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ENPI: A Work in Progress

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Since 2005, the European Union's relations with its neighbours have been in constant evolution, driven by major developments both within the bloc and in its neighbours. The 2004 enlargement and the "colour revolutions" of Georgia and Ukraine have created a need for new priorities, new aid, and a new paradigm. In Ukraine, the Orange Revolution and the election of Viktor Yushchenko as President signalled the beginning of a more democratic politics in the country and revived its accession bid, which, despite being an official priority since 1993, had essentially been dormant. Indeed, despite having received billions in foreign aid, Ukraine has not undergone major sectoral or institutional reform since independence in 1991

New Thinking in Foreign Aid

Launched in 2007, the European Neighbourhood and Partnership Instrument (ENPI) – the financial arm of the European Neighbourhood Policy (2004) – is an important new tool in enhancing the EU's relations with its neighbours, and it signals a strengthening of the EU's commitment to improving governance in the region. This means adopting a policy-driven strategy to support the national development priorities of partner countries, as well as increasing national ownership of financial and technical cooperation. With the recent launching of the Eastern Partnership, a new political framework for collaboration between the EU and ENP Eastern neighbours, EU assistance to neighbouring countries for 2007 – 2013 will exceed €12 bn – a 35% increase over the previous seven-year period.

Still, the essential value of ENPI derives not from quantitative factors but from qualitative ones. ENPI represents a significant advance in technical and financial cooperation between Ukraine and the European neighbourhood, as it includes a number of tools – namely Twinning, TAIEX, and SIGMA – heretofore only accessible to pre-accession countries. This is of major importance to Ukraine since these tools offer the country additional external support in adopting EU regulatory standards. This,

in turn, represents an opportunity for Kyiv to demonstrate its ability to reform, which has of late been cast into doubt. ENPI also includes other tools designed to support and reward good governance, as well as to increase the responsibility of national authorities in the management of EU funding. These instruments include budget support, in which EU funds are transferred directly to national authorities to support sectoral reform, and a Governance Facility to grant additional funding to those ENPI partner countries most successful in improving governance.

However, with the exception of a mid-term review carried out every three to four years by the European Commission (EC), there is no ENPI-specific programme-level monitoring and evaluation system. As for the project level, monitoring and evaluation activities tend to focus on inputs (such as the adop-

Highlights

ENPI brings EU aid to a new level, both quantitative and qualitative

The tools and funding made available under ENPI have yet to be used to their full potential

Despite efforts to involve non-state actors, there remain significant gaps in the system

Non-state actors must be further consulted in the programming process, and they should be invited to participate in project-level monitoring where feasible

tion of legislation or the issuance of a report) rather than on impacts (such as reduced corruption or increased efficiency) – and in the case of budget support, monitoring systems remain to be developed.

Unrealized Potential: The Need to Raise Awareness

Despite its potential, ENPI remains poorly understood by many of its stakeholders – including the national authorities, and above all non-state actors (NSAs). The system is governed by myriad documents, spanning in validity from one to seven years, aimed at different regions, and emphasizing different types of cooperation. The awareness problem caused by the complex nature of ENPI is further compounded by the scattered character and technical nature of publicly available information, making it practically impossible for many government officials and most NSAs, not to mention the public, to understand the processes at work and their potential impact on Ukrainian society.

As a result, Ukraine is not getting as much out of ENPI as it should: to quote but one example of unrealized potential, at the time of writing (July 2009)

the first “tranche” (payment) of budget support received by Ukraine had still not been transferred from the Treasury to the target ministry (the Ministry of Fuel and Energy), despite having been received in December 2008.

ENPI is poorly understood by many of its stakeholders, especially non-state actors

Opening the Door to NSA Participation

Such problems illustrate the need for a thorough understanding and unpacking of ENPI, at both the programme and project levels. And if ENPI is to be properly planned, implemented, monitored, and evaluated, it is essential that NSAs be involved from the outset of the programming process and that they

remain engaged through to final evaluation. These organizations can draw on a first-hand understanding of concrete issues that is an excellent complement to the more strategic perspectives of the State and the EC. They also have an essential role to play in representing alternative interests, as their bottom-up nature allows them to speak for groups generally excluded from the policy process. NSA participation in policymaking thus provides a check against the often state-centred priorities of the authorities.

Good intentions, but a flawed system

Despite EC efforts to open ENPI up to NSA involvement, there remain significant deficiencies in this regard. The ENPI website does offer suggestions on NSA participation in the planning and monitoring of aid, but easily comprehensible information on ENPI is hard to come by. This makes it difficult for NSAs to understand the whole process and see the stages at which they can enter and engage. The posting of information on a website is thus by no means sufficient to stimulate an authentic desire to get involved. More clearly needs to be done to prepare Ukrainian NSAs, as ENPI is new to the country and the Ukrainian environment is generally not conducive to NSA participation in the policymaking process (the state lacks both a general framework and the institutions necessary to properly digest such input).

Still, the EC does make available a number of entry points through which NSAs can get involved in ENPI's national, regional, and cross-border components. NSAs can participate in the preparation of the three principal national-level ENPI documents:

- seven-year Country Strategy Papers (CSPs), which define the priorities to be pursued;
- three- to four-year National Indicative Programmes (NIPs), which further refine and set allocations for each of these priorities; and
- Annual Action Programmes (AAPs), which identify specific measures to be funded.

These documents each have their own preparation processes, which in turn exhibit their own specific strengths and deficiencies when it comes to NSA participation.

**NSA participation at the programme level:
room for improvement**

The CSP preparation process involves consultations with civil society prior to the elaboration of a first draft. This is important: the earlier NSAs get involved, the greater the impact their participation will have. However, NSAs have no way of ensuring that their input is taken into account in the final draft, and they are not consulted again until the CSP mid-term review three to four years later. NSA consultations for the 2009 mid-term review took place in May 2009 but drew relatively few organizations, with think-tanks heavily outweighing advocacy groups and other NSAs. In addition, almost half of these organizations were either foreign or international, a fact that illustrates the lack of Ukrainian NSA involvement in ENPI. The CSP preparation/review process should therefore be modified to allow NSAs not only to make recommendations, but also to provide input on the final draft before it is adopted. The EC should also make a special effort to involve other types of Ukrainian NSAs in the priority-setting process.

The NIP drafting process is distinct from that of the CSP, though it is linked to the CSP mid-term review. Indeed, the May 2009 consultations were the occasion for NSAs to comment on the draft 2010–2013 NIP prepared by the EC. Significantly, these consultations constituted the sole NSA entry point into the NIP preparation process; hence, the aforementioned limitations of that exercise (underrepresentation of advocacy groups and of Ukrainian NSAs in general) also apply to NIP preparation. Further NSA entry points must be created: more specifically, NSAs should be consulted prior to the elaboration of a first draft NIP (as is the case for the CSP), and they should be invited to participate in the finalization phase.

The Annual Action Plan preparation process differs from those of the CSP and NIP in that it involves NSAs from the very outset. NSAs participate in the “measures identification” phase, in which the types of assistance to be employed are selected. To ensure maximum effectiveness, this type of concrete planning should involve sectoral NSAs, such as trade unions and single-issue groups (e.g. environmental or human rights organizations), in addition to the more

macro-oriented institutions involved in CSP and NIP elaboration. However, participating NSAs are currently not given the opportunity to comment on the draft AAP drawn up on the basis of the measures identification phase, nor are there any other entry points further downstream. As in CSP and NIP preparation therefore, NSAs have no way of ensuring that their input is taken into account in the final AAP. It is therefore essential that the finalization phases of all three documents be opened up to NSA participation.

**NSA involvement at the operational level:
a gap to be closed**

Hence NSAs can make use of an appreciable, if limited, number of entry points at the programme level. But while such a presence is important there is a lack of NSA involvement in project-level monitoring and evaluation activities, even where such engagement would be relatively easy to accommodate. Indeed, there is no real NSA entry point into the implementation, monitoring, and evaluation of budget support, which will account for 70% of ENPI funding to Ukraine for the period 2007–2009. The selection of sectors to receive funding is a matter of negotiation between the EC and the Ukrainian government, and NSAs are absent from the structures set up by these two actors to monitor the use of these funds. In other words, NSAs are all but absent from the operational level.

Moving Forward

It is thus clear that more must be done to raise awareness of ENPI and involve NSAs as early and as much as possible. That means ensuring that NSAs are aware of existing entry points, but also creating new ones where their participation could provide specific expertise or a useful external perspective. As for NSAs themselves, they must ensure that they have the capacity necessary to make the most of existing opportunities. This will allow them to demonstrate that their participation is essential not only because it permits the representation of alternative interests, but also because it leads to stronger policies and strategies. In addition, they must push for more entry points while remaining conscious that all aspects of ENPI are not amenable to NSA participation.

If ENPI is to reach its full potential, it must ensure adequate participation on the part of non-state actors

ENPI represents a major test for Ukraine. If the country uses the tools provided to their full potential, it will gain credibility as a potential EU candidate; if it fails, its reputation will suffer a serious blow. An ICPS expert team has developed recommendations covering the entire spectrum of ENPI activities, from the programming process to the monitoring and evaluation of specific initiatives. They are designed to

help Ukraine make the most out of ENPI by ensuring that its planning, implementation, monitoring, and evaluation are more results-oriented and more reflective of the diverse interests of Ukrainian society.

Some of the most salient general recommendations are given below.

For the Ukrainian Government:

1. Make NSA consultation in the development of the national development strategy mandatory;
2. Formalize NSA participation in the attraction and utilization of foreign aid in general and ENPI funding in particular;
3. Develop procedures for the analysis and implementation of NSA input;
4. Engage in capacity-building to ensure that civil servants have the knowledge and skills necessary to effectively monitor and evaluate ENPI assistance.

For NSAs:

1. Focus on capacity-building to ensure that NSAs fully understand the ins and outs of ENPI funding and are able to assume their "watchdog" function;
2. Examine the current NSA entry points, identify those in which they are most likely to make a significant contribution, and use them;
3. Form coalitions to push for new entry points;
4. Raise awareness about ENPI and the opportunities it presents, including by holding formal information sessions and informal roundtables with other NSAs.

For the European Commission:

1. Given the lack of a strong tradition of NSA participation in the Ukrainian policymaking process, maintain a separate track for NSA consultation;
2. Examine the possibility of creating new NSA entry points into relevant processes;
3. Enhance public information efforts to spread awareness about ENPI;
4. Make key monitoring and evaluation documents (including criteria, indicators, benchmarks, etc.) easily accessible to NSAs.

For other donors:

1. Assist the Government of Ukraine in formally integrating NSAs into the development of the national development strategy;
2. Assist the Government of Ukraine in developing procedures for the analysis and implementation of NSA input on foreign aid coordination;
3. Support capacity-building among NSAs;
4. Support NSA initiatives to build coalitions to create new entry points.

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