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European Neighbourhood Policy: addressing myths, narrowing focus, improving implementation

Executive summary

The upcoming Communication of the European Commission on the review of the European Neighbourhood Policy (ENP) is likely to re-confirm conditionality and differentiation as the two guiding principles for the EU's assistance to its Eastern neighbours. This implies that those countries that take more steps towards greater political and economic association with the EU will receive more support from it than those that do not reform. While in principle this is the right step, in reality, this approach only succeeds insofar as the countries themselves want to embark on a path of reform, transformation and closer association with the EU. In this article, we argue that most of the EU's eastern neighbours currently lack the will to do so. This is partly due to the lack of membership promise by the EU, but also in part due to the region's own political, economic and social development.

Beyond myths: making it real

The ENP faces several challenges. The first is its own 'schizophrenia': in the South, the ENP was based on how these countries are, whereas in the East, on how the EU wants these countries to be (Moses 2011). In the South, the EU accepted the brutality of the Egyptian and Libyan regimes or the corruption of Ben Ali's clique in Tunisia in exchange for what was perceived as stability. In the East, the EU has been trying to use its soft power more actively, but was loath to offer its key element, the promise of the EU membership. The EU also ignored both the region's increasingly authoritarian tendencies and the role Russia played in bolstering the local autocrats.

Second, despite the fact that the EU's contacts with most of its neighbours have expanded, its policy in the East remains mired in dozens of stereotypes and myths rather than being based on understanding of the realities on the ground. The uprisings in the Middle East and North Africa (MENA) region have dealt a blow to one

of the EU's dominant myths: the reliance on the stability of the authoritarian regimes. This approach has resulted in an ENP that mostly reflected the EU's wishful thinking rather than the real needs of both the EU and its neighbours. [Although the EEAS is the biggest diplomatic corps,] This is partly because of the EU's lack of credible information from the ground and insufficient understanding of the developments in the region; this despite the fact that the EEAS together with the EU member states' diplomats have huge presence in the EU's neighbourhood. In short, the closer the EU is to its neighbours, the less it seems to know about them.

Significantly—and perhaps paradoxically—the EU is invoking the principle of conditionality as the basis of its activities in the Eastern neighbourhood at a time when its soft power and magnetism in the East has weakened. This is due to several reasons; one of the more notorious explanations is the lack of an EU membership promise for its neighbours, which according to many has been chiefly responsible for reducing the scope and potential of the Union's soft power in the region. Indeed, the opposition of many EU Member States' to further expansion eastwards has been inspired by one of the myths that continue to guide the EU's policy, namely, that these countries actually want to join the EU. This is no longer the case. In fact, except perhaps for tiny Moldova or Georgia, none of the East European countries aspires to join the EU. However, as Tbilisi focuses on its political transformation, EU integration has become a tool rather than a focus in itself. Even the government in Chisinau is more focused on its internal power struggle than on taking concrete steps towards closer integration with the EU. In countries with 'protracted conflicts', what actually fires their motivation for closer association with the EU is the need for security.

The political elite (including the opposition forces) in Belarus and Ukraine seek to pocket – both financial and political - benefits from playing off the East against the West. The partnership that Minsk and Kyiv have with Russia or the EU is what we call in our recent book on Slovak foreign policy (*Bruselenie valasiek*, [2010]) a 'partnership à la East': rather than looking for a mutually beneficial cooperation, both states primarily seek a modus operandi with Moscow and Brussels that would allow them to extract benefits without delivering on their part of commitment. In other words, they want to make their partners pay, but do not see added value in other forms of assistance such as improved capacity or closer integration. The EU should bear in mind the lesson from the 2009 Ukraine–Russia gas war: those who are only interested in your money are not real partners.

The lack of our Eastern partners' interest in the EU's assistance, other than funds, explains why most of the EU's Eastern neighbours remain lukewarm about reforms. At the same time, the EU and especially European opinion makers need to realise how little influence the ENP actually has in the Eastern neighbourhood. The truth is that without the promise of future EU membership, the EU's soft power in the

neighbourhood is based on the image the EU has, not on the policy Brussels promotes (which is usually limited by a lack of coherent implementation and insufficient assistance). In reality, the EU is still perceived as a bloc with attractive living standards, though the continuing crisis of Euro has raised question marks over the stability of the EU's economic model. At the same time, the EU's political image is that of complicated policies, multiple and often overlapping structures, and unclear decision-making. Such an image hardly boosts the EU's soft power in the region.

In the Southern neighbourhood, the EU's policy reflects yet another myth: the stability of authoritarian regimes in North Africa and Middle East was considered an ugly but necessary reality the EU had to accept and craft its policies accordingly. Even though the latest wave of Arab uprisings effectively undermined this stereotype, these developments have also opened the question about the way the EU works in its neighbourhood and revealed how schizophrenic the EU can be: how does the same institution (i.e., the EU) ended up running its neighbourhood policy so differently in the East (where it promoted democratisation) than it does in the South (where the EU helped strengthen authoritarian regimes)? Clearly, the need for greater consistency is one of the lessons the EU needs to draw from the revolts in North Africa.

Recalibrating assistance: a new partnership with the middle class

However, looking at the ENP review simply as an opportunity to redesign the policy is not enough: if the EU aspires to make a change in its neighbourhood, it needs to modify the way it provides assistance. Currently, this is not designed to advance the EU's policy objectives: the focus is narrowly technical and processes are overly bureaucratic. Too often, policymakers from both the EU and the Eastern neighbourhood have little say over where the assistance is provided and to whom, and the means the ENP has at its disposal are overregulated.

Transformation of the EU's neighbourhood is a long-term project that offers few instant successes. It will take years, if not decades, for the region to modernise and reform. At the same time, the amount of funds available for Eastern neighbours is unlikely to increase substantially, although the EU should consider redirecting some of the funds currently provided to countries such as China, India or Russia—countries still described as developing countries, despite their impressive economic development and own assistance programmes to third countries (see also Popescu, forthcoming). However, the problem is not in the amount of money; what is more important is *how* these funds are spent and *what objectives* they are meant to help achieve.

As mentioned above, with the exception of Moldova, Georgia or potentially Tunisia in the South, few governments in the EU's neighbourhood are currently ready or willing

to embrace the EU's model of governance, democracy and economy *in practice*, i.e. go beyond rhetoric and carry out the necessary – and sweeping – reforms. This is partly because many leaders in the region see adopting the EU model of governance and democratic institutions as an obstacle to their own, often unchecked power. However, it is equally important to acknowledge that in many neighbouring countries there is not enough understanding and, thus, *lack of popular demand for greater political or economic integration with the EU*—and hence little domestic pressure on local governments to undertake steps and reforms that would bring the country closer to the EU. In short, the EU often lacks local partners who could advance its agenda in the region. As a result, the ENP has become an à la carte menu for the EU's neighbours: too often, this has resulted in the EU's supporting sectors and projects that have little relevance to its own priorities in the neighbourhood.

To reverse the current trend, the EU needs to complement the 'more for more' and 'less for less' principles with policies and assistance designed to enlarge its 'circle of friends'. In other words, the EU needs to focus on winning allies among the local population, and expand and strengthen the *home-grown, pro-reform and pro-European constituencies* in the neighbourhood rather than focusing almost solely on working with the region's governments (i.e., the ruling elite) and hoping that they will deliver on its demands. Such an approach would gradually increase the domestic pressure to reform and thereby enhance cooperation with the EU. This does not automatically mean beefing up the assistance for local non-governmental organisations (NGOs) only: for instance in Belarus, one of the biggest EU's weaknesses is the lack of contacts with local bureaucrats. The EU needs to shift its focus towards supporting and strengthening democratic institutions in the region and engage with its neighbours more broadly and deeply to understand the motivations and ambitions of various layers of the society and design its assistance accordingly. Some of the innovations envisaged for the upgraded Eastern Partnership programme, such as the inclusion of local business communities as key stakeholders and implementers of EaP projects, will rightly reflect this approach.

Recently, modernisation has become a popular slogan in the East, but when the elite—be it Russia's President Medvedev, Belarus's President Lukashenka or Ukraine's President Yanukovich—speak about modernisation, what they have in mind is their ambition to make the state more efficient in order to (re-)assert control over society. The positive trend is that although the notion of a "managed democracy" is not a Russian, but a post-Soviet phenomenon, the number of those in the neighbourhood who understand and adhere to democratic standards is gradually rising. Thus, what the EU should further promote in the neighbourhood is a progressive modernisation of *society* (in terms of values, political and economic freedoms) rather than just the modernisation of East European economies. Only such modernisation, together with citizens who are aware of their rights and responsibilities, will contribute towards the EU's ultimate goal, which is to have a democratic, prosperous and secure neighbourhood.

To do so, the EU needs to look for a new partner in the region. It is the middle class that most often acts as the main carrier of modernisation. However, the middle class that is gradually emerging in Eastern Europe currently lacks both the representation and the institutional capacity to initiate and sustain a shift towards a more democratic system. As is currently the case in the EU, it is the (weak) middle class in Eastern Europe that is carrying the biggest burden of the economic crisis, since it had borrowed the most. The middle class also lacks the means and know-how to reach out and convince others of the importance of democratic change. The EU needs to expand its outreach in the region and look for innovative ways of supporting the embryonic middle class and its—sometimes still disorganised—institutions. Thus, besides supporting pro-democracy activists and independent media, the EU should focus on programmes that help empower local public interest groups that are embedded in the broader society, that have clear constituencies and articulated interests. These can engage in advocacy vis-à-vis the government on specific policy issues, thus promoting social rather than regime change (for which there is little popular support). In practice, this means greater EU support for representative associations of businesses, small and medium-sized enterprises, but also for bureaucrats, professional associations and grass-roots civil society organisations rather than just for NGOs and political parties. Democratic principles need to be upheld by democratic institutions, and the EU should demand these institutions not only from the governments but also from civil society organisations in the region that benefit from the EU's support.

In addition to focusing on a greater number of actors in the neighbourhood, the EU should place greater emphasis on those parts of the EU's offer to its neighbours that can bring tangible benefits to society (such as conclusion of the negotiations on common aviation area, easier travel, etc.) and thereby win more friends in the region. While these perks are already part of the offer, the EU needs to put more emphasis on and allocate more resources for them (this also requires that the EU mobilise respective branches of the EU Commission, such as the Directorate General for Trade, to speed up the process) as well as find means of communicating these actions effectively and as widely as possible to the East European societies.

In parallel, the EU's assistance to governments should primarily target sectors crucial for the EU's own interests, such as border control, as well as those where reform is possible and where the EU's assistance would make a substantial difference both for the partner country and the EU's interests. In those Eastern neighbourhood states with autocratic regimes, such as Belarus or Azerbaijan, the EU should re-allocate more of its funds towards partners other than governments. Engagement with autocratic governments is necessary; however, as the case of Belarus shows, the EU (but also Russia) lacks contacts with and does not understand the influence of the local bureaucracy, which is the most influential interest group in the country. The lack of contacts is directly related to the EU's analysis and policy, which is based merely

on the information provided by the local opposition rather than on active dialogue with state officials and other parts of society. Such an approach gives rise to stereotypes and makes EU policy overly dependent on one group.

Meeting policy demands: improving implementation

Compared to Central Europe, the countries in the Eastern neighbourhood appear to be much weaker states. With the exception of Belarus and Georgia, few have the capacity to carry out all the reforms and adopt all the standards the EU requires. Civil servants have little understanding of how the EU works, how it seeks win-win solutions and compromises in order to navigate between the myriads of opinions. This approach is very different from the zero-sum politics and autocratic behaviour often found in the neighbourhood. The lack of understanding of what association with the EU requires, of the costs and benefits of closer cooperation with the EU and of the benefits of good governance is overwhelming. This is the case even in the most pro-European country in the region, Moldova. Although some East European officials and civil servants benefit from the EU's Comprehensive Institution Building facility and currently participate in EU-sponsored twinning programmes, the majority of these initiatives are underfunded and mostly provide for EU experts' stays in the partner countries rather than for civil servants of partner countries to visit the EU. The EU should complement these programmes by devising a strategic initiative, an 'Eastern Partnership Advancement Centre', that could provide training capacity-building for the civil service, but also for journalists, civic and political activists, researchers and so on. They could enhance the understanding of the EU and thus bolster the pro-EU constituencies in the region.

Such an approach would require an overhaul of the way the EU's assistance programmes are implemented: currently, most of them are project-oriented, leaving no space for long-term planning and strategic thinking and providing little hope for sustainability. The biggest EU-funded assistance projects aimed at promoting 'Europeanisation' are usually implemented by EU-based consultancy companies versed in EuropeAid lingo but which carry few activities and communication campaigns in the target countries. In fact, U.S. government-funded USAID currently allocates more funding for 'Europeanisation' through local civil society actors than the EU does. The EU should, finally, embrace a programme-based approach which allows for mid- and long-term planning, and support those European NGOs capable of developing long-term partnerships in target countries rather than favouring projects implemented through consultation companies and contractors. After all, the Eastern Partnership region already offers more than 20 years of experience in supporting local civil society, with all its successes and failures.

Coordination between EU Member States and the EU Commission remains crucial: at present, there is too much overlap between different projects implemented by

different donors, while some sectors remain relatively neglected. While coordination of all aid is hardly possible, EU Member States could consider forming voluntary coalitions in different countries in the Eastern Partnership, based on their preferences and capacities. Such clusters of EU members could prioritise some sectors or groups over others in their assistance programmes, generating more synergies, pooling funds and, in the end, delivering better impact (e.g., several Member States could calibrate their assistance in a way that allows greater support for administration reform in the Eastern Partnership countries or for agriculture, while others could focus more on entrepreneurs or independent media, depending on a given Member State's capacities and abilities).

It is important that the EU Commission's grant-making becomes more flexible: the current limits for funding are beneficial for professional organisations skilled in writing applications, but these organisations often have limited contact with their own constituencies. Therefore, the minimum amount of funding that can be applied for from the EU should be lowered from €50,000 to €25,000; these small grants should continue to be managed by local EU delegations. While these are relatively small amounts, they can make a significant difference in countries such as Moldova or Armenia.

In addition, the Commission is crucially placed to lead on many of the initiatives the EU currently offers to its neighbours, including the conclusion of Deep and Comprehensive Free Trade Agreements (DCFTAs) with Eastern partners. While enhancing mutual trade and being one of EU's top priorities in Eastern Europe, the Directorate General for Trade currently devotes little attention to the region, as economic benefits for the EU from the DCFTA with all Eastern partners but Ukraine are miniscule (Messerlin et al. 2011). The EU needs to mobilise its 'sectoral arms' such as DG Trade, DG Energy and so on to improve the negotiating process and make the final outcome more beneficial for both the EU and the Eastern Partnership. Conclusion of the DCFTA should not be the ultimate goal; easier and more intensive trade is. Therefore, while it is likely that Ukraine will be the first East European country to sign the DCFTA with the EU, perhaps as soon as this year, it is important that the EU places as much emphasis on the implementation and enforcement of the commitments that Kyiv signs. The EU should be ready to suspend or withdraw assistance to sectors where sufficient progress hasn't been made, as it has recently done in Ukraine due to lack of transparency in the country's public procurement law. This step has had huge impact: the Kyiv now perceives the EU more seriously than before. And while the DCFTA is an important regulatory framework that solidifies Eastern partners' association with the EU, it is equally important that the EU invests more in pro-growth strategy for the region. This means greater assistance towards improving conditions for internal sources of growth (i.e., greater support of entrepreneurship), be it through the European Investment Bank, the European Bank for Reconstruction and Development programmes or through establishing EU

chambers of commerce that could promote greater exchange between the EU and Eastern partners' business communities.

Conclusion

To make the ENP work in its Eastern neighbourhood, the EU will have to do more than rely on the principle of conditionality: it will have to address the myths it has about its neighbourhood, narrow its focus and clarify what the ENP can realistically achieve, while improving the policy's implementation and bringing levels of assistance closer to the actual policy.

The Arab revolution has given the strongest ever feedback and reality check the EU could ever wish for its neighbourhood policy. The newly established EEAS needs to take this seriously and end the ENP's 'schizophrenic' implementation, that is, dealing differently with the South and East. Moreover, in the East the implementation of the ENP is undermined by EU's reliance on myths and stereotypes rather than real information and well-grounded analysis. The EU needs to get rid of its habit of reacting to media reports instead of listening to its own staff in the field. At the same time, the EU is not 'losing' its neighbourhood; it is actually making (slow) progress, even in the East. But this is much less connected to the ENP than the EU and the analysis 'industry' tends to portray. It is still mainly the (higher) living standards the EU enjoys which attract its neighbours, rather than the EU's policies.

Recent revolts in the Middle East and North Africa region have laid bare many weaknesses of the ENP but have also raised new opportunities to learn from previous policies, especially in the post-revolutionary Eastern neighbourhood. One of the lessons the EU needs to learn is that relying solely on autocrats will not automatically produce stability, prosperity or security. If the EU wants to avoid such disappointments, it should go beyond the blind belief in authoritarian modernisation and reach out to new partners in the region, especially the emerging middle class.

However, bold changes are also needed in how the EU plans and delivers its assistance to meet the demands of its own policy. Recalibrating its assistance in a way that allows for greater and more long-term support to domestic agents of change and pro-reform constituencies is the best investment the EU can currently make in the region. This is a clear benchmark for the EEAS's future performance. Otherwise, the European Neighbourhood Policy will remain a poorly implemented good idea.

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