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In Need of a New Paradigm?
Rethinking the European
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IN NEED OF A NEW PARADIGM?
RETHINKING THE EUROPEAN
NEIGHBOURHOOD POLICY/EASTERN
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Contents

Ten Years On: Lessons to be drawn.....6

**Policy recommendations for
the Eastern Partnership8**

3. A higher political and security profile.....12

Over the past decade, the European Neighbourhood Policy (ENP) has become much more than the policy framework governing the European Union's relations with adjacent regions. Given the multifaceted and daunting challenges faced by Eastern European, South Caucasus and Southern Mediterranean countries, the neighbourhood has actually emerged as a major test for the EU's foreign policy as a whole. With the ENP, the EU has responded by projecting to the neighbourhood its own governance and model of economic integration – widely seen as building blocks of prosperity and peace across the continent. By providing guidance for domestic reforms, EU's rules and policy templates were expected to bring about prosperity, stability and security in the neighbourhood.

However, recent developments across the region suggest that the EU has only partially been able to take up the challenge. This is not only because the motto of a more prosperous and democratic neighbourhood has not materialised. In fact, over the past few years the EU's neighbourhood has turned into a much more unstable and insecure area, with conflicts *de facto* threatening regional security and postponing the colossal task of political and economic reforms.

The scale and pace of political and geopolitical upheavals at the EU's borders have prompted a response at the highest political level within the EU.¹ However, this is not the first time that the EU calls for a re-examination of its neighbourhood toolbox. Since 2004, the ENP annual strategy papers prepared by the European Commission and (since 2011) the European External Action Service have regularly called for improving the policy's effectiveness. As a result, new instruments and approaches have gradually been introduced. Moreover, in the wake of the political upheavals in the Southern Mediterranean, in 2011 the ENP was subject to an extensive review which (among others) resulted in the introduction of the “more-for-more” approach. Nevertheless, the ongoing review is broader. In fact, the wide-ranging consultation process launched on March 4th by the High Representative for Foreign Affairs and Security Policy Federica Mogherini and the ENP Commissioner Johannes Hahn is expected to lead to “a fundamental review” of the ENP.²

Yet, taking into account altogether the EU's level of ambition in the neighbourhood, regional realities and the toolbox available to the Union, what can be (and what should be) the exact scope of the changes to be introduced? Should the EU perform a complete overhaul of the ENP? How should the revised ENP look like?

As the paper argues, the ENP needs a shift of paradigm. While also pursuing its own interests and promoting its values, the EU should de-centre the ENP from its own experience³ and better tailor its policies to partner countries' needs and circumstances.

1 In a letter to the President of the European Parliament and to the Italian Presidency, President Juncker called for taking stock of implementation and defining the way forward for the ENP within the first year of the new Commission's mandate. http://www.euractiv.com/files/letter_by_juncker_to_parliament_and_council.pdf

2 European Commission, “Towards a new European Neighbourhood Policy: the EU launches a consultation on the future of its relations with neighbouring countries”, Press release IP/4548, 4 March 2015.

3 Laure Delcour, Katarzyna Wolczuk, *Beyond the Vilnius Summit: Challenges for Deeper EU Integration with Eastern Europe*, European Policy Centre, October 2013.

Ten Years On: Lessons to be drawn

Ten years after the ENP was launched, the neighbourhood is hardly a more prosperous, stable, secure and democratic area. In most countries, while economic transformation has been chaotic at best, poverty and inequalities are on the rise. In addition, four years after the ENP revision placing the emphasis on progress toward deep democracy, the outlook for democratisation has grown bleaker in most ENP countries.⁴ The major negative development, however, is undoubtedly the “exponential rise” of geopolitical and security challenges.⁵ The “common neighbourhood” between the EU and Russia is now split between two economic integration projects, the Deep and Comprehensive Free-Trade Areas (DCFTAs) offered by the EU under the Eastern Partnership (EaP) and Russia-driven Eurasian Economic Union (EEU). Moreover, as a consequence of Russia’s support to breakaway regions and secessionist groups, the area is increasingly fragmented.⁶ Five out of the six Eastern partners are now confronted with unresolved conflicts. In the Southern Mediterranean, the civil war in Syria, the chaos resulting from fights between rival factions and militias in Libya and the progress of terrorist groups such as Da’esh have emerged as new threats of regional destabilisation in addition to the lingering Israel-Palestine conflict. This jeopardises the few examples of successful (even if fragile and unfinished) transformations in the neighbourhood (for instance in Tunisia). In fact, in many countries the EU’s long-term reform agenda is at odds with the most urgent security needs.

At the same time, links between the EU and its neighbourhood have never been so dense. Looking at the Eastern Partnership, the EU is now a major trade partner for all six countries (and the first trade partner for four of them);

and the number of Schengen visas granted to Eastern Partnership citizens has substantially increased since the early 2000s. But clearly, interdependence does not suffice for the EU to exert influence in its neighbourhood – despite the strong degree of attractiveness it retains there.

Against this background, the EU needs to rethink its approach toward the neighbourhood. The ENP is very much based on the EU’s own model of economic integration and regional cooperation. It is built on the premises that this model would foster transformations in the neighbourhood, through the diffusion of EU norms and templates. Yet the EU has ignored the local and regional realities in which these transformations were supposed to unfold. These, however, deeply differ from the context in which the EU integration process or the last waves of enlargement developed.

Two lessons emerge clearly from this first decade of implementation. First, there cannot be any sustainable reforms without strong local ownership (and therefore adjustment to local circumstances). Second, the EU’s long-term transformative offer is ill-suited in a context characterised by the growing importance of geopolitics and security threats. This does not mean however that the EU’s offer is irrelevant *per se*, but rather that it needs to be tailored to local concerns.

4 See the deep democracy indicators in the statistical annex to the Joint Report on the Implementation of the ENP in 2014, http://eeas.europa.eu/enp/pdf/2015/enp-statistics-report-2014_en.pdf

5 European Commission/High Representative, Joint Communication. Implementation of the European Neighbourhood Policy in 2014, JOINT (2015)9 final, Brussels, 25 March 2015.

6 Laure Delcour, Hrant Kostanyan, “Towards a Fragmented Neighbourhood: Policies of the EU and Russia and their Consequences for the Area that Lies in Between”, *CEPS Essay*, October 2014.

The Way(s) Forward: Meet the Neighbours

The EU needs to change its pattern of thought in the neighbourhood. This shift of paradigm entails de-centring the ENP from its own experience, being more inclusive in the policy design and implementation, being more flexible in response to local needs and developments, and introducing effective differentiation in its policy.

A policy approach tailored local conditions

In the neighbourhood, the EU has mostly used instruments and approaches which have been either premised on its own model or designed for other frameworks, without critically analysing both their relevance to neighbours' needs and effects in the region. For instance, DCFTAs were launched in the East as part of a "take it or leave it" package with the Association Agreements (AAs) and they are now negotiated with some Southern Mediterranean countries without much attention being paid to their socio-economic consequences. Tools such as budget support (to which the EU committed in the Paris Declaration for Aid Effectiveness and the European Consensus on Development) have been introduced without sufficient preparation and attention paid to local conditions (weak public finance management systems, weak participation of civil society in the policy dialogue). The EU needs to better attune its policies to partner countries' situation and aspirations.

A less technical and more inclusive approach

The ENP (especially with the AAs/DCFTAs) has developed as a technical process focusing on regulatory convergence with EU *acquis* and negotiations with small groups of experts. This is also because of EU internal factors. After all, EU *acquis* is what EU member states agree upon. Yet, as a result of its technical approach, the EU has not been able to effectively reach out to societies. This has been compounded by the fact that support to civil society has largely been decoupled from

the dialogue with governments (and hence from the core aspects of EU-partner relations). The EU needs to engage more closely local civil society in the policy process, as this will also allow the Union to better take into account socio-economic needs in its policies.

An effective differentiation

Differentiation has been regarded as a major principle of the ENP ever since the policy was launched. However, the EU has fallen short of translating it into practice. The revised ENP needs to reflect the diversity of partner countries' needs, reform trajectories and expectations vis-à-vis the EU. This does not necessarily entail changing the policy's geographical framework, though. The EU could maintain the current framework and sub-components (the Union for the Mediterranean and the Eastern Partnership), while also increasing the scope for differentiation, both between the East and the South and within each region.

Differentiation between South and East.

In essence, the Southern Mediterranean and Eastern Partnership countries have little in common except a border with the EU. They are faced with different challenges and have diverse aspirations vis-à-vis the EU. However, the creation of two sub-components in 2008-9 has allowed for increased differentiation between the two regions.

Hence, maintaining a single overarching framework for the ENP makes sense, if only for the EU. In the Union, this has progressively fostered a sense of ownership around the neighbourhood. For instance, Southern Member States have become increasingly aware of the challenges to which Eastern Partnership countries are confronted (as evidenced by the fact that for the first time in 2013, the overwhelming majority of heads of States and government participated in an Eastern Partnership summit). In other words, the ENP is now a genuinely European foreign policy (with

all the bargaining and compromises that this involves). This is a major achievement for the EU, even if internal.

From the perspective of partner countries, the added value of a single framework is less clear, even though interregional informal dialogues and exchange of practices are seen positively. Therefore, while maintaining a single policy framework, the EU should also better address specific expectations and challenges within each of the existing subcomponents.

Differentiation within each subcomponent of the ENP: The example of the Eastern Partnership

The Eastern Partnership was designed to respond more specifically to Eastern partners' aspirations. It was based upon the assumption that Eastern European and South Caucasus countries would be more responsive to a policy which (as compared to the ENP's vague promise of 'a stake in the Internal Market') offered tangible incentives for them to reform. However, this assumption has only partially materialised. While partner countries' attitudes to the EU were diverse from the outset of the Eastern Partnership, differences have only

become more visible with AA/DCFTA negotiations and they are likely to strengthen with their implementation. In the near future, the three countries which have signed AAs will face very different issues in their relationship to the EU as compared to Armenia, Azerbaijan and Belarus.

Nevertheless, the two 'groups' of countries are by no means homogeneous. In particular, Armenia, Azerbaijan and Belarus have very different expectations vis-à-vis the EU. Moreover, while AAs and DCFTAs were signed with three countries only, other EU instruments (starting with visa facilitation/liberalisation) cover all six countries. Finally, despite their increasingly different relationship with the EU, Eastern Partnership countries still face common challenges stemming from post-Soviet transformations (not least corruption). Therefore, the EU needs to maintain the multilateral track of the Eastern Partnership, while also injecting more differentiation in the bilateral track, based on partner countries' aspirations vis-à-vis the EU and ability to deliver on reforms.

Policy recommendations for the Eastern Partnership

1. Making differentiation work

A broader support for Georgia, Moldova and Ukraine

With the Association agreements and DCFTAs, Georgia, Moldova and Ukraine have taken massive commitments in terms of regulatory convergence with EU rules and standards. For the three countries, implementing the DCFTAs will require considerable resources, even if trade liberalisation will take place gradually (especially in Moldova and Ukraine). The application of the agreements will also take place against a tense geopolitical background,

as Russia is unlikely to reduce pressure on all three countries.

Therefore, an effective implementation of the DCFTAs (now the overarching priority in EU's relations with Moldova, Georgia and Ukraine) also depends on adequate support from the EU. EU assistance has so far placed the emphasis on institution-building to prepare these countries for the negotiations and their application. It now needs to shift the focus toward four objectives:

- First, the implementation of AA/DCFTAs (and in fact the whole reform pro-

cess in Eastern Partnership countries) requires a professional, accountable and efficient public service. Therefore, the EU should **prioritise public administration reform** in the forthcoming ENI programming period (as is the case in Moldova and Georgia for 2014-2017);⁷

- Second, the implementation of DCFTAs will entail costly reforms in those economic sectors which are key for partner countries, especially in terms of employment. Therefore, the EU should **accompany sectoral reforms** (as is the case for agriculture in Moldova and Georgia) by providing targeted technical assistance, grants and sector budget support;
- Third, as the bulk of DCFTAs obligations lie with the private sector, the EU should not only step up **support to private sector** development (a key orientation of Neighbourhood Investment Facility for 2014-2020), but also design a strategy to **engage more systematically with businesses** in the three countries with a DCFTA. Such a strategy should take stock of all EU-funded mechanisms to support the private sector and design mechanisms to help businesses adjust to the changes introduced by the agreements;
- Last but not least, the EU should pay specific attention to **those areas/sectors where reforms are lagging behind** (the fight against corruption may be such an area, yet reforms in this respect are critical for an effective implementation of the agreements). It could do so by re-orienting priorities during the ENI mid-term review, or strengthening conditionality attached to sector budget support if reform objectives are not met.

Armenia, Azerbaijan and Belarus: The Right Balance between Interests and Values

Finding a Path for Engaging with Armenia

Nowhere have the potential and limits of the Eastern Partnership been exposed more blatantly than in Armenia. Between 2010 and 2013, the country has reformed vigorously in line with EU demands. However, the adoption of EU templates has stumbled against the country's security and economic vulnerability – ruthlessly exploited by Russia to deter Armenia from initialing the AA/DCFTA. After joining the Eurasian Economic Union, Armenia is a test case for the EU's ability to retain influence in those Eastern Partnership countries that have chosen a different path of economic integration. By launching a scoping exercise to identify the areas which could be included in a new agreement with Armenia, the EU has shown unprecedented flexibility. However, designing a way forward with Armenia is not just a technical exercise. It also requires finding a balance between interests and values. Armenian authorities are keen to retain some degree of complementarity (even if limited) in the country's foreign policy and the EU needs to maintain as high as possible a level of engagement with Armenia. Nonetheless, equally important, the EU has to factor the domestic political situation in its policies (including Russia's pressure in this respect).⁸

In this context, options for the EU include:

- **Continue engaging with Armenia as much as possible**, including (when ever possible and compatible with EEU membership) by diffusing EU standards and best practices through TAIEX and Twinning and by supporting (as foreseen under the Single Support Framework 2014-2017) private sector development with the view to increasing employment and reducing socio-economic disparities;

⁷ European External Action Service, European Neighbourhood Instrument (ENI) 2014-2020 - Single Support Framework for EU Support to Georgia (2014-2017); Single Support Framework for EU Support to the Republic of Moldova (2014-2017).

⁸ Russia recently expressed threatening statements vis-à-vis Armenia regarding the latter's relations with the EU. For example, Konstantin Kosachev, chairman of the international affairs committee of the Russian Council of the Federation, recently disapproved of Armenian NGOs' call for closer cooperation with the EU. See Armen Grigoryan, "Armenia Poised to Make Pivotal Decision About Further Cooperation With European Union", *Eurasia Daily Monitor* (12) 55, 25 March 2015.

- Step up its pressure to **enhance the role of Armenian civil society** in the monitoring of EU-Armenia relations; Armenian CSOs have widely been consulted on the forthcoming agreement, yet they should also (to the greatest possible extent) be associated to the negotiation process;
- **Strengthen support to Armenian civil society.** In the Single Support Framework 2014-2017, support to civil society is defined as “complementary” with only 5% of total funds allocated to this priority. The EU should consider increasing this amount.

Azerbaijan and Belarus

With Azerbaijan and Belarus (two countries which have shown little interest in deeper cooperation with the EU), the EU should maintain **some degree of engagement on areas of joint interest while also not giving up on values.** It could focus on people-to-people contacts (visa talks, research and education cooperation) and, with Azerbaijan, energy and technical cooperation. At the same time, in the case of Azerbaijan the EU should link more tightly its interests and values. It should be more vocal in condemning the sharp deterioration of the situation in the country. The EU should also envisage using conditionality – after all, the EU itself is an important partner in Baku’s multipolar foreign policy.

2. Foster the networking and socialisation potential of the multilateral track

The growing differentiation between Eastern Partnership countries in their relationship to the EU makes the work of the multilateral track **more complex, but also much needed.** This is an irreplaceable framework to foster links between Eastern Partners and the EU, and between partners themselves.

Clearly, at the political level the multilateral track is sensitive to regional conflicts, as recently demonstrated by the refusal of the Azerbaijani delegation to attend Euronest Parliamentary Assembly meeting in Yerevan.

However, at the technical level the multilateral track provides a unique forum for dialogue between the EU, its Member States, other international organisations and the six Eastern Partnership countries. For the EU, it also offers a forum to explain its policies and provide an alternative narrative to Russia’s policies.⁹ While thematic platforms have been criticised for being too EU-driven, panels are widely seen as an opportunity to exchange reform experiences, especially on technical, non-politically sensitive topics. Panels on key areas of reform (public administration reform, agriculture and rural development) are of interest to all partners, whatever their contractual bilateral relationship with the EU may be.

Last but not least, the non-governmental fora of the multilateral track (the Civil Society Forum, the Business Forum) have a major added value in fostering networks with their EU counterparts and reaching out to Eastern Partnership societies.

⁹ See Jos Boonstra, Laure Delcour (2015). “A Broken Region. Evaluating EU Policies in the South Caucasus”, FRIDE *Policy Brief* No.193, p.4.

At the same time, the impact of the multi-lateral track is likely to be mostly long-term. In order to enhance this impact, the EU could:

- Increase **the transparency and visibility** of the multilateral track by systematically providing information related to meetings and flagging key outcomes on a dedicated website;
- Review the existing flagship initiatives and (using the Neighbourhood Investment Facility) focus on non-political **infrastructure projects**¹⁰ to improve linkages across the region and with the EU (e.g. transport).

1. Give an impetus to people-to-people contacts

People-to-people contacts are key to improving the knowledge and understanding of the EU and its policies in Eastern Partnership countries, where the EU is still relatively unknown among the general public. The technical nature of the ENP and the EU's focus on dialogue with governments have only added to the poor degree of awareness. For instance, AAs and DCFTAs have been negotiated with small groups of experts while the bulk of citizens has only a vague idea of their concrete implications. The EU has started addressing this gap by launching targeted awareness-raising activities (training of journalists, preparation of DCFTA guides). However, the EU should as much as possible reach out to the general public in partner countries. To that purpose, it could:

- Expand opportunities of scholarships, visits and exchange programmes for students, researchers, teachers and professors;

- Consider introducing/developing exchange programmes and visits for SMEs under its assistance programmes;
- Move to a visa-free regime with Georgia and Ukraine and to a visa dialogue with other countries as soon as the conditions are met, while also providing an assessment of the first year of implementation of the visa-free regime with Moldova.

2. Improved monitoring, more systematic evaluation

Strengthen the engagement of local civil societies in the monitoring of EU-Eastern Partners relations and EU assistance

An enhanced participation of civil society in the monitoring process will serve two objectives. First, it will contribute to developing vibrant civil societies by enhancing their participation in the policy process. Second, it will contribute to improving the monitoring of the Eastern Partnership by making the process more transparent.

The EU has now invited all interested stakeholders to contribute to annual progress reports (its main tool to monitor domestic reforms in ENP countries). In essence, progress reports are channels through which the EU conveys key messages to Eastern partners. However, they have been criticised for lacking clear and consistent benchmarks, selectively analysing country developments and relying extensively on data provided by international watchdogs. Until recently progress reports also mirrored the focus on EU-governments dialogue. This explains why in some Eastern Partnership countries (for example, Georgia and Ukraine), local civil society organisations (CSOs) have provided an alternative assessment of ENP implementation.

¹⁰ See Elżbieta Kaca, Kinga Dudzińska, Karolina Zubel, "A Competitive Two-speed Policy: The Eastern Partnership beyond 2013", *PISM Policy Paper* (27) 75, September 2013, p.5.

Despite this progress, much remains to be done in terms of engaging local civil societies in the monitoring of EU-Eastern Partners relations. In these countries, there is little (if any) experience of **including civil society in the policy dialogue**. The EU has taken several steps to facilitate the involvement of CSOs in the policy process, including through preparing specific handbooks. However, given both the lack of experience and the reluctance of some counterparts, the EU should more firmly promote the engagement of civil society in its bilateral dialogue with Eastern Partnership governments. It could:

- Fund targeted **capacity-building programmes for CSOs** in order to enable them to effectively perform monitoring functions,
- Appoint Civil Society Steering Committees and support **their involvement in the programming and monitoring of ENI assistance** (especially, but not exclusively, budget support operations),
- Promote the **institutionalisation of a trilateral dialogue** with EaP governments and local CSOs on EU-Eastern partners relations.

Beyond Stocktaking: Develop an ENP evaluation culture

While the ENP has been subject to regular monitoring and several reviews since its inception, there have been very few evaluations of the EU's policy toolbox (except for a few assistance programmes, for example the regional cooperation programmes). Yet, given the multitude of EU instruments, the ENP badly needs evidence-based analyses of what has worked and what has not worked in the policy.

The EU should regularly commission **evaluations of key instruments and programmes**, such as the flagship initiatives within the EaP's

multilateral track, the mobility partnerships,¹¹ the participation of Eastern Partners in EU agencies and programmes... The results of these evaluations should **systematically be incorporated in the ENP policy process** and stock-taking exercises.

3. A higher political and security profile

While relying primarily on its long-term transformative power in its neighbourhood, the EU should also be able to **respond more quickly and strongly to short-term political and security developments**. The ENP needs a higher political profile, with strong leadership by the High Representative. In light of recent developments in Eastern Partnership countries, the EU should also pay **increased attention to state-building** in the region. Security sector reform (premised upon tight connections between security and democratic norms) is critical in this respect. This is also an area where EU Member States could gain more weight.¹²

11 A pilot evaluation of the mobility partnership was conducted in Moldova.

12 See Mark Leonard and Andrew Wilson, "Introduction: Protecting the European Choice", in: Andrew Wilson (ed.), *Protecting the European Choice*, European Council on Foreign Relations, London, 2014, p.7.



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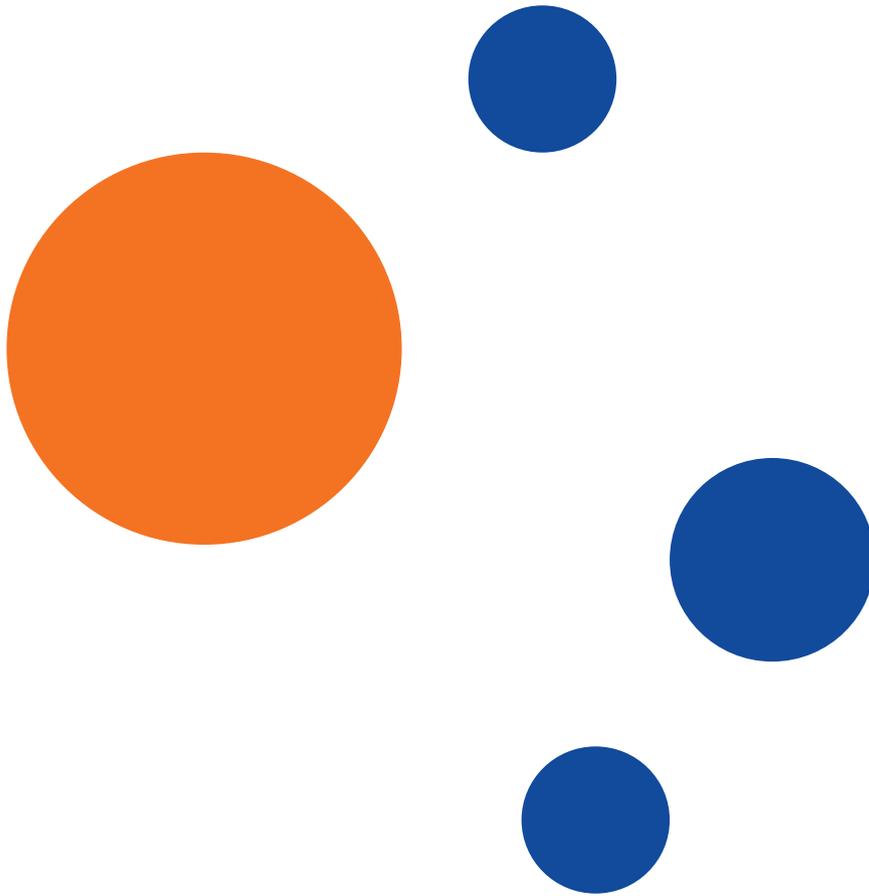
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