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**COMMISSION STAFF WORKING PAPER**  
**EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT**

*Accompanying the document*

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**  
**laying down general provisions establishing a European Neighbourhood Instrument**

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The Treaty on European Union (TEU) in its article 8 provides for developing by the European Union (EU) of a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness at the EU's borders, founded on the values of the Union and characterized by close and peaceful relations based on cooperation. This dedicated article was introduced by the Lisbon Treaty and emphasises the growing importance of the EU relationship with its neighbours.

The European Neighbourhood Policy (ENP) was developed in 2004 and is addressed to 16 partners to the East and South of the EU's borders, namely to Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, the Republic of Moldova, Morocco, the occupied Palestinian territory, Syria, Tunisia and Ukraine. Within the ENP the EU offers the neighbours a privileged relationship, building upon a mutual commitment to values such as democracy and human rights, rule of law, good governance, market economy principles and sustainable development. The policy also provides for political association and deeper economic integration, increased mobility and enhanced people-to-people contacts. The ENP is supported through a dedicated instrument, the European Neighbourhood and Partnership Instrument (ENPI), which covers the 16 above-mentioned partner countries as well as the Russian Federation.

## **1. PROBLEM DEFINITION**

A number of important developments have taken place since the launch of the ENP, including deepening of relationship with the partners, launch of regional initiatives and democratic transition processes in the Southern Neighbourhood. The evolving relationship and changing political context called for a review of the ENP. As a result, a new ENP vision has been developed as outlined in the Joint Communication of the High Representative of the EU for Foreign Affairs and Security Policy and the European Commission "A new response to a changing Neighbourhood", adopted on 25 May 2011. This new approach provides notably for greater support to partners committed to building democratic societies and undertaking reforms, in line with "more for more" and "mutual accountability" principles.

## **2. ANALYSIS OF SUBSIDIARITY**

In neighbourhood countries where alignment to EU rules and standards is one of the key policy objectives, the EU is best placed to deliver this assistance. Some specific support can only be provided at EU level, such as promoting progressive economic integration in the EU internal market, access to the Schengen space or participation in EU programmes. Thus the EU is the leading cooperation partner in most of the ENP countries, a role widely recognised by Member States, International Financial Institutions and other donors. Helping the EU neighbours to align with EU policies, rules and standards is a key driver for reforms in the ENP partner countries.

With 27 Member States acting within common policies and strategies, the EU alone has the critical weight to respond to global challenges. The action of Member States can be limited and fragmented, with projects which are often too small to make a sustainable difference in the field. Streamlining the work of Member States through the EU enables better coordination and makes EU work more effective.

At a time of budgetary restrictions, when several Member States have chosen to exit entire sectors of cooperation and withdraw from supporting certain countries, the EU is able to play an active role in promoting democracy, peace, stability, prosperity and poverty reduction in its Neighbourhood. In this context, it makes more sense than ever from a purely economic perspective to channel aid at EU level where a real difference can be made. Working with the EU is also cheaper. Administrative costs are lower than the average administrative costs of the principal donors for bilateral aid.

### **3. OBJECTIVES OF EU INITIATIVE**

The European Neighbourhood Policy aims at establishing an area of prosperity and good neighbourliness at the EU's borders, notably through an enhanced political association, economic integration and close cooperation in a number of sectors. In the period 2014-2020 these objectives will continue to be supported by the EU through a dedicated financial tool, the European Neighbourhood Instrument (ENI). The ENI will provide the bulk of funding from the EU budget to the partners.

In order for this instrument to achieve the ambitions of the new ENP vision, a number of specific objectives of the regulation, resulting from the evolving context, lessons learned and evaluations, will need to be met, notably:

- applying the principles of “more for more” and “mutual accountability in line with the renewed ENP policy, encouraging neighbouring countries to further engage in reforms; addressing the complexity and length of the programming of EU assistance in order to streamline, shorten and better focus the process;
- streamlining the scope of the instrument with the appropriate balance between the flexibility of the instrument and its focus on the policy objectives and key areas of cooperation;
- adapting implementation provisions and improving coherence across external action instruments;
- improving provisions for the Cross-Border Cooperation to facilitate effective and fast implementation of the programmes;
- promoting closer linkages with EU internal instruments and policies, including through strengthened cooperation with relevant Commission services at the programming stage and, where relevant, through mechanisms allowing for possible pooling of funds from internal and external headings of the EU budget;
- responding to the evolving relationship with Russia by amending provisions on Russia's eligibility to the ENI funding, reflecting the specific status of Russia as both EU neighbour and strategic partner.

### **4. POLICY OPTIONS**

The impact assessment reviews four options:

- **Option 0: "No EU action"**; the EU discontinues its financial support through a dedicated instrument for the Neighbourhood;
- **Option 1: "No change"**; cooperation with the countries concerned remains strictly in the framework of the existing ENPI Regulation, used as the **baseline scenario** during the analysis ;
- **Option 2: "Adapting the current set-up"**; the future legislative proposal should be based on the current ENPI Regulation with a number of modifications, responding to the new policy context and specific objectives identified, option 2 also contains a number of different sub-options on specific problems raised;
- **Option 3: "Tabling a completely new instrument"** with a different geographic scope and focussing on objectives broader than or different from those of the ENP.

## 5. ASSESSMENT OF IMPACTS

The current set up (Option 1 – "baseline-scenario") offers assistance in a broad range of areas leading to a number of positive economic, social and environmental impacts in partner countries. Nevertheless, these impacts in the above-mentioned sectors could still be improved with more flexible mechanisms and more innovative approaches, e.g. concerning pooling of funds or the use of innovative financial instruments. Discontinuing EU action (Option 0) would substantially reduce impacts in all three areas, and endanger the sustainability of the impacts achieved so far; it would also negatively affect overall EU relations with the ENP partners. With a modified instrument (Option 2) the positive economic, social and environmental impacts achieved through the current set-up would be further enhanced; moreover further positive impact is expected notably on governance, through the application of the "more for more" principle. Option 2 thus has the highest positive impacts. Tabling a completely new instrument (Option 3) would have negative impacts notably on the coherence of EU action with the ENP objectives and would thus affect the credibility of the EU in the region.

Moreover the assessment of impact also focussed on the necessity and value added of EU action, as compared to action by Member States only.

## 6. COMPARISON OF OPTIONS

Based on the analysis and weighting of the different impacts (global, economic, social, environmental), Option 0 and Option 3 have not been considered as viable options that would allow for having the highest positive impacts and meeting the objectives of the revised ENP . Option 2 would have the highest positive impact and offers the best potential to adapt the current cooperation framework to the new policy context, ENP objectives and challenges identified through evaluations and lessons learned. Option 1 would be the second-best option allowing for preservation of positive impacts, without however providing for meeting the objectives of the new ENP vision nor for addressing challenges and specific problems identified within the current set-up. **The preferred option is therefore Option 2.**

## **7. MONITORING AND EVALUATION**

As the new ENI will be an enabling Regulation establishing the essential elements and the basis for EU intervention, the specific cooperation objectives and actions for each country and region will be defined at the programming and implementation stages, including the expected results. Specific indicators will be identified at that moment, taking into consideration the particularities of the action in question.