Economic Liberalization Trumps Democratization in EU Neighborhood Policy

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Pictured: Tbilisi at night.

By Manana Kochladze

The functioning of the European Neighborhood Policy (ENP) vis-a-vis the Southern partners has received considerable international scrutiny over the past weeks, with revolutions in North Africa (Egypt, Libya) in the spotlight. Some of the criticism aimed at ENP effectiveness in the South seems to imply that, at least by comparison, the ENP has worked well in the East.

However, since its establishment eight years ago, the ENP has not really met its lofty goals in the Eastern partners (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) either. In theory, the ENP was designed to promote “common values, principally within the fields of the rule of law, good governance, the respect for human rights, including minority rights, promotion of good neighborly relations, and the principles of market economy and sustainable development”. Again, in theory, political rights and democratization should be promoted with the same intensity as economic liberalization.

This is, however, not how the policy works in practice. In reality, the ENP continues to prioritize economic liberalization over the social and democratic goals it is mandated to promote. In the majority of Eastern countries targeted by the policy, national Action Plans completely lack provisions regarding agriculture, poverty eradication, the development of a reliable social security net, or health services.

In Georgia, since the signing of the ENP, authorities have pushed for a complete liberalization and deregulation of the economy, leading to the abolition of 85 percent of all licensing legislation, including in the food, industry and vehicle safety spheres. Even though the EU itself has taken a critical attitude towards some of Georgia’s reforms concerning environmental issues and labour and consumer rights, the ENP does little to remedy such deficiencies.

Although the fight against corruption remains high on the agenda of the ENP, the ENPI (European Neighborhood and Partnership Instrument) does not include any specific anti-corruption mechanisms. The two major weaknesses of the ENP as a policy instrument against corruption include the lack of corruption monitoring and benchmarking, and the insufficient involvement of civil society in the process. These deficiencies need to be addressed urgently if funds disbursed in the ENP framework are to indeed benefit the people on the ground.

Transparency and public participation are also insufficient in the decision-making process of the Neighborhood Investment Facility (NIF). Within the NIF, all decision-making power is shifted...
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There are already a few cases where civil society groups have expressed concerns regarding projects funded by NIF due to their controversial nature, including harsh social and environmental implications (e.g. the Tbilisi Bypass Railway Project, and the Ukraine's Second Backbone high voltage corridor). NGOs have attempted to find out information about the processes of selection and preparation of projects to be financed through NIF, but have so far failed. It is essential that NIF (and therefore the EU) acknowledges full responsibility and accountability for the implementation of controversial projects. Enhanced transparency here is crucial if the EU indeed wants to see the money it invests in partner countries go to projects which are welcomed, no opposed, by the local population.

The ENP review launched by the European Commission last year should certainly be used as an opportunity to balance the policy, making sure that democratic institutions, human rights and environmental sustainability are not neglected at the expense of economic liberalization. Recent events in North Africa are surely forcing a rethink of ENP priorities in the region. It is important to remember that such imbalances exist -- and need to be addressed -- also in the functioning of the ENP in Eastern countries, not just in the South. An important step in the right direction would be the introduction of clear Commission guidelines to ensure civil society participation in the elaboration and implementation of national Action Plans. This would heighten transparency and increase chances that the ENP indeed answers the needs of partner societies.

About The Author

CEE Bankwatch Network

CEE Bankwatch Network is an international non-governmental organisation (NGO) with member organisations from countries across central and eastern Europe (CEE). We monitor the activities of international financial institutions (IFIs) which operate in the region and promote environmentally, socially and economically sustainable alternatives to their policies and projects.