

# BETWEEN CONDITIONALITY AND ENGAGEMENT

80

REVISITING THE EU'S DEMOCRACY PROMOTION  
IN THE EASTERN NEIGHBOURHOOD

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REVISITING THE EU'S DEMOCRACY PROMOTION IN THE EASTERN NEIGHBOURHOOD



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- The EU needs to place a stronger emphasis on promoting democracy in its Eastern neighbourhood. A new approach should combine limited, focused conditionality with increased openness and multi-level linkages.
- Conditionality is often effective in promoting faster and better reforms where the home-grown will to democratise is present (as in Moldova, for example). It is not likely to work as a transformative policy, bringing about change from authoritarianism to democracy in the neighbourhood.
- The goal of tying neighbours to Europe should prevail over the principle of political conditionality. Economic integration and visa freedom have to be pursued with all neighbouring countries. This makes democratisation more likely to occur in the longer term.
- Engagement, providing it is not limited to political leaders, can be a successful strategy to push for democratic change. Cooperation with (semi-)authoritarian governments has to be accompanied by strong support for civil society and multiple links with the populations.
- Ukraine is a test case of the EU's ability to use association agreements as a tool for democracy promotion. The involvement of neighbours in the negotiation process offers a possibility to shape their domestic agendas. At the same time, there must be 'red lines': the EU should emphasize that it will not sign the agreements with countries having major problems with democracy.

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Protesters gathered on the streets of Chisinau after the Moldovan parliamentary election in April 2009. Photo: VargaA / Wikimedia Commons.

Democracy promotion has become one of the key challenges of the ongoing review of the European Neighbourhood Policy (ENP). The Arab uprisings have provoked calls for stronger democratic conditionality under the ENP. In fact, the idea of democratic conditionality – that is, tying progress in the neighbours' EU relations to their democratic performance – has been included in the ENP strategy since early on. In practice, it has been taken a little more seriously in the East than in the South, but even in the East, it has been implemented in an inconsistent and selective manner.

Focusing on the Eastern Partnership (EaP), which is the Eastern dimension of the ENP<sup>1</sup>, this paper argues that it is important to re-think and place a greater emphasis on promoting democracy in the neighbourhood. However, it is neither feasible nor desirable to put conditionality at the centre of the EU's approach. Rather, the EU should pursue a more focused, more limited, and at the same time more consistent conditionality policy, making some specific benefits offered to the neighbours conditional upon steps towards strengthening democracy and the rule of law.

At the same time, the EU needs to increase linkages and openness, no matter what kind of regimes are in power in the neighbourhood. This is essential for improving local preconditions for democracy

and making the European model more tangible and attractive. The goal of tying neighbours to Europe should prevail over the principle of political conditionality. Such an approach may not bring quick successes, but it increases the chances of democracy taking root in the Eastern neighbourhood, while making it easier to fit sometimes competing political, economic and security interests under a single strategy.

### The limits of conditionality

Although democratic conditionality became a popular policy tool in the 1990s, especially among international organisations, it has not been applied in a consistent and effective manner. The only exception is EU enlargement, albeit with significant limitations even there. Studies of enlargement show that successful conditionality requires, first, credible and considerable incentives, and second, favourable domestic conditions.<sup>2</sup>

The weakness of incentives remains a major problem, especially with regard to those Eastern neighbours that aspire to join the EU, but have no hope of a membership perspective in the foreseeable future. As discussed below, there are other important incentives

1 Covering Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

2 Schimmelfennig, F. and Scholtz, H. (2010) "EU Democracy Promotion in the European Neighbourhood", *European Union Politics* 9(2): 187–215.



such as economic integration and visa freedom, but making them more strictly conditional could prove ineffective or even counterproductive. As for domestic conditions (political, socio-economic and historical), there is no doubt that they always play a decisive role in democratisation, and that they are less favourable in the neighbourhood than they were in any of the former candidate countries prior to EU accession.

Conditionality has achieved the best results as an affirmative policy, pushing for better and faster reforms where the political will and commitment are in place to begin with. Hence, for example, the EU can promote judiciary reform in Moldova by offering extensive conditional aid. The Moldovan government is in principle willing to undertake the reform, but political sensitivities and lack of resources jeopardize the process.

However, Moldova is currently the only EaP country out of six that satisfies the democracy criteria. By imposing stricter conditionality, the EU is not likely to advance democracy in the rest of the region. Whatever benefits it offers, this will hardly bring down autocrats, such as the Belarusian president, or make them opt for political liberalisation, which would eventually deprive them of power.

The potential of conditionality in the Eastern neighbourhood is undermined by the existence of alternative models of development and sources of support, notably Russia and China. While the EU refuses to speak about competition with Russia over the common neighbourhood, the choices of the neighbours themselves are shaped by a comparison of the two models and the benefits they offer. Thus, political conditionality merely risks turning neighbours away from the EU, without bringing about any positive change towards democracy.

A further well-known problem with democratic conditionality is that it often gets watered down by competing interests in the spheres of security, energy and trade. Azerbaijan is the most blatant case in the Eastern neighbourhood where the need to ensure European gas supplies and the success of the Nabucco pipeline overrides concern for the poor state of democracy and human rights.

There are, however, other less selfish causes that diminish the share of assistance to be made condi-

tional upon democratic advances. Poverty reduction, environmental protection and cross-border cooperation serve as examples of the EU's priorities that deserve to be pursued in their own right (even though having accountable governments in partner countries makes success in these areas more likely). On the other hand, a general improvement in socio-economic conditions makes democratisation more likely to occur and succeed.

The EU also finds it difficult to reconcile the conflict between imposing conditions on partners and, often in the same breath, highlighting the importance of local ownership. Conditionality is, in essence, a coercive policy which contradicts the democratic idea of bottom-up influence and restricts national decision-making. It limits the sovereignty and self-determination of the target country, which may not be a fashionable concern in the post-sovereign EU, but which is a relevant one in Eastern Europe where democracy is perceived as closely linked to national sovereignty.

The EU's "concept of democracy support", adopted in 2009, strongly stresses local ownership and allocates almost no role to conditionality. The same concern over local ownership helps to explain the EU's focus on positive as opposed to negative conditionality, in other words carrots rather than sticks. Empirical evidence also suggests that punishments such as sanctions are often ineffective in bringing about democratisation.<sup>3</sup> When considering sanctions against Belarus, for example, we have to ask whether being principled is more important than achieving the desired results.

Putting conditionality into practice is complicated by the need to identify the right timing and benchmarks. It is fairly easy for semi-authoritarian leaders to dupe the EU with declarative commitments to reform and small steps in the right direction that do not change the nature of the regime. On the other hand, a change of power, such as in Moldova in 2009 and in Tunisia recently, can dramatically transform the political atmosphere and create a pressing need for quick and extensive external support. In such circumstances, it is obviously unwise to wait for reforms to be implemented, and support needs to

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3 Youngs, R. "The end of democratic conditionality: good riddance?" Working Paper 102, September 2010, FRIDE.



President of the European Commission José Manuel Barroso met with Azerbaijan's President Ilham Aliyev in January 2011. Photo: European Commission Audiovisual Services.

be offered quickly in order to make success more likely. For example, the EU's response to the events in Moldova in 2009 was faster and more extensive than in the case of Ukraine after the Orange Revolution. The results to date have been better in Moldova, primarily for domestic reasons, but the intensity of EU involvement has made a difference.

#### **Towards more consistent use of incentives**

Having said all this, it is important to think of ways to improve the use of conditionality as part of the EU's democracy promotion toolbox.

One of the main incentives of the Eastern Partnership policy is an association agreement including deep and comprehensive free trade (DCFTA). The specific type of association agreement that the EU offers to Eastern neighbours was invented in response to Ukraine's relentless pressure for a European perspective after the Orange Revolution. Instead of a membership perspective, the essence of the offer is "political association and economic integration". DCFTA, which is a key part of the agreement, requires the neighbours to take over large parts of the EU acquis.

Negotiations started with Ukraine in March 2007 (more than two years after the Orange Revolution) and with Moldova in January 2010. Initially, the launch of negotiations was linked to democratic conditions. However, the EU soon opted for including

all three South Caucasus countries in the process and launched negotiations with Armenia, Azerbaijan and Georgia in July 2010 (omitting only Belarus, which is about as authoritarian as Azerbaijan). This made it clear that the principle of political conditionality had all but been dropped.

It might indeed be better to involve the neighbours in the process and use the negotiations as a way to shape their domestic agendas. However, there should be 'red lines', and saying "no" to political association with autocrats sounds like one. While negotiations can be used to push the neighbours towards democratic reforms, the EU should make it clear that it will not sign association agreements with countries having major problems with democracy, such as the manipulation of elections or the systematic harassment of the media, the political opposition and NGOs. Local civil society and pro-democracy actors should be consulted on benchmarks concerning democracy and human rights both in order to give them a stronger voice and to help the EU get the priorities right.

Being the largest and strategically most important Eastern neighbour, Ukraine is a crucial test case of whether the EU is willing to react to the decline of democracy with any significant slowdown in the country's EU relations. Democracy has suffered serious setbacks in Ukraine since President Viktor Yanukovich came to power in February 2010. The leadership continues to assure its commitment to European integration, but many of its policies are

## Assisting the neighbourhood: Comparison of the EU's Eastern neighbours.

	Bilateral ENP assistance (Million EUR) <sup>1</sup>				Democracy score <sup>2</sup>	Population (in millions) <sup>3</sup>
	2004–2006	2007–2010	2011–2013 (total)	2011–2013 (per capita per year)		
Moldova	42	209.7	273.1	21.17	6.33	4.3
Ukraine	258	494	470.1	3.47	6.30	45.1
Georgia	45	120.4	180.3	13.06	4.59	4.6
Armenia	27	98.4	157.3	17.48	4.09	3.0
Belarus	8	30	80.3	2.79	3.34	9.6
Azerbaijan	30	92	122.5	4.86	3.15	8.4
<b>Total</b>	410	1044.5	1283.6	average: 5.7	average: 4.63	75.0

Sources:

1) European Commission (ENPI National Indicative Programmes 2007–2010, 2011–2013; Implementation of the Eastern Partnership: Report to the meeting of Foreign Affairs Ministers, December 13, 2010)

2) Economist Intelligence Unit: Democracy Index 2010

3) CIA World Factbook (2011 estimates)

not in line with such assurances. Yet the EU seems to be more eager to conclude the association agreement by the end of 2011 than Ukraine itself, as it craves “deliverables” from the Eastern Partnership.

A couple of years back, when Ukraine was still the model pupil of democracy in the neighbourhood (in spite of all its flaws), the EU considered signing the association agreement without DCFTA. This would have been a way to reward Ukraine and encourage further reform while it was clear that more time was needed for negotiations on free trade. Now that the country is sliding towards authoritarianism, the EU should turn this idea upside down and consider signing DCFTA only. In this manner, it could use economic integration as a way to tie Ukraine to Europe, while saying “no” to political association as long as there is no improvement in democratic criteria such as the rule of law and media freedom.

In rhetorical terms, the EU continues to stress that “respect for human rights, democratic principles and the rule of law /.../ cannot be compromised. The pace and depth of our rapprochement with Ukraine will be determined by full respect for these values”.<sup>4</sup> So far it has not indicated how this rhetoric will be put into practice if Ukraine’s democracy continues to suffer setbacks.

4 Statement by Commissioner Stefan Füle following his meeting with Mrs Yulia Tymoshenko, leader of the Ukrainian Batkivshchyna Party, MEMO/11/189, Brussels, 24 March 2011.

The need for a stronger link between aid and democratic performance has been stressed recently by many commentators. To date, there has been a limited correlation between the level of democracy and EU assistance to the Eastern neighbours (see table above).

Indeed, a considerable share of money – possibly half, as a non-paper by the German foreign ministry has suggested – should be set aside to support democratic reforms. The Governance Facility that already exists under the ENP for the same purpose has too few funds to make a difference (300 million euros in 2007–2013). In order to allow for greater flexibility and the ability to take into account political developments on the ground, the EU should review the current practice of allocating most ENP funds through rigid multi-year programmes.

There is also more scope for suspension of assistance, especially budget support (namely aid that is managed by the receiving government, not the EU or another international organisation such as the EBRD or UNDP), if the EU’s conditions are not met. For example, the EU has recently pushed Ukraine to amend its public procurement law by suspending about 100 million euros of budget support. Suspension of aid in general is likely to succeed in pushing for small, concrete improvements that do not as such essentially transform the nature of the regime, but can make further change more likely.



Viktor Yanukovich became president of Ukraine in February 2010. Photo: European Commission Audiovisual Services.

### The case for engagement

Domestic preconditions for democratisation – such as bottom-up pressure for change, support for democratic values among the population and socio-economic conditions – are better advanced through openness and engagement rather than conditionality. By contrast, closed, isolated countries are the least likely to change and provide the best conditions for centralized control of the population. Democratisation of post-Cold War authoritarian regimes has been most frequent in countries having extensive, multi-level ties with the West.<sup>5</sup>

Economic integration and visa liberalisation are therefore incentives that should not be tied to democratic conditions, but used as a means to increase linkages and Europeanisation. However, the EU is imposing extensive technical conditions on both free trade and visa freedom, which have little to do with promoting democracy and which threaten to alienate the neighbours rather than bring them closer. There is too much conditionality, and of the wrong kind.

Engagement with (semi-)authoritarian leaders can be a successful means of democracy promotion.<sup>6</sup> The word “engagement” has a negative connotation, as it

has often in practice meant embracing governments in order to promote interests at the expense of values. In order to work for democratic change, cooperation with political leaders needs to be accompanied by supporting pro-democracy groups and reaching out to the populations.

There has been a paradigm shift in the EU’s approach to civil society over the past decade towards treating civil society increasingly as an important partner and a force for democratic change. This trend has to continue, as there is still much scope for strengthening civil society and increasing its involvement in the Eastern Partnership.<sup>7</sup> Especially in authoritarian countries such as Belarus, the EU has to become better at reaching out not only to NGOs, but also various professional groups, lower levels of administration, students and local communities.

Engagement involves the delicate matter of legitimising autocrats. One of the lessons learned from the Arab uprisings should be “conditionality of friendships” – dealing with autocrats is necessary, but being friends with them is not. Mr Yanukovich, Mr Sargsyan (the President of Armenia) and others are sure to enjoy photo opportunities with European leaders and use any advances in EU relations to their advantage in domestic politics.

5 Levitsky, S. and Way, L. (2005) “International Linkage and Democratization”, *Journal of Democracy* 16(3): 20–34.

6 Adesnik, D. and McFaul, M. (2006) “Engaging Autocratic Allies to Promote Democracy”, *The Washington Quarterly* 29(2): 7–26.

7 See Gromadzki, G. “A Challenging Opportunity: The EU plus Six – the Eastern Partnership”, *Friedrich Ebert Stiftung*, November 2010.



This may be a price worth paying in order to keep as many contacts and lines of communication open as possible, and to shape the domestic environment so as to make it more favourable to democratisation. In any case, suspension of relations is also used by autocrats to their advantage, as it allows them to portray themselves as guardians of the national interest against hostile outsiders. Engagement helps to call such claims into question and makes outsiders better prepared for assisting transformation if and when it occurs.

Parallel strong support for civil society and pro-democratic forces is the most important means to alleviate the problem of legitimising autocrats. Honest and open assessment of the political situation in each country is also essential, together with diplomatic and public pressure for improvements. And while conditionality has its limits, it remains a way to show that values matter. The EU can reward pro-democratic governments through budget support, association agreements, high-level visits, help in attracting assistance from other external donors, and so forth.

To conclude, the Arab uprisings have served as an embarrassing reminder that authoritarian stability can vanish overnight. This is a relevant lesson also for the Eastern neighbourhood where the current rise of authoritarianism calls for a nuanced EU response. This paper has argued for engagement coupled with focused conditionality and red lines. The worst option for the EU and the neighbours would be frustration and neglect. There is potential for democratisation in societies in the Eastern neighbourhood, which can be strengthened through the EU's support and openness.

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