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# Conceptual Factors Behind the Poor Performance of the European Neighbourhood Policy

Viljar Veebel, Liina Kulu, Annika Tartes\*

## *Abstract*

In recent years, the European Neighbourhood Policy (ENP) has once again become a politically prominent issue in the European Union's (EU's) external-action agenda. This is mainly because of growing conflicts in neighbouring countries from Libya to Ukraine and the EU's inability to contribute to sufficiently improving security in these states. There has also been a significant rise in criticism in discourse on the ENP, to some extent even giving the impression that the policy as a whole has failed. This study pinpoints and analyses the main factors behind the poor performance of the ENP in terms of guaranteeing security in countries neighbouring the EU. The key issue is whether and to what extent the policy's failure has been caused by controversies rooted in differing expectations, interests and goals of EU member states and ENP target countries, or by the controversial conceptual approach that underlies the policy. Issues relating to the upcoming ENP reforms are also of particular importance for Baltic countries, both in supporting political and economic reforms in former Soviet republics (including nations such as Ukraine, Georgia and Moldova) and determining the direction of EU relations with Russia.

## Introduction

Regional security issues are at the heart of European political debates. Firstly, escalating tensions in Eastern Europe (particularly Ukraine, Georgia and Belarus) have given rise to disputes over the effectiveness of policy measures applied in countries neighbouring the European Union (EU) that are aimed at ensuring stability, security and peace in the region. Secondly, recent violent conflicts in North Africa and the Middle East have only compounded critical views on the European Neighbourhood Policy (ENP) expressed in this debate.

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\* **Viljar Veebel** is an Associate Professor at the Estonian National Defence College; email: viljar.veebel@gmail.com.

**Liina Kulu** (MA Economics) is a senior specialist at the Bank of Estonia; email: liina.kulu@eestipank.ee.

**Annika Tartes** is an MA graduate at the EuroCollege of the University of Tartu; email: annika.tartes@ut.ee.

The ENP – a process evoked simultaneously with the EU’s fifth enlargement in 2003-2004 – was conceived as a key instrument for the democratisation and modernisation of the region’s immediate neighbours that were undergoing transition. Although the ENP consisted of the main components that made the fifth and sixth rounds of the EU’s enlargement successful, setbacks in implementing the policy in practical terms have entailed forfeiting earlier progress on democratisation and security in several target countries, as well as a loss of trust among international partners in the ENP’s feasibility.

Building on experience from the past, it has become clear that the current concept of the ENP, with its unfulfilled expectations, overdemanding values and limited resources, has been able neither in the past nor today to meet its goals. Opinions have therefore been expressed in both political and academic circles that the entire policy may need to be revised and that a new push and clearer focus for further development are required.

However, there has been significantly less discussion and analysis on the actual causes of the ENP’s ineffectiveness and on how to avoid those weaknesses in the future. At the same time, the success of the upcoming ENP reforms depends largely on well-argued and substantive discussion on matters such as whether the failure of the current policy has derived from overly ambitious targets, inadequate and unfeasible logic behind the policy’s conceptual framework, or shortcomings when implementing it.

This study pinpoints and analyses the main factors behind the poor performance of the ENP in terms of guaranteeing security in countries neighbouring the EU. The key issue is whether and to what extent the policy’s failure has been caused by controversies rooted in differing expectations, interests and goals of EU member states and ENP target countries, or by the controversial conceptual approach that underlies the policy. Three research questions will be explored: 1) To what extent does the ENP meet the conditions for effective external governance in line with a relatively recent model on EU external affairs since the early 2000s? 2) On the basis of the current debate, what are the main factors that have affected the ENP’s performance between 2003 and 2013? 3) What conceptual reforms are needed in the near future to make the ENP effective?

Issues relating to the upcoming ENP reforms are also of particular importance for Baltic countries, both in supporting political and economic reforms in former Soviet republics (such as Ukraine, Georgia and Moldova) and determining the direction of EU relations with Russia.

## **1. The Toolbox of the European Neighbourhood Policy**

In 2004, the newly developed European Neighbourhood Policy was expected to be the next major success in increasing stability and security at the EU's borders.

In principle, the origins of the ENP we see today lie in three initiatives taken by the EU in relations with external countries: 1) the Africa-EU partnership established in the 1960s, which currently provides the general framework for relations between the EU and the 79 African, Caribbean and Pacific Group of States (ACP)<sup>1</sup>; 2) the Euro-Mediterranean Partnership (or the 'Union for the Mediterranean', or the 'Southern dimension'), launched as part of the Barcelona Process in 2008 in the form of a multilateral partnership of 28 EU member states and 15 Southern Mediterranean, African and Middle Eastern partner countries<sup>2</sup>; and 3) the Northern Dimension, which was introduced in 1999 and renewed in 2006 as an instrument of cooperation between the EU, North-West Russia and the Baltic Sea and Arctic regions.<sup>3</sup>

Those initiatives were supplemented in 2009 by the Eastern Partnership, which developed cooperation between the EU and Armenia, Azerbaijan, Georgia, Ukraine, Moldova and Belarus.<sup>4</sup> Sixteen countries from different regions currently participate in the ENP; the policy's geographical ambition is thus remarkable, covering countries from Belarus to Azerbaijan and from Algeria to Syria.

As mentioned earlier, the ENP consists of the main components that made the fifth and sixth EU enlargements successful: the 'golden carrot' approach of positive conditionality (consisting of financial and institutional rewards for target countries), the central role of supranational institutions, continuous analysis of the progress of target countries, a sophisticated system for technical evaluation of ENP countries, financial support from the EU, and the opportunity for neighbouring countries to enjoy privileged relations with the EU.

The key feature of cooperation between the EU and target countries is the ENP action plan, which sets out a partner country's agenda for political and economic

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<sup>1</sup> European Union, The European External Action Service, *The EU's relations with Africa*, <[http://eeas.europa.eu/africa/index\\_en.htm](http://eeas.europa.eu/africa/index_en.htm)>, 12 02 2014.

<sup>2</sup> European Union, The European External Action Service, *Euro-Mediterranean Partnership (EUROMED)*, <[http://www.eeas.europa.eu/euromed/index\\_en.htm](http://www.eeas.europa.eu/euromed/index_en.htm)>, 12.02 2014.

<sup>3</sup> European Union, The European External Action Service, *Northern Dimension*, <[http://eeas.europa.eu/north\\_dim/index\\_en.htm](http://eeas.europa.eu/north_dim/index_en.htm)>, 12 02 2014.

<sup>4</sup> European Union, The European External Action Service, *Eastern Partnership*, <[http://eeas.europa.eu/eastern/index\\_en.htm](http://eeas.europa.eu/eastern/index_en.htm)>, 12 02 2014.

reforms, defines their and the EU's interests and describes the country's needs and capabilities.<sup>5</sup> A total of 12 of the 16 ENP countries have agreed actions plans and are fully participating in the initiative. Algeria is currently negotiating a plan and Belarus, Libya and Syria have not agreed on one, with these four countries thus remaining outside most of the ENP's structures.<sup>6</sup> The implementation of action plans is monitored by EU committees, which prepare progress reports. Partner countries are supported by the EU directly through grants for ENP-related projects, and indirectly through the creation of better conditions for economic integration, easier movement of citizens from ENP countries to the EU, and technical and political support.

The ENP was financed between 2007 and 2013 by the European Neighbourhood and Partnership Instrument (ENPI),<sup>7</sup> but funding was also channelled through other instruments and initiatives such as the European Development Fund, the Development Co-operation Instrument and loans from the European Investment Bank.

The ENPI included the following components<sup>8</sup>: a) bilateral assistance for each partner country to support reforms envisaged in ENP action plans; b) regional assistance programmes to complement national resources for EU initiatives in the East (including the Eastern Partnership, Black Sea Synergy, Baku Initiative and Northern Dimension) and South (the Euro-Mediterranean Partnership); c) interregional support, including assistance for promoting measures such as the modernisation of higher education, student mobility and cooperation between ENP partner countries and EU agencies; and d) cross-border cooperation on the funding of joint operational programmes to bring together groups of EU member states and partner countries that share common values

The ENPI's budget totalled €11.18 billion for 2007–2013 and approximately 90-95% of the funds were used for bilateral and regional cooperation through

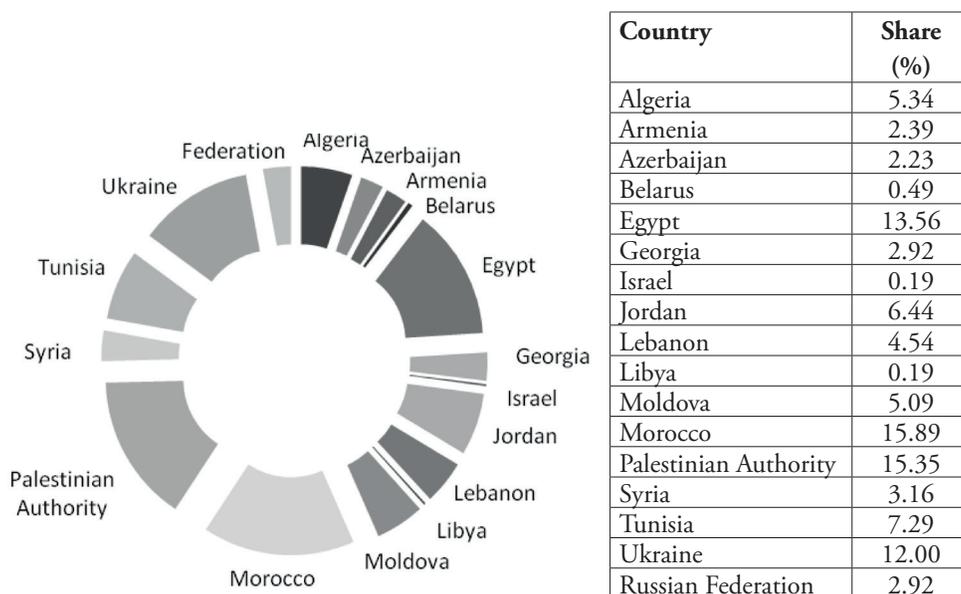
<sup>5</sup> European Union, The European External Action Service, *ENP Action Plans*, <[http://eeas.europa.eu/enp/documents/action-plans/index\\_en.htm](http://eeas.europa.eu/enp/documents/action-plans/index_en.htm)>, 12 02 2014.

<sup>6</sup> European Union, The European External Action Service, *European Neighbourhood Policy (ENP) overview*, <[http://eeas.europa.eu/enp/index\\_en.htm](http://eeas.europa.eu/enp/index_en.htm)>, 12 02 2014.

<sup>7</sup> Russia received funding from the ENPI even though mutual relations are not developed through the ENP, but through a strategic partnership.

<sup>8</sup> Delcour L., "Improving the EU's Aid to its Neighbours: Lessons Learned from the ENPI, Recommendations for the ENI", *Directorate-General for External Policies of the Union. Directorate B. Policy Department Briefing Papers*, 2012, <[http://www.iris-france.org/docs/kfm\\_docs/docs/observatoire-pol-etrangere-europe/23-07-2012-est79430.pdf](http://www.iris-france.org/docs/kfm_docs/docs/observatoire-pol-etrangere-europe/23-07-2012-est79430.pdf)>, 12 02 2014.

country and multi-country initiatives,<sup>9</sup> with about 5% used for cross-border-cooperation programmes. Comparing national shares of multi-annual allocations in the framework of ENPI country programmes, Morocco, the Palestinian Authority, Egypt and Ukraine received more financial support than other countries in 2007–2010 (from authors' calculations; see Figure 1). Funding for regional programmes between 2011 and 2013 was €288 million for the ENPI South<sup>10</sup> and €348.57 million for the ENPI East initiative.<sup>11</sup>



**Figure 1.** Shares of selected countries as a proportion of total multi-annual budget allocations in the framework of the ENPI country programmes for the period 2007–2010<sup>12</sup>

In 2011, a renewed approach to the European Neighbourhood Policy was initiated through plans to replace the ENPI with the European Neighbourhood

<sup>9</sup> Halgand S., “The EU funding for the Neighbourhood in a nutshell”, *European Commission, DG DEVCO*. presentation made in October 2013, <[www.imp-med.eu/En/image.php?id=434](http://www.imp-med.eu/En/image.php?id=434)>, 20 06 2014.

<sup>10</sup> Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, occupied Palestinian territory, Syria and Tunisia.

<sup>11</sup> Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russian Federation and Ukraine.

<sup>12</sup> Authors' calculations based on *European Neighbourhood and Partnership Instrument (ENPI) Funding 2007-2013*, <[http://www.eu-enprelabeledjobs.eu/images/Enpi\\_figures\\_en.pdf](http://www.eu-enprelabeledjobs.eu/images/Enpi_figures_en.pdf)> 12 02 2014.

Instrument (ENI) from 2014. A key feature of the new instrument was its ‘more funds for more reform’ approach, under which the EU would develop stronger partnerships with countries that made more progress. Additional funds would thus be made available, but with more mutual accountability. Growing differentiation between the amounts received by different states and stricter conditions were also expected from the new instrument. The proposed ENI budget for 2014–2020 is €18.2 billion, 63% higher than the former ENPI budget in 2007–2013.<sup>13</sup>

To conclude, the European Neighbourhood Policy provides a set of measures for the EU that enables cooperation with strategically important countries, but falls short of a membership option as a vital motivating factor. It is stipulated as being a mutually beneficial policy: on the one hand, it is about supporting and assisting countries in developing democracy, their economies and shared European values; on the other hand, it is about the EU trying to achieve security, stability and control around its external borders.

## **2. Key Variables that Impact on the Performance of the European Neighbourhood Policy**

Ten years after launching the policy, the results speak for themselves in practice. In terms of political tension and even violent conflicts in Georgia, Libya, Egypt, Syria and Ukraine, the EU’s efforts and conflict resolution in reaction to these events have been relatively marginal and mainly diplomatic, and have not given visibly positive results. There has also been limited effectiveness in conducting a successful neighbourhood policy when these countries have undergone internal crises. The EU has lost much of its respect and influence in the eyes of its largest partner, the USA, and among ENP target countries. ENP member states have often considered their own national interests as more important than those of Europe, leading to the growing fragmentation of EU foreign policy. This tendency has triggered a significant increase in criticism in ENP-related discourse and some authors have even expressed the opinion that the policy is on the verge of failure, especially in recent years.

However, there have been significantly fewer discussions about why ENP measures have not been effective. This chapter summarises various aspects

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<sup>13</sup> CES-MED, *European Neighbourhood Partnership Instrument*, <<http://www.ces-med.eu/about/partners/enpi>>, 12 02 2014.

highlighted in different studies under three main categories: a) internal factors affecting the ENP's performance; b) contradictions underlying the ENP's theoretical framework; and c) lack of implementation.

## **2.1. Internal factors affecting the ENP's performance**

Internal aspects that affect the ENP's performance are related to geographical factors and the design of ENP measures. More precisely, the idea that all partner countries can be guided and supervised by a single universal set of rules and conditions, analysed by a similar set of bureaucratic formulas and motivated sufficiently to fulfil fundamental EU conditions but without the option of membership, seems an enormous challenge. A harmonised approach and aspirations for equality may appear an accomplishment from the perspective of the EU's self-reflection, but in practice each partner country has its own starting position, development level and dynamics, economic outlook, political regime, domestic issues and vision of relations with the EU. The view that generalisation of the ENP has created a 'one-size-fits-all' policy that is inappropriate for dealing with specificities of the EU's various borders has become a standard criticism of the policy.<sup>14</sup>

Additionally, with regard to how the neighbourhood was foreseen as developing among EU member states after the EU's fifth wave of enlargement, it can be viewed that the ENP was founded on the assumption that certain countries would act in a certain (expected) way. A stereotype became popular in the EU that the new cross-border partner countries were economically unstable, undemocratic, politically corrupt and socially divided, and did not respect human rights of citizens or national minorities to an extent considered sufficient in Europe. In principle therefore, the need to create a unified system of partnership and modernisation would not have arisen without these presumptions about neighbouring countries.

Another significant problem in the ENP's conceptual structure is the element of conditionality. More precisely, the use of conditionality in the policy's framework seems to be aimed at providing an opportunity for target countries to benefit from 'privileged relations' with the EU through improved access to its internal market.<sup>15</sup> Because the EU has not offered credible options for EU membership or other

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<sup>14</sup> Browning C., Joenniemi P., "Geostrategies of the European Neighbourhood Policy", *European Journal of International Relations*, 14(3), 2008, p. 519–551.

<sup>15</sup> Mocanu O., "Brief overview on the Conditionality in the European Neighbourhood Policy", *Romanian Journal of European Affairs*, 10(4), 2010, p. 42–49

significant motivating packages, the outcome that is foreseen for the ENP's target states remains unclear.<sup>16</sup> In practical terms, the implementation of the conditionality principle has been less productive than expected. This is a result of either the absence of accession prospects or the fact that it would be largely impractical to include such terms.<sup>17</sup> Schimmelfennig and Scholtz (2008) find in theory that the most important factors that determine the success of conditionality are the size and credibility of incentives offered as a part of the policy.<sup>18</sup> Conditionality has been slow to deliver benefits for partner countries, while at the same time large-scale democratic reforms and economic development have been expected from them. As expressed by Smith (2005), the policy 'requires much of the neighbours and offers only vague incentives in return, making it unlikely that the ENP can meet its core objectives'.<sup>19</sup> The concept of conditionality, which worked effectively during the fifth and sixth enlargement rounds, therefore needs further development to be used with the same success in the ENP framework.

An evaluation of the ENP should also take into account the fact that the policy was created as one of the latest components in EU external relations, in a fairly narrow niche between the global ambitions of foreign and security policies and the regional aspirations of enlargement policy. It has been argued that in principle the European Neighbourhood Policy was intended to overcome the logic of inclusion versus exclusion<sup>20</sup> and was therefore created as a substitute for further enlargement.<sup>21</sup> Enlargement is often cited as the most successful element of EU foreign policy, but might become a victim of its own success because with each enlargement the number of 'European' non-member countries that qualify as potential member states decreases and the debate on where 'Europe' ought to

<sup>16</sup> Fischer S., Lannon E., "The ENP Strategic Review: the EU and its neighbourhood at a crossroads", *European Union Institute for Security Studies*, 2011.

<sup>17</sup> Borell M., Boschma R., Monastiriotis V., Wesselink E., "Report on ENP Policy Concerning its Objectives and Policy Measures over Time", *SEARCH Project*, Deliverable 1.2, 2012.

<sup>18</sup> Schimmelfennig F., Scholtz H., "EU Democracy Promotion in the European Neighbourhood: Political Conditionality, Economic Development, and Transnational Exchange", *European Union Politics*, 9(2), 2008, p. 187-215

<sup>19</sup> Smith K., "Engagement and conditionality: incompatible or mutually reinforcing?" in: Youngs R., Emerson M., Smith K. E., Whitman R., eds., *Report 2: New Terms of Engagement*, 2005, Global Europe, Foreign Policy Centre, London.

<sup>20</sup> Comelli M., Greco E. and Tocci N., "From Boundary to Borderland: Transforming the Meaning of Borders in Europe through the European Neighbourhood Policy", *Project No 513416, EU-CONSENT*, 2006, Working paper No. 2.

<sup>21</sup> Cadier D., "Is the European Neighbourhood Policy a substitute for enlargement?", *IDEAS Report* SR018, 2013, London School of Economics and Political Science.

end becomes more divisive (see Lavenex and Schimmelfennig, 2009).<sup>22</sup> The ENP therefore seems a unique policy initiative that embodies the EU's attempts to cope with the accession-rejection dilemma by offering a form of association and interdisciplinary connection that does not measure up to full membership but is also not restricted by the limits of the EU pre-accession process, EU foreign policy, the European Economic Area (EEA) or cooperation on development, even though some have said it has implications in all of these areas.

Finally, critical questions about the ENP's financial aspects have been asked in the discussion, citing insufficient linkage between the ENP framework and support from the EU under the ENPI. Country allocations under the ENPI for the 2007–2013 period (see Section 1) clearly reflect inconsistencies within the EU in simultaneously defending its values and strategic interests.

To sum up, the need to find common interests and values and develop a stronger vision that is agreed and accepted by all EU member states on the global role of the union is evident. The renewed approach of the ENP outlined in 2011 – especially the 'more for more' principle and the differentiation clause, under which each country would be supported, evaluated and rewarded individually – would potentially allow the EU to better gear its assistance towards partner countries' own needs and improve their motivation, increasing the policy's effectiveness. At the same time, the new approach needs to be incorporated into general framework of EU' assistance. The reform process and the EU's capacity to foster democratic development in neighbouring countries also depends undeniably on the domestic political situation and government interests in partner countries.

## **2.2. Conceptual Challenges and Dilemmas of the ENP**

The evolving nature of the ENP, as well as that of the EU, means there is more than one way to explain the ENP's specific characteristics. The policy has therefore been described in existing literature by various authors as, for example, a 'realist' strategy to increase the geopolitical influence of nations,<sup>23</sup> a neo-functional

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<sup>22</sup> Lavenex S., Schimmelfennig F., "EU rules beyond EU borders: theorizing external governance in European politics", *Journal of European Public Policy*, 16(6), 2009, p. 791-812.

<sup>23</sup> Biscop S., "The ENP, Security and Democracy in the Context of the European Security Strategy" in Whitman R.G., Wolff S., eds., *The European Neighbourhood Policy in Perspective*, Basingstoke: Palgrave MacMillan, 2012, p. 73-88. Referenced in Stroetges F., *A Review of the New European Neighbourhood Policy*, 2013.

project of the supranational EU actors (Kelley, 2006)<sup>24</sup> and a policy inspired by the efforts of transnational bodies such as corporations and social movements and groups (Manners, 2012).<sup>25</sup> Those statements can certainly be disputed, such as arguing that although neo-functional ideas explain the dynamics of regional integration across multiple sectors, in real terms one of the main competing theories of EU integration – neo-realism – was to some extent neglected when formulating the basic principles of the ENP in 2004 because the policy’s economic benefits were highlighted instead of stressing issues such as the distribution of benefits and the role of supranational institutions. Nevertheless, neo-functional theory still for example clearly supports the view that the ENP is a valuable part of the EU integration process, in which rights and obligations are mutual and the integration process is accelerating over time. Different viewpoints therefore amply demonstrate the dynamic, evolving and sometimes even controversial nature of the ENP.

One recent feature of debates, compared with other approaches that explain the background of EU affairs aimed at external states and the ENP framework in particular, is the theory of external governance that emerged as a new method for examining the region’s foreign affairs in the early 2000s. This theory, defined as a form of interdependence in which internal rules are extended beyond the formal membership group,<sup>26</sup> has until now proved the best model for assessing why the ENP has not so far been as successful as hoped. But as mentioned earlier, like most theoretical approaches the theory of external governance can be seen as reasonable and have practical value in the future, particularly as the model might be developed over time as modes of governance evolve.

By the early 2000s, Europeanisation theories and EU governance studies have already expanded their focus from member states to the accession process, potential candidates and quasi-member states such as Norway and Switzerland.<sup>27</sup> In earlier academic debates on the boundaries of EU governance (see Friis and

<sup>24</sup> Kelley J., “New Wine in Old Wineskins: Promoting Political Reforms through the New European Neighbourhood Policy”, *Journal of Common Market Studies*, 44(1), 2006, p. 29-55. Referenced in Stroetges F., *A Review of the New European Neighbourhood Policy*, 2013.

<sup>25</sup> Manners I., “As You Like It: European Union Normative Power in the European Neighbourhood Policy”, 2012, in Whitman R. G., Wolff S., eds., *The European Neighbourhood Policy in Perspective*, Basingstoke: Palgrave MacMillan, p. 29-50. Referenced in Stroetges F., *Review of the New European Neighbourhood Policy*, 2013.

<sup>26</sup> Lavenex S., Schimmelfennig F., (note 22) p. 791-812.

<sup>27</sup> Schimmelfennig F., “Europeanization beyond Europe”. *Living Reviews in European Governance*, 2(1), 2007, p. 4-17.

Murphy 1999<sup>28</sup>; Filtenborg, Ganzle and Johansson 2002<sup>29</sup>), the notion of external governance was applied to countries in Central and Eastern Europe (CEE), Eastern enlargement, the Baltic Sea region and Northern Europe. Sandra Lavenex, a professor of global governance, argued in 2004 that this concept reaches well beyond these limited geographical regions and addresses all EU neighbourhood countries in one way or another.<sup>30</sup> As a result, the theory of external governance has become one of the main explanations for the integration of external states into the European rule system.

Lavenex initially suggested that external governance takes place on a bilateral basis through association agreements<sup>31</sup>; but five years later, she elaborated the view to the external-governance concept and concluded that this could be applied to various forms of cooperation, from the EEA and ENP to bilateral agreements.<sup>32</sup> Together with Schimmelfennig, she expanded the discussion further, saying that external governance could even ‘emerge spontaneously when mutual interdependence is high and adaptation to EU templates meets the interest of third countries’.<sup>33</sup> Although the exact type and effectiveness of external governance can vary across countries, regions and policy areas, there are some common characteristics that describe this concept in the EU in general.

By definition, crucial criteria for external governance are its legal and institutional boundaries. The practice therefore consists of selective extensions of certain EU norms, rules and policies (as a legal boundary), with the preclusion of membership as an institutional boundary.<sup>34</sup> This means partially sharing the *acquis communautaire* beyond the circle of member states with the immediate neighbourhood, but at the same time cautiously preventing the institutional inclusion of an actual EU accession. The idea of external governance is mainly about the projection of ‘soft’ power and the extension of rules in so-called ‘soft’ security areas, such as justice, home affairs, and environmental and energy policy.

<sup>28</sup> Friis L., Murphy A., “The European Union and Central and Eastern Europe: Governance and Boundaries”, *Journal of Common Market Studies*, 37(2), 1999, p. 211–232.

<sup>29</sup> Filtenborg M. S., Ganzle S., Johansson E., “An Alternative Theoretical Approach to EU Foreign Policy: ‘Network Governance’ and the Case of the Northern Dimension Initiative”, *Cooperation and Conflict*, 37(4), 2002, p. 387–407.

<sup>30</sup> Lavenex S., “EU external governance in ‘wider Europe’”, *Journal of European Public Policy*, 11(4), 2004, p. 680–700.

<sup>31</sup> *Ibid.*, p. 680–700.

<sup>32</sup> Lavenex S., Schimmelfennig F., (note 22) p. 791–812.

<sup>33</sup> *Ibid.*, p. 791–812.

<sup>34</sup> Lavenex S., (note 30) p. 680–700.

The phrase ‘less than a government, more than a cooperation’ could also characterise the horizontal nature (focus on processes rather than output) of external governance, as well as its inclusive character and emphasis on voluntary instruments rather than legal obligations.<sup>35</sup> Because the inclusion of external players in some traditionally domestic political processes is based on voluntary acceptance, the extent to which external countries are willing to adopt predetermined EU norms and rules is dependent on international perceptions of the institution itself.

The effectiveness of adopting EU norms and rules in external countries therefore depends on perceptions in two areas: interdependence and institutional capacity. The EU has mostly been seen as a civilian power or an economic community with a relatively weak defence capacity, but hints of a common defence dimension started to emerge after the Common Foreign and Security Policy (CFSP) was introduced.<sup>36</sup> The vision of the ENP as contributing to the creation of an area of freedom, security and justice and the perception of interdependence, blurs the traditional distinction between internal and external security in this context.<sup>37</sup>

External governance is said to fulfil a dual purpose. More precisely, it serves not only as a foreign-policy model but can also follow functional needs when it is seen to increase the effectiveness and problem-solving capacity of internal policies. Combining a foreign-policy strategy of stabilisation and security with third countries’ pursuit of internal policy goals may be interpreted as an effective way for the EU to benefit from third countries’ political and material problem-solving resources.<sup>38</sup> For example, by managing trade relations and migration, the EU could potentially address shortages in some internal areas while aiming to establish stability and security in collaboration with third countries – interpreted as a mutual benefit in EU discourse.

The structural categorisation of external-governance models by hierarchy, network or market<sup>39</sup> will not be reviewed in detail at this point, but Lavenex, Schimmelfennig and Sedelmeier have also mentioned aspects related to possible variations in external-governance models that might be worth considering when reviewing the ENP’s performance. Important preconditions for effective external

<sup>35</sup> Lavenex S., “A governance perspective on the European neighbourhood policy: integration beyond conditionality?”, *Journal of European Public Policy*, 15(6), 2008, p. 940.

<sup>36</sup> Rehn O., “The EU – from civilian power to premier league security policy player?” Speech at the Forum of Heads of Mission, Helsinki, 27 08 2008; Smith K. E., “The End of Civilian Power EU: A Welcome Demise or Cause for Concern?” *The International Spectator*, 35(2), 2000, p. 11-28.

<sup>37</sup> Lavenex S., (note 30) p. 680-700.

<sup>38</sup> *Ibid.*, p. 680-700.

<sup>39</sup> Lavenex S., Schimmelfennig F., (note 22) p. 791-812.

governance are cited as the international context and the possibility of competition – conditionality cannot really be effective unless there is no credible alternative to EU integration.<sup>40</sup> Domestic costs related to adopting rules in third countries are decisive in determining the success of EU external governance, but costs are mainly seen as being related to the domestic political regime. For authoritarian regimes and countries with relatively low levels of economic and social development, transition to democracy and adoption of EU regulations could be costly.<sup>41</sup> Reform-minded governments in at least partly democratised countries with lower domestic adjustment costs are, in contrast, more likely to adopt the rules.

It should be stressed that a prerequisite for external governance to function is the use of conditionality.<sup>42</sup> So-called path dependence as a part of a wider neo-institutionalism theory is about previous institutional decisions affecting future policies. In practical terms, the ENP shows a high level of path dependence, particularly in relation to the EU's enlargement policy. This is because the ENP, as well as the EU's external-governance policy, came about before the fifth wave of the region's enlargement. Concerns about the EU's integration capacity, possible exhaustion of the enlargement model and the emerging necessity to engage with cross-border countries set the path for establishing alternative approaches to the union's relations with its neighbours.

On the basis of these factors, the conditionality applied in the EU could be explained by an external-incentives model of governance. In comparison with other alternatives such as lesson-learning or social learning, the dominant logic that underpins this model is a rationalist bargaining strategy.<sup>43</sup> Given the highly asymmetrical relationship between EU actors and outsiders, introducing external incentives for compliance with EU rules opens a bargaining process whereby the target government seeks to balance international, EU and domestic pressures and maximise its own political benefits at the same time.

By introducing external rules to third countries, conditionality has sometimes been criticised for illegitimate interference in the domestic affairs of other countries and the sovereignty of the state.<sup>44</sup> Moreover, conditionality initiated by the EU

<sup>40</sup> Schimmelfennig F., Sedelmeier U., "Governance by conditionality: EU rule transfer to the candidate countries of Central and Eastern Europe", *Journal of European Public Policy*, 11(4), 2004, p. 669-687.

<sup>41</sup> Noutcheva G., Emerson M., Popescu N., "European Neighbourhood Policy Two Years on: Time indeed for an 'ENP Plus'", *Centre for European Policy Studies*, Policy Brief, No. 126, March 2007.

<sup>42</sup> Schimmelfennig F., Sedelmeier U., (note 40) p. 669-687.

<sup>43</sup> *Ibid.*, p. 669-687.

<sup>44</sup> Smith K. E., "The Use of Political Conditionality in the EU's Relations with Third Countries: How Effective?", *European Foreign Affairs Review*, 3(2), 1998, p. 253-274

could be criticised for being duplicitous or hypocritical, given that the union itself suffers from a democratic deficit within its institutions.<sup>45</sup> Then again, it has also been argued that concerns about the lack of democracy have been misplaced<sup>46</sup> and that the legitimacy of EU democratic conditionality is not a central problem of the region's external relations.

To sum up, external governance is very context-dependent, in that the domestic political regime is considered one of the key features that determines its effectiveness. On the basis of this argument, Lavenex also points out possible negative scenarios, predicting that partnerships negotiated with each country in selected policy areas may result in patterns of differentiated integration in the long run.<sup>47</sup> If the model were effective, it would result in a wider Europe not so much in terms of common institutions but more as a 'security community'. The logic of both the ENP and external governance gravitates around conditionality: the more that ENP partners develop their societies, the more the EU deepens economic integration and political association. However, there is one major difference between EU conditionality in the ENP and that in the case of pre-accession. In terms of enlargement policy, the conditionality model has brought significant positive outcomes through incentives and was expected to bring similar accomplishments in the ENP. But within that policy's framework, EU conditionality is missing the most important motivation for modernisation and reform – the possibility of EU membership. The absence of this factor has become one of the key criticisms of the ENP.

### **2.3. Fragmentation and Lack of Implementation: Individual Preferences of ENP Partner Countries and EU Member States**

Various authors in the debate have questioned the existence of real commitment from partner countries in carrying out extensive political, economic and social reforms. The lack of a membership perspective has curbed the enthusiasm of EU-oriented governments, especially in the East. At the same time, some of the EU's partner countries might not even be interested in a political partnership

<sup>45</sup> Jensen T., "The Democratic Deficit of the European Union", *Living Reviews in Democracy*, Vol. 1., 2009, <<http://democracy.livingreviews.org/index.php/lrd/article/viewArticle/lrd-2009-2/9>>, 03 07 2014.

<sup>46</sup> Crombez C., "The Democratic Deficit in the European Union: Much Ado about Nothing?", *European Union Politics*, 4(1), 2003, pp. 101-120; Moravcsik A., "Reassessing Legitimacy in the European Union", *Journal of Common Market Studies*, 40(4), 2002, p. 603-624.

<sup>47</sup> Lavenex S., (note 30) p. 680-700.

with the institution. For example, Belarus is rather disinterested in the Eastern Partnership and has been mostly reluctant to sign up to what the EU has to offer. Azerbaijan has a strong energy partnership with the EU, but is relatively uninterested in political reforms and non-energy-related trade dialogue.<sup>48</sup> Armenia has aspired to an economic partnership with Europe, but military partnership and a close economic relationship with Russia is seen as natural given Armenia's large diaspora there and its dependence on the country to guarantee its security.<sup>49</sup> Without the traditional incentive of accession, ENP partner countries might need alternatives to motivate them.

However, the problem from the perspective of partner countries also partly lies in the legitimacy of promoting European values. Governments in some countries do not share the same values as those of the EU. For example, the requirement for respect for human rights has caused resistance in Azerbaijan and establishment of a political dialogue with the opposition has not progressed in Belarus. But to draw conclusions on the compatibility of EU rules with domestic institutions in third countries, one would need to carry out an institutional study in each country individually. Similarly, an in-depth study would be needed to judge the quality of existing EU institutions.

The lack of enthusiasm about implementation of the ENP is partly caused by the fact that the goals and interests of the policy were not defined by small new EU member states in border areas, but by centrally located EU nations that do not share direct borders with ENP target states and accordingly feel less pressure to achieve practical results. Furthermore, because the initiative's budget is divided between the ENPI South and ENPI East regions, two instruments must compete in a situation in which EU member states have individual preferences for where the majority of financing should be channelled. Some would like to develop infrastructure in Ukraine or support the independence of the judiciary in Lebanon, while others would rather invest in Israel's industry, promote civil engagement in Moldova, or accelerate constitutional changes in Morocco or electoral reforms in Algeria. Although the budget's size has not been seen as a precondition for the effectiveness of external governance in theory, opinions have been expressed that budget constraints mean that not all ambitions can be

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<sup>48</sup> Popescu N., "Keeping the Eastern Partnership on track", *European Union Institute for Security Studies*, 2013, Alert No. 29, 06 09 2013.

<sup>49</sup> Emerson M., Kostanyan H., "Putin's grand design to destroy the EU's Eastern Partnership and replace it with a disastrous neighbourhood policy of his own", *Centre for European Policy Studies Commentary*, 2013, 17 09 2013.

satisfied at once and priorities are therefore debated.<sup>50</sup> These priorities are largely determined by EU member states' historical preferences, national interests and interdependence, the latter of which is also one of the theoretical conditions of the external-governance model. From a critical perspective, the ENP allows member states to promote their own national priorities at the expense of regional dialogue and integration. For example, the United Kingdom and Italy have been interested in resuming mutually favourable developments in North Africa – that is, in their former colonies – whereas the former Eastern bloc countries are more in favour of integrating Ukraine, Moldova and the South Caucasus. While national interests were not officially allowed to be prioritised, in practice ENP common values and goals have often directly depended on French, British or German national interests. Additionally, a new level of securitisation has appeared, with a need to stabilise 'the neighbourhood of the neighbourhood'.

There has also been a lack of ability to define and differentiate the ENP's short-term and long-term goals, which has led to compromises with Europe's global competitors to ease the pressure of financial crisis or gain more international support for the EU's external missions. In some ways, the existing fragmentation reflects the ENP's shortcomings: as member states have different priorities in terms of regions and tools, it would also be logical to allow internal grouping on the basis of interests. In general, a more differentiated approach is needed, both in terms of target countries and respect for the varying interests of member states.

## Conclusions

The European Neighbourhood Policy (ENP) that was initiated in 2003-2004 was expected to be the next major success in terms of improving stability and security in the EU's neighbouring countries. The ENP consisted of the main components that also made the fifth and sixth rounds of EU enlargement so successful: 'golden carrot' type positive conditionality, a sophisticated system for technical evaluation, centralised financial support and the prospect of a special relationship with the EU. In 2013–2014, with the Lithuanian and Latvian presidencies in the European Council and the Eastern Partnership and European Neighbourhood Policy once again coming into the spotlight, the results speak for themselves. In the wake of recent events in Georgia, Libya, Egypt and Syria, followed by the European

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<sup>50</sup> Kirchherr J., The European Neighbourhood Policy has failed because of its own contradictions and small budget. *London School of Economics*, 2012, 17 04 2012.

Union's reactions to crises, the union itself has lost much of its respect in the eyes of the great powers and its influence in ENP target countries. In a related process, a visible and growing fragmentation of EU foreign policy has taken place, often reflecting a situation in which member states find their own national interests more important than those of the EU. In retrospect, the ENP's creation was an institutional and symbolic act rather than a practical and political event.

The ENP has struggled to meet two partially conflicting objectives in the last 10 years. On the one hand, it has sought to establish a common security policy with neighbours; on the other, it has aimed to manage the accession aspirations of partner countries, whether real, perceived or potential. Browning and Joenniemi (2008),<sup>51</sup> while discussing the options for rationalising the ENP through geostrategies, see this situation as a contradiction in itself because horizontal integration does not guarantee greater protection from, or resistance to, external harm. They argue that the policy is therefore unable to solve the EU's cross-border security concerns, saying 'it will fail to extricate the EU from a logic that links external security with the need for further integration of outsiders'.

Although the essential dilemma of two sometimes conflicting objectives (security and integration versus managing accession aspirations) contained in the ENP has been seen as a major deficiency alongside the inappropriateness of a 'one-size-fits-all' structure, under the theoretical framework of external-governance theory these factors were not expected to play a crucial role in determining the policy's effectiveness.

In the EU's official discourse, the European Neighbourhood Policy is an altruistic project that enables countries to become more democratic, modern and stable, and to develop their economies. From a critical perspective, it is also a brilliant way of fulfilling the EU's self-interests. In fact, the partnership's means and goals were largely shaped by the interests of the EU member states, which in some cases such as that of Azerbaijan prioritised economic interests over democratic conditionality.

As a result, the ENP's focus has altered in line with changes in context: the EU's areas of attention have depended both on regional developments and on internal developments in partner countries. When conflicts emerged in the Arab world in 2011, the EU's attention was on the South; in 2013, before the Vilnius summit and during Lithuania's EU presidency, attention was on the East; by spring 2014, the international community's attention was on Ukraine and Russia.

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<sup>51</sup> Browning C., Joenniemi, P., (note 14) p. 519–551

What is the future potential of the neighbourhood policy in light of the critical questions asked above? This analysis has pointed out challenges and recommendations on issues on which the EU could improve its stance, such as overcoming its fears on migration, using the theoretical link between CFSP and EU external action, and focusing more on each partner country's own development levels and needs rather than the EU's understanding of them. Considering the ambitious but contradictory aims of the ENP, it is clear that to increase its formal success, it is key to start from the reformulation of its aims and values and the redirection of resources so that they do not detract from the central aim or act contrary to one another. Structural updates to the policy itself might not however result in increased effectiveness in all target countries, unless the partners themselves express determination to develop a clear focus and consistency in the application of conditionality and consensus among member states. Whether the new ENI will increase the effectiveness of policy implementation in the next seven years remains to be seen.