

# “More for More and Less for Less”: from the Rhetoric to the Implementation of the European Neighbourhood Instrument in the Context of the 2015 ENP Review

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The European Neighbourhood Instrument (ENI) entered into force in March 2014 but, as stated in its Article 19 “shall apply from 1 January 2014 until 31 December 2020.”<sup>1</sup> It is therefore now possible to see how the rhetoric of the so-called ‘more for more’ and ‘less for less,’ an incentive-based approach emphasised by the May 2011 joint communication on “A new response to a changing Neighbourhood”<sup>2</sup> and then transposed into the legally binding provisions in the ENI, was implemented in 2014, compared to previous years. It is worth remembering that this ‘positive conditionality’ approach was implemented after the launching of the ENP but reinforced in 2011, during the first revision of the ENP.

The main paragraph of the May 2011 joint communication related to this issue stated that:

“Increased EU support to its neighbours is conditional. It will depend on progress in building and consolidating democracy and respect for the rule of law. The more and the faster a country progresses in its internal reforms, the more support it will get from the EU. This enhanced support will come in various forms, in-

cluding increased funding for social and economic development, larger programmes for comprehensive institution-building (CIB), greater market access, increased EIB financing in support of investments; and greater facilitation of mobility. These preferential commitments (...) will recognise that meaningful reform comes with significant upfront costs. It will take the reform track record of partners during the 2010-12 period (...) into account when deciding on a country’s financial allocations for 2014 and beyond. For countries where reform has not taken place, the EU will reduce or even reconsider funding.”<sup>3</sup>

2015 is of particular interest as a consultation for the ENP review was launched in March, but also as it is still the first year of the mandate of the new Commission appointed in November 2014.<sup>4</sup> This is of importance as the new President of the European Commission “decided that the ENP will be reviewed within the first year of the new Commission’s mandate.”<sup>5</sup>

Therefore, there is a paradox in having a second review of the ENP in 2015, while the legally binding provisions for the financial cooperation (ENI Regulation) were adopted in 2014, on the basis of the 2011 revision, and will last until 2020 under the current Multiannual Financial Framework. It is therefore doubtful that such a financial regulation will be rene-

<sup>1</sup> Regulation (EU) No. 232/2014 of the European Parliament and the Council of 11 March 2014 Establishing a European Neighbourhood Instrument.” OJ L L 77/27, 15.3.2014.

<sup>2</sup> European Commission and High representative Joint communication, *A new response to a changing Neighbourhood*, Brussels, 25/05/2011, COM(2011) 303.

<sup>3</sup> COM(2011) 303, *op. cit.*

<sup>4</sup> Including a new HR/VP and a new Commissioner and Directorate-General for a portfolio renamed “Neighbourhood and Enlargement Negotiations” (and a new DG NEAR).

<sup>5</sup> European Commission and High Representative, Joint Consultation Paper *Towards a new European Neighbourhood Policy* Brussels, 4.3.2015 JOIN(2015) 6 final, p. 3.

gotiated between the EU Council and the European Parliament before 2020. So the margin of manoeuvre remains very limited. Only a mid-term review, with potential reallocations of financial envelopes, is scheduled at the level of the programming instruments, not the ENI *per se*.

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The key words in 2011 were: 'reinforcement of conditionality' (Deep Democracy Criteria) and 'differentiation' to promote the 'democratisation wave' of 2010-11. In 2015, it seems that 'flexibility' (and more pragmatism) will be used to first promote 'stability.' Flexibility will also be used to address the emergence of migratory and security issues more rapidly.<sup>6</sup>

### **The First Year of the Implementation of the New European Neighbourhood Instrument (ENI)**

The ENI total budget for the period 2014-2020 is €15.4 billion. According to the European Commission, it provides the "bulk of funding for cooperation with the 10 Mediterranean countries and the six Eastern Partnership countries covered by the European Neighbourhood Policy."<sup>7</sup> It is important to re-

call that this global financial envelope includes bilateral (or country) financial envelopes as well as multilateral (multi-country) financial envelopes allocations (two South and East regional programmes, one Cross Border and one Wider Neighbourhood programme).

According to the European Commission and High Representative, for the first year of its implementation (2014), "€2.3 billion were committed under the ENI" and "€1.6 billion were disbursed (...) this figure includes both ongoing and new programmes." It is therefore important to stress that for 2014, some programmes that were launched under the ENPI are still being implemented but are, since January 2014, governed, on the legal level, by the rules, criteria and procedures of the ENI (and by a new horizontal regulation) as the latter replaced the ENPI. This is clearly emphasised in the preamble of the ENI, first indent, that states that the ENI "replaces Regulation (EC) No 1638/2006 (...), which expired on 31 December 2013." Indent 29 refers to the new horizontal regulation stressing that: "common rules and procedures for the implementation of the Union's instruments for financing external action are laid down in Regulation (EU) No 236/2014."<sup>8</sup>

As referred to above, in 2011 the Commission and HR/VP emphasised that the share of the bilateral financial envelope should be based on the evaluations of the years 2010-12 "when deciding on country financial allocations for 2014." The problem is that if one considers Tunisia or Egypt, it is difficult by definition for the EEAS/Commission to end with an overall positive evaluation if the so-called 'deep-democracy criteria'<sup>9</sup> are strictly applied. The example of the evaluation of the SPRING programme made by the Commission in 2013 is that "the lack of political and administrative stability in those partner countries

<sup>6</sup> However, for issues linked to illegal migration or security one should note that instruments and programmes, other than the ENI, can also be used (e.g. the Instrument contributing to Stability and Peace (IcSP), humanitarian aid etc.).

<sup>7</sup> European Commission – High Representative Brussels, joint Staff Working Document, "Implementation of the European Neighbourhood Policy Statistics" - Accompanying the Joint Communication "Implementation of the European Neighbourhood Policy in 2014," 25.3.2015, SWD(2015) 77 final.

<sup>8</sup> Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action.

<sup>9</sup> Article 4 § 1 of the ENI: 1. Union support under this Regulation provided to each partner country in accordance with point (a) of Article 6(1) shall be incentive-based and differentiated in form and amount, taking into account all the elements listed below, reflecting the partner country's:

(a) needs, using indicators such as population and level of development;

(b) commitment to and progress in implementing mutually-agreed political, economic and social reform objectives;

(c) commitment to and progress in building deep and sustainable democracy;

(d) partnership with the Union, including the level of ambition for that partnership;

(e) absorption capacity and the potential impact of Union support under this Regulation.

TABLE 4 ENPI - ENI 2010-2014 (Commitments) - Breakdown by Country and Region, in € millions

Country/Programme	2010 ENPI	2011 ENPI	2012 ENPI	2013 ENPI	2014 ENI
<b>Part 1 - Mediterranean countries</b>					
Algeria	59	58	74	50	26.3
Egypt	192	92	250	47	115
Israel	2	2	2	2	-
Jordan	70	116	120	88	174.5
Lebanon	44	33	92	76	146.1
Libya	12	10	25	30	8.0
Morocco	158.9	166.6	207	334.9	218
Palestine*	367.9	413.7	224	313.7	309.5
Syria	50	10	48.4	170	61.3
Tunisia	77	180	130	135	169
Sub-total bilateral programmes	1,032.8	1,081.3	1,172.4	1,246.6	1,227.7
Regional (and other multi-country programmes for ENI only)	91.9*	87.8*	96.7*	103.5*	229.1
<b>TOTAL Mediterranean countries</b>	<b>1,124.7</b>	<b>1,169.1</b>	<b>1,269.1</b>	<b>1,350.1</b>	<b>1,456.8</b>
<b>Part 2 - Eastern Partnership</b>					
Armenia	27.7	43.1	35	66	34
Azerbaijan	7	31	19.5	25	21
Belarus	10	17.1	22.3	23.8	19
Georgia	37.2	50.7	82	97	131
Moldova	66	78.6	122	135	131
Ukraine	126	65	149	199	242.0
Sub-total bilateral programme	273.9	285.5	429.8	545.8	578
Regional (and other multi-country programmes for ENI only)	84.25*	99.14*	90.64*	122.87*	152.4
<b>TOTAL Eastern Partnership</b>	<b>358.15</b>	<b>384.64</b>	<b>520.44</b>	<b>668.67</b>	<b>730.4</b>

Source: Own calculation based on European Commission – High Representative Brussels, joint Staff Working Document, "Implementation of the European Neighbourhood Policy Statistics - Accompanying the Joint Communication "Implementation of the European Neighbourhood Policy in 2014," Brussels 25.3.2015, SWD(2015) 77 final. And European Commission – High Representative Brussels, joint Staff Working Document-Statistical Annex - Accompanying the Joint Communication "Implementation of the European Neighbourhood Policy at the Crossroads: Implementation of the European Neighbourhood Policy in 2013," Brussels, 27.3.2014 SWD(2014) 99 final. The ENPI Interregional, Cross Border programmes and additional ENPI funding / NIF / Support under thematic instruments are not taken into consideration for 2010-2013.

\* Regional programme (South and East) of the ENPI only.

undergoing a process of democratic transition may lead to difficulties in designing initiatives, delays in disbursing funds and a loss of effectiveness. A flexible approach is required."<sup>10</sup>

The table above illustrates the evolution of the country and multi-country financial envelopes from 2010 until 2014. What are not taken into account in the table are the financial envelopes devoted to two multi-country programmes for the period 2010-13: the ENPI 'Interregional' and 'Cross Border' programmes. For 2014, the Commission provided figures for "Regional and other multi-country programmes." The possibility of participating in EU programmes and agencies is also to be taken into account, but the transfer of know-how, for example,

is difficult to evaluate in financial terms. Also other EU thematic programmes and specific financial and technical resources can be used as well. On top of this, and outside the proper EU budget framework, the European Investment Bank (EIB) loans and technical assistance programmes have increased since 2010 as it was easier to quickly provide more loans to the MPCs. They are not taken into account here, as they are financed on EIB's own budget and because they are not subsidies but mainly preferential loans.

The selected time period is 2010-2014. It therefore ranges from the year of the first uprising in Tunisia to the most recent programming. It includes, at the technical level, the last year of the 2007-

<sup>10</sup> Commission implementing Decision of 18.7.2013 on the special measure, support for Partnership, Reform and Inclusive Growth (SPRING) 2013 in favour of the southern Neighbourhood region to be financed from the general budget of the European Union, Brussels, 18.7.2013 C(2013) 4452 final, point 3.3.

2010 National Indicative Programmes (NIPs), the entire 2011-2013 NIPs (both were framed under the ENPI) and the first year (2014) of the ENI programming. Under the ENI, if the partner country has concluded an ENP Action Plan, a 'Single Support Framework' has replaced the former NIPs and Country Strategy Paper (CSP).

What is not mentioned in this overall table is that the ENI includes a new feature (although a similar 'Governance facility' was introduced in 2006<sup>11</sup>). According to the ENI Regulation, in order to "facilitate the implementation of the incentive-based approach (...) an amount in the range of 10% of the financial envelope (...) shall be allocated to multi-country umbrella programmes that will supplement the country financial allocations."<sup>12</sup> In 2014, the umbrella programme "channelled €200 million of additional allocations to: Ukraine (€40 million), Georgia (€30 million) and Moldova (€30 million) in the East; and to Tunisia (€50 million), Morocco (€20 million), Jordan (€15 million) and Lebanon (€15 million) in the South. Additional funding was used to launch new programmes or expand the scope and duration of existing programmes, in line with the key priorities for bilateral assistance."<sup>13</sup>

What is striking is that without this information it is difficult to draw very clear conclusions about the evolution of the global yearly financial envelopes on the basis of this table, except that three Eastern Partners namely Georgia, Moldova and Ukraine benefitted from a clear regular increase of their bilateral financial envelopes (there is however one exception: a slight decrease for Moldova in 2014). Also overall, in 2014, half of the commitments (bilateral and regional) were made for the six Eastern partners, compared to a third in 2010. Last but not least the additional allocations of the umbrella programmes for the six Eastern and 10 Southern partners in 2014 are the same (€100 million for each region).

For the Mediterranean partners there is, first of all, a series of specific cases to be taken into consideration. Syria<sup>14</sup> and Libya (like Belarus) have never been

integrated into the ENP. For Algeria, which is also not fully involved in the ENP as it is still negotiating its first ENP Action plan, it is worth mentioning that 2014 represented the lowest level of commitment since 2010. Palestine is another specific case and cannot be compared to other MPCs for obvious reasons, which we are not going to address here given their peculiarities. Israel is also a special case as it is not considered to be a 'developing country' that can benefit from traditional development cooperation, although this country is, at the same time, very much involved in cooperation at the level of EU scientific cooperation programmes.

Thus the most interesting cases linked to the so-called 'Arab Spring' are Egypt and Tunisia. Jordan, Lebanon and Morocco are also to be taken into consideration. For Egypt it is difficult to link the evolution of the financial envelope to the evolution of the political-economic situation. It is true that this partner went through a revolution and a counter-revolutionary process during the period of time considered. What is obvious is that Egypt is not one of the beneficiaries of the umbrella programmes (UP). Unlike Egypt, Tunisia benefited from an extra €50 million from the UP, representing a little less than a third of the overall 2014 commitment (€169 million). The evolution of the Tunisian bilateral financial envelope indicates a regular increase during the last three years and the highest commitment (€180 million) was made in 2011, the year following the Jasmine Revolution. The figures for Morocco show a steady increase from 2010 until 2013 and then a drop in 2014, although Morocco benefited from an extra €20 million from the UP that year. Jordan and Lebanon do benefit from an increase in their financial envelopes for 2014 (which doubled compared to 2013 and are the highest commitment rates since 2010). The two supplementary umbrella programme envelopes contributed to this situation even if their amounts remained limited (€15 million each). But as both countries are strongly affected by the Syrian crisis they do benefit from other EU budget lines.

<sup>11</sup> See: [http://eeas.europa.eu/enp/pdf/pdf/governance\\_facility\\_en.pdf](http://eeas.europa.eu/enp/pdf/pdf/governance_facility_en.pdf)

<sup>12</sup> Art. 7 § 6 of the ENI

<sup>13</sup> SWD(2015) 77 final, op. cit.,

<sup>14</sup> "Due to the ongoing crisis, bilateral cooperation with Syria was suspended in May 2011. Consequently, there is no programming document for this country. Commitments take the form of annual 'special measures' in favour of the Syrian population; they are complemented with additional support to Jordan and Lebanon to help these countries cope with the influx of Syrian refugees. The 2014 special measure budgeted €41.25 million for actions to support the Syrian population still inside Syria." SWD(2015) 77 final, op cit., p. 3.

One must therefore analyse each single bilateral evaluation report to understand the reasons for the evolution of the commitments. Also pure programmatic, technical and administrative issues have to be taken into consideration. Furthermore, it is important to underline that a calculation *per capita* would highlight a larger decrease for Egypt and larger increase for Tunisia for the year 2014. Finally the supplementary umbrella programme envelopes and their share in the total 2014 commitments per country are the clearest indicators for evaluating the implementation, in 2014, of the 'more for more' and 'less for less' approach at the level of financial cooperation.

### The Review of the ENP: More Flexibility and a Focus on Security & Stability

The 4 March 2015 Joint Consultation Paper entitled "Towards a new European Neighbourhood Policy,"<sup>15</sup> stated: "There is now a clear need to review the assumptions on which the policy is based, as well as its scope, and how instruments should be used, including how different policy sectors can better contribute to cooperation, ensuring linkages between internal and external priorities."<sup>16</sup>

The Council conclusions 'on the Review of the European Neighbourhood Policy,' adopted on 20 April 2015<sup>17</sup> what at the time was an ongoing review. The EU ministers affirmed "the four priority areas that the current ENP review seeks to address: 'Differentiation,' 'Focus,' (including inter alia security, economic development and trade, good governance, migration, energy and human rights) 'Flexibility,' and 'Ownership and Visibility'" (Point 6) and stressed that a "revised ENP should take into account interests and needs of the EU and its neighbours, neighbours' commitment to reforms, the level of ambition of the partnership as well as different challenges and the geopolitical environment" (point 7).

Other priorities include:

- i) "Stability and prosperity based on principles of political inclusion, rule of law, the respect

of human rights and inclusive economic development;"

- ii) The contribution to "promoting stability in the neighbourhood in line with (...) other relevant EU policies such as the area of Freedom, Security and Justice;"
- iii) The wider use of ENP instruments to "strengthen partners' capacity to address security threats, notably through security sector reforms;"
- iv) Ensuring a "closer coordination between ENP and wider CFSP/CSDP activities" (point 8).

The proposed shift, compared to 2011, is quite noticeable.

### The Challenge of Consistency: the EU's Credibility at Stake

If it is confirmed, in autumn 2015, that the reviewed ENP will be characterised by more 'flexibility,' it should remain clear that the concept of flexibility means that the EU "should be capable of responding flexibly to the changing situations in the region, challenges and crises while preserving its continuity and predictability."<sup>18</sup> It is obvious that it will be crucial for the EU and its Member States to remain consistent in the implementation of the ENI and avoid disregarding the Deep Democracy Criteria.

Inconsistencies can lead to the MPCs perceiving a 'double standard approach.' The supplementary umbrella programme envelopes have the merit of giving clear signals to the partners. They are, however, not very 'visible' for the general public as their amounts have to be found in the detailed reports. This, for instance, could be taken into consideration in the current ENP review.

There is also a feeling, with the emphasis put on the EU's 'interest and needs' and 'stability,' that the EU is coming back to the old model of Euromed relations. This should be clarified, otherwise the EU's discourse on values could be perceived as hypocritical. Therefore, for the abovementioned 'Focus' one should start, and not end, with 'human rights.'

<sup>15</sup> European Commission and High Representative, Joint Consultation Paper "Towards a new European Neighbourhood Policy" Brussels, 4.3.2015 JOIN(2015) 6 final.

<sup>19</sup> Ibid., p. 3

<sup>17</sup> Council conclusions on the Review of the European Neighbourhood Policy, 20/04/2015, Press release 188/15.

<sup>18</sup> Ibid., Point 7.