Review of the European neighbourhood policy

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PURPOSE : proposal for a new strategy with regard to the European Neighbourhood Policy (ENP). BACKGROUND : the European Neighbourhood includes Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, the Republic of Moldova, Morocco, the Occupied Palestinian Territories, Syria, Tunisia and Ukraine. These are countries whose hopes and futures make a direct and significant difference to the EU.

Recent events have brought this into sharper relief, highlighting the challenges that the EU and these countries face together. The overthrow of long-standing repressive regimes in Egypt and Tunisia; the ongoing military conflict in Libya, the recent violent crackdown in Syria, continued repression in Belarus and the lingering protracted conflicts in the region, including in the Middle East, **require the EU to look afresh at the its relationship with its neighbours.**

The Lisbon Treaty has allowed the EU to strengthen the delivery of its foreign policy: co-operation with neighbouring countries can now be broadened to cover the full range of issues in an integrated and more effective manner. This was a key driver for initiating a review, in consultation with partner countries and other stakeholders, of the European Neighbourhood Policy (ENP) in summer 2010. Recent events and the results of the review have shown that EU support to political reforms in neighbouring countries has met with limited results.

A new approach is needed to strengthen the partnership between the EU and the countries and societies of the neighbourhood: (i) to build and consolidate healthy democracies, and (ii) pursue sustainable economic growth and manage cross-border links.

CONTENT : the new approach in the framework of the ENP aims to:

- provide greater support to partners engaged in building deep democracy and other civil and human rights that many Europeans take for granted, such as the freedom of thought, conscience and religion;
- support inclusive economic development – so that EU neighbours can trade, invest and grow in a sustainable way, reducing social and regional inequalities, creating jobs for their workers and higher standards of living for their people;
- strengthen the two regional dimensions of the European Neighbourhood Policy, covering respectively the Eastern Partnership and the Southern Mediterranean, so that we can work out consistent regional initiatives in areas such as trade, energy, transport or migration and mobility complementing and strengthening our bilateral co-operation;
- provide the mechanisms and instruments fit to deliver these objectives.

The major themes of this new approach are the following:

1)Supporting progress towards deep democracy: the Commission proposes to adapt levels of EU support to partners according to progress on political reforms and building deep democracy. It suggests the following actions: (i) support deep and sustainable democracy; (ii) establish a partnership with societies, with the establishment of a European Endowment for Democracy to help political parties, non-registered NGOs and trade unions and other social partners; (iii) intensifying our political and security co-operation to enhance EU involvement in solving protracted conflicts, mainly the Israeli-Palestinian conflict and other conflicts in the Middle East, the South Caucasus, the Republic of Moldova and Western Sahara.

2) Supporting sustainable social and economic development : this involves mainly proposals to:

- support partner countries' adoption of policies conducive to stronger, sustainable and more inclusive growth, to the development of micro, small and medium-sized companies and to job creation;
- strengthen industrial cooperation and support improvements to the business environment;
- help to organise events to promote investment;
- promote direct investment from EU SMEs and micro-credit;
- build on the pilot regional development programmes to tackle economic disparities between regions;
- launch pilot programmes to support agricultural and rural development;
- enhance the macro-economic policy dialogue with partners making the most advanced economic reforms;
- improve the effectiveness of Macro-Financial Assistance by streamlining its decision-making process;
- enhance dialogue on employment and social policies.

3) Building effective regional partnerships: the EU offers partnership to each individual neighbour through a single policy, based on mutual accountability. The eastern and southern dimensions of the ENP seek to complement that single policy by fostering regional cooperation and developing regional synergies and responses to the specific geographic, economic and social challenges of each region.

-Strengthening the Eastern Partnership : in the area, the EU will :

- move to conclude and implement Association Agreements including DCFTAs;
- pursue democratisation;
- pursue the visa facilitation and liberalisation process;
- enhance sectoral cooperation, notably in the area of rural development;
- promote benefits of the Eastern Partnership to citizens;
- increase work with civil society and social partners.

-Building the Partnership for Democracy and Shared Prosperity in the Southern Mediterranean: the joint Communication on a Partnership for Democracy and Shared Prosperity in the Southern Mediterranean outlined first elements of the EU's offer of a new partnership with partners engaged in building democracies and extensive reforms. The three main directions along which the EU intends to further develop its relations with its Mediterranean partners are carried over into this communication: democratic transformation and institution-building; a stronger partnership with the people; and sustainable and inclusive economic development. The long-term vision for our most advanced Mediterranean partners is close political association with the EU and economic integration into the Internal Market. In the short term, Comprehensive Institution-Building programmes similar to those implemented with its Eastern neighbours will be set up to support democratic transformation.

The Union for the Mediterranean (UfM) which complements the bilateral relations between the EU and partners should enhance its potential to organise effective and result-oriented regional cooperation.

4)Policy and programme framework: the Commission proposes focusing ENP Action Plans and EU assistance on a smaller number of priorities, backed with more precise benchmarks.

While ENP Action Plans remain the framework for our general cooperation, the EU will suggest to partners that they focus on a limited number of short and medium-term priorities, incorporating more precise benchmarks and a clearer sequencing of actions.

In terms of funding, the EU shall: i) re-focus and target foreseen and programmed funds in the ENPI as well as other relevant external policy instruments in the light of this new approach; (ii) **provide**

additional resources of over EUR 1 billion until 2013 to address the urgent needs of our neighbourhood; (iii) mobilise budgetary reinforcement from various sources; (iv) swiftly proceed with submitting concurring budget proposals to the Budget Authority.

Implementing the new approach of the neighbourhood policy based on mutual accountability and a shared commitment to the universal values of human rights, democracy and the rule of law requires additional resources **of up to EUR 1242 million until 2013.** These resources are **in addition to the EUR 5700 million provided under the European Neighbourhood and Partnership Instrument** for 2011-2013. Additional resources will be provided through reallocations from **within Heading 4 of the 2007-2013 multi-annual financial framework**, and by **making use of the unallocated margin under the expenditure ceiling in 2012** and - to the extent necessary - through the Flexibility Instrument. The Commission will submit an Amending Letter to Draft Budget 2012 shortly.

Planning for 2013 and beyond: the Commission proposes to : i) promote more flexible and simpler aid delivery under the post-2013 successor to the present ENPI; ii) step up efforts of co-ordination between the EU, its Member States and other key IFIs and bilateral donors.

The key source of funding, the new European Neighbourhood Instrument (ENI), will provide the bulk of financial support to partner countries, essentially through bilateral, regional and cross border co-operation programmes.