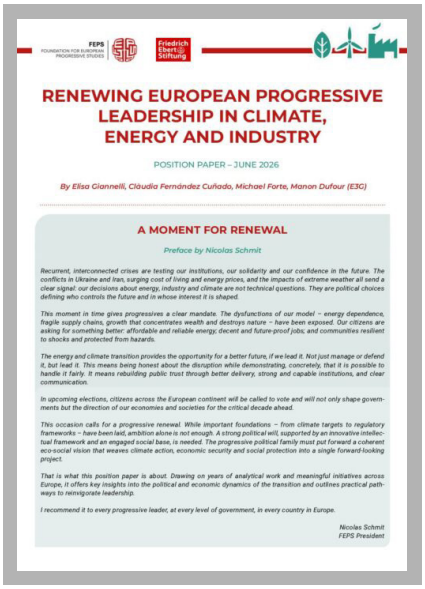

RENEWING EUROPEAN PROGRESSIVE LEADERSHIP IN CLIMATE, ENERGY AND INDUSTRY

POSITION PAPER – JUNE 2026

By Elisa Giannelli, Cláudia Fernández Cuñado, Michael Forte, Manon Dufour (E3G)

A MOMENT FOR RENEWAL

Preface by Nicolas Schmit

Recurrent, interconnected crises are testing our institutions, our solidarity and our confidence in the future. The conflicts in Ukraine and Iran, surging cost of living and energy prices, and the impacts of extreme weather all send a clear signal: our decisions about energy, industry and climate are not technical questions. They are political choices defining who controls the future and in whose interest it is shaped.

This moment in time gives progressives a clear mandate. The dysfunctions of our model – energy dependence, fragile supply chains, growth that concentrates wealth and destroys nature – have been exposed. Our citizens are asking for something better: affordable and reliable energy; decent and future-proof jobs; and communities resilient to shocks and protected from hazards.

The energy and climate transition provides the opportunity for a better future, if we lead it. Not just manage or defend it, but lead it. This means being honest about the disruption while demonstrating, concretely, that it is possible to handle it fairly. It means rebuilding public trust through better delivery, strong and capable institutions, and clear communication.

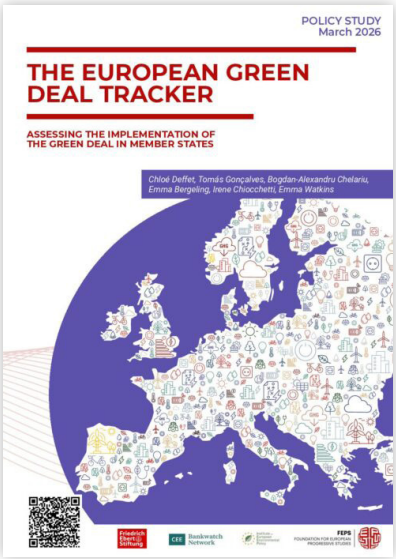
In upcoming elections, citizens across the European continent will be called to vote and will not only shape governments but the direction of our economies and societies for the critical decade ahead.

This occasion calls for a progressive renewal. While important foundations – from climate targets to regulatory frameworks – have been laid, ambition alone is not enough. A strong political will, supported by an innovative intellectual framework and an engaged social base, is needed. The progressive political family must put forward a coherent eco-social vision that weaves climate action, economic security and social protection into a single forward-looking project.

That is what this position paper is about. Drawing on years of analytical work and meaningful initiatives across Europe, it offers key insights into the political and economic dynamics of the transition and outlines practical pathways to reinvigorate leadership.

I recommend it to every progressive leader, at every level of government, in every country in Europe.

Nicolas Schmit
FEPS President


POLICY STUDY
March 2026

THE EUROPEAN GREEN DEAL TRACKER

ASSESSING THE IMPLEMENTATION OF THE GREEN DEAL IN MEMBER STATES

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Friedrich Ebert Stiftung · CEE Bankwatch Network · FEPS FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES


POLICY BRIEF
June 2025

FEPS
FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES

STRENGTHENING AND MAINSTREAMING JUST TRANSITION GOALS IN THE EU BUDGET

ABSTRACT

The EU's legally binding commitment to achieve **climate neutrality by 2050** demands a far-reaching **socioeconomic transformation**. While the green transition promises sustainable prosperity, it also carries profound and unequal social and economic consequences. To meet this challenge, a **just transition** ensuring fairness, inclusivity and social protection is indispensable. This policy brief argues that the EU budget, particularly the forthcoming Multiannual Financial Framework after 2027, must be **strategically leveraged to integrate just transition goals** across all policy domains.

The policy brief highlights the progress made through instruments such as the Just Transition Fund, the Recovery and Resilience Facility and the "galaxy" of funds derived from the Emissions Trading System (Innovation Fund, Modernisation Fund and Social Climate Fund). These tools have helped to identify and address the initial wave of **eco-social risks**, notably, in carbon-intensive regions and vulnerable communities. Yet, as the climate emergency becomes more acute, so too does the scale and complexity of risks in relation to health, work and income, housing, or mobility.

To future-proof the EU's just transition agenda, **five policy goals are emphasised in this brief**: (1) ensuring inclusive and participatory governance; (2) strengthening territorial resilience; (3) developing an eco-social security system; (4) preparing workers and communities for profound transformations; and (5) investing in knowledge and governance capacity.

The policy brief recommends a major consolidation and reinforcement of EU budgetary instruments through a complementary strategy of **dedicated instruments** and **budget mainstreaming**. It argues for the **consolidation of the JTF**, the generalisation of the **"Do No Significant Harm" principle and eco-social earmarking** to all EU funds, and the establishment of an EU Just Transition Network. It also calls for deeper investment in **local research** and **policy capacity** to address asymmetries across regions.

The upcoming EU budget will be implemented at a critical moment for the delivery of a collective project of environmental, economic and social transformation that will last for more than a generation. It needs to be fit **for purpose.**

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POLICY BRIEF
November 2025

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TOWARDS A GLOBAL PACT FOR THE FUTURE WITH A STRONGER SOCIAL PILLAR

REFLECTIONS ON A BOLDER ROLE OF THE EU AHEAD OF THE SECOND WORLD SUMMIT FOR SOCIAL DEVELOPMENT

ABSTRACT

The objective of this policy brief is to discuss the social state of play ahead of the Second World Summit for Social Development (Doha, 2025) and to make a series of progressive proposals for EU action, particularly with respect to its external relations. The quest for a new Social Contract has never been so strong around the world, and the state of international solidarity so much in question. The value proposition of the EU, drawing on its own European Pillar of Social Rights and "Social Model" should proactively sustain this quest for a renewed social contract worldwide. This policy brief highlights a number of proposals for a bolder EU leadership on the international scene to achieve a fairer and more socially inclusive world. These proposals include deepening and reforming EU action and its position on the global stage, through its multilateral diplomacy at the UN and international financial institutions; in selective fora such as the G20; as well as in its bilateral cooperation, including its neighbourhood policy, trade agreements and other instruments.

In a profoundly unequal world mired by increasingly competitive self-interest, declining official development assistance and solidarity, would a value-based Europe lead on the social justice front and international cooperation?

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