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The Mediterranean Solar Plan through the Prism of External Governance

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Introduction

The European Union (EU) devotes significant effort and resources to coping with the energy-climate problem. Today, energy-related carbon dioxide emissions amount to nearly 80% of European greenhouse gas emissions.¹ This picture does not get any better if one considers that EU energy demand increases every year (although at a relatively slow pace) along with EU import dependency on fossil fuels. According to data of the European Commission, in 2005, 76% of the EU total primary energy demand was covered by fossil fuels – that is, climate unfriendly energy sources.² 68% of these fossil fuels was imported from non-EU countries.³ In a baseline scenario for 2020, nearly 78% of the EU total primary energy demand will be covered by fossil fuels, of which 84% will be imported from non-EU countries.⁴ In response to these concerns, the Union adopted an integrated energy and climate policy approach at the European Council in March 2007 and is presently implementing new EU-level policies to reach its ambitious objectives of reducing greenhouse gas emissions by 20% below 1990 levels, lessen energy consumption by 20% through increased energy efficiency, and raise the share of renewable energy in the EU's energy mix to 20% by 2020.

In this context, the EU launched the Mediterranean Solar Plan (MSP) as one of the priority projects of the Union for the Mediterranean (UfM) at the Paris Summit in July 2008. This project-oriented foreign policy initiative aims to cope with the energy-climate problem at interregional level and adds another “20-objective” to the ground. Its two-fold scope is to (a) develop 20 gigawatts of installed renewable energy capacity in the Mediterranean region by 2020, along with the necessary electricity transmission capacity and cross-border interconnections and (b) promote energy efficiency policies in this region. With respect to the renewable energy transition goal inherent in the MSP, top officials spelled out a clear message at the European Investment Bank's 8th FEMIP (Facility for Euro-Mediterranean Investment and Partnership) Conference and the Mediterranean Solar Plan Conference jointly held in Valencia in May 2010. There are three key barriers to the deployment of the MSP: regulatory, financial, and technical. Interestingly, the actor constellation involved in the MSP has mainly concentrated on assessing the level of maturity of the existing renewable energy projects in the different Mediterranean Partner Countries (MPCs), the economic viability of planned projects, and the main technical and financial obstacles concerning their implementation. While many experts and academics have warned about the importance of closing the regulatory gap between the EU and MPCs⁵ in order to leverage public/private finance and bring about a wide renewable energy transition

1. European Commission, *Energy 2020: A Strategy for Competitive, Sustainable and Secure Energy*, COM (2010) 639 final, Brussels, 2010, p. 1.

2. Own calculations based on data of the European Commission, *Second Strategic Energy Review: An EU Energy Security and Solidarity Action Plan*, COM (2008) 781 final, Brussels, 2008, p. 65.

3. Ibid.

4. Ibid.

5. Morocco, Algeria, Tunisia, Egypt, Israel, Palestinian Territories, Jordan, Lebanon, Syria and Turkey.

in the Middle East and North Africa,⁶ the question of how far the MSP can structurally address this challenge has been largely neglected in scholarly and policy debates.

Drawing on external governance theories, this paper investigates the emergence dynamics of the Mediterranean Solar Plan as an external mode of sectoral governance and its actual capacity to thoroughly manage the EU-MPCs regulatory gap-problem and boost a region-wide institutional and regulatory reform dynamic. As will be shown in this paper, there is a discrepancy between the internal-external mode of sectoral governance and the specific mode of interaction under which the Mediterranean Solar Plan is framed. While network forms of energy governance generally prevail in the EU and the Mediterranean region, market governance takes centre stage in the MSP. This paper will explain this discrepancy with an eye on the role of member states within EU policy-making processes. More specifically, member states are conceived of as strategic actors who conflict in institutions and seek to mould particular aspects of external governance according to their own interests. However, this is not without costs. This paper will illustrate that early choices of key member states (France and Germany) within the making of the UfM had remarkable implications in the resulting patterns of external governance under the MSP – facts that ultimately constrain the potential of the solar plan to reduce the aforementioned regulatory gap-problem. Market governance under the MSP at best unleashes a reform dynamic in which individual MPCs do undertake partial regulatory and institutional reforms in order to “lock in” scarce external funding and long-term power purchase agreements. However, these forms of competitive pressure are far from bringing about a wide renewable energy transition in the Mediterranean region.

This paper proceeds in three steps. It briefly introduces the theoretical base of the enquiry. It then explores the continuities and discontinuities between the internal mode of energy governance, the prevailing external mode of energy governance in the Mediterranean region and the specific mode of interaction under which the solar plan is framed. It finally scrutinises the reasons for this variation and unravels the ensuing structural limits of the Mediterranean Solar Plan in tackling the EU-MPCs regulatory gap-problem.

6. European Investment Bank, *FEMIP Study on the Financing of Renewable Energy Investment in the Southern and Eastern Mediterranean Region*, Luxembourg, 2010, p. 17, available at http://www.eib.org/attachments/country/study_msp_en.pdf [last accessed: 26th November 2010]; S. Erdle, *The DESERTEC Initiative: Powering the Development Perspectives of Southern Mediterranean Countries?*, “Discussion Paper”, No. 12, Bonn, Deutsche Institut für Entwicklungspolitik, 2010, p. 45; M. Lafitte et. al., *Rapport sur le Plan solaire méditerranéen*, Paris, 2009, pp. 12-13, available at <http://lesrapports.ladocumentationfrancaise.fr/BRP/094000284/0000.pdf> [last accessed: 12th January 2011]; M. Mason, “Clean Power from the Deserts? The Prospects for a Renewable Energy Transition for the Middle East and North Africa”, paper presented at the GCREEDER 2009, Amman, 31st March-2nd April 2009; J.M. Marin and G. Escribano, “The Mediterranean Solar Plan: Opportunities and Limits for Integration and Development”, in *IEMed Mediterranean Yearbook Med.2010*, Barcelona, IEMed, 2010, pp. 220-222, available at http://www.iemed.org/anuari/2010/aarticles/Marin_Escribano_Solar_en.pdf [last accessed: 12th January 2011]; Resources and Logistics, *Identification Mission for the Mediterranean Solar Plan*, Final Report, ENPI-FWC Beneficiaries Lot 4-N° 2008/168828, Brussels, 2010, p. 65; I. Werenfels and K. Westphal, *Solar Power from North Africa: Frameworks and Prospects*, “SWP Research Paper”, No. 3, Berlin, Stiftung Wissenschaft und Politik, 2010, p. 16; G. Escribano, “Convergence towards Differentiation: The Case of Mediterranean Energy Corridors”, *Mediterranean Politics*, Vol. 15, No. 2, pp. 211-229.

The Prism of External Governance

EU external governance is a flourishing research theme with deep roots in debates in international relations and comparative politics. The term “governance” implies a system of rules which exceeds the voluntarism of cooperation, and can be defined as being less than “government” but more than “cooperation”.⁷ When applied to EU external relations, studies of external governance reject the projection of the unitary state actor model on to the European Union and move to examine more structural processes of norm diffusion and policy transfer to third countries and international organisations.⁸ In so doing, external governance analysis has greatly contributed to a better understanding of EU external relations by capturing the sectorally fragmented, differentiated, expanding scope of EU rules, policies and institutions to third countries.

The bulk of this literature, which has mostly dealt with enlargement to Central and Eastern European countries and with neighbouring policies and regions, has investigated (a) the modes of external governance, i.e. the modes in which the EU interacts with and seeks to extend its rules, policies and institutions to third countries as well as (b) the effectiveness of external governance, i.e. the conditions under which EU efforts at expanding governance beyond EU borders prove to be effective at the levels of rule selection in international agreements and negotiations, rule adoption in third countries’ domestic legislation and rule application in the target countries.⁹ For the sake of clarity, this paper relates to the former pattern of research – thus investigating the modes of external governance, and primarily EU roots and the dynamics behind their emergence.

The underlying assumption of external governance theories is that interdependence problems between political units (here the EU and MPCs) generate demand for governance. This means that modes of external governance can be conceived of as structures through which political units manage this interdependence.¹⁰ More concretely, the modes of external governance can be described as institutional *forms of interaction* with third countries through which the EU seeks to expand its regulatory and organisational boundaries beyond EU borders. Shifts in the *regulatory boundary* pertain to the extension of EU rules and policies to third countries, while shifts in the *organisational boundary* related to the inclusion of third countries in EU policy-making structures.¹¹ Interestingly, the literature posits that modes of external governance are shaped by existing

7. S. Lavenex, “A Governance Perspective on the European Neighborhood Policy: Integration beyond Conditionality?”, *Journal of European Public Policy*, Vol. 15, No. 6, 2008, p. 940.

8. S. Lavenex and F. Schimmelfennig, “EU Rules beyond EU Borders: Theorizing External Governance in European Politics”, *Journal of European Public Policy*, Vol. 16, No. 6, 2009, p. 794.

9. S. Lavenex, “EU External Governance in ‘Wider Europe’”, *Journal of European Public Policy*, Vol. 11, No. 4, 2004, pp. 680-701; S. Lavenex, op. cit., 2008, pp. 938-955; S. Lavenex and F. Schimmelfennig, op. cit., pp. 791-812; S. Lavenex and A. Stulberg, “Connecting the Neighborhood: Energy and Environment”, in K. Weber, M.E. Smith and M. Baun (eds.), *Governing Europe’s New Neighborhood: Partners or Periphery?*, Manchester, Manchester University Press, 2007, pp. 134-155; S. Lavenex and N. Wichmann, “The External Governance of EU Internal Security”, *Journal of European Integration*, Vol. 31, No. 1, 2009, pp. 83-102; S. Lavenex, D. Lehmkuhl and N. Wichmann, “Die Nachbarschaftspolitiken der Europäischen Union: Zwischen Hegemonie und Erweiterter Governance”, in I. Tömmel (ed.), *Die Europäische Union: Governance und Policy-Making (PVS-Sonderheft 40)*, Wiesbaden, VS-Verlag, 2007, pp. 367-388; S. Lavenex, D. Lehmkuhl and N. Wichmann, “Modes of External Governance: A Cross-national and Cross-sectoral Comparison”, *Journal of European Public Policy*, Vol. 16, No. 6, 2009, pp. 813-833; F. Schimmelfennig and U. Sedelmeier, “Governance by Conditionality: EU Rule Transfer to the Candidate Countries of Central and Eastern Europe”, *Journal of European Public Policy*, Vol. 11, No. 4, 2004, pp. 661-679.

10. S. Lavenex, D. Lehmkuhl and N. Wichmann, op. cit., 2009, p. 814.

11. S. Lavenex and F. Schimmelfennig, op. cit., p. 796.

EU institutions.¹² By taking a structuralist and functionalist view, here the EU is seen as a conglomerate of sectoral policy regimes. Going even further, scholars have shown that sectoral modes of external governance generally reflect the corresponding sectoral modes of internal governance.¹³ There are three main reasons why the EU sticks to sectoral modes of internal governance: existing institutions provide a template for action in uncertain policy contexts, or enjoy high legitimacy or might appear as an efficient solution for specific policy problems.¹⁴

TABLE1: Modes of EU External Governance¹⁵

	Hierarchy	Network	Market
Actor constellation			
Direction	Vertical constellation	Horizontal constellation	Horizontal constellation
Type of main actors	EU institutions and third countries' governments	Transgovernmental and transnational networks	Transnational networks and governments
Legalisation			
Precision	Same precision as <i>acquis</i>	<i>Acquis</i> but with flexibility	Subject to negotiation
Obligation	Supranational law or legally binding obligations	International law or voluntary agreement	No legally binding obligation
Delegation	Judicial control	Political monitoring	No monitoring
Institutionalisation			
Centralisation	Tight	Loose	Decentralised
Density	High	Medium	Ad hoc
Exclusiveness	EU agenda	Common agenda	Common agenda
Mechanism of external governance			
	Harmonisation	Coordination	Competition

More importantly, the modes of external governance create opportunities and constraints on actors' forms of interaction and have implications on the mechanisms of regulatory/organisational boundary expansion.¹⁶ In other words, the modes of external governance constrain the boundaries of action and interaction. To depict the specific features of external governance modes, this paper uses four analytical dimensions developed in the literature: actor constellation, legalisation, institutionalisation and mechanisms of external governance.¹⁷ *Actor conste-*

12. *Ibid.*, p. 802.

13. S. Lavenex, D. Lehmkuhl and N. Wichmann, *op. cit.*, 2009.

14. *Supra*, footnote 12.

15. *Ibid.*

16. *Ibid.*

17. S. Lavenex, D. Lehmkuhl and N. Wichmann, *op. cit.*, 2007; S. Lavenex, D. Lehmkuhl and N. Wichmann, *op. cit.*, 2009, pp. 815-816; S. Lavenex and F. Schimmelfennig, *op. cit.*, pp. 796-800.

llation refers to the type of actors (EU institutions, governments, international organisations, transgovernmental networks, agencies, transnational networks and private actors) that are linked to external governance structures as well as the direction of interactions (vertical or horizontal). *Legalisation* refers to the way in which systems of rules are linked to external governance modes, and varies according to the three rule criteria: precision (i.e. the degree to which rules attain the conduct of actors), obligation (i.e. the degree to which actors are bound by a rule or a set of rules) and delegation (i.e. the delegation of the authority to implement, interpret and apply rules to third countries).¹⁸ *Institutionalisation* refers to the organisational settings that are linked to external governance modes, and varies according to the centralisation of institutions, the density of interactions, and the exclusiveness of the agenda. *Mechanisms of external governance* pertain to the ways in which the EU seeks to extend its regulatory and organisational boundaries to third countries, and varies from harmonisation, through coordination to competition. External governance structures that emerge between the EU and third countries may vary in these four dimensions. Ideal types depict these differences and range from more legalised, asymmetrical interactions with little room for “the ruled” to negotiate (hierarchy), through more horizontal process-oriented modes of interaction (networks) to very loose, informal and decentralised interactions between political units in which systems of rules have low centralities (markets). Table 1 summarises the specific features of these ideal types and devises the guidelines for investigating the MSP as a mode of external governance.

18. S. Lavenex, D. Lehmkuhl and N. Wichmann, op. cit., 2009, p. 815.

**Through the Prism: the Mediterranean Solar Plan
as a Market Mode of External Governance**

To disentangle the emergence dynamics, potential and limits of the Mediterranean Solar Plan as a mode of external governance, this section traces the continuities and discontinuities between the internal mode of energy governance, the prevailing external mode of energy governance in the Mediterranean region and the specific mode of interaction under which the MSP is framed. The empirical analysis refers to the period between 1995 and 2010 and is based on data from several sources, including official documents, technical reports, media articles, literature as well as semi-structured elite interviews¹⁹ conducted in Belgium, Turkey, Morocco and Spain in 2009 and 2010. Empirical observations are evaluated through the theoretical prism of external governance.

Internal Modes of Energy Governance

Energy is a policy field in which the lack of a permissive consensus and related divergent interests among member states traditionally precluded the transfer of legislative power to the supranational organs. Re-emerged at EU level as a global problem requiring supranational coordination in the late eighties, network forms of interaction arose in the mid-nineties and progressively led to the creation of an enduring EU body of energy legislation between 1996 and 2010.

Network governance of energy, however, is not void of hierarchical traits at EU level. In this respect, the European Commission casts a triple shadow of hierarchy over energy governance: the use of the right of legislative initiative and, in the case of deadlock, the threat of further legislation and of EU competition law.²⁰ Given the silence of the treaties as well as the opposition of member states to any major developments in this field, the Commission forged a specific *modus operandi* in order to lock energy issues in overlapping policy areas falling under its legislative competence.²¹ This made the inclusion of the energy sector into the Single Market agenda a reality. Similarly, the Commission reframed energy issues under environmental and external relations policies. Exploiting its formal and informal powers, for a decade and a half the Commission played a pivotal role in the creation of the so-called energy related *acquis*. A clear example of this is the second legislative package on the liberalisation of the gas and electricity markets adopted in June 2003, whose core pillar was the Commission's unbundling model. In a nutshell, the Commission argued that the main obstacle for the realisation of real competitive internal electricity and gas markets was the persistence of the old system of national champions in the member states. "Unbundling" the market, i.e. separating the transmission networks from the production and supply activities, was set as the policy solution to overcome this obstacle.

For good or for bad, the role of member states (and primarily France and Germany) is also very determinant in the formation of EU energy governance and confirms that governance and go-

19. Interviewees were guaranteed full anonymity.

20. B. Eberlein, "The Making of the European Energy Market: The Interplay of Governance and Government", *Journal of Public Policy*, Vol. 28, No. 1, 2008, pp. 73-92.

21. J. Matláy, *Energy Policy in the European Union*, New York, St. Martin's Press, 1997.

vernment play complementary roles in the policy process.²² In this respect, more recent developments deserve specific attention. In response to increasing energy insecurity and climate change concerns, the 2006 Commission's Green Paper set out a three-fold strategy to build up an energy policy for Europe which identified three main objectives for both internal and external activities: energy sustainability, competitiveness and security.²³ Under the German Presidency (January-July 2007), the Union adopted an integrated energy and climate change policy approach at the European Council in March 2007. In this, the German government made use of all its resources and seized the opportunity of the presidency to act as a broker. Even after that, it closely followed and sought to influence the negotiations on the Climate Action and Renewable Energy legislative package (CARE) – later approved in April 2009 – which were aimed at establishing new EU-level policies to reach the 2020 targets.

In a similar vein, France and Germany markedly influenced the final outcome of the negotiations on the third legislative package on the liberalisation of the gas and electricity markets approved in March 2009.²⁴ Given the serious shortcomings in the electricity and gas sectors revealed by a Commission enquiry,²⁵ corrective action was started in September 2007. In the new draft legislative package issued by the Commission, an alternative softer unbundling option was included: Independent System Operator (ISO), i.e. a system that allows companies involved in production and supply activities to retain their network assets while giving up their management, as well as commercial and investment decisions to an ISO. Given the persistent opposition of France and Germany over this draft, the final policy output resulted in the setting up of a downgraded unbundling system. A third additional option was set up: Independent Transmission Operator (ITO), i.e. a system that allows old state monopolies to opt for retaining ownership of their gas and electricity network assets, keeping control over commercial and investment decisions while giving up management to an ITO and being subject to external supervision.

At the end of the day, the competences of the Commission are still limited, intra-EU energy integration is slowly progressing and the EU does not speak with one voice in its external energy relations. Nevertheless, an EC energy regulatory framework already exists, thus providing the templates for the externalisation of sectoral governance to third countries. But, who exactly is interested in its externalisation and what are the implications of this for external governance?

Only recently, the entry in force of the Lisbon Treaty established a legal basis for a shared competence between the Union and its member states on energy. Energy is to become a more communitarised domain, and the introduction of decision making by a qualified majority is having and will have a remarkable weight.

22. B. Eberlein, op. cit.

23. European Commission, *Green Paper: A European Strategy for Sustainable, Competitive and Secure Energy*, COM (2006) 105, Brussels, 2006.

24. B. Eberlein, op. cit.; Euractiv, "Liberalising EU Energy Sector", 7th July 2009, available at

<http://www.euractiv.com/en/energy/liberalising-eu-energy-sector/article-145320> [last accessed: 12th January 2011].

25. London Economics and Global Energy Decisions, *Structure and Performance of Six European Wholesale Electricity Markets in 2003, 2004 and 2005*, Executive Summary presented to the Commission, Brussels, 26th February 2007, available at http://ec.europa.eu/competition/sectors/energy/inquiry/electricity_final_execsum.pdf [last accessed: 12th January 2011].

External Modes of Energy Governance in the Mediterranean Region

In line with the institutionalist argument developed in the literature, this sub-section illustrates that internal network governance of energy generally shaped the external mode of energy governance in the Mediterranean region and sheds some light on the role of the Commission in this respect.

Until the late nineties and early years of the new century, i.e. when EU energy rules were at best in a nascent phase, the Commission did not go beyond mere attempts at exporting its energy principles to MPCs, mainly through the Energy Charter Treaty²⁶ and the Euro-Mediterranean Energy Partnership.²⁷ But, the more the EU developed its energy rules the more the Commission made use of them as templates for external energy action towards EU peripheries.²⁸ With the advent of the enlargement rounds and the European Neighbourhood Policy (ENP) and particularly after the adoption of the second legislative package on the liberalisation of the gas and electricity markets in 2003, external energy “cooperation” upgraded to truly external “governance”. While enlargement represents a typical case of hierarchical external governance by conditionality,²⁹ attempts at norm-expansion in the neighbourhood mainly take the shape of functional cooperation.

At bilateral level, process-oriented forms of interaction are generally in place across the Mediterranean neighbourhood as they are mainly based on soft-law ENP action plans under the Commission’s political monitoring.³⁰ From the neighbours’ point of view, great importance is attached to keeping sectoral cooperation on an equal footing.³¹ In three specific cases (Morocco, Jordan and Turkey),³² energy network governance structures are in the process of being further developed. After earning an ENP advanced status, Morocco signed a joint political declaration with the Commission on the priorities for energy cooperation in July 2007. In a similar vein, Jordan signed a joint political declaration in October of the same year. Morocco was even included in EU level energy structures such as Intelligent Energy Europe³³ through which the Union seeks to promote institutional and regulatory change and pursues more horizontal, flexible and subtle forms of partial sectoral integration below the threshold of membership. Although Turkey is involved in the accession process, in late 2008 bilateral energy cooperation with the EU switched from hierarchical to more horizontal modes of interaction in order to overcome the politicisation of negotiations on the energy accession chapter opening,³⁴ the political impasse on

26. Apart from Turkey, which is a full member, Morocco, Algeria, Tunisia, Egypt and the Palestinian National Authority are simply observers. For reviews, see A. Konoplyanik and T. Wälde, “Energy Charter Treaty and its Role in International Energy”, *Journal of Energy and Natural Resources Law*, Vol. 24, No. 4, 2006, pp. 523-558.

27. Launched in the framework of the Barcelona Process, the Euro-Mediterranean Energy Partnership was created in 1997. There were two main institutional structures: the Ministerial Conferences and the Energy Forum at the level of general directors. Cooperation was organised on the basis of three Action Plans (1998-2002; 2003-2007; 2008-2013). The resulting institutionalisation was low, with decentralised and ad hoc organisational structures. The character of cooperation was purely political and results were uneven.

28. Interviews, EU 31-36.

29. F. Schimmelfennig and U. Sedelmeier, op. cit.

30. European Commission, *Communication from the Commission to the European Parliament and the Council on the Development of Energy Policy for the Enlarged European Union, its Neighbours and Partner Countries*, COM (2003) 262 final/2, Brussels, 2003.

31. Interviews, Morocco 12-30. Interviews, EU 33, 45.

32. Turkey is included in the study of external governance of energy in the Mediterranean region. Although mainly involved in the accession process, Turkey is part of the Euro-Mediterranean Partnership and its energy-related sectoral programmes; Turkey also participates in the Union for the Mediterranean and the Mediterranean Solar Plan.

33. European Commission and the Kingdom of Morocco, *Joint Declaration on Priorities for Energy Cooperation between the European Union and Morocco*, Brussels, 2007, p. 3.

34. Interview, Turkey 4; Interview, EU 37.

Turkey-Cyprus off-shore oil exploration and the lack of an EU strong competence in the energy security sub-field.³⁵ While the politicisation of negotiations still hinders the energy chapter opening, there is evidence that process-oriented network governance can have positive effects: horizontal bilateral coordination between the Commission and Turkey on Nabucco has positively contributed to building a “sense of trust” between high-level officials.³⁶ As a result of this,³⁷ in September 2009 the Commission started negotiations with Turkey upon accession to the Energy Community Treaty,³⁸ which will be of particular importance in further advancing regulatory alignment with EU energy rules.³⁹

Algeria constitutes a highly relevant exception to the continuity between internal and external network-like modes of sectoral governance. The Commission has been trying to use network means of bilateral energy cooperation under the framework of the ENP. However, Algeria has so far been reluctant to fully engage in the ENP scheme and has not yet agreed an Action Plan.⁴⁰ In 2007, the Commission started working with Algeria on a joint political declaration in the field of energy cooperation which ultimately failed. Because of its leverage as the key North African gas exporter to Europe, its related high bargaining power vis-à-vis the Union as well as its willingness to achieve a more beneficial treatment by the EU on energy, Algeria has finally pursued a different pattern of interaction – which is denominated as a strategic energy partnership. In a partly different manner, Egypt positions itself towards a mid-way approach which focuses on deepening bilateral energy dialogue while being involved in more horizontal programmes and process-oriented modes of interaction with the EU. Again, the Egyptian interests in becoming a key gas provider through the Arab gas pipeline explain this mid-way solution. These two cases show that the institutionalist hypothesis alone does not account for these developments, and power considerations take centre stage in EU relations with hydrocarbon-rich countries. This is the key reason why the Commission and big energy producers finally engage in more bilateral forms of market governance with a loose and blurred focus on EU rules. At the end of the day, efforts by the Commission at deploying network forms of interaction with all of its partners and their varying results reveal that avenues for horizontal cooperation end when EU rules oppose the geopolitics of energy.

ENP-based network governance structures do not only emerge at bilateral level but also consolidate at regional and sub-regional level. Here, functional cooperation takes the shape of information networks, i.e. networks that serve to spread policy-relevant knowledge, best practices and ideas among the members.⁴¹ In September 2006, the Euro-Mediterranean Energy Forum held in Brussels at the level of general directors re-launched the Euro-Mediterranean Energy Partnership. The Euro-Mediterranean Ministerial Conference of Limassol of December 2007 was indeed a turning point for energy cooperation at regional level. A set of regional and sub-regional EC programmes have been reinforced and re-framed under the European Neighbourhood and Partnership Instrument (ENPI) since 2007: the Euro-Arab Mashreq Gas Market (EAMGM I and II), Electricity Market Integration (IMMELECT), Me-

35. L. Carafa, “Domestically-driven, Differentiated EU Rule Adoption: The Case of Energy Sector Reform in Turkey”, in F. Morata and I. Solorio (eds.), *European Energy Policy: An Environmental Approach*, London, Edward Elgar, forthcoming 2012.

36. Interview, Turkey 7.

37. Ibid.

38. For further details on the Energy Community Treaty, see the final part of this sub-section.

39. European Commission, *Turkey 2009 Progress Report*, SEC (2009) 1334, Brussels, 2009, p. 59.

40. H. Darbouche, “Decoding Algeria’s ENP Policy: Differentiation by Other Means”, *Mediterranean Politics*, Vol. 13, No. 3, 2008, pp. 371-389

41. S. Lavenex, op. cit., 2008, p. 943.

diterranean Energy Market Integration Programme (MED-EMIP), Energy Efficiency in Construction (MED-ENEC I and II) and Mediterranean Regulators (MED-REG I and II). Given its position between the Mediterranean and Caspian Sea, Turkey is also part of the Baku Initiative and Inogate sub-regional programmes. The overall amount allocated to the Mediterranean region in the period 2007-2010 was €342 million, of which about €33 million was earmarked only for energy information networks, thus representing about 10% of the total.⁴² Interestingly, transgovernmental forms of technical assistance that were initially devised to facilitate legislative approximation, regulatory convergence and institution-building in the accession countries, i.e. Twinning, TAIEX (Technical Assistance and Information Exchanges) and SIGMA (Support for Improvement in Governance and Management),⁴³ were extended to the eastern and southern neighbourhood with the advent of the ENP. However, specific activities in the energy sector still remain limited – accounting for 4% of TAIEX activities between 2006-2010, and 4.4% of Twinning projects between 2004-2010 with an average of 1.5 projects per year – and were mostly directed to the eastern neighbourhood (particularly to Ukraine).⁴⁴

To this end, the completion of the single energy market (both as a regulatory, institutional and physically interconnected space) is still ongoing, and the energy acquis is a moving output within an evolving policy-making process with prospects for further communitarisation after the entry in force of the Lisbon Treaty. However, the specific role played by the Commission generally assured the continuation of internal modes of energy governance in external governance. Aware of the reasons for the success of the enlargement machinery, i.e. the *acquis communautaire* as a key instrument of external influence,⁴⁵ the Commission used external relations policies to externalise energy rules as well as policy-making structures and consequently gained a role as an interlocutor with third countries and private companies which goes well beyond its formal institutional role in the energy field. Yet another clear example of the Commission's activism was the establishment of the South-East Europe Energy Community Treaty in October 2005, which constitutes a hierarchical form of interaction based on treaty commitment to EU energy acquis and equipped with a set of organisational structures (Ministerial Council, Permanent High Level Group, Regulatory Board) as well as a Vienna-based Secretariat ensuring the day-to-day activities.⁴⁶

Yet, it remains an open question as to what patterns of external governance the Mediterranean Solar Plan follows and to what extent it structurally addresses the EU-MPC regulatory gap-problem.

Zooming In on Global Renewable Energy Finance

On 13th July 2008, a commitment to develop a Mediterranean Solar Plan under the framework of the Union for the Mediterranean was formalised in the Paris Declaration. As a political initiative, the solar

42. European Commission, *Euro-Mediterranean Partnership Regional Co-operation: An Overview of Programmes and Projects*, 2008, available at http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/documents/infonotes_enpisouth_regional_cooperation_en.pdf [last accessed: 1st March 2010].

43. SIGMA is a joint initiative of the EU and the OECD, but principally financed by the EU.

44. Interviews, EU 32, 35. European Commission, *Activity Report: Twinning TAIEX and SIGMA within the ENPI*, 2009, available at http://ec.europa.eu/europeaid/where/neighbourhood/overview/documents/activity_report_2009_en.pdf [last accessed: 1st March 2010].

45. A. Magen, "Transformative Engagement through Law: The *Acquis Communautaire* as an Instrument of EU External Influence," *European Journal of Law Reform*, Vol. 9, No. 3, 2007, pp. 361-392.

46. For reviews, see S. Renner, *The Energy Community of Southeast Europe: A Neo-functionalist Project of Regional Integration*, "European Integration online Papers", No. 13, 2009, available at http://eiop.or.at/eiop/index.php/eiop/article/view/2009_001a [last accessed: 1st March 2011].

plan started taking its first organisational steps in 2010. The MSP principally aims to develop 20 gigawatts of installed renewable energy capacity by 2020 along with the necessary transmission systems and cross-border interconnections. For the most part, this capacity is to be based on solar and wind.⁴⁷ Estimated total costs are about €85 billion (equal to nearly \$122 billion).⁴⁸ To better understand these figures, it is worth exploring the world renewable energy finance landscape.

When it comes to renewable energy, one may first ask three basic questions. The first is *to what type* of clean technologies we are devoting great effort and resources nowadays. Global renewable energy finance is mainly directed (in this order) to wind and solar, topping the list, followed by biomass, biofuels, energy smart technologies, small hydro and geothermal.^{49 50} This may seem like great news for the Mediterranean Solar Plan. Even more, the Middle East and North Africa (MENA) is by far the region with the largest potential for solar in the world – as shown in Map 1. Similarly, this region has a great potential for on-shore/off-shore wind, mainly in Morocco, Egypt, Jordan and Turkey.⁵¹

Map 1: Global Solar Direct Irradiance



Source: World Bank.⁵²

47. More exactly, this capacity will build on mostly Concentrating Solar Power systems (CSP), Photovoltaic facilities (PV) and on-shore or off-shore wind facilities.

48. S. Erdle, *op. cit.*, p. 16.

49. United Nations Environment Programme, *Global Trends in Sustainable Energy Investment 2010: Analysis of the Trends and Issues in the Financing of Renewable Energy and Energy Efficiency*, Paris, UNEP-Division of Technology, Industry and Economics, 2010, p. 17.

50. The reasons behind this trend are the advancement of technology at a given time, the commercial profitability of a specific clean technology over the others, and the profitability of a specific clean technology type for electricity generation vis-à-vis fossil fuel electricity generation.

51. For more details on this, see European Investment Bank, *op. cit.*

52. J. Walters, *MENA Concentrated Solar Power Scale-up Initiative*, presented at the Mediterranean Solar Plan Conference, Valencia, 11th-12th May, 2010, p. 2.

The second important question is *where* the global clean finance is mainly directed. Unfortunately, the answer tells us a different story. Renewable energy investment towards the Middle East and the whole of Africa increased from \$0.2 billion in 2004 to \$2.5 billion in 2009.⁵³ More exactly, the largest part of 2009 investment within the whole macro-region went to Egypt with \$490 million for a 200 megawatt wind project in the Gulf of El Zayt, jointly funded by the European Investment Bank and German Development Bank KfW.⁵⁴ Despite its vast untapped potential, the Middle East and the whole of Africa still accounted for less than 1% of the global total renewable energy investment in 2009.⁵⁵

Figure 1: Global Renewable Energy Investment by Region in 2009 (\$ billion)



Source: United Nations Environment Programme.⁵⁶

The third question is *why* the Middle East and Africa score so low. The answer is two-fold. On the one hand, it is important to highlight that renewable electric power is commonly produced and dispatched locally. Among other technical reasons, this is mainly because the further electric power is transported the greater the transmission losses. Here, technology has recently made a remarkable advancement. With the advent of High Voltage Direct Current (HVDC) cables, electric power transmission over long distances is now possible with comparatively low distribution losses.⁵⁷ Coupled with other clean technology innovations, this opens up new possibilities for renewable energy cooperation in the Mediterranean region. On the other hand, the key answer to the above question is that what international power investors look for when investing in a development country is, first of all, the soundness of the legal framework.⁵⁸ The

53. United Nations Environment Programme, op. cit., p. 21. For the sake of clarity, UNEP data refer to the Middle East plus Africa as a macro-region (hence going beyond the Middle East and North Africa).

54. Ibid., p. 51.

55. Ibid. For the sake of clarity, this data refers to 2009 – i.e. they do not yet take into account the changes in figures that may incur because of the MSP and industrial initiatives such as Dii and Transgreen.

56. Ibid. p. 19.

57. DESERTEC Foundation, *White Book – Clean Power from Deserts: The DESERTEC Concept for Energy, Water and Climate Security*, 2008, available at http://www.DESERTEC.org/fileadmin/downloads/DESERTEC-WhiteBook_en_small.pdf [last accessed: 12th January 2011].

58. For reviews, see R. Lamech and K. Saeed, *What International Investors Look For When Investing in Developing Countries: Results from a Survey of International Investors in the Power Sector*, "Energy and Mining Sector Board Discussion Paper Series", No. 6, World Bank, 2003.

more uncertain outdated sectoral rules are, the more risky the investment via both private and public financing. A major survey conducted by the World Bank shows that international power investors consider this factor even as a “deal breaker.”⁵⁹

In this context, it is clear that the deployment of the Mediterranean Solar Plan is therefore in need of massive investments in MPCs. Hence, closing the regulatory gap-problem between the EU and MPCs means creating the right framework conditions for leveraging finance towards the Mediterranean region and achieving a broad renewable energy transition. This brings us to the question of how far the solar plan can go in this respect.

The Specific Mode of External Governance behind the MSP

This sub-section illustrates the existence of a discontinuity between the internal-external mode of sectoral governance and the specific mode of interaction under which the Mediterranean Solar Plan is framed. It explains this discrepancy by arguing that early choices of key member states within the making of the UfM impacted upon the resulting mode of external governance – facts that ultimately constrain the potential of the Mediterranean Solar Plan to reduce the existing regulatory gap between the EU and MPCs. To do so, it refers to the MSP in a more systematic way. To study the MSP as a mode of governance, the analysis focuses on the process and specific actor constellation which led to its emergence and the role of agency therein.

Behind and before the solar plan is the Trans-Mediterranean Renewable Energy Cooperation Network (TREC) – a partnership between the Club of Rome, the Hamburg Climate Protection Foundation and the National Energy Research Centre of Jordan founded in 2003. In collaboration with scientists of the German Aerospace Centre (DLR), this transnational elite-driven initiative developed the well-known DESERTEC concept, i.e. a vision of an EU-MENA community of shared clean energy and water interests. In Germany, the DESERTEC concept gained increasing political support thanks to the Greens and was propelled by the pioneering domestic renewable energy industry.⁶⁰ During the German Presidency (January-July 2007), the DESERTEC project became increasingly attractive since European leaders approved an EU-wide target to cover 20% of their national energy needs from renewable energy sources at the European Council in March 2007. Germany took advantage of its formal role and weight in the Union to reach the aforementioned political agreement at the European Council level and propelled the negotiations process that led to the adoption of the CARE legislative package in April 2009. Among the pieces included in CARE,⁶¹ Directive 2009/28/EC on the promotion of the use of energy from renewable sources stands out in the present case. Specifically, Article 9 allows member states to import green electricity from third countries.

59. *Ibid.*, pp. 9-10.

60. The DESERTEC vision consists of covering 17% of the European electricity demand with energy from the deserts of the MENA by 2050. In January 2009, a DESERTEC Foundation was founded as a non-profit foundation with the aim of promoting the realisation of the DESERTEC concept worldwide. In July 2009, one year after the inception of the Union for the Mediterranean, a group of 13 mainly German private companies launched the Dii with the aim of making the DESERTEC vision a reality by 2050. In July 2010, another industrial initiative called Transgreen/Medgrid was founded under the auspices of the Mediterranean Solar Plan with a specific aim to promote the construction of power transmission lines in the Mediterranean region.

61. The CARE includes the following main directives: Directive 2009/29/EC to improve the greenhouse gas emission trading scheme of the community; Directive 2009/31/EC on the geological storage of carbon dioxide; Directive 2009/28/EC on the promotion of the use of energy from renewable sources; Regulation 443/2009/EC setting emission performance standards for new passenger cars as part of the community’s integrated approach to reduce CO2 emissions from light-duty vehicles.

Moreover, very limited instances of network governance are present. The Paving the Way for the Mediterranean Solar Plan programme – strongly supported by the Commission⁷⁰ – represents the only element resembling network governance.⁷¹ Established in September 2010 with a €4.6 million budget, this programme aims to promote EU-MPC regulatory convergence and is implemented by a consortium of consulting and energy companies.⁷² Between February and November 2011, the consortium is carrying out activities of bench-marking of existing practice as well as drafting and discussion of roadmaps for regulatory convergence with the EU.⁷³ Although EU rules are promoted as a reference model, their use as a basis for cooperation as well as adoption is not binding. Developments in individual MPCs are followed through technical (rather than an ENP-like political) monitoring,⁷⁴ and interactions are loosely centralised. This programme may eventually serve as a platform for convergence on a crucial issue: that there is not yet a defined approach on how to bridge the costs of clean power vis-à-vis fossil fuel-generated power in order to assure the profitability of MSP investments over their lifetime. With the currently available technology, clean power generation is still more expensive than fossil fuel power generation⁷⁵. A potential solution to this problem is that MPCs may potentially bridge these costs through the part of the revenues generated by the export of clean power from the deserts to Europe. Interestingly, the consortium is putting forward a specific activity to study the determination of cost sharing formulae (January 2011-April 2012).⁷⁶ Yet again, this programme emerges as a sort of information network.

More importantly, the MSP by now constitutes a specific mode of external governance in which outcomes are the result of inter-MPC competition over external funding. In the Mediterranean region, primary energy demand is set to increase by 70% by 2030 and (if no change incurs) will depend by approximately 87% on fossil fuels.⁷⁷ This trend is coupled with an increasing awareness of MPC national decision-makers that “business-as-usual has become a non-option.”⁷⁸ Moreover, hydrocarbon-rich Mediterranean neighbours are taking cognisance of the fact that depletion of indigenous fossil fuel reserves is “no longer a distant prospect.”⁷⁹ For the MPCs, this renewable projects’ momentum represents a crucial way to develop their clean energy capacity and meet their citizens’ fast growing energy requirements. Crucially, the Mediterranean Solar Plan does not yet have a clear approach on how to close the EU-MPC regulatory gap-problem. In fact, this paper proves that competition mechanisms at best unleash a reform dynamic in which MPCs undertake partial regulatory and institutional reforms in order to lock in external funding and long-term power purchase agreements. Yet, outcomes are rarely optimal and EU rules do not constitute the point of reference in these limited processes. In this respect,

70. Importantly, the Commission also supports the MSP through its financial commitment to FEMIP (the European Investment Bank’s Facility for Euro-Mediterranean Investment and Partnership) and the Neighbourhood Investment Facility.

71. Interviews, EU 34-37.

72. MVV decon (Germany), ENEA (Italy), RTE-International (France), Sonelgaz (Algeria) and Terna (Italy).

73. European Neighbourhood and Partnership Instrument, *Paving the Way for the Mediterranean Solar Plan: Inception Report*, ENPI 2010/248-486, Brussels, 2010.

74. Interview, EU 34.

75. Although not taking into account the environmental cost of the latter.

76. European Neighbourhood and Partnership Instrument, op. cit.

77. Resources and Logistics, op. cit., p. 35.

78. S. Erdle, op. cit., p. 20.

79. H. Darbouche, ‘Third Time Lucky? Euro-Mediterranean Energy Co-operation under the Union for the Mediterranean’, *Mediterranean Politics*, Vol. 16, No. 1, 2011, p. 206.

Morocco is a telling case. The new windows of opportunity opened by the Mediterranean Solar Plan (and industrial initiatives such as DESERTEC Industrial Initiative [Dii]) have recently triggered a specific domestic reform pattern which aims to tap the large solar and wind potential at disposal and “seize the day” of increasing external funding devoted to renewable projects by development banks, international donors and private investors. With the 2010 Renewable Energy Law,⁸⁰ Morocco set out a legislative framework for the promotion of renewable investments, establishing a procedure for the authorisation of renewable energy installations as well as regulating the production, distribution, trade and even the export of green electricity. While financial incentives for renewable energy producers were still under discussion in the Parliament in October 2010, a feed-in tariffs model is not yet established by law.⁸¹ Additionally, Morocco underwent two relevant institutional reforms in the same year. First, a Moroccan Agency for Solar Energy was created by law with the mandate to undertake economic and technical feasibility studies, promote the national activities with the foreign investors and donor community and operate as key contractor for solar energy projects.⁸² Second, the pre-existing Centre for the Development of Renewable Energy was transformed by law into a technical institutional structure re-named the National Agency for the Promotion of Renewable Energy and Energy Conservation with the specific mandate to supervise and coordinate renewable energy and energy efficiency programmes at national and sub-national level.⁸³ Two reasons account for this domestic reform pattern: (a) lacking the hydrocarbons reserves of its neighbours, Morocco currently imports 94.6% of its energy.⁸⁴ Demand is expected to nearly quadruple by 2030.⁸⁵ As a result, Morocco has an “urgent need” to develop its renewable energy capacity and, under the current national energy strategy, intends to cover up to 15% of Morocco’s energy mix from renewable sources by 2020;⁸⁶ (b) in Morocco, the renewable energy sub-sector reform trajectory builds upon a highly positive past experience, i.e. the General Programme for Rural Electrification (1994-2010). A country with modest financial resources to cope with complex energy infrastructure projects, Morocco was able to meet the sufficient legislative and technical standards required at international level to obtain significant international cooperation and financial support for this programme.⁸⁷ This positive past experience raised the awareness of national elites and technocrats of the fact that the donor community and development banks may fund projects and that private investors may redirect their capitals only if governments take action and demonstrate sufficient regulatory and technical capacity.⁸⁸

To end, the empirical analysis highlights a picture in which the fuzzy nature of EU foreign policy-making and the role of member states therein had a remarkable impact on the resulting sectoral

80. Ministry of Energy, Mining, Water and Environment of the Kingdom of Morocco, Loi no. 1309 relative aux énergies renouvelables, 11th February 2010.

81. K. Fritzsche, D. Zejli and D. Tanzler, “The Relevance of Global Energy Governance for Arab Countries: the Case of Morocco”, *Energy Policy*, 2011, available at doi:10.1016/j.enpol.2010.11.042 [last accessed: 11th February 2011].

82. Ministry of Energy, Mining, Water and Environment of the Kingdom of Morocco, Loi no. 5709 sur la création de la société Moroccan Agency For Solar Energy, 14th January 2010.

83. Ministry of Energy, Mining, Water and Environment of the Kingdom of Morocco, Loi no. 1609 relative à l’Agence nationale pour le développement des énergies renouvelables et de l’efficacité énergétique, 13th January 2010.

84. Interview, Morocco 19.

85. Ibid.

86. Interviews, Morocco 12-15.

87. Interview, Morocco 13.

88. Ibid.

mode of governance in the Mediterranean region – thus enabling and constraining specific patterns of interaction between the EU and MPCs. These dynamics have striking implications in the case of the Mediterranean Solar Plan. Although the MSP points to a mid-term objective – a broad renewable energy transition in the Mediterranean region by 2020 – early choices of national governments operating within short-term horizons have produced unintended consequences. At the end of the day, emerging market governance heavily constrains the boundaries of interaction so that the solar plan is unlikely to go beyond a “reform by contract” model in the best case. External governance by “competitive pressure” is unlikely to provoke a wide renewable energy transition in the Mediterranean region and is hardly steerable. Thus, a far more “coordinated” pressure is needed to overcome the EU-MPC regulatory gap-problem behind the realisation of the solar plan.

In this respect, recent events indicate that there is a nascent avenue for development towards more horizontal forms of external governance. In February 2010, an ad hoc experts group examined a strategy paper for the Mediterranean Solar Plan which was subsequently endorsed by the Ministers of Energy and heads of delegation of the Union for the Mediterranean member states at the 6th Euro-Mediterranean Ministerial Conference on Energy and Renewable Energy, held in Cairo on 2nd-3rd June 2010.⁸⁹ On this occasion, Ministers and heads of delegation also called on the Secretariat to develop a “master plan” that will define the guidelines for the large-scale deployment of renewable energy and energy efficiency projects under the MSP umbrella.⁹⁰ According to the MSP’s strategy paper, this plan should develop an approach covering (among others) the progress of legislative and regulatory reforms for a phased development of renewable energy technology in MPCs.⁹¹ At the 1st Joint Committee of National Experts for the MSP held in Barcelona on 5th-6th July 2011, technical works on the master plan were divided into five specific issues: policy and regulatory frameworks; funding and support schemes; physical infrastructures; renewable energy as an industrial policy tool; know-how transfer and capacity development.⁹² A deadline for its delivery was set for the end of 2012. This document will then be submitted to the UfM Energy Ministers by mid-2013.⁹³ After this preparation stage, it will therefore begin the deployment phase of the MSP (2013-2020), which will follow a specific roadmap contained in the master plan – detailing the phases, activities and precise timeline for the implementation of the solar plan.⁹⁴ As a matter of fact, the master plan constitutes an opportunity that should not be missed. This can be the time to bring rules “into” the MSP and define a process-oriented approach aimed at fading out the EU-MPC regulatory gap. This could also be the occasion to start a wider debate on *if* establishing a sort of Clean Energy Community for the Mediterranean can be a way out of this problem in the long term.

89. Council of the European Union, *Note from the General Secretariat of the Council to Delegations*, 9558/10, Brussels, 2010; European Commission, *Mediterranean Solar Plan Strategy Paper*, 2010, available at http://ec.europa.eu/energy/international/international_cooperation/doc/2010_02_10_mediterranean_solar_plan_strategy_paper.pdf [last accessed: 2nd May 2010].

90. Council of the European Union, *op. cit.*, p. 7.

91. *Ibid.*

92. Secretariat of the Union for the Mediterranean, *The UfM Mediterranean Solar Plan Is on its Way*, press release Energy Division, Barcelona, 7th July 2011, 2011.

93. *Ibid.*

94. Council of the European Union, *op. cit.*, p. 13.

Conclusion

Academia and policy-making are generally regarded as two distinct worlds. Efforts by scholars and practitioners are often disconnected and dispersed. However, theory has the potential to illuminate different sets of empirical facts. This may help policy-makers to take well-informed decisions. Guided by these beliefs, this paper has sought to bridge theory and policy with the objective of advancing the debate on the state and prospects for a broad renewable energy transition in the Mediterranean region.

The Mediterranean Solar Plan opens up new windows of opportunity for energy cooperation that both the EU and Mediterranean Partner Countries have good reasons not to miss out on. For the EU, the solar plan constitutes an ambitious project to address the energy-climate problem at interregional level. For the MPCs, hydrocarbon-based business-as-usual has become a non-option.⁹⁵ Hence, the MSP represents a crucial way to develop their renewable energy capacity and meet their citizens' fast growing energy requirements.

This paper has investigated in detail the emergence of the Mediterranean Solar Plan as an external mode of sectoral governance and its structural capacity to thoroughly manage the EU-MPC regulatory gap-problem and boost a wide institutional and regulatory reform dynamic in the Mediterranean region. Three outcomes are easy to detect: (a) although network forms of energy governance generally prevail in the EU and the Mediterranean region, the MSP emerges as a very loosely institutionalised form of market governance in which political interaction and outcomes are the result of inter-MPC competition over external funding; (b) competitive pressure at best elicits a reform dynamic in which individual MPCs undertake partial regulatory and institutional reforms in order to "lock in" external funding and long-term power purchase agreements. In other words, market governance heavily constrains the boundaries of action and interaction so that the MSP cannot go beyond the model of "reform by contract"; (c) the discontinuity between the internal-external mode of energy governance and the specific MSP's sectoral mode of external governance is attributed to early choices of key member states (France and Germany) within the making of the UfM which ultimately impacted on the resulting sectoral patterns of external governance, thus constraining the potential of the Mediterranean Solar Plan to reduce the EU-MPC regulatory gap.

What do these findings imply for the policy debate on the Mediterranean Solar Plan? This paper shows that external governance by competitive pressure is far from bringing about a broad renewable energy transition in the Mediterranean region. These findings highlight the need for EU-MENA renewable cooperation under the MSP to move on more institutionalised and coordinated forms of interaction. What do these findings imply for the external governance debate? This paper also points out that external governance theories are well-suited not only to "causally" explaining the disaggregated and sectorally differentiated scope of EU external relations and power. External governance is also well suited to analysing the structural potential and limits of a given sectoral mode of interaction between the EU and third countries.

95. S. Erdle, *op. cit.*, p. 20.

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