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The future of the ENPI: towards separate financial instruments for the Union for the Mediterranean and the Eastern Partnership?

Rafał Sadowski





Rafał Sadowski

Biographical note:

Rafał Sadowski works as a policy analyst for the Centre for Eastern Studies – a Warsaw based think-tank (www.osw.waw.pl), where he is the head of the Eastern Partnership Department. At the same time he is editor-in-chief of the EaPCommunity website (www.easternpartnership.org), which is dedicated to the relations between the European Union and countries of the Eastern Partnership initiative.

He joined OSW in 2001, where he has been working also as an analyst for the Department for Ukraine, Belarus and the Baltic States and then as a head of the Central-European Department.

His current research area includes EU-Eastern European states relations, Eastern Partnership and European Neighborhood Policy, as well as internal situation and foreign policies of Eastern European states. In a past, he was also dealing with political situation in Central and South-East Europe, internal situation and foreign policy of Belarus, cross-border cooperation in Eastern Europe, Turkish foreign policy.

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Introduction

The year 2011 is turning out to be a turning point for the European Union's policy towards its neighbours in Eastern Europe and North Africa, as a result of the political developments in those countries and the dynamics within the EU itself.

On the one hand, the outbreak and course of the 'Arab Spring' in the North African countries has called into question the EU's existing policy towards this region. On the other, the Neighbourhood Policy has still not achieved notable successes in the countries of Eastern Europe and the South Caucasus, nor has it led to large-scale democratisation processes or economic, political and social reforms of any great depth in these states.¹

Meanwhile, the dynamics of events within the EU itself have had an important influence on the changes in the EU's Neighbourhood Policy. Firstly, the Treaty of Lisbon has started to function; this is changing the architecture of the instruments with which the EU takes external action, including through the establishment of the European External Action Service (EEAS). Secondly, the worsening financial crisis in the euro zone has dominated the political agenda, pushing the Neighbourhood Policy's issues into the background; and has started a discussion on the need to verify the funds the Union issues. This is important in the context of starting a debate on the next long-term financial plan for the 2014-2020 period, in which some of the EU countries favour lowering the budget and cutting costs.

The European Commission itself has finally started work on reforming its policy towards the neighbouring countries. In mid-2010 work started on a strategic review of the European Neighbourhood Policy (ENP), the result of which was the publication on 25 May 2011 of a Communication entitled *A new response to a changing neighbourhood*; this contained a proposal to establish a new financial instrument of support, the European Neighbourhood Instrument (ENI), to replace the European Neighbourhood and Partnership Instrument (ENPI) which operated during the 2007-2013 period.² The establishment of the ENI was also mentioned in the draft for the new financial plan for 2014-2020 announced on 30 June 2011, in which a total of €16.1 billion was allocated to this instrument.³

At this point, the EU faces very serious challenges in its neighbourhood: stabilising the political situation in North Africa, and reactions to authoritarian tendencies in Eastern Europe, by activating the processes of democratisation and economic & social reforms in the entire southern and eastern neighbourhood. An important role in this task will be played by the ENPI / ENI, which is an instrument of support for the entire neighbourhood.

This analysis shows how the ENPI, the current instrument of financial support for the EU's neighbourhood, functions and operates, while summarising its effectiveness and efficiency. The second part of the text introduces the new political context and circumstances related to the developments in the EU's neighbourhood, as well as the debate within the EU itself on its policies and instruments towards Eastern Europe and North Africa. Finally, the third section deals with the debate on the EU's future aid instrument for its neighbourhood. The fundamental question is: how reasonable is it to maintain a single instrument for such a diverse area in which the EU will encounter different challenges?

1 More on this subject:

Popescu Nicu, Wilson Andrew, *Turning Presence into Power: Lessons from the Eastern Neighbourhood*, London, 2011.

Pełczyńska-Nałęcz Katarzyna, *Integration or Imitation, EU policy towards its Eastern Neighbours*, Warsaw, 2011.

2 Joint Communication by the High Representative of The Union For Foreign Affairs And Security Policy and the European Commission *A New Response to a Changing Neighbourhood - a review of European Neighbourhood Policy*, Brussels, 25.05.2011, COM(2011) 303.

3 Communication from the Commission to the European Parliament, the Council, the European Economic And Social Committee and the Committee of the Regions, *A Budget for Europe 2020*, Brussels, 29.6.2011, COM(2011) 500.

The ENPI's *modus operandi*

The European Neighbourhood and Partnership Instrument is the fundamental instrument for transferring EU financial and technical assistance to the 17 countries of Eastern Europe (including Russia), the South Caucasus and the southern Mediterranean region.⁴ It is intended to support, at a technical level, the implementation of the European Neighbourhood Policy (ENP), which aims to strengthen the EU's cooperation with its neighbours to the south and east, as well as their integration with the EU; in the case of the Russian Federation, it will support the implementation of the so-called 'road map' set out within the framework of the EU-Russia Strategic Partnership.

The ENPI, which started operating on 1 January 2007, fundamentally changed the EU's financial assistance instruments of the time. It replaced the various types of aid instruments to different regions which had previously been in use (such as TACIS, addressed to all the CIS countries, including Central Asia and Mongolia; and MEDA, for the Mediterranean countries). Together with the development of the ENP and the launch of the Union for the Mediterranean (UFM) in 2008 and the Eastern Partnership (EaP) in 2009 as the regional dimensions of this policy, the ENPI has become the fundamental instrument for financing activities under these two initiatives. The implementation of the ENPI and the nature of the activities which it finances derive from the political objectives set by the ENP.

The ENPI's budget for 2007-2013 was fixed at the sum of €11.2 billion. With the launch of the Eastern Partnership initiative in 2009, it was increased by €350 million, which was found from the EU's budget reserve. Then in May 2011 the ENPI's budget was boosted by additional funds amounting to €1.242 billion, of which €350 million was allocated to the programmes for North Africa, and €150 million was allocated to the EaP states in September 2011. From the outset, the allocations made from the ENPI have been divided among a number of different targets. Most funds have been allocated to bilateral programmes whose aim is to support the implementation of individual plans of action laid down by the EU with each of the neighbouring countries, and which assume the implementation of reforms and their approximation to EU standards. Another track is the regional support programmes, which fund the implementation of pro-

jects across the whole of the EU neighbourhood's southern and eastern regions, and are designed to stimulate the development of political association, economic integration and regional cooperation. In turn, the projects for interregional cooperation are implemented in all the countries covered by the ENP, such as the TAIEX, SIGMA, Tempus, Erasmus Mundus and CIUDAD programmes. These are specific mechanisms that have previously been used in relation to candidate countries during the EU's enlargement process. Simultaneously, the ENPI funds neighbouring countries' participation in 15 cross-border cooperation programmes aimed at developing cooperation between the EU's border countries and their neighbours (the participation of EU entities is financed by the European Regional Development Fund). In addition to the direct transfer of aid, the ENPI, together with European financial institutions (mainly the European Investment Bank), also supports the financing of investment projects in partner countries under the Neighbourhood Investment Facility instrument. Finally, in order to reinforce conditionality, the Governance Facility instrument has been established, under which additional funds are earmarked for those partners have made most progress in reforming their democratic processes and state institutions.

The process of programming activities within the ENPI is carried out by the Commission in consultation with the beneficiary countries. This process is based on three stages, whose actions are determined by strategic programme documents. The Strategy Papers delineate the general framework and priorities for each entire seven-year financial plan (these are reviewed at mid-term); the Indicative Programmes (of 3 and 4 years) delineate the financial allocations for implementing each of the priorities set by the Strategy Papers; and the Annual Action Plans define the specific projects which are already implemented at national and regional levels.

The programming and implementation of the ENPI is the responsibility of the Commission and its delegations in the neighbouring countries. Funds are primarily transferred via the administrations of the partner countries, although grants may also be implemented by non-governmental organisations, or companies that have won tenders for the realisation of specific projects.

⁴ Regulation 1638/2006 of the European Parliament and the European Council of 24 October 2006.

The ENPI's Eurocentric nature

The idea, form and operation of the ENPI reflect the Eurocentric (or EU-centric) nature of the EU's approach to its neighbourhood. Although the Commission's communiqués on both the ENP and ENPI emphasise that the relations between the EU and its neighbours are based on 'common values' and co-ownership, the dominant role in running the ENPI is played by the Commission and the member states. The Commission is responsible for setting priorities for action and implementing the instrument, and the decision-making process is fully subordinate to it. The ENPI's concept is based on how the EU perceives its neighbourhood, where the development of relations is based on transferring the EU's model of how a political, economic and social system should function. The EU specifies the model of development to which the neighbouring states must adjust, while they themselves have virtually no effect on the shape of that model. The ENPI itself uses many of the mechanisms which were previously applied to EU candidate countries on their way to membership, and refers to the same logic, including the application of the principle of conditionality, increasing aid, and deepening the level of integration in exchange for progress in meeting the conditions set by the EU.

However this contradiction between the 'co-ownership' of the EU and partner states as officially declared in ENP and ENPI documents on the one hand, and the fact that the ENP is a policy aimed at achieving the EU's interests in the region on the other, means that the Eastern partners do not treat the ENP as their own initiative, and so they do not feel fully responsible for its success. At the same time, they mainly perceive the ENPI as an instrument whose purpose is to bring short-term financial benefits and technical support in technical fields which are of importance to them – and not as an instrument to support fundamental constitutional transformation based on the full application of the European model.

Evaluating the ENPI

The ENPI has changed the nature of the Commission's financial support for the partner countries. It has introduced the same mechanisms for all the countries in the EU's neighbourhood, and increased the convergence between the various types of aid instruments used. The idea was to create a mechanism based on the principle of differentiation; this would allow them to be used more

efficiently in the neighbouring countries, whose systems and circumstances vary widely from each other. Another innovation was the introduction of new mechanisms of support. In the case of Eastern Europe, it introduced general/sectoral budget support, which was supposed to increase the local ownership and responsibility of local authorities in management of the EU aid.⁵ In addition, it has introduced mechanisms (such as TAIEX and SIGMA) which had previously been prepared for those countries which were candidates for enlargement. The ENPI has also expanded the use of CBC programs and streamlined mechanisms throughout the EU's neighbourhood (including the introduction of compatible instruments for financing the participation of entities from the member states and the EU's neighbourhood). The role of the beneficiary countries in devising and implementing the programmes has been partially expanded.⁶ This principally concerns procedures for consulting how the activities are programmed. The ENPI also envisages cooperation with other financial support from member states, European financial institutions (principally the European Investment Bank) and private equity (in the case of the southern neighbourhood).

Despite these changes and innovations, a number of shortcomings have been revealed in the ENPI's functioning. On one hand, the criticism has been associated with a general assessment of how this instrument has met its objectives; that is, whether it has brought EU integration closer and stimulated the process of reform. On the other, it relates to how the ENPI has been functioning at the technical and operational levels.

In the first case, any assessment of the ENPI's functioning should be included within the broader context of the EU's Neighbourhood Policy, which this instrument supports. Especially since the events of the Arab revolutions in North Africa in 2011, which called the EU's policy towards the region into question, together with growing objections to how the processes of democratisation in Eastern European countries have been developing, the ENP has faced serious challenges. In the context of these events, it appears that the ENPI has not brought about any breakthrough in achieving the objectives it set for itself, and the projects which

5 Tessier-Stall Sacha, Gumenyuk Victoria, Shumylo Olga, Kaltygina Svetlana, *ENPI Monitoring in Ukraine Report*, July 2009,

6 Lannon Erwan, Mahjoub Azzam, *Assessment of the Barcelona Process in the Light of the New International and Regional Situation*, April 2010.

it has initiated have not brought about any tangible political or social effects.

The ENPI's weakness lies in the lack of any effective mechanisms for positive conditionality. Almost the entire seven-year budget of the instrument was divided at the outset among the individual states. They therefore had no motivation to become more involved in implementing reforms, because regardless of their progress, they would have received a majority of the funds allocated them in advance anyway.⁷

The European Court of Auditors (ECA) gave a very important assessment of the ENPI's performance at the operational level in its report on 31 January 2011 evaluating this instrument's effectiveness in relation to the three Southern Caucasian countries.⁸ These recommendations proved so important that in May 2011, the EU Council obliged the Commission to consider them with regard to the whole of the EU's neighbourhood.⁹ Although the ECA did not give an overall assessment of the ENPI, and focused on an analysis of bilateral programs in the period 2007-2009, its conclusions are an important reference point in the debate about the EU's aid policy. The report's conclusions evaluate the ENPI's effectiveness critically. The main accusations relate to the defective system for planning financial aid, where there was no clear relationship between the individual programme documents (Country Strategy Papers, Indicative Programmes, Annual Action Plans), and no priorities were clearly formulated. No specific projects were initiated as a direct result of analyses of the priorities set out in the documents. In addition, the ECA drew attention to the overly long process, which lasted about two years, for starting the projects defined in the Annual Action Plans. Furthermore, the projects which were started tended to be those which were easier to implement from a technical point of view; in connection with this, the Commission overused the budget support aid mechanism, which is the easiest to administer (for example, in the case of Ukraine, about 72% of

its funds were transferred between 2007-2009,¹⁰ while 77% in the case of Egypt and 80% of Tunisia).

Another fairly important problem, to which a range of critics have drawn attention, is that the Commission has to a great extent limited itself to cooperation with the governments and administrations of partner states, and so its cooperation with social actors has been insufficient.¹¹ The social organisations in the partner countries are playing an important role in the Europeanisation processes, and are often much more interested in seeing them succeed than the countries' own governments and administrations are. In the case of the ENPI, community organisations can play a beneficial role in monitoring the implementation of its projects. This could stimulate a better use of resources, limit waste, and strengthen local ownership and visibility in the eyes of the countries' publics. At the same time, the ENPI lacks any specific anti-corruption mechanisms. Especially in a situation where a significant amount of funds are distributed within the budget support – funding which goes directly to the partner countries' state budgets – the possibilities of a direct audit by the EU are limited.¹²

The changes post-Lisbon

The adoption of the Lisbon Treaty, which introduced important institutional changes, affects the decision-making and functioning processes of those EU institutions which are responsible for managing the ENPI. An important institutional change introduced by the Treaty of Lisbon is the emergence of a new entity in the structures of the EU – the European External Action Service (EEAS). It is autonomous in relation to the Commission, and is subordinate to the 'double-hatted' High Representative, who is also a Vice-President of the Commission and the Council. The EEAS, which supervises the EU's delegations in the neighbourhood countries, plays an important role in shaping the EU's foreign policy, and is responsible for contacts with third countries, crisis management missions, development aid, and for the Neighbourhood Policy. The EEAS also plays an important role in the management of the ENPI. Previously the Commission had

7 Grant Charles, *A new neighbourhood policy for the EU*, Centre for European Reform policy brief, March 2011.

8 European Court of Auditors, *Is the new European Neighbourhood and Partnership Instrument successfully launched and achieving results in the southern Caucasus (Armenia, Azerbaijan and Georgia)?*, Special Report No 13/2010, European Union, 2011.

9 Council conclusions on Special Report 13/2010 by the European Court of Auditors concerning the results of the European Neighbourhood and Partnership Instrument (ENPI) in the Southern Caucasus, 3086th Foreign Affairs/Trade Council meeting, Brussels, 13 May 2011.

10 Tessier-Stall Sacha, Gumenyuk Victoria, Shumylo Olga, Kaltygina Svetlana, *op. cit.*

11 Scarpetta Vincenzo, Świdlicki Paweł, *The EU and Mediterranean: good neighbours?*, Open Europe, May 2011.

12 CEE Bankwatch Network position on the review of the European Neighbourhood Policy, February 2011, http://bankwatch.org/sites/default/files/ENP_ENPI_position.pdf

been responsible for the activities undertaken as part of the ENPI at the operational level, such as devising programmes and implementing projects. Decisions on the ENPI's programmes at the strategic level are taken under the guidance of the EEAS, which is involved in programming these activities. As a result, the EEAS is responsible for the strategic planning funds supervised by the Commission, while the Commission is responsible for executing and implementing these programmes. The rationale for this model derives from the EEAS' role as the institution which coordinates the Union's external action in various areas (political relations, security, development, economic relations, migration, etc.), with the aim of ensuring their greater coherence.

The new political context in the EU's neighbourhood

Recent developments in the EU's neighbourhood – especially the Arab revolutions and their consequences, and the internal political processes in Eastern Europe, where the 'retreat from democracy' has deepened – have given the EU's Neighbourhood Policy a new political context. They have called the effectiveness of current EU policy and its instruments for the area into question, and called the EU's approach to its assumptions and priorities into doubt. The EU has not achieved the declared goals of its policy and of its instruments for the neighbourhood. There has been no strengthening of the processes of democratisation, human rights or the development of civil society in the Southern Mediterranean; nor have the processes of reform and Europeanisation in Eastern Europe had any significant success. At this point, the Eastern European countries are increasingly beginning to resemble those authoritarian regimes in the south which the EU has limited influence over.¹³ This change in the political situation was the prime motivation for the EU's decision to reform its aid instruments for the neighbourhood, above all the ENPI.

Rivalry over what form the Neighbourhood Policy should take

Against the background of political developments in the EU's neighbourhood, the differences between how the member states approach the scale and nature of EU involvement in each of these regions have intensified, primarily between the Mediterranean and Central European countries of the EU. These differences relate to three fundamental issues: the main objectives of the Neighbourhood Policy; the involvement of EU institutions; and the volume of aid directed to specific regions. The rivalry between the member states on this issue is understandable, and is due to differences in how their national interests are defined. This dispute has been ongoing since 1995, when at the European Council meeting in Cannes, the EU's member states divided up the funds between the EU's eastern and southern neighbourhoods.¹⁴ The consequence of this, when the ENPI was initiated, was the adoption of a principle of two-thirds for the southern neighbourhood and one-third for the eastern neighbourhood.

The member states have defined the EU's priorities towards these two regions in different ways. The EU's Central European members do not rule out the possibility of the EU expanding to the east, and are committed to deeper political and economic integration. In the case of the southern neighbourhood, though, the EU's southern member states are primarily focused on ensuring regional stability and security, developing economic and sectoral cooperation, and countering the threat of mass migration, while at the same time not favouring deeper integration. This difference is expressed by Radosław Sikorski, Polish Minister of Foreign Affairs seeing EU's eastern partners as 'European neighbours', whereas the southern countries as 'neighbours of Europe'.

At the same time, individual member states are seeking to increase the scale of the political com-

<http://www.easternpartnership.org/community/debate/warsaw-summit-and-europe-s-new-south>

14 Szilágyi István, *The Barcelona Process Revisited and the SBH Presidency*, Acta Universitatis Sapientiae European and Regional Studies, vol. 1, no. 2 (2010) p. 217. *Europe, the Middle East and North Africa: The Barcelona Process in Danger?*, Research Group on European Affairs, University of Munich, March 1998, p.9.

Martin Ivan, *New context of the Union for the Mediterranean and the Eastern Partnership*, EaPCommunity, 14 March 2011, <http://www.easternpartnership.org/community/debate/new-context-union-mediterranean-and-eastern-partnership>.

13 Wilson Andrew, *The Warsaw Summit and Europe's 'New South'*, October 2011, EaPCommunity,

mitment of EU institutions, and to increase of the EU's activities in those regions which have higher priority for their national interests. And so, the EU's southern countries are trying to direct the attention of the EU's institutions towards the Mediterranean region, while Central Europe is trying to do likewise for the eastern neighbourhood. One example is the establishment of the Union for the Mediterranean and the Eastern Partnership, initiatives which are intended to focus the EU's activity and commitment in these regions.¹⁵

This rivalry also concerns the amount of funds the EU allocates to both areas. The events in North Africa have given impetus to the Mediterranean member states to increase pressure on strengthening the EU's engagement in the south. An example of this is the publication on 16 February 2011 of a letter and non-paper document sent to the High Representative for Common Foreign and Security Policy by the foreign ministers of France, Spain, Greece, Cyprus, Slovenia and Malta, which postulated changes to EU policy instruments, including the transfer southwards of part of the funds originally allocated to the east. They alleged that the allocation of funds under the ENPI disproportionately benefited the eastern neighbourhood.¹⁶

The southern EU members' proposal was opposed by the Central European member states. In a letter to Catherine Ashton in February 2011, German Foreign Minister Guido Westerwelle suggested making the aid dependent on progress in deepening the processes of democratisation, human rights and implementation of the rule of law.¹⁷ Another important proposal was that of changing the rules for distributing the allocations under the ENPI. In order to strengthen the principle of conditionality, half the funds had to be disposed of according to the current rules and granted in advance to each of the states, and the other half would go to those countries that had achieved the greatest success in implementing reforms.

15 Ananicz Szymon, *Arabska wiosna: wyzwania i szanse dla Partnerstwa Wschodniego [The Arab spring: challenges and opportunities for the Eastern Partnership]*, Sprawy Międzynarodowe, no. 3/2011.

16 The letter and non-paper available at: http://www.diplomatie.gouv.fr/fr/IMG/pdf/Lettre_a_Mme_Ashton.pdf, and Non-papier Action de l'Union européenne en direction du voisinage Sud at : http://www.diplomatie.gouv.fr/fr/IMG/pdf/11-02-17_Non-papier_Action_de_l_Union_europeenne_en_direction_du_voisinage_Sud.pdf

17 Based on description by Frankfurter Allgemeine Zeitung, 'Westerwelle: Zusagen für Nordafrika an Reformen knüpfen' (18.02.2011), available at: <http://www.faz.net/s/RubA24E-CD630CAE40E483841DB7D16F4211/Doc~EB11533A88D2E4200B32B03E0A2326BE4~ATpl~Ecommon~Scontent.htm>

A new instrument for the neighbourhood

The Arab revolutions reinforced the growing conviction among member states and EU institutions that the EU's Neighbourhood Policy and its instruments had hitherto been ineffective. In response, the Commission took steps to reform the ENP; these were based on a review and reformulation of the political priorities of the EU's approach to the neighbourhood, and on improving the efficiency of the instruments.

The Commission's communiqué of 8 March 2011, entitled *Partnership for democracy and the common prosperity of the southern Mediterranean region*, was a direct response to the revolutions in North Africa.¹⁸ It changed the emphases in the EU's approach towards the countries of the southern neighbourhood by stressing the importance in developing democracy of the civil society, which has been recognised as an important partner for the EU; and also announced the introduction of instruments to stimulate its development. This is a departure from the previous policy, where the development of the EU's relations with the region's countries was mainly based on close cooperation with their governments and elites.

A comprehensive approach to the necessary changes in the Neighbourhood Policy was presented in the Commission's communiqué entitled *A new response to a changing neighbourhood* of 25 May 2011.¹⁹ This document was created as a result of a review of the ENP which started in mid-2010, and defines the objectives and principles of this policy in the coming years. The basic idea is to build close relations between the EU and the countries & societies in the neighbourhood based on a respect for democratic principles and the implementation of economic & social reforms through better use of conditionality. This means that the size of EU support will depend more on progress in implementing reforms. At the same time, it promises negative conditionality, instead of positive as before; in other words, the EU will reduce its offer and support if there is progress, or if the beneficiary countries regress. However, the Commission has not

18 Joint Communication to the European Council, the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions *A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean*, 8.03.2011, COM(2011) 200.

19 Joint Communication by the High Representative of The Union For Foreign Affairs And Security Policy and the European Commission *A New Response to a Changing Neighbourhood - a review of European Neighbourhood Policy*, Brussels, 25.05.2011, COM(2011) 303.

precisely defined how the conditionality principle should be implemented. The communiqué also emphasises the EU's greater involvement in support for civil society, and announces the creation of new instruments for this purpose – the European Endowment for Democracy and the Civil Society Facility (the latter to be funded from the ENPI with a €22 mln allocation for the 2011-2013 period).

The communiqué stresses that the ENP is based on two pillars, the Union for the Mediterranean and the Eastern Partnership, which are the regional dimensions of this policy. However, it is apparent that the Commission is tending towards increasing the uniformity of the frameworks and instruments for EU cooperation with the two neighbourhood regions. It proposes the transfer of some of the solutions which were used in the east to the southern neighbourhood, such as the Energy Community or the DCFTA mechanism. The communiqué itself does not present any groundbreaking changes in its assumptions for the Neighbourhood Policy; rather, this policy has been adapted to the changing political situation, and is to some extent a response to criticism of the limited effectiveness of the EU's previous activities.

Nevertheless, it does contain the important announcement of the creation of a new aid instrument in the new financial plan for the period 2014-2020: the European Neighbourhood Instrument (ENI), which would replace the ENPI. At this stage, however, it does not appear that the new instrument will significantly alter the functioning of the existing ENPI. It will rather improve matters by eliminating the existing shortcomings. Both the ENPI and the ENI will remain key instruments of the EU's financial assistance to its neighbours; the ENI will continue to be based on bilateral, regional and cross-border programmes. Above all, the procedure for programming and implementing the EU's financial aid projects is to be improved through greater flexibility and differentiation; better adaptation to the partner countries' needs; and implementing the projects more effectively in practice. At the same time, there should be stricter observance of the principle of conditionality. The EU's offer concerning the level of integration and the volume of aid will depend on the degree of the beneficiaries' involvement in the processes of EU integration (for example, in implementing the Association Agreements). The creation of the ENI was confirmed in the Commission's communiqué on the EU's budget for the period 2014-2020. The Commission's proposal includes an increase in the allocation by 40%

compared to the previous financial plan, and proposes a total amount of €16.097 billion.

In their work on the neighbourhood instrument, the Commission and the EEAS are aiming to increase its conditionality and flexibility. One of the solutions considered is a proposal to reduce the allocation granted in advance to particular countries, in order to increase the pool of money that would be distributed in accordance with progress made in implementing reforms. However, this contradicts the position of some of member states who wish to maintain the rigid allocations for the various neighbouring countries, while at the same time lobbying for increased funding to these regions and countries which are of higher priority for them.

The 'more-for-more' principle was the basis for the new programme for the neighbourhood, initiated by the Commission on 27 September 2011, entitled SPRING (Support to Partnership Reform and Inclusive Growth).²⁰ This programme for the southern neighbourhood has a budget of €350 million in 2011 and 2012, and is to be funded from the ENPI. Distribution of the funds is based on flexible principles, and will be allotted on the basis of an accelerated procedure based on the Commission's decision, rather than on that of the member states, as happens with other ENPI programme. The funds will be allocated to partner countries on the basis of analyses of the situation and needs of the particular country, as well as on its progress in democratic and institutional reforms. A similar programme for the Eastern partners will be presented by the Commission at the beginning of 2012. The SPRING programme is so important that the Commission will prepare its new aid instrument for the 2014-2020 period based on its evaluation of this programme's effectiveness.

The European Neighbourhood Instrument – an instrument for one neighbourhood or two?

The final form of the new instrument for EU support to its neighbourhood will depend on how the ENP continues to develop. The vision of the Neighbourhood Policy contained in the strategic document *A new response to a changing neighbourhood* does not introduce any major changes, and

20 *EU response to the Arab Spring: the SPRING*, MEMO/11/636, Brussels, 27 September 2011 Programme-<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/636&format=HTML&aged=0&language=EN&guiLanguage=en>

is rather a continuation of the existing approach, focused on improving the functioning of the existing policy instruments and adapting them to the changes in the neighbourhood's political situation. This approach treats the eastern and southern neighbours as one area in the field of foreign policy, and assumes that the same instruments will be applied. Moreover, the Commission's communiqué is proof of the EU's tendency towards increasing the uniformity of the instruments applied to both regions (based of course on their flexibility and adaptation to local conditions).

The rationale for this approach is the definition of the overall objective of EU policy as the Union's political rapprochement and economic integration with all the countries of the region. However, this approach is debatable because of the political, economic and social differences between these regions, as well as among the individual partner countries; and especially because of their specific characteristics and prospects for integration into the Union. While the North African countries have no prospects of membership, the EU has not so far taken a final position regarding the Eastern European countries; in other words, it has neither admitted nor completely rejected their prospects of membership. This is a significant difference in the EU's approach to both these areas, and will condition the form which the policy instruments take.

Both the challenges facing the EU in these regions and the internal conditions for implementing EU policies vary to some extent. In the case of North Africa, the key issue is stabilisation of the political situation, after the wave of revolutions and social protests that have swept through most of the countries of the region, together with building democratic structures, stimulating economic and social development, strengthening regional security, and managing migration processes. In the case of Eastern Europe, it is a matter of strengthening the processes of democratisation and socio-economic reforms, deepening economic cooperation, and bringing about real integration with those countries which are interested in European integration (primarily Ukraine, Moldova and Georgia).

To accomplish this task, it is important to strengthen the whole of the EU Neighbourhood Policy and the effectiveness of its aid instrument for the whole neighbourhood. However, separating the ENI and the ENP into two separate dimensions – the eastern and the southern – brings with it a number of risks associated with political circumstances within the EU.

First, it will reduce the political significance on the EU's policy agenda of each of these regions. This is especially important in the current situation, where other issues are coming to prominence; particularly the financial crisis inside the EU, which may result in each of these neighbourhoods having little importance for the EU's institutions and member states. For many of the latter, the partner countries are not of essential importance. Therefore, in the context of the debate on the future EU budget which has begun, the drop in significance of each region may make it difficult to increase aid to them. In connection with the financial crisis, more and more EU countries, especially the larger ones, are pushing to reduce spending from the EU budget. It is not certain whether the proposal presented by the Commission in the new budget for 2014-2020, to increase expenditure on the neighbourhood states from €12 million to €16 million, will be finally approved by the member states. If the aid instrument is divided into two regions, it will be even harder to keep increasing the funds for the neighbourhood, or even just to maintain their current level. Each of these regions in isolation will not have priority in the global agenda of the EU's external actions. In this situation, the most optimal solution is to maintain a common, powerful instrument for the whole of the EU neighbourhood. A joint effort to increase the allocation for the neighbourhood by all the interested member states in Central and Southern Europe would significantly increase the chances of this in the new budget.

At the same time, dividing up the ENPI/ENI will weaken the political commitment of EU institutions to the neighbouring regions. The implementation of various assistance programmes is largely dependent on how much attention the EU institutions pay to them. A good example is the Commission and Devco's relatively limited interest in the projects of the EaP's flagship initiatives; two years after the establishment of the EaP, most of these projects have not progressed beyond the preparation stage (apart from the project to support small and medium enterprises). Although the processes of the neighbourhood policy are proceeding on the bureaucratic mode level, and are being carried out by the Commission and the EEAS, the full involvement of these institutions in its development needs a key political push from the member states. From the perspective of the EU institutions, other areas such as for example Russia, China and India are politically and economically more important and in practice, the EU is involved in these areas to a

much greater extent. Whereas the EU is now focusing its political attention on the southern neighbourhood in connection with the political changes which occurred there in 2011, in the long term, regarding stabilising the situation in the region, EU political involvement in it will eventually drop (to the level it had before the revolution). The eastern neighbourhood is of even less political importance in the current situation. In this light, each of these two regions on its own is of secondary importance politically among the EU's global interests.

At the same time a powerful instrument for the whole neighbourhood would reinforce the stability and continuity of the EU's engagement in the region, and would limit the influence of the political processes occurring in these regions on how it functioned. In the current political climate, the EU's interest has been focused on North Africa, as a result of the events of the 'Arab spring' and the serious challenges involved in stabilisation and transforming this region. This has also resulted in a reduction of political interest in eastern Europe, where the situation is relatively stable compared with the Southern Mediterranean. However, purely hypothetically, we cannot completely rule out the possibility that the situation in the eastern neighbourhood will degenerate (for example, if one of the 'frozen conflicts' escalates; or if there is a severe economic downturn in one of the countries that would lead to an outbreak of mass social protests). In such a situation, should the EU once again switch its focus from the south to the east? To avoid such a continual balancing act between the two regions, a stronger policy for the entire neighbourhood should reinforce the coherence of the EU's continued commitment - regardless of events in the region - thus making EU action less reactive (as it is now), and instead more focused on achieving very specific objectives as part of a long-term political strategy; at the same time, this would allow for long-term aid projects to be implemented.

The separation of the policy and the instrument will also enhance competition between the member states interested in strengthening the eastern and southern dimensions respectively. There is the risk that this rivalry will be seen in terms of a zero-sum game, where strengthening commitment to one area will mean a weakening of commitment to the other. A common Neighbourhood Policy would force all the countries interested in the southern and eastern neighbourhoods to cooperate. The stronger the Neighbourhood Policy and the commitment of the member states, the greater

the Union's involvement in both these regions will be. This means an approach to the neighbourhood policy by the member states based on a positive-sum game, as well as mutual support for initiatives aimed at both the southern and eastern neighbours.

A closer approach by the EU to both areas is favoured by the reduction of the 'asymmetric' expectations of both regions by the southern and eastern EU members.²¹ This reflects the Commission's proposed unification of the aid instruments, and the use of similar solutions in the whole neighbourhood area. The model for developing the EU's further relations with the south reproduces the solutions applied to the east (such as DCFTAs, the Energy Community, and mechanisms of visa facilitation and visa liberalisation).²² In this case, dividing up the instrument to implement one policy towards both areas based on a similar model could no longer be justified.

In this context it is worth noting that the revolutions in North Africa, which forced the EU to activate its policy towards the south, offer a chance to develop the entire neighbourhood policy and its instruments of assistance. These changes may contribute to increasing the effectiveness of EU action towards the Eastern Partnership countries. One example is the new SPRING programme, which was already prepared for the south, and at the beginning of 2012 will be presented to the east.

Finally, the third risk is associated with the limited opportunities for EU institutions to be transformed and new principles to be introduced. The introduction of the Lisbon Treaty's changes, as well as the problems with the creation of the EEAS, show that the institutions' capacity to adopt very radical change is quite limited. In connection with this, any putative total reformulation of the neighbourhood financial instruments could, for a certain period, weaken the effectiveness of its management by EU institutions. Considering the possibility of the EU's bureaucratic apparatus introducing institutional changes, in this situation a gradual evolution and improvement of the aid instruments could bring more benefits than the drastic changes which the creation of two separate instruments for the south and east would mean.

However, in the long term, this differentiation in the Neighbourhood Policy will proceed spontane-

21 Ananicz Szymon, *Arabska wiosna: wyzwania i szanse dla Partnerstwa Wschodniego* [The Arab spring: challenges and opportunities for the Eastern Partnership], *Sprawy Międzynarodowe*, no. 3/2011.

22 Ananicz Szymon, *op. cit.*

ously, in spite of everything. Yet this will not depend so much on geographical distribution, but rather on local factors each of the partner countries and their the degree of involvement and their real chances of integration with the Union. Each of the neighbouring countries defines its goals towards the EU and its aspirations in implementing the processes of Europeanisation in a different way. In the eastern neighbourhood, Ukraine, Moldova and Georgia have declared an interest in EU membership, while Belarus and Azerbaijan are not at all interested in this. And in the case of the South, Morocco and Jordan are ready to implement EU solutions to a greater degree, which is of no relevance to the EU's relations with Palestine, Syria and Algeria. The EU's aid instrument must be flexible enough to be able to support European integration for those states interested in achieving this, and also to stimulate bilateral cooperation in the case of the remaining countries.

These differences among the partners fully justify the departure from the 'one size fits all' principle and the increased differentiation of the aid instruments to individual countries. Treating all the partners equally would be the wrong approach. In this context, it is essential to clearly define the Commission's principle of 'more for more'. What should be the benchmark for assessing progress: the scale of the changes made, or the degree of the country's approximation to the EU model? On the one hand, the overthrow of the Gaddafi regime in Libya and the gradual formation of a party political system there marks significant progress towards democratisation. On the other hand, the scale of the processes of Europeanisation in Libya is barely at the beginning, whereas Ukraine - even though a trend to consolidate power around a single political force is growing - is still one of the neighbourhood's more advanced countries as regards the application of EU standards (negotiations on the Association Agreement and the DCFTA are practically complete; dialogue with the EU on visas and implementation of a visa liberalisation 'road map' are underway). The criterion of 'more for more' should be the level of each country's real rapprochement and integration with the EU. Those countries which have efficiently introduced, and are ready to pursue, the process of European integration should count on more support from the ENI - not just financially, but also in the framework of programmes and projects it funds. In the case of those countries interested in Europeanisation which have made more progress in this field, extensive aid instruments should be pro-

vided, aimed at supporting the implementation of EU standards and legislation, and introducing reforms to allow deeper integration with the EU - which would be a very costly and difficult process. For the other countries, the aid instruments should serve to stabilise and possibly support the modernisation and development of relations with the Union. Thus, the ENI's future, possibly after next EU's financial perspective in 2020, should rather move towards creation under this instrument two tracks: a track for advanced countries, which would finance their real integration with the EU; and a track for other countries, aimed at supporting their modernisation and good-neighbourly relations with the EU.

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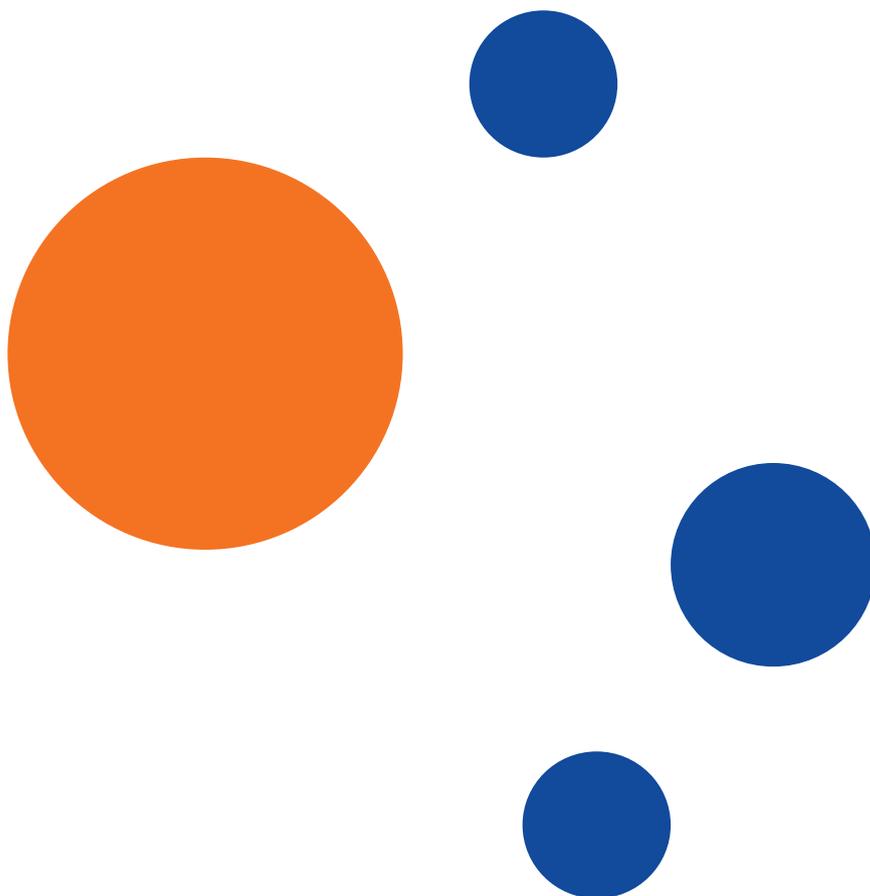


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Estonian Center of Eastern Partnership (ECEAP)

Tõnismägi 2

10122 Tallinn

Estonia

Tel. +372 631 7951

E-mail: vahur.made@eceap.eu

Web site: <http://www.eceap.eu>

ECEAP is affiliated with the Estonian School of Diplomacy (ESD).