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ECCP MATCHMAKING EVENTS

INFO PACK

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EU-South Med #ECCPMatchmaking

EUROPEAN CLUSTER COLLABORATION PLATFORM | European Commission | ANIMA INVESTMENT NETWORK | Funded by the European Union | EUROMED CLUSTERS FORWARD | الاتحاد الصناعات المصرية FEDERATION OF EGYPTIAN INDUSTRIES | BIG 5 Construct Egypt | EGYPT INFRASTRUCTURE & WATER EXPO

Contents

I. Extract from the Input Paper on the cluster policy landscapes and collaboration opportunities in the European Union and South Mediterranean

Source: ECCP

1.1 Key insights from the ECCP Input paper on clusters policy landscapes in EU and South Med

This section provides key insights building on the Input Paper developed in 2025 on the occasion of the EU-South Med Matchmaking event under the European Cluster Collaboration Platform (ECCP) and shows later trends in the key sectors of interest of this international event. Both the Matchmaking Event and the Input Paper center on seven countries in the South Mediterranean region: **Morocco**, **Algeria**, **Tunisia**, **Egypt**, **Lebanon**, **Jordan** and **Palestine**[1], **which participate in the EU-South Med Matchmaking event**.[2] The focus sectors include green technologies & renewable energies, smart cities & digital technologies, sustainable constructions and communications.

Economic profile of the South Mediterranean region

As of 2022, the seven South Mediterranean countries collectively host a population of 240.6 million and generate a total GDP of €916.6 billion, with **Egypt standing out as the largest economy** (€452.8 billion), **followed by Algeria** (€214.3 billion) **and Morocco** (€124.4 billion); together, these three nations contribute 86% of the region's GDP. Over the past two decades, the region experienced robust economic expansion, with its GDP doubling between 2000 and 2022. However, economic performance varies across countries: Egypt led with an average annual growth rate of 4.4% from 2000–2022, followed by Jordan (4.1%) and Morocco (3.7%). In 2022, Egypt also had the highest GDP per capita (PPP) at €16,600, trailed by Algeria (€15,000) and Tunisia (€12,900).

[1] This analysis does not take the current conflict and the latest developments in Palestine into account.
[2] Organised in cooperation with the "Euromed Cluster Forward" initiative funded by DG MENA. For more details, see https://anima.coop/en/our-projects/euromed-clusters-forward/

EU27 economic ties with the South Mediterranean region

Morocco stands as the EU's most significant trading partner in the South Mediterranean region, with a trade volume of €60.8 billion, **followed by Algeria** (€54 billion), **Egypt** (€33.8 billion), **and Tunisia** (€32.1 billion); together, these four countries represent 94% of the region's total trade with the EU. The trade relationship is primarily structured around natural resources, manufactured goods, and agri-food products. Additionally, Morocco is the most actively targeted South Med market by EU cluster organizations, while Spain hosts the highest number of these organizations, followed by France and Italy.

South Med cluster landscape

Cluster organizations in the South Mediterranean region engage across a wide array of economic sectors, ranging **from raw materials to manufacturing and services**. Tunisia, Morocco, and Egypt lead with the most diverse cluster ecosystems, particularly in Agri-food, ICT, and Green Tech- sectors that align closely with the EU's strategic priorities on digital transformation and clean industry. Three distinct cluster profiles characterize the region: diversified ecosystems in Tunisia and Morocco; a combination of agrifood and high-tech sectors in Algeria, Egypt, and Lebanon; and ICT-focused landscapes in Jordan and Palestine.

Outlook: potential for future EU – South Med cluster collaboration

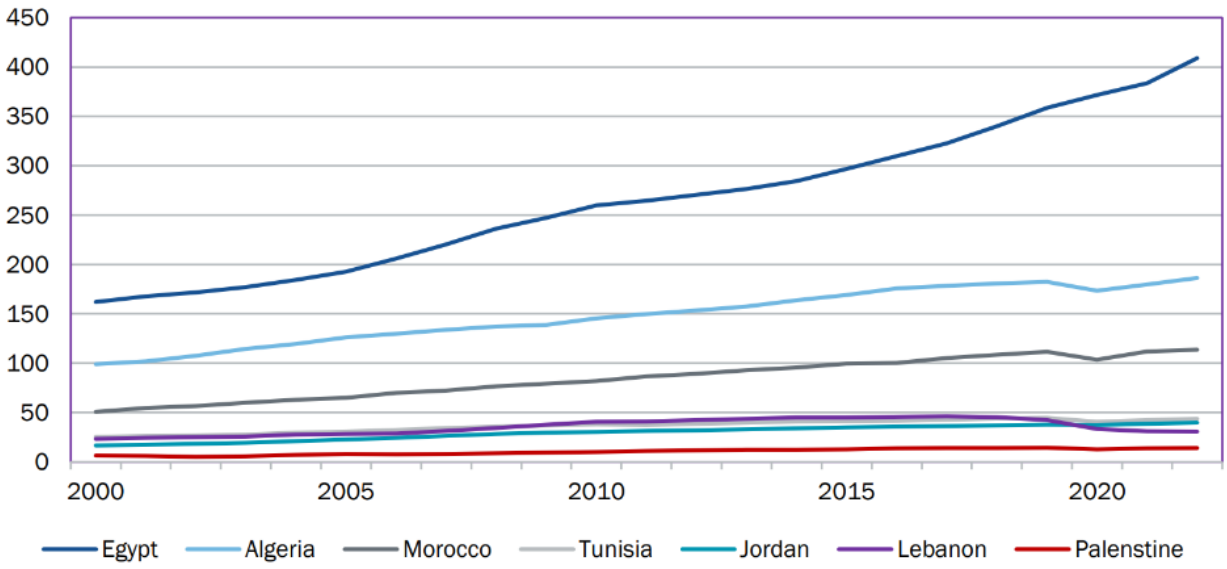
The South Mediterranean region presents significant opportunities for EU collaboration in areas such as green tech, smart cities, sustainable construction, and communications, underpinned by strong cluster activity in ICT and renewable energy**. Tunisia, Morocco, and Egypt stand out as strategic partners for future cluster cooperation due to their sectoral diversity, economic scale, and alignment with EU industrial priorities**, while smaller cluster landscapes offer targeted opportunities in niche sectors. This potential is reinforced by existing EU trade agreements, policy tools, and support services from the European Cluster Collaboration Platform (ECCP), which together create a robust foundation for deepening cluster ties and driving innovation partnerships.

1.2 South Med economic profile and strategic areas

The seven selected countries of the South Med region have a combined population of 240.6 million and a total GDP of €916.6 billion as of 2022. Of these seven countries, Egypt emerges as the largest economy €452.8 billion in 2022, followed by Algeria (€214.3 billion) and Morocco (€124.4 billion). Together, they make up for 86% of the region's total GDP.

The economic development of the economies in the South Mediterranean is very homogeneous: in terms of economic growth, Egypt registered the highest average growth from 2000 onwards with 4.4%, followed by Jordan and Morocco, respectively 4.1% and 3.7%.

Figure 1: GDP in constant 2015 billion EUR of the South Med countries (2000-2022)



Source: ECCP (2025), own calculation based on the World Bank. Note: USD has been converted to EUR based on ECB data.

According to the International Monetary Fund, the region is expected to experience a 3.8% GDP growth in 2025, up from 1.9% in 2024.[3] However, this growth occurs against a backdrop of high youth unemployment rates between 30-40%, with 55% of the population under 30 years of age, creating both demographic pressures and opportunities for economic transformation. The region's economic performance has been hampered by slow growth, high unemployment, and macroeconomic fragility, with badly needed economic and governance reforms progressing at a sluggish pace.[4]

The South Med region's economic landscape is characterized by **significant disparities between oil-exporting and non-oil-exporting countries**, with countries like Algeria historically maintaining significant current account and trade surpluses, while nations such as Egypt have been running large and persistent trade deficits for more than a decade. These economic imbalances reflect deeper structural issues within the regional economy, including limited economic diversification and heavy reliance on external markets. Moreover, the recovery from the COVID-19 crisis has been uneven across the region, with pathways for recovery remaining uncertain.[5]

[3] Chloe Domat, Sustained Growth in MENA Despite Turmoil, Global Finance Magazine (2025). Available at: Sustained Growth In MENA Despite Turmoil | Global Finance Magazine
[4] Marek Dabrowski, Economic policy challenges in Southern and Eastern Mediterranean, Bruegel (2018). Available at: Economic policy challenges in Southern and Eastern Mediterranean
[5] International Labour Organization, Trade, investment and employment in the Southern Mediterranean Countries (2022). Available at: METI_Summary_Thematic Report.pdf

II. EU trade with South Med: prospects for EU27 linkages, partnerships and agreements

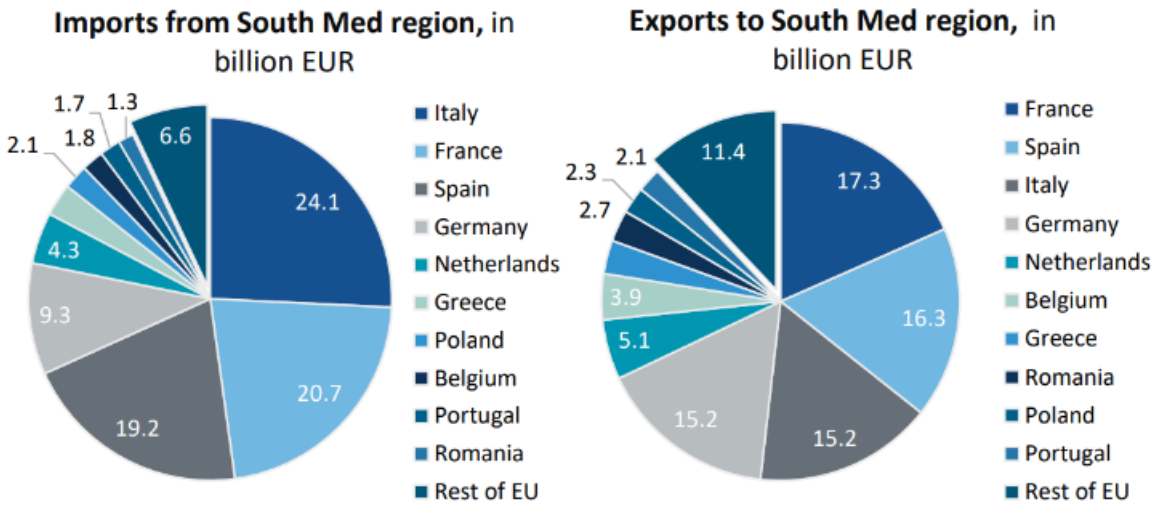
2.1 Overview of the trade structure of EU-South Med

The South Mediterranean region exhibits important vulnerabilities in its trade structure, including high volatility of exports for oil-dependent countries, which was dramatically demonstrated in 2020 by the substantial drop in oil prices and its impact on economies like Algeria. The region also suffers from a high concentration of export markets, particularly in Europe, especially for North African countries.[6] Despite the region's relatively open economy, there is surprisingly little intra-regional trade, with non-existent trade relationships between some countries in the region. This limited regional integration represents a significant missed opportunity for economic development and diversification. The investment and production dynamics within key sectors such as **textiles and apparel**, **pharmaceuticals**, and **electronics and automobile equipment** are experiencing shifts that favor more nearshoring and reshoring activities. This trend presents both challenges and opportunities for South Mediterranean countries, as they compete to attract manufacturing investment while potentially benefiting from companies seeking alternatives to distant production locations.

In recent decades, the South Mediterranean region has undertaken efforts to liberalize its economy and enhance its integration into the global market through the adoption of trade liberalization measures and free trade agreements. In this context, the total imports from the South Med region to the EU account for €91.6 billion, while the exports from the EU to the South Med region account for €96.1 billion. **The largest trade volume is found in the trade relations between the EU and Morocco**, **which amounts to €60.8 billion**. Algeria follows behind with a total trade volume with the EU amounting to around €54 billion. The total trade volume between the EU and Egypt amounts to around EUR 33.8 billion, while it is €26.8 billion for Tunisia.

[6] *Ibid.*

Figure 2: 10 most important EU27 trading partners from Southern Mediterranean, by imports to EU27 and export from the EU27 in 2023, values in billion EUR



Source: ECCP (2025). Own calculation based on UN Comtrade data. Data exported 15.05.2025

Figure 2 shows the ten most important EU trading partners of the seven selected South Med countries by imports and exports in 2023, as illustrated in the 2025 ECCP Input Paper on South Mediterranean. Italy, France and Spain represent more than 60% of all imports from the South Med region to the EU27, respectively EUR 24.1 billion, EUR 20.7 billion and EUR 19.2 billion. **Mineral fuels account for 44% from the South Mediterranean to the EU27**, stressing the importance of Energy Intensive Industries ecosystem for both economies. More specifically, **natural gas and crude petroleum** are the most important commodities the EU27 imports (36%) from the region. This is followed by **Machinery and transport equipment** (22%), specifically motor vehicles for the transport of persons, and other parts and accessories of the motor vehicles, demonstrating the relevance of the mobility-transport-automotive industrial ecosystems for the EU-South Med trade. **Manufactured goods** and **agri-food** follow respectively with 10% and 8%.

When it comes to exports from EU27 to the South Med, France, Spain and Italy are the most important trading partners for South Med, accounting for approximately 50% of EU exports to the region. Machinery and transport equipment, as well as manufactured goods account for 50%, followed by chemicals (13%). In terms of exported commodities, petroleum oil represents the 30%, showing the Energy

Intensive Industries ecosystem in South Mediterranean is equally important for EU exporters. Three of the most exported commodities from the EU27 are linked to the mobility-transport-automotive and health ecosystems – of the latter, specifically glycosides, antisera, vaccines et al.

2.2 EU-South Med key partnerships, agreements for trade and beyond

The European Union pursued a long-term vision to enhance integration, promote trade, and strengthen cooperation across the region, paving the way for a potential Euro-Mediterranean Free Trade Area. Despite this positive vision, persistent political tensions and the volatile geopolitical landscape trigger significant challenges to achieving seamless integration and collaboration.

In general, the EU maintains a network of trade agreements with the South Mediterranean region, structured primarily around **Association Agreements that establish free trade areas and progressively liberalize trade in goods and, to varying extents, services.** The Euro-Mediterranean Partnership, commonly known as the Barcelona Process, was initiated in 1995, has been a cornerstone in fostering economic integration and political cooperation between the European Union and the Southern and Eastern Mediterranean countries, part of the broader MENA region. This ambitious initiative seeks to create a seamless Euro-Mediterranean Free Trade Area, supported by a network of Association Agreements with several Southern Mediterranean nations, including Morocco, Tunisia, Egypt, Algeria, Jordan, Lebanon and Palestine.

Morocco

As illustrated in the previous section, the EU is Morocco's leading trade partner, its biggest foreign investor. Of the Southern Neighbouring countries, Morocco stands out as having the most advanced trade partnership with the EU, being as well one of the largest recipients of EU funds under the European Neighbourhood Policy. According to the European Commission[7], in 2024, 67.7% of Morocco's exports went to the EU and 54% of Morocco's imports came from the EU, with a total trade in goods between the two parties accounting for EUR 60.6 billion. In 2021, in the framework of the EU Trade Policy Review, the EU offered to discuss the modernisation of trade and investment relations with Morocco, in order to adapt them to current challenges. The cooperation between the EU and Morocco lays its foundation in 1996, when a Free Trade Area was established in the framework of the EU-Morocco Association Agreement, entered into force in 2000 and was amended in 2019 with an extension of tariff preferences to products originating in Western Sahara. Moreover, both parties signed an Agreement on additional liberalisation of trade in agricultural products, fish and fishery products that entered into force in October 2012. In the same year, EU and Morocco agreed upon a protocol that establishes a Dispute Settlement Mechanism. Last year, the European Commission published a Commission Staff Working Document, outlining the fact that the agreement was being implemented smoothly and creating economic benefits for Western Sahara and its population also in terms of employment and exports.

Algeria

The EU is Algeria's biggest trade partner and accounts for the majority of Algeria's international trade, namely around 48% in 2024.[8] On the contrary, Algeria is the 23rd biggest trade partner of the EU, representing 0.9% of EU's total trade in goods in 2024. In this year, the EU-Algeria total trade in goods amounted to EUR 46.6 billion. Signed in 2002 and entered into force in 2005, the EU-Algeria Association Agreement sets out a framework for relationships between the two parties in several areas, including trade, with the objective of reciprocally liberalizing trade in goods and establishing the EU-Algeria free trade area. In 2017, in the framework of the renewed European Neighborhood Policy, the EU and Algeria adopted new partnership priorities, setting up a renewed framework for political engagement and enhanced cooperation.

[7] EU Trade relations with Morocco – European Union. Available at: EU trade relations with Morocco
[8] EU-Trade relations with Algeria – European Union. Available at: EU trade relations with Algeria

Tunisia

Tunisia was the first partner in the EU's Southern Neighbourhood to sign and implement an Association Agreement with the EU in 1995, which entered into force in 1998. The Agreement established a free trade area for two-way trade in industrial products free of any trade tariffs. Only for agricultural and fisheries products, the two parties decided to progressively open their respective markets for selected products. In addition to the trade tariffs reduction, this Association Agreement includes provisions for common rules on competition and intellectual property, a general right to establish businesses and provide services in the other party's territory, allows current payments and movement of capital, and includes rules and disciplines for the use of non-tariff-based trade measures e.g., quotas, product standards. In 2015, negotiations for a Deep and Comprehensive Free Trade Area (DCFTA) were launched in Tunis, with the aim of creating new trade and investment opportunities and to improve the integration of Tunisia's economy into the EU Single Market.

Egypt

The Association Agreement between Egypt and the EU has been in force since 2004. In addition, the agreement on agricultural, processed agricultural and fisheries products entered into force in 2010, while in 2013 the two parties initiated discussions about a Deep and Comprehensive Free Trade Area (DCFT) whose negotiations are currently on hold. In 2024, the EU was Egypt's largest trading partner (22% of Egypt's total trade) and also the main destination for Egyptian exports (26.5% of the total).[9] Tools and frameworks such as the Association Agreement, the EU Global Gateway, the EU new Agenda for the Mediterranean and its Economic and Investment Plan, and the EU-Egypt Partnership Priorities played and play an important role to play a key role in harnessing the opportunities of a green transition, notably through flagship investments in renewable energy and sustainable resource management, while building on Egypt's implementation of ambitious climate policies and targets. Green tech and renewable energies will be one of the key thematic focuses of the EU-South Med Matchmaking Event in Cairo and will be further explored in the last chapter of this Info Pack.

Lebanon

[9] EU Trade Relations with Egypt – European Union. Available at: EU trade relations with Egypt

Lebanon started to negotiate its accession to the WTO in 1999 The EU and Lebanon signed an Association Agreement in June 2002 which entered into force in 2006, allowing Lebanese industrial and agricultural products benefit from free access to the EU market. In 2024, the EU accounted for 34% of Lebanon's total trade in goods and almost 40% of Lebanon's imports came from the EU, while 16.7% of Lebanon's exports went to the EU.[10] Yet, political and economic instability pose significant challenges to strengthening these ties.

Jordan

With its Association Agreement of 1997, Jordan has liberalised trade in industrial goods and established provisions for services and public procurement. Contrarily to the South Med countries listed above, the EU is for Jordan the third-largest trading partner, accounting for 12.4% of Jordan's trade in goods with the world in 2021. In 2016, the EU and Jordan agreed on the simplification of the rules of origin, which has been pivotal in boosting Jordanian exports to the EU, accompanied by active engagement in EU-funded trade facilitation programs. In 2021, in the framework of the new EU Trade Policy Review, the European Union announced a new initiative for sustainable investment to interested partners in the Southern Neighbourhood and Africa: enhancing private investment can represent a mutual benefit as it can contribute to job creation and growth for Jordan and open further investment opportunities for the EU.[11]

Palestine

The trade relationship between the European Union and Palestine is governed by an Interim Association Agreement concluded in 1997. This agreement grants duty-free access for Palestinian industrial goods to the EU market and provides for a phased removal of tariffs on EU exports to Palestine, facilitating bilateral trade. In addition, a further liberalization agreement covering agricultural products has been in force since 2012 and has been extended until 2031, enhancing market access for Palestinian agricultural exports. Despite these provisions, the volume of trade remains limited due to ongoing economic and movement restrictions in the region, as well as the ongoing serious political challenges, which constrain the full potential of the agreement. In this turbulent context, the EU continues to support

[10] EU Trade Relations with Egypt – European Union. Available at: EU trade relations with Lebanon
[11] EU Trade Relations with Jordan – European Union. Available at: EU trade relations with Jordan

Palestine through the European Neighborhood Policy and bilateral cooperation programs aimed at enhancing trade capacity and infrastructure.[12]

[12] EU Trade Relations with Palestine – European Union. Available at: EU trade relations with Palestine

III. South Med and the cluster landscape's overview

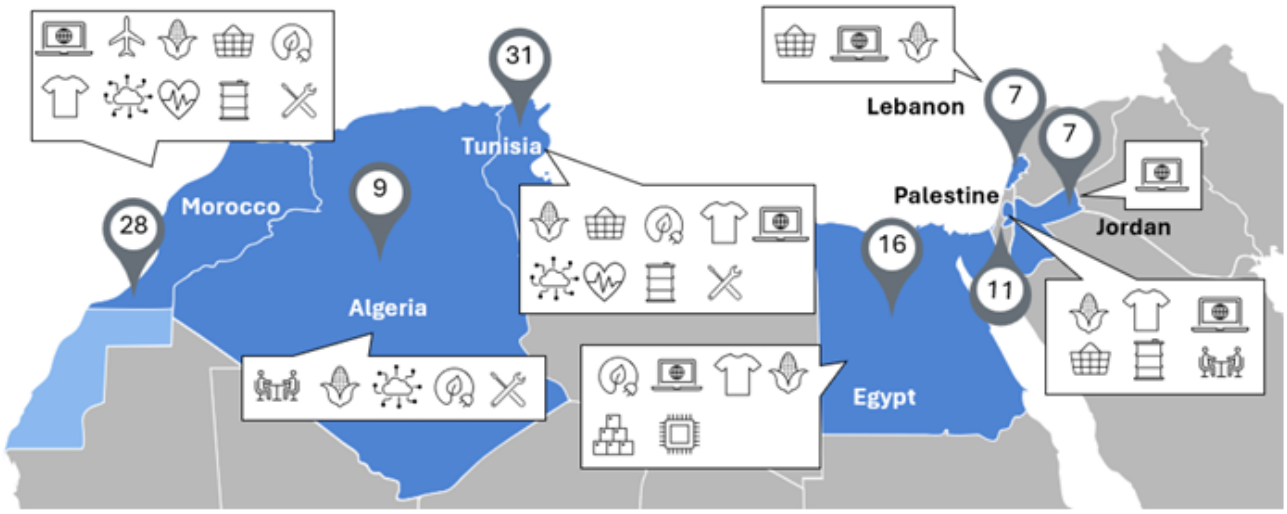
Source: ECCP

This chapter provides an overview of the cluster landscapes of the selected Southern Mediterranean countries, specifically the number and sectoral typology of clusters present in the region. Lastly, as certain South Med countries stand out as particularly relevant for the EU27 cluster organizations, a final section will be dedicated to EU27 clusters targeting South Med markets.

3.1 A glance at the South Med region cluster landscape

The South Med regions form a very diverse cluster landscape, with cluster organizations playing a role in relevant innovative sectors, from green tech to agri-food. In this context, **Tunisia stands out as the country with the highest number of cluster organisations in the Southern Mediterranean region**, counting 31, as shown in Figure 3 below. It is followed respectively by Morocco (28 cluster organizations), Egypt (16), Palestine (11), Lebanon and Jourdan (both counting 7 cluster organizations).

Figure 3: Number of cluster organizations in selected South Med countries



Source: ECCP (2025). Own elaboration based on data provided by ANIMA Investment Network

The main sectors addressed by the clusters in the region are spread among three main economic areas:

- **Agri-food**: it counts 16 cluster organisations involved in activities on the field. For this sector, Tunisia emerges as the country with most cluster active in agri-food, namely six, followed by Marocco that counts three clusters.

- **ICT**: it counts 15 cluster organizations developing activities under this umbrella, reflecting the importance of the ICT sector for the region and aligning with one of the areas of interest *smart cities and digital technologies* of the EU-South Med Matchmaking Event 2025. The main cluster organizations in this field are evenly distributed among Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia.

- **Energy & Green Tech**: this relevant sector counts 13 organizations, of which six are from Morocco. They strongly align with the MME event focus on green tech and renewable energy, showcasing the economic potential of the sector for the region.

Other crucial sectors include **creative and digital industries** (counting 11 cluster organizations) and **textile and fashion** (counting 9): here Tunisia owns respectively seven and three cluster organizations as part of those sectors. Together with Morocco, Tunisia also plays a key role in other sectors such as **mechanics, health, raw materials** and **aerospace**, being the two countries with the highest sector diversity when it comes to clusters. More specifically, Morocco is particularly focused on Energy/Green Tech, holding six clusters in the sector, as well as ICT and agri-food that remain important with three clusters participating in both. Differently, Tunisia places more importance on creative and digital industries; at the same time, the country concentrates its efforts in agri-food, mechanics and textile & fashion.

Regarding Palestine and Egypt, cluster organizations are active across six sectors each. In Palestine, the ICT sector stands out as the most prominent, while the rest of the cluster activity is more evenly spread across other sectors. In contrast, Egypt shows a stronger concentration in ICT, textile & fashion, and energy/green tech, which emerge as its key sectors. Algeria hosts clusters in five sectors, with creative and digital industries, energy/green tech, and agri-food being the most significant. Lebanon's clusters are present in three sectors, with agri-food taking the lead, followed by ICT and consumer goods. Jordan also demonstrates a clear emphasis on ICT, positioning itself as a key contributor to areas such as communications, smart cities, and digital technologies.

3.2 EU clusters targeting South Med and potential for future cluster collaboration between the EU and the Southern Mediterranean

The Southern Mediterranean region has gained increasing relevance in the activities of EU27 cluster organizations, reflecting the broader dynamics of Euro-Mediterranean economic relations. Several countries in the region stand out as priority markets, with varying levels of engagement depending on sectoral strengths and trade links with the European Union: **Morocco emerges as the leading partner**, **as the most frequently targeted country by EU cluster organizations**. This is consistent with its position as the EU's largest trading partner in the Southern Mediterranean and reflects long-standing and robust economic relations. Morocco also ranks among the top 15 non-EU target markets for cluster organizations, underscoring its strategic importance within the Euro-

Mediterranean framework. While Morocco leads, **Egypt, Tunisia and Algeria** also attract considerable interest from EU cluster organizations: their engagement is aligned with existing trade volumes and reflects **growing complementarities between the EU economy and sectors in these countries**.

In this framework, geographic patterns of EU cluster involvement matter, highlighting the strong role of specific EU Member States. For instance, **Spain shows the highest level of engagement**, with over 40 cluster organizations active in the region: a trend that can be attributed to Spain's geographical proximity and historical ties with North Africa. Recalling on what stated in the previous sections of this Info Pack, **France** and **Italy** emerge as the next most active countries. Other countries such as **Romania** and **Poland** are, on the contrary, less involved, with their participation mostly contributing to a more inclusive EU approach and helping the diversification of the partnership typologies established across the region.

The growing engagement of EU cluster organizations in the Southern Mediterranean highlights both the strategic relevance of the region and the diversity of economic opportunities it offers. With a strong focus on mobility, digital technologies, and emerging sectors such as renewable energy and creative industries, this cooperation reflects not only existing trade flows but also shared ambitions for sustainable and innovation-led development. The involvement of a broad range of EU Member States further supports the potential for deeper Euro-Mediterranean integration and reinforces the importance of coordinated efforts to foster mutual growth and resilience across the region.[13]

[13] ECCP, EU-South-Med Cluster Collaboration. Input paper on the cluster landscape and collaboration opportunities in the South Mediterranean region (2025).

IV. Zoom into the focus areas of the EU-South MED Matchmaking Event 2025

4.1 Green tech & renewable energy

While the MENA region is home to some of the world's biggest hydrocarbon producers, governments are recognizing the need to adapt to climate change. MENA renewable energy capacity is set to triple from 53 gigawatts (GW) in 2023 to 150 GW by 2030, with solar panels driving 85% of this growth, according to the 2024 renewables report from the International Energy Agency.

Major projects are underway in the region's largest economies: for instance, in Egypt, in the village of Benban in Aswan, the largest solar energy station in the world is built, where 90% of the energy produced from the High Dam is generated. This is within the framework of the strategy developed by the New and Renewable Energy Authority, which aimed to make 20% of the electricity produced in Egypt of clean energy by 2022.[14] In Morocco, the Noor-Ouarzazate Concentrated Solar Power Plant Project aims to increase the complex's capacity and electricity output, particularly during peak hours. It supports the development of Noor-Ouarzazate II and III through partnerships between the Moroccan Agency for Sustainable Energy (MASEN), which leads renewable energy projects in the country, and private investors. The core construction is financed by the Clean Technology Fund (CTF), a global climate finance fund, and the International Bank for Reconstruction and Development (IBRD), part of the World Bank Group. Infrastructure works are funded separately by other donors through Morocco's National Office for Electricity and Water (ONEE), the public utility responsible for electricity distribution. The project also includes a cost-sharing mechanism to help MASEN cover the gap between the cost of purchasing electricity from the solar plants and the lower price at which it sells the electricity to ONEE.[15]

[14] Presidency of the Arab Republic of Egypt. Available at: "Benban", the Largest Solar Power Plant in Aswan
[15] World Bank Group. Available at: Development Projects : Morocco: Noor Solar Power Project - P131256

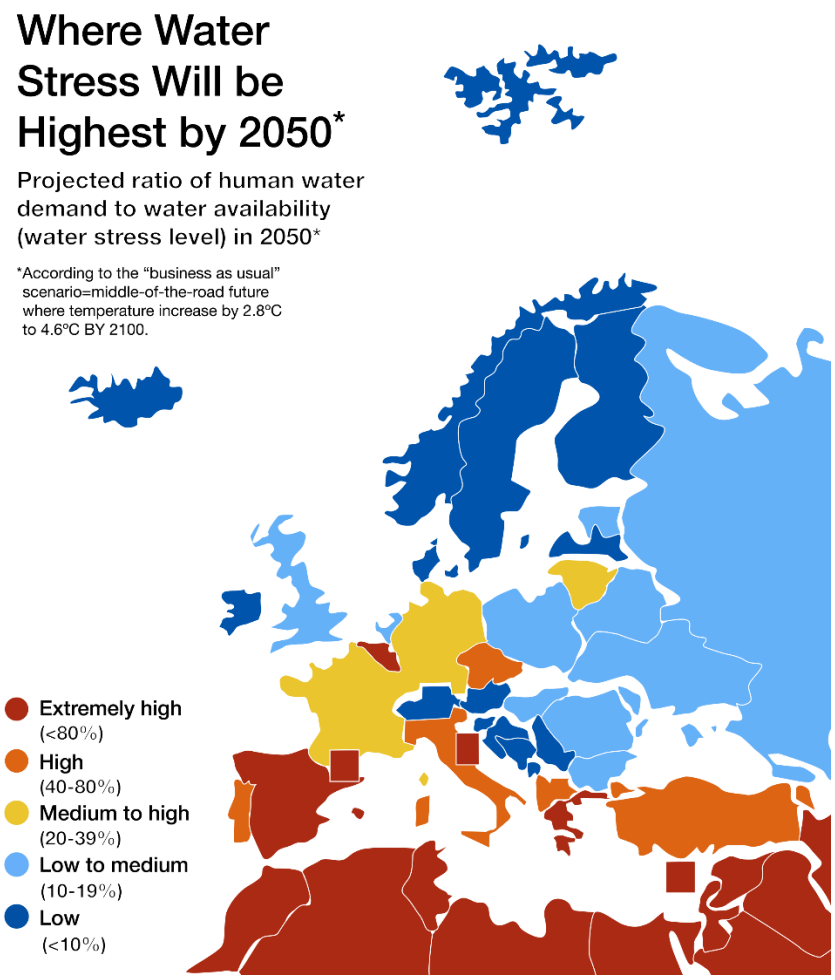
Focus on water and waste management

Water and energy are both interdependent and shape the socioeconomic and environmental landscape of a territory. Despite the potential of the South Mediterranean region to develop renewable energy sources – solar, wind and green hydrogen production – thanks to its beneficial geographical position, achieving independence from fossil fuels requires overcoming several challenges of technical, economic and political nature. In this context, acute environmental challenges should be also considered, such as **water scarcity and management**. In general, rapid population growth, urbanization, and climate change have intensified pressures on natural resources, compelling these countries to innovate in green technology and renewable energy, with a strong focus on sustainable water and waste solutions.[16]

Water scarcity is a defining issue across the region, with approximately 20 million people in the Mediterranean lacking access to drinking water.[17] **The interplay between water and energy is particularly pronounced when it comes to agriculture, industry, and residential sectors competing for limited water resources**, while clean energy production - especially green hydrogen and solar-powered desalination - offers both opportunities and new demands on water supplies.

[16] Toubal N., Making Mediterranean Water, Energy Security a Reality, REVOLVE (2024). Available at: Making Mediterranean Water, Energy Security a Reality
[17] *Ibid.*

Figure 4: Projected ratio of human water demand to water availability (water stress level) in 2050



Water scarcity map according to projections by the World Resources Institute. Image: Samia Singh / REVOLVE

Innovative circular approaches are gaining traction, emphasizing **water conservation**, **recycling**, and **efficient allocation within closed-loop systems**. Such strategies are vital for ensuring that renewable energy expansion does not exacerbate water stress but instead create synergies between water reuse and clean energy goals. For example**, solar-powered desalination projects in Morocco and integrated water-energy planning across the region are helping to build climate resilience and reduce reliance on fossil fuels**. In general, Morocco stands out with urban water management reforms that combine digital infrastructure, climate adaptation, and pilot projects promoting water savings and

recycling, particularly in cities like **Tangier** and **Marrakech**, while also prioritizing solar-powered desalination and wastewater reuse for green spaces.[18]

Egypt has launched the world's largest solar-powered desalination plant, directly linking clean energy to water security. Moreover, Egypt is making substantial strides to address water scarcity with a bold investment from the Egyptian Sovereign Wealth Fund. By 2025, Egypt aims to secure $2.5 billion in new financial partnerships to construct 17 solar-powered seawater desalination plants, ensuring a reliable supply of drinking water for its population.[19] **Both Egypt and Algeria showcase a progressive strategy by incorporating renewable energy into desalination efforts, with the goals of cutting costs, minimizing carbon emissions, and promoting sustainable water management**. In Algeria, initiatives such as wastewater recycling for agriculture and investments in waste-to-biogas projects that transform household organic waste into energy and fertilizer highlight the potential for integrated resource management. However, realizing these synergies requires comprehensive policy reforms and robust cross-border collaboration frameworks.

Tunisia is pursuing an integrated water management strategy that includes expanding desalination infrastructure, building **underground dams for groundwater recharge**, and **modernizing water distribution to reduce losses**. The country is also innovating in waste management: startups like MEPS (Methan Energy Production Solution) have developed mobile biodigesters that transform organic waste into biogas and natural fertilizer, supporting both energy production and sustainable agriculture.[20]

In **Lebanon**, water reuse plants supply treated wastewater for irrigation, engaging local communities and reducing pressure on aquifers. Jordan is integrating renewables into its water sector, aiming for 40% of water-related energy needs to be met by clean sources by 2040, and is implementing comprehensive governance frameworks to balance water, energy, and environmental goals. In **Palestine**, acute water scarcity has driven efforts to maximize efficiency through wastewater treatment and recycling, often with international support.[21]

Waste management is another area of rapid advancement and one of the key focus areas of the EU-South Med Matchmaking Event, as well as the Egypt

[18] Dorsch Impact. Available here: Support for Circular Urban Water Management: Dorsch Impact
[19] Smart Water Magazine (2021). Available at: Egypt looking for $2.5 bn in finance for 17 desalination plants
[20] Edjo M., Khouloud Ayachi Revolutionizes Waste Management in Tunisia with MEPS, We Are Tech Africa (2025). Available at: Khouloud Ayachi Revolutionizes Waste Management in Tunisia with MEPS - We are Tech
[21] Valls M., Setting the ground rules for water reuse in Lebanon, Nature Middle East (2022). Available at: Setting the ground rules for water reuse in Lebanon - Features - Nature Middle East

Infrastructure and Water Expo in Cairo. Algeria, for instance, is investing in **waste-to-biogas projects**, converting household waste into energy. Through partnerships with international organizations, such as the Korean Environmental Industry and Technology Institute, Algeria is developing **biogas recovery facilities at major landfill sites**. These initiatives aim to reduce methane emissions, produce renewable energy, and generate agricultural fertilizers, with a national goal to recover 30% of household waste by 2035.[22]

4.2 Smart cities & digital technologies

Smart city initiatives in the region are characterized by the integration of digital technologies and data-driven solutions to optimize energy use, mobility, waste management, and water services. These efforts are often supported by regional cooperation frameworks and international partnerships, such as those promoted by the Union for the Mediterranean (UfM), which fosters knowledge exchange and capacity building among local authorities and stakeholders. **The deployment of smart grids, intelligent transport systems, and real-time monitoring platforms is helping cities reduce resource consumption and emissions, while enhancing public services and citizen engagement**.

A key focus is the **adoption of circular economy models within urban systems**. Cities are implementing strategies to reduce, reuse, and recycle waste, drawing on best practices identified in regional repositories and projects such as WES and MED-InA. For example, several South Med municipalities are piloting zero waste policies, integrating community-centered activities to minimize landfill use and promote recycling, and leveraging digital tools for waste tracking and citizen participation. These approaches are particularly relevant in the Mediterranean context, where tourism, climate change, and limited land availability heighten the need for sustainable urban management.

[22] Africa Energy Portal, ALGERIA: Seoul to support waste-to-biogas project in Algiers (2023). Available here: ALGERIA: Seoul to support waste-to-biogas project in Algiers | Africa Energy Portal

4.3 Sustainable construction

Building on the momentum of smart city initiatives, sustainable construction is emerging as a complementary pillar in the region's urban transformation. As cities increasingly adopt digital technologies to optimize services and reduce environmental impacts, the construction sector is evolving in parallel to deliver infrastructure that aligns with these goals. Smart technologies - such as real-time monitoring systems, energy-efficient design tools, and digital twins - are being integrated into building processes to enhance energy performance, durability, and resource efficiency. In this context**, sustainable construction plays a critical role in supporting climate adaptation and resilience, particularly in response to climate-related pressures such as extreme heat, drought, and flooding**.

In **Egypt**, the government launched in 2016 the New Administrative Capital project, which integrates renewable energy systems, efficient building designs, and smart grid infrastructure to reduce environmental impact and increase adaptive capacity. The project underscores the objective of creating a sustainable and technologically advanced *smart city of tomorrow*. Alongside this, the Egyptian Green Building Council has developed the TARSHEED rating system to promote context-relevant green building standards. UN-Habitat has also supported local authorities in upgrading informal settlements with climate-adapted construction materials and techniques, particularly in flood-prone urban areas such as Alexandria.[23]

Morocco has emerged as a frontrunner in the promotion of sustainable construction through strategic policy alignment and flagship projects. The Zenata Eco-City near Casablanca exemplifies this progress: it integrates resilient urban planning, resource efficiency, and social inclusion by adopting climate-sensitive design, green mobility infrastructure, and circular economy principles. Part of a European Investment Bank initiative, foreseeing a EUR 150mln loan to help Morocco's uncontrolled urbanization, Zenata is projected to house 300,000 residents and create over 100,000 jobs while adhering to the United Nations Sustainable Development Goals (SDGs).

[23] UN-Habitat – Egypt. Available at: Urbanization in Egypt: Building inclusive & sustainable cities

Tunisia has made significant headway through initiatives on sustainable construction promoting **affordable and sustainable housing solutions using locally sourced materials and passive solar design**. These efforts aim to reduce the carbon footprint of buildings while improving thermal comfort for residents. **Algeria**, while still developing a comprehensive green building strategy, has seen academic and private-sector collaborations to explore bio-based construction materials and the retrofitting of public buildings for energy efficiency. In **Lebanon**, the challenges posed by economic crisis and infrastructure degradation have stimulated innovative community-driven approaches to sustainable construction. For example, post-crisis reconstruction in Beirut has increasingly included solar panels, green rooftops, and recycled construction waste, especially in projects supported by international donors. **Jordan** has made progress by enforcing updated national building codes that mandate energy efficiency and by launching solar-powered public infrastructure projects. Notably, the Green Building Council Jordan continues to build capacity through training and certification programs, fostering a professional culture of sustainability in the construction sector.

Palestine, despite enduring constraints related to occupation and limited access to materials, has innovated in areas such as low-impact housing and off-grid infrastructure. Pilot projects led by local universities and NGOs have demonstrated the viability of using compressed earth blocks and solar water heating to reduce dependency on external resources, offering scalable models for rural resilience.

Looking ahead, scalable solutions such as locally adapted green building codes, public-private partnerships, and regional climate funds could accelerate the transition towards resilient infrastructure, despite fragmented regulatory frameworks, and limited access to green financing**. Supporting skills development in eco-design, investing in research on climate-resilient materials, and enhancing community participation in construction planning are also essential**. As the South Mediterranean region continues to navigate complex environmental and socio-economic challenges, sustainable construction will remain central to building a more resilient and inclusive future.

4.4 Communications

Communication equipment & services, data communications and telecommunication services, digital transformation solutions, ICT services

Digital infrastructure and information and communication technology (ICT) services are increasingly recognised as critical enablers of adaptive capacity and inclusive growth. As of 2023, internet penetration in the region varies significantly: over 94% of the population in Jordan and 91% in Lebanon had internet access, compared to 71% in Egypt and 65% in Algeria. Mobile broadband subscriptions exceed 100 per 100 inhabitants in Morocco and Tunisia but remain under 85 per 100 in Palestine and parts of rural Algeria and Egypt.[24] **These disparities underline the need for targeted investment in communication equipment and services, data communications, and telecommunications to establish smarter governance systems, deliver responsive public services, and enhance regional connectivity**.

Morocco stands out for its commitment to digital transformation through policies such as *Digital Morocco 2020* and the ongoing *Morocco Digital 2025*. The country has achieved more than 93% 4G mobile coverage and is expanding fibre-optic networks to rural areas. Through significant investments by telecom operators like Maroc Telecom, Orange Maroc, and Inwi, Morocco is advancing toward 5G trials while also developing data centres to support cloud services and AI applications. These improvements are supporting digital public services in health, education, and administration.

Egypt's *Digital Egypt* initiative is part of its broader Vision 2030 agenda, aiming to transform the country into a regional digital hub. The government, via the Ministry of Communications and Information Technology (MCIT), has developed over 150 digital government services on unified platforms. Additionally, Egypt has expanded its international digital connectivity by investing in more than 10 submarine cable systems, making it a key transit point for global data traffic between continents. The creation of technology parks in underserved governorates has also contributed to job creation and digital inclusion.
In **Tunisia**, digital reforms under the *Digital Tunisia 2020* plan have led to expanded broadband infrastructure and greater use of e-government tools. The country boasts one of the most mature ICT sectors in North Africa, with a strong foundation

[24] World Bank, Mobile cellular subscriptions (per 100 people) data (2023). Available at: Mobile cellular subscriptions (per 100 people) | Data

in software development and IT outsourcing. More than 50% of public services are now digitised, and initiatives such as Smart Tunisia have supported more than 250 startups in fintech, health tech, and e-learning. However, connectivity gaps persist in remote and inland regions.

Algeria is in the process of digital catch-up, with the government launching its National Strategy for a Digital Algeria in 2023. The country has invested in expanding fibre-optic infrastructure, growing from around 100,000 km in 2018 to over 200,000 km by 2023. Mobile broadband usage is increasing, but digital services remain limited due to low e-governance uptake and limited public-private coordination. Nonetheless, pilot projects in the health and education sectors are underway, and national ID and e-payment systems are gradually gaining traction.

Lebanon's digital transformation has been hindered by political instability and a deepening economic crisis, yet progress is visible in select areas. The National Digital Transformation Strategy adopted in 2020 seeks to enhance transparency, digital public services, and citizen access to information.[25] Despite frequent electricity cuts, Lebanon has maintained high mobile broadband penetration (above 90%) and has introduced digital platforms for civil registration, social services, and remote learning, especially after the 2020 Beirut port explosion.

Jordan has demonstrated significant leadership through its REACH 2025 strategy, positioning the ICT sector as a key economic pillar contributing 12% of GDP. With nearly 100% mobile broadband penetration and the launch of 5G pilot programs, Jordan is fostering innovation ecosystems through startup incubators and digital skills training programs, supported by the Ministry of Digital Economy and Entrepreneurship. **E-government platforms such as Sanad have helped digitalise civil services, including ID renewal, healthcare appointments, and tax filing**.

Despite commendable efforts, the South Mediterranean's digital development faces persistent challenges, including high connectivity costs, limited cross-border interoperability, inadequate data protection legislation, and weak institutional capacity for managing large-scale digital projects. By integrating ICT solutions into resilience strategies, the region can improve public service delivery, enhance disaster preparedness, and support sustainable economic transformation.

[25] Republic of Lebanon, Office of the Minister of State for Administrative Reform, Lebanon Digital Transformation. National Strategy 2020-2030, (2022). Available at: Lebanon Digital Transformation: Strategies to Actions

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