Overview of EU Financial instruments for supporting Eastern Partnership and Accession countries

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Abstract
Present analysis presents comparative study of EU financing instruments available to EU Accession countries and to EU Eastern partners. In general the conclusion is that EU considers Eastern candidates as not candidates for accession to the EU and therefore provides less money for their development than it does for Accession countries in Western Balkans. For example in present EU ENI instrument the funding for Eastern partners is approximately 5 billion Euros for the period 2014–2020, while funding in IPA II instrument for Western Balkan countries is 11.7 billion Euros for the period 2014–2020. Projects for both group countries can be financed from Erasmus+, TAIEX, Twinning, SIGMA programmes. Presently projects of both groups of countries are managed in complementary way by EU COM DG Near. However this arrangement could come under question with new financing arrangement in the next EU Financial Perspective (2021-2027) where financing for Neighbourhood becomes just one part of The Neighbourhood, Development and International Cooperation Instrument (NDICI), although financing for Eastern Partnership countries will probably raise slightly. From the point of view of having strong Eastern partnership it is necessary for the EU to continue with separate Neighbourhood Instrument and also retain the united management for Eastern Partners and Accession countries in DG Near. Also, the possibility of financing projects in associated Eastern Partners from funds presently reserved only for Accession countries should be considered.

1. Eastern Partnership – what it is and what are the goals of EU policy
The goal of this overview is to describe financial sources available for realisation of the goals of the EU Eastern Partnership policy and to compare them to financial sources available to EU Accession countries with the purpose of showing possibilities for mutually benefitting development of EU Enlargement and Neighbourhood Policies.

The Eastern Partnership (EaP) is a joint policy initiative¹ which aims to deepen and strengthen relations between the European Union (EU), its Member States and its six Eastern neighbours (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine). The

overall framework guiding relations between the EU and its six Eastern Partners is provided by the relevant bilateral agreements, such as the Association Agreements, as well as the Association Agendas and the Partnership Priorities. In support of a more results-oriented approach towards the Eastern Partnership, the European Union identified **20 key deliverables for 2020**.

These commitments by the EU, its Member States and the six Partner countries cover the four main priority areas of the Eastern Partnership: **Stronger Economy** (economic development and market opportunities); **Stronger Governance** (strengthening institutions and good governance); **Stronger Connectivity** (connectivity, energy efficiency, environment and climate change); **Stronger Society** (mobility and people-to-people contacts).

Economic integration, political association and approximation with EU law are the processes which should lead towards the access of EaP countries to an EU internal market. It has been defined as one of the main goals and “carrots” for the neighbouring countries from the very beginning of the European Neighbourhood Policy conception. It reflects the idea of “everything but institution” or integration without enlargement.

Association agreement which includes Deep and Comprehensive free trade area (DCFTA) as the supplementing part is the main instrument to promote political and economic reforms in the neighbouring countries. The partners are obliged to make the reforms, to adapt EU rules, norms and standards in exchange, and the principle “more for more” (more EU funding for more reforms) is adapted by the EU to promote the social, economic, juridical and political changes in their political systems.²

Even though economical exchanges are intensifying between EU and EaP countries, the political systems still face the big challenges especially in coping with political corruption and democracy assurance. The issue of corruption has become one of the major problems. Three Eastern partnership countries, Moldova, Ukraine and Georgia, which have undergone the process of reforms and transformations are still regarded as transitional democracies or hybrid regimes and just partly (not fully) ensuring democracy, human rights and civil liberties. Another three states, Belarus, Armenia, Azerbaijan, are considered authoritarian states with strong concentration of political power and hard violations of human and political rights.³

It is therefore understandable, why EU considers those states as not candidates for accession to the EU and therefore provides less money for their development than it does

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for accession countries in Western Balkans. However, as progress is achieved step by step, especially in countries with AA/DCFTA agreements, it is not unreasonable to foresee, that some financing instruments meant for accession countries could be in future also be opened more for financing of projects in EAP countries.

2. Overview of EU support instruments for partnership and accession countries

The European Neighbourhood Instrument (ENI) (€15.4 billion for the period 2014–2020, approximately 1/3 going to Eastern Partnership projects, that is approximately 5 billion Euros) is the main financial instrument for implementing the ENP during the period of 2014–2020. The ENI provides the bulk of EU funding to the 16 ENP partner countries.

Six ENI target goals are:

- Fostering human rights and fundamental freedoms, the rule of law, equality, sustainable democracy, good governance and a thriving civil society;
- Achieving progressive integration into the EU internal market and enhanced co-operation including through legislative approximation and regulatory convergence, institution building and investments;
- Creating conditions for well managed mobility of people and promotion of people-to-people contacts;
- Encouraging development, poverty reduction, internal economic, social and territorial cohesion, rural development, climate action and disaster resilience;
- Promoting confidence building and other measures contributing to security and the prevention and settlement of conflicts;
- Enhancing sub-regional, regional and Neighbourhood wide collaboration as well as Cross-Border Cooperation.

The vast majority of ENI funding is used for bilateral cooperation, tailor-made to each Neighbourhood partner country. A key element in this context is the bilateral ENP Action Plans (AP), which is mutually agreed between the EU and each partner country. The AP sets out an agenda of political and economic reforms with short and medium-term priorities and serves as the political framework guiding the priorities for cooperation.

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In addition to bilateral cooperation, ENI funding also supports regional, Neighbourhood-wide and Cross Border Cooperation (CBC) programmes. These programmes are designed to complement bilateral cooperation programmes.\(^7\)

A key element of the ENP is to strengthen and promote the role of civil society actors in reforms and democratic changes taking place in the Neighbourhood countries. In particular local civil society organisations and their capacity to engage with public authorities are being strengthened. In addition to bilateral and regional cooperation under the ENI, various additional EU initiatives and programmes also support civil society in the region, such as the European Instrument for Democracy and Human Rights (EIDHR), the Non-State Actors and Local Authorities thematic programme (NSA–LA) and the ENI Civil Society Facility.\(^8\)

Eastern neighbours also participate in initiatives open to all Accession and Neighbourhood countries – such as Erasmus+, TAIEX, Twining, SIGMA and the Neighbourhood Investment Platform – and in Cross-Border Cooperation programmes.\(^9\) Participation opportunities for ENP countries in EU programmes are actually quite extensive.\(^10\)

Some Eastern Partnership countries (Belarus, Moldova, Ukraine) are also beneficiaries of EU European Territorial Cooperation (Interreg) programme and continue to be so also in future.\(^11\) Specifically Belarus is beneficiary of Interreg Baltic Sea Region cooperation and Ukraine and Moldova of Danube Transnational Programme’s cooperation. The EU’s resources for this cooperation come from ENI, but there is also separate financing from EU member states for those projects.

Cooperation takes place both at bilateral (with individual partners in Eastern Neighborhood: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) and at regional level, depending on the nature of the action. This is then supported through the relevant dialogues, both at bilateral level, such as the Association Council, as well as at multilateral level through thematic Platforms and Panels of the Eastern Partnership.\(^12\)

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\(^7\) European Neighbourhood Policy. – European Commission. https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/overview_en

\(^8\) European Neighbourhood Policy. – European Commission. https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/overview_en


\(^12\) Eastern Partnership. – European Commission. https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/eastern-partnership_en
The EU continues to support neighbouring countries actively that are facing exceptional external financing shortages through its Macro-Financial Assistance (MFA) instrument. The Commission has disbursed EUR 600 million in macro-financial assistance to Ukraine in April 2017, and a last tranche of EUR 23 million to Georgia in May 2017. A MFA operation for Moldova, consisting of up to EUR 100 million, is currently pending adoption by the European Parliament and Council.¹³

The Neighbourhood Investment Platform mobilises EU grant funds to enable or significantly upgrade lending operations performed by European Finance Institutions (EFIs), and has seen a significant increase – in both available amounts and in its use – since its creation.¹⁴ In 2017 the Eastern Neighbourhood countries got 177 million Euros from this platform.¹⁵

Eastern Partnership Technical Assistance Trust Fund (EPTATF)¹⁶
EPTATF aims to enhance the quality and development impact of European Investment Bank (EIB) operations in the Eastern Partnership Countries. It is a multi-donor, multi-sector trust fund established by the Bank in December 2010 in response to the need for specific technical advisory support to its lending activities in the Eastern Partnership Countries. In addition to direct project related support, the Trust Fund provides institutional support and capacity building via the Eastern Partnership Internship Programme and the Eastern Partnership Secondment Programme.

Countries currently eligible for EPTATF support are Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. The Fund may also finance cross-border or regional studies or programmes which are of priority for the countries concerned.

Priority Sectors are: local private sector development, particularly supporting small and medium sized enterprises; development of social and economic infrastructure, including transport, energy, water, environmental infrastructure and information and communication technology; and climate change mitigation and adaptation.

Austria, France, Germany, Latvia, Lithuania, Poland, Sweden, and the United Kingdom have already contributed a pledged amount of EUR 39.3m (as at 30 June 2018) to the Trust Fund.

Technical assistance programmes

The technical assistance from EU is provided either through Twinning, TAIEX, or SIGMA. Twinning entails the institutional collaboration between governance structures in the EU and both Accession and Neighbourhood countries. For Neighbourhood countries Twinning supplies funding for a specific Twinning advisor to work at least twelve months in an institution in a partner country to support with the implementation of legislation that approximates the Acquis of the EU. TAIEX differs from Twinning because it involves short-term technical assistance, whereas Twinning supplies long-term assistance. TAIEX programmes can for instance involve seminars or training programmes for government officials of partner countries, but it also functions as a source of information on legislative approximation issues. SIGMA, Support for the Improvement of Government and Management, is mainly involved in strengthening governance and management structures. Its assistance is short term to medium term, and it is directed at high-level government officials, both decision makers and civil servants.

Twinning

Twinning is a European Union instrument for institutional cooperation between Public Administrations of EU Member States and of beneficiary or partner countries. Twinning projects bring together public sector expertise from EU Member States and beneficiary countries with the aim of achieving concrete mandatory operational results through peer to peer activities. Beneficiaries are both Accession and Neighbourhood countries.

In the IPA (Instrument for Pre-accession Assistance) region, Twinning aims to provide support for the transposition, implementation and enforcement of the EU legislation (the Union acquis), which goal is not so prominent for EaP countries. It builds up capacities of beneficiary countries’ public administrations throughout the accession process, resulting in progressive, positive developments in the region. Twinning strives to share good practices developed within the EU with beneficiary public administrations and to foster long-term relationships between administrations of existing and future EU countries.

The Twinning instrument is also available to some of the EU Eastern and Southern Neighbourhood partner countries. In this framework it aims at upgrading the administrative capacities of the public administration of a partner country through the training of its staff and the support to the reorganisation of its structure. It also supports the approximation of national laws, regulations and quality standards to those of EU Member States in the framework of Cooperation or Association agreements signed with the EU.

17 TWINNING and SIGMA. – European Commission.
The beneficiary/partner administration in a Twinning project is a public administration with sufficient staff and absorption capacity to work with a Member State institution having a similar structure and mandate. The beneficiary/partner country must mobilise its staff, demonstrate enduring commitment and ownership and take on board changes and best practices in a sustainable way. Twinning is not a one-way technical assistance instrument but a shared commitment.

Twinning projects are implemented with a view to the mandatory results to be achieved. They are usually articulated in components corresponding to the expected results and foresee a number of activities including workshops, training sessions, expert missions, study visits, internships and counselling. Twinning lies on learning by doing principle and sharing of best practices.

To set up Twinning projects, the European Union relies on the co-operation and administrative experience of EU Member States (MS) which mobilise public expertise both from public administrations and semi-public bodies.

Two Project Leaders (one on behalf of the EU Member State leading the project, the other of the beneficiary administration) and a Resident Twinning Adviser (RTA) are the backbone of Twinning projects. The RTA is seconded to the beneficiary administration for a minimum of 12 months up to 36 months throughout the entire duration of the implementation period of the Action and coordinates the project’s activities.

TAIEX

TAIEX is the Technical Assistance and Information Exchange instrument of the European Commission. TAIEX supports public administrations with regard to the approximation, application and enforcement of EU legislation as well as facilitating the sharing of EU best practices. The TAIEX mandate to provide assistance covers both Pre-Accession and Neighbourhood countries, EU Member States in the framework of administrative cooperation with DG for Regional and Urban Policy, DG Environment and DG SGs’ Structural Reform Support Service. It is largely needs-driven and delivers appropriate tailor-made expertise to address issues at short notice in three ways.

Workshops: EU Member State experts present specific areas of EU legislation in workshops to a large number of beneficiary officials.

Expert missions: EU Member States expert(s) are sent to the beneficiary administration to provide in-depth advice on the transposition, implementation or enforcement of a specific part of EU legislation.

Study visits: a group of three practitioners from a beneficiary administration take part in a study visit to an EU Member State’s administration.

TAIEX assistance is open to: civil servants working in central public administrations; Judiciary and law enforcement authorities; parliaments and civil servants working in Parliaments and Legislative Councils; representatives of social partners, trade unions and employers’ associations;

TAIEX does not provide direct support to civil society, private citizens or to individual companies.

Officials in line Ministries dealing with community legislation, staff from regulatory or supervisory bodies and inspectorates, officials in notified bodies which implement or enforce legislation as well as officials in Parliaments, the Judiciary and Law Enforcement Agencies, can introduce requests for TAIEX assistance.

Public officials of EU Member States with expertise relevant to TAIEX beneficiaries can register as TAIEX experts or as institutional contact points. TAIEX experts can be invited as speakers to seminars, workshops, expert missions or to host study visits matching their specific profile. Institutional contact points act as a reference point for their own institution on a voluntary and ad hoc basis and can assist in identifying and proposing experts from it. For more information, interested public officials could consult the Frequently Asked Questions (FAQs) for TAIEX experts.

TAIEX relies on a network of contact points at the level of national public institutions implementing or enforcing EU legislation. Contact points help TAIEX identify suitable experts within their respective ministries or agencies, depending on the request.

**EU MFF 2021-2027**

For the period of the 2021–2027 EU Commissions budget proposal for Multiannual financial framework (MFF) eliminates ENI in its present form and makes the financing for Neighbourhood becomes just one part of The Neighbourhood, Development and International Cooperation Instrument (NDICI). The instrument will channel the biggest share of external action funds, with a budget of €89.2 billion. It also means it becomes easier to retarget funds from Neighbourhood purposes to other priorities, for example to migration control measures.

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The Commission proposal foresees **22 billion** Euros for Neighbourhood policy, if as presently approximately 1/3 goes to Eastern Neighbourhood projects, it would mean rise approximately from 5 billion Euros to **7 billion Euros**.

At the same time EU Commission proposal for Pre-Accession Assistance foresees continuing with separate financing instrument and growth of funding 13%, from 11,5 billion Euros to **14,5 billion Euros**.

**NDICI goals (2021–2027)**

The EU COM proposal\(^\text{21}\) for a new NDICI establishes a goal to search for synergies with actions under other EU programmes, in order to maximise the impact of combined interventions. Interactions and complementarity with such programmes should allow for an enhanced Union impact. Actions funded under this proposal should be consistent with those carried out under the Instrument for IPA III Instrument.

In NDICI proposal\(^\text{22}\) it is said that NDICI should support the implementation of the European Neighbourhood Policy and the implementation of regional cooperation frameworks, such as cross-border cooperation and the external aspects of relevant macro-regional and sea basin strategies and policies.

Those initiatives offer political frameworks for deepening relations with and among partner countries, based on the principles of mutual accountability, shared ownership and responsibility. The European Neighbourhood Policy, aims at the stabilisation of neighbouring countries and strengthening resilience, particularly by boosting economic development, as the Union’s main political priorities.

In order to attain its objective, the reviewed European Neighbourhood Policy has been focusing on four priority areas: good governance, democracy, the rule of law and human rights, with a particular focus in engaging further with civil society; economic development; security; migration and mobility, including tackling the root causes of irregular migration and forced displacement. Differentiation and enhanced mutual ownership are the hallmark of the European Neighbourhood Policy, recognising different levels of

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engagement, and reflecting the interests of each country concerning the nature and focus of its partnership with the Union.

IPA II (2014–2020)\textsuperscript{23} 
The Instrument for Pre-accession Assistance (IPA) is the means by which the EU supports reforms in the ‘enlargement countries’ with financial and technical help. IPA II funding is \textbf{€ 11.7 billion} for the period 2014–2020.

EU pre-accession funds are a sound investment into the future of both the enlargement countries and the EU itself. They help the beneficiaries make political and economic reforms, preparing them for the rights and obligations that come with EU membership. Those reforms should provide their citizens with better opportunities and allow for development of standards equal to the ones we enjoy as citizens of the EU. The pre-accession funds also help the EU reach its own objectives regarding a sustainable economic recovery, energy supply, transport, the environment and climate change, etc.

IPA II priorities are: Public administration reform; Rule of law; Sustainable economy; People; Agriculture and rural development.

The most important novelty of IPA II was its strategic focus. Country Strategy Papers are the specific strategic planning documents made for each beneficiary for the 7-year period. These will provide for a stronger ownership by the beneficiaries through integrating their own reform and development agendas. A Multi-Country Strategy Paper will address priorities for regional cooperation or territorial cooperation.

IPA II targets reforms within the framework of pre-defined sectors. These sectors cover areas closely linked to the enlargement strategy, such as democracy and governance, rule of law or growth and competitiveness. This sector approach promotes structural reform that will help transform a given sector and bring it up to EU standards. It allows a move towards a more targeted assistance, ensuring efficiency, sustainability and focus on results.

IPA II also allows for a more systematic use of sector budget support. Finally, it gives more weight to performance measurement: indicators agreed with the beneficiaries will help assess to what extent the expected results have been achieved.

IPA III (2021–2027) goals

IPA III will have following specific objectives:

- to strengthen the rule of law, democracy, the respect of human rights, fundamental rights and international law, civil society and security as well as improve migration management including border management;
- to reinforce the effectiveness of public administration and support structural reforms and good governance at all levels;
- to shape the rules, standards, policies and practices of the beneficiaries listed in in alignment to those of the EU and to reinforce reconciliation and good neighbourly relations, as well as people to people contacts and communication;
- to strengthen economic and social development including through increased connectivity and regional development, agriculture and rural development and social and employment policies, to reinforce environmental protection, increase resilience to climate change, accelerate the shift towards a low-carbon economy and develop the digital economy and society; and to support territorial and cross-border cooperation.

3. Comparison and proposals

We can conclude that Accession countries will receive in future at least twice more support funds compared to Eastern Partners. This is reality although the Eastern Partnership region has bigger population than Accession countries, but is understandable in the context of enlargement perspective for the Accession countries and the need to harmonize their legislation with EU one.

However if we compare the goals of EU Accession and Neighbourhood financing instruments then we could find broad similarities. If the goal is to conduct successful reforms along EU’s perimeter, then it is reasonable to continue to have combined and complementary financing and management of projects both in Neighbourhood and Accession countries.

Therefore a proposed creation of NDICI and possible resulting subsuming of neighbourhood financing into one composite instrument while continuing with separate Pre-accession instrument brings under question the effective continuation of the work of Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) that is so far taken forward the EU’s neighbourhood and enlargement policies under same heading and helped to coordinate and complement both policies.

It has been argued, that such a financing plan (the creation of NDICI and ending the separate ENI, but retaining separate IPA) means that more visible results could be expected.
in the candidate countries of the Western Balkans where the EU's pre-accession assistance can work as a stimulus to make significant progress in reforms. For the countries without the present perspective for an EU membership, the Union will try to keep good relations without going beyond the line drawn by the current financial engagement. The EU will stick with its commitments to seek cooperation and assist reforms, related to strengthening the democracy and the rule of law in the Eastern Partnership countries.

Such approach is counterproductive if the goal is to bring the Eastern Partners, especially the ones with Association Agreements closer to the EU. To have strong Eastern partnership there is need for EU to continue with separate Neighbourhood Instrument and also retain united management for Eastern Partners and Accession countries in DG Near.

If we compare the scope of the goals of Pre-Accession and Neighbourhood Instruments, we can see that one of the main differences is IPA's specific support for the agriculture and rural development and stronger support for public administration reform. Those are the fields, where it should become possible to work for finding additional synergy.

One novelty of the IPA II was undifferentiated access to funds meaning that the status of all the candidate countries is the same. There is no distinction between candidates and potential candidates. In principle there is no reason, why the access could not be further be widened so it becomes possible to finance from IPA III also the projects in associated countries of Eastern Partnership.

Also in technical assistance programs that are open both to Eastern Neighbourhood and Accession countries the financing should be provided on the basis of “more for more” principle, which means that if some Eastern partnership countries are more successful in conducting reforms than Western Balkan countries, their financing should be increased proportionally.

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