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THE EUROPEAN NEIGHBOURHOOD POLICY (ENP): OBJECTIVES AND MEANS

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1. Background

On 1 May 2004, the European Union saw the biggest enlargement in its history, growing from 15 to 25 Member States. This enlarged Europe increased the political, geographic and economic weight of the EU on the European continent, boosting EU growth and employment opportunities. It shaped new patterns in the movement of people, goods and services and it increased diversity in culture and tradition, within a framework of shared values and common respect of fundamental liberties.

This enlargement changed the shape of the EU's political and economic relations with the countries that are situated on the external land and sea borders of the Union, namely Russia, the Western NIS and the Southern Mediterranean. With the 2004 enlargement, the capacity of the Union to provide security, stability and sustainable development to its citizens is no longer detached from its interest in implementing close cooperation with its neighbours. This cooperation has to be tackled through the entire range of European policies (foreign, security, trade, development, environment and others).

In March 2003, in order to face the new geopolitical scenario, the European Commission presented its communication "Wider Europe – Neighbourhood: a new framework for relations with our Eastern and Southern Neighbours", outlining the basic principles of the policy that will be at the basis of the relationships between the EU and its new neighbouring countries: the "European Neighbourhood Policy" (ENP).

In June 2003 this communication was accepted by the Council. It recognised it as a good basis for developing a new range of policies towards the countries involved, defined overall goals and principles and identified possible incentives. The Thessaloniki European Council in June 2003 endorsed the Council conclusions and expressed support for, and interest in the work to be undertaken by the Council and Commission in putting together the various elements of these policies.

As a first step in the implementation of the European Neighbourhood Policy, in July 2003, the Commission tabled a Communication "Paving the Way for a New Neighbourhood Instrument" and established a *Wider Europe Task Force* and a *Wider Europe Inter-Service Group*, with the role of:

- ?? Further developing the political concept of a European Neighbourhood Policy;
- ?? Drawing up action plans for countries concerned (eastern European and the southern Mediterranean countries) in consultation with these partner countries and in close cooperation with the High Representative/Secretary General of the Council;
- ?? Piloting the action plans through the Commission;
- ?? Preparing proposals for the "European Neighbourhood Instrument" (ENI) which will finance projects involving the enlarged EU and neighbouring countries;
- ?? Drawing up plans for handling European Neighbourhood Policy in the next Commission.

In October 2003, the European Council welcomed the progress, which had been made on this initiative, and urged the Council and the Commission to take it forward, with a

view to ensuring a comprehensive, balanced and proportioned approach, including a financial instrument.

In 2004, the Commission took part in detailed discussions with the Permanent Representatives Committee and the relevant Council working groups, concerning the possible elements to be included in the European Neighbourhood Policy (ENP) Actions Plans with a number of countries in Eastern Europe and the Mediterranean region.

These discussions led to the presentation, on May 12th 2004, of a *Strategy Paper and Country Reports*. The Strategy paper is a document aimed at setting out how the Union wants to work more closely with its neighbours and extend some of the benefits of enlargement. It should offer a guide for an enhanced and more focused policy approach of the EU towards its neighbourhood, bringing together the principal instruments at the disposal of the Union and its Member States.

2. Objectives and geographic coverage of the ENP

The general objective of the ENP, as stated in the Strategy Paper, is to share the benefits linked to the 2004 enlargement of the EU with the countries that after May 1st 2004 have drawn closer to the EU as a result of enlargement. It is designed to prevent the emergence of new dividing lines between the enlarged EU and the countries on its borders and to offer them the chance to participate in various EU activities, through greater political, security, economic and cultural co-operation. The ENP should also help to address the strategic necessity to build up security in the EU neighbourhood and strengthen stability, security and well-being for all concerned.

Identifying the aim of a policy, which is still in the phase of formulating its general principles and objectives, is no easy task. This is particularly so, when the policy has to be so comprehensive in its design to obtain the support of a variety of countries whose national interests may not always be compatible.

Nevertheless, the formulation of the principles and objectives of the ENP does not veil its principal aim. Even if European values continue to underlie the neighbourhood policy, the principal objective of the ENP is clear, that is, the ENP must create a *security belt* around the enlarged Europe, in the light of recent events affecting the western world.

The new European Commission will have to deal with a rather painstaking agenda: another attempt at the Lisbon strategy to render the European economy competitive and increasing the growth rate. Security, ranging from defence against terrorism to the regulation of migration phenomena and their internal and external implications, cannot but play a decisive role in this agenda. Both these issues, security and the regulation of migration phenomena, are an essential part of any growth strategy. These issues require a variety of interventions at a European level and, while different ideas regarding many aspects of security and immigration regulations are still displayed in the political debate, it is generally recognised that these problems may not be resolved simply by military and public order solutions. Instead, they need the creation of an area of stability and cooperation surrounding Europe, founded on reciprocal interests.

This means that countries, which border an enlarged Europe, should not see themselves as outside the pale (countries of East Europe) or as an outpost of a geopolitical area with conflicting interests (countries of the middle- east and the southern coast of the Mediterranean). They should instead see an enlarged Europe as an opportunity for economic and social growth and share with the EU the same interest in establishing an area of stability. Economic development and growth, together with poverty reduction and the strengthening of democratic institutions in these countries, on the fringes of the new Europe, will require an enormous effort and commitment on the part of European countries.

A further difficulty being encountered by the ENP, if it does not want to simply put together a series of programmes offering technical assistance and help to promote development, lies in the fact that its geographic coverage includes countries of different regional areas which present very different political, social and economic characteristics, and different geopolitical positions. In particular the ENP applies to all neighbourhood countries which are not expected to enter in an accession process in the predictable future.

In Europe the ENP applies to Russia, Ukraine, Belarus and Moldova, although the EU and Russia have decided to further develop their strategic partnership through the creation of four common spaces, as defined at the 2003 St. Petersburg summit.

In the Mediterranean region, the ENP applies to all the non-EU participants in the Euro-Mediterranean Partnership (the Barcelona process) with the exception of Turkey, which is pursuing its relations with the EU in a pre-accession framework. It therefore involves: Morocco, Algeria, Tunisia (Maghreb), Egypt, Israel, Jordan, the Palestinian Authority, Lebanon and Syria (Mashrek). Lybia will be included in the ENP as a partner country as soon as normal relations have been established with the EU on the basis of Lybia's entry into the Barcelona process.

Outside these areas, the ENP also includes the three South Caucasus states: Armenia, Azerbaijan and Georgia.

3. The ENP basic architecture proposed by the Commission

The method proposed by the Commission to meet the goals of the ENP consists in defining, together with partner countries and on the basis of the principle of partnership, a set of priorities, whose fulfilment will bring them closer to the European Union. These priorities will be incorporated in jointly agreed Action Plans, covering a number of key areas for specific action: political dialogue and reform, economic and social development, trade, justice and home affairs, energy, transport, information society, environment, research and innovation, social policy and people-to-people contacts.

The Action Plans should be based on a commitment to shared values: respect for human rights, including minority rights, the rule of law, good governance, the promotion of good neighbourly relations, the principles of market economy and sustainable development. This means that the pace at which the EU should develop links with each partner should reflect the extent to which these common values are effectively shared.

Nevertheless, in order to reflect the existing state of relations with each country and to respect different needs and capacities as well as common interests, the Action Plans will be differentiated, i.e. tailor-made for each country. Progress in meeting the agreed priorities will be monitored in the bodies established by the Partnership and Cooperation Agreements or Associations Agreement. The Commission will report periodically on progress accomplished and, on the basis of the evaluation of the progress, the EU, together with partner countries, will review the contents of the action plans and decide on their adaptation and renewal. Decisions may also be taken on the next step in the development of bilateral relations, including the possibility of new contractual links. These could take the form of *European Neighbourhood Agreements* whose scope would be defined in the light of the progress, in meeting the priorities set out in the Action Plans and that should replace the present generation of bilateral agreements (the Partnership and Cooperation Agreements with the Eastern Europe and Southern Caucasus countries and the Association Agreement with the Mediterranean Countries in the framework of the Barcelona process), once the Action Plan priorities have been met.

4. Financing the ENP

Given the ambitious political aims of the European Neighbourhood Policy, has adequate financial and technical support been made available to support this policy? The reply to this question entails an analysis of the new instruments which have been designed, both from the qualitative point of view, that is their performance in relation to pre-defined objectives, and from the quantitative point of view, that is the financial resources to be made available for them.

The Commission decided¹ to entrust the financing of the Neighbourhood Programmes for the period 2004-2006 to existing financial instruments (Tacism MEDA, CARDS, Phare), strengthening the coordination between these programmes. During this period, some of these instruments are to be revised in order to expand the scope of action from the point of view of eligible countries.

On 11 February 2004, the Commission presented for the next financial perspectives a document with the title "Building our common future: policy challenges and budgetary means of the enlarged Union 2007-2013", which gives high priority to the ENP.

For this transition period, 255 million euros approximately under the various existing instruments and 700 million euros under the Interreg programme have been allocated, respectively, for external assistance, and for financing the internal component of the cooperation programmes. The lending capacity of the EIB has also been increased for ENP partner countries².

¹ See *EC Communication "Paving the Way for a New Neighbourhood Instrument"*, July 2003.

² The total level of funding for the period 2004-2006 under external assistance instruments is set at €255 million, allocated as follows:
€ 90 million for PHARE. The Phare-CBC regulation was amended in October 2003 to include the external borders of Romania and Bulgaria. The Tacis CBC indicative programme, covering the borders

A new instrument should become operative from 2007, the European Neighbourhood and Partnership Instrument (ENPI), to substitute all the existing ones. A two-phase approach has been followed by the Commission in view of the number of legal and budgetary questions to be resolved for the design and implementation of the new instrument.

The following sections will concentrate on the analysis of the new instrument.

5. The European Neighbourhood and Partnership Instrument (ENPI)

At the end of September 2004 the Commission presented a proposal for a *Regulation of the European Parliament of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument* (ENPI) which will support cross border co-operation as well as regional co-operation projects involving both EU Member States and partner countries. This Regulation establishes the architecture of the new instrument. The reference to partnership in the actual name of the instrument denotes the fact that this instrument should also cover assistance to Russia, which is not a partner country of the ENP, the EU and Russia having decided to develop their strategic partnership not in the framework of the ENP (see paragraph 2).

between the enlarged EU and Russia, Ukraine, Belarus and Moldova was adopted by the Commission in November 2003.

€ 45 million for CARDS (Community Assistance for Reconstruction, Development and Stabilisation), whose wider objective is to support the participation of the countries of the Western Balkans (Albania, Bosnia and Herzegovina, Croatia, Serbia, Montenegro and the former Yugoslav Republic of Macedonia) in the Stabilisation and Association Process)

€ 75 million for TACIS, the programme providing grant-financed technical assistance to 12 countries of Eastern Europe and Central Asia (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan), and mainly aiming at enhancing the transition process in these countries. (Mongolia was also covered by the Tacis programme from 1991 to 2003, but is now covered by the ALA programme.)

€ 45 million for MEDA, offering technical and financial support measures to accompany the reform of economic and social structures in the Mediterranean partner countries.

Approximately € 700 million will be provided for the corresponding EU internal borders under the INTERREG programme, Community initiative which aims to stimulate interregional cooperation in the EU.

TACIS and MEDA will remain the main financial assistance instruments for partner countries until 2007. They will provide support for the European Neighbourhood Policy and in particular for the implementation of the Action Plans. The relevant National Indicative Programmes for 2005-2006 are being adapted to reflect ENP priorities. Particular attention will be devoted to institution building. Twinning and technical assistance along the lines provided by the EU's Technical Assistance Information Exchange Office (TAIEX) will be extended to partner countries.

Regional and cross border co-operation will continue to receive targeted Community assistance. The Regional Indicative programmes of MEDA and TACIS for 2005-2006 provide support for the regional dimension of ENP.

In addition to this, EIB lending capacity has also been reinforced and it was decided to provide for a conditional extension of the EIB lending mandate to cover Russia and the Western NIS. The extension will allow the EIB to conclude loans up to € 500 million until the end of 2006.

EIDHR programming will also be consistent with the policy goals while supporting civil society in areas such as democracy, rule of law, human rights and fundamental freedoms. Work is underway to look into possible support on a regional basis from 2005. Consultations are also underway with the European Bank for Reconstruction and Development and other IFIs to ensure better co-ordination of programmes.

The ENPI should support various form of cooperation among the partner countries and between them and the member states³ and will replace existing geographical and thematic programmes covering the countries involved. External aspects of internal policies, currently covered by specific instruments, will be either mainstreamed in country and multi-country programmes or, where appropriate, dealt with through a specific thematic programme.

The principal problems that arise from the use of the existing instruments of cooperation for the development and the implementation of neighbourhood programmes are due to the fact that the sources of funding for the programmes of individual Member States are completely separate from those of countries which are not members. The Community Structural Funds cannot be used outside the Member States, while the financial instruments aimed at assistance and external cooperation cannot be used inside Member States. This entails an obstacle for the financing and management of programmes, involving both internal and external borders, and where activities take place in border regions which belong to both Member States and states outside the EU.

The ENPI, therefore, represents an enormous innovation in the field of financial instruments of the European Community because it will replace all programmes, both thematic and geographical, aimed at partner countries of the ENP. Above all, under its cross-border cooperation component, it will allow for the funding of joint programmes which involve border regions of both Member States and non-Member States replacing existing internal and external cross-border programmes.

This choice has prevailed over the possible alternatives such as strengthening the coordination between internal financial instruments and external assistance financial instruments, or that of extending the content and the geographic coverage of existing instruments such as those of INTERREG to include the possible financing of related programmes.

Accordingly, the new instrument seems to be generally suited to partner countries of the ENP. Programmes can be funded which benefit single countries, which promote integration and cooperation between several partner countries, and which even benefit both partner countries and Member States of the EU, with the aim of promoting cross-border and trans-regional cooperation. The cross-border component of the instrument also implies that it has a dual nature, satisfying both external policy objectives and internal policy objectives of economic and social cohesion. The instrument will build on the principles of existing cross-border programmes such as partnership, multi-annual programming and co-financing and on the experience gained in establishing the Neighbourhood Programmes for the period 2004-2006. It will focus on the four key objectives identified in the July 2003 Communication:

?? Promoting sustainable development in regions on both sides of common borders;

³ See *Proposal for a Regulation of the European Parliament of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument* (September 2004).

?? Working together through joint actions to address common challenges, in fields such as environment, public health, and the prevention of and fight against organised crime;

?? Ensuring efficient and secure common borders through joint actions;

?? Promoting local cross-border "people-to-people" type actions

Within this framework, it is important to ensure that the priorities of partner countries are sufficiently taken into account in a spirit of partnership. This is particularly relevant for the Mediterranean Region where priority setting should take into account the strategic framework established in the context of the Association Agreements and through the Euro-Mediterranean ministerial conferences which are part of the Barcelona process. To these ends, the European Neighbourhood Instrument will finance joint projects proposed by and for the benefit of partners from both the EU Member States and partner countries. As such it will complement external and internal funding instruments able to operate only on one side of the Union's borders.

The ENPI will operate through two separate funding windows:

Window One will support cross border co-operation. Eligibility will extend to all concerned land and maritime borders. Programmes will primarily be bilateral, although multi-lateral programmes may be established, in particular over those maritime crossings where distance and other factors do not allow for efficient bilateral cross-border cooperation. Multi-annual programmes will be established for single borders or groups of borders, and will be designed by the relevant partners in beneficiary countries on both sides of the border. Management will be delegated by the Commission to a management body operating through shared management or other suitable arrangements. Project selection and programme implementation will be carried out through joint structures involving national, regional and local authorities of EU Members States and partner countries.

The above mentioned cross border co-operation component is a specific and innovative feature of the European Neighbourhood Policy Instrument and it aims at bringing together regions of member States and partner countries sharing a common border.

Under this component the ENP will finance "joint programmes" able to give *momentum* to regional and sub regional cooperation. It will use an approach largely modelled on Structural Funds principles such as multi-annual programming, partnership and co-financing, adapted to take into account the specificities of external relations. The cross border cooperation component of the ENP will be co-financed by the European Regional Development Fund (ERDF) and its provisions are consistent with similar provisions established for cross-border cooperation under the relevant Structural Funds regulations. The territorial entities eligible for cross-border cooperation programmes are identified in regions falling into the NUTS-III (Nomenclature of Territorial Units for Statistics) level along land borders and sea crossings of significant importance and NUTS-II maritime regions facing a common sea basin.

In the South, the ENP will also encourage the participants to reap the full benefits of the Euro-Mediterranean Partnership, notably through the promotion of infrastructures, interconnections and networks, in particular energy, and to develop new forms of cooperation with their neighbours.

Cross border programmes will be managed jointly by the relevant Member States and partner country through a joint management authority operating through shared management and normally located in a Member State. By allowing implementation tasks to be delegated to the beneficiary Member State, this management method is compatible with the programme-based, multi-annual, bottom-up approach which characterises cross border cooperation programmes. It is also possible to locate the joint managing authority in partner countries, as a result of a decision of the Commission confirming the ability of the joint managing authority in the partner country to manage community funds in a totally decentralised way.

The Member State hosting the joint managing authority will be responsible to the Commission for the regularity of the operations financed under the programme.

Window Two will provide more flexible support for wider trans-national co-operation involving actors and beneficiaries from both EU Member States and partner countries. Co-operation will be mostly focused on specific themes to be defined in the regulation based on identified common challenges in fields such as environment, integration into energy, telecommunication and transport networks, public health and the prevention of and fight against organised crime.

The Commission will also have the possibility to identify, select and propose projects of particular technical and political importance for funding. Eligibility will cover all the territory of EU Member States and the relevant parts of the territory of partner countries. Programming will be centralised in the Commission. Implementation will also be centralised, although indirect management through delegation to external bodies, such as executive agencies, may be considered.

The Commission intends to propose a substantial increase in the annual amounts to be allocated to the instrument compared to those allocated during the 2004-2006 period to the Neighbourhood Programmes (see paragraph 7).

The split in funding between the two windows will be determined at a later stage, taking into account the relative importance of the two types of co-operation, the specific characteristics of the different borders, the desirability of having an appropriate balance in the distribution of funding among the geographical areas covered and the need to limit direct Commission involvement in implementation and management. In order to eliminate obstacles to absorption of funds and reward good performance, provisions will be made to allow for the reallocation of funds between windows, and within windows, among programmes and projects. Financial allocations within Window One will be determined by a programme, covering a single border or a group of borders, on the basis of objective criteria. These allocations will also take into account the specific characteristics of the borders, and the potential absorption capacity.

6. A qualitative assessment of the objectives (ENP) and instruments (ENPI).

The ENP and the instrument planned for managing it, as outlined by the Commission documents, should be evaluated on the basis of the general objective of the ENP and not only on its capacity to implement the specific objectives (transport, environment, etc.) mentioned above, objectives which are subordinated to the general objective.

From this point of view, the principle of 'differentiation' is central to the implementation of the general objective which will encourage the ENP and its application by means of the ENPI. This means a pragmatic acceptance of co-operation methods which vary from one partner country to another, according to how its relationship with the EU is progressing, its degree of economic development, and how the values of the institutions of the country correspond to the fundamental values which inspire the institutions of the Member States.

This implies that the co-operation must be, not only an incentive to create an area of stability based on such values, but also a means to ensure that the 'security belt' is watertight, in line with the general objective.

As has been seen in the previous paragraph, the new instrument has the following fundamental characteristics.

It is not thematic but is essentially territorial. This allows for the financing of any type of programme with partner countries, favouring development and integration in regions which border Europe as well as in the European Union. The Regulation of the ENP sets out seventeen objectives, which are not definitive.

From the point of view of the eligibility, the ENPI also has a very broad coverage. It is worth highlighting how comprehensive the list of entities, bodies and institutions, public and private, eligible to receive grants under the ENPI (art.14 of Regulation) is. Practically, anybody is eligible, from Member and partner countries and regions to European agencies, from international organizations to any kind of non-state actors including "local citizen's group". This leads to both opportunities and problems.

The ENPI, innovating in comparison with existing co-operation instruments, puts support for the programmes in one financial instrument, the payments of which are within the Member States and the partner countries. The principle of co-financing and partnership are maintained by the previous instruments

These characteristics together ensure that the ENP is a clear and *potentially* ,an extremely flexible instrument. This should contribute to attenuating the top down approach and its negative effects, which seems to be part of Community policies by their very nature.

Nevertheless, greater discretion in the distribution of the resources should be associated with a greater analytical capacity of programme impact. Carrying out impact analysis, ex-ante and ex-post, of financing programmes is not an obstacle to decentralizing the responsibilities at the national and regional institutions. It is the premise that a reduction in the role of community structures be allowed for, not only in management but also in

the selection of individual funding programmes and projects. Only the most general decisions and policies regarding territorial allocation should be carried out, on the basis of the Action Plans, by the Community offices, decisions which can be easily submitted to an accountability policy which is also democratic, by the representative European institutions and single states. This approach seems to best fit when a simple policy of technical assistance and development is no longer in question, but when a policy encompassing foreign policy and national security calls for more than technical management

The scope of possible beneficiaries is wide, including the financing by Community structures of individuals and private organizations in partner countries. This presents problems and implies that delicate internal policy needs are not overlooked. Funding private organizations, more than just on the fringes of terrorist activities, is an example of the problems that may arise when Community institutions allocate funds to single programmes.

Finally, the process of monitoring and ex-ante and ex-post evaluation exercises should be effective. It is only wishful thinking that the submission of an Annual Report to the European parliament and the Council (art.25 of Regulation) could assume a real form of accountability of the implementation of the ENP. If we remind ourselves of the general objectives of the ENP, we are not so optimistic to think that the ENP can substitute the absence of a common European Foreign Policy , but we can expect at least that with regard to the objective of security the European Institutions could be more cohesive in looking at the strategic implementation of the ENP.

7. A quantitative assessment of the European Neighborhood and Partnership Instrument (ENPI).

According to the annex to the *Strategy Paper*, the total amount of assistance provided to ENP partner countries through MEDA and Tacis was 3716.1 million euros in the period 2000-2003. For the period 2004-2006 a total amount of 255 million euros for external assistance will be provided through the existing instruments, as above described, and 700 for Interreg.

The financial commitment forecasted for assistance to the EU neighbouring countries by the ENPI, for the period 2007-2013, is 14989 million euros. Actually, the commitment appropriations for the period 2007-2012 will be 11926 million euros, while the payments will be 6300 million euros. The leftover will be paid in 2013 and the following years. The annual schedule of forecasted commitment and payment appropriations is set out in Table1. It is difficult to evaluate precisely the increase of the resources allocated to the neighbouring policy under the ENPI in comparison with the previous periods because the new instruments will cover both internal and external assistance and the share of external payments on the total appropriations has not been fixed in advance. Any way, even if a greater clarity and transparency in the figures given in the document in question would allow for a more careful evaluation, the sums involved are clearly not so significant, despite an increase compared to the past. A change of course, regarding the financial commitment of the ENP, is not discernible, at least from a quantitative point of view.

Nevertheless, the strength of the ENP, considering its general objective, does not depend only on a specific financial instrument issued by the Commission or on the resources managed by this instrument, but on how consistent the EU is, in the action it takes with partner countries. This action depends on the following factors: on the policy carried out by the EC and on the resources that it makes available; on the bilateral action of the Member States and on the resources employed by them to cooperate.

What has been the overall contribution to date of the EU, relating to the two components represented by the assistance given by the EC, and by bilateral aid granted by Member States to partner countries of the ENP?

According to the OECD estimates, the net ODA disbursements from the European Commission to the ENP partner countries in the period 1997-2002 amounted to 6202.6 million euros approximately, an amount very similar to the payment appropriations foreseen for the six years period 2007-2012 under the ENPI. Moreover, this amount was 12.8 per cent of the total net ODA disbursement received by the ENP partner countries from the total DAC countries and multilateral agencies. Nevertheless, there are strong differences in the assistance granted by the EC as share of the total donor's assistance in the various partner countries. In the period 1997-2002, this share exceeded 40 per cent for Tunisia and Morocco. On the other hand, it never exceeded 20 per cent in the other countries, except in the case of Algeria in the period 2001-2002.

The disbursement from the European Union Member States, in the same period, amounted to 20 per cent of the total for all the ENP partner countries. However, the technical assistance granted on a bilateral base to ENP partner countries by EU Member States, measured by the net ODA disbursement, decreased progressively from 1902 million euros in 1997 to 1347 million euros in 2002 (a decrease of about 30 per cent). For the period 1997-2002, it was 9713,3 million euros. As a result the total net ODA disbursement from EU (EC plus EU member countries) decreased.

Table 1 Commitment appropriations and payment appropriations under ENPI (2007-2013)								
Euro million								
	2007	2008	2009	2010	2011	2012	2013 and following	Total
Commitments	1433	1569	1877	2083	2322	2642	3003	14929
Payments	263	495	819	1200	1601	1922	8629	14929

What do these figures tell us ? In the first place, the technical assistance of the European Commission has reached a critical level in order to have a significant impact on national policies only in some ENP partner countries (see tables and figures in Annex 1). In fact, when the prime objective is political, as highlighted above, as well as related to creating development, the quantity of assistance, both in terms of absolute value and in proportion to the offer by other donors, becomes an important factor in the effectiveness of the policy itself. This is the case particularly, when other countries offer assistance, using objectives not always consistent with or in conflict with European ones.

Secondly, it appears that the burden of bilateral assistance of the Member States of the European Union has been greater than that offered by the European Commission. Consequently, the contribution of the Member States is fundamental to determine the overall financial capacity of Europe in managing the ENP. However, difficulties

encountered in government budgets of European countries, committed to complying with the rules established by the Stability and Growth Pact, have reduced this bilateral assistance. This reduction in bilateral assistance means that efforts on the part of the Commission may be no longer adequate to support the ENP.

This is a problem that needs to be addressed: that the Stability and Growth Pact provides for a greater flexibility and in particular accepts the application of the so-called golden rule, in conjunction with policies that involve interests, vital both to single countries and to Europe in its entirety, such as those which have repercussions on EU approved external policies and security policies.

What part does the *golden rule* play in the ENP? They are closely linked.

The ENP needs, in order to be effective, substantial financial effort to support economic development, poverty reduction and the strengthening of democratic institutions in partner countries. The current costs of this policy will nevertheless allow the reduction of ever-increasing future economic and social costs. Moreover, the ENP funding must be considered not only as expenses for development arising from moral necessity, but also as an investment, essential for the security of Europe. They represent a way to reduce future security costs and to boost the competitiveness of Europe. This implies that, as far as investments in infrastructures and research are concerned, investment costs to aid development should be distributed among, and borne by present and future beneficiaries. This concept is at the very basis of the *golden rule*.

For this reason, the issue of strengthening, not only qualitatively but also quantitatively the ENP as an integral part of the European Agenda, is to be considered in order to formulate a reform of the Stability and Growth Pact. This is to ensure that national co-financing investments in ENP programmes or those decided bilaterally (and recognised by the Commission as matching the principles, the objectives, and the priorities of the Action Plans and the Agreements signed by the partner countries with the EC) can come under the binding obligation of the tax policies as laid down in the Pact.

Table 2. Net ODA disbursement (\$million)							
	1997	1998	1999	2000	2001	2002	total 2000-2002
Algeria	34	244,8	11,4	52,5	97,8	82,7	233
Armenia	11,3	21,3	21,6	12,1	10,2	28,9	51,2
Azerbaijan	22	26,2	21,8	20,1	12,8	22,4	55,3
Belarus	6,7	3,9	6	1,5	3,2	1,3	6
Egypt	197	189,8	150,9	72,5	71	91,2	234,7
Georgia	21,5	24,2	27,7	13,8	23,5	10,9	48,2
Israel	10	10,1	3,5	-0,8	23,4	4,2	26,8
Jordan	86,9	49,3	14	80,5	44,6	75,5	200,6
Lebanon	21,8	66,7	16,1	36,1	9,1	25,1	70,3
Libya	0	0	0	0	0	0	0
Moldova	7,2	6,9	8,7	5,3	4,6	11,3	21,2
Morocco	199	235,6	303,8	117,3	132	274,3	523,6
Palestinian	117,2	81,5	14,6	62,5	118,5	170,9	351,9
Russian Fe	139,7	105,3	182,4	97,2	98	114,1	309,3
Syria	9,6	11,1	2,6	2,1	4,4	9,7	16,2
Tunisia	137,7	73,4	158,1	70,7	189,8	287	547,5
Ukraine	5,7	97,8	70,8	71,7	97,4	58,5	227,6
total EC	1027,3	1247,9	1014	715,1	940,3	1268	6212,6
total EU m	1902	1855,10	1537,3	1521,4	1550,1	1347,4	9713,3
EC + EU n	2929,3	3103	2551,3	2236,5	2490,4	2615,4	15925,9
total	7381,1	7688,7	9955,9	7312,5	6731,9	8728,4	47798,5
EC/(Ec+Eu	0,35	0,40	0,40	0,32	0,38	0,48	0,39
EC/Total	0,14	0,16	0,10	0,10	0,14	0,15	0,13
EU/total	0,26	0,24	0,15	0,21	0,23	0,15	0,20

	ec	eu members	ec+eu members	total	ec/(ec+eu) %
	34	188,7	222,7	249,7	15%
	11,3	17,9	29,2	166,4	39%
	22	7,8	29,8	184,1	74%
	6,7	13,5	20,2	55,2	33%
	197	801,2	998,2	1985,2	20%
	21,5	28,7	50,2	242	43%
	10	-62,8	-52,8	1196,4	0%
	86,9	81	167,9	462,4	52%
	21,8	60,4	82,2	248,8	27%
	0	1,8	1,8	7,1	0%
	7,2	6,4	13,6	65,3	53%
	199	213,9	412,9	464,2	48%
	117,2	154,7	271,9	603,1	43%
	139,7	215,3	355	793	39%
	9,6	26,2	35,8	196,8	27%
	137,7	74,7	212,4	193,5	65%
	5,7	72,6	78,3	267,9	7%
	1027,3	1902	2929,3	7381,1	35%

	ec	eu members	ec+eu members	total	ec/(ec+eu) %
	244,8	147,6	392,4	420,5	62%
	21,3	22,2	43,5	194,4	49%
	26,2	22,9	49,1	120,2	53%
	3,9	16,2	20,1	39,1	19%
	189,8	536,4	726,2	1954,9	26%
	24,2	44,6	68,8	209	35%
	10,1	-80	-69,9	1066,1	0%
	49,3	85,2	134,5	411,4	37%
	66,7	66,8	133,5	240,8	50%
	0	3,6	3,6	7,2	0%
	6,9	16,3	23,2	39,6	30%
	235,6	220,3	455,9	530	52%
	81,5	166,3	247,8	607,5	33%
	105,3	351,5	456,8	1078	23%
	11,1	32,1	43,2	155,1	26%
	73,4	90,1	163,5	150,2	45%
	97,8	113	210,8	464,7	46%
	1247,9	1855,1	3103	7688,7	40%

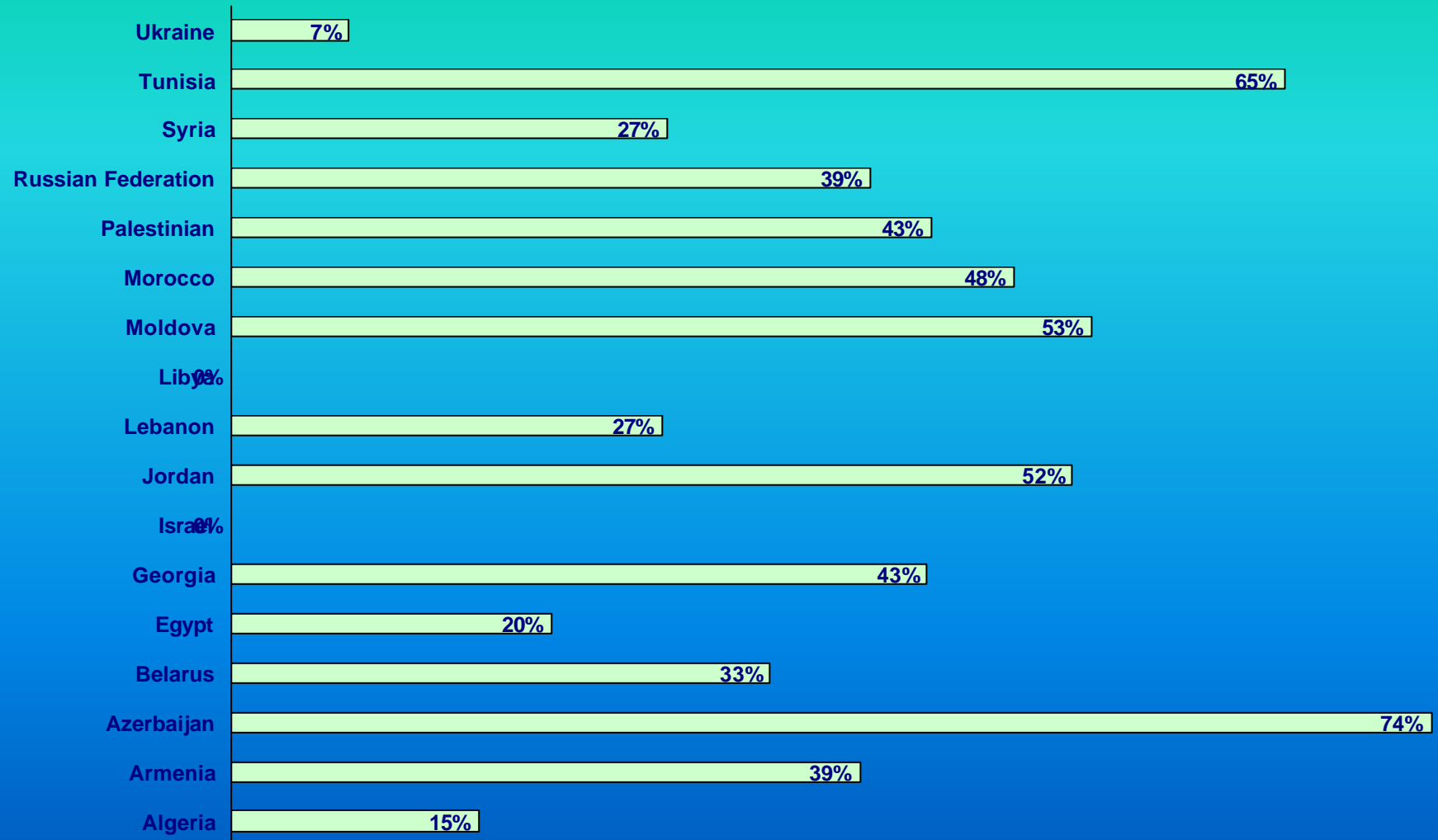
	ec	eu members	ec+eu members	total	ec/(ec+eu) %
	11,4	86,6	98	443,8	12%
	21,6	20	41,6	180,6	52%
	21,8	25,5	47,3	247,2	46%
	6	10,3	16,3	39,3	37%
	150,9	469,2	620,1	1582,1	24%
	27,7	30,7	58,4	199,1	47%
	3,5	-88,3	-84,8	905,7	0%
	14	87	101	507,8	14%
	16,1	57,5	73,6	194	22%
	0	3,3	3,3	7,4	0%
	8,7	9,9	18,6	175,5	47%
	303,8	283,6	587,4	678,7	52%
	14,6	150,2	164,8	516,2	9%
	182,4	206,2	388,6	2590,4	47%
	2,6	34,5	37,1	228,5	7%
	158,1	89,5	247,6	252,6	64%
	70,8	61,6	132,4	1207	53%
	1014	1537,3	2551,3	9955,9	40%

Total oda net 2000 (\$)	ec	eu members	ec+eu members	total	ec/(ec+eu) %	ec/total %
Algeria	52,5	66,9	119,4	201	44%	26%
Armenia	12,1	24,3	36,4	215,9	33%	6%
Azerbaijan	20,1	12,2	32,3	139,4	62%	14%
Belarus	1,5	9,9	11,4	39,6	13%	4%
Egypt	72,5	392,5	465	1328,4	16%	5%
Georgia	13,8	29,7	43,5	169,4	32%	8%
Israel	-0,8	-68,6	-69,4	800	1%	0%
Jordan	80,5	84	164,5	552,5	49%	15%
Lebanon	36,1	53,2	89,3	199,7	40%	18%
Libya	0	0	0	0	0%	0%
Moldova	5,3	21,3	26,6	122,6	20%	4%
Morocco	117,3	169,9	287,2	419,3	41%	28%
Palestinian	62,5	149,2	211,7	637,3	30%	10%
Russian Federation	97,2	377,4	474,6	1564,9	20%	6%
Syria	2,1	30,7	32,8	158,5	6%	1%
Tunisia	70,7	94,3	165	222,8	43%	32%
Ukraine	71,7	74,5	146,2	541,2	49%	13%
Total	715,1	1521,4	2236,5	7312,5	32%	10%

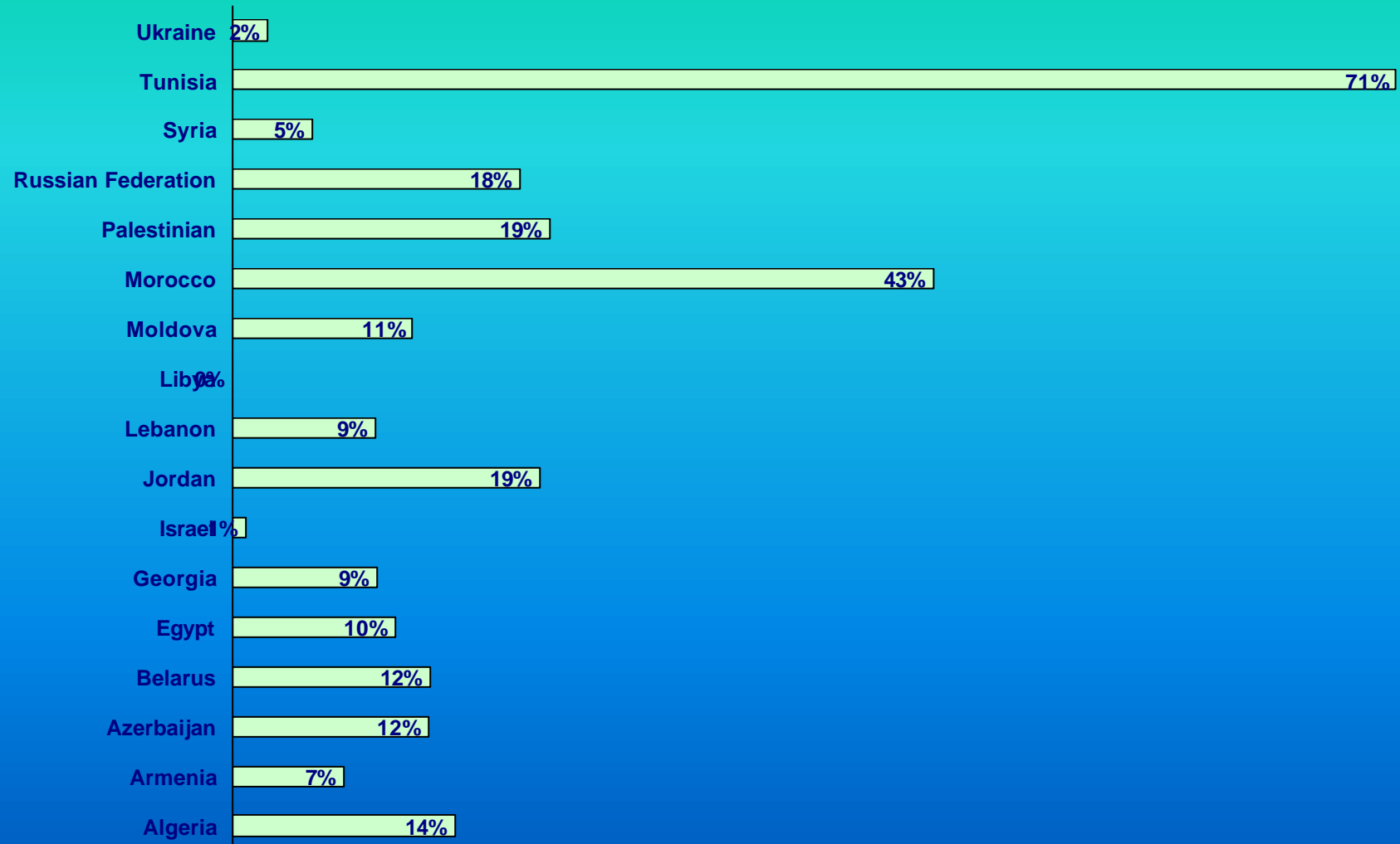
	ec	eu members	ec+eu members	total	ec/(ec+eu) %
	97,8	25,8	123,6	185,1	79%
	10,2	36,4	46,6	198,4	22%
	12,8	12,5	25,3	232,1	51%
	3,2	11,7	14,9	39,2	21%
	71	386,8	457,8	1256,7	16%
	23,5	35,8	59,3	300	40%
	23,4	-42,8	-19,4	172,4	0%
	44,6	97,6	142,2	432,6	31%
	9,1	41,3	50,4	240,8	18%
	0	0	0	0	0%
	4,6	24,2	28,8	122,4	16%
	132	248,9	380,9	518,6	35%
	118,5	129,2	247,7	869,6	48%
	98	197,5	295,5	1111,8	33%
	4,4	110,6	115	155,3	4%
	189,8	113	302,8	377,7	63%
	97,4	71,6	169	519,2	58%
	940,3	1500,1	2440,4	6731,9	39%

Total oda net 2002 (\$)	ec	eu members	ec+eu members	total	ec/(ec+eu) %	ec/total %
Algeria	82,7	115,5	198,2	361	42%	23%
Armenia	28,9	39,4	68,3	293,5	42%	10%
Azerbaijan	22,4	18,8	41,2	349,4	54%	6%
Belarus	1,3	15,3	16,6	39,4	8%	3%
Egypt	91,2	247	338,2	1286,1	27%	7%
Georgia	10,9	48	58,9	312,6	19%	3%
Israel	4,2	-38,6	-34,4	754	0%	1%
Jordan	75,5	76,2	151,7	454,3	50%	17%
Lebanon	25,1	48,7	73,8	406,7	34%	6%
Libya	0	0	0	0	0%	0%
Moldova	11,3	19,9	31,2	141,7	36%	8%
Morocco	274,3	185,4	459,7	636,2	60%	43%
Palestinian	170,9	187,1	358	1378,9	48%	12%
Russian Federation	114,1	194,4	308,5	1300,9	37%	9%
Syria	9,7	8	17,7	55,3	55%	18%
Tunisia	287	99,6	386,6	475	74%	60%
Ukraine	58,5	82,7	141,2	483,8	41%	12%
Total	1268	1347,4	2615,4	8728,8	48%	15%

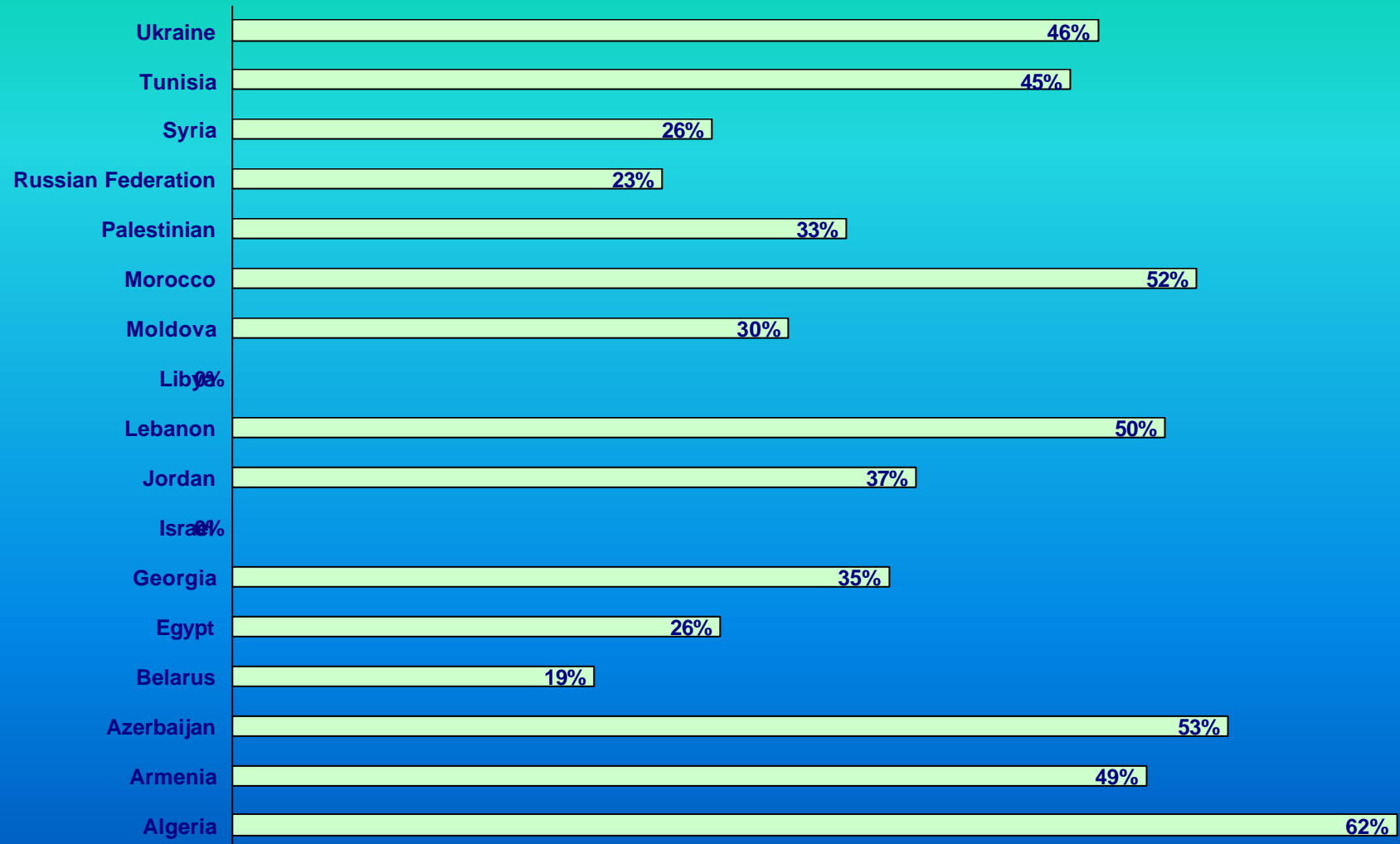
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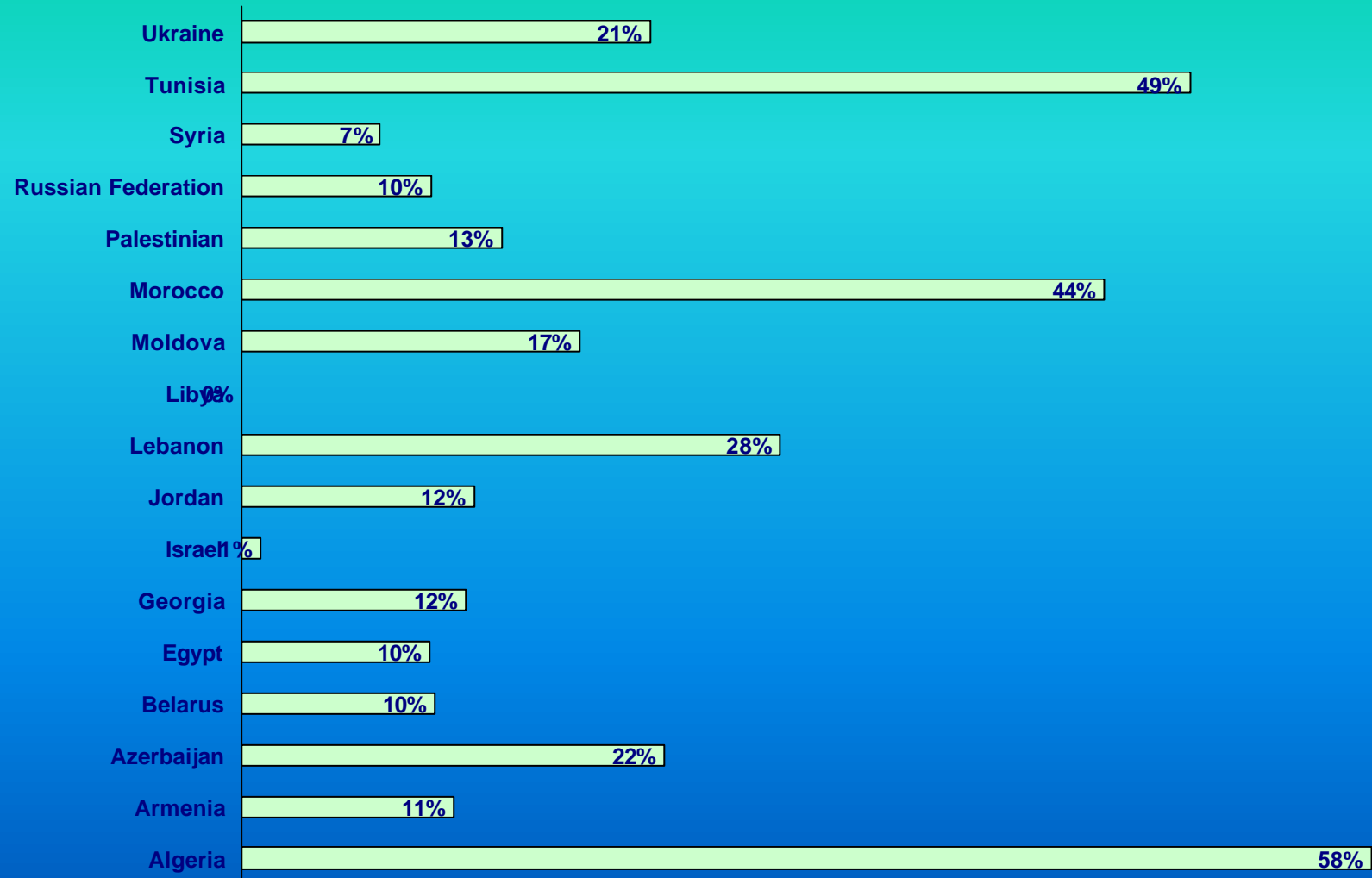
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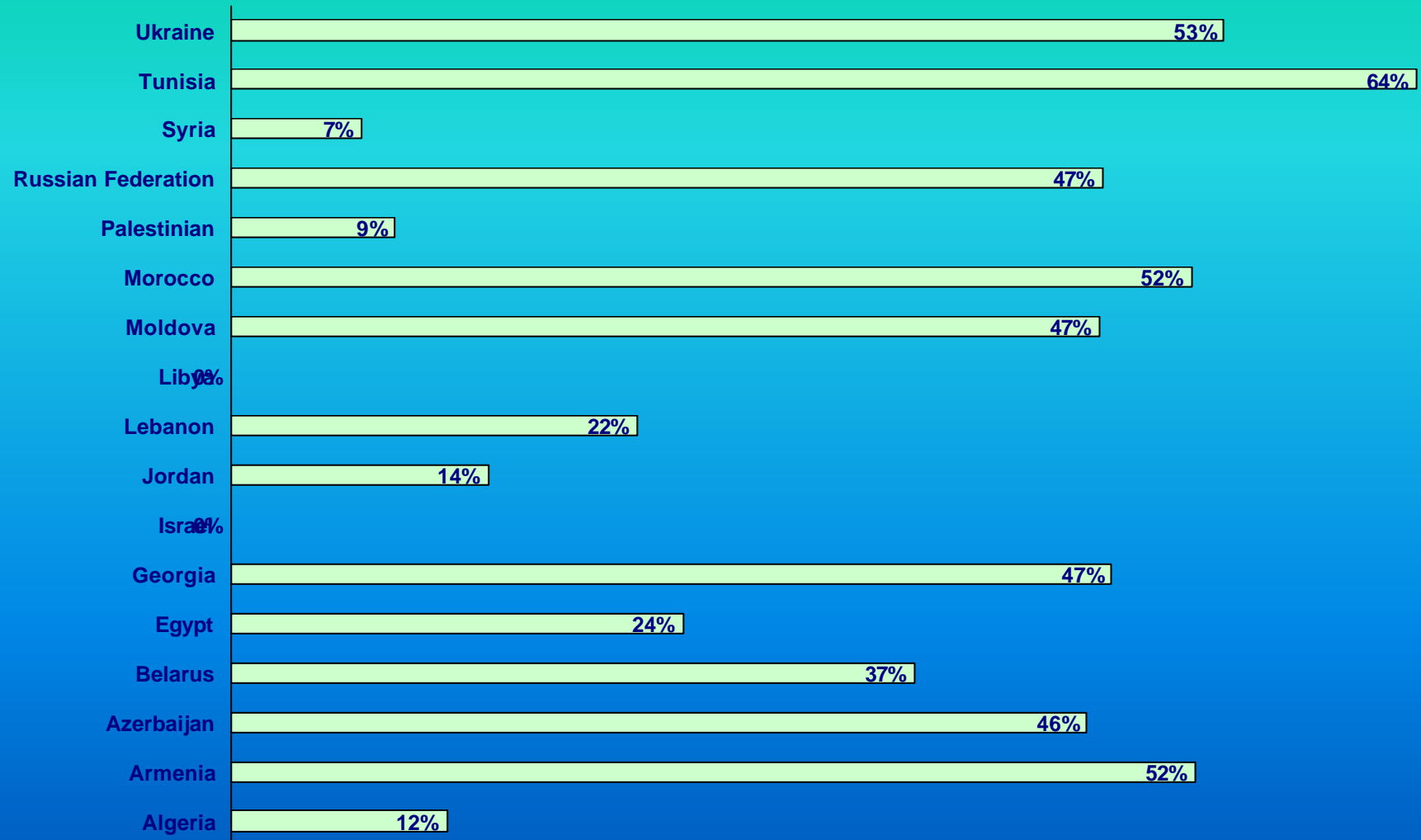
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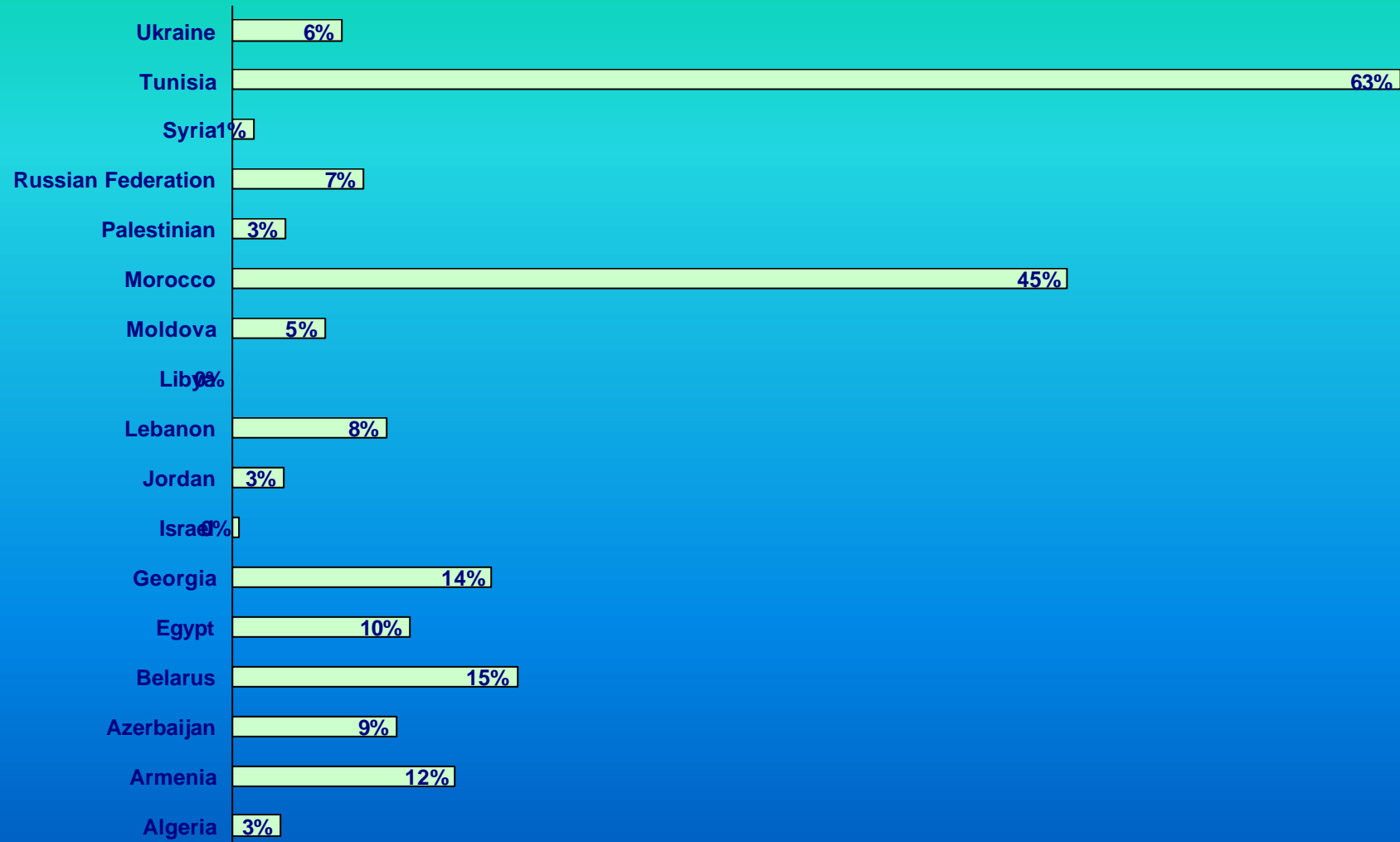
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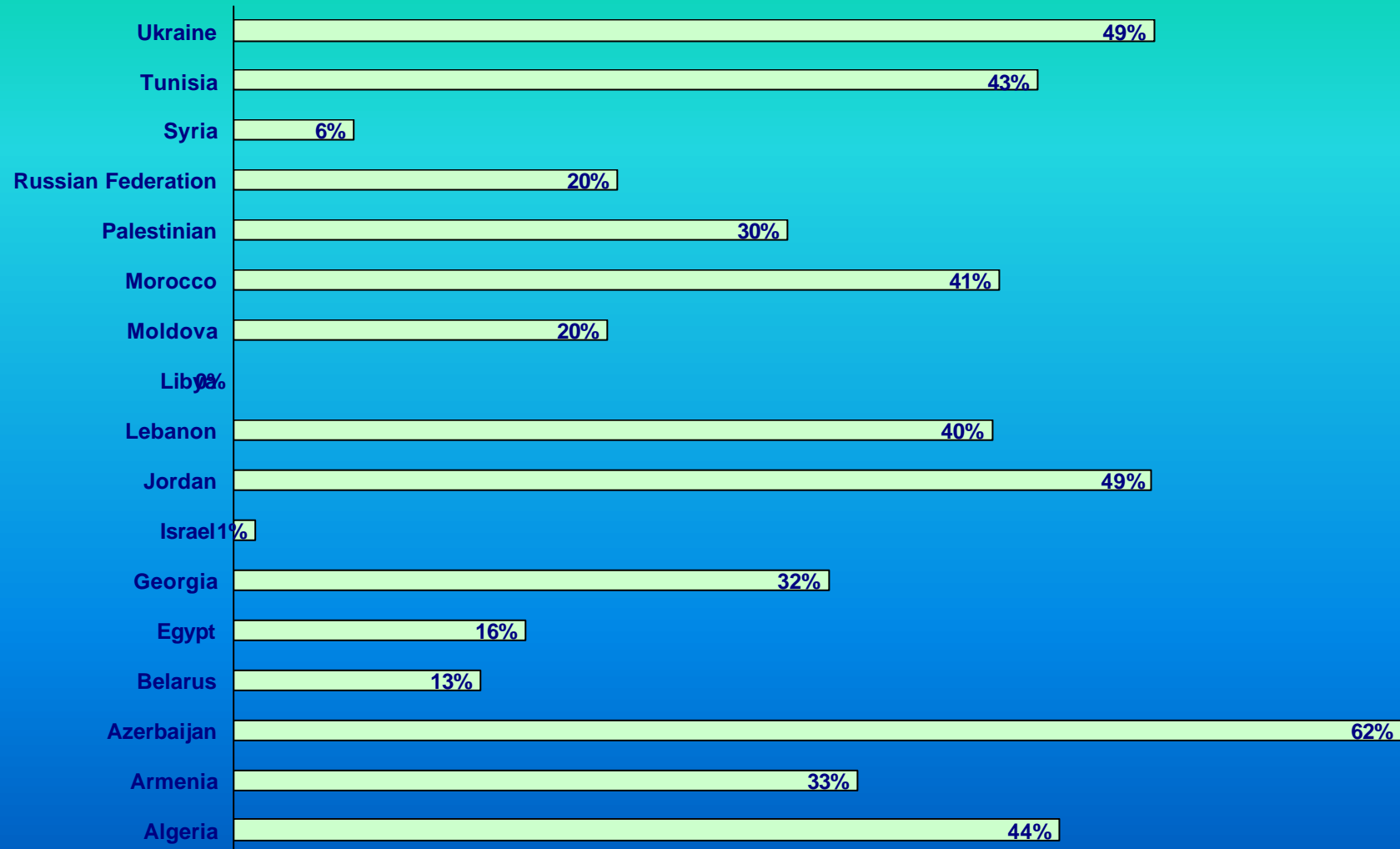
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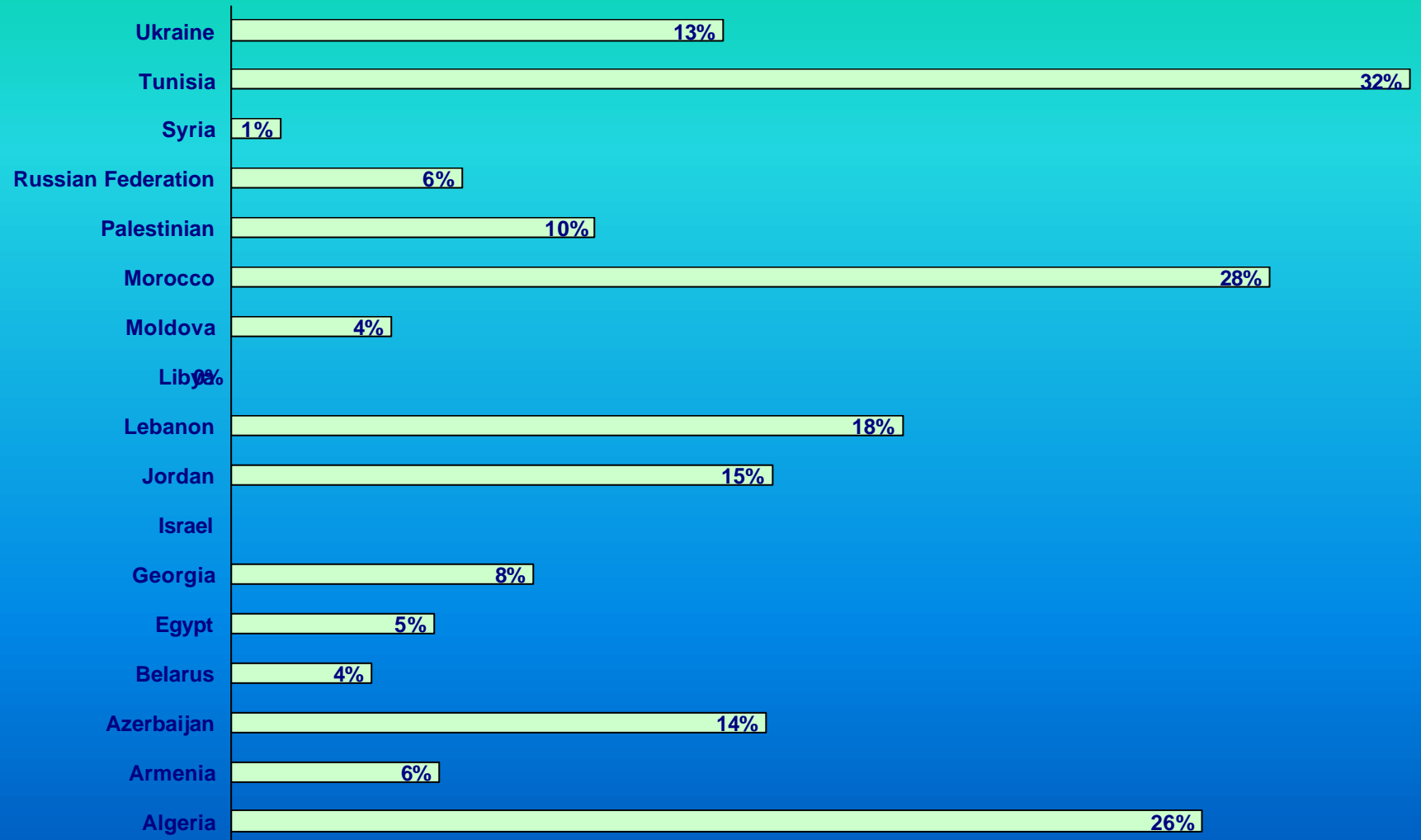
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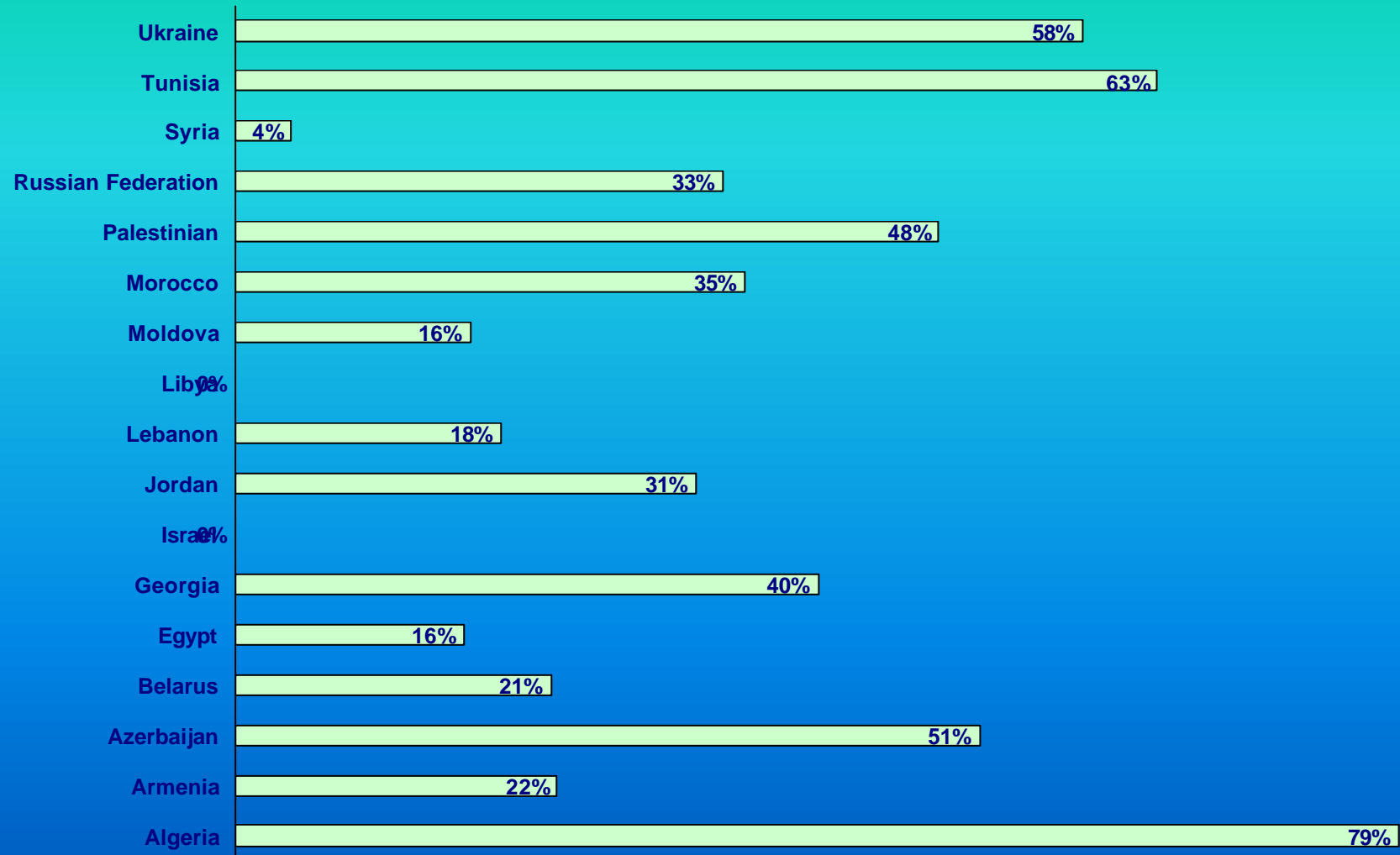
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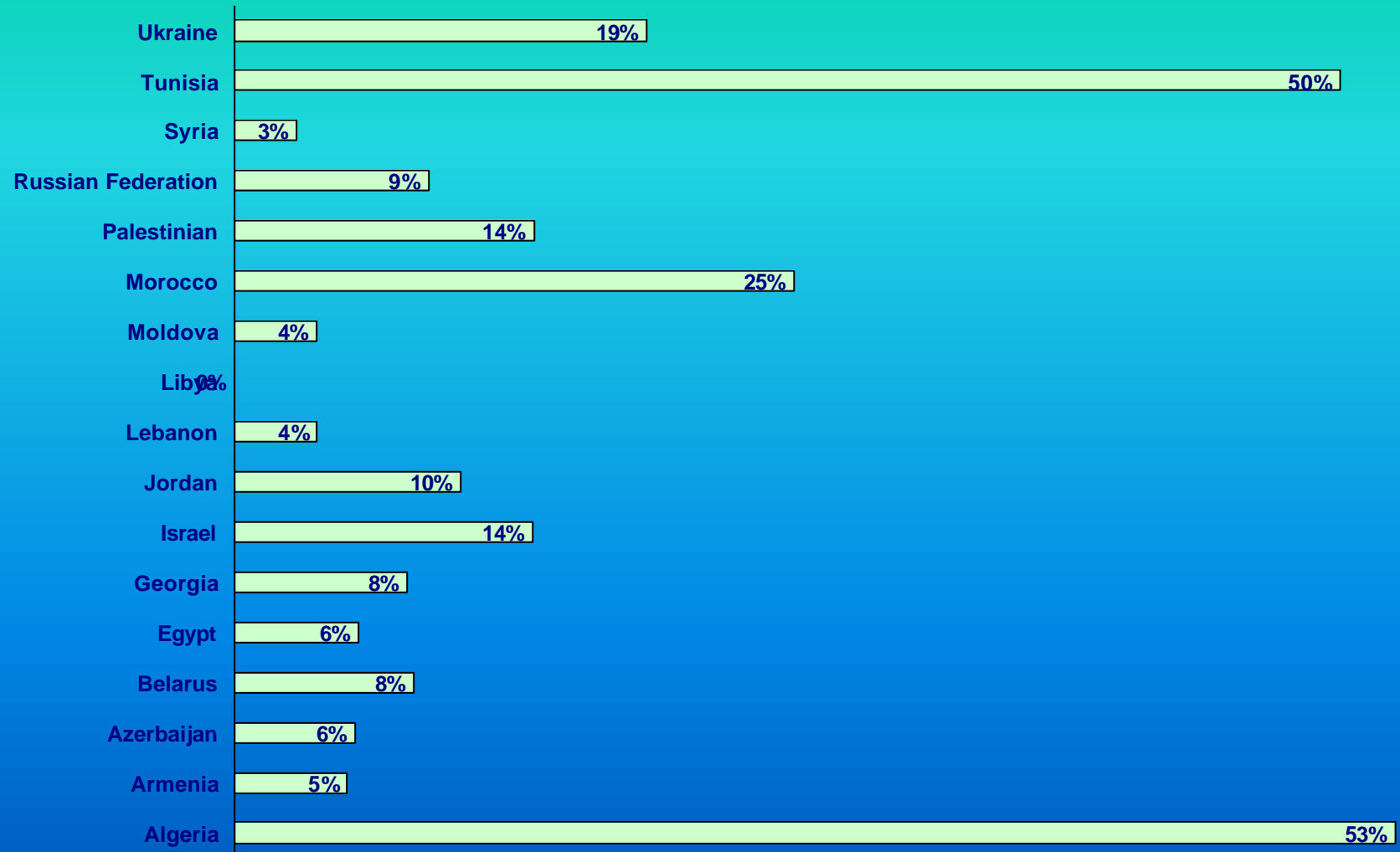
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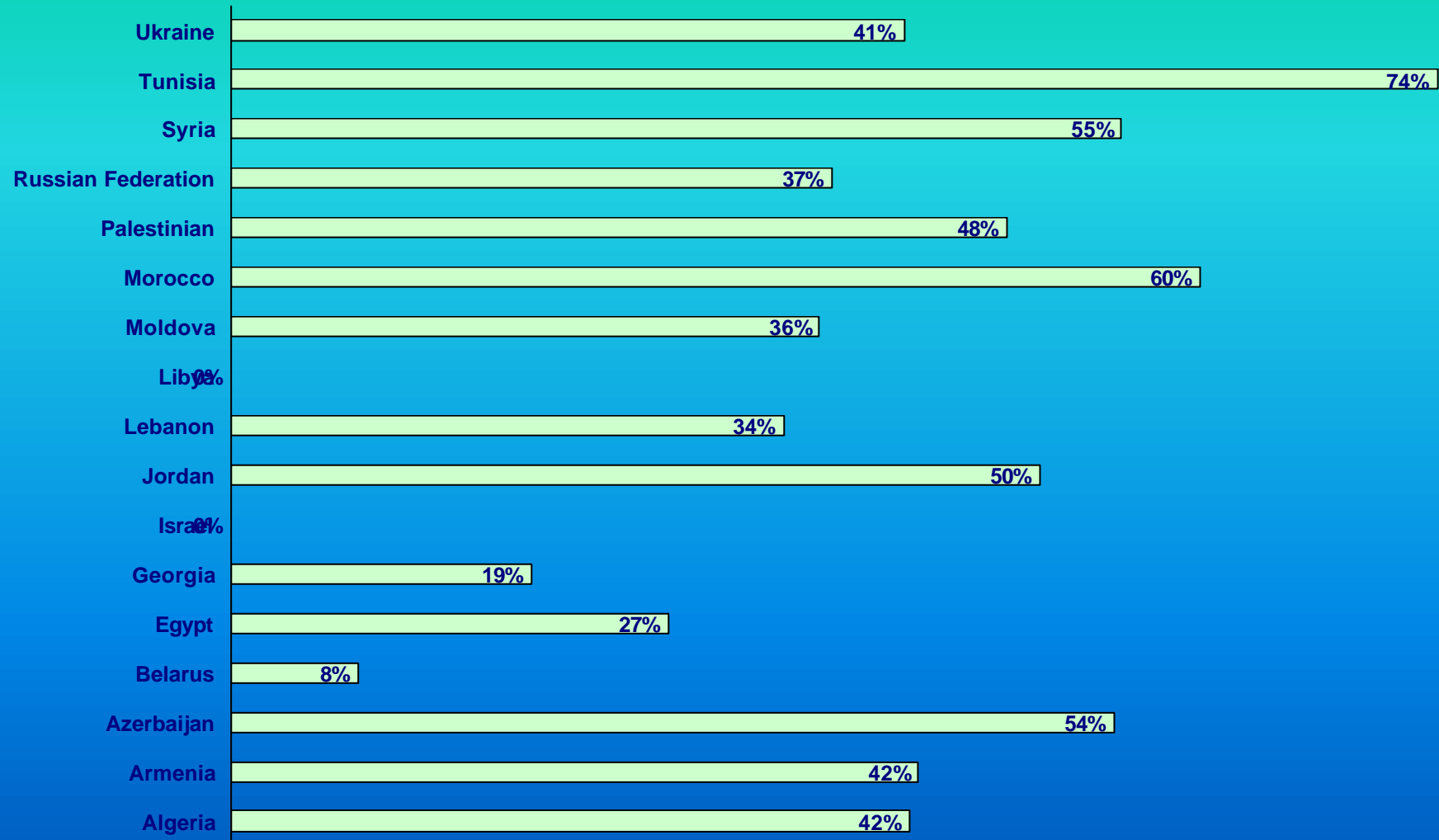
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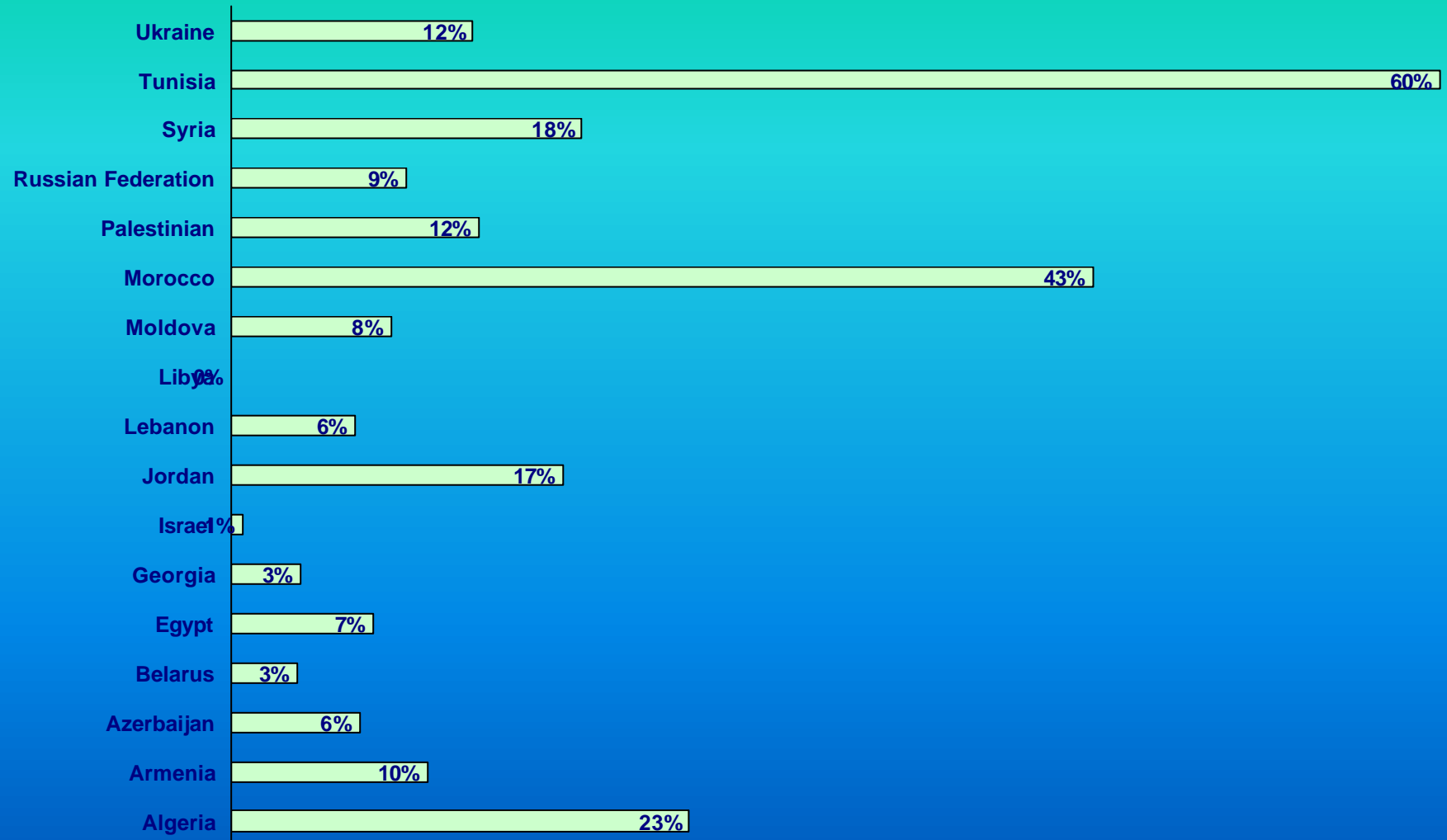
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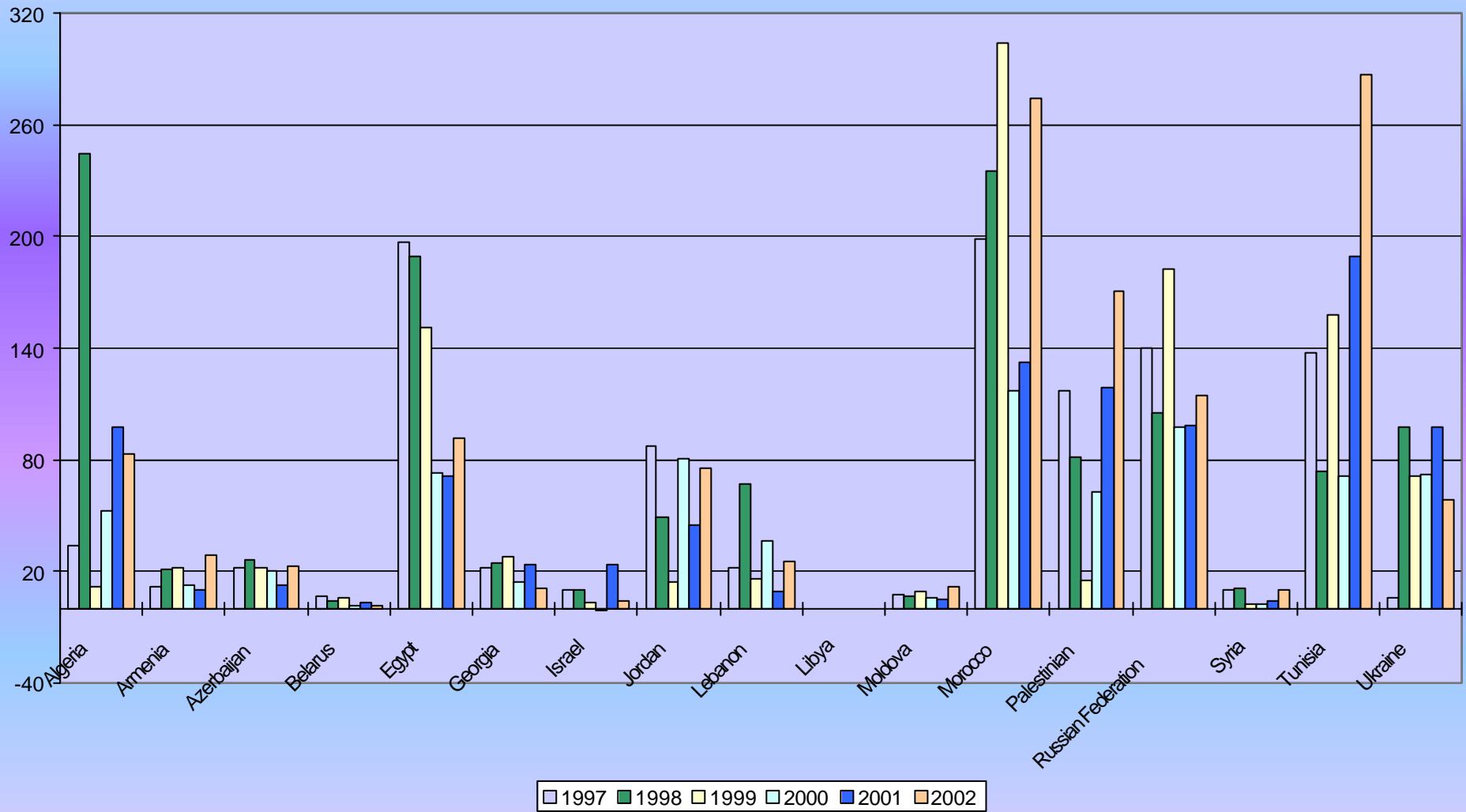
ec/ec+eu 2002



ec/tot 2002



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