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Research Paper

EU Funding as External Governance: A Comparative Analysis of Conditionality, Incentives, and Policy Outcomes in Turkey and Tunisia (2011–2024)

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Abstract

This study investigates the efficacy of European Union (EU) funding as an instrument of external governance in the Southern Neighbourhood, utilizing a comparative analysis of Turkey and Tunisia between 2011 and 2024. Addressing the central puzzle of why EU financial flows persisted—and in some sectors increased—despite significant democratic backsliding in both partner countries, this research employs a Most Different Systems Design (MDSD) to isolate the impact of strategic security interests across differing institutional frameworks. Through process tracing of financial instruments—specifically the shift from the Instrument for Pre-Accession Assistance (IPA) and European Neighbourhood Instrument (ENI) toward crisis-response mechanisms like the Facility for Refugees in Turkey (FRIT) and the 2023 EU-Tunisia Memorandum of Understanding—the study identifies a convergence in policy outcomes. The findings demonstrate that the EU has transitioned from a transformative agenda predicated on the "Golden Age" of enlargement to a paradigm of risk management and transactional stabilization. The analysis reveals that traditional conditionality has been neutralized by "Reverse Conditionality," where Turkey and Tunisia leverage their roles as migration gatekeepers to extract financial rents irrespective of normative compliance. Consequently, EU funding has undergone a "strategic decoupling," separating normative rhetoric from financial reality to prioritize border security and economic resilience over democratization. The study concludes that the "Stability-Democratization Dilemma" has effectively closed the era of normative power in the region, reducing the EU from a political "player" capable of enforcing rules to a financial "payer" renting regional stability.

Keywords: *EU External Governance, Conditionality, Turkey, Tunisia, Migration, Democratization, Principal-Agent Theory.*

1. Introduction

The European Union (EU) has long been conceptualized not merely as a trading bloc, but as a "normative power" seeking to diffuse its internal principles—democracy, the rule of law, and human rights—to its external environment (Manners, 2002). In this pursuit, financial assistance serves as one of the EU's most potent policy instruments. Through the mechanism of external governance, the EU attempts to extend its system of rules beyond its legal borders, using conditionality as the primary lever to induce compliance in third countries (Lavenex & Schimmelfennig, 2009). Ideally, this governance model operates on a rationalist logic of consequences: the EU offers financial incentives and market access (the "carrot") in exchange for domestic policy reforms (the "stick" of conditionality). However, the period between 2011 and 2024 has severely tested the efficacy of this model. The Arab Spring, the Syrian refugee crisis, and the rise of illiberalism have forced the EU to pivot from a purely transformative agenda toward a paradigm of "principled pragmatism" (European Commission, 2016). This study investigates how EU funding functions—or fails—as a tool of external governance in two critical Southern Neighbourhood partners: Turkey and Tunisia. It scrutinizes the transition from normative conditionality (reform-driven) to what scholars increasingly term "transactionalism" (interest-driven), particularly in the spheres of migration management and security (Soyaltin-Colella, 2022). The central puzzle driving this research is the apparent disconnect between the EU's normative rhetoric and its financial allocations. Theoretical models of conditionality suggest that funding should decrease when a partner country engages in democratic backsliding (Schimmelfennig & Sedelmeier, 2004). Yet, empirical evidence from 2011–2024 presents a more complex reality:

- **Turkey**, an official candidate country, has experienced severe democratic erosion and a de facto freeze in accession negotiations. Paradoxically, it remains a massive recipient of EU funds, primarily through the Facility for Refugees in Turkey (FRIT), effectively decoupling financial support from democratic benchmarks.

- **Tunisia**, once hailed as the "success story" of the Arab Spring, received extensive support under the "more-for-more" principle. However, as the country slid toward hyper-presidentialism post-2021, the EU responded not with strict sanctions, but with a controversial Memorandum of Understanding (MoU) in 2023 that mirrored the transactional logic of the EU-Turkey Statement (Zribi, 2023).

This inconsistency raises critical questions about the credibility of EU conditionality. Why does the EU continue to fund regimes that actively undermine its core values? The answer appears to lie in the credibility-stability dilemma, where the immediate need for migration control and regional stability overrides long-term democratization goals (Börzel & Lebanidze, 2017).

Turkey and Tunisia provide a unique comparative setting. While they differ in their institutional relationship with the EU, they are analytically comparable as the two most significant "gatekeepers" of the Mediterranean migration routes.

Feature	Turkey	Tunisia
Institutional Status	Candidate Country (Accession Framework)	Neighbourhood Partner (ENP/Association Agreement)
Primary Funding Instrument	Instrument for Pre-Accession Assistance (IPA)	European Neighbourhood Instrument (ENI) / NDICI
Key Crisis Point	2016 Refugee Crisis & Coup Attempt	2011 Revolution & 2021 Constitutional Crisis
Conditionality Type	Hard Conditionality (Accession-driven)	Soft/Positive Conditionality ("More-for-more")
Current Trajectory	Transactional cooperation (Migration focused)	Transactional cooperation (Migration focused)

Table 1, Overview of Institutional Funding Mechanisms in Turkey and Tunisia.

This comparison allows us to control for the type of institutional framework (Accession vs. Neighbourhood) while isolating the *variable* of strategic interest (migration/security). This study moves beyond descriptive accounts of EU foreign policy to perform a systematic policy evaluation. It aims to determine whether EU funding has achieved its stated objectives or if it has generated unintended negative externalities (e.g., authoritarian consolidation).

The research question of the study is as followed: *To what extent has EU financial assistance (2011–2024) succeeded in driving policy convergence in Turkey and Tunisia, and how has the prioritization of migration management altered the application of political conditionality?* To answer the research question, this dissertation is organized into seven subsequent chapters. Chapter 2 establishes the theoretical framework, grounding the analysis in the literature of External Governance and Principal-Agent theory. Chapter 3 details the methodological approach, justifying the use of a Most Different Systems Design and process tracing. Chapter 4 maps the complex legal architecture of EU funding instruments (IPA and NDICI) to establish the formal rules of the game. The empirical core of the study follows in Chapters 5 and 6, which conduct deep-dive case studies into the financial flows regarding Turkey and Tunisia, respectively. Chapter 7 synthesizes these findings through a comparative analysis, highlighting the convergence of policy outcomes despite institutional differences. Finally, Chapter 8 offers a discussion and conclusion, assessing the broader implications of these findings for the future of EU foreign policy. The following chapter begins this inquiry by deconstructing the theoretical mechanisms of conditionality.

2. EU Funding as an Instrument of External Governance

To evaluate the efficacy of European Union (EU) funding in Turkey and Tunisia, one must first deconstruct the theoretical machinery that underpins it. Funding in the context of EU foreign policy is rarely a purely altruistic transfer of resources; it is a strategic policy instrument designed to extend the EU's regulatory boundary and normative reach. This chapter establishes the analytical framework for the study. It moves beyond the view of aid as charity, conceptualizing it instead through the lens of External Governance (Lavenex & Schimmelfennig, 2009). It argues that financial assistance operates as a mechanism of *conditionality*—a bargaining game between the EU (the Principal) and the recipient state (the Agent)—where outcomes are determined by the credibility of incentives and the domestic costs of compliance.

The concept of "External Governance" refers to the extension of the EU's system of rules, norms, and procedures beyond its legal borders into the domestic structures of third countries (Lavenex, 2004). Unlike traditional foreign policy, which relies on diplomacy or coercion, external governance relies on the institutionalization of relationships.

Schimmelfennig and Sedelmeier (2004) famously categorized the mechanisms of this influence into two distinct logics:

1. Logic of Consequences (Conditionality): Actors are rational utility maximizers. Third countries adopt EU rules only if the benefits (funding, market access) exceed the domestic costs of adoption (e.g., loss of power, alienation of support bases).
2. Logic of Appropriateness (Socialization): Actors are driven by identities and norms. Convergence occurs because the third country views EU rules as legitimate and "the right thing to do" (Börzel & Risse, 2012).

For Turkey and Tunisia in the period 2011–2024, empirical evidence suggests the *Logic of Consequences* is dominant. As the "normative power" of the EU has waned, the relationship has become increasingly transactional, making financial incentives—the core focus of this study—the primary independent variable in driving (or failing to drive) policy change. In the taxonomy of public policy instruments, Hood (1983) classifies government tools into four categories: Nodality (information), Authority (legal power), Treasure (financial resources), and Organization. EU funding falls squarely under Treasure. However, "Treasure" is not monolithic. In the context of the EU's relations with Turkey and Tunisia, funding acts simultaneously as:

- A Positive Incentive (The Carrot): The promise of financial reward for compliance (e.g., the "More-for-More" principle in the European Neighbourhood Policy).
- A Capacity Builder: Providing the technical means to implement complex EU acquis (e.g., Twinning projects).
- A Compensatory Payment: Side-payments to mitigate the costs of reforms or to "buy" cooperation on security/migration issues (e.g., the EU-Turkey Statement).

Theoretical Constraint: As noted by Dimitrova (2002), the efficacy of this instrument relies on conditionality credibility. If the EU disperses funds despite non-compliance (to maintain stability), the incentive structure collapses. This is often referred to as the "stability-democratization dilemma" (Börzel & Lebanidze, 2017), where the EU sacrifices its transformative goals to secure immediate geopolitical interests. A critical distinction in this study is the institutional framework governing the two cases. While both utilize funding as leverage, the theoretical "size" of the carrot differs. The Enlargement Logic (Turkey) Turkey operates under the Instrument for Pre-Accession Assistance (IPA). Theoretically, this is the most powerful form of external governance because the ultimate reward is full membership—the "Golden Carrot" (Schimmelfennig, 2008). Assumption in this regartd is that high leverage, high intrusion into domestic affairs. However, with accession de facto frozen, the "Golden Carrot" has vanished. The relationship has shifted towards a "strategic partnership" model, rendering the IPA an anomaly—funding designed for accession used for transactional cooperation (Saatçioğlu, 2020).

The Neighbourhood Logic (Tunisia)

Tunisia operates under the European Neighbourhood Policy (ENP) and the NDICI. The logic here is not membership, but "everything but institutions" (Prodi, 2002). Assumption in this regard is lower leverage, reliance on "partnership" and mutual ownership. However, after 2011, the EU attempted to bolster this with the "More-for-More" principle. However, scholars like Del Sarto (2016) argue this created a "borderlands" dynamic, where funding is used to outsource border control duties to the periphery without offering genuine integration.

To explain *why* funding often fails to produce policy outcomes, this study utilizes Principal-Agent (PA) Theory(Pollack, 1997; Nielson & Tierney, 2003). In this model the principal is the European Union (delegating tasks and providing funds) and the agent is the governments of Turkey and Tunisia (implementing reforms). The PA model highlights two specific pathologies relevant to this study: advers selection moral hazard and agency slippage. The EU may inadvertently select "Agents" who feign commitment to reform to secure funds but have no intention of implementation. This is evident in "isomorphic mimicry," where states like Tunisia (post-2021) or Turkey adopt the *form*of EU institutions (e.g., passing a law) without the *function* (enforcing it) (Pritchett et al., 2013). Once funding is disbursed (or political support granted), the Agent may pursue its own interests—known as slippage.

- Example*:* Using migration funds intended for humanitarian aid to bolster internal security apparatuses.
- Monitoring Costs: The EU faces high information asymmetry. It cannot perfectly monitor how the Turkish or Tunisian governments implement policies on the ground, especially in sensitive areas like border management.

The Reverse Conditionality Hypothesis: A more recent theoretical development relevant to this study is "Reverse Conditionality" (Lavenex, 2016). Here, the Agent (Turkey/Tunisia) leverages its position as a migration gatekeeper to extract resources from the Principal (EU) while ignoring normative conditions. The dependence is mutual: the EU needs the Agent for security as much as the Agent needs the EU for finance. This chapter has outlined the move from a descriptive understanding of aid to a structural analysis of governance. It establishes that: 1, Funding is a tool of consequentialist bargaining. 2, The effectiveness of this tool depends on the credibility of the incentive (Schimmelfennig & Sedelmeier, 2004). 3, The relationship is fraught with Principal-Agent problems, specifically agency slippage and reverse conditionality. This theoretical foundation is crucial. Without it, the observation that "Turkey received €6 billion" is merely a statistic. *With* it, that statistic becomes a testable hypothesis about the price of cooperation in a transactional world.

3. Methodology and Research Design

Evaluating the impact of foreign aid on domestic governance is fraught with methodological challenges, primarily the difficulty of isolating the "EU effect" from domestic political dynamics. As such, this study eschews a purely descriptive narrative in favor of a rigorous, theory-driven research design. The objective of this chapter is to operationalize the theoretical framework outlined in Chapter 2. It details the strategy for moving from abstract concepts—such as "external governance" and "conditionality"—to observable empirical indicators. The methodology is designed to prioritize discipline and transparency over ambition, utilizing a comprehensive desk-based approach to trace the flow of funds and their policy consequences. To address the puzzle of inconsistent conditionality, this study employs a comparative case study design. Following Lijphart's (1971) seminal work on the comparative method, this study adopts a Most Different Systems Design (MDSD). The literature indicates that migration policies influence informal economic activity through three distinct mechanisms: direct regulation, unintended regulatory loopholes, and structural exclusion. The logic of MDSD is to select cases that differ significantly in their independent variables (institutional frameworks, history, size) but exhibit a similar outcome (the dependent variable).

- Case Difference: Turkey is a formal Candidate Country (with deep institutional integration via the Customs Union and IPA funding), whereas Tunisia is a Neighbourhood Partner (governed by the Association Agreement and ENI/NDICI funding).
- Outcome Similarity: Despite these profound institutional differences, both countries have experienced a similar trajectory in their relationship with the EU between 2011 and 2024: a shift from normative democratization efforts to transactional migration management.

By comparing these "most different" systems, we can test the hypothesis that the variation in institutional status (Candidate vs. Partner) is less explanatory than the overarching independent variable: EU strategic security interests.

The timeframe is selected based on distinct "Critical Junctures" (Capoccia & Kelemen, 2007) that altered the path of EU external relations. The review starts in 2011 because it was the onset of the Arab Spring and the Syrian Civil War. This year marks a paradigm shift in the Southern Neighbourhood, prompting the EU's revision of the ENP ("More-for-More") and the beginning of the refugee crisis that would come to define EU-Turkey relations. And the end date is 2024 because this allows for the evaluation of the medium-term effects of the 2016 EU-Turkey Statement and the immediate implications of the 2023 EU-Tunisia Memorandum of Understanding (MoU). To ensure validity, this study relies on methodological triangulation (Denzin, 1970), cross-referencing quantitative financial data with qualitative documentary evidence and expert insights. The study builds a dataset of EU financial commitments and disbursements to Turkey and Tunisia. We collected sources from The EU Aid Explorer, the Financial Transparency System (FTS), and annual reports from the Instrument for Pre-Accession Assistance (IPA II/III) and the Neighbourhood, Development and International Cooperation Instrument (NDICI). The objective is to map *where* the money actually went (e.g., shifting allocations from "Rule of Law" to "Border Management").

- Key Documents:
    - EU-Turkey: Accession Partnership documents, the 2016 EU-Turkey Statement, and Facility for Refugees in Turkey (FRIT) monitoring reports.
    - EU-Tunisia: ENP Action Plans, the 2023 Memorandum of Understanding (MoU), and Single Support Frameworks.
- Objective: To identify the *ex-ante* conditionality attached to funding streams (what was promised).
- Independent Evaluation and Shadow Reports

- Sources: Special Reports from the European Court of Auditors (ECA) (which offer critical audits of fund efficiency), OECD-DAC peer reviews, and "Shadow Reports" from major NGOs (e.g., Amnesty International, Human Rights Watch) regarding the human rights impact of EU-funded border projects.
- Objective**:** To measure the *ex-post* outcome and identify unintended negative externalities.

The core analytical method employed is Process Tracing. As defined by George and Bennett (2005), process tracing allows the researcher to identify the intervening causal mechanism between an independent variable (EU Funding) and the dependent variable (Policy Outcome). This study seeks to trace the "Money-to-Policy" mechanism:

1. Input: The EU allocates funds with specific conditionality attached (e.g., judicial reform).
2. Process: The domestic bargaining phase. How do domestic elites in Turkey/Tunisia perceive the incentive? Do they engage in "mock compliance" (cooperation on paper) or genuine reform?
3. Output: The resultant legislation or institutional behavior.

By looking for "smoking gun" evidence (e.g., internal memos, reallocation decisions, abrupt policy shifts following funding disbursement), process tracing moves the analysis beyond correlation to causation. This methodology is designed to be feasible, disciplined, and replicable. It does not claim to uncover the private motivations of leaders but aims to rigorously map the observable transactions of external governance. By combining forensic financial tracking with critical document analysis, this study provides a systematic evaluation of how EU tax-payer money is converted—or not converted—into political influence abroad.

4. EU Funding Architecture and Policy Framework

To understand how the European Union (EU) funding operates in Turkey and Tunisia, one must first map the institutional architecture that governs it. This chapter outlines the formal "rules of the game"—the regulations, programming documents, and legal frameworks that define how money is *supposed* to flow. However, a strictly legalistic reading reveals a dichotomy. On one side stands the rigid, value-laden architecture of the Instrument for Pre-Accession Assistance (IPA) and the Neighbourhood, Development and International Cooperation Instrument (NDICI). On the other side exists a parallel, flexible architecture of Trust Funds and Facilitiesdesigned for crisis response. This chapter argues that while the formal rules prioritize democratic conditionality ("Fundamentals First"), the proliferation of flexible financial instruments has created an institutional backdoor, allowing the EU to prioritize migration management and stability over normative compliance.

Turkey: The Accession Architecture (IPA)

As a candidate country, Turkey's funding is primarily governed by the Instrument for Pre-Accession Assistance (IPA). The evolution from IPA II to IPA III reflects a significant hardening of formal conditionality, even as practical flexibility has increased. Under IPA II (Regulation (EU) No 231/2014), funding was allocated based on predetermined "country envelopes." The key innovation was the "Fundamentals First" principle, which theoretically linked funding to progress in the Rule of Law (Chapters 23 & 24 of the acquis). Regarding structure, reforms were funded through "Sector Budget Support," transferring cash directly to the Turkish Treasury upon the achievement of benchmarks. And regarding conditionality the Regulation contained a "suspension clause" (Article 52) allowing the Commission to freeze funds in cases of severe democratic retrogression. In practice, this was rarely triggered fully, despite the 2016 coup attempt, revealing the high political threshold of formal sanctions (Kmezić, 2018). IPA III (Regulation (EU) 2021/1529) introduced a radical shift: the abolition of fixed country envelopes. The "Fair Share" logic was that Turkey must now "compete" with other Western Balkan candidates for funds based on project maturity and performance. This change technically allows the EU to "defund" the Turkish government without a formal diplomatic suspension, simply by rejecting project proposals as "strategically irrelevant" or "immature."

While IPA represents the *formal* accession logic, the Facility for Refugees in Turkey (FRIT) represents the *operational*reality. Established in 2016 following the EU-Turkey Statement, FRIT is a coordination mechanism that pools €6 billion (€3bn from the EU budget and €3bn from Member States). Uunlike IPA, which is slow and bureaucratic, FRIT is steered by a dedicated Committee in Brussels committed to speed. A significant portion of FRIT funds (e.g., the Emergency Social Safety Net - ESSN) is channeled through international NGOs (like the Red Cross/Crescent) and UN agencies rather than the Turkish Treasury. This allows the EU to continue funding Turkey (for migration purposes) while technically claiming it is not supporting the Erdoğan administration directly (European Court of Auditors, 2018).

Tunisia: The Neighbourhood Architecture (ENI to NDICI)

Tunisia's funding relationship is governed by the logic of "partnership" rather than accession. The European Neighbourhood Instrument (ENI) was premised on positive conditionality.

- Incentive Mechanism: The "Umbrella Fund" (up to 10% of the ENI budget) was reserved for countries showing progress in deep democracy. Post-2011 Tunisia was the primary beneficiary of this mechanism, receiving significantly higher per capita aid than its authoritarian neighbors (Del Sarto, 2016).
- Benchmarks: Conditions were soft, focused on legislative approximation and economic modernization (DCFTA negotiations).

The transition to the NDICI (Regulation (EU) 2021/947) merged various external instruments into one massive pot.

- Flexibility Cushion: The NDICI explicitly includes a "cushion" of unallocated funds for emerging crises.
- Migration Spending Target: Crucially, Article 30 of the NDICI Regulation sets an indicative target that 10% of the financial envelope should be dedicated to "migration management." This formalizes migration control as a central tenet of development aid, a shift scholars describe as the "securitization of aid" (Parmentier, 2020).

The 2023 Memorandum of Understanding (MoU) with Tunisia utilizes the "Team Europe" framework. This allows the EU to bundle loans, grants, and Member State bilateral aid into a single package. Legally, the MoU leverages the "Special Measures" clause of the NDICI, which allows the Commission to release funds for "unforeseen complex crises" without the standard, lengthy parliamentary scrutiny required for regular programming.

Feature	**Standard Procedure (IPA/NDICI)**	**Crisis Procedure (FRIT/EUTF)**
Oversight Body	Joint Monitoring Committees (Govt + EU)	Operational Committees / Steering Committees
Reporting	Annual Country Reports (Public)	Quarterly Updates (Often Internal/Technical)
Audit	European Court of Auditors (Regular)	Ad-hoc Audits (e.g., ECA Special Report 27/2018)
Scrutiny	European Parliament (High scrutiny)	Limited Parliament oversight (Executive dominance)

Table 2. Comparison of Oversight and Accountability Mechanisms in Standard vs. Crisis Funding Procedures.

The Evaluation Deficit: As noted by den Hertog (2016), the shift toward Trust Funds (like the EU Trust Fund for Africa, which covers Tunisia) creates an accountability gap. Decisions are made by executive committees to bypass the cumbersome democratic checks that apply to standard EU budget lines. This "emergency mode" has become the permanent state of affairs for North African funding.

This chapter has demonstrated that the EU possesses a dual funding architecture.

1. The Formal Track (IPA/NDICI): Characterized by strict legal requirements, human rights clauses, and bureaucratic "logframes."
2. The Crisis Track (FRIT/EUTF): Characterized by speed, flexibility, and the dominance of executive discretion.

For the purpose of this study, this distinction is vital. It explains how the EU can maintain the *narrative* of democratic conditionality (through the formal track) while simultaneously funding authoritarian consolidation (through the crisis track). The following chapters will trace the financial data to see which of these two architectures has financially prevailed in Turkey and Tunisia (Chapter 5).

5. Case Studies: EU Funding Policies in Turkey and Tunisia (2011–2024)

Case Study I: EU Funding Policies in Turkey (2011–2024)

Turkey represents the most analytically perplexing case in the study of European Union (EU) external governance. Theoretically, as a candidate country, Turkey should be subject to the strictest application of democratic conditionality. According to the "credible commitment" model (Schimmelfennig & Sedelmeier, 2004), a dramatic deterioration in the rule of law should trigger a corresponding cessation of financial benefits.

However, the period from 2011 to 2024 reveals a distinct paradox. While Turkey underwent a process of severe "de-Europeanization" and democratic backsliding (Aydın-Düzgit & Kaliber, 2016), it remained one of the largest recipients of EU financial assistance globally. This chapter utilizes forensic analysis of financial data to argue that EU funding in Turkey has undergone a strategic decoupling. While *accession* funding (IPA) was cut to signal normative disapproval, *transactional* funding (FRIT) was simultaneously scaled up to secure cooperation on migration, effectively neutralizing the leverage of political conditionality.

To understand the shift in EU strategy, we analyzed the trajectory of the Instrument for Pre-Accession Assistance (IPA). In the early years of the study period, funding was driven by the "Logic of Consequences." IPA I (2007–2013) allocated substantial resources to institutional capacity building, aimed at aligning Turkish law with the EU *acquis*. The assumption was linear: money equals reform. The failed coup attempt of July 2016 and the subsequent State of Emergency marked a critical juncture. The European Parliament called for a freeze on accession talks. The Commission responded not with a full suspension, but with a "performance-based" reduction.

The IPA II (2014–2020) data reveals a sharp divergence between *allocations* (what was promised) and *disbursements* (what was paid).

- The Cut: Between 2017 and 2020, the Commission cut the indicative IPA envelope for Turkey by approximately €1.3 billion (European Commission, 2018).
- The Reallocation: Crucially, the funds were not returned to the EU budget but were redirected towards civil society and the "Fundamentals" (Judiciary and Fundamental Rights), attempting to keep the European perspective alive without emboldening the central government.

The Migration Pivot: The Facility for Refugees in Turkey (FRIT)

While IPA funds dwindled, a parallel funding architecture emerged that dwarfed traditional accession aid. The EU-Turkey Statement of March 2016 operationalized a "money-for-containment" logic.

The Facility for Refugees in Turkey (FRIT) mobilized €6 billion in two tranches (2016–2019), followed by an additional €3 billion package in 2021. When combining IPA cuts with FRIT injections, the *net* financial transfer to Turkey actually increased during the period of its steepest democratic decline. As argued by Saatçioğlu (2020), this signaled to the Turkish leadership that the EU's "red lines" on democracy were flexible, provided that the "red line" on border security was respected.

FRIT funding differs qualitatively from IPA. It is split largely between: humanitarian assistance – the Emergency Social Safety Net (ESSN), providing cash transfers to refugees – and border management – procurement of surveillance technology, coast guard vessels, and border wall infrastructure. This shift represents a move from transformative power (changing the regime's nature) to stabilization (managing the regime's externalities).

Feature	**Accession Funding (IPA)**	**Transactional Funding (FRIT)**
Primary Logic	**Logic of Consequences** (Normative / Democratization)	**Logic of Containment** (Security / Stabilization)
Target Area	Institutional Capacity, Rule of Law, Civil Society	Humanitarian Aid (ESSN), Border Management, Surveillance
Trajectory (Post-2016)	**Strategic Cut:** Envelope reduced by approx. €1.3bn to signal disapproval of backsliding.	**Strategic Scale-Up:** Mobilization of €6bn+ to secure co-operation on migration.
Conditionality Type	**Normative Conditionality:** "Fundamentals First" (Reform-driven)	**Transactional Conditionality:** "Money-for-Containment" (Performance-driven)
Policy Outcome	**Negative Compliance:** Funds dismissed by leadership; rise in anti-Western rhetoric.	**High Compliance:** Irregular crossings dropped by 90%; consolidation of border security.

Table 3: Comparative Analysis of EU Funding Instruments in Turkey (2011–2024)
Note. Author's compilation based on the forensic analysis of financial flows presented in Chapter 1.3. The table illustrates the divergence between the "sanctioning mechanism" of IPA and the "survival mechanism" of FRIT.

Facing the "Principal-Agent" problem where the Agent (Turkish Government) was no longer trusted, the EU adopted a strategy of rechanneling. Under IPA I, the "Decentralized Implementation System" (DIS) gave Turkish ministries significant control over tendering and contracting. Post-2017, the EU Commission recentralized management.

- Direct Management: The EU Delegation in Ankara took back control of sensitive tenders to prevent corruption and politicization.
- Civil Society Focus: A designated "Civil Society Facility" was ring-fenced to support NGOs, media, and human rights defenders directly.

Evaluation**:** While well-intentioned, this created a "dual reality." The Turkish state received billions for migration (strengthening its coercive capacity at the borders) while Turkish civil society received millions to fight for rights (often against that same state). The imbalance in volume meant the "security" signal drowned out the "democracy" signal (Yilmaz & Soyaltin-Colella, 2020).

Did Conditionality Work?

Evaluating the "Money-to-Policy" mechanism reveals three distinct outcomes: 1) in the domain of migration, where conditionality was transactional (Money = Border Control), compliance was high. Irregular crossings into Greece dropped by over 90% following the 2016 Statement (European Commission, 2020). This confirms that financial incentives *do* work when aligned with the recipient regime's survival strategies. 2) in the domain of democratization, where conditionality was normative (Money = Reform), the result was negative compliance. The cut in IPA funds was dismissed by President Erdoğan as insignificant compared to the strategic value of the refugee deal. The withdrawal of funds was framed domestically not as a valid critique of backsliding, but as Western "double standards," fueling nationalist rhetoric. 3) the aggregate effect of EU funding policies has been the stabilization of an "authoritarian equilibrium" (Börzel & Lebanidze, 2017). By ensuring the economic burden of the refugee crisis did not collapse the Turkish economy, the EU inadvertently contributed to the regime's resilience.

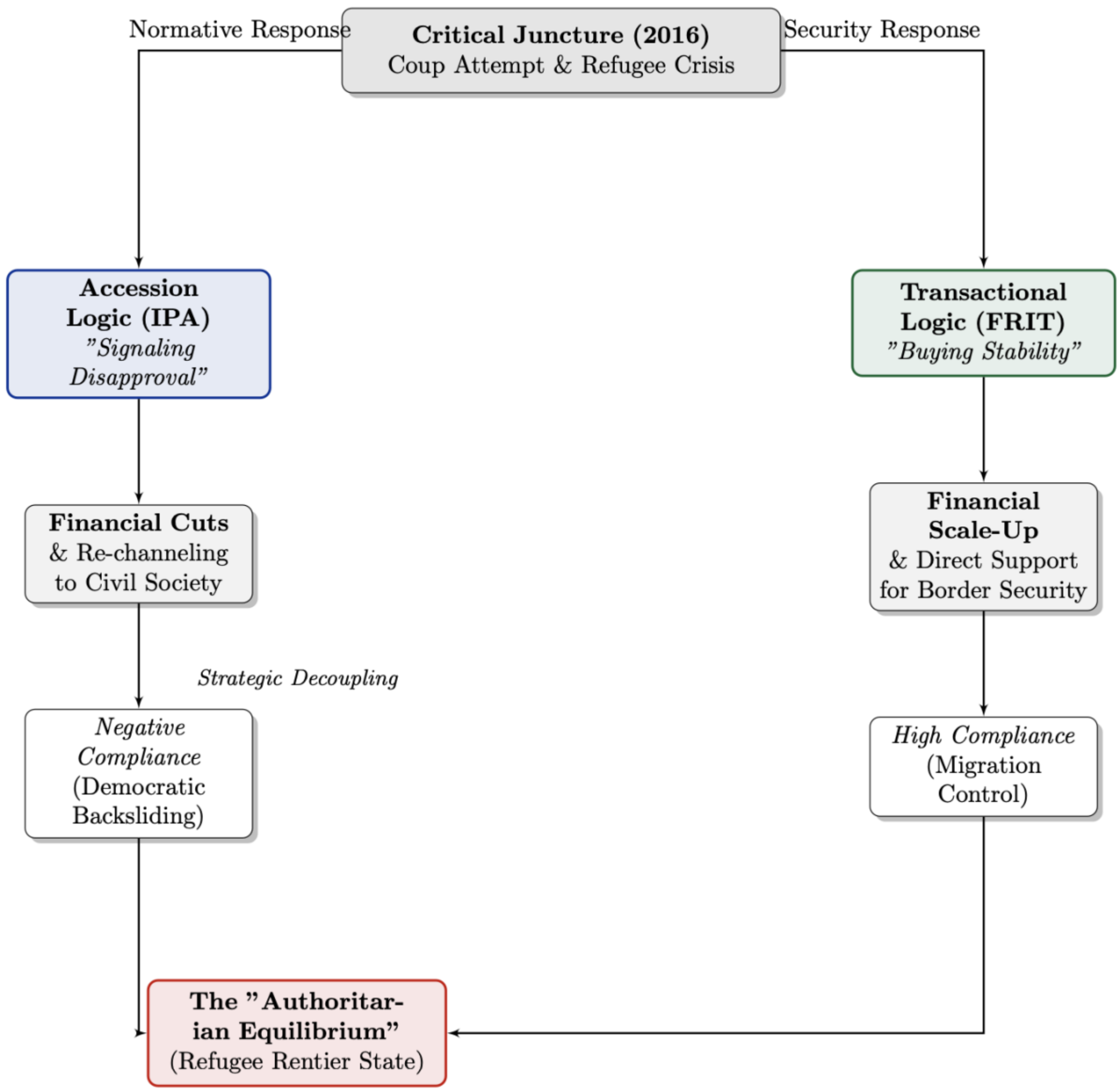

Figure 1: The Mechanism of Strategic Decoupling in EU-Turkey Relations

This section finds that EU funding in Turkey was split between two opposing objectives, creating a fractured policy approach. Through IPA cuts, the EU attempted to signal *normative disapproval* of the regime's trajectory. While through FRIT, the EU provided the *material support* necessary for the regime to manage a potential destabilizing factor (refugees). Ultimately, the "Refugee Rentier State" model (Tsourapas, 2019) prevailed. The Turkish case demonstrates that when security interests compete with democratic norms, the sheer volume of "crisis funding" overwhelms the logic of "accession conditionality." The EU did not buy reform; it bought time and distance from the Syrian crisis.

If Turkey represents the "frozen accession" model of external governance, Tunisia represents the quintessential "neighbourhood" dilemma. Between 2011 and 2024, the European Union (EU) committed approximately €4–5 billion in grants and Macro-Financial Assistance (MFA) to

Tunisia (European Commission, 2024). This volume made Tunisia one of the highest per-capita recipients of EU aid in the world, reflecting its status as the "success story" of the Arab Spring. However, the trajectory of this funding reveals a profound shift in the EU's strategic calculus. This chapter analyzes how the EU's financial instrument—initially deployed to incentivize deep democratization under the "More-for-More" principle—morphed into a tool for regime stabilization and migration containment following the democratic backsliding of 2021. By tracing the evolution from the *Privileged Partnership* (2012) to the *Memorandum of Understanding* (2023), this case study demonstrates that in the absence of an accession anchor, conditionality is highly elastic, bending rapidly to the pressures of economic fragility and migratory risks.

Phase I: The "More-for-More" Era (2011–2019)

After the 2011 Revolution, the EU wanted to quickly support Tunisia's transition to democracy. They operated under a new policy called "More-for-More," which was simple: the more reforms Tunisia made, the more money it received. In most countries, the EU funds specific projects. In Tunisia, however, they chose to use Direct Budget Support. This meant sending money directly to the Tunisian Treasury rather than to separate agencies, for which Tunisia had to meet specific conditions, such as keeping the economy stable and passing laws to fight corruption or ensure independent courts. Between 2011 and 2017, the amount of money the EU gave Tunisia tripled compared to before the revolution, reaching about €300 million per year. The EU's hope was that by giving money directly to the government, they would strengthen the new democracy's ability to run the country effectively.

Dimension	Phase I: The "More-for-More" Era (2011–2019)	Phase II: The "Stability Turn" (2021–2024)
Strategic Objective	**Deep Democratization:** Incentivizing institutional reform and strengthening the new parliament.	**Regime Stabilization:** Preventing state collapse and containing migration flows.
Key Instrument	**Direct Budget Support (DBS):** Transfers to Treasury conditioned on legislative reforms.	**Strategic MoU & Team Europe:** Project-based aid and border management packages.
Conditionality	**Positive Conditionality:** "More reforms = More funds" (Normative).	**Negative/Transactional Conditionality:** Funding tied to curbing migration departures (Pragmatic).
Domestic Partner	**State Institutions:** Focus on capacity building for the administration and judiciary.	**The Executive:** Bypassing dissolved parliament; direct engagement with the Presidency.
Outcome	**The Delivery Gap:** Solvent state but structural inequality remained unaddressed.	**Reverse Agency:** EU funds inadvertently consolidated centralized executive power.

Table 4: Evolution of EU Funding Logic in Tunisia (2011–2024)

Despite the influx of capital, scholars argue that the "More-for-More" approach suffered from a delivery gap. Del Sarto (2016) posits that while the EU provided funds, it failed to offer the market access (Deep and Comprehensive Free Trade Area - DCFTA) necessary to solve Tunisia's structural economic crisis. Consequently, EU funding became a palliative measure—keeping the state solvent without addressing the root causes of the 2011 uprising (regional inequality and youth unemployment).

Phase II: The Crisis of 2021 and the "Stability Turn"

The critical juncture of July 25, 2021—when President Kais Saied assumed executive powers—presented a test for EU conditionality that theoretically demanded a suspension of funds. However, instead of halting aid in response to this democratic backsliding, the EU adopted a strategy of "constructive ambiguity," pivoting from strict penalties to pragmatic adaptation. Brussels rebranded its assistance by shifting focus from institutional reform to urgent priorities like macro-economic stability and food security, most notably through the 2022 mobilization of a €100 million "Food and Resilience Facility." This transition signaled a fundamental change in the funding's purpose: rather than incentivizing democratic governance, the EU prioritized "resilience" to prevent state collapse in a strategically vital partner. The definitive move away from normative conditionality occurred in July 2023 with the signing of the Memorandum of Understanding (MoU) on a Strategic and Comprehensive Partnership. The 2023 Memorandum of Understanding (MoU) marked a decisive shift in Tunisia's status from a development partner to a high-level geopolitical security priority. Negotiated by the "Team Europe" leadership—including Commission President von der Leyen and the Italian and Dutch Prime Ministers—the agreement outlined five pillars of cooperation, ranging from trade and green energy to migration. Conspicuously absent, however, was a standalone pillar for "Democracy and Rule of Law," which had been the foundation of previous agreements. Instead, the deal focused on stability, offering a potential €900 million financial package and an immediate €105 million specifically allocated for border management. While the MoU theoretically covered various sectors, the immediate financial disbursements were heavily skewed toward migration control. Mirroring the strategy used in Turkey, funds were directed toward equipping the Tunisian National Guard with patrol boats and surveillance systems. This created a dynamic of "negative conditionality," where continued funding depended on curbing irregular departures from Sfax rather than enacting democratic reforms. Consequently, the financial tap remained open despite reports of human rights abuses, such as the expulsion of migrants to desert borders. Furthermore, because the Tunisian parliament had been dissolved, the EU bypassed legislative oversight and engaged directly with the Executive. This resulted in a "reverse agency" problem, where EU funds inadvertently consolidated the President's centralized power rather than fostering democratic accountability.

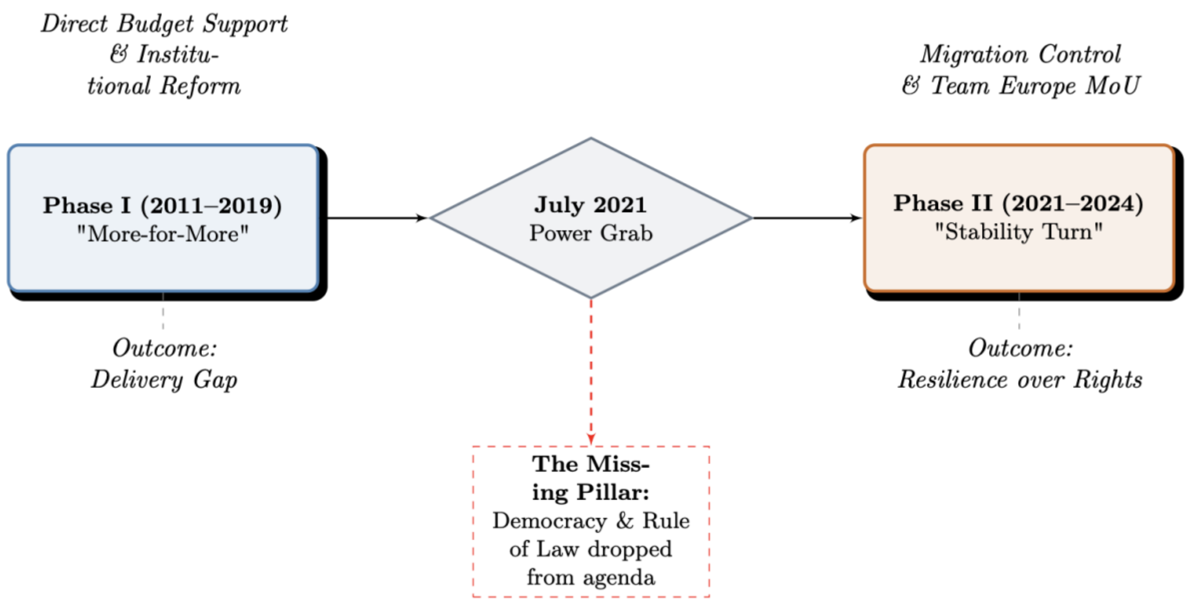

Figure 2: The Trajectory of EU Strategic Calculus in Tunisia: From Transformation to Transaction
Note. This diagram visualizes the "pivot" in EU policy. The 2021 executive power grab served as the critical juncture where the EU replaced normative conditionality with "constructive ambiguity," resulting in the 2023 MoU which prioritized migration control over the previously central "Democracy" pillar.

The analysis of funding policies in Tunisia (2011–2024) illustrates the definitive collapse of the "More-for-More" paradigm. As visualized in figure 2, the EU's strategic calculus has undergone a fundamental transformation, shifting from a normative framework of democratization to a pragmatic logic of containment. The figure maps this trajectory across two distinct phases, highlighting how the "critical juncture" of the 2021 constitutional crisis prompted a pivot toward "constructive ambiguity" rather than the imposition of sanctions.

This visual trajectory encapsulates three theoretical implications found in the data:

1. Flexibility over Rigidity: The continuity of funding flows despite the 2021 rupture demonstrates that when faced with a choice between sanctioning democratic backsliding and stabilizing a faltering economy, the EU prioritized the latter.
2. The Security Imperative: The "Stability Turn" depicted in Phase II reflects the geographic reality that Tunisia's proximity to Italy (Lampedusa) creates a mutual dependency, which the Tunisian leadership successfully leveraged to secure funds without reform.
3. Instrumentalization: The shift from "Institutional Reform" to "Migration Control" (as shown in the bottom pathway of the figure) confirms that funding has evolved from a tool of *transformation* (creating a European-style democracy) to a tool of *transaction* (buying border security and energy access).

The case demonstrates that in the Southern Neighbourhood, "resilience" has effectively replaced "democracy" as the primary objective of financial statecraft."

6. Comparative Analysis

This study began with a puzzle: Why has the European Union (EU) continued to fund two key partners—Turkey and Tunisia—despite their significant democratic backsliding between 2011 and 2024? The preceding case studies traced the empirical "money trails" in two institutionally distinct settings: a candidate country theoretically subject to strict accession conditionality (Turkey) and a neighbourhood partner governed by flexible partnership logic (Tunisia). This chapter synthesizes those findings. It argues that while the *mechanisms* of funding adjustment differed—symbolic sanctioning in Turkey versus adaptive continuity in Tunisia—the strategic outcome was identical. In both cases, the normative ambition of "External Governance" was hollowed out by the material imperatives of migration management and security. This convergence suggests that the institutional distinction between "Enlargement" and "Neighbourhood" is increasingly irrelevant in the face of the EU's "Stability-Democratization Dilemma" (Börzel & Lebanidze, 2017). The comparative power of this study lies in contrasting the "Accession Logic" with the "Neighbourhood Logic." The data confirms that the institutional framework dictates how the EU reacts to non-compliance, even if the end result is similar. In Turkey, the funding relationship was trapped in the rigid binary of "Accession." Because the Instrument for Pre-Accession Assistance (IPA) is legally tied to the *acquis communautaire*, the EU was forced into a performative corner.

The comparative power of this study lies in contrasting the "Accession Logic" applied to Turkey with the "Neighbourhood Logic" applied to Tunisia. The data confirms that while the institutional framework dictates *how* the EU reacts to non-compliance, the end result is often similar. In Turkey, the funding relationship was trapped in the rigid binary of accession. Because the Instrument for Pre-Accession Assistance (IPA) is legally tied to the acquis Communautaire, the EU was forced into a performative corner. This created a "credibility trap," as Schimmelfennig and Sedelmeier (2020) argue: conditionality only works when the reward of membership is credible. Once that prospect vanished, the threat of funding cuts lost its sting. Consequently, the EU responded to Turkey's democratic erosion with highly visible but financially negligible cuts to IPA funds. These sanctions were largely symbolic because, as shown in previous chapters, they were simultaneously offset by billions in "off budget" migration funding through the Facility for Refugees in Turkey (FRIT). The rigid framework necessitated a diplomatic clash, forcing the creation of a parallel, transactional structure to maintain cooperation.

In contrast, the absence of an accession anchor in Tunisia paradoxically made the funding relationship more resilient to political shocks. Operating under the European Neighbourhood Instrument (ENI/NDICI) allowed for a more adaptive strategy defined by fluid reprogramming. When the "More-for-More" logic failed following President Saied's consolidation of power in 2021, the EU avoided the need to announce formal sanctions. Instead, it quietly pivoted its objectives from "Democratic Reform" to "Resilience" and "Stability." Unlike the confrontational stance taken with Ankara, Brussels adopted a risk-averse approach with Tunis, fearing that withdrawing funds would precipitate state collapse and trigger a subsequent migration wave. Thus, while the legal pathways differed, both frameworks ultimately bent toward pragmatism.

Dimension	Turkey (Accession Logic)	Tunisia (Neighbourhood Logic)
Institutional Framework	**Rigid Binary:** Legally tied to the *acquis communautaire* and strict conditionality.	**Adaptive Flexibility:** Absence of an accession anchor allows for fluid policy reprogramming.
Response to Backsliding	**Performative Sanctioning:** Forced into visible "symbolic" cuts to signal normative disapproval.	**Quiet Pivot:** Avoided formal sanctions; shifted objectives from "Reform" to "Resilience."
Structural Adaptation	**Parallel Structures:** Creation of off-budget instruments (FRIT) to bypass frozen accession funds.	**Internal Reprogramming:** Reallocating existing envelopes (NDICI) toward stability without new legal structures.
Underlying Driver	**The Credibility Trap:** Loss of membership incentive neutralized the leverage of funding cuts.	**Risk Aversion:** Fear of state collapse and migration waves prevented withdrawal of funds.
Final Outcome	*Convergence toward Transactional Pragmatism*	

Table 5. Comparative Analysis of Institutional Logics: Turkey vs. Tunisia

Despite evident institutional differences, the dependent variable—Policy Outcome—has clearly converged across both cases. Both nations successfully established a "Reverse Conditionality" dynamic (Lavenex, 2016), utilizing their geographic positions to extract financial rents irrespective of domestic governance standards. Turkey set the precedent in 2016 with the EU-Turkey Statement, which established that migration control could be effectively decoupled from human rights compliance. Seven years later, the 2023 Memorandum of Understanding (MoU) with Tunisia replicated this model. The prompt disbursement of funds for border management in Tunisia, despite the absence of an IMF agreement or democratic restoration, serves as proof that migration control acts as a "trump card" over normative conditionality (Zribi, 2023). Analysis of the financial data reveals a cross-cutting trend best described as the securitization of development funds. In Turkey, IPA funds originally designated for "Integrated Border Management" (IBM) to align with EU standards were repurposed to build physical walls and surveillance systems. Similarly, in Tunisia, "Border Management" moved from being a sub-component of security reform to a central pillar of the partnership. This confirms the hypothesis that EU funding is increasingly serving the internal security interests of Member States—specifically the reduction of arrivals—rather than the developmental interests of the partner country (Parmentier, 2020).

The comparative analysis further exposes the structural limitations of the EU's financial toolkit, highlighting a "Goldilocks" problem regarding the scale of incentives. For a large economy like Turkey, IPA funds—amounting to less than 0.5% of GDP—were never sufficient to offset the domestic political costs of democratization, such as the potential loss of power. Conversely, for a smaller, dependent economy like Tunisia, EU funds were critical for solvency. However, this dependency created a "Moral Hazard," where the Tunisian government understood that the EU considered them "too big to fail" due to geopolitical concerns, and thus would not cut funding even in the face of democratic backsliding. Furthermore, the relationship suffered from a classic Principal-Agent failure, where the Principal (the EU) fell victim to Adverse Selection. The EU prioritized partners like Erdoğan and Saied who could deliver immediate stability over those who promised long-term democratic uncertainty. By funding the central state apparatus to manage migration, the EU inadvertently strengthened the coercive capacity of the very "Agents" undermining the "Principal's" normative goals (Börzel, 2015).

This comparison signals the end of the "Golden Age" of EU external governance. The data suggests that the EU has moved from a Transformative Model, where funding is a reward for becoming "like us," to a Transactional Model, where funding is a payment for doing "what we need," such as keeping migrants out. While Turkey arrived at this destination through a noisy diplomatic rupture and Tunisia arrived through a quiet bureaucratic slide, the destination is the same. EU funding is no longer an instrument of exporting governance, but an instrument of shielding the EU from external instability.

Policy Effectiveness and Consequences

The central inquiry of this study has been to evaluate whether EU funding serves as an effective instrument of external governance. Having mapped the financial flows (Chapters 4-6) and compared the strategic logics (Chapter 7), this chapter addresses the ultimate question of impact. Despite investing billions of euros in Turkey and Tunisia between 2011 and 2024, the empirical record suggests a widening "Capability-Expectations Gap" (Hill, 1993). While the EU succeeded in specific, transactional objectives—primarily migration containment—it failed to achieve its core normative goal: deep, sustainable political reform. This chapter argues that this failure is not merely a result of insufficient funds, but the product of inconsistent incentive structures and the "technocratic fallacy." Furthermore, it identifies critical unintended consequences – specifically the depoliticization of reform and the distortion of civil society dynamics—that may have long-term deleterious effects on democracy in the Southern Neighbourhood. To measure effectiveness, one must compare outcomes against stated objectives. In both cases, the objective was "Deep Democracy" (European Commission, 2011). In Turkey, the effectiveness of the Instrument for Pre-Accession Assistance (IPA) relied on the "credible commitment" of membership (Schimmelfennig & Sedelmeier, 2004). As this credibility evaporated, EU funding lost its leverage. The funding encouraged a culture of "mock compliance," where the Turkish bureaucracy adopted the *forms* of EU regulations (e.g., establishing data protection authorities) without the *substance*(independence from the executive). Funding continued to flow into a judicial system that was simultaneously being dismantled by the executive, rendering the investment in "capacity building" actively counter-productive (Saatçioğlu, 2020).

In Tunisia, the "More-for-More" principle theoretically incentivized reform. However, effectiveness was undermined by the EU’s focus on technical outputs rather than political outcomes.

- Institutional Potemkin Villages: The EU poured resources into constitutional bodies (e.g., the Anti-Corruption Authority, INLUCC) which looked impressive on paper but lacked the political power to challenge the executive. When President Saied froze these institutions in 2021, the fragility of this "technocratic democracy" was laid bare (Yerkes, 2022).

A primary driver of policy ineffectiveness was the incoherence of the signals sent by Brussels. The EU attempted to play a "two-level game" that created cognitive dissonance for partner governments.

- The Signal: "We will cut funding if you violate human rights" (Normative Conditionality).
- The Counter-Signal: "We will increase funding if you stop migrants" (Security Conditionality). Because the financial rewards for security cooperation (FRIT in Turkey, Border Management in Tunisia) often outweighed the penalties for democratic backsliding, the incentive structure was fundamentally distorted. Regimes correctly calculated that they could ignore normative demands as long as they remained useful security partners (Börzel & Lebanidze, 2017).

As trust in central governments eroded, the EU increasingly utilized "bypass" mechanisms, channeling funds through International Organizations (IOs) and NGOs. While intended to ensure fiduciary integrity, this approach had negative structural effects. By creating parallel implementation structures (e.g., the Facility for Refugees in Turkey channeling funds via the Red Crescent and UN agencies), the EU implicitly relieved the state of its welfare responsibilities. This creates a moral hazard where the state can abdicate its social duties to external donors while focusing its own budget on coercion and security. As noted by reaching (2018), this "substitution effect" hinders the development of a social contract between the state and its citizens. Beyond the failure to achieve primary goals, the funding strategies generated significant negative externalities. EU funding frameworks tend to frame deeply political struggles as technical capacity problems—a phenomenon Ferguson (1990) famously termed the "Anti-Politics Machine." In both Turkey and Tunisia, EU projects focused on "modernizing the judiciary" (buying computers, training judges in case management) rather than addressing the political subordination of the courts. This allowed authoritarian leaders to accept EU money and claim to be "reforming" without ever relinquishing control. It legitimized the regime's discourse of modernization while obscuring the reality of power consolidation (Kurki, 2011). Perhaps the most damaging unintended consequence occurred within civil society. As the EU diverted funds away from governments and toward the "third sector," it fundamentally altered the nature of civic activism. To access complex EU grants (EIDHR, Civil Society Facility), organizations in Turkey and Tunisia had to professionalize. They needed English-speaking staff, professional accountants, and grant-writing expertise. This created a class of "donor-darlings"—elite NGOs in Istanbul and Tunis that are highly responsive to Brussels' priorities (e.g., gender mainstreaming, climate resilience) but increasingly disconnected from the grassroots struggles of the Anatolian or Tunisian interior (Doyle, 2016). This "projectization" of civil society has made resistance dependent on external funding cycles. When EU priorities shift (e.g., from human rights to migration), the civil society agenda is forced to pivot, weakening organic democratic movements (Yilmaz & Soyaltin-Colella, 2020). The EU's reliance on funding as a primary tool of governance is structurally flawed. By treating political transformation as a purchasable commodity, the EU fell into a technocratic trap. In Turkey and Tunisia, funding did not fail simply because of "bad apples" in government. It failed because the instrument itself—

bureaucratic, slow, and risk-averse—was ill-suited to the raw power politics of the region. The resulting unintended consequences—a depoliticized reform agenda and a co-opted civil society—suggest that in the absence of genuine political leverage, money is not a substitute for strategy.

7. Discussion

This study set out to investigate the function of EU funding as an instrument of external governance in Turkey and Tunisia, utilizing a comparative analysis between 2011 and 2024. The study was driven by a central puzzle: why EU financial flows persisted, and in some sectors increased, despite the significant erosion of democratic standards in both partner countries. The empirical evidence presented in the preceding chapters supports a sobering conclusion. The era of EU funding as a primary driver of democratic transformation—a model predicated on the "Golden Age" of Eastern Enlargement—has effectively closed. It has been replaced by a paradigm of risk management and transactional stabilization. This chapter synthesizes these findings and discusses their implications for the theory of External Governance. The core implication of the data is that EU funding is no longer primarily designed to transform the domestic structures of Turkey and Tunisia, but to manage the risks emanating from them. This aligns with Rosi et al., (2016) conceptualization of the EU establishing a "ring of friends" that function essentially as buffer states. The funding logic observed in the Facility for Refugees in Turkey (FRIT) and the EU-Tunisia MoU (2023) prioritizes "resilience"—defined as the capacity of the state to absorb shocks (migration, terrorism)—over "convergence" with EU democratic norms (Dandashly, 2018). Van Hüllen (2019) argues that external governance relies on a cost-benefit calculation. This study confirms that in high-stakes contexts, the cost of democratization (potential regime collapse or loss of power for elites like Erdoğan or Saied) far outweighs the benefits of EU funding. Consequently, the EU has adjusted its own calculus: paying for stability is cheaper than paying for the consequences of instability.

The comparative analysis of Turkey and Tunisia reveals the limits of financial conditionality as a coercive tool. Conventional conditionality theory assumes the applicant state needs the EU more than the EU needs the applicant. This study demonstrates that migration has reversed this asymmetry (Lavenex, 2016). Turkey and Tunisia effectively utilized their position as "gatekeepers" to neutralize the EU's financial leverage. The EU faces a "commitment trap." Once funding is framed as essential for *European* security (e.g., border management), the EU cannot credibly threaten to cut it without hurting its own interests. Thus, conditionality becomes "cheap talk"—a rhetorical device for domestic European consumption rather than a genuine diplomatic lever (Börzel & Lebanidze, 2017).

8. Conclusion

This dissertation has conducted a systematic policy evaluation of EU funding in Turkey and Tunisia (2011–2024), utilizing a "Most Different Systems" design to isolate the impact of funding across different institutional frameworks. The study concludes that the formal institutional architecture (Accession vs. Neighbourhood) is less deterministic than previously thought. While Turkey faced "formal" cuts to its accession funds (IPA) and Tunisia faced "reprogramming" of its neighbourhood funds (NDICI), the *net result* was identical: a shift toward migration-centric, executive-led funding streams that bypassed democratic conditionality. There is a clear decoupling between *normative rhetoric* and *financial reality*. While EU progress reports became increasingly critical of human rights violations in both Ankara and Tunis, financial commitments to the security apparatuses of both regimes remained robust. Funding continues to serve a vital function, but it is a stabilizing one, not a transformative one. It prevents total economic collapse and sustains basic services for vulnerable populations (e.g., refugees), but it does not purchase political reform. Eventually, this paper demonstrates that EU funding is a blunt instrument trying to perform a delicate political surgery. Without a credible "Golden Carrot" (membership for Turkey, or full market access/freedom of movement for Tunisia), the financial incentives are insufficient to induce elites to undertake reforms that threaten their survival. The "Stop-Go" nature of funding—where democracy funds are cut while migration funds are boosted—sends confused signals that savvy authoritarian leaders easily exploit. If EU funding is to regain any transformative potential, future frameworks must address these structural flaws. The current trajectory suggests a permanent entrenchment of "transactionalism," where the EU acts not as a normative hegemon, but as a pragmatic donor paying rent for regional stability. Future research must therefore move beyond asking "how much" the EU spends, to scrutinizing the "political economy" of these flows: specifically, how EU tax-payer money inadvertently sustains the very authoritarian equilibriums it seeks to dismantle. The EU remains a "Payer," but in the Southern Neighbourhood, it is no longer a "Player" capable of dictating the rules of the game.

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