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signed by Mr Jordi AYET PUIGARNAU, Director

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EU Support for Sustainable Change in Transition Societies

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HIGH REPRESENTATIVE OF THE  
EUROPEAN UNION FOR  
FOREIGN AFFAIRS AND  
SECURITY POLICY

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**JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE COUNCIL,  
THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE  
COMMITTEE OF THE REGIONS**

**EU SUPPORT FOR SUSTAINABLE CHANGE IN TRANSITION SOCIETIES**

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**JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE COUNCIL,  
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**EU SUPPORT FOR SUSTAINABLE CHANGE IN TRANSITION SOCIETIES**

**Purpose and context**

People in every part of the world aspire to political freedom, security for themselves and their families, accountable government, economic opportunities and justice. In response, many countries, including those in the EU's own neighbourhood, have recently undertaken or are now embarking upon major reforms – reforms designed to transform their societies into inclusive democracies that are both willing and able to address the needs and aspirations of the population and, in some cases, normalise their relations with the international community and neighbouring countries.

The EU has considerable experience from such transition processes, both internally and in supporting the efforts of other countries in its neighbourhood and around the world. The EU's enlargement policy, in particular, has proven to be a powerful tool to foster societal transformation. Countries that have already acceded to the EU, in particular those who joined in 2004 and in 2007, and those on the road to join have undergone impressive changes through accession-driven democratic and economic reforms.<sup>1</sup> The close inter-linkage of peace, stability, democracy, and prosperity has come to the forefront also in other frameworks, including the European Neighbourhood Policy (ENP), development cooperation and EU's Common Security and Defence Policy (CSDP).

This Communication is intended to examine what the EU has to offer to help countries in transition achieve successful and sustainable transformations, building on its own experiences. It also sets out a number of concrete measures to improve the way in which the EU supports these countries so that they could achieve lasting reforms and avoid backsliding.

In particular, it addresses situations where a reform process needs further support to deliver workable, lasting change. "Transition" is understood in a broad sense to include stabilisation, societal transformation, institution building and consolidation of reforms. While fragile states and situations of conflict are not specifically addressed, as they involve a number of context-specific challenges and require a different constellation of EU supporting measures, some experiences mentioned herein can also be relevant in those cases.

Transition poses challenges which vary widely from one country to another, as described in the accompanying Staff Working Document. The process can be peaceful or crisis-driven; it involves uncertainty, risk and sometimes even threats to domestic or regional stability. Experience shows that transitions can fail. Such failure can cause high political, social and economic costs to societies. A successful transition process means consolidating reforms and making them sustainable in the long-term, in an atmosphere of stability and confidence. In some cases, there will also be a need to prevent conflict while promoting and managing

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<sup>1</sup> See European Transition Compendium.

peaceful change. To achieve this, the process needs to be domestically driven and inclusive and address comprehensively the relevant political, social and economic challenges.

To contribute to sustainable change in transition societies, the EU should:

- mobilise all its instruments in a comprehensive, targeted and long-term response which takes account of the partner country's needs and the root causes underpinning people's desire for societal change;
- promote democratic governance, human rights and the rule of law, economic and social welfare at national and regional, as well as peace and stability, in a way that contributes to socially, economically, politically and environmentally sustainable reforms and regional integration;
- act in a way that enhances the partner countries' ownership of the reform process and encourages the exchange of experiences without the imposition of specific models.

To achieve this, the EU should:

- base its response on a proper **needs assessment**, taking full account of the key challenges facing its partner countries;
- explore possibilities for **early achievements** on issues relating to basic freedoms, income generation and public service delivery in the initial transition phase, to encourage continued popular support for reforms;
- use **incentives and conditionalities** more coherently and efficiently;
- **involve all relevant stakeholders** – such as social and economic partners, the private sector and other civil society organisations (CSO), as well as regional organisations – in reform processes and policy dialogues;
- invest more in the building of impartial institutions bound by the rule of law to ensure that the reforms undertaken are also **implemented and enforced in practice**; and extend capacity development **beyond institutions** to improve citizens' access to public services, such as security and justice.
- make efficient use of **knowledge-sharing** and **capacity development** methods, including the use of transition experience of EU Member States;
- engage in **efficient cooperation and coordination** with EU Member States, including possible joint programming, and with other donors and actors.

## **1. HOW CAN THE EU HELP CREATE CONDITIONS FOR SUCCESSFUL TRANSITIONS?**

It is up to each partner country to determine how it wishes to manage its transition and transformation. The EU, in turn, can use its support methods to assist home-grown processes and to help create favourable conditions for the process. In doing so, it needs to respect the partner country's ownership of the process, as well as the principle of policy coherence for development in policies affecting developing countries and the principle of sector concentration as regards development cooperation. Moreover, EU support must take into account the long-term nature of a democratic and economic transition process. A comprehensive and sustained approach will allow the EU to assist and revitalise often wavering or stagnating transition processes.

Evidently, the degree of change and its speed can vary widely depending on the partner country. At the same time, reforms need to tackle existing shortcomings comprehensively. Political reforms are not sufficient if there is no independent and accountable judiciary, no competition authority and no effective anti-corruption policy, as these are needed to allow for investments to boost the economic development. Good coordination between the different authorities involved in the reform efforts is also important. In enlargement countries, for instance, the fact that governments established ministries or offices for European integration with coordination functions and followed a clearly set policy agenda of alignment with European standards and the EU *acquis* has helped governments to focus on a comprehensive reform agenda.

The sequencing of reforms is highly context-dependent and a balance has to be sought between "quick-win" reforms that serve to maintain the political and social momentum and to retain popular support for the entire process and for longer-term reforms. The policy mix will vary according to the needs and aspirations of the country concerned and the key motivations underpinning people's desire for societal change.

### **1.1. Support for inclusive political process and governance**

The EU enlargement policy is the most comprehensive approach to supporting inclusive political processes and governance. Democratic institutions, the rule of law and the respect for human rights are at the centre of the accession criteria. The substantial transitions from communist regimes to real democracies in the eastern and central European Member States was made possible by the clear desire of the citizens and the political will of the elected authorities. These processes were supported by the EU, including through financial assistance, expert advice and the accession negotiation process.

The EU continues to consolidate its support for democracy world-wide, in line with the 2009 Council Conclusions which call for a comprehensive EU approach.<sup>2</sup> The examples of Tunisia and Bolivia illustrate the use of all relevant EU instruments.<sup>3</sup>

The EU support is centred on four main fronts: establishment of constitutional and electoral processes; strengthening of democratic institutions; strengthening of political and civil society; and gradual development of a democratic political culture. The traditional focus on

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<sup>2</sup> EU Council Conclusions on Democracy Support in the EU's External Relations, Brussels, 17 November 2009, and the accompanying Agenda for Action.

<sup>3</sup> Staff Working Document, section 2.1.1.

**credible elections** and **security**, and on bolstering the **executive branch of the government**, is increasingly shifting towards also strengthening constituent assemblies and **legislatures** and the putting in place effective systems of checks and balances<sup>4</sup>. The EU is also stepping up its engagement with **political parties** (in Tunisia, for instance) on a non-partisan basis through capacity development activities and the facilitation of multi-party dialogues.

Moreover, EU development policy has made a strategic shift towards stronger emphasis on human rights, democracy, rule of law and other elements of good governance, by proposing a higher share of EU cooperation programmes to be devoted in this area.<sup>5</sup>

The EU and its Member States are also reinforcing the effectiveness and coherence of their support for human rights in partner countries. For this purpose, comprehensive **human rights country strategies** are being developed. These strategies identify priority areas for EU action, inform the human rights and political dialogues at all levels and will be taken into account in policy-making and when programming and implementing financial assistance, including budget support. These strategies will also be taken into account in the European Neighbourhood Policy (ENP) progress reports, so as to ensure that the "more for more" principle is applied in a consistent way across the ENP region.

The EU is also currently improving its analytical tools for **democratisation strategies** through democracy profiles in pilot cases, which map the political structures and processes and inform both EU programming and political dialogue. They provide, in particular, information on the legal system, the division of powers both horizontally and vertically, the constitution and the electoral system and look at the efficiency and effectiveness of the rule of law, of the public sector and its ability to drive and/or contribute to sustainable development.

## **1.2. Support for institution building and the rule of law**

The establishment and consolidation of independent, transparent and effective institutions is highly important for building trust in a country in transition and for creating the basis for further developments, as well as for tackling corruption and organised crime early in reform processes – an important lesson learned in the context of reforms linked to recent EU enlargements. Macroeconomic stability can only grow if there is a climate that attracts investments and that allows businesses to thrive. This requires an independent judiciary to solve disputes, clearly regulated property rights and respect for the rule of law. Moreover, credible institutions are needed to avoid gaps between legal rules and the capacity to implement and enforce them, which in practice can prevent or slow down a real change and facilitate corruption.

An independent judiciary needs to ensure the respect for the rule of law and the protection of human rights. This can be a particular challenge, as judges and prosecutors appointed under previous, non-democratic regimes might undermine reform efforts. At the same time, lustration (i.e. dismissal of those associated with abuses of the previous regime) or vetting procedures bear the risk of further politicising the system for a prolonged period of time. Therefore, a balanced approach needs to be taken, which should also explore possibilities of holding judges and prosecutors accountable through disciplinary or criminal proceedings. At the same time, capacity development should contribute to better access for citizens to security

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<sup>4</sup> Ibid, section 2.1.1; see also the reference document on "Engaging and Supporting Parliaments Worldwide: EC strategies and methodologies for action to support parliaments".

<sup>5</sup> Communication on Increasing the impact of EU Development Policy: an Agenda for Change (the "Agenda for Change"), section 2; and the Council Conclusions of 14 May 2012.



and justice services (for example through awareness raising), which as such is crucial if the transition process is to be sustainable and legitimate.

Public administrations need to be reformed so that they work in the interest of the citizens. Independent supervisory bodies, such as ombudspersons, anti-corruption agencies or data protection supervisors are necessary to control the work of the other state institutions and protect citizens' rights. Provided that these new institutions are set up with real independence and are given sufficient means to carry out their tasks effectively, they can ensure concrete and visible progress on the rule of law and human rights and increase citizens' trust.

The EU can contribute to institution building in various ways, such as financial support, policy dialogues and technical cooperation. For instance, the Instrument for Pre-accession Assistance in the enlargement policy has helped the Western Balkan countries significantly in their reform efforts. In addition, a comprehensive institutional framework will ensure the sustainability of the reforms made. Such a framework, however, needs to be well balanced and a system of checks and balances established. Concentrating too much power in the hands of one or few institutions creates the risk of abuses of this power or of backsliding of the reform process through closure of such institutions.

### **1.3. Support for economic and social development**

#### *A country-specific reform agenda*

As a result of economic and political uncertainties, transition often brings about a short-term deterioration in growth and employment, as well as in public and external accounts. Where this results in increasing unemployment and poverty in particular, it may erode and put at risk the legitimacy of the democratisation process and result in increased emigration and brain-drain. In the longer term, reforms need to be able to meet citizens' expectations for decent jobs, economic opportunities and social justice.

Experience from countries that have carried out successful governance reforms, like Member States that joined the EU in the past decade,<sup>6</sup> indeed demonstrates that these are often linked to the processes of economic and social development. In these countries, the economic reform agenda was defined by four priorities: macroeconomic stabilisation, privatisation and restructuring of enterprises, improving the business environment, and upgrading the performance of labour markets. These priorities supported the overarching objective of raising productivity growth in order to raise living standards and improve economic and social cohesion and welfare in a sustainable manner. The reform and development of public finances was equally important to ensure resources to support other economic reforms and to maintain and further develop an appropriate level of public services.

Even if, in general, the long-term objectives of the new leaders of these countries were similar, the priorities, sequencing and pace of the reforms differed widely. Some countries (Poland, Czech Republic, Estonia) quickly introduced radical reforms to create conditions for an economic recovery (the so-called “shock therapy”), despite its significant negative impacts in the short term, such as output drop, unemployment and recession. Other countries (such as Hungary and Slovenia) took a more “gradualist” approach by implementing step-by-step macro-economic, structural and institutional reforms, avoiding thus abrupt changes in economic output, employment and welfare. This allowed time for national enterprises and economic operators to adapt to the new conditions of an open market economy.

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<sup>6</sup> See European Transition Compendium.

The EU has a broad range of types of support to offer. Budget support, including State Building Contracts where appropriate, can be deployed to help countries consolidate the transition and stabilise their short-term growth prospects and employment in the initial phase characterized by uncertainties, while avoiding unsustainable development of their external and/or public debt. Other forms of development assistance, including project based assistance (see the example of Ivory Coast) and technical assistance can also be deployed to meet specific transition needs.

#### *Helping create decent jobs and a secure business environment*

In the long run, the EU can help partner countries build a more **robust policy and regulatory framework** capable of attracting private investment, spurring entrepreneurship, promoting SMEs, ensuring the effective and efficient management of natural resources, enhancing their capacity to collect taxes, improving agriculture, and strengthening economic cooperation and integration with other countries.<sup>7</sup> Trade agreements and instruments, along with aid for trade, can further contribute to creating a favourable environment for economic development and regional integration. Similarly, support to establish a **stable, predictable and secure environment for business** remains crucial. It is also often necessary to (re)define property rights, land ownership and the role of the private sector. For instance, in the central and eastern European Member States, the investment climate was improved by legal and regulatory institutions to oversee business management, secure property and contract rights, simplified regulatory and licensing procedures, as well as an adequate banking system. Similarly, conditions for agriculture were improved by land market reform, including property rights, tax aspects, cadastre and registry.

The EU can support relevant reforms through **sector reform contracts** coupled with intensified policy dialogue. Moreover, it can support and facilitate capacity development of **local enterprises**, notably micro, small and medium-sized ones (see the example of SANAD in the MENA region<sup>8</sup>). **Partnering with the private sector** may also be an efficient way to attract investment, strengthen linkages between Foreign Direct Investment and local business, and to stimulate employment. EU regional blending facilities have proven to be able to leverage substantial additional funding by combining EU grants with other resources, such as loans from European Finance Institutions, including the European Investment Bank.<sup>9</sup>

#### *Helping to build inclusive economies and societies*

It is equally important for the EU to continue to support its partner countries' efforts in addressing their citizens' aspirations for more **equity, social inclusion and social protection** (a specific Communication on social protection is foreseen in the second half of 2012). Support is particularly needed for actions that promote social and public service delivery to all population groups. In this regard, CSOs can play an important role by promoting ethical, inclusive and equitable business models. The involvement of young people, the future leaders, should be particularly promoted.

Transition is also a critical moment for taking concrete steps to promote **gender equality** and the **empowerment of women** as key participants in transition, to boost both their security and their participation, through means such as sector budget support and actions under the

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<sup>7</sup> The Agenda for Change, section 3. This includes capacity building on sustainable low emission and climate resilient development, including access to sustainable sources of energy.

<sup>8</sup> Staff Working Document, section 2.1.5.

<sup>9</sup> Ibid, section 1.4.

European Instrument for Democracy and Human Rights (EIDHR) (for examples, see Morocco and Afghanistan)<sup>10</sup>.

#### **1.4. Support for conflict prevention, peace-building and security**

Some transitions towards democracy face a key two-fold challenge: ensuring that security and peace contribute to sustainable development on the one hand, and that development contributes to peace and stability on the other.

Events such as elections, changes in the government or the (re)allocation of resources can trigger outbreaks of violence and/or armed conflict, and trigger setbacks in often fragile transition processes, especially in those societies which have not yet established effective and legitimate institutional frameworks to resolve conflicts peacefully.

EU support in such circumstances must involve a conflict-sensitive and context-specific approach. In tackling the root causes of conflict, it should avoid increasing the dependency, power and patronage of certain groups or exacerbating the negative impacts on coping mechanisms. The exact approach and considerations in individual country situations should be identified through a dedicated conflict analysis. In many cases, such an analysis will reveal specific issues related to the peace-building goals as developed by the International Dialogue on Peacebuilding and Statebuilding and endorsed by the international community, including the EU.<sup>11</sup> These goals relate to the need for an inclusive political process and reconciliation, intercultural dialogue, access to security, justice and jobs, and accountable and effective resource management.

In any event, EU support must be implemented within a broader approach that considers all the relevant areas, including reconciliation and support for uprooted people, crisis prevention, security sector reform, resilience and climate change, sustainable and responsible management of resources, the rule of law, democratisation, civil society, human rights, public administration reform and public service delivery. As an example, the EU has contributed to reconciliation in the countries emerging from the former Yugoslavia and the clear conditionality of the accession process ensured the prosecution of war crimes and cooperation with the International Criminal Tribunal for the former Yugoslavia.

Reform of the security sector constitutes a particular challenge in efforts to guarantee security and stability. Better civilian oversight of security services is generally a priority, as is improving the effectiveness, accountability and behaviour of the broad range of security actors. The participation of communities and civil society groups can make the provision of security both more effective and more accountable. Particular attention needs to be paid to the role and rights of vulnerable groups. As part of a comprehensive EU approach, the EU's Common Security and Defence Policy (CSDP) can also play an important role in addressing key transition challenges. Since 2003, the EU has inter alia been providing training, advice or mentoring in support of security sector reform, monitoring peace plans or providing security support, often under a UN mandate. This is done through civilian and/or military support measures.

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<sup>10</sup> Ibid, sections 2.1.2 and 2.1.3, respectively.

<sup>11</sup> The 2011 High-Level Forum on Aid Effectiveness in Busan.

## 2. HOW CAN THE EU IMPROVE ITS TOOLS AND APPROACH?

### 2.1. Responding to partner societies' needs

To secure a peaceful and successful transition, the specific reform process of each country should respond to people's needs, **defined by the country itself**. While key needs and challenges in transition countries vary considerably, they very often include:

- national reconciliation and building a national consensus on fundamental issues;
- establishing well-functioning democratic institutions and processes;
- avoiding an unsustainable decline in incomes and employment and restoring or maintaining macroeconomic stability;
- promoting long-term socio-economic development and inclusion, with decent jobs, economic opportunities, basic social services, including quality healthcare, education, and social justice;
- establishing a business-friendly environment, (re)defining property rights and the role of the private sector, and reviewing the functioning of the market; and
- where necessary, restoring security, justice and the rule of law.

As situations vary widely, there is **no uniform prescription** for a successful transition process or EU response. For instance, a fragile state within the group of least developed countries, such as Burma/Myanmar, may require a somewhat different response from that of more advanced middle income countries like Tunisia or Egypt.

EU support should to be tailored to consider the specific situation and needs of each country along with the added value that EU support can bring, and an assessment of the specific interests and potential risks for the EU. The starting point should generally be the countries' own assessments of needs and how these can be addressed. The swift deployment, during the initial stage of a transition, of a **joint EU services mission** involving all those responsible for the different available instruments, is key to prepare in a timely manner a comprehensive, integrated and long-term response. For instance in the framework of the enlargement policy, peer assessment missions with the participation of Member States experts, as well as broad consultations with other donors, international organisations and civil society have proved to deliver good results in the preparation of EU assistance. In the context of aid for trade, the EU has also provided support for the trade needs assessment, diagnostic studies and elaboration of trade strategies through dedicated programmes in African, Caribbean and Pacific (ACP) countries.

### 2.2. Anchoring the process with early achievements

Given the uncertainty and instability linked to transition processes, it is critical to achieve, as soon as possible, some tangible improvements to establish confidence and to promote political stability and social cohesion. While long-term strategies are being put in place, potential areas for such early achievements can cover basic democratic rights and freedoms including cultural rights, job creation and removing constraints to growth, public service delivery, including basic social services, as well as recovery of lost assets and re-establishment of livelihoods particularly in post-conflict situation.

In the area of **democratic governance**, typical examples of areas where such quick wins could be possible include freedom of expression and credible elections (see the example of Tunisia<sup>12</sup>), a representative and legitimate constituent assembly and the adoption of a new constitution through participatory processes. As experience in current and past EU enlargement processes has demonstrated, trust of citizens in the rule of law and protection of human rights can be strengthened through concrete support of relevant institutions and setting up of independent supervisory bodies, as well as through improved access to information and data on key economic and social issues.

In the short run, democratic transition may weaken economic activity, employment rates and macroeconomic stability. It is crucial that measures are taken and projects implemented that can help usher in fast improvements in **income generation, social safety nets and basic service delivery**, and can guard against unsustainable poverty increases. This is often necessary to generate support for economic reforms with a longer-term impact – or at least to overcome resistance to change. For instance, funds and projects promoting job creation through the development of SMEs and microcredit schemes<sup>13</sup> can be used in this context. Reforms can be facilitated also at industry level, in particular where there is potential for rapid take-off and for tangible results in terms of incomes and jobs.

Programmes for quick-win job creation and short-term employment should, however, strive to include longer-term follow-up for instance by vocational training and job mediation services that help programme participants find regular work. The need for quick wins should be built into longer-term strategies for employment generation and should not spawn new entrenched interests and unsustainable situations.

In the area of **security**, immediate steps to help stabilise a country following a possible conflict are often needed to prevent the situation from deteriorating and the transition process from backsliding. Successful, although very different, examples of EU support include negotiating and monitoring steps towards peace (enlargement countries, Georgia, Aceh Indonesia); supporting border management (enlargement countries, Libya); training police officers (enlargement countries, Afghanistan); temporarily ensuring international civil administration or policing and justice functions (EULEX, Kosovo<sup>14</sup>); and supporting the United Nations, for instance through a bridging operation (Chad and the DRC) or assistance to a UN monitoring mission as in Syria.

### 2.3. Applying incentives, constraints and conditionalities

While incentives, constraints and conditionalities cannot be the main driver of reforms, they can support the process. Different EU external policy frameworks, including enlargement policy, the European Neighbourhood Policy (ENP) and the Cotonou Agreement with African, Caribbean and Pacific countries, contain such measures. These may be financial (in the form of assistance, for example), economic (such as inclusion in European networks and policy dialogues) or political (including political dialogue); they can be positive or negative (involving, say, imposing or lifting sanctions). In the enlargement policy, for instance, negotiations for accession are opened only upon a set of conditions such as democracy, rule of law, human rights and the respect for and protection of minorities. Moreover, in trade policy, the Generalised System of Preferences (GSP) contains incentives that may indirectly support

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<sup>12</sup> Staff Working Document, section 1.2.1.

<sup>13</sup> Ibid, section 2.1.5.

<sup>14</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

reforms even though this is not its policy objective, given inter alia that trade instruments have to be consistent with WTO rules.

### *Sanctions and restrictive measures*

Sanctions, as part of a wider set of political initiatives in the EU's Common Foreign and Security Policy, can be instrumental to help maintain the political momentum for change and transition in situations which otherwise risk deteriorating rapidly. They should ideally be imposed at UN level wherever feasible to ensure adoption and implementation of similar measures by the largest number of countries. EU autonomous measures can provide a targeted and timely complement to UN based measures. Where agreement at the UN is not possible, EU autonomous measures can be used to exert pressure in the targeted country or situation.

In case of positive developments, EU measures can be swiftly lifted or amended to support and encourage transition processes. Some limited measures may however be retained to prevent threats or adverse impacts on the transition process or the measures may also be suspended as a way of encouraging positive developments that have taken place, whilst retaining a method of exerting continued pressure in anticipation of further improvements.

### *Incentive-based approach*

Incentive-based approaches under the EU enlargement policy have produced positive results, for instance in the Western Balkans. Progress on the EU accession path is linked to concrete steps in the reform agenda. As an example, Montenegro had to meet a number of key priorities set out in the Commission's opinion on the membership application, which included important rule of law and human rights aspects, before accession negotiations could be opened. Also the visa liberalisation dialogue with five Western Balkan countries was based on detailed roadmaps with specific benchmarks and led to concrete improvements in areas such as document security and the fight against corruption and organised crime, as well as border controls, migration policy and document security.

The ENP also follows a so-called "more for more" principle. Countries which go further and faster with specific, measurable democratic reforms, will receive greater support from the EU. To reflect this new incentive-based approach, two umbrella programmes were set up to offer additional "more-for-more" resources: Support for Partnership, Reform and Inclusive Growth (SPRING) for the southern Neighbourhood (see the example of Tunisia<sup>15</sup>) and Eastern Partnership Integration and Cooperation Programme (EaPIC) for the Eastern Neighbourhood. The programmes will fund initiatives addressing new challenges in relation to democratic reform and inclusive socio-economic development in particular.

A similar approach could be applied beyond the EU's neighbourhood, provided that measures taken to address crises and support civil society, cooperation among local authorities and people-to-people contacts fall outside the "more for more" approach.

The incentive-based approach of the Governance Initiative under the 10<sup>th</sup> European Development Fund (EDF) for countries in Africa, the Caribbean and the Pacific (ACP) enjoyed only limited success, partly because the initial governance allocation did not sufficiently differentiate among partner countries and the commitments to future reforms were not sufficiently monitored, which reduced the impact on governance performance.

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<sup>15</sup> Staff working Document, section 2.1.4.

Experience in these different contexts has indeed shown that effective monitoring and open information about the government's progress are crucial in assisting the reform process and can play a key role in motivating partner countries to speed up reforms. Its impact can increase yet further if multiple stakeholders are involved in the process and the general public is informed about the government's performance (see the example of Benin<sup>16</sup>).

In incentivising reforms, the following lessons should therefore be heeded:

- rewards should be unambiguously defined at the outset and granted for actual achievements and real performance;
- preference should be given to work schemes that enhance ownership and thereby commitment to results and impact;
- performance should be monitored on a regular basis and shortcomings addressed through appropriate follow-up;
- the government's progress should be exposed to a wide audience in open consultations; and
- dialogue should take place with all relevant stakeholders.

#### **2.4. Involving all relevant stakeholders**

The experience of Member States which joined the EU in the past decade and the current enlargement cases shows that a successful transition must enjoy broad public support. Civil society, local authorities and a wide range of non-state actors (including social and economic partners, consumer associations and the private sector) have an important role to play in domestic reforms as they can highlight existing shortcomings, suggest concrete solutions and put pressure on the authorities to continue the transition process.

The supporting role of the EU has not been confined to actions by the Commission, the European External Action Service and Member States; other EU institutions, such as the European Parliament, the European Economic and Social Committee, and the Committee of the Regions also have an important role to play.<sup>17</sup>

##### *Specific support to civil society*

The EU has various tools to support civil society organisations (CSO), including the Instrument of Pre-Accession (IPA), the Civil Society Facilities for the enlargement and neighbourhood, EIDHR, European Endowment for Democracy, thematic programme for non-state actors and local authorities under the Development Cooperation Instrument (DCI) and capacity-development programmes under the European Development Fund (EDF) and the DCI. Experience from the EU enlargement policy shows that it is important to create an enabling environment (legal framework and rules on funding, inclusion in political consultation procedures) that allows civil society in the country to develop in a sustainable manner. Therefore, all EU instruments in this area are designed to empower actors based on

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<sup>16</sup> Ibid, section 2.1.4.

<sup>17</sup> Ibid, section 2.1.3.

their capabilities and strengths in their own areas and hence are crucial for addressing socio-economic issues, political disputes or conflicts of interest, for instance.

CSO platforms and networks have proven important in strengthening civil society's outreach. The enabling environment should be addressed in political dialogues with partner governments to ensure that CSOs have space within which to operate. Where this is not possible, the EIDHR is well-placed to support civil society since, if need be, it can be used without the government's consent.

A Communication on engagement with civil society is foreseen for the second half of 2012.

### *Inclusive dialogues and consultations*

Policy dialogues play an important role in assisting partner countries to achieve successful political, social and economic reforms. For instance, regular meetings with representatives of the enlargement countries are essential in the Stabilisation and Association Process and are further strengthened through country specific dialogues, such as the Structured Dialogue on Judiciary with Bosnia and Herzegovina. Dialogues can be facilitated by the EU Delegations and strengthened with the participation of Member States, where appropriate.

The EU has conducted its policy dialogues primarily with government partners in the past. That said, it has also acquired some positive experiences of multi-stakeholder dialogues. The Structured Dialogue on the Involvement of Civil Society and Local Authorities in EU Development Cooperation is an inspiring example. Another one is the "Speak Up!" conference organised by the Commission in the context of the enlargement process in 2011 which brought together journalists and media professionals to discuss challenges concerning freedom of expression and media in the Western Balkans and Turkey. Civil society in enlargement countries also provides valuable contributions to the European Commission's annual Progress Reports and to the preparation of projects financed through IPA.

The EU should actively promote more inclusive policy dialogues and support the involvement of a wide range of stakeholders in reform processes (see the example of Benin under the EDF Governance Initiative<sup>18</sup>); the process followed in enlargement countries is a good example. It should make full use of the tools available for supporting political and civil society in this context, while taking appropriate account of the sensitive issues of legitimacy, accountability and representativeness.

The EU should also help transition countries consult (emerging) political actors, local authorities and the wide range of non-state actors mentioned above. It is also important to involve specific groups in society, such as young people, women and marginalised groups (minorities, the poor, displaced people). Moreover, when it comes to economic reform and private sector development specifically, active public-private dialogue is essential.

## **2.5. Enhancing knowledge-sharing and development capacities**

### *Knowledge-sharing platforms*

The **European Transition Compendium**, designed to disseminate transition information, has been made available through an online interactive database and can now be consulted by various stakeholders around the world.

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<sup>18</sup> Ibid, section 2.1.4.



The Commission should set up a **broader platform** or network for sharing knowledge on democratic transformation issues with developing countries, other donors, emerging economies, civil society, the private sector and other relevant stakeholders. Such a platform could be made available through the existing capacity4dev platform.

### *Twinning and Capacity Development*

The High-Level Forum on Aid Effectiveness in Busan, South Korea, in November 2011 marked a shift towards a more modern view of capacity development as being not just about technical assistance and training, but also about support for change and reform, including better access to knowledge.

In supporting transition processes, the EU should foster capacity development and technical cooperation with its partners. Inspiration can be taken from the innovative tools developed in its enlargement policy and already extended to the neighbourhood, including, in particular:

- **TAIEX** (Technical Assistance and Information Exchange), which provides support through EU public sector expertise for the approximation, application and enforcement of EU legislation.
- **Twinning**, which contributes to institutional development through partnerships between public institutions in beneficiary countries and their counterparts in EU Member States. Together with **SIGMA** (Support for Improvement in Governance and Management), twinning has supported public administration reforms and helped develop modern and efficient administrations in beneficiary countries.
- In the Eastern Partnership, the **Comprehensive Institution Building** (CIB) initiative specifically addresses institution reforms in areas linked to the new bilateral agreements with the EU<sup>19</sup>. Each country identified its own key reform challenges under the CIB, and designed comprehensive Institutional Reform Plans.

Beyond neighbourhood, ad hoc solutions have been set-up to mobilize expertise under various external instruments, such as expert facilities implemented under the Instrument for Stability or the Migration EU Expertise (MIEUX) under the DCI which encourages the peer-to-peer transfer of expertise and know-how to beneficiary countries.

## **2.6. Cooperating with Member States, other donors and organisations**

The EU and its Member States should increasingly "act as one" to support transition societies. This would help to avoid duplications of efforts, omissions or contradictions and to improve the impact and effectiveness of EU action. They should continue to strive for greater internal coherence and synergy in their dialogue, programmes, and actions, and use joint programming, where appropriate. Encouraging achievements in the area of democracy support, beyond the successful reforms under the enlargement process include:

- the EU Agenda for Action on Democracy Support, which creates a framework for a common EU understanding, approach and programming (in Bolivia and Tunisia, for instance);

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<sup>19</sup> Association Agreements, Deep and Comprehensive Free Trade Areas, Visa Facilitation/Liberalisation and Readmission Agreements

- EU Human Rights Country Strategies, jointly prepared by the Commission, EEAS and Member States; and
- The envisaged Joint Framework Documents, defining a joint strategic approach in relation to a partner country in all policy areas. These could be of particular interest when coordinating the EU policy response to transition processes.

In supporting transition processes the EU should explore **triangular cooperation** and other options for cooperating with developing countries that are also emerging as providers of development cooperation and have recent experience with democratic transition.

It should also look at enhancing cooperation with **regional organisations** and **regional networks**, which can exert leverage and act as a major catalyst in consolidating reforms and regional integration in their respective regions. These might include regional parliamentary assemblies or regional electoral commissions; they could assist constitutional, electoral and capacity-building processes in their respective regions, and in doing so, rely on regional best practice. This would increase the legitimacy of external support. These organisations can also play a valuable role in monitoring progress towards democratisation.

Most major regional organisations have democracy charters or instruments of similar substance, and are opening the door to more systematic interregional work. By virtue of its own experience and that of its Member States, the EU is a natural partner for such organisations.

The EU supports initiatives by **international organisations**, including the UN and the Council of Europe, that aim at accompanying political processes, strengthening democracy and promoting socio-economic development in transition countries. In the area of security, for instance, the EU is working closely together with international and regional actors such as the UN, Arab League, African Union and Association of South East Asian Nations (ASEAN). Many partner countries also contribute to CSDP missions and operations. Building long-term relationships in the area of security and defence with the EU partners, including southern and eastern neighbours, may also contribute to the consolidation of their internal transformation and democratisation processes thus enhancing regional security and stability.

## Conclusion

The EU already has a range of useful policies and tools available to support transition countries worldwide as they embark on the path to democracy, which it has successfully developed and deployed, especially but not only in its immediate neighbours. These range along a spectrum from incentivising initial and further reform to supporting the design of reform, its implementation and helping to achieve sustainability. The EU can play a key role, in particular, by helping to create an enabling environment for some of the crucial elements of successful democratic and economic transformations, such as for various democratic actors, enterprise, investments, trade and social protection.

These tools and methodologies should form a coherent part of the EU's overall framework of support to partner countries, especially where they are engaging in transition. While experience shows that transition processes should, first and foremost, be owned by the state and its citizens, experience also shows that the EU does have valuable expertise to offer, adapted of course to the needs and wishes of partner countries anywhere in the world, as part of a wider EU package of political, economic or other support. For that purpose, the EU

stands ready to mobilize its entire range of available instruments and improve its implementation tools and methods to further increase the impact of its support.