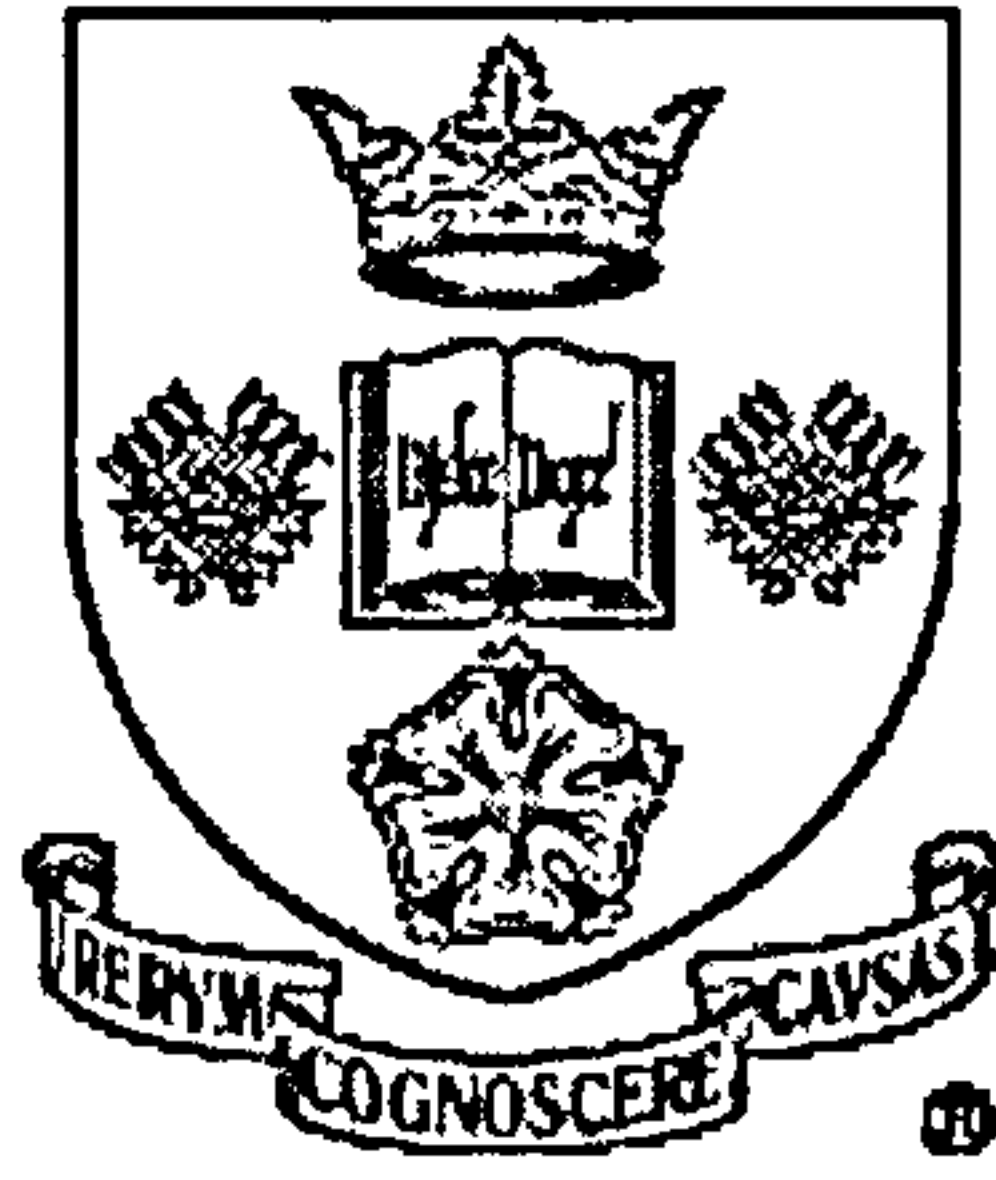


EU Eastern Enlargement in Theory and Practice: A policy of administrative conditionality?



— VOLUME I —

A thesis submitted for the degree of Doctor of Philosophy

The University of Sheffield
Faculty of Social Sciences
Department of Politics

Michael J. Steffens
Rm403, No 1, Lane 451
Fu Xing Dong Lu
Shanghai
200010
China
Tel. 0086-21-6373 1383
Fax. 0086-21-6373 1383
Mobile 0086-136-3651 7334
Email: m.j.steffens@gmx.de
Website: <http://www.steffens-online.net>

UCARD No. 990110749

Date of Submission:
Sheffield, 27 March 2006

Volume I

Summary Table of Contents

<i>List of figures</i>	v
<i>List of tables</i>	v
<i>Abbreviations</i>	viii
<i>Acknowledgements</i>	xi
<i>Abstract</i>	xiii

Chapter 1: Reforming the EU's pre-accession strategy	16
--	----

Part I: Theory and methodology 31

Chapter 2: The triangulation of quantitative and qualitative research	34
Chapter 3: EU policy-making towards Central and Eastern Europe	51
Chapter 4: Governing by conditions, transfer and new forms of governance	80

Part II: Analysis 115

Chapter 5: Financial assistance, association and conditionality, 1989-1996	118
Chapter 6: Agenda 2000 and the reform of Phare in 1997	147
Chapter 7: The twinning of institutions in the accession process	187
Chapter 8: The twinning exercise as an instrument of accession	215
Chapter 9: The importance of policy transfer in the enlargement process	242

Volume II

Bibliography	258
Part III: Appendices	337
Part IV: Annexes	397

Full table of contents

<i>List of figures</i>	v
<i>List of tables</i>	v
<i>Abbreviations</i>	viii
<i>Acknowledgements</i>	xi
<i>Abstract</i>	xiii

Chapter 1: Reforming the EU's pre-accession strategy	16
1 The focus of research	19
1.1 Hypotheses	19
1.2 Dependent and independent variables	21
2 Towards an analysis of public policy reform in the European Union	22
2.1 Theoretical assumptions	22
2.2 Modes of governance in the European Union	24
2.3 Conditionality, policy transfer and new forms of governance	25
3 The triangulation of quantitative and qualitative research	28
4 Conclusion and outline of the thesis	29

Part I: Theory and methodology **31**

Chapter 2: The triangulation of quantitative and qualitative research	34
1 Introduction	34
1.1 Epistemological considerations	34
1.2 Research design	36
2 The research methodology	37
2.1 The case study method	38
2.2 Elite interviewing	41
2.3 Document analysis	43
2.4 Quantitative data analysis	46

3	Triangulating and mixed-research methods	47
4	Conclusion	49
Chapter 3: EU policy-making towards Central and Eastern Europe		51
1	Introduction	51
2	Comparative politics approaches to the study of the EU	53
2.1	Theorizing EU decision-making	53
2.2	The new institutionalisms	54
2.3	Two logics of decision-making: Appropriateness and anticipated consequences	58
3	EU governance and comitology	59
3.1	Governing by committees: Implementing the EU's external governance	60
3.2	Lesson drawing, policy transfer and institutional isomorphism as methods of policy formulation and implementation	64
3.3	Agents of transfer	69
4	External governance in the European Union	70
4.1	External governance and the boundaries of integration	71
4.2	The conditional nature of enlargement processes	74
4.3	New forms of governance	76
5	Conclusion	78
Chapter 4: Governing by conditions, transfer and new forms of governance		80
1	Introduction	80
2	Internal governance	83
2.1	Alternative Explanation 1: Evidence-based policy making	85
2.2	Alternative Explanation 2: Lesson-drawing	88
2.3	Alternative Explanation 3: Intergovernmental bargaining	90
2.4	Alternative Explanation 4: Deliberative supranationalism	92
3	External governance	93
3.1	Alternative Explanation 1: Governance by conditionality	95
3.2	Alternative Explanation 2: Persuasion and social learning	97
3.3	Alternative Explanation 3: New forms of governance	99
4	The transfer of institutional models to CEE applicants	102
4.1	Domestic obstacles to institutional transfers	104
4.2	Institutional reform, transfer, innovation and domestic outcomes	106
4.3	Alternative hypotheses: two basic policy outcomes	107

5 Conclusion	110
5.1 The three faces of enlargement policies	110
5.2 The synthesis of theories and the explanation of the policy process	113

Part II: Analysis **114**

Chapter 5: Financial assistance, association and conditionality, 1989-1996 **117**

1 Introduction	117
2 The evolution of conditionality in the EU's relations with CEECs	118
2.1 An international aid initiative: G-24 aid and political conditionality	120
2.2 The demand-driven approach of Phare, 1989-1996	124
2.3 The EBRD, the EIB and the international aid effort	126
3 The establishment of EU membership conditionality	128
3.1 The emergence of accession criteria: Greece and the Southern Enlargement	128
3.2 EFTA enlargement: Austria, Finland and Sweden	130
3.3 Eastern enlargement and the consolidation of the accession criteria	132
4 Administrative conditionality: EU enlargement and public administrations	134
4.1 The creation of the pre-accession strategy	135
4.2 The obligations of membership	139
4.3 Targeting the lack of administrative capacity	140
5 Conclusion	144

Chapter 6: Agenda 2000 and the reform of Phare in 1997 **146**

1 Introduction	146
2 The establishment of explicit conditionality	148
2.1 The objectives of the 1997 reform	149
2.2 Specifying the accession criteria	152
2.3 Establishing a programming framework	157
3 Reforming the Phare programme	161
3.1 Evaluating the effectiveness of Phare	162
3.2 The accession-driven focus within Phare	163
3.3 Operational changes introduced in 1997	169
4 Strengthening the EU's administrative conditionality	175
4.1 Regular Reports and administrative conditionality	175

4.2	Programming of the financial instruments	178
4.3	The implementation of the Phare programme	179
5	Conclusion	182
5.1	Internal governance: Reforming the pre-accession strategy	182
5.2	External governance: The instruments of the EU's enlargement strategy	184

Chapter 7: The twinning of institutions in the accession process **186**

1	Introduction	186
2	The formulation of the twinning exercise	187
2.1	Twinning as a delivery method in bilateral cooperation	188
2.2	The establishment of the twinning concept	190
2.3	Reactions of the member states	192
3	Explaining the design of implementation procedures	195
3.1	Introducing the implementation procedures	195
3.2	The selection of twinning partners	197
3.3	Reformulating the twinning procedures	203
4	Conclusion	207

Chapter 8: The twinning exercise as an instrument of accession **214**

1	Introduction	214
2	External governance: twinning as an instrument of accession	215
2.1	Governance by conditionality	215
2.2	Persuasion and social learning	220
2.3	New forms of governance	224
3	The main actors in a twinning project	227
3.1	The role of the member states during implementation	227
3.2	The implementation at sectoral level	233
3.3	Lessons from implementation	234
4	Conclusion	237

Chapter 9: The importance of policy transfer in the enlargement process **241**

1	Introduction	241
2	The twinning exercise in theoretical perspective	242
2.1	Theoretical considerations	242
2.2	The role of policy transfer in the policy process	243

2.3 The findings of the thesis _____	245
3 The hypotheses evaluated: the role of knowledge in the policy process _____	246
3.1 Internal governance: the introduction of the twinning exercise _____	246
3.2 External governance: twinning as an instrument of accession _____	248
3.3 The argument and overall findings of the thesis _____	249
4 Conclusion _____	252

Volume II

Bibliography	255
Part III: Appendices	338
Part IV: Annexes	398

List of Figures

Figure 1: EU enlargement map	18
Figure 2: The triangulation of research methods	48
Figure 3: From lesson-drawing to coercive transfer	68
Figure 4: Policy input, policy output and the impact on candidate countries	81
Figure 5: Mode of domestic reforms, modes of transfer and different degrees of convergence	106
Figure 6: G-24 Assistance, % of total assistance (1990-1996).	121
Figure 7: Organigram of DG 1A in 1998 – relevant departments	151
Figure 8: Phare's Programming Cycle	172
Figure 9: National programme commitments by country, in million EUR and % in 2000	179
Figure 10: Commitments by programme type, in EUR million and in % of total, in 2000	181
Figure 11: Member states (as project leaders), 1998-2002	228
Figure 12: France (as project leader), 1998-2002	230
Figure 13: United Kingdom (as project leader), 1998-2002	231
Figure 14: Latvia (MS as project leaders), 1998-2002	232
Figure 15: Twinning projects per sector, 1998-2001	233

List of Tables

Table 1: Integration theory, behavioural assumptions and concepts	59
Table 2: Models of decision-making, modes of governance, strategies and responses	82
Table 3: The internal governance of the EU	84
Table 4: The external governance of the EU	94
Table 5: Domestic outcomes in CEE	108
Table 6: Internal governance – Overview of alternative working hypotheses	111
Table 7: External governance – Overview of alternative working hypotheses	112
Table 8: Domestic outcomes – Overview of alternative working hypotheses	113
Table 9: Europe Agreements and official membership applications	124
Table 10: The development of the EU's relations with CEE	127
Table 11: Former enlargements of the EU and the incorporation of East Germany	129
Table 12: Phare Programme Commitments, 1990-2000 (in million EUR)	138
Table 13: Timeline on the reform of the pre-accession strategy and related events	161
Table 14: Developments in Phare, 1997-2000	168
Table 15: Internal governance – elements of the 1997 reform and modes of governance	183
Table 16: External governance – instruments after 1997 and modes of governance	185

Table 17: Reactions of the member states to the twinning concept	193
Table 18: Main steps and responsibilities in Twinning	202
Table 19: The formulation of twinning procedures and modes of governance	209
Table 20: Twinning budget for projects from 1998-2003	218
Table 21: Elements of the twinning instrument and modes of governance	238
Table 22: The agents of transfer in internal and external governance	249

—For my wife Liping. —

Abbreviations

AA	Auswärtiges Amt.
ADB	Asian Development Bank
APs	Accession Partnerships
Adetef	Assistance au développement des échanges en technologies économiques et financières
BMWi	Bundesministerium für Wirtschaft
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
CAP	Common Agricultural Policy
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CBC	Cross-Border Cooperation
CC	Candidate country
CEC	Commission of the European Communities
CEE	'Central and Eastern Europe' <i>or</i> 'Central and Eastern European'
CEEC-8	The eight Central and Eastern European states which entered in May 2004.
CEECs	Central and Eastern European Countries
<i>cf.</i>	<i>confer</i> = Latin for <i>compare with</i>
CFCU	Central Financing and Contracting Unit
CFSP	Common Foreign and Security Policy
CIDA	Canadian International Development Agency
CSCE	Conference on Security and Cooperation in Europe
DAC	Development Assistance Committee
DCP	Draft Common Position
DEC	Delegation of the European Commission to a third country
DG	Directorate-General
DG1A	Directorate General 1A — External Relations: Europe and the New Independent States, Common Foreign and Security Policy and External Missions
DFID	Department for International Development
DIS	Decentralised Implementation System
EAGGF	European Agriculture Guidance and Guarantee Fund
EBRD	European Bank for Reconstruction and Development
EC	European Community
ECB	European Central Bank

EDIS	Enhanced Decentralised Implementation System
EEC	European Economic Community
EES	European Employment Strategy
EFTA	European Free Trade Association
EIB	European Investment Bank
EMU	Economic and Monetary Union
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
EU-12	EU member states before the entry of Austria, Finland and Sweden in 1995
EU-15	EU member states in 1995 following
EUCP	European Union Common Position
EUI	European University Institute
FAZ	Frankfurter Allgemeine Zeitung
FCO	Foreign and Commonwealth Office
FM	Financing Memorandum
FRY	Federal Republic of Yugoslavia
FT	Financial Times
GDP	Gross Domestic Product
GDR	German Democratic Republic
GTZ	Gesellschaft für Technische Zusammenarbeit
HI	Historical institutionalism
HQ	Commission Headquarters
IEP	Institut für Europäische Politik
IFIs	International Financial Institutions
IMF	International Monetary Fund
IPE	International Political Economy
IR	International Relations
ISPA	Instrument for Structural Policies for Pre-Accession
JHA	Justice and Home Affairs
LI	Liberal institutionalism
MS	Member States
MTE	Medium-term expert
NAO	National Authorising Officer
NATO	North Atlantic Treaty Organisation

NCP	National Contact Point (Contact person in either a <i>member state</i> or an <i>applicant country</i> in charge of administering the Twinning exercise)
NF	National Fund
NPAA	National Programme for the Adoption of the <i>Acquis</i>
NDP	National Development Plan
OECD	Organisation for Economic Co-operation and Development
OMC	Open Method of Co-ordination
PA	Partnership Advisers
PAA	Pre-Accession Adviser
PCM	Project Cycle Management
Phare	Poland and Hungary Assistance for the Reconstruction of the Economy, Assistance programme for the candidate countries of the EU
PPS	Purchasing Power Standards
PUMA	Public Governance and Management
QMV	Qualified majority voting
RCI	Rational choice institutionalism
RTA	Resident Twinning Advisers
SAI	State Audit Institution
SAP	Stabilisation and Association Process
SAPARD	Special Accession Programme for Agriculture and Rural Development
SC	Social constructivism
SEA	Single European Act
SEM	Single European Market
SEM 2000	Sound and Efficient Management programme
SIGMA	Support for Improvement in Governance and Management
SI	Sociological institutionalism
SIDA	Swedish International Development Co-operation Agency
SME	Small- and Medium-Sized Enterprises
SPP	Special Programme for Preparation to EU Structural Policy
STE	Short-term experts
TACIS	Technical Assistance for the Commonwealth of Independent States
TAIEX	Technical Assistance Information Exchange Office
UN	United Nations

– Acknowledgements –

First and foremost my thanks go to all my interviewees which went to great lengths to make available their valuable time. To mention anyone in particular does usually not honour the crowd, but an exception is made here. It is necessary to mention the following individuals: Alain van Hamme, Carolyn Leffler-Roth, Claude Cornuau and Khaldoun Sinno. All four of them have made time for various discussions over lunch. I remember one particular occasion, in which I had the pleasure to be invited to Paris for a four hour-long interview with Claude Cornuau. My special thanks go in particular to him and Carolyn Leffler-Roth, who made themselves available on various occasions and happily communicated by email.

The following persons have to be mentioned for their academic advice and capacity, all of which have been important for my own academic development and the writing up of this thesis: Anthony Arblaster, Ian Bache, Michael Bolle, Tanja Börzel, Jim Foley, Andrew Gamble, Andrew Geddes, Stephen George, Ernst Gohlert, Peter Grottian, Wade Jacoby, Christoph Knill, Charles Lees, Giandomenico Majone, James Meadowcroft, Wolf-Dieter Narr, David Phinnemore, Dimitris Papadimitriou, George Ross, Frank Schimmelfennig, Martin Schulz, Martin Smith, Elsa Tulmets, George F. Turner, Mario Télo and Bono Zeuner. In particular, I would like to thank Giandomenico Majone who gave me some very helpful advice on how to structure this thesis.

In the professional context I owe particular thanks to the following persons:

- Reiner Hoffmann, Mario Friso, Grigor Gradev, Maria Jespen, Norbert Kluge and Martin Hutsebaut at the ETUI in Brussels.
- Göran Segerlund, Michael Merker, Jean-Marie Moreau, Jean-Christophe Blain, Michael Coyle, Jean-Bernard Moreau, Chantal Malcorps, Martin Serai and Nicola Storms at the European Commission in Brussels.
- Franck Frick, Stefan Empter and Birgit Riess at the Bertelsmann Stiftung in Gütersloh.
- Adam Steinhouse, Brian McLeish and Ruprecht von Arnim for their profound insight into public administrations.

I am also very grateful to the *RenShinKan Aikido Club* in Old Hill, in particular Sensei William Smith MBE who always welcomed me with open arms and his wife, who undoubtedly bakes the best apple crumble cake on the planet. Aikido always remained a haven during the entire course of my studies and many names could be mentioned. I would like to highlight the following: Henry de la Trobé, Walter Krinner, Shimizu Sensei, Louis Van Thieghem and Tamura Sensei.

A number of friends have been particularly useful, partly by putting me up and providing shelter during research trips or keeping in touch even when mail from me was pending: Michael Häußler, Matthias & Petra Kohr, Philip Catney, Rachel Turner, Uwe Gerecke, Jörg & Anja Schoop, Ulrike & Stefanie Mattern, and my family who have always found time and happily shifted other appointments when I reappeared in my hometown.

My thanks go also to the editors of *Revue d'Études Comparatives Est-Ouest* for allowing me to use the content of my article "La réforme de la stratégie d'élargissement de l'union européenne De 1997".

Above all, my wife's ability to bring out the best in me and her unconditional love have shaped the last few years of my life and will certainly do so in the future. I was indeed very unfortunate to have been at the same place, at the same time. I dedicate this work to her.

– *Abstract* –

The fifth enlargement of the EU to include Central and Eastern European Countries (CEECs) has led to the creation of new policy instruments, which will become a common feature in future enlargement rounds of the Community. Drawing on policy transfer literature and new forms of governance, this thesis explores the role of the EU and its administrative conditionality in shaping the public administration reforms in Central and Eastern Europe (CEE). It analyses the introduction of the “twinning exercise” within the context of the 1997 reforms of the enlargement strategy. This is followed by a discussion of the procedural changes which had to be introduced in order to facilitate the secondment of member states’ civil servants to administrations in CEE. While emphasizing a new tendency in EU policymaking, the use of the semi-voluntary forms of coordination among its member states and the applicants, it is argued that the substantive policies of the enlargement process allow for the transfer of institutional models and implementation structures from current member states to the applicants. As a result, the EU’s conditionality on administrative capacities at sectoral level has gained momentum from the engagement of member states’ civil servants in the accession process, although resistance in many of the applicants’ ministries has partially prevented full compliance with the *acquis communautaire*. The thesis regards the introduction of the twinning exercise as mainly driven by lesson-drawing. It argues that, in the long run, the policy outcome of twinning projects is convergence in form of hybridisation rather than compliance on the basis of ‘full transfer’.

PAGE

NUMBERING

AS ORIGINAL

Introduction

Reforming the EU's pre-accession strategy

The fifth enlargement of the European Union (EU) marks a decisive juncture in the history of Europe. Since the creation of the European Economic Community (EEC) in 1957 enlargement has remained a recurrent feature of European politics. The first phase of enlargement saw the inclusion of Denmark, Ireland and the United Kingdom in 1973, followed by Greece in 1981 as well as Portugal and Spain in 1986. Finally, the accession process for Austria, Finland and Sweden occurred at the same time as the EU developed a common policy for the transition democracies in Central and Eastern Europe (CEE). However, there has been more than one model of accession: the inclusion of the German Democratic Republic (GDR) into the EC through German unification was a more subtle and less negotiated form of enlargement. This chapter outlines the focus of research and some of the key theoretical considerations including the hypotheses which are tested through empirical research. It also briefly explains the epistemological and methodological foundations of the thesis, both of which had a considerable influence on the findings of this work.

In 1997, the EU reinforced the pre-accession strategy by introducing a number of new measures which came into effect with the beginning of the enlargement negotiations in March 1998. The aim of this package of reforms was to accelerate the accession process which ran parallel with the negotiations in order to ensure that candidates would be able to fulfil the obligations of membership. Accordingly, the pre-accession strategy, which had originally been decided at the 1994 Essen European Council, was given a careful reassessment. All three pillars of the strategy, the Europe Agreements, the structured

dialogue and *Phare* (the EU's aid programme for CEE applicant countries), became subject to significant changes.

In mid- July 1997, the Commission published Volume II of Agenda 2000 (Reinforcing the pre-accession strategy), which set out an agenda for far-reaching changes in the EU's enlargement policy. A first set of reform measures, highlighted in this document, was designed to strengthen the links between the 1993 Copenhagen criteria and the conduct of the institutions under the pre-accession strategy (*see* Chpt. 6 on the APs¹ and NPAAAs²). The Copenhagen summit in 1993 defined these conditions in terms of economic and political criteria, as well as the ability to assume the obligations of membership. Subsequently, the Madrid European Council in 1995 explicitly highlighted the significance, not only of translating the *acquis*³ into national legislation, but also of ensuring its effective application and implementation through suitable administrative structures.

A second set of reform measures were aimed at changing the Phare programme into a more accession-driven instrument. In light of the Madrid conclusions, particular emphasis was placed on its ability to create effective administrative and judicial structures which were able to facilitate the implementation of the *acquis communautaire*. This resulted in the introduction of two new elements within Phare: Firstly, an enhanced participation in Community programmes would enable applicants to take part in selected policy areas before accession. Secondly, the introduction of a *twinning exercise* would enable the long-term secondment of member states' practitioners to CEE institutions. These two measures became the backbone of the EU's reinforced pre-accession strategy with regards to institution-building. The twinning exercise, in particular, led to a departure from the practice of recruiting consultants to manage programmes for institution-building and instead favoured sending member states' civil servants. Although technical assistance from consultants has still been utilised after these reforms came into effect, twinning became the main instrument for influencing the administrative and judicial capacity building processes in candidate countries. As a result, consultants were strictly excluded from efforts to enhance administrative capacities, but became only involved when, for

¹ Accession Partnerships (APs).

² National Programmes for the Adoption of the Acquis (NPAAAs).

³ Acquis = short for *acquis communautaire*, a French term which is widely used as a reference to the body of laws, policies and guidelines in the EU which have evolved over time. *See also* Glossary of terms, p. 256. A number of authors have addressed this expression in more concrete terms (Audéoud 2002; Lindahl 2003; Wiener 1998; Bellier 2004; Pelkmans 2002).

example, computer equipment needed to be installed to implement institution-building projects.

A number of other changes were made to develop the candidates' capacity to absorb large financial transfers in relation to structural and agricultural policies. These measures were formerly embedded in Phare and therefore came under the responsibility of DG Enlargement. However, after the 1997 reform, DG Regional Policy was given responsibility for the allocations that matched the Cohesion Fund whereas agriculture and rural development programmes were placed under the supervision of DG Agriculture (*see* Chpt. 6 on ISPA⁴ and SAPARD⁵). The responsibility for managing the EU's economic and social cohesion programmes, however, remained with DG Enlargement, although the Commission originally also gave consideration to moving these programmes to DG Regional Policy's sphere of competence. The introduction of ISPA and SAPARD were largely supported by twinning projects which aimed to enable the candidates to make optimal use of these financial instruments.



Legend: Yellow = Pre-May 1, 2004 EU Members; Blue = May 1, 2004 Acceding Members; Lavender = Post-May 1, 2004 Candidate Countries.

Source: European Commission, Phare & TACIS Information Centre

Figure 1: EU enlargement map⁶

⁴ Instrument for Structural Policies for Pre-Accession (ISPA), Council Regulation 1267/99.

⁵ Special Accession Programme for Agriculture and Rural Development (SAPARD), Council Regulation 1268/99.

⁶ A map including the neighbouring countries of the enlarged European Union is included in Appendix 1.

1 The focus of research

This thesis evaluates policy formulation (internal governance), policy implementation (external governance), and considers possible policy outcomes in relation to a particular pre-accession instrument. It offers an in-depth analysis of the formulation and implementation of the twinning exercise, and outlines possible outcomes of twinning projects in the candidate countries. In short, it examines the introduction of the twinning exercise and its subsequent implementation. At the same time, the thesis tests alternative hypotheses and analyses the utility of the theories underpinning these statements. The rationale behind the alternative hypotheses approach is discussed in greater detail in Section 3.

The concept of conditionality has often been examined from the applicants' point of view, i.e. from the receiving end of EU policies (Mattli and Plümper 2002). This is even more prevalent in the current literature which tends to focus on the issue of general *or* horizontal and sectoral administrative capacities in CEECs (Tony Verheijen 1999; A.J.G. Verheijen 2000; Meyer-Sahling 2001, 2004; Lippert *et al.* 2001; Goetz and Wollmann 2001). This increasing interest in the impact of the enlargement process on candidate countries has heightened the need for a clearer understanding of the accession instruments. Although considerable research has been devoted to analyzing the influence of various EU actors in CEE, rather less attention has been paid to the creation of new accession instruments which aim to achieve the objectives of the EU in this region.⁷ So, while focusing on the formulation of the EU's policies regarding institution-building, this thesis aims to complement the existing literature on the subject of transforming CEE administrations with a view to accession. In this context, it shows the extent to which the EU's emerging *administrative conditionality* regime relied on creating opportunities for the applicant countries to learn from their future peers. Finally, the thesis seeks to explain the reforms in 1997, their implementation and the continuous reshaping of the twinning instrument up until 2002. However, this research also aims to facilitate theory-building on the issue of enlargement and the EU's policy in relation to applicant states.

1.1 Hypotheses

This research essentially poses main two questions:

1. *Internal governance.* What factors can account for the introduction of the twinning exercise and which sources of information were critical for its formulation?

⁷ Some of the contributions published on this particular subject date quite early in the process, before the instruments were actually implemented (Grabbe and Hughes 1998: 2; Baun 2000).

2. *External governance.* What type of accession instrument is the twinning exercise and how does it influence candidates to reform their institutions?

This thesis sets out to evaluate different potential answers to these questions. These answers are developed in the form of alternative hypotheses. The section below introduces the hypotheses that have been confirmed on basis of the empirical evidence collected during the research process. Chapter 4 outlines the alternative hypotheses for each stage of the process.

Policy formulation: Internal governance

The first set of hypotheses is concerned with the introduction of the twinning exercise from 1997 to 1999. Several hypotheses are considered as a number of explanations appear to be plausible. However, on basis of empirical testing, *this thesis asserts that the European Commission⁸ due to its ability to draw lessons from the experience of other aid donors has been crucial in creating the twinning exercise by determining its objectives, procedures and content.* This is a unexpected finding since most research on emulation focuses on cross-national policy transfer rather than on transfer between donor organizations. However, it can be shown that the introduction of twinning would not have turned out this way if the Commission had not involved a consultant with a firm background in similar operations. Thus, the experience this consultant gained during the implementation of twinning projects for the World Bank and USAID were essential for formulating the implementation procedures of the twinning exercise. The thesis also found that the involvement of this consultant was important to when dealing with path dependencies in the Commission which existed in form of standard working procedures for the implementation of Phare.

Policy implementation: External governance

The second set of hypotheses addresses the implementation of the twinning exercise and its role as an instrument of the EU's enlargement strategy. After careful consideration of three plausible alternatives, *the thesis stipulates that the EU aimed to offer the candidates opportunities for learning and the transfer of administrative procedures and therefore designed the twinning exercise as a new form of governance that provides a flexible and participatory approach to implementation.* The view of twinning as a *new form of governance* contrasts to the conclusions of many scholars of EU enlargement who have characterised accession instruments as the means of applying the EU's conditionality to a process that is determined by the asymmetric relationship between the Commission and

⁸From hereafter Commission.

candidate states (Schimmelfennig and Sedelmeier 2004; Schimmelfennig 2004; Schimmelfennig *et al.* 2003a, 2003b; Grabbe 2001). This thesis, however, shows that accession instruments demonstrated considerable flexibility in how they operated so as to accommodate the preferences of candidate countries, thereby allowing for a more efficient implementation process. In addition, implementation was far less centralized than is often suggested in the literature. Thus, the conclusion here is that conditionality played an important role. However, the twinning exercise should not be viewed as an instrument of coercive policy transfer and therefore it does not support a direct strategy of reinforcement by reward.

Domestic outcomes

Some preliminary findings regarding the outcomes in candidate countries, elaborated further in Chapter 3, lead to the conclusion that the long-term outcome of twinning projects was *convergence of administrative structures, procedures and 'ways of doing things'*. Individual projects may have also resulted in some form of sustained cooperation between the project partners, but this was not a necessary element of the process.

These findings are, however, not rigorously tested against the empirical material as it would go beyond the scope of this thesis. The rationale behind the inclusion of this aspect is to draw a complete picture of the three stages of the decision-making process which are further outlined in Chapters 3 and 4. This approach enables a greater understanding of the various factors that were considered by decision-makers during the introduction of the implementation procedures for twinning projects. After all, policy formulation and implementation are not ends in themselves, but they rather serve to achieve particular policy outcomes. The thesis demonstrates that decision-makers within DG1A sought to avoid policy resistance by bureaucrats in the candidate countries and indeed aimed for the long-term convergence of administrative structures between the member states and the candidates. There was little false hope raised within the Commission that the candidates would be able to implement the entire *acquis communautaire* after accession. In contrast, policymakers sought to manoeuvre the candidates into better positions to reach this goal once they had become members of the Community.

1.2 Dependent and independent variables

On basis of the above, the dependent variables can be identified as the introduction and implementation of the twinning exercise as a case study of how certain elements of the pre-accession strategy were reformed in 1997 and implemented thereafter. The independent variables are discussed in greater detail in Chapter 3 and assessed in Chapters 6-9, but they can be stated here as lesson-drawing, policy transfer, deliberation,

evaluation and internal assessments as well as conditionality, social learning and enhanced cooperation.

As a case study, the twinning of institutions is particularly interesting, since its implementation involves the Commission, the member states and the applicants; most other accession instruments do not include this kind of cooperation. In addition, the candidates' ability to implement the *acquis communautaire* and participate at the supranational level will largely determine the effectiveness at which the enlarged EU will function (Nicolaidis 2003). In this respect, the accession process has the potential to indirectly reinforce the enlarged EU's capacity to act (*cf.* Curtin and Van Ooik 2000; Philippart and Ho 2001). A closer understanding of the EU's enlargement policy is also important in view of the relations with current candidate countries and associates which might join the list of applicants in the future.

2 Towards an analysis of public policy reform in the European Union

This section addresses the issue of how the EU makes decisions over policies that affect applicant countries. The presentation of the theoretical underpinning of the thesis is divided into two sections. Firstly, emphasis is placed on concepts and assumptions deriving from the enlargement literature. Secondly, this section introduces different modes of governance in the EU, including lesson-drawing and policy transfer, which are employed as conceptual frameworks for the empirical analysis. The section also outlines possible responses by the applicant countries. An interesting and practical definition of governance derives from Scharpf's (1997: 195) actor-centred institutionalism which defines policy as 'the outcome of the interactions of resourceful and boundedly rational actors whose capabilities, preferences, and perceptions are largely but not completely, shaped by the institutionalized norms within which they interact'. This description is selected as the working definition of actors' behaviour in this thesis.

2.1 Theoretical assumptions

An important assumption within the academic literature concerning the EU's external policies is that it negotiates internally in order to determine its external policies. Friis (1996; 1998), for example, has highlighted that this constitutes a paradox, in the sense that a negotiation system negotiates. Consequently, all EU internal actors, including the institutions and the member states, can be defined as insiders which decide over the content of policies regarding outsiders (*cf.* Friis 1996). This insider-outsider model helps focus our analysis of the EU's policy in respect to CEE, while it is also a fair depiction of

the EU's enlargement policy. As a direct result of assuming an EU-internal decision game, this research can thus concentrate on interviewing decision-makers within the EU rather than actors in applicant states.

This distinction between insiders and outsiders is therefore a useful starting point for this research project. Insiders can decide among themselves what constitutes policy formation. As a result, they can also potentially determine the policy outputs as they have influence over the objectives, content and procedures of pre-accession instruments (*see also* Collinson 1999; Friis 1998). This process of formulating internally the policies towards outsiders is referred to as *internal governance* in this thesis. In the accession negotiations this theoretical position is matched by the arbitration of European Union Common Positions (EUCPs) between the member states, which are usually facilitated by a Commission proposal called Draft Common Position (DCP). These EUCPs become then the basis for the talks between the candidate countries and the Council Presidency, which is in charge of conducting the accession negotiations. Other instruments financed through the Phare programme include a number of steering mechanisms during programming of the projects. These allow the Commission and its delegations to exert considerable control over their content. The fact that the EU is a negotiation system within itself also allows the EU negotiators to portray their room of manoeuvre as limited by the consensus reached between the member states and the Commission (Friis and Murphy 1999; Friis 1996).

As mentioned above, decision-makers were not obliged to take into account the positions of the candidate countries into account. However, they could have chosen to cooperate with candidates in order to achieve better outcomes. In fact, the EU's decision to open membership negotiations with the remaining CEECs in 1999 has largely been considered to have been more influenced by the Kosovo Crisis than by the applicants' preference for membership (Friis and Murphy 2000b: 767ff.; Phinnemore 2001: 102). Following the NATO bombing campaign of March–June 1999, the Union's performance within the framework of the Stability Pact for South-Eastern Europe (SEE) became 'a test of the EU's credibility' (Friis and Murphy 2000b: 769). This stance saw a higher priority over the applicants' interests and preferences. Thus, at the Helsinki summit in 1999, the European Council chose to open accession negotiations with the remaining CEE applicants, the so-called 'Helsinki group', or 'laggards' (Bulgaria, Latvia, Lithuania, Romania and Slovakia). In other situations, the EU faces considerable problems in terms of resources and implementation capacity. It therefore relied, for example, on the cooperation of aid recipients to achieve optimal results.

In addition, Peterson and Bomberg (1999) have argued that there are different levels of EU decision-making: supersystemic, systemic and subsystemic levels. These ultimately include different actors in the decision-making process. There is no doubt that these levels of policy-making closely correspond to the reality of day-to-day policy-making, although, as with all classifications, they should not be regarded as strict dividing lines. The decisions that influenced the reform agenda of the pre-accession strategy in 1997, for example, are likely to be taken at a lower level of policy-making than the decisions concerning the membership of certain applicants in the EU.

2.2 Modes of governance in the European Union

Alongside these assumptions on internal governance games and levels of policy-making, it is important to stress that the EU had to make use of different modes of governance in order to successfully implement the accession process. In this sense, enlargement can be compared with the external policies of the EU, since the Commission cannot simply apply the Community method that has the sole aim of passing legislation in the Council of Ministers.

The governance approach has emerged as a fairly common theme among writers analysing the EU's eastern enlargement (Friis and Murphy 2000a; Jacoby 2001b; Baun 2000; Murphy 1996; Grabbe 2001). In particular, Friis and Murphy (1999: 212-13) argue that the governance school of European integration can overcome the theoretical gap in enlargement studies by providing the analytical tools necessary to analyse the interplay between EU policies towards the CEECs and the EU's internal development as a system of governance. The authors maintain that governance provides a conceptual bridge between the domestic and the international. Firstly, it focuses on how the EU's system of governance affects its capacity to act towards outsiders. Secondly, the very concept of governance allows an analysis of how outsiders make an effort to influence decisions taken between EU insiders. This is further emphasized by their notion of *governing beyond boundaries*, in which the boundaries of integration are defined as the geopolitical, institutional/legal, transactional and cultural heritage of the EU (M. Smith 1996: 13-18; Friis and Murphy 1999: 216).

As the accession process approached, the EU used the malleability of these boundaries in order to govern beyond its territory. This was, for example, achieved by lowering the transactional boundary in the form of a bilateral trade agreement between the EU and an applicant state. Interestingly, the EU's efforts under the pre-accession strategy could be

seen as a way of facilitating the transfer⁹ of already existing institutional/legal and cultural templates to the applicant states (Jacoby 2001b; Friis and Murphy 1999). This process of extending the EU's authority to the candidate countries is referred to as *external governance* in this thesis. Since enlargement entails the incorporation of vast amount of legislation, up to 80.000 pages, the development of a consistent strategy became an essential task for policy-makers in the EU. The development of such a strategy would assist applicants in overcoming these obstacles and also provide clear incentives to learn from their future peers.

2.3 Conditionality, policy transfer and new forms of governance

A key argument developed in this research is that the EU's ability to govern beyond its boundaries has been facilitated by strategies of conditionality, policy transfer and new forms of governance. The use of political and economic conditionality within the framework of enlargement has meant for candidates, among other things, that they have to comply with regulations, resolutions and directives deriving from the *acquis communautaire*. This implies that membership is made conditional on the gradual incorporation of the terms enshrined in the geopolitical, institutional/legal, transactional and cultural heritage of the EU (M. Smith 1996: 13-18; Friis and Murphy 1999: 216). In addition, the introduction of administrative conditionality into the implementation of the EU's pre-accession instruments has pressured candidates into adopting particular administrative structures.

The more recent literature on the EU's conditionality has focused solely on the impact of the accession criteria on applicant states, rather than analysing and evaluating the substantive policies involved in implementing the enlargement strategy (Grabbe 2001; Lippert *et al.* 2001; Dimitrova 2002). However, it is suggested here that real meaning can only be given to terms such as 'conditionality' or 'compliance' through the analysis of *substantive policies*, such as the conduct of accession negotiations, Phare, ISPA, and SAPARD. This could also inform future policy regarding enlargement rounds with Bulgaria, Romania and Turkey, or with countries in the Western Balkans. This allows us to question whether the development of *explicit conditionality terms* with the 1997 reform has made any significant difference to the enlargement process and also former enlargement processes (Vachudova 2001: 5; Jacoby 2001b: 189; 2004: 198; Sasse 2004).

⁹ The terms transfer, imitation, emulation, borrowing and mimesis are used interchangeably in this thesis for stylistic variety. A differentiation between policy transfer, convergence and diffusion studies is introduced in Chapter 2.

In their efforts to comply with the *acquis communautaire*, applicants needed to look at their Western European counterparts, therefore political elites in CEE have 'often sought to imitate Western organizational and institutional models' (Jacoby 2001b: 169). This led naturally to some degree of borrowing based on institutional models and templates¹⁰, promoted by consultants, bureaucrats and scholars, who were all keen to uphold particular foreign models as solutions. In particular, Wade Jacoby has highlighted this dimension of CEE transformation processes in various publications (Jacoby 1999, 2000, 2001a, 2001b).

However, as the process evolved over time, accession became a more urgent issue on the agenda. After concerns regarding the rule of law and democratic institutions were gradually met, the EU started to consider policy instruments which would enable the transfer of institutional models for the implementation of the *acquis communautaire*. Since the *acquis* only referred implicitly to which structures were needed to implement certain policies, administrative reform emerged as a particular sensitive area of transformation for the EU to touch on. This involved pushing sovereign states towards particular reform measures in their public administrations, entities which were often seen as a reflection of society (Waterman and Wood 1991; Mintzberg 1983; Mohr 1973). While formulating a policy on these necessary changes, the EU could not fall back on any general body of European law in the public administration sphere, since the subsidiarity principle acknowledges that member states are free to organise their public administrations as they please (OECD 1998: 13).

In other policy areas, where the sovereignty of the member states has been a persistent feature, similar tensions have led to the creation of new forms of governance, such as the European Employment Strategy (EES) or the Open Method of Coordination (OMC) as a means of enabling the member states to draw on the experience of their peers (Regent 2003; Tronti 1998; Trubek and Mosher 2001; de la Porte *et al.* 2001). At the implementation stage, both the OMC and the EES may result in lesson-drawing *or* cross-national policy transfer if member states are willing to make use of these new forms of governance. As a general rule, political elites are interested in drawing information and ideas from 'the actions of their counterparts in other jurisdictions' (Bennett 1997: 213) with the intention of fostering accountability and increasing efficiency. Several authors

¹⁰ I would agree with Wade Jacoby's definition of these terms. In his words, institutional models refer to organizational structures and the informal rules and laws propagated through structures. The term does not include uncodified norms, routines, and mentalities (Jacoby 2001b: footnote 1). The term institutional template refers to particular institutional models based on a real life example.

have documented how policy transfer has become a resource for national policy-makers who systematically make use of policy goals, policy content, policy instruments, policy programmes, institutions, ideologies, ideas and attitudes, and negative lessons from other nations (Rose 1991: 5-6; 1993; Dolowitz and Marsh 1996; 2000: 12; Dolowitz 2000a; Bennett 1997). Furthermore, the emerging debate on the Europeanization of policy-making has also largely incorporated the notion of policy transfer, either implicitly or explicitly, as a way of giving emphasis to the fact that European integration encourages cross-national policy transfer and policy convergence (Knill 2005; Heichel *et al.* 2005; Radaelli 2003b; Bomberg and Peterson 2000; Knill 2001).

In a number of these contributions, conditionality has already been identified as one of the key triggering factors for borrowing and transfer (Dolowitz 2000a: 1; Dolowitz and Marsh 2000: 9&13; Stone 2003: 11&18). At the same time, transfer can be facilitated by various factors, in particular the establishment of policy networks, epistemic communities, or other forums of resource and information exchange (Dolowitz and Marsh 2000; Radaelli 2000, 1999b). Several elements of policy transfer identified in the literature are clearly evident in the enlargement process. Both policy instruments, such as the twinning exercise, and framework documents, such as the APs, could be seen as components of policy transfer as they were aimed at establishing similar institutional structures in the applicant states with those in the member states.

As modes of governance, lesson-drawing and policy transfer enable decision-makers to utilize an alternative evidence-base to their usual resources of internal policy assessment and evaluation. In contrast to evidence-based policy making, policy transfer places emphasis on searching for alternative models of implementation, rather than improving existing programmes or engaging in designing new programmes with often unknown costs and consequences (*cf.* Rose 2001: 1). This makes it a uniquely useful tool of *prospective policy evaluation*, especially where decision-makers have decided that a completely new model of implementation is necessary (Rose 1991; 1993: 32ff.). National administrations are likely to compare their models of implementing and coordinating EU policies with those of other member states (Knill 1999).

This dimension of EU membership has become an important element of the enlargement process. As the accession process continued, applicant countries had to consider more effective ways of implementing and coordinating EU policies. However, since administrations in CEE faced strong constraints in terms of budgetary provisions, it was only in response to the EU's pre-accession strategy, and in context of the accession negotiations, that real change in public administrations could be expected. The effectiveness of pre-accession instruments also relied upon the applicants' cooperation,

since the reinforced pre-accession strategy put particular emphasis on the decentralization of implementation. The following section describes the epistemological and methodological approaches adopted in this thesis.

3 The triangulation of quantitative and qualitative research

The research methodology rests firmly on the triangulation of observations from elite interviewing, document analysis and quantitative data analysis. The combination of these three approaches was applied within the framework of the case study. Thus for example, elite interviewing rounds were improved by analysing relevant documents beforehand. This enhanced the quality of discussions during interviewing and resulted in more concrete research outcomes. The quantitative data was particularly useful for answering questions in relation to the involvement of member states and applicant countries in the twinning exercise. However, the statistics on the participation of the countries in twinning programmes alone would not have led to an overall understanding of the implementation process. A number of interviewees pointed to the fact that some countries, for example, handed in “fake” proposals to circumvent in particular the Commission’s eagerness to publish statistics on implementation, thereby exaggerating their involvement in official records (*see* Chpt. 7, p. 196-199).

Comparative research designs can benefit from this type of triangulation, since it enables the research to capture multi-causality, while identifying the more important factors determining decisions in public policy-making (Mcneill 1985: 122-23). Researchers conducting an examination of a particular case study are often faced with difficult choices between alternative explanations on how decisions were taken (Allison and Zelikow 1999). There is, therefore, a growing consensus in the social sciences that this phenomenon can be confronted by defining *plausible rival hypotheses* which are then tested against the empirical evidence (Campbell 1997; Campbell and Stanley 1971). These hypotheses should be based on the most promising theories in the field of study. The empirical test ensures that the research achieves clarity over the utility of the theories when attempting to address to answer the questions posed in the research project.

As a result, the aim of social science research should not be to bend the empirical evidence to the needs of the authors’ preferred theoretical perspective, but rather the research outcomes should be utilised to evaluate alternative explanations and to reconstruct reality in quasi-experimental fashion. This approach enables scholars to improve existing theoretical models on the basis of the observed phenomena and find causal relationships that are otherwise ignored (Popper 1989; Campbell 1994; Denzin

1978; Lakatos 1970). The case study method can become an important means during the research process. It can facilitate the triangulation of sources and methods because it minimizes the time constraints under which researchers operate (Yin 1994: 91f.). This is the main strength of the case study method: it allows the research to collect data from a number of sources and therefore shed light on a question from different perspectives. Yin (1994: 92, emphasis added) remarks in this context that 'the use of multiple sources of evidence in case studies allows an investigator to address a broader range of historical, attitudinal, and behavioural issues and ... the development of *converging lines of inquiry*'.

As mentioned above, this study has chosen elite interviewing, document analysis and quantitative analysis as methods of data collection. This strategy enriched the understanding of the process significantly as the lines of inquiry deriving from these methods complemented each other very effectively. Following Yin (1994: 94f.), the research process started with the establishment of a separate data collection. This consisted of a chronology of events; statistics on the candidate countries; statistics on Phare and the twinning exercise; a compilation of documents; and elite interviews (*see* Appendix 1-3 and Annexes). The bibliography in particular includes a section that points to the more important documents and secondary sources used during the research process (*see* Bibliography, p. 169). These steps ensure that other researchers will find it easier to use the case study material in their own research or enable them to review the evidence directly without being limited to the material used in the empirical chapters. Such a strategy, as Yin (1994: 95) rightly points out, also increases the overall reliability of the entire case study.

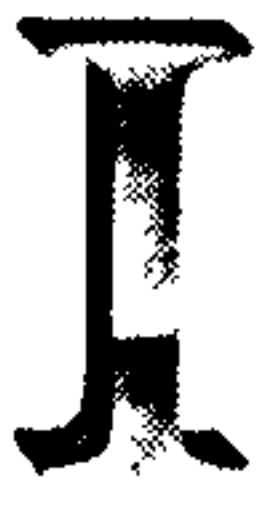
In addition, the thesis has benefited from the author's five months in-service training period in DG Enlargement, which facilitated access to further interviews and relevant documents. An ongoing reform of the twinning exercise concerning the introduction of a joint twinning manual between the EuropeAid Cooperation Office and DG Enlargement also permitted the author to attend meetings which discussed the implementation procedures of the programmes in detail. Further methodological considerations are presented in the subsequent chapter.

4 Conclusion and outline of the thesis

This chapter has introduced the aims and objectives of the thesis. It also outlined the research topic and the main theoretical debate that will be further examined in Chapters 3 and 4. It identified the introduction and implementation of the twinning exercise as the

dependent variable and clarified that the independent variables will be identified by alternative hypotheses which the thesis tests against the empirical evidence collected during the research process.

This thesis is divided into two parts: Part I explores the methodology, theories and concepts that may help to explain the EU's enlargement policy. It examines the EU's enlargement policy and discusses how it has been perceived in academic circles, and its likely impact in the CEE. Part II discusses the development of the EU's enlargement policy and its reform in 1997. It then addresses the EU's administrative and judicial capacity criterion, the introduction of the twinning exercise, its implementation, and the examination of concrete examples. This section also provides a brief evaluation of the twinning exercise.



Theory and methodology

Introduction

The analysis of the EU's policy towards the newly emerging democracies in CEE at first received the most attention in the debate concerning the enlargement process (Lippert and Schneider 1995b). However, the more recent interest in the impact of enlargement policies on candidate countries has heightened the need for a better understanding of the accession instruments. The renewed emphasis on the effects of enlargement has led to discussions which investigate the domestic outcomes of enlargement policies (Jacoby 2004; Hughes *et al.* 2004b; Goetz and Wollmann 2001; Zubek 2001). The clear emphasis on the domestic effects of enlargement policies enables these studies to participate in a debate with scholars studying Europeanization, transition, and compliance. This results in interesting and challenging research agendas that have been confined to analyzing changes in the applicant countries. However, little information is available on the introduction and operation the accession instruments such as Phare, ISPA and SAPARD. Some scholars, however, concentrate their research on studying particular instruments with more concrete results (Papadimitriou and Phinnemore 2004; Tulmets 2005b). This thesis falls into the latter category. It aims to analyze the EU's enlargement policy with respect to the introduction and implementation of a particular instrument. It thereby complements the findings on the EU's influence on applicant countries by shedding light on the external pressures that are often manifest the form of concrete accession instruments.

Helen Wallace (2000a) still referred to EU enlargement as a neglected subject. This has certainly changed. There are numerous special issues and edited collections on the subject stretching across a wide range of issues. The amount of comprehensive empirical studies

on enlargement-related issues is also considerable (*see e.g.* DIW 2001). However, in comparison to the large body of literature that is now available on the fifth enlargement, relatively little attention has been paid to the reforms of 1997 that led to a complete transformation of the EU's enlargement policies (*see* Baun 2000: 101-03; Tulmets 2003b; Steffens 2003; Grabbe 2001; Vachudova 2004: 125-38; Grabbe and Hughes 1998: 55-70). In theoretical terms, the prominence of studies on the effects of enlargement has largely turned the accession instruments into independent variables, thereby often neglecting their origins and character. This led, for example, to a widespread neglect of the fact that Phare, ISPA and SAPARD are not only pre-accession instruments, but also aid programmes. In the literature on enlargement, there is hardly any reference to what this means in terms of programme implementation and management. As a result, quite a large number of contributions are limited to statements on conditionality without further specifying the effects of the EU's accession instruments.

In addition, contributions that actually have focused on the reforms of 1997 either come in the form of textbooks or do not develop any applicable theories (Grabbe 2001, 2002; Baun 2000; Lippert 2000a; Grabbe and Hughes 1998). This part of the thesis responds to this gap in the literature by defining an accession instrument as a dependent variable. The focus therefore lies on explaining the introduction and implementation of twinning based on several plausible rival hypotheses. Such a research strategy poses a challenge as most of the enlargement literature remains largely atheoretical (*cf.* Friis and Murphy 2000a: 212; H. Wallace 2000b: 149-50; Schimmelfennig and Sedelmeier 2002: 500-01). In fact, Philippe Schmitter (1996: 14) once noted that 'all the discussion about widening vs. deepening is taking place in a theoretical vacuum'. It follows that next to concepts taken from enlargement studies, the theoretical chapters have to incorporate ideas from institutionalist integration and decision-making theory.

These different strands of literature offer a number of insights into the workings of the EU as a decision-making institution. At the same time, the strategy of defining plausible rival hypotheses generates a number of models that could also be applied to different cases such as ISPA, SAPARD, and cross-border cooperation under Phare. This research strategy is closely connected to recent attempts to theorize Eastern enlargement and its impact on applicant countries (Schimmelfennig and Sedelmeier 2005b, 2004, 2002; Schwellnus 2005; Sissenich 2005; Grabbe 2005; Schimmelfennig *et al.* 2003a; Schimmelfennig 2004). It is also in line with growing trends in the social sciences to identify *plausible rival hypotheses* during research as further outlined in Chapter 2

(Etzioni 1968; Beauregard 1997; Campbell 1997; Dunn 1997; Campbell and Stanley 1971).

An additional consideration is that the Commission conducted the introduction of twinning at the instrumental level. Thus, the twinning exercise was introduced as an instrument under the Phare Regulation from 1989 (EC 1989) and the Regulation on coordinating aid to the applicant countries within the framework of the pre-accession strategy (EC 1999a). The Commission therefore did not have to steer a proposal through the Council of Ministers, but, instead, had to consult the Phare Management Committee and later the NCPs, the national contact points for the twinning exercise. As a result, the theory chapters have to reflect on this process with a discussion of comitology procedures and the particularities of these forums. This type of forum has been largely addressed in the literature and in particular the discussions between constructivist and rationalist scholars provide a good starting point that also links up with institutionalist theories (Pollack 2003b; Joerges and Vos 1999; Morten Egeberg *et al.* 2003). Nevertheless, it has to be noted that the Commission introduced meetings between the NCPs of the member states which do not formally come under the comitology procedure. However, the member states still had to agree with the arrangements and procedures made for twinning during sessions of the Phare Management Committee. The discussion of comitology is facilitated by a literature review of the new institutionalisms and other approaches to EU decision-making.

The structure of this section of the thesis follows a simple rationale. Chapter 2 gives an insight into the research methodology. Chapter 3 provides a literature review of the relevant theoretical literature, whereas Chapter 4 outlines the plausible rival hypotheses that are tested in the analysis part of the thesis. The theoretical rationale of the thesis accounts for the fact that EU policies can be better explained when based on multi-causality rather than isolated theories (*cf.* Moravcsik 1998).

The triangulation of quantitative and qualitative research

1 Introduction

This research sets out a three-tiered approach based on case studies, elite interviewing and document analysis. In addition, the research process has greatly benefited from the collection of quantitative data. It is innovative because it utilized the triangulation of research methods and sources of inquiry to solve problems of validity and reliability. This can be achieved, for example, by crosschecking statements of interviewees with official document records and other primary sources. In order to maximize the confirmation of research findings, the thesis sets out its hypotheses in Chapter 1 and a number of alternative working hypotheses are specified for each stage in the decision-making process in Chapter 4. This allows a comparison of alternative explanations for the same elements of the process. In addition, these alternative hypotheses are linked to rival theoretical approaches that attempt to explain the rationale of European policies.

1.1 Epistemological considerations

An enquiry into the public policy of the EU is faced with a number of difficult choices. This does not only concern the theoretical framework chosen to explain the case study, but also the methods applied during the research process. The identification of plausible rival hypotheses is one way to solve the theoretical dimension of these problems. However, such a strategy may also lead to a widening of the research process (Campbell

1994, 1988; Campbell and Kenny 2002; Beaugard 1997; Dunn 1997). This can be briefly illustrated in relation to Chapter 4 which sets out four alternative modes of internal governance: lesson-drawing, evidence-based policy-making, intergovernmental bargaining and deliberative supranationalism. The research process has to establish which mode of governance has been utilised during this stage of the decision-making process in order to refute or verify the plausible rival hypotheses specified in Chapter 4. In practice, this leads to a need to widen the scope of the research over a number of factors, such as the nature of the involvement by the Commission and the member states. It should also incorporate a larger amount of documents and interviews in order to account for the possibility of different influences during the decision-making process. However, this appears to be a rather pessimistic view of the research process in light of this thesis.

An alternative view of plausible rival hypotheses is that these usually suggest themselves to the researcher on the basis of his experience and after the initial steps of the research. In other words, initial findings suggest different explanations of the policy process. These are then to be outlined on the basis of the existing theoretical literature and tested more rigorously during further and more intensive empirical research. This method is also in line with the characteristics of EU decision-making, which naturally offers a number of explanations for any given case. The testing of plausible rival hypotheses is therefore not necessarily a time-consuming task and can be effectively incorporated in the research process. It lies in the researcher's discretion to decide which hypotheses can be classified plausible (Beaugard 1997; Peters 1997; Campbell 1997; Dunn 1997)¹¹. This method directs us to clarify what evidence confirms and rejects a proposition. It enables objectivity and reliability by advocating a research methodology that is open to different explanations. The testing of alternative hypotheses also leads to more precision, because authors are obliged to defend their conclusions in comparison to alternative explanations (*cf.* Moravcsik 1998: 77ff.). Such a strategy also allows critiques which generate academic debates. This tendency can be clearly seen in discussions following the publication of Moravcsik's *The Choice for Europe*. In order to facilitate easier access to debates, Chapter 4 also presents the competing hypothesis tested in this thesis in tables and figures (George and Bennett 2004: 21).

¹¹ This approach seems also largely in line with a number of authors that have already used plausible rival hypotheses derived from rival theories. Andrew Moravcsik's (1998; 1999) work comes in particularly to mind, but others have utilized this principle as well (see for example Scharpf 1985). Moravcsik (1998: 77f.) among others has highlighted that research should not simply support its claims with evidence, but should show that the evidence outweighs the evidence of competing explanations.

This type of research strategy has been developed largely by Donald T. Campbell and is in line with quasi-experimental research designs. Campbell devoted his career to extend the epistemology of the experimental method into non-laboratory social science and develop a method of program evaluation that would enable researchers to depict alternative futures (Campbell 1997: 37ff.). These efforts have found many advocates. The approach describes a vision in which the exploration of possibilities and a certain amount of trial-and-error becomes a cornerstone of society (Campbell 1997; Dunn and Ginsberg 1997; Baum and Mckeley 1999; Beauregard 1997; Peters 1997). The resulting conception of the *experimenting society* is essentially depicted as an extension of Popper's epistemology and his *open society* (Popper 1989). It is an *active society* (Etzioni 1968) choosing exploratory innovation over inaction and avoiding self-deception. As a result, Campbell and his advocates of his approach describe an idealistic society in which honesty triumphs over lies and false self-representation.

1.2 Research design

A key question in public policy research is to what degree the policy process should be separated and analysed in segments. This research has answered this question very clearly by separating the process into three stages. *Stage 1* questions the introduction of the twinning exercise; *Stage 2* examines its character and performance as an instrument; and *Stage 3* explores the outcomes it most likely produces in applicant countries. Separating the policy process into these distinct stages makes researching the whole process easier. However, a word of caution should be noted regarding such a separation. If taken too far, a separation of the policy process simply leads to the verification of all rival hypotheses. For example, if we examine the development of the policy process in relation to the introduction of twinning, then each of the elements mentioned in Chapter 1 may have indeed had a role to play. It was clear that evidence-based policy making was crucial for defining the problem with existing public administration programmes; lesson-drawing became important for agenda-setting and policy design. However, on the other hand, intergovernmental bargaining was essential for starting up the projects in early programming rounds. Instead of selecting the elements of a process that confirm the researcher's theoretical prepositions, one could use the empirical evidence to confirm or reject rival hypotheses. In view of this methodological consideration, this thesis has set out the questions to be answered by different approaches during the three stages mentioned above.

The aim of this research is to confirm or reject the working hypotheses outlined in Chapter 4 for *Stage 1* and *2* of the decision-making process. *Stage 3* is only addressed on

the basis of preliminary results and not tested rigorously against the empirical evidence. It follows that the more dominant features of the respective decision-making stage should be regarded as the main mode of governance chosen by the actors involved in the process. Thus, while there may be elements of intergovernmental bargaining involved in the introduction of twinning, the empirical evidence of this thesis may reject the premise that this was the deciding factor during *Stage 1*.

The next section explains the methods applied during the research process. It outlines triangulation as a method of substantiating research findings. A third section introduces the steps taken during the research process and the documents that were examined in detail. It concludes by detailing the role of the methodology as the foundation of the research process and questions to what extent the epistemological convictions of a researcher could affect his academic conduct.

2 The research methodology

The study of politics offers a wide spectrum of methods that can be applied during the research process. These methods provide alternative ways of gathering and disseminating information. The aim is to generate findings which enable research questions to be answered. This thesis employs essentially three methods: the case study method, elite interviewing, and document analysis. These methods are further underpinned by quantitative data which helps to depict the dynamics of implementation of the twinning exercise and the socio-economic circumstances of the applicant countries.

The data generated and the findings drawn from the application of these methods are triangulated in order to ensure their reliability and validity. Denzin (1978: 291) has defined triangulation as 'the combination of methods in the examination of the phenomenon'. This makes it a uniquely useful tool to analyse a given incident and a source of justification for the utilization of a case study method. The triangulation applied in this study, however, does not just make use of different methods, but also utilizes different sources of inquiry¹². In this sense, the thesis employs a qualitative strategy of enquiry in which the researcher becomes what has been termed a bricoleur, a person that employs whatever method necessary to understand the phenomenon under observation. In other words, for a bricoleur, the 'choice of research practices depends upon the questions that are asked and the questions depend on their context' (C. Nelson *et al.* 1992: 2).

However, the objective of such a research strategy is not to capture reality, but to ‘secure in-depth understanding of the phenomenon in question’ (Denzin and Lincoln 1998: 4). This role implies also that research does not make a predestined choice of theory before coming to results, but instead operates ‘between and within competing and overlapping perspectives’ (Denzin and Lincoln 1998: 4).

2.1 The case study method

Case studies, in particular single case studies, are sometimes considered to lack precision, objectivity, and rigor. A number of scholars in political science have equated them with a lack of comparison and consolidation (King *et al.* 1994; Lieberson 1994; Moravcsik 1998: 79; Anderson 1995). This makes it all the more surprising that case studies have been applied to almost all phenomena studied in political science. The case study method has been exceptionally popular among scholars since the early 1950s (*see* Allison and Zelikow 1999; Lijphart 1968; Dahl 1961; Pressman and Wildavsky 1973; Lowi 1964). The method is equally popular in European studies, with approximately 80% of articles published on the subject being based on case study research (*see* Franchino 2005)¹³. This can in part be explained by its unique features that allow researchers to focus on a particular phenomenon. Schramm (1971: 16, emphasis added) for example, observed:

The essence of a case study, the central tendency among all types of case study is that it tries to illuminate a decision or set of decisions: *why they were taken, how they were implemented, and with what result.*¹⁴

As a consequence, case studies meet many of the requirements that social science research demands from modern research methods. It therefore, can be less time-intensive than a survey and easier to set up than an experiment. In contrast to the survey method, the information collected relates to a decision or a set of decisions and not to the establishment of a dataset that often includes a large number of cases with little information on the individual case. For example, a survey method does not enable the researcher to ask questions about whom it was that was polled and why he might have answered in the way he did. Case studies, however, enable the researcher to incorporate this kind of contextual data and therefore can become a prime instrument in capturing complexity (Stake 1995; Gomm *et al.* 2000; Feagin *et al.* 1991; Agranoff and Radin 1991). The incorporation of such data depends largely on the cases studied. Some authors

¹² The sources of inquiry also included documents from bilateral donors, international institutions and secondary literature.

¹³ See Franchino (2005: 244) for the specification of the exact data set.

¹⁴ These are exactly the steps taken in this thesis.

choose such large cases that surveys become their chosen tool of data collection. Indeed, surveys may have the advantage of having direct control of variables, but this comes with the cost of overlooking contextual variables that have not been incorporated into the research design.

This raises the question of which sort of contextual data the author seeks to incorporate into the analysis of this thesis. Since the data collection in this study was mainly undertaken with elite interviews, document analysis and quantitative data, one of the first steps in the research process was to classify the data collected into categories; thereby ranking it by importance. This favoured interviewees that were directly involved in the 1997 reform of Phare and the introduction of twinning.¹⁵ It also led to a focus on archived documents which were accessed relatively late in the research process as a result of the author's second research visit to Brussels. Although other research techniques may perform similar categorizations, the consultation of various sources of inquiry is more likely to provide the foundation on which such a categorization can be built. In addition, case studies enable the researcher to provide the historical background of the decisions under observation, an element that an experiment or a survey can find difficult to incorporate. This is often the crucial step to a better understanding of why actors proceeded on a particular path (Feagin *et al.* 1991: 5-9; Yin 1994; Wieviorka 1992).

The all-encompassing nature of case studies gives it clearer advantages over other methods of inquiry. It follows logically that the definition of case study research is a technical matter. According to Yin (1994: 13, emphasis added) it is a research method which looks into 'a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident'. This research acknowledges that case studies should be anchored in theories and therefore highlights the benefits from the prior development of theoretical propositions to guide data collection and analysis. In addition, case study research is also closely associated with triangulation as a method of combining multiple sources to reach an answer to the research question (Arts and Verschuren 1999). As a result, case study research can be viewed as a theoretically underpinned research method which enables uncovering independent variables which were unknown to the researcher beforehand. It is principally a tool of understanding, rather than explanation.

¹⁵ The bibliography provides information on which interviewees can be directly associated with the 1997 reform (identified by interviewee numbers to ensure anonymity).

A number of criticisms have been levelled at researchers that utilize the case study method. Yin (1994: 9ff.) lists two significant criticisms that have been recurrent features in the academic debate. First, there have been concerns with the *lack of rigor* enshrined in case study research. This criticism is based on the view that case studies are particularly vulnerable to the personal bias of the researcher. Of course, bias should be avoided at all costs, because if the researcher predetermines an outcome before consulting the evidence, there would be no need for fieldwork at all. Single case studies are particularly exposed to this kind of criticism as the researcher can easily be regarded as too involved in the object under consideration. However, there is reason to believe that bias can enter any type of research method whether it is an experiment (Rosenthal 1966); the design of questionnaires for surveys (Sudman and Bradburn 1982); or historical research (Gottschalk 1968). None of these methods are free from bias and neither is the quantitative method that has been regarded so highly by some scholars in political science (Przeworski and Teune 1970; King *et al.* 1994). The criticism that the case study method has attracted since its early application in the 1930s, equally applies to other methods. Dahl (1961: 26) claimed that the case study does not exchange relevance for rigor; rather it is the standing proof that relevance and rigor are not mutually exclusive goals.

Secondly, further concern regarding case study research is that it presents no grounds for scientific generalization (King *et al.* 1994; Przeworski and Teune 1970). An influential critique, noted that the case study ‘does not provide guidelines by which to abstract from reality the “critical” elements which would provide the material for comparisons on a large scale’ (Blondel 1981: 67). At the heart of this controversy lies the question whether it is possible to generalize from a single case or even small number of cases. Gerring (2004: 346f.) argues that this question is misleading, because the factors of a case study that are applicable to other cases are difficult to identify for someone conducting research on a particular country or decision. It follows that researchers have to consult a number of case studies to look for similarities and use these as a basis for generalization. However, even a single case study can certainly be generalized towards particular theoretical propositions (*cf.* Yin 1993). As a result, the level of generalization is given by the theory outlined for the case. In this thesis, the testing of rival hypotheses is the only source of generalization that can be offered. However, in combination with other studies this may offer insights into the role of lesson-drawing and policy transfer in EU policy-making. After all, this is not the only study concerned with the role of policy transfer in the public policy-making process of the EU. This shows that case studies have more to offer if they test theoretical propositions.

To summarize, the case study method can clearly answer its critics. These are mostly members of the natural scientific tradition in social sciences that try to bring research closer to the methods used in subjects such as chemistry, biology and physics. An overwhelming difference of these fields to the social sciences is that the object of observation allows the isolation of particular independent variables by holding the remaining variables constant (*see e.g.* Graunch 2002). In social research this task of holding variables constant and formulating assumptions under which formal models operate becomes more difficult. Case studies clearly lie outside the spectrum of this type of research that was also recently advocated in the field of European studies with the emergence of the new specialist journal *European Union Politics*. It is unfortunate that many of those who condemn case studies actually advocate them if the primary method of data collection is quantitative data analysis. This understanding, in which quantitative data is the only source of objectivity, the holy grail of research design, considerably limits the scope of academic research on social issues tremendously.

2.2 Elite interviewing

The case study method describes the conduct of research, whereas the following considerations are concerned with data collection. Elite interviewing is an obvious approach to political research. In essence, if one seeks to explain decision-making, one has to engage with those who decide and determine policy. However, in reality this process becomes more complicated. There are problems of access to negotiators or key figures within the EU's negotiation game which have to be considered. Lee (1993: 63) proposes the sponsor method to overcome this problem. Thus, the researcher has to search for insiders who are willing to contact their peers to arrange interviews or to point to the right set of interviewees. This has been a very useful feature in this project. Four individuals in particular were able to point to the bureaucrats in Brussels who were involved in introducing the twinning exercise including the establishment of the twinning procedures. Three of these sponsors were based within in the Commission, one within DG Agriculture and two within the EuropeAid Cooperation Office. After the key decision-makers were interviewed the list of people involved in the introduction of twinning became very clear. It naturally included individuals from Commission staff, national bureaucrats, but also a consultant that had been heavily engaged in the process.

Methodological problems associated with elite interviewing derive from the nature of the interview as method of inquiry and elites as particular types of interviewees. Elites are often highly active in an interview and can therefore hardly be steered through a preset table of questions (Arksey and Knight 1999: 122f.; Zuckerman 1972). Decision-makers

are used to take the lead and the interviewer's job of steering through the interview becomes extremely difficult. Lastly, the reliability problem appears to be a key problem. The "*filteredness*" of interviews also raises important questions, as elites are used to communicating a positive message and tend to filter negative points out of the interview. However, leaving the tape recorder at home to address this problem increases problems of reliability, since only field-notes can be used to accurately reconstruct the interview.

In addition, the researcher should approach elite interviewing differently compared with interviews with "normal" people. This refers in particular to the degree of standardization of the research questions. In elite interviews, the researcher ideally asks more open-ended questions that are based on the more general objective of the project. A structured interview that asks the same questions to every interviewee produces largely standardized data, whereas semi-structured interviews produce less standardized data. Elite interviews can provide an insiders' account of decisions, especially if the interviews are conducted with the actual decision-makers. The opportunity to gain information from such an interviewee could easily be lost by insisting on pre-formulated questions (Manheim and Rich 1995: 162f.). Semi-structured interviewing is more flexible and dynamic, and more accommodating of the different directions an interview can take. It allows the researcher to ask the same major questions, but he can also alter their sequence and probe for more information (Fielding 1993: 136).

Another important aspect of the research process is the sequencing of interviews. Some studies prefer to begin with pilot interviews that help to get to terms with the object under observation. These interviews can also be used to clarify the aims and objectives of the project and to pinpoint a case study that would be suitable to pursue (Fielding 1993: 137). In this case study, the initial research was also used to identify plausible rival hypotheses, thereby ensuring that the research design is not solely based on the theory but also on initial observations in the field. The first research trips to Brussels and Berlin also enabled the identification of interviewees for further interviewing. In addition, contact with other academics that worked on similar issues facilitated the exchange of interviewee lists. This is an effective method that should not be underestimated. The advantages of such an approach are obvious. Lists retrieved from other academics will only include people that have already agreed to be interviewed under similar circumstances. It is logical to assume that they would more likely agree to an interview than randomly selected interviewees. Finally a traineeship period in the European Commission also opened up the opportunity to arrange informal meetings over lunch with a number of key interviewees. It also enabled the author to complete interviews that could not be arranged until that time (*see Annex 7 for a sample questionnaire*).

2.3 Document analysis

The analysis of documents is a widespread practice in the study of politics. However, archival research has been largely neglected, in particular in European studies.¹⁶ Archival data is particularly useful for cross-checking interview data. This leads to improved validity through triangulation (*cf.* McNabb 2002: 397). Archive records comprise a colourful mixture of information. The types of data that can be found in the archives of the Commission in particular include:

- Official letters,
- Responses to policy proposals by the member states and interest groups,
- Minutes of meetings,
- Drafts for all types of documents,
- Concept papers,
- Correspondence and personal notes of task managers,
- Implementation documents.

There is a wealth of information available in the Commission archives and certainly also in the archives of the delegations of the EU to an extent that it is crucial to identify the right archive and the right type of documents before conducting the research. This has been done here by focusing on retrieving information on the introduction of the twinning exercise. A longer research visit to Brussels and an internship also allowed attaining documents relating to the implementation of *specific* projects. The archives of the Commission are, by and large, accessible on request. However, task managers can refuse access if for instance personal or confidential information is at risk. This restriction of access has been largely overcome through sponsors within the institutions.

Shapiro (2004: 227) notes that those concerned with particular political events are likely to use the 'case study method and archival research as the best means to evaluate the link between specific events'. To be sure, archival records help to establish timelines and connections between particular events or decisions. Minutes of meetings, for example, often refer back to former meetings or pinpoint agenda points for the next official appointment. However, archival research also requires a great deal of patience and skill; the material often has to be ordered, reorganized and restructured in order to enhance the case study. There is also a tendency for archives to keep records selectively rather than archiving the bulk of information. Webb *et al.* (2000: 54, 84) refer to this phenomenon as selective deposit and selective survival. As a result, the researcher will tend to find only incomplete records in official archives. In such circumstances, researchers can only rely

¹⁶ There are exceptions of course (Torreblanca 2001; Ross 1995; Grant 1994).

on a true method of triangulation, thereby validating the remaining information by other means.

There are a number of reasons why document analysis, and in particular its sub-category of archival research, were central to answering the questions posed in this thesis. Firstly, regarding the introduction of twinning, elite interviews proved to be valuable, but many gaps remained after the initial research. The analysis of archival records that covered the introduction of the twinning exercise, and its early implementation, were helpful in closing these gaps and providing more information. This in return generated more specific questions for further interviews.

Secondly, archival records were shown to be valuable also in relation to the implementation of twinning. The Progress Reports, APs, NPAAAs and Financing Memoranda published by the Commission, on an annually or rather biannually basis, are equivalent to the Country Strategy Papers. These are used as a programming framework in the EU's development programmes for third countries¹⁷. This makes them important documents to consult in order to understand the Commission's objectives for the accession process before assessing the effectiveness of the instruments under observation. Such characteristics of the enlargement strategy seriously complicate an analysis of the process tremendously. This is because the research cannot simply consult a single document; rather, it has to filter information from various documents to identify the objectives of the actors involved. Chapter 6 discusses the relevance of these documents for the enlargement process.¹⁸ Thirdly, archival research was also useful in providing information regarding the particular projects themselves. Although this had partly been established during interviews in Hungary and with Polish officials, the actual implementation documents offered more detailed information.

Fourthly, an evaluation of the twinning exercise as an instrument would be incomplete without a consultation of the evaluation reports that have been produced by the Commission's contractors. Although these reports may not be considered as completely impartial, since they are produced under contract of the Commission, they are likely to include empirical evidence that a single researcher could never collect. The EMS consortium, which produced Phare evaluations from July 2001 to November 2003, has

¹⁷ Country Strategy Papers can be accessed on EuropeAid's Website: http://europa.eu.int/comm/europeaid/projects/index_en.htm.

¹⁸ Chapter 6 explains how the specification of objectives in twinning covenants and Phare logframes deals with this problems quite efficiently. Chapter 7 highlights the usefulness of the APs in overcoming this problem.

reviewed over 8,000 implementation documents and conducted some 6,650 interviews with stakeholders in the candidate countries (EMS 2004a: 6). The consultants from the OMAS consortium that were contracted before EMS arrived at similar numbers. It follows that these evaluation reports should be read carefully; in particular those concerning twinning and administrative capacity (OMAS 2001a, 2001b; EMS 2004b, 2004a, 2003), but also those concerned with public administration reform in general (CEC 1999f, 1999c; OMAS 1998, 2001c)¹⁹. However, as twinning has been seen not only as an innovative but evenly important instrument, the Commission has also asked a team of experts to analyse the instrument (C. Cooper and Johansen 2003; Birker *et al.* 2000) and reports by the European Court of Auditors became also a topic of discussion (European Court of Auditors 2003a, 2003b, 2004).

Finally, the research consulted documents of the World Bank, USAID and other donor organizations in order to highlight the connection between the lending schemes of these organizations and the introduction of twinning into Phare. However, the author also tried to retrieve information on similar programmes by bilateral donors. This involved searching documents from development ministries of Germany, Britain and France as well as donor agencies such as GTZ²⁰, SIDA²¹, and Adetef²².

Section 5 of the Bibliography presents a list of the documents that were taken into consideration during the research process. Chapter 6-7 are an indication of which documents were more important during the analysis of the case study. The main sources for document retrieval are listed below:

Official documents

Member states,

European Commission,

Parliament,

Council of Ministers,

European Court of Auditors,

Evaluation Reports (published by the Commission, produced by independent consultancies under contract of the Commission)

World Bank.

¹⁹ CEC refers to Commission of the European Communities.

²⁰ Gesellschaft für Technische Zusammenarbeit, a German development co-operation agency that largely works on contract by the Ministry of Development.

²¹ Swedish International Development Co-operation Agency.

²² Assistance au développement des échanges en technologies économiques et financiers, a French development co-operation agency.

Some evidence could also be taken from newspapers. Research took on a three plus approach by examining mostly articles taken from the German, British and French newspapers and leaving the other twelve member states within one group. This led to an analysis of three main newspapers: Le Monde, Frankfurter Allgemeine Zeitung and Financial Times. Other Bulletins were taken into consideration, in particular where information on the transition processes or political developments within Eastern Europe were needed. These are the RFEL Research Report (Radio Free Europe), Transition and the Research Report on Europe. The awareness about such sources increases the ability of the researcher to put his case into context and thereby enhances reliability. An electronic CD-Rom search of the German weekly Der Spiegel, for example, revealed interesting allegations regarding the use of funds under early Phare programmes.

Consultation of the following bulletins, newspapers and mailing lists.

Enlargement/Watch,
Europe,
Financial Times (FT),
Frankfurter Allgemeine Zeitung (FAZ),
Le Monde,
Der Spiegel,
Research Report on Europe,
RFE/L Research Report,
Transition.

The idea of consulting these sources of information was to keep up to date on a rapidly changing research subject. It was particularly useful during the earlier period of research, because it provided enough insights into the enlargement process to conduct interviews and discuss the topic with other academics.

2.4 Quantitative data analysis

The data collected in interviews and documents could also be complemented with a number of statistics on the twinning exercise, the Phare programme and the candidate countries' socioeconomic situation. Their contribution to the author's understanding of the topic was considerable, although most statistics and charts are simply annexed. The socioeconomic data, often presented in comparison to the EU-15 average, gives a clear idea about the dimensions of the EU's fifth enlargement. It also gives an understanding of the bilateral dynamics that influence the selection process of twinning projects can also largely be based on the available data. However, to be sure the author followed up on this aspect during the second interviewing round in which he confronted the interviewees with the statistics and charts. This led to a discussion of the factors which may underpin the candidates' decision for a particular partner (*see* Appendix 3, p. 378).

It should also be recognized that the candidates can only decide to cooperate with a country which has submitted a proposal for the respective project. This dimension of the selection process shows that member states pursue different strategies in winning twinning projects, a question that can only partially be answered on basis of the statistics (*see* Appendix 3, p. 378). The main aspect of the data on twinning projects is that it enabled a more concrete discussion of the start up and implementation problems of the programme.

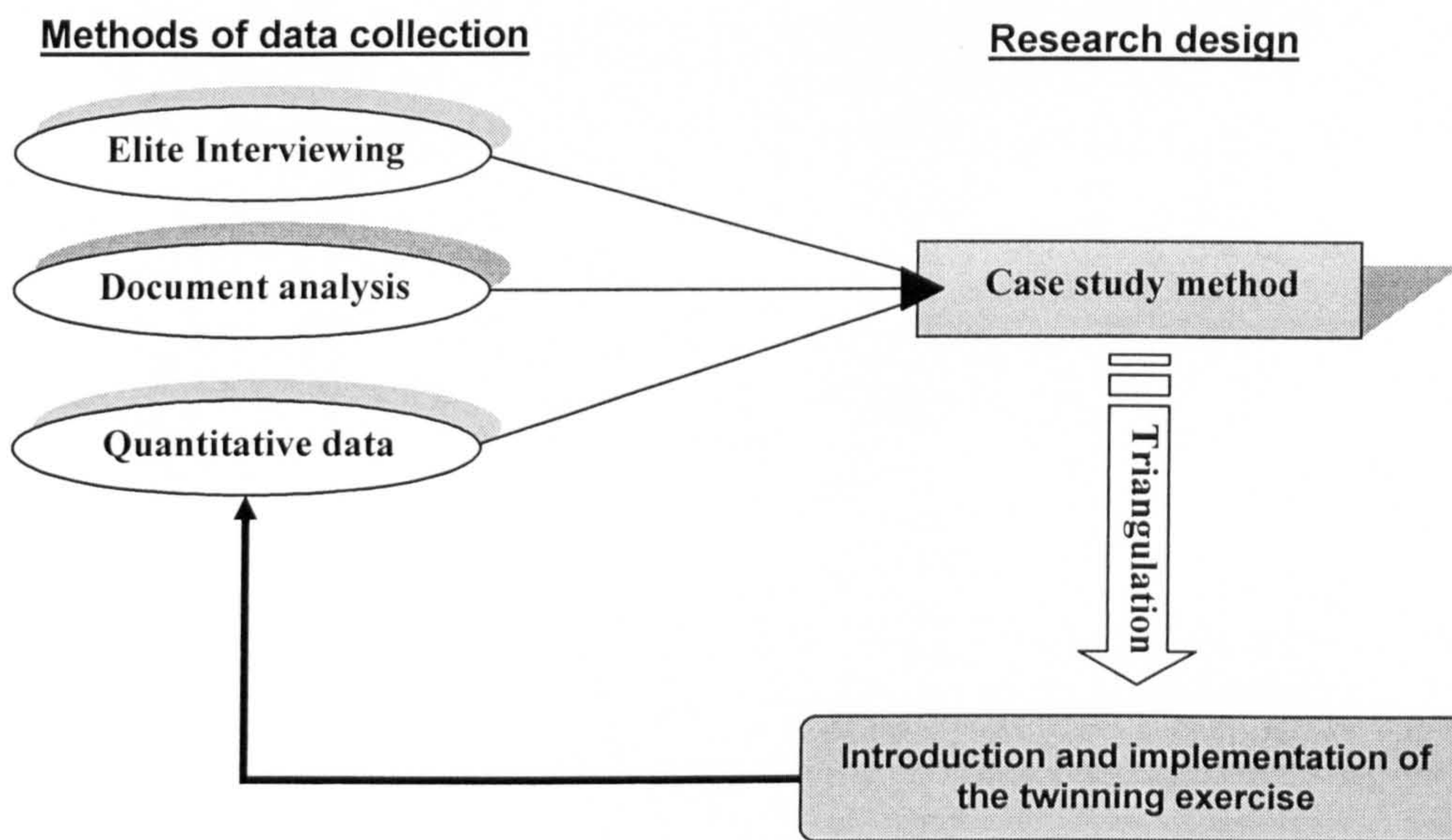
The thesis also makes an effort to illustrate the exposition with timelines and similar aids in order to facilitate a better understanding of this multifaceted subject. In combination with the data gained through interviewing and document analysis, this should provide a good empirical basis for this project.

3 Triangulating and mixed-research methods

Triangulation is a 'term borrowed from land surveying, and means simply that you get a better view of things by looking at them from more than one direction' (Mcneill 1985: 123). The application of triangulation rests on the assumption that individuals' actions are a result of their interpretation of a situation. Thus, information deriving from interviews might contain a bias due to the structural limitations which influence the interviewee's understanding of the process. An eclectic approach such as triangulation, which makes use of several methods to explain social phenomena, tries to use a mixture of methods in order to compensate for the weakness of one method with the strength of another. This research strategy is depicted in Figure 2 below.

Comparative research designs can benefit from this type of triangulation, since it enables the research to capture multi-causality, while identifying the more important factors determining decisions in public policy-making (Mcneill 1985: 122-23). While researching public policy in a particular case study, we are often faced with a difficult choice between alternative explanations on how decisions were taken (Allison and Zelikow 1999). There is, therefore, a growing consensus in the social sciences that this phenomenon can be confronted by defining plausible rival hypotheses which are then tested against the empirical evidence (Campbell 1997; Campbell and Stanley 1971). These hypotheses should be based on the most promising theories in the field of study. The empirical test ensures that the research achieves clarity over the utility of the theories to answer the questions posed in the research project.

As a result, the aim of social science research should not be to bend the empirical evidence to the needs of the authors' preferred theoretical perspective, but rather the research outcomes should be utilised to evaluate alternative explanations and to reconstruct reality in quasi-experimental fashion. This approach enables scholars to improve existing theoretical models on the basis of the observed phenomena and find causal relationships that otherwise get discarded (Popper 1989; Campbell 1994; Denzin 1978; Lakatos 1970). The case study method can become an important means during the research process. It can facilitate the triangulation of sources and methods because it minimizes the time constraints under which researchers operate (Yin 1994: 91f.). This is the main strength of the case study method; it allows the research to collect data from a number of sources and therefore shed light on a question from different perspectives. Yin (1994: 92, emphasis added) remarks in this context that 'the use of multiple sources of evidence in case studies allows an investigator to address a broader range of historical, attitudinal, and behavioural issues' and that this type of strategy can lead to 'the development of *converging lines of inquiry*'.



Source: Author's graph.

Figure 2: The triangulation of research methods

Another important consideration is the specification of dependent and independent variables. Implementation research is particularly sensitive to such problems. Such studies often confuse the ends (goals) with the relationship between the means and the ends (the question whether the chosen means are appropriate), and issues regarding the success during the adoption of the means (*cf.* Hill and Hupe 2002: 145f.). The issue here

is slightly different with regard to Chapter 7. In this part of the thesis, the question of how twinning has been introduced is addressed. In addition, the author simply wants to establish what type of instrument the twinning exercise is, i.e. whether it is in line with a strategy of governance by conditionality, persuasion and social learning, or whether we can rather define it as a new form of governance (Chapter 8). This question does not primarily ask about the appropriateness of the instruments, but rather wants to establish what type of policy the EU is pursuing with regard to institution-building.

Barton and Lazarsfeld (1955) outlined a research strategy in which qualitative methods would be employed for the generation of hypotheses and quantitative methods for the testing of hypotheses. Their reasoning was that qualitative methods are more suitable for exploring fields of research, whereas quantitative methods are an excellent tool to test statements. The authors saw quantitative methods as more appropriate for testing because of their accuracy and precision. There appears to be a logical leap in this argument; why use qualitative methods for hypotheses generation if it is not an accurate method? In recent years, the discussions surrounding quantitative and qualitative research have largely supported an integration of both types of inquiry. There is much discussion about mixed-methods approaches and triangulation (Erzberger and Prein 1997; McClintock and Greene 1985; Sale *et al.* 2002). The combination of quantitative and qualitative methods applied in this study does not fall into line with the strategy once outlined by Barton and Lazarsfeld. In contrast, the chosen research design acknowledges the role of different types of data during the research process, a view taken by many researchers these days.

4 Conclusion

This thesis is innovative in the application of its methodology because it uses a range of empirically informed inquiries into enlargement-related phenomena that are based on various theories. The chapter clarified that this is in line with the concept of an experimental society that tries to avoid self-deception (Campbell 1988, 1997). Such an approach to scientific inquiry also tries to find answers during the research process, not before.

As a consequence, this chapter has introduced the underlying methodology of the thesis. It described the research process as a triangular and interwoven approach, and highlighted the role case study analysis, elite interviewing, document analysis and quantitative data played in this project. First and foremost, however, it stressed the importance of mixed research strategies, in which the researcher becomes a *bricoleur*, a person that employs whatever method necessary to understand the phenomenon under observation. This

approach, as this chapter has shown, is in line with each of the chosen data collection methods, but also with the case study method which largely decided over the research design. The triangulation of research data deriving from these methods ensures the reliability and validity of the findings. In terms of objectivity and bias, the research has opted for an approach that undermines bias and ensures objectivity.

EU policy-making towards Central and Eastern Europe

1 Introduction

Just as it has become well established in the comparative public policy literature that patterns of governance vary within states, so this view has taken hold in the analysis of EU governance.

Simon J. Bulmer 1998, p. 367.

This chapter presents the theoretical underpinning of the models developed in Chapter 4. Two main streams of theory are needed to analyse the empirical material in Part II of this thesis. Firstly, the thesis engages with internal governance. This has been defined as the process by which insiders formulate internally the policies towards outsiders. Secondly, the thesis is concerned with external governance, which has been defined as the process of extending the EU's authority to the candidate countries. As already highlighted in Chapter 1, the thesis applies Fritz Scharpf's (1997: 195) definition of governance which defines policy as 'the outcome of the interactions of resourceful and bounded rational actors whose capabilities, preferences, and perceptions are largely but not completely, shaped by the institutionalized norms within which they interact'.

Internal governance

As the twinning exercise was introduced through NCP-Meetings, a subset of the Phare Management Committee, the introduction of twinning has mainly been driven by the

characteristics of the EU's system of committees, which oversees the Commission's delegated powers of implementation. Comitology procedures are mainly discussed among institutionalist scholars, which either view these institutions as *control mechanisms* or *forums for deliberation* (Pollack 2003a, 2003b; Joerges *et al.* 1997; Joerges and Neyer 1997a). The sharp contrast in the interpretation of these committees is a reflection of a division within new institutionalist research. In this context, March and Olsen (1998: 949, emphasis added) once noted that 'on the one side are those who see action as driven by a *logic of anticipated consequences* and prior preferences. On the other side, there are those who see action as driven by a *logic of appropriateness* and senses of identity'. This debate has clearly been carried over into the analysis of comitology. In order to delineate the contours of the discussion between various scholars and relation of this thesis to the current debate, this chapter starts with a general discussion of new institutionalisms and continues with a more specific discussion of comitology.

Another crucial aspect of decision-making during the introduction of the twinning exercise was the fact that decision-makers sought information from different sources. Several factors restrict the Commission's access to information, in particular the lack of resources in terms of staff and implementation capacity. In order to conduct the reform of the pre-accession strategy, the Commission therefore gain access into various sources that were external to its own institutions. The research process revealed several factors that were important during the introduction of the twinning exercise: namely, internal assessments of Phare based on information from the Commission's Delegations in the applicant countries, evaluations of Phare, non-papers from the member states on models of twinning and lesson-drawing from other donor organizations. In order to assess which of these factors was more important, Chapter 3 develops plausible rival hypotheses for the internal governance stage of decision-making. These models are also subject to the distinction between a logic of anticipated consequences and a logic of appropriateness which March and Olsen (1996: 253-57; 1998: 949) introduced into the institutionalist debate. Section 3.2 and Section 3.3 illustrate this point through an analysis of lesson-drawing, policy transfer and institutional isomorphism.

External governance

In order to establish what type of instrument twinning is, and how it influenced the candidate countries, this chapter introduces the concept of external governance in more detail (Section 4.1). It also provides the theoretical basis for the models outlined in Chapter 3. In this context, conditionality is seen as the dominant concept in the enlargement literature when describing the accession process. The chapter also introduces the recent literature on new forms of governance as an alternative understanding of the

accession instruments. This leads to an overview of the discussion concerning the EU's leverage in CEE affairs that is closely linked to the concept of explicit conditionality. Again, all these concepts are closely related to the two different logics mentioned above. Conditionality is largely seen as an instrument that enforces a logic of anticipated consequences, whereas new forms of governance are depicted as instruments that enable both logics.

2 Comparative politics approaches to the study of the EU

There is a consensus between most scholars which suggests that the EU is neither an international organization nor a federal state (W. Wallace 1999). The grand debate between neofunctionalist and intergovernmentalist mainly addressed the question of where the EU can be placed on this continuum, and which criteria could be used to assess it as a polity (Lindberg 1963; Hoffmann 1966; Moravcsik 1993). However, scholars moved on to stress that EU governance may vary across policy areas as well as over a number of different levels of policy-making (P.C. Schmitter 1996: 11ff.; Marks *et al.* 1996; Peterson and Bomberg 1999).

2.1 Theorizing EU decision-making

The governance school has claimed a firm place on the list of approaches explaining European integration (Jachtenfuchs 2001; Kohler-Koch and Eising 1999; Marks *et al.* 1996). This research agenda is largely in line with the institutionalist understanding of the EU (*see* Bulmer 1994; Christiansen 1997). In contrast to classical integration theories, such as intergovernmentalism and neofunctionalism, the governance approach to the EU 'takes the existing multi-level institutional system as a given starting point for analysing the modes and process patterns of European policy-making' (Schimmelfennig and Wagner 2004: 657).

This focus allows us to conduct research into the policies of the EU and their impact on the member states and the candidate countries. It moves away from the narrow focus of defining the *nature of the beast* towards analyzing the processes that shape the policies of the EU (*cf.* Risse-Kappen 1996). There are several notions of governance that have entered the debate: these include *societal governance* (Kooiman 2000, 1993c; Yee 2004), *governance as networks* (Rhodes 1997; Dowding 1995; Marsh and Smith 2000; Börzel 1998), and *good governance* (Leftwich 1994; Grindle 2004; Zanger 2000). All these conceptions share an assumption that can be illustrated with a quote by Fritz Scharpf (1978: 347) who argued, as early as in the 1970s, that

it is unlikely, if not impossible, that public policy of any significance could result from the choice process of any single unified actor: policy formulation and policy implementation are inevitably the result of interactions among a plurality of separate actors with separate interests, goals and strategies.

In other words, actors are usually engaged in various forms of cooperation. In addition, Kooiman (1993a: 258; 1993c: 2) makes a distinction between social-political forms of 'governing' and 'governance'. *Governing* refers to constellations in which actors do not act separately but cooperate with each other. It is more an effort to steer the system rather than an attempt to run it. *Governance* is defined by 'the patterns that emerge from governing activities of social, political and administrative actors' (Dunsire 1993: 2). This leads us to acknowledge the fact that policymakers will engage with various counterparts in order to achieve the best possible results.

2.2 The new institutionalisms

Throughout the history of European integration, the member states of the EC/EU have pooled specific areas of policy authority by introducing collective institutions or by expanding the responsibilities of existing institutions. Studies on the impact of supranational institutions were, until the late 1960s, conducted within the research framework of neofunctionalism (Haas 1968; Lindberg 1963) and stimulated criticism from intergovernmentalist accounts of decision-making in the EC (Haas 1964a, 1964b; Hoffmann 1964, 1966). However, over the last decades a considerable number of approaches, deriving mostly from comparative political studies and partly from International Relations (IR), have contributed new insights into institutional change, inter-institutional relationships and policy evolution.

The new institutionalisms, namely historical institutionalism (HI), rational choice institutionalism (RCI), and sociological institutionalism (SI), focus on the impact of supranational and national institutions on decision-making (Hall and Taylor 1996). Institutional approaches towards European integration normally focus on two major research questions. Firstly, they try to explain how institutions originate and change. Secondly, they seek to explain the relationship between institutions and the individual behaviour of the decision-makers (Hall and Taylor 1996; Bulmer 1994). The latter focus facilitates a view of organizations as structural constraints on individual actors. The principal-agent framework in particular as applied within RCI and HI emphasizes the importance of inter-institutional relationships. In general, governance is seen to create social-political subsystems in which a particular or relatively stable set of actors and institutions interact (Mayntz 1993: 16ff.; Kooiman 1993b, 1993a).

Historical institutionalism (HI) points to the possible gaps that may emerge between the member states' intentions and developments at the EU level. The presence of high issue density in EU politics further enhances the likelihood of such unintended consequences. As a result, it may be difficult for governments to reign in their agents at the supranational level in order to ensure control over the policy process. This is because EU institutions consist of procedures, routines, people and other resources (Pierson 1996). Accordingly, relatively autonomous EU institutions could arise, and the institutional arrangements of the EU themselves could constrain governments in return, thereby replacing rationality with bounded rationality (Bulmer 1994; Simon 1997a, 1997b; Thelen and Steinmo 1992; Krasner 1988). Such considerations point to the path dependencies that are potentially enshrined in institutions. These may derive from their original formulation or critical junctures such as the decision to introduce a Single European Market which set the path for further decisions (Pierson 2000, 1996; Bulmer and Burch 2001).

The concept of bounded rationality has its origin in the writings of Herbert A. Simon (1957; 1997a: 89-117)²³ who argued that substantive rationality ultimately leads to unintended consequences, because no given individual or organization can control the incomplete and fragmented nature of knowledge, nor can decision-makers fully deal with complexity. As a result, decision-makers create coping strategies that eventually develop into habits and routines²⁴. In an institutional context, these tendencies can be reinforced by the organizational environment and short issue-attention cycles can strengthen a given cause of action.

Institutionalists in political science have usually restricted themselves to focusing on formal and legal aspects of institutions, but they have at last succumbed to the temptation of considering bounded rationality (see March and Olsen 1989, 1984; Thelen and Steinmo 1992; Hall and Taylor 1996; Weingast 1996). Rational choice institutionalism (RCI) resembles many of the features voiced by these classical perspectives on institutions; with both relying heavily on formal structures and procedures. RCI considers the behavioural consequences that logically derive from formal rules such as cooperation, co-decision and comitology procedures (M.D. Aspinwall and G. Schneider 2000: 2-5). When using a principal-agent framework, in which the Commission is the agent for the

²³ The original of this contribution was published in 1947. This citation refers to the 4th Edition of the book (published in 1997).

²⁴ HI research often refers to habits and routines as *standard working procedures* (Bulmer and Burch 2001; Pierson 2004, 1996; March and Olsen 1989; Thelen and Steinmo 1992).

member states (the collective principal), scholars question how much control the principal can exercise over its agent or whether agency shirking is a possibility under the formal rules established between the institutions. The principal-agent model and the theory of delegation have been widely used in the study of the EU (*cf.* Kassim and Menon 2003). Although RCI shares the application of this model with liberal intergovernmentalism, it looks for opportunity structures which allow EU institutions to introduce their own preferences into the decision-making process. A number of concepts have been deployed to outline such situations with regard to the influence of the Commission, the Parliament and the Court of Justice (*see e.g.* Tsebelis 1994; Garrett 1995; Pollack 1997).

The value of this approach is that RCI does not *a priori* rule out the relevance or irrelevance of institutions, but instead seeks to analyze the relationship between the member states as a collective principal and, for example, the Commission. Such an agent can, based on asymmetric information, engage in opportunistic behaviour. This is often referred to as agency shirking. This opportunistic behaviour can be increased by slippage, when 'the structure of delegation itself provides perverse incentives for the agent to behave in ways inimical to the preferences of the principals' (Pollack 1997: 108). Since asymmetric information plays a crucial role in the relationship between principal and agents (i.e. in that agents usually know more about themselves than others), principals usually employ oversight mechanisms in order to monitor agency behaviour (Mohr 1973; Moe 1984; Doleys 2000; Pollack 1997, 1996). Two questions then become the focus of analysis with regard to the European Commission: 1. Are the member states able to rein in the Commission? 2. How do the Commission's preferences differ from those of the member states? In this context, Pollack (1997: 110) affirms that

...agency independence may often be more apparent than real. More specifically, because principals often opt to use unobtrusive forms of political oversight ..., and because agents may rationally anticipate the reactions of principals to certain types of behaviour, agency behaviour that at first glance seems autonomous may in fact be subtly influenced by the preferences of principals...

However, member states find it hard to exercise control over their agents, since sanctions can in many cases only be applied if a qualified majority or even unanimity can be achieved in the Council (Pollack 1997: 113ff.). In addition, it can be argued that the Commission has been purposely constructed to embody the Community interest, whereas the Council voices the member states' interest, and the Parliament represents the citizens' interest.

The Commission has been given the unique advantage within this institutional triangle (the Council, the Commission and the Parliament), because it possesses the sole right of initiative²⁵. As a result, it dominates the formal agenda-setting process and can direct agreements towards a more integrative direction than the principals would normally allow.²⁶ Pollack (1997: 124) asserts that the Commission has formal power, where it has the right of initiative and where 'it is easier to adopt than to amend a Commission proposal, ... differences in member state preferences can be effectively exploited, and ... member states are dissatisfied with the status quo and impatient to adopt a new policy'. Although the Commission does not possess the sole right of initiative with regard to the external relations of the EU, similar dynamics unfold where the Commission enjoys delegated powers as it does for the implementation of Phare. This is largely a result of the fact that the Commission's conduct in the EU's management committees is subject to a qualified majority vote, just as one of its proposals would be in the Council of Ministers.

The formal agenda-setting power is complemented by informal agenda-setting, which enhances the scope of the Commission's influence through the construction of focal points. In line with Garrett and Weingast (1993), Pollack argues that in the absence of a unique equilibrium, institutions can provide policy proposals that serve as focal points around which member state bargaining can converge. Alternatively, informal agenda-setting can also derive from the Commission's entrepreneurship. Kingdon (1995: 180-81) names three categories that qualify an actor as policy entrepreneur:

1. the person must be taken seriously, as an expert or a leader;
2. the person is known for his political connections or negotiating skill;
3. successful policy entrepreneurs must be persistent.

An actor with these qualities can create change only if a policy window opens. Pollack (1997: 126-27) rightly points out that these characteristics are not unique to the Commission, but that member states may as well possess them as liberal

²⁵ This applies only in Pillar I (the European Communities), but not in Pillars II (CFSP) and III (JHA). An excellent explanation of the pillar structure of the EU can be found in *The Penguin Companion to European Union* (Bainbridge 2003: 418). Although, regarding enlargement policies, the right for initiative therefore does not solely remain with the Commission, it has still played a crucial role in the accession process – for instance, when it came to the agreements on Draft Common Positions (DCPs) for the negotiations. In this context, the member states have usually proven unable to agree without a proposal by the Commission. The Commission is also the leading actor in the formulation of substantive policies, since it implements the EU's pre-accession strategy and holds delegated powers for this purpose that are only subject to control by the Phare Management Committee as well as the Committee put into place for ISPA and SAPARD.

²⁶ See also Pollack's numerous contributions on these issues, in particular (Pollack 1998, 1996, 2004).

intergovernmentalism has clearly shown (Moravcsik 1993, 1995). However, he insists that the Commission indeed 'embodies all three characteristics of expertise, brokering skills, and institutional persistence and has the additional advantage of the formal right of initiative and well-developed policy networks' (Pollack 1997: 126). To summarize, the Commission is not the only actor that can engage in informal agenda-setting, but it is well positioned to do so; and is indeed often expected to act as a policy entrepreneur in order to foster cooperation.

2.3 Two logics of decision-making: Appropriateness and anticipated consequences

At the heart of the differences between institutionalists, lies the role of institutions. RCI sees institutions as 'thin' entities; in that they act as a constraint on the behaviour of self-interested actors, which have to channel initiatives through them. In this perspective, institutions act as intervening variables. Furthermore, institutions may act as a strategic context that 'provides incentives or information, thus influencing the strategies that agents employ to attain given ends' (Checkel 1999: 546). HI portrays institutions as 'thicker' organizations, but only in a long-term historical perspective. Institutions that have been long standing can have a wider effect on actors since strategies may be locked into and institutionalized in them. HI therefore asserts that in long-term perspective institutions potentially become independent variables, which produce increasing returns in terms of path dependencies and unintended consequences (Jupille *et al.* 2003; Hall and Taylor 1996; Thelen and Steinmo 1992; Pierson 2000).

As much as RCI defines institutions as thin in terms of impact, sociological institutionalism (SI) characterizes them as thick; institutions become independent variables, which help to explain the behaviour of individual actors. One has to acknowledge the powerful message deriving from this concept. As Checkel (1999: 547) highlights, SI assumes that 'institutions constitute actors and their interests'. It follows that the preferences and interests voiced by particular actors can be explained by the institutions through which they interact. In integration studies, this leaves us with the question of whether national decision-makers are more influenced by their home institution, or by the institutional setting in Brussels, in which they frequently work together.

To the same extent to which liberal intergovernmentalism is based on rational choice theory, social constructivism (SC) is based on SI and partly on HI. It is largely constructed upon sociologists' findings on social interaction, in which the behaviour of individuals is connected to processes of learning and socialization. Checkel (1999: 547),

one of the main contributors to SC research on Europe, maintains that these processes lead individuals to base their decisions on a logic of appropriateness (informal meetings between Ministers; European-level policy networks centred on the Commission). As a result, the focus of social constructivist scholarship on European politics lies with the analysis of identity formation. The main concern of SC is the 'content of actor identities/preferences and the modes of social interaction ... where something else aside from strategic exchange is taking place' (Checkel 1999: 548). This contrasts with RCI scholarship, which describes institutional interactions as driven by the logic of anticipated consequences.

Integration theory	Behavioural assumptions and concepts
Liberal intergovernmentalism (p. 53)	<i>rationality; logic of anticipated consequences; economic interests; material interests; relative power; the need for credible commitments; institutions are facilitators of agreements</i>
Neofunctionalism (p. 59)	<i>bounded rationality; functional, political and cultivated spillover; engrenage; internalization; externalization</i>
Historical institutionalism (p. 54)	<i>bounded rationality; institutions become independent variables in long-term perspective; issue density; unintended consequences</i>
Rational choice institutionalism (p. 5)	<i>rationality, logic of anticipated consequences; institutions are intervening variables; delegation and authority; oversight mechanisms; institutions act as agents; agency shirking, slippage</i>
Sociological institutionalism (p. 58)	<i>logic of appropriateness, bounded rationality; learning and socialization; institutions are independent variables</i>
Social constructivism (p. 58)	<i>logic of appropriateness, social construction; institutions embed and reinforce norms and rules; persuasion and social learning</i>

Table 1: Integration theory, behavioural assumptions and concepts

3 EU governance and comitology

The interpretations of institutions outlined above, have also influenced the analysis of the EU's comitology system. As a result, the impressions drawn of the committees, which supervise the Commission's delegated powers during the implementation of common policies, depict the two logics of delegation that are implied by RCI and SI accounts of institutions. This discussion is outlined in the following section. The subsequent sections outline the concepts of lesson-drawing, policy transfer and institutional isomorphism, which enable a better understanding of the policy process and the Commission's potential sources of information.

3.1 Governing by committees: Implementing the EU's external governance

In legal terms comitology could be understood as a set of 'procedures by which the Commission makes decisions about the implementation of European Union legislation in collaboration with committees of national experts' (Dogan 1997: 31). The Commission's conduct with regard to the execution of common policies has been stringently regulated by Council Decision 1999/468/EC within the comitology system.²⁷ The Council has the right to install a committee that is composed of national experts, and to which the Commission must report the actions it wishes to take under the delegated power.²⁸ EU law distinguishes two types of committees, the advisory committee and the oversight committee. The latter type is divided into management and regulatory committees. The main difference between advisory and oversight committees is that the latter can overrule the Commission's decision and refer it back to the Council. The powers of regulatory committees extend further than those of management committees (Pollack 2003b: 115ff.).

RCI theorists label these forums *oversight mechanisms* (Pollack 2003b: 88, 114; cf. Tallberg 2002: 29ff.), but SI scholars render them *forums of deliberation* in which decision-making is driven by consensus-seeking and the roles of national representatives and Commission officials tend to become blurred (Trondal 2002; Joerges and Neyer 1997a). Whereas the latter view stresses the function of these committees to seek optimal solutions, RCI scholars insist on their role as instruments of control for the member states (Majone 2001: 115; Pollack 2003b). The differences in the interpretation of EU committee governance are perceived as a fundamental clash between the main alternative theoretical explanations. Trondal (2001: 8, emphasis in original), for example, notes that the new institutionalisms 'fundamentally disagree on how easily supranational role conceptions are evoked by EU committee participants'. Added to this, Morten Egeberg (1999: 456-57) points out that the comitology system provokes statements among leading scholars that often lack an empirical foundation. RCI scholars assume a logic of anticipated consequences, whereas SI scholars depict a logic of appropriateness.

²⁷ The European Institution of Public Administration has published an annotated bibliography and a State of the Art Report on comitology (EIPA 2000). This is a good starting point for the discussion outlined here, but see also the debate between various scholars (Trondal 2002; Zahra 2001; Morten Egeberg *et al.* 2003).

²⁸ Art. 9 of Council Regulation (EEC) No 3906/89 of 18 December 1989 sets up a Phare Management Committee based on majority voting (Art. 205, ex 148) of the Treaty establishing the European Community. This committee is charged with overseeing the activities of the Commission under the Phare programme. Art. 9 of Council Regulation (EC) No 1266/1999 of 21 June 1999 foresees the same institutional arrangement.

This controversy is rooted in the behavioural assumptions discussed above (*see* Table 1, p. 59). SI scholars assume that institutions are independent variables, because actors approach decisions without fixed preferences. The deliberation of alternatives in the institutional environment of the EU's committees therefore constitutes opportunities for them to change or discover their preferences on the basis of socialization, learning, or persuasion. As a result, authors such as Joerges and Neyer (1997b: 618) observe a higher probability of informal agenda-setting within EU committees. In their view, 'the main problem of rationalistic approaches is that they underrate the importance of discourse in facilitating social integration'. Sociological perspectives consider rationalist accounts of comitology as distorted by the lack of conceptual space for the normative dimension of reality. As a result, Joerges and Neyer (1997b: 618) conclude that such approaches 'fall victim to the analytical trap of equating rational behaviour with strategic behaviour'. This sort of argument in relation to comitology has also been made by SC scholars (Checkel 2001a: 37; Gerstenberg and Sabel 2002: 330-31).

RCI scholars answer these critics by arguing that the Commission rationally anticipates the reaction of the committees and therefore avoids confrontation. Thus, referrals of the Commission's proposals are unlikely (Pollack 2003a: 67; 2003b). This assertion corresponds with studies of Congressional committees or subcommittees in the US Congress that are often quoted as an example of similar oversight mechanisms. McCubbins *et al.* (1987a; 1989) have used this context to argue that administrative procedures can create policy outcomes in accordance with the preferences of the principals. However, even more importantly, they argue that this even holds true if the principals themselves are not sure of their preferred policy. The principals can ensure this situation firstly by requiring the agent to make information available as soon as policies are formulated, so that the informational asymmetry between the agent and the principals can be overcome. Secondly, administrative procedures can outline which constituents of the principal should be heard first before drafting decisions. As a result, the consultation of interests groups or other administrations before drafting a decision would become standard practise for agents (McCubbins *et al.* 1987b: 272f.).

Overall, RCI scholars have introduced an altogether different view of committee systems. McCubbins and Schwartz (1987), for example, argued that three types of oversight mechanisms can be differentiated: the police-patrol oversight, the fire-alarm oversight and institutional checks. As the expressions suggest, a police-patrol system involves a more regular checking of the agent's actions, whereas a fire-alarm system relies on third parties to appeal in court or directly to the principal. The regular monitoring of agencies can be performed on basis of public hearings, field observations, and examination of

agency documents and reports. These resources are readily available to the member states in the EU's committee system. Thus, police-patrol oversights can be performed by the member states if they wish to monitor the Commission in this way. To some extent, the member states can also rely on third parties to ring the bell in case the Commission goes beyond its remits. Such a large variety of actors is subject to EU policies and organized interests are so present in Brussels that fire-alarm oversights become a viable alternative to police-patrols. The EU's committee system, however, provides forums for both types of controls as member states may choose to monitor the Commission's behaviour with different levels of scrutiny.

Finally, McCubbins and Schwartz (1987) also mention a variation of fire-alarm oversight mechanisms. The authors point to the fact that third parties include not necessarily only organized interests, citizens and firms, but can also exist outside these actors in the form of institutional checks. In other words, the principal can draw up an institutional design in which one institution irregularly checks the actions of the implementation agency. In case of the EU, this type of oversight mechanism is in place within the individual DGs in the form of Internal Audit and Evaluation units. In addition, the Court of Auditors assesses the relevance and effectiveness of the Commission's implementation regimes on a regular basis. These institutionalized checks by both evaluation exercises across the different policy areas and the Court of Auditor's monitoring function are an important part of the EU's SEM 2000 (Sound and Efficient Financial Management) programme which was installed to ensure the proper allocation of finances to political objectives (*see* Chapter 4, p. 80). The Commission is also restricted through a system of administrative and judicial review by the European Court of Justice as well as by the European Ombudsman (Pollack 2003b: 379ff.; Tallberg 2002).

Some rationalist scholars regard these oversight mechanisms as effective enough for the member states to control the policy implementation of the Commission. Steunenberg *et al.* (1996) for example argue that the introduction of comitology procedures has led to a strengthening of the member states position with regards to the implementation of EU measures. In their view, the Council has acquired substantial gatekeeping power on a number of initiatives. The RCI literature on other institutions such as the European Court of Justice, the Court of Auditors and the European Parliament makes similar arguments (Garrett 1995; Garrett and Tsebelis 1996; Franchino 2000). Pollack has presented the most wide-ranging analysis of oversight mechanisms in the EU, in particular concerning the Commission's conduct under the existing institutional procedures. He comes to the conclusion that

the Commission, the Court, and the Parliament are all constrained by the limited powers delegated to them and by the administrative and oversight mechanisms

established by member governments to limit their discretion, and the influence of each actor over policy outcomes varies across issue areas primarily as a function of these various control mechanisms (Pollack 2003b: 390).

In addition, Majone (1996: 73) argued that 'even in the case of the regulatory and management committee the Commission is not only in the chair, but has a strong presumption in its favour'. He supports his claim with evidence taken from a study that found that the Council hardly ever follows up on the complex technical matters under consideration in comitology committees (Iep 1989). Furthermore, Majone (1996: 73-75) describes the reluctance of the Council to involve itself in costly policy control and its inability to compete with the Commission's expertise.

The debate on the characteristics of EU committees is of considerable importance for the analysis of the preceding chapters in this thesis. The introduction of twinning and its implementation procedures were entirely managed in cooperation with the NCPs of the member states, which is essentially a subset of the Phare Management Committee. Consequently, the thesis has to reflect on the nature of such forums. In addition, the questions deriving from the exchanges between RCI and SI scholars on comitology are relevant in the sense that they pinpoint the main dividing lines between the prominent theories of European integration.

This discussion is both pertinent to the internal governance and the external governance stages of decision-making. Chapter 3 further outlines how this discussion relates to the alternative modes of governance introduced therein. The Commission's implementation powers with regard to Phare, ISPA and SAPARD are subject to approval by comitology committees, which are assembled on basis of the relevant Council Regulations. Phare and ISPA foresee the installation of management committees, which decide by QMV whether a proposal should be referred to the Council or not²⁹ (EC 1989: Article 9; 1999a: Article 9; Council 1999b). The Council Regulation on SAPARD, however, only foresees the involvement of a monitoring committee that advises the Commission during implementation (Council 1999a). The Commission also decides in conjunction with these committees which type of instruments it uses during the implementation of the pre-accession strategy in the candidate countries.

²⁹ According to Art. 205(2) of the *Treaty establishing the European Community*, the member states votes shall be weighted as follows when the Council decides on the basis of qualified majority: Belgium 5, Denmark 3, Germany 10, Greece 5, Spain 8, France 10, Ireland 3, Italy 10, Luxembourg 2, Netherlands 5, Austria 4, Portugal 5, Finland 3, Sweden 4, United Kingdom 10. A qualified majority is reached with 62 votes if the Council decides on the basis of a Commission Proposal. Otherwise the 62 votes also have to derive from 10 different member states.

The following section introduces the core concepts of lesson-drawing and policy transfer in the context of introducing of policies and instruments. These concepts are also discussed below in the section on external governance, but with a particular emphasis on policy implementation and policy outcomes. The main objective is to introduce various types of policy transfer. This enables a discussion of the information the Commission used during the introduction of twinning, while it also sheds light on the implementation of the accession instruments.

3.2 Lesson drawing, policy transfer and institutional isomorphism as methods of policy formulation and implementation

The academic debate on policy transfer and lesson-drawing has increased rapidly since the late 1980s. This section introduces the significance of policy transfer and lesson-drawing for policy formulation, whereas the importance of these concepts with regards to policy implementation and policy outcomes is discussed in Sections 4.3. In addition, Section 4.2 explains how policy transfer relates to conditionality, a term widely used in the enlargement and external relations literature. An effort has been made here to link these approaches to the new institutionalisms. This is not a unique step because other authors have already pointed out that a combination of policy transfer and new institutionalist approaches could benefit research significantly (Jacoby 2004: 20ff., 179ff.; Stone 2004: 547f.). Indeed, the link between policy transfer and SI is more established in the literature. However, the concept of lesson-drawing carries some clear connotations of rational policy-making and this constitutes a good starting point to combine it with RCI accounts of decision-making. The theoretical implications of such theoretical synthesis has been discussed widely in the literature (Moravcsik 2003; Kratochwil 2003; Hellmann 2003a, 2003b; Harvey and Cobb 2003; Lapid 2003; Mcadam *et al.* 1997; Lichbach 1997). While this chapter focuses on introducing these concepts, Chapter 4 establishes the connection to the new institutionalisms.

Diffusion and convergence

The origins of policy transfer and lesson-drawing approaches lie in the study of policy convergence (Bennett 1988, 1991) and the diffusion of policies across the federal states of the US (Gray 1973; Walker 1969; Collier and Messick 1975). The literature on diffusion identified examples of policies progressively spreading across American States. Following Jack L. Walker's significant 1969 article, a large number of authors have endeavoured to explain the sequencing of decisions in relation to diffusion. These studies focused mostly on the origins of policies and their subsequent introduction in a different state; only occasionally, they incorporated notions on the performance of policies (cf. Jacoby 2001a: 265). Diffusion studies have been particularly useful in explaining the

process and conditions for transfer, but had little to say about the innovation that often goes along with it and showed little concern about the content of new policies (cf. Stone 2004: 547). In addition, they mostly focused on the adoption of policies in the US and only occasionally focused on the borrowing of models between countries or organizations.

In contrast, policy convergence has been described as ‘the tendency of societies to grow more alike, to develop similarities in structures, processes, and performances’ (Kerr 1983: 3). The main difference compared with diffusion studies is that convergence approaches seek to explain policy outcomes rather than policy processes. As a result, authors interested in policy convergence engage in discussions of causal factors that may produce similarities across different countries. These studies exhibit a tendency to connect research findings to broader concepts such as Europeanization and globalization, which are both seen as inducing factors for convergence (see Bennett 1991; Drezner 2001; Heichel *et al.* 2005 for definitions and reviews). In the introduction of a recent special issue of *Journal of European Public Policy*, Knill (2005: 765f.) describes the concept of policy convergence as an adjacent but somewhat different approach to policy transfer, diffusion and isomorphism. He emphasizes that convergence is concerned with the effects of policy transfer, but is not necessarily an outcome of transfer. It can instead also occur by chance between two countries that adopt similar solutions.

Lesson drawing

The differentiation of lesson-drawing and policy transfer has not been clearly defined in the academic debate. However, we will see that there are actually some clear dividing lines between both approaches. As a concept, lesson-drawing has been developed in a seminal article by Richard Rose (1991) and several subsequent publications (Rose 1993, 2000, 2005). It refers to a natural process of learning by experience from others and across time. It therefore goes beyond mere self-evaluation, but extends to the drawing of lessons from similar programmes in other jurisdictions. It ‘cuts across territorial boundaries but remains within the boundaries of a given policy community’ (Rose 1993: 7). As a result, lesson-drawing is facilitated by the fact that the functional concerns of different countries or constituencies are subject to decreasing variations. An increasing number of policies adopted in one place are often relevant in another. The exchange of information across nations is largely increased by modern computer technologies. In addition to this account of lesson-drawing, one might add that such processes are not limited to government bodies but can also occur in the private sector or between organizations.

The most pronounced distinction between lesson-drawing and other accounts of learning across different territories is that Rose emphasizes the rational component as much as the normative dimension of introducing a foreign model. As he puts it, ‘the process of lesson-drawing starts with scanning programmes in effect elsewhere, and ends with the *prospective evaluation* of what would happen if a programme already in effect elsewhere were transferred here in future’ (Rose 1991: 3, emphasis added). Lesson-drawing, however, is as much a normative activity as it is a practical one, because ‘a prescription that a program in effect elsewhere should be applied here is a statement about what ought to be done’ (Rose 1993: 11). Mossberger and Wolman (2003: 428, 30ff.) note that lesson-drawing as a form of prospective policy evaluation involves as much an element of assessment of foreign models before their application as it considers the awareness about alternatives an important component in the process. Awareness, or as Rose (1991) puts it information search, is often given by the large amount of networks across nations or epistemic communities in which bureaucrats are involved (Rhodes 1997; Marsh and Smith 2000; Haas 1992; Verdun 1999). Of considerable importance in this context is the scope, adequacy and accuracy of the information available (*see* Mossberger and Wolman 2003: 430; Wolman 1992). An added consideration is that lesson-drawing is a response to dissatisfaction with the status quo (Rose 1991: 10-12). An assessment of a prospective model on the basis of the similarity of problems and goals, its performance and the differences in settings is therefore a crucial element of lesson-drawing. Thus, the applicability and transferability of the programme is a prime concern for policy-makers that seek to learn lessons from abroad (Rose 1991: 22-27).

The model of lesson-drawing outlined here and further defined in Chapter 3 is a rationalist account of policymaking which derives from Rose (1991; 1993) and implies that learning processes are characterized by “simple learning” rather than “complex learning” as described by sociological variants of this process. “Simple learning” leads to a change in means but not in ends, whereas “complex learning” results in the revision of underlying goals (cf. Schimmelfennig and Sedelmeier 2005c; Deutsch 1963; Levy 1994). This latter version of learning has also been coined *institutional isomorphism* by SI scholars who wanted to stress the fact that ‘organizations compete not just for resources and customers, but for political power and institutional legitimacy’ (DiMaggio and Powell 1991: 66). Such a process can become part of deliberative supranationalism as discussed above, because institutions are adopted when the discourse among policymakers views them as appropriate or legitimate solutions. Radaelli (2000: 27) notes that in EU decision-making

copying organizational structures is not a process driven by efficiency considerations, but a way of securing legitimacy in political life. Legitimacy explains why

organizations seek to be isomorphic in their structure and activity pattern with specific patterns present in their environment.

In contrast to these sociological variants, Rose (1991: 3) describes lesson-drawing as a contested political process without the assurance that 'a lesson drawn will be both desirable and practical'. Such a form of lesson-drawing uses the information gained from alternative institutional models to formulate policies or design institutions. Similar to other forms of policy transfer, lesson-drawing can take place at different degrees (Rose 1991: 21-22; *see also* Dolowitz and Marsh 2000: 13):

1. *copying* is the direct and complete transfer of institutional models or policies,
2. *emulation* refers to adoption of a programme with adjustments to different circumstances,
3. *hybridization* combines elements of programmes from two different places,
4. *synthesis* is the combination of familiar elements from programmes in effect in three or more different places,
5. *inspiration* means that another programme inspired policy change but did not affect the final outcomes.

This puts a myth about policy transfer or lesson-drawing as a method of policy-making to rest; namely that it refers to the full transfer of institutional models, policies or programmes. Another term that is often used in the transfer literature is *imitation* (Jacoby 2000; Westney 1987). This is essentially a synonym for emulation.

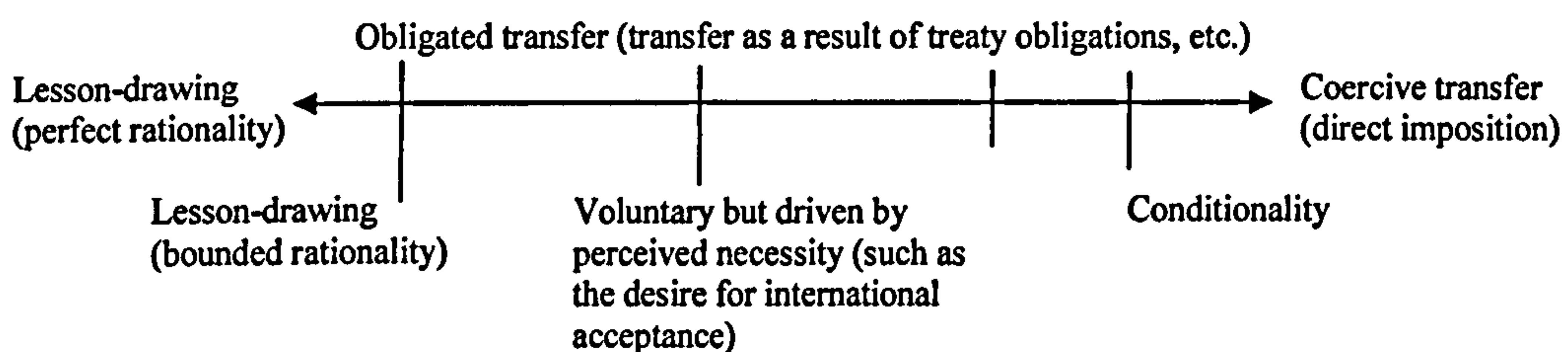
In addition, lesson-drawing differs from other forms of rational policy-making, because it often leads to a clear break with current programme patterns in favour of solutions that are based on foreign examples. Therefore, the information drawn from foreign lessons differs largely from evaluation results because it leads to the establishment of a new model: one that is based on both foreign programmes, and innovation. In contrast, evidence-based policy-making provides the information necessary to patch up existing programmes or to increase the efficiency of implementation (Sanderson 2002; Palumbo *et al.* 1981; Lippincott and Stoker 1992). Lesson-drawing, however, is a strategic instrument for policy-makers in an institutional environment. It can be applied to increase the relevance of a contribution or in fact to gain an advantage over other participants of the policy process. In this respect, evidence-based policy-making leans more towards the assertions made by HI scholars, whereas lesson-drawing falls into line with RCI scholarship.

Policy transfer

Dolowitz and Marsh(2000: 3, 13) (2000: 3, 13) describe lesson-drawing as a sub-type or a voluntary form of policy transfer. The framework of analysis put forward by these

authors outlines an interesting distinction between different types of policy transfer. As Figure 3 shows, it portrays lesson-drawing and coercive transfer as ideal types at two ends of a continuum that is defined by different degrees of intention and coercion (*see also Dolowitz 2000b; Dolowitz and Marsh 1996*).

As a result, policy transfer is understood as a process by which ‘*knowledge* about how politics, administrative requirements, institutions and ideas in one political setting (past or present) is used in the development policies, administrative arrangements, institutions and ideas in another political setting’ (Dolowitz and Marsh 2000: 5, emphasis added). The authors also introduce the idea of *obligated policy transfer*, which is a response to treaty obligations either in the EU or in other international organizations. This can be played out in a *voluntary* form that involves the desire for international acceptance or a *more coercive* form of policy transfer that includes conditionality terms defined by these institutions. Lesson-drawing lies at the voluntary end of the continuum in its perfect rational form and under bounded rationality it implies a higher degree of coercion. The authors also point out that obligated transfer in the EU is to an extent also negotiated because the member states participate in the negotiation of policies (Dolowitz and Marsh 2000: 15). This view of obligated transfer corresponds to the idea of ‘convergence through harmonization’ (Bennett 1991: 225).



Source: Dolowitz and Marsh 2000, p. 13

Figure 3: From lesson-drawing to coercive transfer

Accordingly, policy transfer in the EU, as much as in other organizations and institutions ‘is not an all-or-nothing process’ (Dolowitz and Marsh 2000: 13). Accounts of policy transfer in the EU have been incorporated into studies of Europeanization (Jordan 2003; Knill 1999; Bulmer and Radaelli 2004; Bomberg and Peterson 2000), but also studies of regulatory policy-making across Europe (Majone 1991). As a result, a rich fabric of policy transfer and lesson-drawing, ranging across all forms of transfer discussed so far, has been utilised in EU research. Radaelli (2000: 29) notes that observations of instances in which the EU is coerced into certain policy options are unlikely since it operates on a non-hierarchical type of policymaking. In some circumstances, however, the economic

weight of some member states like Germany may play a role via economic mechanisms. Another example of policy transfer at the EU level is the gradual diffusion of environmental policy instruments. Jordan et al. (2003: 555) observe the 'recent increase in the adoption of new and innovative instruments' in EU and the member states' environmental policies.

3.3 Agents of transfer

This also leads us to question whether the EU as a system of governance draws lessons frequently and who gets involved in transfer. In his analysis, Richard Rose has already pointed out that learning through lessons is facilitated by transnational epistemic communities (Haas 1992). Since then the list of possible agents of transfer has grown steadily; Dolowitz and Marsh (2000: 5) included various bodies and agents such as: elected officials, civil servants, institutions, consultants, think tanks and even ideologies and attitudes. It is certainly crucial to identify factors or persons that enable the transfer of policies or institutions when researching such phenomena. However, it is questionable whether the sheer expansion of this list of potential agents would be helpful to researchers.

Diane Stone has introduced the idea of the transnationalization of policy into this debate (Stone 1999, 2004). While framing her version of policy transfer around the notion of learning, Stone argues that the involvement of global networks in policymaking has led to an increase in transfer between countries and organizations. Policy learning is an essential element of success, it 'may result in more coherent transfer of ideas, policies and practices whereas mere copying may well be ad hoc and piecemeal' (Stone 2004: 548). The author stresses that the transfer literature has overly focused on the transfer between nation-states rather than considering a wider trend such as the vertical transfer of policies between international organizations and states. As examples, Stone includes the OECD and the UN as clearing houses for political ideas and forums for common policy development are mentioned.

A more concrete example would be the establishment of UNAIDS as an epistemic community surrounding the multilateral response to this pandemic (Stone 2004: 553). A case in point from employment policy would be the agreement on an OECD Jobs Strategy, in which the member states of the organization agreed on suitable active labour market policies (OECD 1994b, 1994a). Similar accounts of vertical transfer emerge from recent studies of Europeanization (Börzel 2001; Bulmer and Burch 2001; Hughes *et al.* 2004b). The following section discusses the EU's external governance, which becomes an important concept for the analysis of the implementation of the twinning exercise. This

also includes also a discussion of conditionality as integral part of coercive policy transfer, and new forms of governance which have become alternatives to traditional methods of influencing policymaking.

4 External governance in the European Union

The EU's enlargement strategy has primarily been described as a policy of conditionality (Grabbe 2002, 2001; K.E. Smith 2003). However, as Schimmelfennig and Sedelmeier (2004: 662) convincingly argue 'the mere use of conditionality by the EU does not necessarily tell us much about the underlying mode of governance and the conditions under which EU rules are transferred to the CEECs'. The authors continue to argue that there is a need to make a distinction between the use of conditionality as a political strategy and its causal impact on domestic politics. In this context, some authors have also questioned to what extent the explicit conditionality that the reinforced pre-accession strategy introduced increased the leverage of the EU over domestic politics in CEE (Vachudova 2001: 5; 2004; Jacoby 2001b: 189; 2004: 198). As this thesis will show in the following chapters, the enhanced pre-accession strategy indeed did not just lead to the application of conditionality, but also incorporated new forms of governance that enabled cooperation on a more voluntary basis. This type of external governance has been rarely assessed in the academic literature. In fact, it has only received attention in areas of internal governance such as employment policies, tax harmonization and reform of pensions (Regent 2003; Velluti 2004; Borrás and Jacobsson).

This section introduces the concept of external governance as defined by governance beyond boundaries, and different modes of governance such as governance by conditionality and new forms of governance. The 'governance approach' has found little recourse in the study of the EU's external relations. As already mentioned in Chapter 1, enlargement has been one of the testing grounds for the application of the concepts deriving from this line of research to the external relations of the EU (Friis and Murphy 1999; Grabbe 2001). These areas of activity have frequently been described as the domain of intergovernmental bargaining characterized by the EU's three-pillar structure. This system allocates equal powers of initiative to the member states and the Commission, and charges the Council Presidency with the task of heading enlargement negotiations in the external relations domain. According to a number of authors, this leaves the Commission in both enlargement-related issues and external relations in a weaker position than in other areas of activity. As a result, this view of the involved actors leads to the conclusion that the member states are able to protect their interests through transitional periods, issue linkages and overlapping games (Torreblanca 1998;

Moravcsik and Vachudova 2003). However, as we will be seen from the analysis of the modes of governance the EU utilizes in implementing its external policies, this does not accurately reflect the reality of the enlargement process.

4.1 External governance and the boundaries of integration

In this thesis, a narrower definition of external governance than that outlined in the literature is applied. Most authors include the internal governance stage in their definition of external governance, but it is excluded here for analytical reasons (cf. Lavenex 2004; Schimmelfennig and Sedelmeier 2005c). This highlights the fact that the theme of external governance is closely connected with the question as to what type of strategies the EU uses to influence third countries. It is therefore also in line with studies that focus on the implementation of external policies (Santiso 2002; Holden 2003) and accession instruments (Papadimitriou and Phinnemore 2004); thereby seeking to identify the underlying modes of governance that accompany the EU's accession conditionality.

Michael Smith (1996: 5, emphasis in original) suggests that 'after spending most of its life practising the politics of exclusion, the EU has moved towards a politics of inclusion to reflect the changing demands of European order'. This calls into question traditional interpretations of the EU as a civilian power (Duchêne 1973) and the CFSP (Hill 1993). The politics of exclusion was based on the geopolitical, institutional/legal, transactional, and cultural boundary of integration; the politics of inclusion derives from the blurring of these boundaries. External governance is concerned with the 'external dimension of internal politics' (Lavenex 2004: 682), thereby focussing on the dynamics unfolding when the EU moves towards partial inclusion of third countries in existing agreements. The extension of the EU's governance beyond its boundaries has been an important device in exerting influence over developments in its direct neighbourhood and beyond.

The *geopolitical boundary* resembles the political dividing line between insiders and outsiders of integration. A prime example of such a division was the Cold War. Geopolitics defined the relationship between East and West, where only very limited cooperation was possible between the two sides and membership of the CEECs was unthinkable. The *institutional/legal boundary* refers to the supranational institutions and their procedures as well as to the EU's role as a community of law and civic statehood (M. Smith 1996: 15-17).

As several authors have later argued, institutional and legal parameters of integration could also be seen as separate boundaries, because the institutional setup of the EU is subject to constant interpretation by the institutions themselves. The legal

boundary, however, is defined by the 'hard law' deriving from the Treaties, secondary legislation and case-by-case rulings of the European Court of Justice. It is also present in the 'soft law' that exists because of political agreements and declarations. The core elements of the *acquis communautaire* are not subject to transitional periods in enlargement negotiations. These components of the EU's governance system are essential to its capacity to govern and cannot therefore be called into question (Lavenex 2004). The *transactional boundary* refers to the regulation of the internal market for goods, services, capital and persons. As the EU has signed up to many trade agreements, this boundary has seen significant movement towards the partial inclusion of outsiders over last few decades. In comparison to the other concepts put forward by Smith (1996: 15-17), the *cultural boundary* is more illusive and less defined. It refers to the EU's status as a Community of political values, a status that in return also signals a boundary between insiders and outsiders.

It was recently seen how important cultural and political values can be in political discourse when the opening of accession negotiations with Turkey was discussed in the General Affairs Council. The EU has promoted political values such as support for democracy, respect for the rule of law and human rights. It also tends to 'somewhat tentative references to common culture and heritage of its peoples' (Friis and Murphy 1999: 217).

These boundaries translate into accession criteria during membership negotiations. In terms of political and cultural values, the EU has, for example, insisted on the abolition of the death penalty and placed minority protection on the list of conditions for membership. The opening of the Berlin Wall has led to significant changes regarding the geopolitical division that characterised Europe before 1989. This led not only to the inclusion of ten countries from the former Warsaw Pact in enlargement negotiations, but also to the introduction of the EU's Wider Europe initiative or European Neighbourhood Strategy (M. Smith 2000; Emerson 2004; CEC 2004i). In parallel with this new initiative which aims to 'develop a zone of prosperity and a friendly neighbourhood' (CEC 2003l: 4) with countries deriving from the former Soviet Union and the Mediterranean, the EU seeks to bring countries in the Western Balkans closer to membership through the Stabilisation and Association Process (SAP). The SAPs are similar to the Europe Agreements in respect to the economic opening that goes along with them. However, in political terms these agreements also seek to overcome the ethnic conflicts that have dwelled in the Western Balkans for some time. This process has already led to the opening of accession negotiations with Croatia (CEC 2003k, 2004e).

As mentioned in Chapter 1, Friis and Murphy (1999: 217) propose that the enlargement of the EU with CEE constitutes an extreme case of governance beyond boundaries and that this type of cooperation leads to *internalization* effects ‘where external developments and external actors become part of the EU bargaining process’. Such internalization occurs when issue linkages between external policies and internal developments have a significant effect on matters such as institutional reform or financing (*see also* M. Smith 1994: 463). Internalization can be costly for the member states, which over time have made significant investments of political, institutional and economic nature. As a result, Friis and Murphy (1999: 225) conclude that ‘increased emphasis was placed on the readiness of applicants to implement the Union *acquis* upon accession – this would also (at least in the short term) limit numbers and minimize internalization costs’.

In his critique of foreign policy, Ekkehart Krippendorff (1997) posed the question ‘Is foreign policy *foreign* policy?’³⁰. This question is an expression of the mechanisms underpinning the external relations of the EU. As the EU approaches third countries, its external policies are often a reflection of the *acquis communautaire*. The Union aims to protect the investment of the member states as well as its political and economic achievements. As a result, enlargement negotiations are most likely to entail an element of self-preservation in the form of conditions and numerous strategies that are designed to achieve results in the candidate countries. In this respect, a politics of inclusion is yet another strategy of the EU to influence its neighbours. In a more recent contribution, Michael Smith (2000: 808, emphasis in original) describes external relations as a ‘coexistence of “three worlds” in the European arena ... those of *boundaries, layers* and *networks*’. In a world of boundaries, Smith argues, ‘negotiation is likely to be about inclusions and exclusions’, whereas in a multi-layered world negotiations are more likely to be about managing the balance and linkage between layers and coalition-building. Finally, the author regards a networked world as one where the focus of negotiation lies with the identification and treatment of common problems. Consequently, networking is more about problem solving than bargaining or linkage problems. While the analogy of boundaries can help to reflect on a great deal of EU’s activity in candidate countries, the notion of networks and active network building by the Commission is particularly suited to this thesis.

³⁰ My translation; the original reads ‘Ist Aussenpolitik Aussenpolitik?’.

4.2 The conditional nature of enlargement processes

The incentives deriving from the EU's conditionality have become a common theme in the enlargement literature. Grabbe (2002: 249), however, has rightly emphasized the ambiguity of the EU's conditions for CEE applicants. The accession criteria are defined in terms of political, economic and administrative terms, but 'are very general and not amenable to quantitative assessment'. The use of conditionality is not limited to the enlargement process. It has been employed widely by Western donors and organizations in order to provide incentives for reform. The theme of conditionality has also been closely linked to *obligated* and *coercive policy transfer* (Dolowitz and Marsh 2000: 9; Stone 2004: 554).

In the context of EU enlargement, the obligations deriving from membership may lead to obligated policy transfer. Since the EU's administrative conditionality as formulated at the Madrid European Council in 1995 explicitly highlighted the significance of ensuring the effective application and implementation of the *acquis*, it also implicitly demanded a degree of convergence on issues of administrative reform. The connection between coercive policy transfer and the EU's conditionality is equally strong. Lal (2001: 253-56; cited in Stone 2004: 554) has identified five features of conditionality pertinent to our understanding of coercive policy transfer:

1. *Inducement*: getting governments to enact policies they would otherwise not have initiated;
2. *Selectivity*: aid given only to those countries already exhibiting a "good" policy environment;
3. *Paternalism*: donors attempt to get aid spent on the goods and services they favour;
4. *Restraint*: seeking protection against policy reversal that may occur with a new government. It differs from inducement in that there is no policy disagreement between the recipient and the donor country;
5. *Signalling*: aid is used as a device to signal "good" policy behaviour by the recipient.

Inducement has been present in the enlargement process on basis of the APs, which identify the priorities and objectives for the financial instruments. Although implemented under the label of partnership, these documents clearly focused governments on particular areas of reform. The Commission is also able to extent its grip on areas of reform through the programming of pre-accession aid that is based on the APs and NPAAAs. This may lead to priorities that are more specific during the implementation of the accession instruments. The selectivity of aid to the applicant countries has also been an important element of coercion in the accession process. The EC/EU has suspended aid to the CEECs on numerous occasions; for example, to Slovakia in May 2001. This was because

of irregularities concerning disbursement. Paternalism and signalling have also been used to ensure compliance by the candidates with the *acquis*. In addition, the Commission has used its Regular Reports to monitor the CEECs' progress towards accession and the publication of the White Paper on regulatory alignment also helped to clarify its intentions (CEC 1995c). A large number of programming documents, starting with the Financing Memorandum for each candidate down to the individual project fiches and twinning covenants have allowed the Commission to refine its accession criteria in detail.

As Grabbe (2001: 1019-24) points out these activities introduce elements of gate-keeping, benchmarking and monitoring. Moreover, they allow for the provision of legislative and institutional templates, and advice. Hence, the EU can influence candidates with varying degrees of conditionality. In this context, Schimmelfennig and Sedelmeier (2005c: 3) advocate the *external incentives model* which serves as a word of caution in relation to the fact that most analysts 'take it very much as a given that the EU has, or at least could have, a pervasive influence on the domestic politics of the CEECs'. The authors define this model as a rationalist bargaining model that is both actor-centred and based on a logic of anticipated consequences. It derives from studies of international financing institutions (Haggard and Webb 1994: 25-27; Kahler 1992: 92-123) and asserts that 'the EU sets the adoption of its rules as conditions that the CEECs have to fulfil in order to receive rewards from the EU' (Schimmelfennig and Sedelmeier 2005c: 10). The authors distinguish between two kinds of rewards that are offered to the candidate countries: assistance and institutional ties.

This type of strategy differs from a strategy of pure coercion because the EU does not intervene when conditions are not met, but simply withholds the reward. It is a strategy of *reactive reinforcement* or *reinforcement by reward* (Schimmelfennig 2000: 125-27; Schimmelfennig *et al.* 2003a: 496-97). It follows that the failure of applicants to comply with the EU's conditions would lead to the temporary suspension of financial assistance or association agreements. Another reaction could be the cancellation of a particular project. As the EU's accession criteria run across political, economic and administrative issues, the rewards put forward as an incentive can relate directly to these elements of domestic reform.

It has been argued, however, that conditionality undermines local ownership and should therefore be replaced or accompanied by alternative strategies³¹. Dearden (2005: 12), for

³¹ This is a fairly common argument in the literature on conditionality (see Kahler 1992; J. Nelson 1996; Killick *et al.* 1998; Williamson 1983c; Ethier 2003; Kelley 2004).

example, stipulates for EU development policy that ‘without the involvement of recipient governments, ownership of aid will be lost and delivery impaired’. In addition, several authors have emphasised the problems deriving from excessively controlled external aid programmes. In particular, this effect has increased considerably since the creation of the EuropeAid Cooperation Office in 2001. Santiso (2002: 402), for example, notes that the reforms of the EU aid regime

have created a risk-averse bureaucracy driven by the tortuous procedures of financial accountability. ... EC aid policies applicable to any given sector or geographical region consist of a thicket of regulations, resolutions, declarations and communications which often lack an overarching purpose and strategic objectives.

These considerations call into question whether incentives based on rewards were enough to induce governments in CEE to reform their administrations. The question is whether the candidates can perceive the Phare programme or individual project as a reward if their influence on its implementation and objectives is limited. As already highlighted in Chapter 1, the EU could not depend on any general body of European law in the public administration sphere and therefore it was more difficult to pinpoint the administrative criteria for accession than the remaining accession criteria (OECD 1998: 13; see also Dimitrova 2002; Nicolaidis 2003). This in return leads to the issue regarding on what basis the EU allocates, or withholds rewards, in the area of administrative reform or whether indeed programmes are cancelled if they are not on target.

4.3 New forms of governance

The OMC has removed most of the elements of coercion mentioned above from the implementation of policies, instead its aim is to ‘share experience and to encourage the spread of best practice’ (H. Wallace 2000c: 33). In a sense, this method of policy-making is the mirror image of the Community method. It does not focus on policy formulation, but is concerned with policy outcomes and concentrates on the implementation of policies. As a method of policy coordination, it ‘avoids strict regulatory requirements and allows experiments that are adapted to local circumstances’ (Eberlein and Kerwer 2004: 123). Thus, coordination under this new form of governance can foster the improvement of policies on basis of mutual learning processes and peer pressure. Since it does not impose any regulations on the member states that sign up to it, the OMC can be used when ‘harmonization is unworkable but mutual recognition and the resulting regulatory competition may be too risky’ (Trubek and Mosher 2001: 21).

There have been many criticisms levelled at the relevance of the OMC to policy-making and its effectiveness as a method (Eberlein and Kerwer 2004: 123-24; Hodson and Maher 2001: 16-17). However, it has become an important alternative to the Community

method, because it allows for more diversity among the member states while seeking convergence on particular issues. As a result, member states are able to select elements of the systems used by various peers and implement these at home. The list of policy areas where the open method of coordination is implemented is expanding; it includes macroeconomic coordination (Hodson 2004), employment (de la Porte *et al.* 2001), the environment (Lenschow 2002), taxation (Radaelli 2003a), innovation (Kaiser and Prange 2004) and immigration (Caviedes 2004).

The OMC is seen as a solution for accelerating decisions in areas where EU decision-making has resulted in gridlock. Héritier (2003: 105) points out that this is largely due to the fact that integration has reached ‘a stage where the core activities of the member states are directly addressed’. In these areas of activity, traditional methods of decision-making do not yield success and the application of a more inclusive method that incorporates actors, which participate in implementation, is attractive. Mosher (2000: 6) has outlined four essential elements of the OMC:

1. fixed guidelines set for the Union, with short-, medium-, and long-term goals;
2. quantitative and qualitative indicators and benchmarks;
3. European guidelines translated into national and regional policies and targets; and
4. periodic monitoring, evaluation and peer review, organized as a mutual learning process.

It has been argued elsewhere that the twinning exercise in combination with other elements of the enlargement strategy such as the APs and NPAAAs resembles some of the essential features of the OMC (Steffens 2003; Tulmets 2005b). Twinning as a method of aid delivery upholds a decentralized mode of implementation (Askvik 1999; Jones and Blunt 1999). This characteristic leads to the incorporation of actors in the process of formulating programme objectives, which later bear the costs of implementation. The preceding chapters will show that the programming of twinning leaves substantial room for common goal definition and therefore undermines resistance from the outset. It incorporates both elements of a top-down and a bottom-up perspective to implementation (Pressman and Wildavsky 1973; Sabatier and Mazmanian 1979, 1981; Mayntz 1983; Majone and Wildavsky 1978; Ham and Hill 1984; Sabatier 1986; Peters 1993).

In relation to enlargement, the identification of best practices allows for the recognition of suitable and efficient models of implementation on behalf of the candidates. In respect of administrative and judicial capacities, this becomes particularly interesting since there are no predefined ‘European’ templates concerning the administrative arrangements for the implementation of particular directives. The *exchange of best practices* and the

formulation of benchmarks as minimum requirements for projects replace the top-down approach of incentives by rewards and at the same time serve the purpose of promoting convergence. The introduction of *soft laws* into the accession process is therefore an attractive alternative to more coercive forms of policy transfer. New forms of governance enable actors to draw lessons from their peers; they create opportunities for transfer of 'best practices'. At the same time, it does not enforce cooperation through peer pressure and therefore does entail a different form of coercion. This dimension of policy reform is needed in candidate countries, but also across the whole of Europe as shown by the adoption of the OMC in various policy areas.

5 Conclusion

This chapter analysed a number of integration theories deriving from the new institutionalisms. Section 2 highlighted the behavioural assumptions that underpin approaches such as RCI, HI and SI, whereas Section 3 focused on comitology procedures in the EU and their relevance for policy implementation.

In light of Simon's (1997a) argument that an analysis of organizations should find a middle ground between those approaches which assume rational behaviour, and those which presume actors fall victim to their environment, a synthesis between these different institutionalisms would be an important step in theorizing EU decision-making. This chapter concludes that an analysis of the life cycle of an instrument such as twinning can only be attempted with the help of various concepts and on the basis of multi-causality. The discussion on comitology undertaken in Section 3 of this chapter, however, shows how difficult a synthesis may be, because academic discussions on institutional arenas such as the EU committee system are often conducted in "camps". The same holds true for approaches to lesson-drawing and policy transfer. In particular, the transfer literature including studies on diffusion and convergence addresses different issues, namely policy formulation, policy implementation and policy outcomes. It is in light of these different elements of the policy cycle that discussions on transfer often fail to communicate effectively with each other. In order to enhance our discussions, it is necessary to separate out these elements more clearly, even though there is considerable overlap of such processes in reality.

Such tendencies have also found recourse in the debate surrounding the EU's external relations. It is clear, however, that an enlargement of this magnitude would have been hard to achieve on basis of a single underlying mode of governance such as coercive policy transfer based on the EU's accession conditionality. On the contrary, it is more

likely that the EU has covered a wider spectrum during the accession process. Chapter 4 engages with this aspect of external governance in more detail and outlines plausible alternatives in relation to the twinning exercise as an accession instrument. The preliminary conclusion on this aspect of the decision-making process is, however, that the EU has utilized a number of strategies to achieve results in the candidate countries. Finally, studies of enlargement should bear in mind that institutional reforms are inevitably subject to domestic debates and therefore subject to the influence of domestic circumstances.

Governing by conditions, transfer and new forms of governance

The essence of a case study, the central tendency among all types of case study is that it tries to illuminate a decision or set of decisions: *why they were taken, how they were implemented, and with what result.*

Schramm 1971, p. 16, emphasis added

1 Introduction

The establishment of the twinning exercise remains one of the most substantial changes introduced in 1997. This institution-building instrument was created to facilitate the long-term secondment of civil servants from the member states to the applicant countries. The aim of this thesis is to provide a clear picture of how this particular reform of Phare was conducted from 1996 to 1998 and how the twinning exercise influenced candidates to reform their institutions. In order to understand the different elements this decision-making process entailed, this chapter elaborates the three stages which substantive enlargement policies normally assume: 1. Internal governance; 2. External governance; 3. Domestic outcomes. It identifies plausible rival hypotheses for *Stage 1* and *2* that are closely connected to theoretical models. In contrast, for *Stage 3* possible outcomes of the EU's policies are introduced.

The rationale behind this is that the decision-making process can make use of several alternative modes of governance. This has been highlighted by a number of authors in recent years (Hix 1994, 1998; Bulmer 1994; H. Wallace 2000a; Jachtenfuchs 2001,

1995). To the same extent, the EU can choose to use different types of strategies to influence CEE governance and outcomes vary substantially across sectors and countries (Grabbe 2001; Schimmelfennig and Sedelmeier 2004; Jacoby 2001b). Thus, policy formulation, policy implementation and policy outcomes may vary across different areas of policymaking (see Figure 4). These considerations suggest that studies on EU enlargement policies have to answer three basic questions outlined below:

EU decision-making model

- *Stage 1: Internal governance.* How does the EU decide policies regarding applicant countries?
- *Stage 2: External governance.* Which instruments or type of policies does the EU introduce to generate change in applicant countries?

Candidate countries

- *Stage 3: Domestic outcomes.* How do the applicants respond to these policies, and what impact do the EU's policies have on domestic reform?

The first part of the chapter focuses on the reform of the pre-accession strategy and the introduction of twinning. *Stage 1* examines the dynamics between actors within the EU when it decides enlargement policies. *Stage 2* pays particular attention to the fact that the EU created twinning as an instrument to generate policy transfer between existing and future member states. It seeks to explain how actors focused on the effectiveness of the twinning exercise in transferring institutional models to the candidate countries when formulating implementation procedures for the programme. *Stage 3* analyses the likely effects in CEECs and their response to the EU's enlargement strategy and in particular the instruments it uses to achieve its aims.

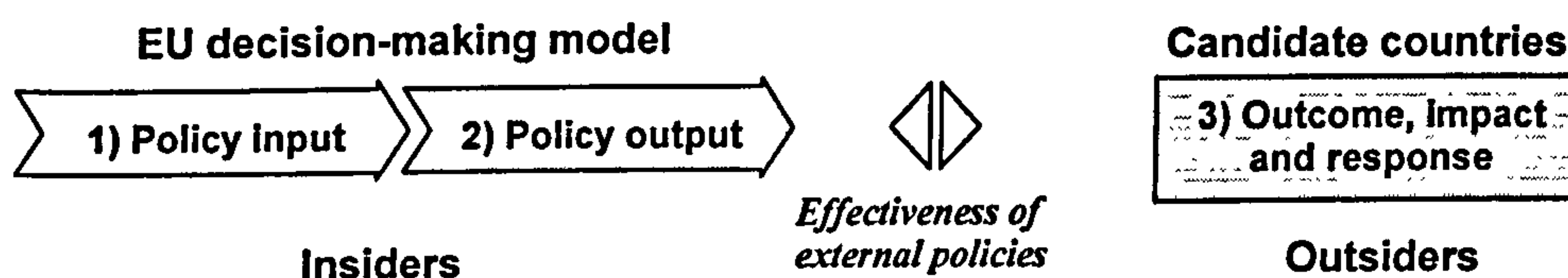


Figure 4: Policy input, policy output and the impact on candidate countries

The connections between the new institutionalisms and theories of the policy process such as lesson-drawing, policy transfer and evidence-based policy-making are crucial to the understanding of the alternative models developed in this chapter. In general, these different theories can be distinguished by the behavioural assumptions that underpin their concepts. This chapter clarifies each model and explores how these theories relate to each other. This enables an informed discussion of the enlargement process which is in line with the central theoretical tendencies in the literature.

Model	Modes of governance and outcomes
1. Internal governance (p. 83ff.)	lesson-drawing, evidence-based policy-making, intergovernmental bargaining, deliberative supranationalism
2. External governance (p. 92ff.)	governance by conditionality, new forms of governance, persuasion and policy learning
3. Domestic outcomes (p. 99ff.)	convergence, resistance

Table 2: Models of decision-making, modes of governance, strategies and responses

Theories of regional integration initially neglected the *meso-level* of policy-making. Theoretical frameworks frequently fell short of explaining how the ‘grand bargains’ of the EU are translated into more pragmatic and manageable programmes. In practical terms, agreement on a political goal such as the enlargement of the EU towards CEE cannot be achieved without the entrepreneurship of actors who have the skill to develop and implement suitable instruments for their purposes. Neither neofunctionalism nor intergovernmentalism (including its latest strand of ‘liberal intergovernmentalism’) provided the toolkit to explain ‘how the EU works on a day-to-day basis as a system of government’ (Peterson 1995a: 70). This observation has been supported largely by a broad move to utilize the new institutionalisms within the study of regional integration in order to shed more light on these sectoral or ‘meso-level’ policies (Bulmer 1994, 1998; M. Aspinwall and G. Schneider 2000; Pollack 1996, 1997; Peterson and Bomberg 1999).

Similarly, the literature on the EU’s enlargement policy has divided the subject into two different levels of policy-making, a ‘macro or polity dimension’ and a ‘substantive or policy dimension’ (Jacoby 1999: 504; Sedelmeier 2002). However, recent accounts of the EU’s conditionality have focused solely on the impact of the accession criteria on applicant states rather than analysing and evaluating the substantive policies involved in implementing the enlargement strategy (Grabbe 2001; Lippert *et al.* 2001; Dimitrova 2002). In order to understand terms such as ‘conditionality’ or ‘compliance’ the analysis of substantive policies; and the conduct of accession negotiations, Phare, ISPA, and SAPARD, needs to be considered as one of the key issues of enlargement processes.³² These considerations are equally relevant for ongoing enlargement rounds with Bulgaria, Croatia, Romania and Turkey, or future negotiations with countries in the Western Balkans.

³² These types of policies have also been introduced by other organizations. NATO for example used the Partnership for Peace programme to support the necessary changes in CEE regarding the military capacity of the candidate countries.

2 Internal governance

There are a large number of theories available on *Stage 1* of the decision-making process. Integration theories traditionally explained the introduction of common policies on basis of the Community method or intergovernmental bargaining. The Community method was defined as a distinctive mode of governance in which the Commission takes a strong role in formulating, brokering and implementing common policies. The brokering of the agreement is underpinned by an empowering role of the Council of Ministers, which acts on basis of strategic bargaining and package deals. The implementation of common policies is supported by the locking-in of relevant interest groups and the engagement of national agencies (H. Wallace 2000c: 28ff.). At the same time, intergovernmental bargaining was seen at the opposite end of the integration spectrum. This method described national governments as the main actors in the decision-making process with the Commission only remaining as a facilitator of agreements between them. It is characterized by the active involvement of the Council in formulating, brokering and implementing policies (H. Wallace 2000c: 33ff.).

The internal governance stage in our case has utilized one of four different modes of governance which are seen as plausible alternatives for the introduction of the twinning exercise (*see* Table 3). Evidence-based policy-making and lesson-drawing are both depicted as a variation of the Community method, whereas intergovernmental bargaining refers to both the classical method of EU decision-making as well as the more modern version referred to as liberal intergovernmentalism (*see* Chapter 3). In addition, deliberative supranationalism is an alternative that stresses the possibility of real deliberation based on social learning and persuasion. The specification of different modes of governance below results in four plausible rival hypotheses which seek to explain how the Commission conducted the reform of the twinning exercise in 1997 and the subsequent implementation of the programme.

The Community method of decision-making is largely centred on the idea of the Commission as *policy entrepreneur* (Pollack 1998: 51f.; Kingdon 1995: 180; Cram 1993). This term has already been discussed in section 2.2 of Chapter 3. It assumes that the Commission takes an active role in agenda-setting and can make use of its informal agenda-setting powers if a number of requirements are met. In view of the discussions surrounding the Commission's role in the policy process, we can assume that it uses a number of different strategies in order to consistently extend these powers. This is largely connected to the role of expertise in the policy process. Radaelli (1999b: 757f.) notes that different forms of expertise correspond with different modes of the politics of expertise.

Therefore, the use of expertise results in different modes of governance depending on which sources the Commission can access during the policy-making process.

The Commission as the sole initiator of legislation can, for example, make use of epistemic communities (Zito 2001; Haas 1992; Verdun 1999), policy networks (Börzel 1998; Peterson 1994), or advocacy coalitions (Radaelli 1999a; Sabatier 1998). The application of these theories enables us to elaborate on how the Commission can exercise authority through the Community method. The frequent contact between the Commission and the academic community enables the use of epistemic communities as a form of technocratic policy-making. The involvement of policy networks allows the Commission to gain access to a power base and share the member states' authority on certain issues. In a similar way, advocacy coalitions enable the Commission to identify collaborators in the Council before decisions are reached.

Internal governance	
Modes of governance	Concepts applied
Evidence-based policy-making (p. 85)	<i>logic of anticipated consequences; bounded rationality; benchmarking; evaluation</i>
Lesson-drawing (p. 88)	<i>logic of anticipated consequences; rationality; prospective policy evaluation; transfer of institutional structures and policies</i>
Intergovernmental bargaining (p. 90)	<i>logic of anticipated consequences; intergovernmental bargaining; relative power of the member states; policy transfer (most likely by the German model)</i>
Deliberative supranationalism (p. 92)	<i>logic of appropriateness; persuasion; social learning; deliberation of alternatives; transfer of norms; institutional isomorphism</i>

Table 3: The internal governance of the EU

The approaches to the policy process outlined below are generally similar, but they also differ in some aspects. This chapter argues that evidence-based policy-making and lesson-drawing (or policy transfer) have become important alternatives to the examples mentioned above. In the context of this thesis, they can be distinguished and defined by the sources they make use of during policy-making: Lesson-drawing implies the borrowing of ideas from outside the Commission's resources, either from a third country or from another institution, whereas evidence-based policy-making draws on internal and external resources of the Commission. In addition, the different views on comitology described in Section 3.1 of Chapter 3 indicate considerable disagreement about the role of the Commission in the EU's system of committees. As the twinning exercise was introduced at this level of policy-making, this raises interesting questions concerning the relevance of this case in connection to the wider debate. In this context, theories of the policy process can help to identify the behavioural patterns that underpin the discussion between the different institutionalisms. The following sections introduce four different

modes of governance that are seen as plausible alternatives for the introduction of twinning: evidence-based policy-making, lesson-drawing, intergovernmental bargaining, and deliberative supranationalism (see Table 3 above).

2.1 Alternative Explanation 1: Evidence-based policy making

The use of evidence during decision-making is a common and well-established practice in nation states and the EU alike. However, in recent years the introduction of evidence-based policy-making led to formal procedures which have become extended beyond a simple collection of relevant information. The utilization of evidence has taken place alongside three dimensions: the *instrumental* (decision support and problem solving function), *conceptual* (educative function), and *symbolic* (political function) dimension (see Leviton and Hughes 1981: 525-27). The question of how evaluation studies could become more relevant to policy-making has been a central point of discussion between the members of a quickly developing profession (see e.g. Palumbo 1987; Patton 1997; Palumbo *et al.* 1981; Rist 1995). In this sense, evaluation can become instrumental in enhancing the accuracy of policy formulation by collecting information on implementation and assessing policy design. However, the use of evaluations can also become helpful for the choice of instruments, the fine-tuning of programmes and their termination (Howlett 1991; Bemelmans-Videc 1990; Nioche 1992).

The potential enshrined in structured and regular information on programme implementation were clearly noticed within the EU. As a result, the Financial Regulation demands that institutions shall undertake both *ex ante* and *ex post* evaluations applied to 'all programmes and activities which entail significant spending' (EC 2002: Article 27, §4). In the execution of these obligations, the Commission has now even gone further as part of the Action Plan for Reform established by Commissioner Neil Kinnock. *Ex ante* and *ex post* control of financial expenditure is matched by a monitoring system which also facilitates interim or mid-term evaluation across the different policies. In addition to the Evaluation Units within the individual DGs, a network of evaluators has been established which regularly identifies best practices in respect to evaluation methods (CEC 2000f, 2000g). The evaluation of programmes is conducted by a number of institutions. These include 'in-house' evaluations, private consulting firms, think tanks, and academic researchers (cf. J.A. Smith 2000). However, the most pertinent change has been the introduction of external evaluations by for-profit consulting firms. The Phare programme benefited from a number of these studies that informed *ex ante* evaluation of forthcoming implementation rounds, but also considered policy goals and objectives as well as the means of implementation.

The Commission's management capacities were questioned by a number of scholars in the 1990s. This time was considered the main period of change with regard to the evaluation capacities of the Commission itself and the powers given to the European Court of Auditors (Laffan 1997; Metcalfe 1992; Christiansen 1997). Firstly, each DG possessed 'in-house' capacities for internal reviews of policies. These resources were often present in the form of coordination units, assistants to the Director General and Cabinet members of the Commissioner. Consequently, a number of internal reviews were regularly produced to examine the effectiveness of the policies and instruments utilized in implementation (*see e.g.* CEC 1997h; 2000i for reviews of Phare). In addition, the Commission's Delegations to the applicant countries had to report regularly to Brussels not only on the sectors addressed by the Phare programme, but also on the instruments themselves. Finally, the Phare Regulation (EC 3906/89) requested the publishing of an annual report on the programme. These types of internal assessments can result in unexpected returns for programme implementers.

Furthermore, the Santer Commission emphasized the need for reform of internal practices. This resulted in the introduction of the SEM 2000 (Sound and Efficient Financial Management) which initiated the changes to the Financial Regulation highlighted above. The programme started in 1995, but in practical terms only became operational in 1997. Since it envisaged the strengthening of evaluation in Commission programmes and policy, most contractors began their work in early 1997 parallel to the reforms of the pre-accession strategy. The OMAS consortium, the contractor that evaluated the Phare programme from 1997 to 2000, started its operations in January 1997. Later, the SEM 2000 reforms were re-examined by the Prodi Commission and now have been designed to evaluate the performance of the Commission's top personnel (Kassim 2004; Cini 2001; The Evaluation Partnership 1999). It is, of course, questionable how effective such management reforms are, but it can at least be concluded that there was much more information available to the Commission than it would have had without these changes. Although external contractors only started their work in 1997, a variety of evaluation activities had already been present before that year.

In addition, these changes were in line with Project Cycle Management (PCM), the implementation regime under which aid programmes has been implemented since 1992. This provided a project cycle in which the identification of needs was followed up with project formulation; implementation, evaluation and audit³³. Thus, Commission services

³³ See Figure 8 on page 172 for an overview of the programming cycle.

were required to evaluate projects as well as programmes and policies on a regular basis (Eggers 2002). In practice, this takes the form of evaluation sheets by task managers in the Delegations of the Commission. The approach is largely based on the logical framework matrix, an instrument developed by USAID in the late 1960s.

The basic idea of this approach is to depict the needs, objectives, means and specific requirements of a project in a matrix. It has been adopted across a number of aid agencies including GTZ³⁴ and SIDA³⁵. The so-called logframe became an important tool for monitoring and evaluation of Phare programmes that otherwise would be hard to assess. This is because their objectives are influenced by a number of programming documents (see Annex 15 on the logframe matrix, CEC 2004a; Particip 2002). A word of caution should also be attached to these considerations. The mere installation of such an approach to implementation does not necessarily lead to an evaluation culture in which mistakes are easily admitted and corrected, but rather it merely provides an opportunity to develop such a pattern of behaviour during implementation.

This leads to the conclusion that overall DG1A was in a good position to use evaluations and internal assessments to introduce an alternative instrument for institution-building. The capacities for internal policy assessments in particular were quite pronounced due to the variety of reports available from the delegations and the work of the evaluation unit (CEC 1997h). This could have enabled the initial introduction of twinning in 1997-98. Later, after the first implementation rounds, results from evaluation studies could have been used for procedural fine-tuning in order to enable a smoother operation of the instrument and ensure effectiveness (OMAS 2001a; Birker *et al.* 2000; CEC 2000i). The role of the evaluation units within first DG1A then DG Enlargement should not be underestimated. These parts of the Commission may not only act as satellites of DG Budget in order to ensure Sound Financial Management, but could also become important partners for the hierarchy in case changes to instruments become necessary.

In the context of this thesis, evidence-based policy-making is understood to be a rational form of policy-making. Since the role of the Commission in the 1997 reforms is a particular concern for this research, it also links up with the review of the RCI literature undertaken in Section 2.4 on the new institutionalisms and Section 3.1 on the EU's committee governance of Chapter 3. It has already been mentioned that evaluation exercises and the reports by European Court of Auditors provide a form of institutional

³⁴ Gesellschaft für Technische Zusammenarbeit, a German bilateral cooperation agency.

checks for member state governments. Considering the internal governance stage, however, the criticisms from these sources can also be used by the Commission to assess the performance of policy instruments. In addition, it is important to note that it also has an obvious link to the HI research agenda outlined in Chapter 3. HI predicts path dependencies and limits on the range of possible options for future decisions based on prior decisions. Thus, standard working procedures that have been in place may influence the creation of twinning procedures. Consequently, even when a new instrument is introduced, actors may face increasing returns from prior decisions (Pierson 2000). In the enlargement case, this concerns the financial arrangements made for the pre-accession funds, but also the EU's aid implementation regime that was largely driven by inter-institutional politics between EuropeAid and DG Enlargement. In addition, as evaluation identifies the defects of policy design, it provides prime information for fine-tuning, thereby working out a solution within known parameters rather than breaking with the past. Based on the above, the following working hypothesis can be put forward:

H1a: The Commission, due to its resources of policy assessment and evaluation, has been crucial in creating the twinning exercise by determining its objectives, procedures and content.

This working hypothesis can be confirmed if the research process shows that the introduction of the twinning exercise, and *in particular* its implementation procedures, was based on either positive or negative lessons learned from Phare evaluations and the Commission's internal assessments. Such confirmations would be expected to be shown in the form of references by interviewees to internal assessments, delegation reports and evaluations. It would also be expected that the Commission was the first actor in 1997 to voice the idea for a twinning exercise and that interviewees acknowledge this.

2.2 Alternative Explanation 2: Lesson-drawing

There are a number of reasons why policy-makers would prefer lesson-drawing to other styles of policy-making. Seeking knowledge from 'across time and/or across space' (Rose 1991: 5-6) often is easier than the innovation of completely new instruments. At the same time, lessons provide an alternative to reforms based solely on the evaluation of the programmes in question. This underlines the view that policy-makers are 'seeking knowledge instrumentally' (Rose 1991: 5) rather than finding an entirely unique solution to their problems. The concept of lesson-drawing therefore refers to a natural process of learning by experience.

³⁵ Swedish International Development Co-operation Agency.

In many cases, what may appear theoretically possible will not succeed practically due to the functional pressures deriving from the complexity of the implementation process and the variety of actors that engage with it. Rose (1991: 5) stresses that 'in policymaking circles experience has a unique status as justification of effectiveness'. In this context, it should be noted that the European Commission has often acted as a *clearing house of ideas* and this has inevitably enhanced its legitimacy as an actor in the policymaking process. The Commission's position, in particular at the meso-level of policymaking, is frequently perceived as policy-relevant rather than purely interest-based. As a form of prospective policy evaluation, as discussed in Chapter 3, lesson-drawing offers an interesting alternative by allowing the Commission to extend its knowledge by lessons drawn elsewhere.

Lesson-drawing is understood to be a rational form of policy-making with normative elements; an instrument of prospective policy evaluation that allows policy-makers to rationalize on the basis of known examples. It is therefore seen as closely connected to the framework that RCI scholars draw up for the Commission as an agent of the member states. In other words, the Commission uses lesson-drawing in order to enhance its authority during the introduction of new instruments. It employs this device rationally, on the one hand, to gain an advantage in the policy process. In our case, this entails the need to overcome resistance in the Phare Management Committee. On the other hand, it is also keen to gain more information on "new methods" of which it has no prior experience without engaging the member states. This in return has the advantage that it can face the member states without being accused of supporting, for example, a "German" or a "British" model of implementation. At the same time, the Commission cannot ignore developments in other aid agencies if it wants to operate its programmes with efficient delivery methods.

H1b: The Commission, due to its ability to draw lessons from the experience of other aid donors, has been crucial in creating the twinning exercise by determining its objectives, procedures and content.

This working hypothesis can be confirmed if the research process demonstrates that the introduction of the twinning exercise was based on either positive or negative lessons learned from similar programmes of another/other DAC donor/s³⁶. The research findings should establish the link between the examples, which the Commission chose during the introduction of implementation procedures, and the arrangements made for the twinning

³⁶ DAC refers to Development Assistance Committee, a group of the roughly 22 richest members of the OECD.

exercise. In addition, under such a constellation, the Commission would also be the first actor in 1997 to voice the idea for a twinning exercise.

2.3 Alternative Explanation 3: Intergovernmental bargaining

Prior to the introduction of twinning, only one government had extensive experience with similar operations in CEE. In 1993, the German government introduced a bilateral cooperation programme called TRANSFORM. This was a direct result of bilateral exchanges between German administrations and Eastern European partner institutions. In order to coordinate these commitments, the government gave the responsibility for the programme to the Ministry of the Economy (because of economic advice)³⁷, the Foreign Ministry (because of its foreign policy relevance)³⁸ and Department for International Cooperation (because of its experience in development cooperation)³⁹. These three ministries installed a joint steering committee to implement the programme. TRANSFORM was mainly introduced for the delivery of advice on economic and political transition. The programme originally intended to support the introduction of social market economies in Eastern Europe, but gradually shifted also towards encouraging measures relating to the accession of CEE candidate countries into the EU. The budget for this initiative remained €110 million in 2000, only €35.8 million lower than the overall twinning budget for the same year.

The intergovernmental interpretation of bargaining activities in European integration has primarily regained strength on the basis of Andrew Moravcsik's work on the SEA⁴⁰ and EMU (Moravcsik 1993, 1995, 1998). Since the publication of the *Choice for Europe*, liberal intergovernmentalism has emphasized elements of power politics such as the relative bargaining power of important governments and incentives to enhance the credibility of commitments. The latter concept is not only an important explanation for the delegation of authority (*see also* Pollack 2003b; Majone 2001), but also offers an insight into the tendency among governments to address particular issues at the European level as opposed to the domestic level. The introduction of an EU twinning programme mobilised a much larger number of experts from Western Europe to cooperate with their counterparts in CEE than the TRANSFORM programme alone. It is therefore logical that a government, which had already spearheaded this type of bilateral cooperation with the

³⁷ BMWi, Bundesministerium für Wirtschaft.

³⁸ AA, Auswärtiges Amt.

³⁹ BMZ, Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung.

⁴⁰ SEA, Single European Act.

candidate countries, would be enthusiastic to introduce a similar European mechanism for administrative cooperation. In addition, the lack of finances in Germany around the time might have led decision-makers to look for different budgets to utilize.

In addition, the bargaining power of a member state is indeed an important resource, but this case study shows that it also comes in different disguises. Since Germany had the most evident experience with administrative cooperation, it had an obvious advantage during the introduction of twinning. The knowledge accumulated among the ministries over a period of 5 years was not only specific to the candidate countries (and beyond), but also of technical significance. It related to the internal coordination of such activities. This made the German government an important partner in initiating and sustaining operations. It adds plausibility to the understanding of the process as a policy transfer by the German government to the European level. This is because the government could have aimed to sustain its efforts in CEE on an EU budget line. Subsequent to the introduction of twinning, the German government also significantly reduced the financial basis for TRANSFORM. This was not only a result of budgetary problems, but also a direct result of the EU twinning programme (BMZ 2000: 5). All these observations may lead us to question whether the German government was the main architect of twinning.

In this context, intergovernmental bargaining is seen as a rational form of decision-making in which the transfer of implementation procedures becomes the main objective for a particular member state. Such a transfer would not only have allowed the German government to meet its budgetary demands by shifting its bilateral policy to the EU level, but also to minimize its adaptation costs to the twinning procedures. In addition, an intergovernmentalist account of this reform would assume that the Commission was willing to cooperate with Berlin during the introduction of twinning, because of the relative power of the German government. At the same time, the Commission could have accepted the authority Germany had on the issue on basis of the TRANSFORM programme and therefore it would have chosen to lean towards the same model of implementation.

H1c: The German government based on the transfer of implementation procedures from its bilateral aid programme TRANSFORM has been crucial in creating the twinning exercise by brokering a deal in the Phare Management Committee concerning its objectives, procedures and content.

This working hypothesis can be confirmed if the research process convincingly illustrates that the German government had not only the idea to introduce the twinning exercise, but also was instrumental in introducing its implementation procedures. The research process could uncover such a mode of governance by references of interviewees to the

involvement of the German government in introducing twinning, but also through archival records in form of exchanges between the Ministry of Finance and the Commission. In addition, it should not be expected that interviewees openly affirm their involvement in introducing twinning, because the Berlin government could have informed the Commission behind the scenes. However, in case TRANSFORM was *openly* introduced as a model for twinning then this should also become evident in the minutes of the NCP meetings.

2.4 Alternative Explanation 4: Deliberative supranationalism

The concept of deliberative supranationalism is closely linked to SI and SC research on European integration. The assumptions underpinning these approaches to European integration have already been introduced in Chapter 3. In the context of the case study under consideration here, it is important to stress that SI and SC scholars describe the negotiation of implementation procedures in EU committees as a process driven by consensus and problem-oriented deliberation (Joerges *et al.* 1997; Joerges and Neyer 1997b; Checkel 1999). Thus, these scholars describe comitology committees as forums for communicative interaction in which actors not only form their preferences, but also are socialized by common norms and ideas. Even though these committees mostly discuss technical issues of implementation, SI scholars assume that the common search for *best solutions* leads to the socialization of actors and persuasion becomes an important mechanism for taking decisions.

Consequently, deliberative supranationalism as outlined by Joerges *et al.* (1997b; 1997) describe decision-making as a process that can be explained by a logic of appropriateness as opposed to a logic of anticipated consequences. As far as the decision-making involves the introduction of an institutional model that is in place elsewhere, SI scholars explain this by a phenomenon called institutional isomorphism, in which institutions are adopted because the discourse among policymakers views them as appropriate or legitimate solutions to the problems under consideration (DiMaggio and Powell 1991: 64-67; Radaelli 2000: 27-38). In case this examination of committees is accurate, principals do not simply calculate the consequences of their actions 'but rather turn to widely recognized and legitimate templates which may or may not be suited to the context and the requirements of individual issue areas' (Pollack 2003b: 58).

Deliberative supranationalism is an interpretative form of policy-making in which decision-makers are open to reasoning and argumentation. It therefore links up with the SI and SC frameworks of analysis as discussed in Chapter 3 of this thesis. The key

assumption for this approach is that interest and preferences are not predetermined, but rather remain fluid during the decision-making process. Should the introduction of twinning have followed this model then the deliberation of the implementation procedures had to be mostly consensual. The Commission and the member states were therefore driven by the aim to find the best possible solution: instead of insisting on their preferred policy design or an altogether different delivery method. The following working hypothesis can be suggested based on these considerations:

H1d: A deliberative style of negotiation between Commission and members states officials has been crucial in creating the twinning exercise by determining its objectives, procedures and content.

This working hypothesis can be confirmed if the research process shows that the introduction of the twinning exercise, and *in particular* its implementation procedures, was based on a deliberative style of negotiation between the Commission and the member states. Such patterns of behaviour can be traced in elite interviews, but also in archival records of the Commission. The records should show that a consensus-driven style of negotiation was the basis for the reforms concerning the implementation procedures undertaken between mid of 1996 and 2002. In addition, the roles of national representatives and Commission officials in such a negotiation style would be blurred by the desire to reach consensus and the best possible solutions.

The following section outlines the models that explain the implementation of the twinning exercise. These theoretically informed models develop plausible rival hypotheses which can be tested against the empirical evidence. This part of the chapter is in particular concerned with the question of what type of instrument constituted and how it sought to influence the candidate countries in relation to the reform of their public administrations. The thesis connects this question with the concept of external governance that has been discussed in Chapter 3.

3 External governance

The external governance of the EU leads to a more open 'unbundling of territoriality' (Ruggie 1993: 172-74). As Smith (1996: 23) points out, this process calls the entire logic of a politics of exclusion into question, because it willingly risks 'the internalization of disturbance' rather than opting for its containment. The governance patterns deriving from external policies produce various linkages between the internal and the external world of EU politics. In order to protect the investments member states have made over

the course of European integration the EU formulates policies that are able to minimize the risks of internationalization (Friis and Murphy 1999: 225; M. Smith 2000: 811). The boundaries of integration are extended to include candidate countries or blurred because of trade agreements. Accordingly, the formulation of strategies created to manage these processes of inclusion becomes a prime task for policymakers. Moreover, the establishment of networks helps to solve problems on both sides of the border.

In order to manage these processes the EU has introduced the enhanced pre-accession strategy. As a result, 'enlargement governance aiming to ensure that the Union *acquis* is fully adopted influences the candidates' choices on a daily basis' (Dimitrova 2002: 174). The enhanced pre-accession strategy ran alongside the accession negotiations in order to improve the applicants' administrative and judicial capacities, and to ensure necessary investments. This section aims to explain these strategies of the EU's external governance. The EU's enlargement policy is principally described as a policy of conditionality (see Schimmelfennig and Sedelmeier 2004: 662). However, given the fact that the EU has a number of instruments at hand to influence developments in the applicant countries, we have to consider how governance varies across sectors and in particular, whether different instruments have diverse effects on candidates. This approach is somewhat in line with the notion of mechanisms of Europeanization (Grabbe 2001). Studies on the impact of EU policies on CEE applicants should distinguish between these strategies enshrined in the enlargement process. There is no doubt that the EU's overall policy towards these countries has been driven by its accession conditionality. However, in order to understand the underlying mechanisms and the circumstances under which institutions and policies are transferred, it is necessary to examine individual instruments.

This section outlines three alternative modes of governance, which the EU can utilize in order to govern beyond its boundaries: governance by conditionality; persuasion and social learning as well as new forms of governance (see Table 4).

External governance	
Modes of governance	Concepts applied
Governance by conditionality (p. 95)	<i>logic of consequences</i> ; reinforcement by reward; rationalist bargaining; coercive policy transfer; external incentives
Persuasion and social learning (p. 97)	<i>logic of appropriateness</i> ; persuasion; social learning; deliberation of alternatives; transfer of norms and rules; institutional isomorphism
New forms of governance (p. 99)	<i>logic of consequences and appropriateness</i> ; agents of transfer; voluntary policy transfer; top-down and bottom-up implementation; obligated policy transfer; benchmarking; identification of best practices; peer pressure

Table 4: The external governance of the EU

3.1 Alternative Explanation 1: Governance by conditionality

In the context of this thesis, governance by conditionality is defined by the external incentives model as previously outlined in Chapter 3. The EU has clearly incorporated conditionality as a solid pillar in its enlargement strategy. However, in relation to the accession process, the question arises whether pre-accession financial instruments can simply be viewed as rewards for compliance or they go beyond coercion and incorporate elements of flexible implementation (Borrás and Jacobsson 2004; Haahr 2004) or a policy dialogue (Checkel 2000: 5). In relation to public administration reform, conditionality may be applied where the Commission's screening process has discovered inadequate or insufficient administrative capacities.

In this context, the Europeanization literature introduced the "goodness of fit" concept that aims to assess to what extent states are in line with EU requirements or preferences (see for example Green Cowles *et al.* 2001: 6-11; Börzel and Risse 2003; and for an excellent review Mastenbroek 2005). This helps to identify the status quo that is based on a "domestic equilibrium", and reflects the distribution of preferences and bargaining power in domestic society as well as the influence of international actors. Schimmelfennig and Sedelmeier (2005b: 11) argue that EU conditionality 'upsets the domestic equilibrium by introducing additional incentives for compliance with EU rules in the game'.

This process can take on two different forms: 1. Intergovernmental bargaining, 2. Differential empowerment of domestic actors. The intergovernmental bargaining route targets governments directly. As a result, the candidate countries consider the benefits and costs that derive from the adoption of EU rules. The costs derive merely from the technical and institutional changes necessary to implement EU rules, but also from economic consequences of those rules. The benefits may derive from discarding the rules in favour of measures preferred by other international actors (*see also* Moravcsik and Vachudova 2003; Vachudova 2001). The differential empowerment of domestic actors counts on the fact that domestic actors may have independent incentives to promote the adoption of EU rules. Such incentives can relate to the empowerment of domestic actors in the national administration or to benefits deriving from EU rules in terms of problem solving. It is important, however, to stress that these domestic actors were not able to force an agreement in favour of their preferred rules. The introduction of conditionality into the domestic equilibrium however 'strengthens their bargaining power vis-à-vis their opponents in society and government – to the extent that these opponents share the goal of EU membership and expect to benefit from the EU's rewards' (Schimmelfennig and

Sedelmeier 2005c: 12; *see also* Börzel and Risse 2003: 63-64; Knill and Lehmkuhl 2002: 268-71).

According to the external incentives model, the success of the EU's conditionality largely relies on the determinacy of conditions, the size and speed of rewards, the credibility of conditionality as well as domestic veto players and adoption costs (Schimmelfennig and Sedelmeier 2005c: 12-17; Schimmelfennig *et al.* 2003a: 497ff.). The model suggests that 'the determinacy of the conditions set by the EU and the determinacy of the rules from which they are derived enhances the likelihood of rule adoption by the candidate countries' (Schimmelfennig and Sedelmeier 2005c: 12). Some authors therefore point to the density of EU rules as an important factor determining the impact of the EU in CEE (Jacoby and Cernoch 2002: 320; Jacoby 2004: 34ff.). As noted previously in Chapter 3, Heather Grabbe (2001: 1025; 2002: 249) describes the lack of clarity and the ambiguity of the accession criteria as the main factors for an increasing amount in the EU's power in accession negotiations. However, it is also considered a reason for diffused influence on the candidates' institutional and policy choices.

The size and speed of rewards is also an important factor in actors' perceptions of EU conditionality. In the international context, the IMF, for example, pays out its stand-by agreements in instalments. In case a government postpones the required reforms, it also risks a delay of the next instalment. Thus, incentives are sequenced and are always transparent for domestic actors when they deal with the IMF, whereas in EU enlargement the largest trump card is membership, a reward that stands at the end of the accession process (Dimitrova and Pridham 2004; Feldstein 1998; K.E. Smith 2003). However, the accession negotiations and the withholding of grant aid allow for further sequencing of conditions.

According to Schimmelfennig and Sedelmeier (2005c: 13-16) the credibility of conditionality is a third factor influencing the likelihood of rule adoption in CEECs. Enlargement conditionality is only credible if the EU is able to withhold rewards in case of non-compliance and to grant rewards quickly when the candidates comply. The authors see the credibility of conditionality enhanced if the agency employing it is capable of following up its promises, can bear the "sunk costs" of rewards and applies conditions consistently. In addition, credible conditions may be undermined by cross-conditionality, i.e. conditions by other internal organizations that run against the EU's criteria (Kahler 1992: 104, 11; Killick 1996: 224). The issue of "sunk costs" is particularly relevant to membership negotiations as the EU faces comparatively high costs due to the institutional and budgetary changes that are necessary to incorporate the CEECs. Added to this, the

EU is also confronted with the problem of asymmetric information that reduces the effectiveness of conditionality. As Kahler (1992: 114) notes, 'the dependence of cooperation on repetition and self-enforcement is rendered more difficult when the behaviour (reputation) on which compliance is judged is obscured by "noise" and difficult or impossible to monitor'. The fourth factor listed above, namely veto players and adoption costs in the candidate countries, is discussed in section 4 below.

Thus, the success of conditionality as a coercive form of policy transfer based on reinforcement by rewards relies on a number of factors that may vary across the individual sectors covered by accession negotiations. This is also related to the question whether the explicit conditionality terms introduced in 1997 through elements such as the Regular Reports, the APs and the NPAs could be sufficiently reinforced by the accession instruments (Vachudova 2001: 5; 2004; Jacoby 2001b: 189; 2004: 198; Schimmelfennig *et al.* 2003a: 496-98; Schimmelfennig and Sedelmeier 2004: 663). On basis of the above, the following hypothesis can be put forward:

H2a: Twinning projects are rewards attached to conditions that have to be met in order to receive further assistance.

This hypothesis can be confirmed if the research demonstrates that the Commission has reinforced the implementation of twinning projects with clear conditions. As shown by the considerations above, the findings should demonstrate that conditions were determinant and credible, and that the size and speed of rewards was sufficient to constitute an incentive for candidates to reform their administrations. Research should also show that rewards in form of twinning projects were withheld, either during programming or through the cancellation of projects in order to enforce compliance.

3.2 Alternative Explanation 2: Persuasion and social learning

Persuasion and social learning as strategies of the Commission to influence candidate countries' reforms have only recently been introduced into the enlargement debate (Checkel 2000; Schimmelfennig and Sedelmeier 2005c; Schimmelfennig 2004). However, the *social learning model* originates from debates on the ownership of reforms; it has become an important explanation for the actions of International Financial Institutions (IFIs) and can be applied to enlargement even without substantial adjustments (see Kahler 1992: 123-31; Checkel 2000). It is based on core tenets of social constructivism and therefore assumes a logic of appropriateness as well as the existence of a collective identity, common values and social norms (Checkel 2001b: 4; *see also* Schimmelfennig 2003b: 86-90). As a result, the social learning model stipulates that 'a

government adopts EU rules if it is persuaded of the appropriateness of EU rules' (Schimmelfennig and Sedelmeier 2005c: 18).

In their elaboration of the social learning model, Schimmelfennig and Sedelmeier (2005c: 18-20) identify factors that impinge upon the persuasive power of the EU: legitimacy, identity, and resonance. The legitimacy of rules implies that rule adoption depends on 'the clarity with which the rules communicate, the integrity of the process by which they were made and are applied, their venerable pedigree and conceptual coherence. In short, it is the legitimacy of the rules which conduces to their being respected' (Franck 1990: 38, *cf.* 49; cited as Schimmelfennig and Sedelmeier 2005c: 18). It follows that rules have to be applied consistently and double standards should be avoided at all costs. The clarity of rule definition is also important for the EU's influence on the compliance of candidates. Rules that are defined ambiguously are therefore less likely to be adopted by the candidates' institutions.

The authors continue to argue that the perception of imposing EU rules can be mitigated if the EU engages in a deliberative process and considers special circumstances. The same effect can be achieved when demands are linked to international standards (Schimmelfennig and Sedelmeier 2005c: 19; Checkel 2001b: 563). Thus, concerning the pre-accession financial instruments, the EU's aim should be to 'increase the perception of "ownership" of EU rules in the target states' (Schimmelfennig and Sedelmeier 2005c: 19). However, as the authors point out the EU cannot make any exceptions regarding the adoption of the *acquis communautaire*; on the contrary, candidates have to accept the entire *acquis*. The granting of transitional arrangements in the accession negotiations may give the impression that the EU considers special circumstances, but they 'can in no way involve amendments to Community rules' (Avery 1995: 5). As a result, the EU has to deal with a profound dilemma if it still considers a strategy of persuasion and social learning as an alternative. The question is whether such a strategy can be successfully implemented under the umbrella of the accession negotiations. In addition, the legitimacy of rules and norms can be challenged by other international actors that also enjoy the confidence of the candidate countries.

In addition, identity is a factor in the sense that it makes the persuasion of candidates easier; given that these states view 'the community of states represented by the EU as a valid "aspiration group" whose collective identity, values, and norms they share, whose recognition they seek, and to which they want to belong' (Schimmelfennig and Sedelmeier 2005c: 19). This factor highlights the fact that after all the main objective for the candidates is membership, not only on rational grounds, but also because they seek

recognition by the international community. Finally, domestic circumstances can make persuasion possible, for example, if there are no pre-established rules and the EU's solution to a given problem is widely accepted. Such circumstances are referred to as resonance in the constructivist literature (Johnston 2001; Checkel 2001b). In addition, studies on social learning have emphasised that domestic actors may be more willing to learn if they cooperate with groups that share similar professional backgrounds. In this way, they are insulated from political pressures and the density of interaction is high (Checkel 2001a: 26).

The transfer of institutional models to CEE can therefore also be based on institutional isomorphism, in particular when a certain solution is viewed as appropriate or legitimate. This form of transfer presupposes a policy dialogue in which actors use the EU as a knowledge bank for solutions and engage in constant informal exchanges (Checkel 2000). As a result, in EU enlargement 'bureaucratization and other forms of homogenization emerge ... out of the structuration ... of organizational fields' (DiMaggio and Powell 1991). The term structuration reflects the tendency of organizations to 'lessen the extent of diversity within the field' (DiMaggio and Powell 1991). This appears to be a consequence of an organization seeking legitimacy and its relevance to given problems. Coercive forms of isomorphism may involve other organizations trying to persuade an institution to join the trend across an organizational field or legal commitments. Several elements in the accession process may be regarded as strategies of persuasion and learning. In particular, the implementation phase of the twinning exercise appears to be in line with these theoretical considerations. The following hypothesis can therefore be formulated:

H2b: Twinning projects are vehicles to persuade candidates' administrations into reforms alongside established rules and norms on basis of learning.

The social learning model can be confirmed if the research findings show that the Commission mainly used member states' officials to persuade candidates to introduce particular institutional models, rules and norms. Interviewees would highlight that twinning is mainly an instrument of persuasion and norm transfer; and that documents would come to similar results.

3.3 Alternative Explanation 3: New forms of governance

The OMC has become a popular form of policy coordination. It largely focuses on the implementation of policies and the quality of policy outcomes. It is based on monitoring, benchmarking and evaluation. These were precisely the characteristics that made the

OMC attractive to policymakers in 1997. In order to address the issue of administrative capacities, policymakers were looking for an instrument that would not only allow the candidates to learn from their future peers, but also enable an assessment of possible partners for such a learning process. The elements of benchmarking and assessment unique to the OMC enable the identification of 'best practices'. An important factor for the choice of instrument was that the definition of administrative structures should not be clarified, neither legally nor by the Commission. In fact, the only attempt by the Commission resulted in a working document that was distributed among the candidates in 2001. The Commission unmistakably clarified that the document serves merely information purposes, but 'should not in any way be construed as committing the European Commission' (CEC 2001e: 6).

The Commission may be able to assess whether a country possesses adequate administrative structures to implement various chapters of the *acquis*. However, it cannot force the candidates to adopt particular models. The adoption of methods that are 'more accepting of diversity and encourage semi-voluntary forms of coordination' (Trubek and Mosher 2001: 1) between the member states and the candidates therefore presented a viable alternative. The utilization of the OMC was also obvious, since political elites in CEE 'have often sought to imitate Western organizational and institutional models' (Jacoby 2001b: 169). The connection to the theoretical frameworks of lesson-drawing and coercive policy transfer is quite clear. As a method of policy coordination, the OMC lies between these ideal types since it combines peer pressure with opportunity structures that allow the candidates to introduce elements of West European administrations in their own institutions. Such instruments appear to be the ideal vehicle for obligated policy transfer in the context of administrative and judicial capacities. In the accession process, pre-accession instruments can help the candidate countries to initiate obligated policy transfer. Therefore, instruments such as the twinning exercise, but also ISPA, SAPARD and other Phare programmes can act as mechanisms for domestic change.

Accordingly, the success of the OMC in the enlargement process largely relies on the relevance of the guidelines set, the quality of coordination and on whether 'best practices' are identifiable and transferable. The relevance of the guidelines in the accession process is largely a result of the Commission's screening of national laws and administrations. This systematic assessment of the candidate countries' administrative capacity takes place in the context of the accession negotiations, but it entails a clear view of the main administrative structures required to implement the various chapters of the *acquis*. The quality of coordination relies on the actors' willingness to cooperate or, as Caviedes (2004: 298) puts it, 'hinges upon the ingenuity of countries to use the OMC as a tool for

setting themselves challenging goals, secure in the knowledge that failure to meet these goals will not be penalized'. The identification of 'best practices' can be a difficult task, in particular if actors aim to link the necessary assessment to concrete and measurable benchmarks. Nevertheless, across the large variety of policy sectors that the EU's *acquis communautaire* covers, there are identifiable best practices in place (see for example de la Rosa 2005; de la Porte 2002; Kaiser and Prange 2004). Finally, the transferability of 'best practices' to a candidate state is another matter. Not every institutional model identified as a 'best practice' may yield the same results in a different political environment. It may also be challenged by factors unique to the candidate country.

Wade Jacoby (2001b: 178ff.) has argued that transfer can stimulate innovation by providing *templates* or *thresholds*, and creating opportunities for *borrowing* or *adjustments*. Following the author's definition, templates and thresholds assume both a functional character, but these mechanisms can be distinguished by their degree of voluntarism. The templates serve to sketch an institutional structure in explicit terms. However, the provision of such outlines does not result into detailed advice on how to install every detail of the institution elsewhere. The predominantly 'voluntary use of templates insulates the international organizations from charges of imperialism' (Jacoby 2001b: 179). Thresholds, on the other hand, are less voluntary in nature and are usually applied later in the transition process as opposed to templates that served as formulas for early transformations in CEE. Jacoby (2001b: 179) defines thresholds as 'qualitative and subjective judgements about minimum standards that new formal structures must meet to qualify a CEE nation for membership in an international organization'. Thus, while not pressuring candidates into adopting particular models, the EU may pressure the governments of the candidate countries to address certain issues. Such interventions are often coupled to suggestions how to reform institutions to enable implementation of the *acquis*. In contrast, adjustments are defined as small correctives to some larger institutional scheme. The main difference lies in the fact that they do not challenge the appropriateness of the underlying institutional foundations.

Nevertheless, there are also important differences between the way the twinning exercise operates and the implementation of the OMC. These are explained in detail towards the end of this thesis. As a result, we cannot speak of a clear adoption of the OMC; but should rather point to the fact that the twinning exercise utilizes several key features of this method, in particular monitoring and benchmarking (*see also* Tulmets 2005b). The identification of 'best practices', for example, was largely replaced by the identification of suitable twins. To summarize, we may argue that twinning incorporated both top-down and bottom-up perspectives to implementation (Pressman and Wildavsky 1973; Sabatier

and Mazmanian 1979, 1981; Mayntz 1983; Majone and Wildavsky 1978; Ham and Hill 1984; Sabatier 1986; Peters 1993). This type of implementation sets a clear framework for the respective projects, but it also leaves significant scope for project leaders to manoeuvre on the ground. It also differs from a strategy of persuasion and social learning which implicitly attempts to win over the hearts of civil servants in the candidate countries. It settles neither for a rational approach based on coercion nor for an interpretive approach based on persuasion, but rather it seeks to combine the better of two worlds. The following working hypothesis can be formulated based on these considerations:

H2c: The twinning exercise seeks to provide candidates with opportunities for learning and transfer of administrative procedures. It is therefore designed as a new form of governance with a flexible and participatory approach to implementation.

The research should show that essential elements of the OMC such as benchmarking, monitoring, common guidelines and the identification of 'best practices' are enshrined in the procedures of the twinning exercise. In addition, it should indicate that the twinning exercise provides the candidate countries opportunities to transfer administrative procedures and offers significant opportunities for learning. Ideally, interview partners should also admit that twinning is based on structured cooperation and therefore candidate countries participate in the defining of policy goals (Héritier 2003: 106; Arrowsmith *et al.* 2004: 319). Finally, the guidelines set should be relevant to the accession process; the quality of coordination under twinning projects should be sufficient and 'best practices' should be identifiable and transferable.

In the following section, this chapter addresses the question of possible outcomes. This question is closely related to the reaction of civil servants in the candidate countries to the twinning exercise in general and the projects in particular. The response to twinning was not decidedly positive in the candidate countries and this leads us to ask whether the projects received enough support to be implemented efficiently. These considerations allow a better understanding of the motives that directed policymakers during the introduction of the twinning exercise.

4 The transfer of institutional models to CEE applicants

The impact of EU policies in the candidate countries has received considerable attention (see for example Vachudova 2004; Jacoby 2004). Scholars working on this aspect of enlargement have largely drawn on concepts deriving from Europeanization and compliance studies (Knill 2001; Olsen 2002; Radaelli 2003b; Ladrech 1994). The focus

of this section is narrower. It concentrates on situations where an emulation of Western practices is attempted in candidate countries. This covers all twinning projects, as they are all attempts to develop administrative structures in CEE that are adequate to implement the *acquis* at sectoral level. The question that is asked here is how the applicants respond to reform endeavours based on emulation and whether twinning as an instrument can achieve results.

The nature of the candidates themselves has been a crucial factor in transforming this enlargement into an unprecedented event. The EU has never before embarked on an enlargement with a region that has been subject to a completely different set of doctrines for such an extended period. The CEE candidates were formerly Soviet bloc states and therefore considered a threat during the Cold War by EU decision-makers and member states officials alike. A number of scholars working on the transition processes in CEE have therefore pointed out the *stickiness of institutions* and the historical legacies embedded in public administrations and other institutions in these countries (Crawford and Lijphart 1995; Elster *et al.* 1998; Nunberg 1999; Lippert and Umbach 2004; Jabes 1997). Since the collapse of Communist regimes in the early 1990s, the region has also been overwhelmed by economic problems. A decade after the fall of the Berlin wall, the immensely different economic and social circumstances under which the CEECs aimed to accede into the EU in comparison to former applicants, remained a source of concern for policy-makers across Europe. The candidate countries represented 45% of the EU population and 7% of its GDP in the year 2000. GDP per capita varied between 24% of the EU average in Bulgaria and 82% in Cyprus (Eurostat 2001: 1).

In addition, tight budgets have created enormous problems for the candidate countries to meet the third Copenhagen criterion and therefore EU decision-makers began to question their ability to 'take on the obligations of membership' (EC 1993). In this context, Papadimitriou and Phinnemore (2004: 620) observe that 'gross inefficiency and a severe lack of expertise have been some of the most damaging legacies of the old socialist order for their civil services'. In addition, the authors cite endemic levels of corruption and excessive politicization as the key factors that undermine the credibility and effectiveness of public administrations in the candidate countries. Consequently, CEE applicants were heavily involved in the internal reforms of their politico-administrative systems (A.J.G. Verheijen 2000; Jabes 1997). This leads us to question to what extent the candidates were prepared to create administrative structures for the implementation of the *acquis* and whether CEE elites were willing to cooperate with EU actors on this dimension of reform.

4.1 Domestic obstacles to institutional transfers

The EU's insistence on an administrative accession criterion is partly based on its experience with the former enlargements. Greece in particular was allowed formal membership *before* the country completed systematic institutional reforms; and therefore the administrative structures for the implementation of EU directives run into problems across a number of areas (Jacoby 2001b: 176-77). Subsequent steps towards integration, including the agreement on a Single European Market and EMU, made it even more difficult for countries to join the club. Because of the experiences with Greece and the binding character of common market regulations, the EU has taken a clear decision to oblige CEE candidates to create institutional capacities *prior to* entry (Inotai 2004: 365).

The EU's administrative conditionality emerged with the decisions taken at the Madrid European Council in 1995 and quickly brought a number of changes that were unexpected in CEE. Firstly, the requirement was incorporated in the accession negotiations and therefore candidates had to present their administrations' ability in the respective negotiation chapters. Most candidates did not approve of the repercussions these changes in the EU's enlargement method brought with it. The classical method of enlargement was based on an incremental incorporation of the *acquis communautaire* and therefore gave more leeway to candidates that were struggling to adapt (Preston 1997: 176).

Secondly, this criterion has led to the creation of new instruments such as TAIEX and twinning that were viewed with suspicions in CEE. The technical assistance office within DG1A supported the Commission's screening process and the accession negotiations. It involved short-term peer reviews of member state officials who reported to Brussels on the implementation structures in the candidate countries, and twinings involved even longer stays of peers from Western Europe in CEECs. Poland and the Czech Republic in particular were ambivalent about these instruments and warned for 'spies from Brussels' (Interviews 2, 30 and 41, CEC and MS officials). These changes also signalled a significant delay in the timeframe for accession, an element of the enlargement process that was particularly controversial in CEE since high-level politicians from Western Europe had promised accession by the year 2000 on several occasions. Intellectually, the notion that CEE candidates actually took on and were able to implement the *acquis* fully is, given the constraints, absurd. To be sure, none of the eight countries that entered the Union in 2004 was fully able to apply the *acquis*. Enlargement is always a gradual process that can only be completed after sustained periods of consolidation that follow the accession of new members.

In practice, the outcomes of policy transfer are a function of the activities developed by the EU and its member states as well as 'the institutional relationship with the CEE countries and the latter's domestic situation' (Lavenex 2002: 705). The policy design of the instruments applied to the process of accession is an important element of the success of the overall project. However, the candidate countries' domestic situation will decide the actual outcome of reform processes, especially in the institutional realm where the density of rules is generally low (Jacoby and Cernoch 2002: 320; Jacoby 2004: 34ff.). Indigenous factors that influence the success of accession instruments are the density of domestic veto players, adoption costs and the existing political equilibrium.

There are different ways to overcome these obstacles during the implementation of accession instruments. The external incentives model as outlined above would postulate that the adoption of institutional reforms becomes likely if the incentives offered by the EU outweigh the costs of adopting a directive, or introduction of EU incentives into the domestic equilibrium leads to the differential empowerment of domestic actors that favour "EU" solutions. The social learning model in contrast would count on the persuasion of domestic actors in order to let them fall in line with EU rules, whereas a new form of governance incorporates both elements of coercion and persuasion in order to achieve its objectives. In addition, the Commission has used extensive monitoring devices such as questionnaires, screening, *harmonigrams* and progress reports to enable change in the candidates' institutions (Schimmelfennig and Sedelmeier 2005c: 15-16; Jacoby 2004: 44-46).

In view of these pressures from the EU, the candidate countries are likely to develop coping strategies in order to respond to challenges from external actors. As the ownership debate in development studies has stressed, the implementation of aid programmes relies on the participation of domestic actors (*see e.g.* Killick 1996: 218-19). There is hardly any disagreement among students of aid policies that donor-driven initiatives develop problems during implementation. However, the consequences from this insight have hardly taken hold of policy formulation in donor organizations. As Burnell (1998: 790) has noted

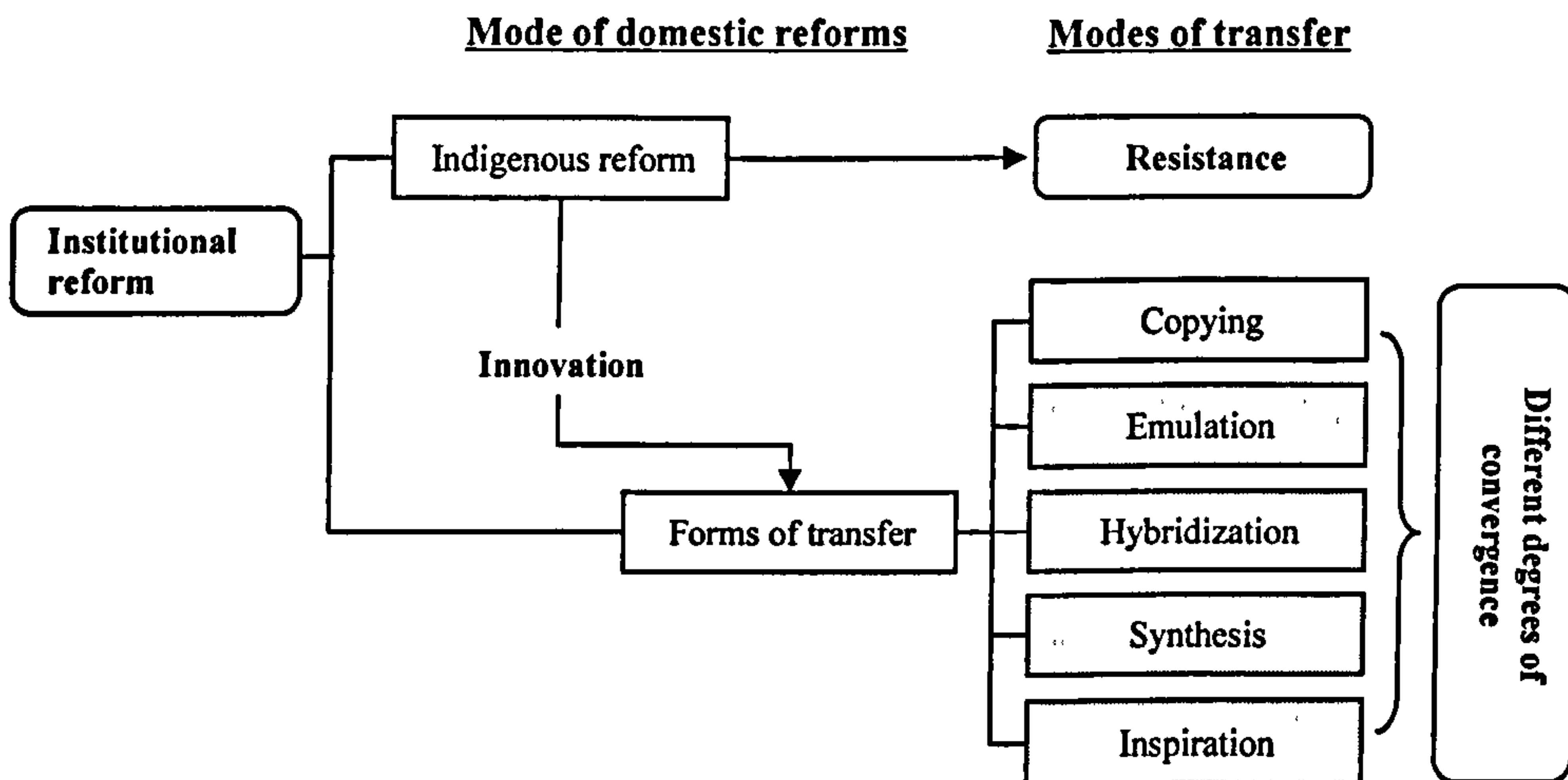
ownership has emerged as a major shibboleth from development cooperation experience during the last decade ... but ... our understanding of what ownership means, of precisely who or what should be the owners, and how best to operationalise the goal in practise are relatively underdeveloped and are contested.

The issue of ownership is more straightforward during the implementation of accession instruments than in development cooperation. The Commission had to trust the candidate countries and the programme implementers to involve as much as possible domestic veto players defined as 'actors whose agreement is necessary for a change in the status quo'

(Tsebelis 2002: 37). This can be a difficult situation for project leaders and their opposites in the candidates' institutions alike, even if the Delegations of the Commission are available as an additional support. The implementation of projects involves in most cases a number of cross-sectoral issues and therefore touches on the responsibilities of various ministries. As a result, implementation is confronted with horizontal coordination issues as much as it is with sectoral capacities.

4.2 Institutional reform, transfer, innovation and domestic outcomes

The partial transfer of institutional models also deserves a more extensive examination in terms of the policy outcomes it is able to produce. A closer look into the problems of policy transfer reveals that policy resistance can be generated by concerns regarding whether the suggested models will fit local circumstances. Beissinger (1988: 463), for example, points out that Soviet efforts to imitate American management practices failed whenever they were tightly linked to market logics, so that 'many of these imported methods...amounted to nothing less than a foreign limb grafted onto a somewhat gangrenous body'. Similarly, Muniak (1985) provides examples where American actors borrowed policy designs from Great Britain, but the differences between unitary and federal systems caused grave disruption. Thus, convergence in institutional arrangements between the candidates and the member states may not necessarily result in a better implementation of the *acquis*, in particular where domestic veto players have not been incorporated in policy design or when necessary adaptations have not been introduced.



Source: Author's diagram based on Rose (1993), Dolowitz and Marsh (2000) and Jacoby (2004).

Figure 5: Mode of domestic reforms, modes of transfer and different degrees of convergence

Jacoby (2001a, p. 267) illustrates that 'innovation through transfer is likely to differ from indigenous innovation'. Thus, he stresses that it constitutes a distinct subcategory of institution building and change. As a result, emulation typically questions the legitimacy of existing actors, also due to the radical changes that are implied by the imitation of foreign models. The extensive involvement of foreign experts and consultants during the early years of transition, have nurtured an instinctive resistance against foreign advice in Eastern Europe (see Wedel 2001). Nevertheless, the process of transferring models from Western European states or elsewhere to Eastern Europe has often stimulated 'indigenous innovation simply by unblocking domestic stalemates' (Jacoby 2001a: 269).

As demonstrated in Figure 5, emulation is not the only form of administrative reform that takes place in CEE. On the contrary, countries in Eastern Europe are renowned for institutional engineering and candidates may therefore opt to build their own systems instead of borrowing institutional templates from abroad. Böröcz (2000: 50) claimed that 'Central European societies can be justly 'accused' of many things, [but] a lack of institutional creativity is hardly among them'. To put it another way, indigenous actors may opt for different models and where they opt for transfer; this may be accompanied by significant *innovation* (Jacoby 2000; Westney 1987). Thus, the transfer of institutional models from the member states is likely to result in some sort of emulation, hybridization or synthesis of familiar institutions (Rose 1991: 21-22; *see also* Dolowitz and Marsh 2000: 13). This is not only a domestically driven but also a necessary process, since research has shown that pure transfers do not yield results. The adaptation to local circumstances remains one of the main tasks of programme implementers. A strategy of pure indigenous reform most likely represents a form of policy resistance (Bache and Taylor 2003), but the transfer of institutional models to CEE can result in different degrees of convergence. The EU clearly favours higher degrees of convergence, but candidates may opt for a level that achieves compliance with EU directives and minimizes adaptation costs.

4.3 Alternative hypotheses: two basic policy outcomes

The implementation of accession instruments in CEE, in particular those that involve processes of cross-national transfer, can result in different outcomes: *convergence* and *resistance*. These categories are explained briefly here given the constraints of this study. However, this discussion also provides a better understanding of the other stages of decision-making. It should be kept in mind that the EU aimed at improving policy outcomes during the design of the twinning exercise rather than just considering policy formulation and implementation.

Chapter 1 has already noted that the long-term outcome of twinning exercises is *convergence*. This section further outlines the alternative hypotheses regarding the outcomes of twinning projects.

Domestic outcomes	
Outcomes	Mechanisms and factors
Convergence (p. 108)	policy transfer; social learning; persuasion; <i>indigenous reforms</i> ; domestic veto players; low adaptation costs
Resistance (p. 109)	<i>indigenous reforms</i> , negotiation of transitional periods; domestic veto players; policy advocates; lack of resources (no real reforms); high adaptation costs; exemptions and opt outs

Table 5: Domestic outcomes in CEE

Alternative 1: Convergence

The compliance with EU rules in terms of the implementation of common policies can be achieved in various ways. Next to the transfer of institutional models discussed above, necessary reforms can be generated by lesson-drawing on the candidates' side (Schimmelfennig and Sedelmeier 2005c; Jacoby 1999), or social learning and persuasion. An indigenous reform strategy is unlikely to result in compliance since the implementation of EU rules involves expertise that was not present in the candidate countries before the cultural revolutions in 1989-1991. Thus, candidates had to engage in some sort of consultation process with the Commission, consultants or other sources of advice. However, compliance is much more likely if a candidate country is willing to draw lessons from the member states. In this case, the result will most likely be some sort of emulation, hybrid, synthesis or "inspired transfer". Thus, the following hypothesis is put forward:

H3a: The long-term outcome of the twinning projects is the convergence of administrative structures, procedures and 'ways of doing things'.

The testing of this hypothesis goes beyond the empirical remit of this thesis. However, it has to be stressed that short-term studies of twinning projects are likely to result in preliminary findings. This is because the candidates may opt at a later stage to adopt the institutional changes proposed by the twinning partners: for example, if the implementation under the indigenous model results in infringement procedures. In order to come to conclusive results, it would also be necessary to conduct a comparative research project, which examines at least at two countries. Some candidate countries have been more open to the twinning process than others. It is therefore likely that we can observe variation between such countries. In addition, variation may also be expected between different policy sectors based on the *density of EU rules* (Jacoby and Cernoch 2002; Jacoby 2005).

Alternative 2: Resistance

As mentioned above, resistance against transfers may derive from domestic veto players that have an embedded interest in existing institutions or indigenous reform. It can also result from the fear that the proposed model is unsuitable in the domestic context. Finally, resistance is part of a wider instinct that CEE actors have developed against foreign advice. This is often rooted in general distrust or suspicion against foreign advisers that come to “tutor” about necessary changes (*cf.* Jacoby 2001b; Wedel 2001).

In case resistance is more dominant than cooperation efforts by Western actors to unblock domestic stalemates, then this would most likely show in the negotiation of transitional periods, exemptions or opt outs. While the latter are the exception to the rule that the *acquis* is not negotiable, the negotiation of transitional periods is a normal process in enlargement negotiation. However, the EU has made it very clear that negotiation periods are to be much shorter for this enlargement than for former enlargement due to the market distortions that come with them. Resistance is also more likely if the adaptation costs are unusually high.

H3b: The long-term outcome of twinning projects is resistance to transfer attempts by the partner country and the Commission.

To reiterate, in order to test the hypothesis more fieldwork would need to be done in particular in candidates’ ministries’ in order to measure the level of doubt that is present towards foreign models and examine general attitudes towards the twinning process. A word of caution has to be added here. Bureaucrats in candidate countries are usually outspoken with their criticism. However, this does not suggest that the same people do not fall into line with a project or guideline if the hierarchy demands it of them. This is why the project leaders in both the candidate country and the member state play such an important role in twinning (*see* Chapter 7, 8 and 9). In addition, as Bache and Taylor (2003: 283) point out, policy resistance remains a relatively under-theorised subject. This is particularly the case concerning the transition processes in CEE. Although, a number of authors have pointed out that there are dynamics of collision and collusion (Wedel 2001), or *tutor and pupil* relationships unfolding in the region (Jacoby 2001b), little knowledge is available on the effect of these constellations on institutional change. A more comprehensive conceptualization of this process in the light of transition processes in Eastern Europe would therefore provide a better theoretical basis to analyse such dynamics.

5 Conclusion

In this chapter, the task of outlining plausible rival hypotheses for the three stages of decision-making that were introduced in Chapter 1 was conducted. While this approach is arduous, it yields interesting results. It accounts for the multi-causal character of the fifth enlargement and helps identifying theoretical models that may be applied to accession instruments.

The rationale behind this research strategy was outlined in Chapter 2. This thesis suggests that the separation of the enlargement process into the three stages outlined in this chapter corresponds well with the themes of policy formulation, policy implementation and policy outcomes that have been extensively applied in studies of public policy. It is important, however, to stress that these stages of the policy process overlap significantly in practice. This results from the time pressures policymakers face during enlargement processes. The timeframe of the fifth enlargement has been one of the most contentious issues between the candidates and the EU. In 1997, at the eve of the Luxembourg Council decision-makers had little time to sit back and reflect on possible designs for a twinning exercise. Thus, as we will see from the discussion in *Chapter 7*, the introduction of implementation procedures for the twinning exercise was attempted parallel to its implementation. As a result, *Stage 1* and *2* were largely played out parallel apart from 3 months period in early 1997, whereas the third stage covers the whole implementation period.

There are also obvious feedbacks between these stages. Thus, for example, in case the twinning exercise would have been unsuccessful, this would have empowered actors within the EU that were against its introduction in the first place. In addition, failures from implementation can also lead to a revision of the applied twinning concept. In due course, the Commission in conjunction with the Phare Management Committee may opt for a different strategy or considerable fine-tuning of the procedures. Thus, these three facets of enlargement policies can tell us a lot about the dynamics unfolding within the EU, the strategies chosen to influence candidate countries and the outcomes of respective projects.

5.1 The three faces of enlargement policies

The distinction between internal governance, external governance and domestic outcomes accounts for the fact that the setting of policies is followed up by the shaping of implementation procedures, which ultimately reflect on the instruments' universal direction. In order to have lasting effects on candidate countries, actors within the EU not

only have to agree among themselves but also need to develop a strategy that can be upheld during implementation.

Internal governance

Stage 1 focuses on the participatory and bargaining aspects of this process. It questions in particular who gets involved and why these actors gain access in the decision-making process. In reality, decision-making in and between institutions is never perfectly rational, and processes are becoming increasingly dynamic, complex and diverse (Simon 1997a; Kickert 1993).

As the overview of plausible rival hypotheses in Table 6 shows, this thesis suggests that the EU-internal policy-making process regarding the accession instruments can be explained with approaches such as lesson-drawing, evidence-based policy-making, intergovernmental bargaining, and deliberative supranationalism. The latter concepts are understood as particular transformations of the Community method, which help the Commission to increase its influence in the decision-making process.

Evidence-based policy-making	H1a: The Commission, due to its resources of policy assessment and evaluation, has been crucial in creating the twinning exercise by determining its objectives, procedures and content.
Lesson-drawing	H1b: The Commission, due to its ability to draw lessons from the experience of other aid donors, has been crucial in creating the twinning exercise by determining its objectives, procedures and content..
Intergovernmental bargaining	H1c: The German government based on the transfer of implementation procedures from its bilateral aid programme TRANSFORM has been crucial in creating the twinning exercise by brokering a deal in the Phare Management Committee concerning its objectives, procedures and content.
Deliberative supranationalism	H1d: A deliberative style of negotiation between Commission and members states officials has been crucial in creating the twinning exercise by determining its objectives, procedures and content.

Table 6: Internal governance – Overview of alternative working hypotheses

External governance

Phase 2 draws attention to EU strategies concerning necessary reforms in candidate countries. The EU aimed to include a number of elements in the pre-accession strategy that would enable the preparation of the candidates for membership. These elements include conditionality, policy transfer, social learning, and new forms of governance. This chapter described the stark contrast between strategies based on stringent conditions attached to incentives such as institutional ties and grant aid, and the interpretative approach of socialising and persuading candidates into continuing particular paths of reforms. In contrast to the external incentives model and the social learning model, the

application of the OMC in the enlargement process has the obvious advantage of combining elements from both of extremes.

The implementation of new forms of governance in the enlargement process has only received rudimentary attention. In this respect, the thesis can provide further evidence to an ongoing debate on the coordination of policies. However, the depiction of the OMC as a retreat of the Commission from the Community method of decision-making in the literature is somewhat misleading (Héritier 2003; Wincott 2003), since new forms of governance enable the EU executive to sail in new waters. Such instruments also allow for the necessary flexibility during implementation. In addition, the setting of common guidelines and timetables, a cornerstone of the OMC, resembles elements of the Community method. The Commission has indeed less direct influence, but it can make use of different mechanisms such as shaming and naming. The interventions of the Commission in case a country accedes the 3% ceiling for budget deficits under Growth and Stability Pact for example have led to grave disturbances for national governments. In the same way, the Commission can use accession instruments to take the moral high ground concerning institutional structures. In other words, as Jacoby (2001b) points out, Western models can act as thresholds, templates or adjustments for domestic reforms.

Governance by conditionality	H2a: Twinning projects are rewards attached to conditions that have to be met in order to receive further assistance.
Persuasion and social learning	H2b: Twinning projects are vehicles to persuade candidates' administrations into reforms alongside established rules and norms on basis of learning.
New forms of governance	H2c: The twinning exercise seeks to provide candidates with opportunities for learning and transfer of administrative procedures. It is therefore designed as a new form of governance with a flexible and participatory approach to implementation.

Table 7: External governance – Overview of alternative working hypotheses

Domestic outcomes

Phase 3 describes possible outcomes of pre-accession assistance in CEE: convergence and resistance. A number of studies have shown that, in order to achieve maximum impact with aid policies, one must create a sense of ownership in the beneficiary countries. In addition, in order to run a twinning scheme successfully, pre-accession advisers sent into beneficiary countries always rely on the host institution to provide necessary access to information. An aid scheme that aims at reforming public administrations in CEE potentially faces obstacles from domestic policy agendas and veto players alike. As a result, *Phase 2* and *3* are closely related and interact with each other at all times. While the Commission seeks to control the content and activities of the projects

through policy steering, it has to acknowledge that it needs to win indigenous support in order to achieve a maximum impact.

Convergence	H3a: The long-term outcome of twinning projects is the convergence of administrative structures, procedures and 'ways of doing things'.
Resistance	H3b: The long-term outcome of twinning projects is resistance to transfer attempts by the partner country and the Commission..

Table 8: Domestic outcomes – Overview of alternative working hypotheses

The transfer of institutional models to CEE administrations is likely to become enmeshed in indigenous reform. This introduces innovative elements into the process. In this way, the twinning exercise may lead to different degrees of convergence between the member states and the candidate countries. In case cooperation between the twinning partners breaks down or the candidates prefer other ways of reforming their institutions, resistance to policy transfer becomes the outcome of the project.

5.2 The synthesis of theories and the explanation of the policy process

The discussions of the various models developed for internal governance, external governance and policy outcomes has highlighted that each of these theories has to offer something towards an explanation of the dynamics at work. However, the problem that each of these theoretical models faces is that they cannot explain all the significant elements of the process. Indeed, they are unable to effectively and convincingly account for even one of the stages of the stages of decision-making outlined in this chapter. Moreover, theories of the policy process are also often detached from the current debates in the discipline.

It has been suggested here that these shortcomings can be overcome by connecting the concepts of lesson-drawing, policy transfer and evidence-based policy-making to the institutionalist literature. The connection between RCI and lesson-drawing is easily made. The lesson-drawing approach has already been described as a rational approach. The Commission's use of lesson-drawing can therefore logically be explained by RCI. Similarly, evidence-based policy-making is a rational approach in nature and can be adapted in the same way. However, policy transfer is defined in such wide terms that a connection to the new institutionalisms becomes more difficult. The modes of external governance outlined above connect easily with the themes of new institutionalism. Governance by conditionality assumes a logic of consequences, whereas the persuasion and learning model presumes a logic of appropriateness. New forms of governance combine elements from both logics to achieve results.

III

Analysis

Introduction

The analytical sections of this thesis in Chapters 4 to 7 serves two purposes: (i) They chart the background of the 1997 reform of Phare and the pre-accession strategy; (ii) They provide empirical evidence to test the theoretical models outlined in Chapter 4. The focus throughout the four chapters concentrates on the policy design of the enlargement strategy in general and the twinning exercise in particular. It is important to stress that both the EU's conditionality and its accession instruments have evolved over the past 30 years. Whereas the Phare programme reform in 1997 may be depicted as a more radical break with the past, the formulation of explicit conditionality through the introduction of the Progress Reports, the APs, and other elements of the enlargement strategy in 1997 was clearly in line with efforts to clarify the Copenhagen criteria⁴¹ that occurred earlier in the enlargement process. In addition, the Phare programme not only carried a number of well-established programme types into the post-1997 implementation phase, but also experienced significant problems with the switch from demand-driven to accession-driven programming (*see* Chapter 6). In fact, new instruments and programmes such as twinning, ISPA and SAPARD had a much clearer mandate in this respect and became the cornerstones of the *reinforced pre-accession strategy*.

Chapter 5 traces the evolution of conditionality terms in the EU's relations with CEECs; starting from 1989 until 1996. It questions to what extent conditionality was part of the EU's association policy, the original pre-accession strategy from 1994, and the Phare programme, which has been implemented parallel to all other policy instruments since

1989. This discussion forms the basis for an assessment of the explicit conditionality that was later enshrined in the reinforced pre-accession strategy. The chapter also examines the emergence of *administrative conditionality* in the EU's relations with CEECs in order to assess to what extent this aspect had already been covered before 1997. In order to conduct such an analysis, the activities of the EU in the area of public administration reform have to be assessed in detail. The chapter provides this by an informed discussion of the White Paper on Preparation of the Associated CEECs, SIGMA, TAIEX and those Phare programmes that targeted administrative reform. This discussion is complemented by an explanation of the main events that led to the evolution of the EU's conditionality in the early 1990s. Another important aspect highlighted in this chapter is the way in which the Commission developed frequent contacts with other aid donors as a result of its coordination function under the G-24 aid initiative.

Chapter 6 elaborates the discussion on the evolution of conditionality, and questions to what extent the 1997 reforms made a difference to the substance and enforceability of the accession criteria. In other words, this chapter examines the issue of explicit conditionality, while asking whether the changes introduced to the pre-accession strategy made a qualitative difference, and whether it had an effect on the implementation of the financial instruments Phare, ISPA and SAPARD. In this sense, the analysis part of the thesis also evaluates Vachudova's (2001; 2004) argument that the early transition period was characterized by *passive leverage* of the EU, whereas the emergence of explicit conditionality led to *active leverage* from 1997 onwards. Chapter 6 also outlines the most important steps taken during the 1997 reform and introduces the main actors in this reform process. In addition, it explains the reform of the Phare programming cycle, in particular the decentralized approach to implementation. In this way, it lays down the basis for an informed assessment of the introduction and implementation of twinning.

In order to assess the dynamics which unfolded between the Commission and the member states during the creation of policy instruments, Chapter 7 examines the introduction of the twinning exercise, in particular its implementation procedures. It reveals which actors were more decisive in pressing for certain policy designs and identifies the factors that were crucial for their persistence (*internal governance*). The chapter demonstrates that lesson-drawing was the main mode of internal governance utilized by the Commission during the introduction of the twinning exercise and its procedures. It evaluates the extent

⁴¹ The term *explicit conditionality* was first used by Milada Anna Vachudova (2001: 5), but has later also been utilized by Wade Jacoby (2001b: 189), Hölscher and Stephan (2004: 329), Sasse (2004) and others.

to which the other modes of governance played a role during the formulation of the implementation procedures.

Chapter 8 considers what type of instrument the twinning exercise constitutes based on the existing implementation procedures. This is facilitated by an analysis of the bidding process for twinning projects and other dynamics unfolding during implementation (*external governance*). It shows that twinning projects possess similar features to new forms of governance, which have become important alternatives in the harmonization of policies in areas such as employment, pensions and the environment.

The chapter concludes that explicit conditionality played a significant role during the programming of the twinning exercise. However, twinning projects are not in line with a strategy of reinforcement by rewards. In fact, hardly any projects have been cancelled and the Commission's influence on projects is limited once the covenant has been approved. Analytically, new forms of governance are also better suited to explain the elements of benchmarking and peer pressure. Such factors are clearly present during the implementation of twinning projects. Chapter 8 also sheds light on the potential of twinning projects, regarding their role as a vehicle for transfer of institutional models from the member states to the candidate countries. The chapter also highlights how an evaluation of the twinning exercise has become a necessary condition for the implementation of the instrument in other aid programmes, such as CARDS⁴², MEDA⁴³ and TACIS⁴⁴.

To summarize, the analytical sections of the thesis introduce the background of the 1997 reform and examine the formulation, implementation and outcomes of the twinning exercise. This enables the assessment of the theoretical models outlined in Chapter 4. Chapters 7-8 form the core part of the thesis on the formulation, implementation and evaluation of the twinning exercise; a direct result of the empirical research undertaken during the last few years. These chapters are closely linked to the theoretical considerations outlined in Part I of the thesis. The discussion in all chapters focuses on the policy design of the twinning instrument.

⁴² Community Assistance for Reconstruction, Development and Stabilisation, Council Regulation 2666/2000. CARDS finances aid programmes in the Western Balkans.

⁴³ MEDA is the financial and technical assistance programme which finances measures to accompany the reform of economic and social structures in the framework of the Euro-Mediterranean partnership, Council Regulation 1488/96.

⁴⁴ Technical Assistance for the Commonwealth of Independent States. TACIS supports all the countries in Eastern Europe which are part of the Commonwealth of Independent States. This includes states like the Ukraine which aspire to EU membership as well.

Financial assistance, association and conditionality, 1989-1996

1 Introduction

This chapter charts the historical background for the case study examined in Chapters 5-7. The introduction of the twinning exercise became part of the reform of the pre-accession strategy and the Phare programme in 1997. In order to provide the basis for an understanding of this process, this chapter examines the developments of the early transition period from 1989 to 1996. It explores the G-24 aid initiative, the introduction of Phare in 1989 and the establishment of the pre-accession strategy in 1994. The issue of the EU's accession criteria is addressed in order to trace the evolution of conditionality in the enlargement process. The chapter places particular emphasis on the introduction of the administrative accession criteria and its occurrence in the implementation of the pre-accession instruments until 1996. It stresses that the EU's conditionality regime was subject to significant evolution from the early 1990s to the late accession period. In addition, former enlargement processes are seen as the most important source of the accession criteria.

The collapse of Communism in 1989

1989 saw events that led to the collapse of communism and German unification, led Western European governments into further integrating their foreign policies towards the newly emerging regimes in CEE. Once it became clear that the artificial division of Europe had been overcome through peaceful revolutions in Eastern Europe, governments

decided to channel their efforts to stabilize the region through EC institutions. Activities of the EC in CEE were not completely new; a trade and cooperation agreement had already been signed with Hungary in September 1988 and negotiations on a similar agreement with Poland were well on the way. However, it has to be stressed though, that relations between Eastern and Western Europe were predefined by the geopolitical constellations of the Cold War for most of the 1980s. It is therefore questionable whether such agreements would have been possible at any earlier point in time. Some efforts to overcome this strict division were for example made by Germany under Willy Brandt's *Ostpolitik* and France's anti-bloc foreign policy in the 1970s. The scale of the challenges regarding relations with Eastern Europe that emerged in the early 1990s could hardly have been matched by any other event at the time. Not only were the transition and transformation processes completely new to the international community, but they also entailed a significant rethinking of the existing world order and relations between states within Europe.

2 The evolution of conditionality in the EU's relations with CEECs

In response to these challenges, the EC formulated policies which regulated the flow of trade between CEECs and the Community. This largely resulted from the reluctance of several member states to consider an accession of the newly emerging democracies into the Community. The unwillingness of countries such as France, Italy and the Netherlands to engage in an enlargement process with CEE therefore led to the formulation of the EC's association policy⁴⁵. This policy fell short of a number of expectations that were emerging in CEE. It was characterized by economic protectionism, which was largely out of tune with the rhetoric of Western leaders on the issue of opening trade to the EC's neighbouring countries (*cf.* Papadimitriou 2003: 108). It was also an effort to sidetrack membership aspirations in CEE and build a Europe of concentric circles in which Western European member states clearly had the upper hand over their Eastern neighbours. This was the result of the fact that not every EU member state would benefit from the accession of CEECs. As a result, some member states had become particularly obstructive to the process of opening trade. In the early 1990s, Portugal prevented further liberalization of trade with CEE in textiles, France rejected concessions on beef, and

⁴⁵ The EU's association policy has been analyzed by a number of scholars (see for example Lippert and Schneider 1995b). Elaborations on the member states' preferences towards Eastern enlargement are available in various publications (Schimmelfennig 2003b: 178) and monitoring reports (Iep 1998).

Spain vetoed an agreement on steel trade. Such strategies continued during the early 1990s (Schimmelfennig 2001: 54-63).

The negotiations on the Europe Agreements, the EU's association agreements, paralleled an international aid effort initiated by the G-7 to overcome the burden of restoration and restructuring in the CEECs. The Arche Summit of the G-7, which was held in Paris on 14 and 15 July 1989, assigned the Commission the task of coordinating the aid of these states to Poland and Hungary. The project, referred to as *Phare*⁴⁶, triggered the establishment of an aid initiative for CEE and parts of the Western Balkans. However, later the term *Phare* was used for an aid programme of the EC, which had been proposed by the Commission in the *Action plan for coordinated aid to Poland and Hungary* (CEC 1989a). The Commission requested an allocation of ECU 200 million from the Community budget in order to carry out the measures envisaged in 1990. This was to be supplemented by a member states' contribution of ECU 100 million from their national budgets and ECU 300 million from the other group members. The financial proposal was accepted by the member states and effectively led to the establishment of the Phare programme in December 1989 (Council Regulation No. 3906/89), which constituted the Community's contribution to the overall G-24 budget of ECU 600 million for 1990. The Action Plan and its financial outlay were also well-received by the European Parliament, which insisted however on an increase of the Community's financial effort in 1990 to ECU 300 million (Ehlermann 1989: 25).

This programme became one of the cornerstones of the EU's strategy towards CEE (Ehlermann 1989; K.E. Smith 1999; Lippert 2000c). The wider aid initiative, however, was finally delivered by a group of 24 OECD member states, the so-called Group of 24 (*see* Glossary of terms, p. 256 and Figure 6, p. 121), which signed up to the agreement and recognized the central role the G-7 had given to the European Commission as a coordinator of the initiative. The coordination function placed the Commission at the centre of the G-24 initiative and made the EC/EU one of the main contributors to the scheme.

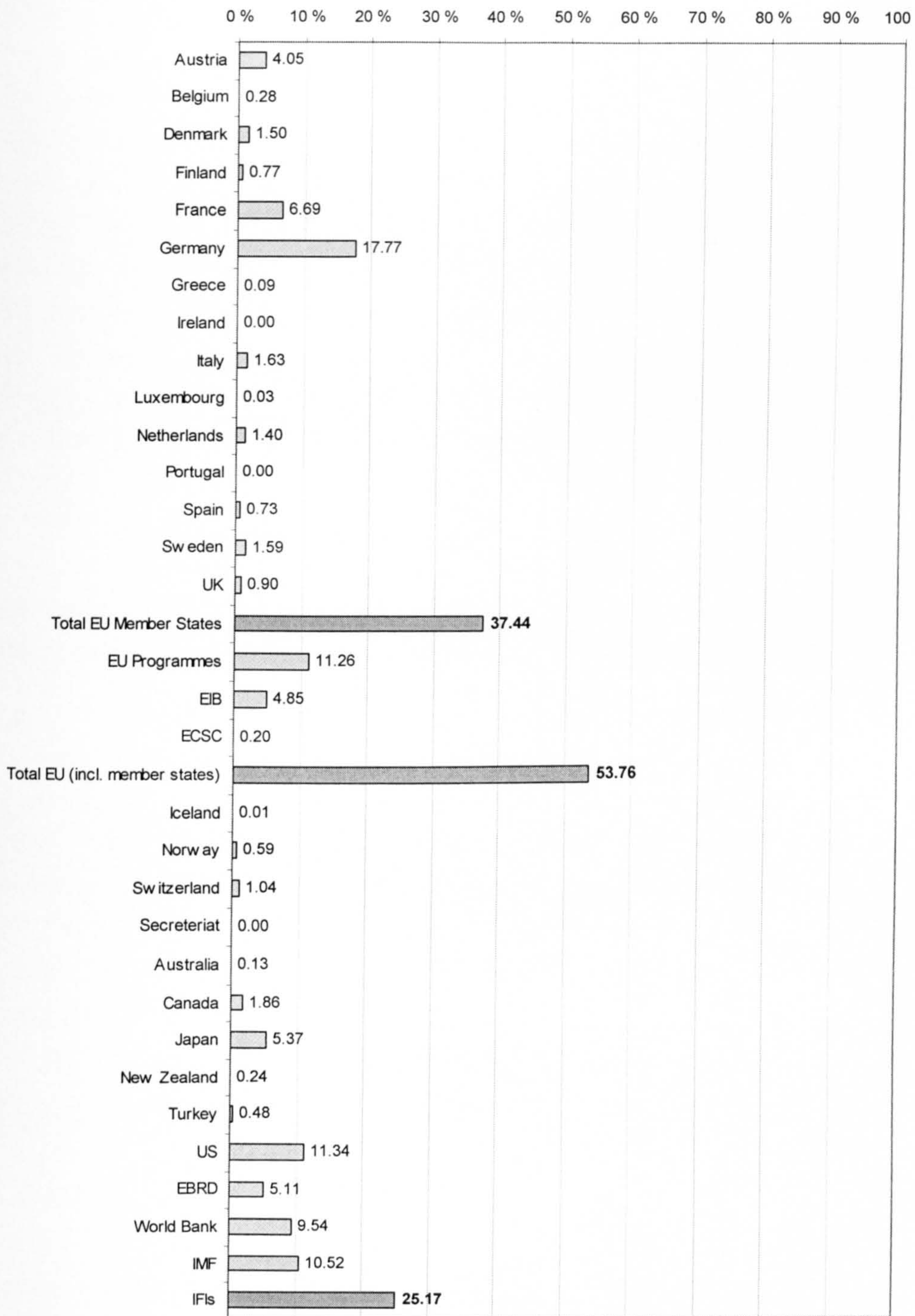
⁴⁶ The acronym Phare stands for "Poland Hungary Assistance for Reconstruction of Economies" and is also the French word for "lighthouse", which became a widely used symbol for the aid policy programme's operation within official speeches and documents of the Community. The Phare programme is based on the very loosely formulated Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to certain countries of Central and Eastern Europe, which allowed the Commission a considerable amount of leverage in implementing Phare in the early 1990s.

2.1 An international aid initiative: G-24 aid and political conditionality

Aid and trade policies were the two pillars upon which the EC/EU's relations with Eastern Europe would rest (Tovias and Laird 1991; Kramer 1993). The EC/EU's share in the G-24 aid initiative amounted to 11.26 per cent of total assistance and 29.05 per cent of grant aid during the 1990-1996 period. The Commission not only spearheaded an initiative that became the largest source of financial support in CEE, but also contributed the main share of grant aid (*see* Figure 1 and Appendix 2, p. 363). The member states also contributed a large amount of bilateral aid to transition processes in Eastern Europe. Moreover, Germany even exceeded the amount of Community aid for the region with a contribution of 17.77 per cent assistance in total of which 14.42 were grant assistance. France supported the initiative with a percentage of 6.69 in total and 8.10 in grant aid. UK involvement in the initiative, however, was disappointing; its contribution fell well behind the efforts of Austria, Denmark, the Netherlands, and Sweden. This was an indication that geographic proximity played an important part in the member states' willingness to engage.

As a significant donor and substantial source of direct investment, the United States also emerged as an important partner for Eastern European countries. The EC/EU, however, including its member states took the lion's share with 53.76 per cent of total and 66 per cent of grant assistance. However, neither G-24 aid nor the Phare programme and the Europe Agreements came without conditions, but instead incorporated a number of criteria. The US government and its Western European counterparts alike clearly paid tribute to the fact that the fall of the Iron Curtain meant the breakdown of the geopolitical boundaries that had existed for too long. In Europe and the U.S. policy-makers were equally keen to seize the opportunity and sustain the changes that had occurred across the whole of CEE. However, in spite of the security concerns that were attached to the issue of successful transition processes in CEE the transatlantic community did not act completely selflessly. The majority of projects were delivered by Western European and American companies, thereby ensuring that a great deal of the committed money would benefit home-grown businesses (Wedel 2001; Carothers 1996).

The *Action Plan for coordinated aid* published by the Commission in September 1989 still lacked an explicit reference to the conditions that would be attached to G-24 aid (CEC 1989a). In February 1990, however, a revised version of this action plan became part of a Commission Communication, which included the proposal to extend the initiative to five more countries (Bulgaria, Czechoslovakia, the German Democratic Republic,



Data Source: G-24 Scoreboard, CEC.

Figure 6: G-24 Assistance, % of total assistance (1990-1996).

Romania and Yugoslavia)⁴⁷. The document identified the necessary conditions as the rule of law, respect for human rights, the establishment of multiparty systems, the holding of free elections in 1990 and economic liberalization. The General Affairs Council on 5 February approved the report of the Commission and stated: 'this co-ordinated assistance should be provided on the basis of commitments from the countries concerned to political and economic reform. In addition, the programme of assistance should be adapted to each country's own situation, specific requirements and absorption capacity' (EC 1990). The Group of 24 embraced this proposal in June 1990 and outlined the criteria that recipients would have to follow in order to receive aid. In a separate statement, the Group explicitly stressed the conditional character of the plan: 'the only countries...which could benefit would be those which have satisfied the prescribed political (free elections, multi-party systems, priority of law) and economic (progress towards a liberal economy) conditions' (Group of 24 1990: 1). The Commission played an important role in the definition of these criteria. It used the weekly meetings between Commission and national officials in the informal advisers group to reach an agreement on the specific formulation and received support from the Council prior to the meeting in June (K.E. Smith 1999: 68).

The Commission was now preparing to perform one of the most significant tasks that it had been asked to fulfil regarding the area of external relations (see K.E. Smith 1999: 66; Ehlermann 1989: 23; Pelkmans and Murphy 1991: 129; Ross 1995: 263-64; Grant 1994: 165-66). The Commission machinery quickly produced several measures designed to ensure the effective coordination of aid between the Community, bilateral donors and IFIs. It stressed that countries should enter into agreements with the IMF in order to stabilize their economies. In addition, the Commission identified five key areas that were crucial for the early aid effort in these countries:

- improved access to Western markets,
- food supply,
- training,
- environment,
- investment, and
- economic restructuring.

The agreements between the Council and the Commission that followed these developments also involved the opening of Community programmes in the area of education, which would allow CEE students to attend Western European universities (K.E. Smith 1999; CEC 1989c, 1989d).

⁴⁷ For a description of the extension of the Phare programme to other CEECs and the Western Balkans see Harsay, Smith (1999: 69-72) or the *Chronology of events* in Appendix 1.

The coordination of aid did, however, become a daunting assignment, simply because none of the other aid agencies 'wanted to be coordinated' (Intw17, CEC official, 11 September 2003). The Commission started to transfer officials from DG Development into DG External Relations. These officials often met their former counterparts from the World Bank, who had also moved on to work on the transition processes in post-communist countries. Starting with around 25 individuals in 1990, the Commission expanded the group of people working with Phare to over 250 people in 1995 (including its delegations in CEE)⁴⁸. G-24 aid was mainly a political initiative (Intw17 and 18, CEC officials, 11 September 2002). The Commission set up regular coordination meetings which allowed for a great deal of exposure to other agencies' working methods. These meetings were organized alongside the sectors that were covered by the initiative. However, as one interviewee indicated, 'there was a complete underestimation of the complexity and the timing it would take to support these countries' (Intw17, CEC official, 11. September 2002). Nevertheless, the G-24 initiative had set an important precedent with regard to the political conditions it attached to the aid it delivered (*cf.* Weber 1995).

The Europe Agreements signed between 1991 and 1996 also contained a number of conditions which closely reflected the Commission's previous stand on the issue (*cf.* K.E. Smith 1999; Phinnemore 1999a; K.E. Smith 2003, see Annex 1). These bilateral agreements became an important element in the EC/EU's relation with its CEE neighbours. In addition to the regular coordination meetings for the G-24 initiative, the association committee meetings with the partner countries were an important source of information for decision-makers.⁴⁹ The Commission had to utilize as many forums as possible in order to gain some influence on developments in the region. As one would expect, there was little understanding about suitable methods that would enable the transition from planned to market economies, and from communist to democratic government. In addition, all donors faced significant problems in gaining knowledge on the CEECs and the region in general.

⁴⁸ These are rough figures that have been confirmed by a number of key interviewees that worked with Phare since 1989. The bibliography has a section that identifies the more important interviews for this thesis.

⁴⁹ There were eight sectoral subcommittees setup under Europe Agreements which allowed the Commission and the member states to monitor developments across these sectors.

Country	Europe Agreement signed	Europe Agreement came into force	Official application for EU Membership
Bulgaria	March 1993	February 1995	<i>December 1995</i>
Czech Republic	October 1993	February 1995	<i>January 1996</i>
Estonia	June 1995	February 1998	<i>November 1995</i>
Hungary	December 1991	February 1994	<i>March 1994</i>
Latvia	June 1995	February 1998	<i>October 1995</i>
Lithuania	June 1995	February 1998	<i>December 1995</i>
Poland	December 1991	February 1994	<i>April 1994</i>
Romania	February 1993	February 1995	<i>June 1995</i>
Slovakia	October 1993	February 1995	<i>June 1995</i>
Slovenia	June 1996	February 1999	<i>June 1996</i>

Source: CEC, DG Enlargement, Available: http://europa.eu.int/comm/enlargement/pas/europe_agr.htm [Accessed: 11. January 2002].

Table 9: Europe Agreements and official membership applications

2.2 The demand-driven approach of Phare, 1989-1996

Similar to other donors, the Commission was overwhelmed by the sudden challenge of post-communist transition and therefore advocated a demand-driven approach within the Phare programme. This meant that 'the partner countries were themselves the driving force in shaping the programmes' (CEC 1999i: 7). The development of the Phare programme remained relatively flexible. In 1990, a substantial amount of assistance was spent on food aid and other areas of emergency aid, including pesticides to boost agricultural production. The programme, which was intended to 'support the process of social and economic reform under way in Hungary and Poland' (EC 1989: 1), was also extended to countries in the Western Balkans such as Croatia and Albania, after they met the political conditionality as defined above.

The initiative quickly moved on to fund efforts in restructuring the economy (see Appendix 2). Phare mainly used teams of consultants as a delivery mechanism. This *delivery of 'know-how' by consultants* became widely contested in the reform of the programme in 1997. The Phare programme was also the largest source for this type of support in the associated countries, while the World Bank and other agencies focused largely on infrastructure and environment projects. The other significant source of advice was the German TRANSFORM programme, which organised twinning projects between German ministries and eight of the CEECs as well as Russia, the Ukraine and Belarus (BMW 1994; BMZ 2000). Whereas Germany covered most of the region under the umbrella of TRANSFORM, the EU introduced TACIS in 1991, a separate programme for

the newly independent countries of the former Soviet Union (Delcour 2001; Tulmets 2003a).

Between 1990 and 1996, the Commission developed a number of different programme types under Phare in order to facilitate the delivery of aid to the associates: national programmes, regional and horizontal programmes, cross-border cooperation, and nuclear safety. National programmes were directed at particular associates, while aiming to reform their economy and institutions. Regional and horizontal programmes addressed either a set of countries (regional programmes) or all associates (horizontal programmes) in order to achieve economies of scale. The cross-border cooperation initiative was largely seen among interviewees as a trade-off from German unification, since a group of German MEPs proposed it in order to retain some of the Phare funds for the New Länder.⁵⁰ The initiative was introduced on 4 July 1994 (EC 1994a). It finances joint projects between bordering regions in a candidate country and a member state. In its later form it resembled the implementation of INTERREG programmes under the structural funds, which enable the same type of projects between member states. Finally, nuclear safety received noteworthy attention, particularly in the early phase of transition. The importance attached to this issue was also a result of the 1986 Chernobyl disaster, which had long lasting effects on policymakers' thinking. The Phare programme also reimbursed costs incurred in other areas of the budget through the participation of CEECs in Community programmes.⁵¹

The SIGMA programme is an excellent example of a Phare horizontal programme. In May 1992, the Commission agreed with the OECD PUMA service to establish a programme on general or horizontal public administration for CEECs. SIGMA was installed within the OECD's headquarters in Paris. The aim of this joint initiative was to help countries modernise their public management systems with regard to public administration reform, management and control of financial resources; and the fight against fraud and corruption. Since then, it has largely operated as an academic exercise, which has drafted reports on the basis of study visits to a number of associated countries, but has also provided technical assistance in the form of training events. The programme, for example, seeks to enhance civil service legislation, human resource development strategies and management of human resources. It also considers the legal framework of

⁵⁰ Intw2 and 3, German officials, 13 March 2002. Intw26, European Parliament official, 23 September 2002.

⁵¹ There is plenty of information on the early implementation period of the Phare programme available in form of Annual Reports and other documents (CEC 1989b, 1989d, 1990, 1992b, 1993, 1995b, 1996, 1998l). An overview of these documents is presented in the bibliography, p. 256.

administration an important pillar of administrative reform. The management and control of financial resources is to be achieved by the institutionalization of budgetary decision-making, budget execution and treasury systems. This is also supported by internal audit and control standards that are respectively enforced by the State Audit Institutions (SAIs) and external audit systems (*see* Annex 14). The programme was extended in 1994 and subsequently also won the approval of the Commission which believed that it is 'important to keep this service alive in order to have several instruments to influence public administration reform in CEE available' (Intw30, CEC official, 04 March 2003). However, the involvement of Commission officials in several central areas of cooperation and the persistent calls for membership in CEE made member states who opposed an enlargement with the associates suspicious.

2.3 The EBRD, the EIB and the international aid effort

The French government was keen to deal with these issues outside the EC's institutional arena. In October 1989, the French President Mitterrand suggested creating a new institution, the European Bank for Reconstruction and Development (EBRD) to direct multilateral aid and investment capital towards Eastern Europe. He entrusted the project to his special adviser Jacques Attali. As France was holding the Council Presidency at the time, it was in a 'prime position to propel the idea forward' (K.E. Smith 1999: 80).⁵² The French government was acting on the basis of a careful strategy to 'frame CEE as a third "concentric circle" of the European integration process, which made sense to France as a way of diluting German influence, keeping the United States at arm's length, and giving Paris a privileged position in extending east the EC's central rationale' (Weber 1994: 13).

Attali's proposal included plans to restrict membership of the EBRD to European states, thereby excluding the United States, Canada and Japan from its portfolio and stretching its role far beyond the normal parameters of a regional development bank. It also threatened the Commission's new role as aid coordinator among Western Donors. The French proposal was quickly watered down within the Council and the remaining agreement was fully in accordance with the efforts made in late December 1989. The EBRD's aims were now to 'foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in the Central and Eastern European countries committed to and applying the principles of multiparty democracy, pluralism, and market economies.'⁵³ It thereby also followed the precedent set by the G-24 aid

⁵² *See also* Agence Europe No. 5418, 26 January 1991.

⁵³ EBRD Articles of Agreement, Article 1.

initiative and applied the same set of conditions to its programmes. The US, Canada and Japan are also members of this regional development bank that focuses on promoting private investment in the region (Weber 1994: 6-11; K.E. Smith 1999: 80-82; Menkveld 1991: 20-26).

Date	Event
Autumn 1989	"Peaceful" revolutions in Eastern Europe lead to the break up of the Soviet Union and the Warsaw Pact
14-15 July 1989	Arche Summit of the G-7
8-9 December 1989	Strasbourg European Council
11 June 1992	Commission publishes "Europe and the Challenge of Enlargement"
26-27 June 1992	Lisbon European Council
02 December 1992	Commission publishes "Towards a closer association with the Countries of Central and Eastern Europe"
21-22 June 1993	Copenhagen European Council
13 July 1994	Commission publishes "The Europe Agreements and Beyond: A Strategy to prepare Countries of Central and Eastern Europe for Accession"
10-11 Nov 1994	Essen European Council
03 May 1995	Publication of the White Paper on Preparation of the Associated CEECs for Integration into the Internal Market of the Union
15-16 December 1995	Madrid European Council
01 January 1996	Introduction of TAIEX

Source: Author's compilation.

Table 10: The development of the EU's relations with CEE

The Community also provided loans paid out by the European Investment Bank (EIB) in the areas of energy, telecommunications, transport and the environment, and in cases where the recipient countries did not have access to IMF loans. It also provided macro-financial assistance in order to assist the covering balance of payments deficits. The Community saw this as a crucial step for the building of a base from which the countries could build up their reforms and thus urged other donors to join these initiatives. The February 1990 Ecofin Council agreed the first loan, 870 million ECU. This was designed to close Hungary's expanding balance of payment deficit and subsequently this type of assistance continued to be paid out regularly (*see* Appendix 2, p. 363). In this context, Smith (1999: 79) mentions that a loan to Bulgaria was stalled in October 1992, because of delays in the envisaged reforms, and disbursement of assistance was also stopped to Albania and Romania in 1994 and 1995. The loan to Romania was only reactivated in March 1997 when the new government adopted a reform programme. EIB loans played an important role in reinstating the transport links between the associates and the Community. In the early transition period, the activities of the EIB were also decisive in improving work conditions in coal mines and modernising the CEECs telecommunications network.

As a result, the G-24 aid initiative not only set a precedent with regards to the conditions applied in relations with CEE, but also incorporated the efforts of multilateral organizations, bilateral aid agencies, the EIB and the EBRD. The activities of the donor Community were firmly linked to the progress of reforms to democracy and market economies. This was an added incentive for CEECs to receive the rubberstamp of membership as a clear indication that their reforms had been successful.

3 The establishment of EU membership conditionality

In this section, other factors contributing to the evolution of membership criteria for the CEECs are introduced with a discussion of prior enlargement processes. The criteria for membership were enshrined in Treaty Articles, statements by the European Council, and legal agreements between the EU and candidates. Article 237 of the Rome Treaty declared that ‘any European state may apply to become a member of the Community’. The first enlargement of the European Communities was a contentious issue, in particular since Britain’s membership application had been stalled several times. Yet, the accession of Britain, Ireland and Denmark was subject to limited membership criteria in comparison to the preceding enlargement rounds. The transition of Greece, Portugal, and Spain from authoritarian rule to democracy in the mid-1970s clearly called for a revision of the EU’s approach to enlargement (K.E. Smith 2003: 109).

3.1 The emergence of accession criteria: Greece and the Southern Enlargement

The April 1978 Copenhagen European Council proclaimed that ‘respect for and maintenance of representative democracy and human rights in each Member State are essential elements of membership in the European Communities’ (CEC 1978a: Art. 6). As a result, the accession of Greece, Portugal and Spain are often referred to as the Community’s first contribution to democracy promotion (Dimitrova and Pridham 2004: 95). The enlargement to Greece finally took place in 1981. However, as Smith (2003: 110) points out, the Commission’s opinion on these candidates did not emphasise the establishment of democracy, but rather pointed to the importance of economic and administrative capacities.⁵⁴ All three applicants were less developed economically than other member states. This in return caused reservations in the Commission about ‘their capacity to function within the Community’ (K.E. Smith 2003: 110). Accordingly, the *Commission’s Opinion on Greece* declared in 1976 that the country was not ready for

⁵⁴ See also the Commission’s Opinions on Greece, Portugal and Spain (CEC 1976: Art. 9; 1978b: Art. 7; 1978c: Art. 9).

membership on economic grounds and proposed to consider the opening of negotiations at a later point in time. The Commission emphasized that there should be a period of preparation which would enable Greece to enter the EU after considerable adaptation in its institutions (Intw9, British official, 15 April 2002). The Council, however, took a different stand on the issue and preferred to support the transition process in Greece by the opening full membership negotiations. However, one of the greatest myths on the enlargement process is that the Commission Opinion gave a negative evaluation regarding Greek membership (Intw58, CEC official, 24 November 2003). On the contrary, it simply highlighted the fact that the country needed more time to prepare before entering the Community.

Year of entry	Member state/s
1973	Denmark, Ireland and the United Kingdom (<i>first enlargement</i>)
1981	Greece
1986	Portugal and Spain (<i>Southern enlargement</i>)
1990	<i>East Germany (as a result of German unification)</i>
1995	Austria, Finland and Sweden (<i>EFTA Enlargement</i>)
2004	Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia as well as Cyprus and Malta (<i>Eastern Enlargement</i>)

Source: Own compilation.

Table 11: Former enlargements of the EU and the incorporation of East Germany

The special circumstances under which these countries aimed to enter the EC were also taken into consideration when the Council in October 1975 decided to allocate ECU 150 million of EIB loans to Portugal. In addition, the payment of debt on these loans was subsidized by 3% with ECU 30 million from the EC budget. This decision consolidated into a more cohesive initiative, which supported the transformation of the Portuguese economy. It was the first instance of the Community paying pre-accession aid to help a country developing the conditions necessary for membership. The total sum paid out to Portugal amounted to ECU 875 million from 1975 to 1984. Although the aid packages were mainly designed to transform Portugal's economy and came largely in form of loans, this was an important step taken by the Community towards establishing a pre-accession aid system (Dauderstädt 1986). Later, the agreement on EMU led to the introduction of the Cohesion Fund. This was originally designed as a temporary measure to support the economic transition processes in Southern Europe and enable this region to take part in monetary union. Institutional stickiness, however, led to a continuation of the fund until today.

3.2 EFTA enlargement: Austria, Finland and Sweden

The end of the Cold War resulted in a large number of applicants for membership. Since the relatively early incorporation of East Germany into the EC, the Community had problems explaining why other states would not be eligible (K.E. Smith 1999: 83-85). However, applications were not only expected from CEE states, but also from the member states of EFTA. Austria, Sweden, Finland, Switzerland and Norway⁵⁵ all applied for membership between July 1991 and November 1992. The EC reacted by installing the European Economic Area (EEA) with all of these countries apart from Switzerland⁵⁶. The EC now began to face the 'widening vs. deepening' dilemma that could stall the integration process for some time if it would not come up with more concrete membership criteria. The specification and enforcement of specified conditions would enable the Community to function after enlargement given that the necessary institutional reforms were pursued parallel to the accession process with new members (Schimmelfennig 2003c: 176). In fact, the EC had already reached agreement on the Maastricht Treaty that would lead to significant deepening in political and economic terms.

In 1992, the Commission, in response to a request by the member states, therefore issued a report to the European Council in Lisbon in which it stated that 'a state which applies for membership must ... satisfy the three basic conditions of European identity, democratic status, and respect of human rights' (CEC 1992a: 11). The document defined European identity as a combination of *geographical, historical and cultural elements* which sets the limits of Europe. The setting of stricter membership conditions is a partial answer to the dilemma that enlargement poses to the institutional setup of the Community and its policies. EU membership conditionality cannot be the only means to guarantee the member states' long-term investment in European institutions, but was meant to become the vehicle for reform in CEE. The situation was less problematic with regards to other applicants such as Austria, Sweden, and Finland since these countries had already shown a high degree of democracy and economic development (Preston 1997; Granell 1995; Pentland 2000).

In order to protect the Community institutions and its policies, the Commission also addressed the ability of the candidates to take on the *acquis communautaire* and to take

⁵⁵ Although Norway completed accession negotiations in 1994, a referendum rejected EU membership for a second time.

⁵⁶ The membership application of Switzerland was 'frozen' after a referendum in which citizens decided that the country should not take part in the European Economic Area.

part in the internal market. It therefore specified further criteria by clarifying that applicants had to accept the Community system and be able to implement it:

As the Community's legal, economic, and political framework has developed, the obligations of membership have become progressively more difficult to fulfil. The obligations presuppose a functioning and competitive market economy, and *an adequate legal and administrative framework in the public and private sectors*. An applicant without these characteristics could not be effectively integrated; in fact, membership would disrupt the working of the Community (CEC 1992a: 11, emphasis added).

The reference to adequate legal and administrative frameworks can be interpreted as the first instance in which the Commission implied that candidates have to meet administrative criteria in order to enter the EC. This position is repeated several times in the report, for example, where it stresses that some applicants 'are relatively well-placed to take on the obligations of membership, while others are manifestly not in a position to adopt them in the near future' (CEC 1992a: 13). As a result, the Commission supported the applications of the EFTA members that had already agreed to establish the EEA and therefore were in the process of adopting a large part of the Community's *acquis*. It was clear from the report, however, that the Commission took a more moderate view of CEE applicants. This was largely a result of the completion of the single market and EMU. In Lisbon, the Council agreed with the assessment and stated that 'the EEA-agreement has paved the way for opening enlargement negotiations with a view to an early conclusion with EFTA countries seeking membership of the European Union' (EC 1992: 1).

As Smith (2003: 112) notes, the Commission also placed particular emphasis on the adoption of the *entire acquis*. This is partly a result of the fact that the Maastricht Treaty negotiations had shown how difficult it was to accommodate former applicant countries' preferences after accession. Denmark and the United Kingdom negotiated an opt-out of the third stage of EMU, and Denmark also received an opt-out from the common defence policy. In addition, the United Kingdom did not sign the Social Charter. As a result of these developments, the Commission clarified that members would have to subscribe in principle and in practice to the CFSP (CEC 1992a: 13), a demand that was difficult to meet by the neutral EFTA countries. Although this was not an encouragement for these countries to join the EC, it did not prevent them from starting accession negotiations after the ratification of the *Treaty on European Union* (Bieler 2000; Granell 1995; Cameron 1995). The Commission was eager to guard the EU from harmful effects of enlargement:

The impact of future enlargement on the capacity of the community to take decisions merits the most careful reflection and evaluation. Non-members apply to join because the Community is attractive; the Community is attractive because it is seen to be effective; to proceed to enlargement in a way which reduces its effectiveness would be an error (CEC 1992a: 14).

The Commission further stressed that 'widening must not be at the expense of deepening. Enlargement must not be a dilution of the Community's achievements' (CEC 1992a: 10). Owing to the recognition this report received in the European Council, the parameters for the EU's fourth enlargement were set. However, the issue of membership was not addressed with regards to the CEECs. Both the Council and the Commission pointed to the negotiations on the Europe Agreements which were still seen as an alternative to enlargement.

3.3 Eastern enlargement and the consolidation of the accession criteria

The will for a revision of this policy became clear when, 18 months later, the 1993 European Council in Copenhagen established further criteria for accession. The summit attached a number of conditions to its decision that 'the associated countries in Central and Eastern Europe that so desire shall become members of the European Union' (EC 1993: 5). It outlined the following accession criteria:

Membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

The Copenhagen criteria not only put forward a new rationale for policy-making in respect of associated countries, but also broadened the scope of the EU's leverage by incorporating references to democratic values and norms (Lippert 2000a: 128-30). As a result, the membership criteria acted as a further incentive for democratisation. In that sense, they ensured a link between accession and the transition to democratic and market-oriented institutions. However, the clear membership perspective, which was introduced with the decisions taken at the Copenhagen summit, was weakened by the broad formulation of the criteria. It became clear that this would give the stakeholders in the process the opportunity for interpretation (Lippert 2000b). Nevertheless, the EU started to act as the main external *focal point* for the transition processes in CEE (Elster *et al.* 1998: 188).

The Copenhagen Summit also agreed to a number of proposals which the Commission had worked out with the member states for several months before the meeting. As a result, quite a number of changes were introduced to the EU's relations with CEE. This involved the introduction of a structured relationship with the institutions of the EU, improved market access, the introduction of an infrastructure facility within Phare and the furthering of economic integration (EC 1993: Annex II). The structured relationship referred to a multilateral dialogue between the CEECs and the Community on matters of

common interest. Such a political dialogue had already been introduced as a structure of consultation under the Europe Agreements, but only on a bilateral basis between the respective countries and the EC. The structured relationship, however, involved the organization of meetings between the Council and all associates in CEE. It was designed as an instrument that could steer through the murky waters of association and pre-accession.

As the boundaries of integration began to blur in the early 1990s, classical forms of cooperation such as association had to be accompanied by measures that would take into account the ambiguity of the situation. The structured dialogue helped 'maintaining boundaries while simultaneously offering closer cooperation' (Lippert and Becker 1998a: 343). It gave the associates the opportunity to familiarize themselves with the obligations of membership without actually having to implement any EU legislation. At the same time, it was also seen as a vehicle to coordinate initiatives across all three pillars of the *acquis* (the Community, JHA and CFSP) (Lippert and Becker 1998a; Regelsberger 1995).

Improved market access was implemented by bringing forward the deadlines for the lifting of import restrictions on products originating in the associate countries. The member states also agreed that up to 15% of Phare funds could be used to finance infrastructure projects. This was highly controversial among member states. France, the United Kingdom and Ireland feared that this proposal would 'fundamentally alter the character of the Phare programme' (Intw18, CEC official, 11 September 2002). In the background, member state negotiators were lobbied by their consultancy businesses who would lose significant funds if infrastructure projects would be financed instead of know-how transfer (*cf.* K.E. Smith 1999: 75-77). Nevertheless, an agreement was reached that enabled Phare managers to offer infrastructure support under a strict set of conditions.⁵⁷ Finally, the furthering of integration with the CEECs involved increased approximation of laws in the associate countries. This was to ensure that the associated countries adhere to the provisions on banning restrictive practices, abuse of dominant positions and public aid which all distort conditions of competition. The Europe Agreements had already foreseen that the approximation of laws in this area is of importance, but the Community placed particular emphasis on the implementation of these measures in view of future accession and proposed the training of CEE officials in EC legislation by member state and Commission officials. As a result, the Council announced that 'a task force of

⁵⁷ Such funds should only be paid out as components of projects jointly financed by the EIB and/or IFIs and beneficiary countries. There should be no private funds available to finance these projects and they should comply with the Community interest. The Commission was also asked to ensure that there would be no undue concentration in a particular country (EC 1993: Annex II, iii).

representatives of the member states and the Commission will be set up to coordinate and direct the work' (EC 1993: Annex II, iv). Niemann (1998: 438-39) argues that these changes are a result of the Commission's entrepreneurship.

The success of the Commission's proposals was linked to the fact that it was known beforehand that an agreement on membership of CEECs would come to the table during the Copenhagen Summit. Commission officials anticipated that the decision to offer such a perspective to the associates would open a *window of opportunity*. This enabled the Commission to act as a *policy entrepreneur* (Kingdon 1995: 180-81; Pollack 1997: 126-27) and carefully engineer its plans for infrastructure support under Phare. The physical links with CEE were seen as crucial not only for accession, but also for the development of closer trading relationships with the rest of Europe. However, the Commission could only win support for its proposal by arranging with the Danish Presidency that the issue would be put on the agenda for the last day of the Summit. Niemann (1998: 438-39) stresses that 'the Council framework would have allowed too much controversial discussion'. Thus, the direct approach of getting the issue approved by the European Council was more realistic and it proved successful in the end.

The following years demonstrated that the EU's conditionality was largely subject to the institutions' conduct under the policies designed for enlargement. In other words, conditions were not only written on paper, but were subject to daily interpretation by Commission Headquarters in Brussels, the Delegations of the Commission in the applicant countries, association committees and later also on the negotiation table (Niemann 1998; Lippert 2000b: 21ff.).

4 Administrative conditionality: EU enlargement and public administrations

In the wake of the 1993 Copenhagen summit, however, there was great concern about the fact that the least wealthy applicants in the history of the EU would face more difficulties than former applicants when entering a much more integrated Community. This stressed the clear need to develop a strategy which would ensure the preparation of the associates for membership. Accordingly, the internal policy debate and negotiations throughout 1994 focused on the establishment of a new strategy for enlargement. These discussions resulted in the creation of the pre-accession strategy (see Lippert 2000a: 144)⁵⁸, the *White*

⁵⁸ Babara Lippert provides a good overview of the development and content of the pre-accession strategy.

Paper on the Preparation of the Associated Countries of CEE for the internal market (CEC 1995c), a revised structured dialogue and the extension of the infrastructure facility within Phare (*see* Annex 4).

4.1 The creation of the pre-accession strategy

The introduction of the pre-accession strategy was advocated by the Commission in view of the changes that needed to be introduced in order to prepare for an enlargement with CEE. The German EU presidency was sympathetic to the Commission's proposals and became instrumental in brokering the deal at the Essen European Council in 1994 (*see* Niemann 1998: 436). This deal followed up the changes already introduced at Copenhagen in 1993. The Commission and the member states were aware that more substantial revisions of existing instruments and new methods of cooperation were needed in order to prepare the associates for membership. The development of a pre-accession strategy clearly accounted for the particularity of the Eastern enlargement. The objective was to combine the transformation in government, administration, economy and society with integration into the EU (*cf.* Lippert 2000a: 108).

In order to move ahead with development of the pre-accession strategy, the Commission and the Council Presidency coordinated intensively in summer 1994. The Commission published a Communication in mid July, in which it outlined the overall approach of the Essen strategy for accession (CEC 1994a, *see* Annex 3). The document described the developments under the Europe Agreements and the structured relationship with the CEECs. After their ratification in the European Parliament, the Europe Agreements with Poland and Hungary had gone into force in February 1994 (*see* Table 9, p. 124). Following this event, both countries announced that they would apply for EU membership soon. The agreements established Association Councils between government officials and parliamentarians from the CEE and the member states in order to oversee implementation. Hungary made clear during the first of these meetings on 7 March 1994 that it would submit an application, which followed on 1 April 1994. Seven days later, Poland submitted its applications. All remaining applications from the CEECs were received between 1995 and 1996.

The Commission followed up its Communication on the *Europe Agreements and beyond* at the end of June 1994 (CEC 1994b). The new communication contained five concrete proposals to accelerate the relations with CEE. However, several initiatives stood out in comparison to the preceding period. First of all, the Commission supported an initiative by the European Parliament to introduce a programme for intra-regional cooperation financed under Phare. This had already been agreed on 4 July 1994 and became known as

the cross-border cooperation programme (Commission Regulation No. 1628/94). It finances joint projects between bordering regions in a candidate country and a member state. Secondly, the Commission argued that the 15 per cent limit for infrastructure spending that had been introduced in Copenhagen had to be dropped completely. Finally, it advocated a move towards multi-annual planning (MAP) during the programming of Phare in order to enhance the predictability of the programme and give incentives for investment (CEC 1994b: 16-17). The latter decision had the potential to positively impact on the programme's compatibility with the structural funds if followed up appropriately during implementation.

The Commission also directly addressed the associates by asking them to create the legal and institutional environment for economic development and integration. It pointed to the necessary approximation of laws in particular with regards to the Internal Market and the implementation of competition policy. The Commission stressed that

In order to pave the way for accession and for participation in the Internal Market each country needs to draw up a programme of priorities and a time-table for ensuring approximation of legislation, technical harmonisation and development of common European standards and certification procedures (CEC 1994b: 5).

In other words, the Commission sought to clarify that the Europe Agreements included clear commitments for the associates and that the implementation of these obligations were a pre-condition for membership negotiations. Interestingly, it also pointed to the role member states could play in facilitating these developments by 'making resources and experience available, where appropriate and feasible' (CEC 1994b: 5). This latter remark was a reference to the TAIEX programme which had been developed in parallel to the elaboration of the pre-accession strategy. In its final form, the programme enabled the secondment of member state officials for up to 2 weeks.

The Council Presidency received these Communications favourably and started a six months consultation period with the Council. These discussions culminated in a report to the Essen European Council in December 1994 (EC 1994b, see Annex 4). This document generally fell in line with the Commission's proposals, but extended the amount allocated to infrastructure to merely 25% of the total Phare budget. One official made clear that 'some member states still held that you should not use grant money to finance investments' (Intw18, CEC official, 11 September 2005). Although the Council was aware that infrastructure spending would become more important, in particular to ensure the ability to co-finance EIB loans, it regarded this extension as sufficient since a number of member states signalled reservations about lifting the limit on infrastructure spending altogether. This helped to overcome the CEECs problems with the co-financing of EIB loans which were only allowed to cover up to 75 per cent of total project costs (Niemann

1998: 435-436). The Council further stressed that Phare would be redirected to 'help associated countries to absorb the *acquis communautaire*' (EC 1994b: Annex IV). The Council agreed to the focus on the approximation of laws and as a result, the Essen European Council asked the Commission to prepare a White Paper on the Internal Market outlining the measures which the associated countries would need to adopt.

In this context, Müller Graff (1997: 34-36) convincingly argues that association agreements do not necessarily include a membership perspective. The Europe Agreements were originally not seen as pre-accession instruments. On the contrary, these accords were 'originally devised as an alternative to membership' (Müller-Graff 1997: 35) and only became part of the pre-accession strategy after the European Council in Copenhagen and the Essen introduced a substantial reorientation in the EU's strategy. The Commission began to draw up the *White Paper on the Preparation of the Associated Countries of CEE for the internal market of the Union* (CEC 1995c). The document was published in 1995 and outlined 'a detailed programme of law approximation' (Gaudissart and Sinnaeve 1997: 43). This emphasis on the gradual approximation of laws in CEE ultimately aimed at the membership of the countries of that region in the EU. The programme described in the White Paper addressed each sector of the Internal Market and identified key measures that would have to be taken during the duration of the accession period. However, as Gaudissart and Sinnaeve (1997: 45) stress, by definition it 'has a non-binding character'. Accordingly, it was necessary to follow up its implementation with properly adapted Phare programmes and continued monitoring under the institutional arrangements for the Europe Agreements.

The elements of the pre-accession strategy were now clear; it included the Europe Agreements, the structured dialogue, the White Paper, and the Phare programme. The latter also received a substantially increased budget at Essen. The member states agreed to allocate a sum of €1,114 million for the year 1995. The commitment rate for Phare rose steadily during the early 1990s. However, the problem was that the amount of allocated contracts did not match these commitments (*see* Table 12). The demand-driven approach of Phare led to the allocation of projects in a vast number of issue areas. The programme was administered by project management units (PMUs) which were responsible for the implementation of individual projects. PMUs were usually attached to or located in the ministries of the candidates. However, as Bailey and de Propris (2004: 79-81) show, the programme's implementation procedures were overly centralized and too much driven by the associates' needs. As a result, the Phare programme became fragmented into many small programmes. This not only hampered control of allocated funds, but also made it difficult to apply a strategic approach towards the programming of Phare projects. The

Commission faced increased criticism from the member states and Parliament. It gained a reputation for not having the procedures and in particular the PMUs in the candidate countries under control. In addition, the programmes were driven by foreign consultants which often had their own agenda. One of the CEC officials interviewed admitted, 'we had millions of Euros lying around on bank accounts in Eastern Europe without knowing the status of the money' (Intw18, CEC official, 11 September 2004).

1990	475.3	1997	1207.8
1991	769.7	1998	1135.1
1992	979.6	1999	1153.9
1993	966.1	1999	1481.7
1994	946.1	2000	1651.5
1995	1114.0		
		Total	11880.7

The situation with regard to implementation may be summarised as follows:

Total commitments 1990-2000	€ 11,880.7 million
Total value of contracts signed 1990-2000	€ 8,902.8 million (thus 74.9 per cent of all commitments have been contracted)
Total payments under signed contracts 1990-2000	€ 7,647.25 million (thus 64.4 per cent of all committed funds have been paid and 85.9 per cent of all contracted funds have been paid)

Source: CEC 2001, p. 24.

Table 12: Phare Programme Commitments, 1990-2000 (in million EUR)

Such managerial issues were of little help, because the change of tide in the EU's relations with CEE demanded a substantial restructuring in the medium-term. Yet, the Phare programme suffered from 'enormous complications and time-consuming activities by project managers' (Bothorel 1999: 6). These problems were exaggerated by the fact that the DG1A in Brussels failed to incorporate its Delegations in the candidate countries adequately into programming and implementation. Commission Headquarters wanted to 'retain control, but became overloaded by too many projects and delays built up between funds being committed and paid out' (Bailey and Propris 2004: 80). As a result, the contracting rates for Hungary in 1997 were as low as 10 per cent, whereas the overall contracting rate for the period 1990-98 amounted to €5,589 million out of a total of €8,891 million in commitments (CEC 1999h: 85). Although this figure is partly a result of the apparent lack of absorption capacity in the applicant countries, it is also clearly a result of the cumbersome and inadequate Phare procedures in this period. Geurts (1999: 26) argues in this context that Phare had developed into 'a very complex network of institutions, rules and procedures where duplication of work, dilution of sense of

“ownership” on projects, administrative inertia and bottlenecks could not always be avoided’.

4.2 The obligations of membership

The management issues described above became more urgent when the applicant countries began to feel the burden of joining into such a complex and highly integrated system of market regulation. There were significant problems in taking on the obligations of membership outlined in the White Paper. As Grabbe and Hughes (1998: 35) indicate, ‘civil servants in all countries have experienced major problems with taking on the administrative burdens imposed by the White Paper’. There was no room for discussion as the EU saw the Internal Market legislation as the core of the *acquis* that needed to be transposed into national law without any exceptions. The governments of CEE were simply expected to apply the obligations outlined in the document.

The discussion in the applicant countries, however, still focused on how to approximate legislation and how to prioritize between sectors in order to meet the demands spelled out by the Commission. These difficulties were hardly surprising, since applicants at this level of development were bound to face specific problems when taking on a far more complex body of legislation than previous applicants did (Grabbe and Hughes 1998: 35). The legislation stipulated in the White Paper derived solely from agreements on the Internal Market. It included provisions on the production and marketing of goods, conditions under which services can be offered, and the removal of barriers of trade. Similar problems were expected in the context of EMU and JHA, both areas of integration which were developing rapidly parallel to the accession process.

The clear desire of the CEECs to become members resulted in a response by the December 1995 European Council in Madrid. The summit concluded that the Essen strategy ‘will have to be intensified in order to create the conditions for the gradual, harmonious integration of those states, particularly through the development of the market economy, *the adjustment of their administrative structures* and the creation of a stable economic and monetary environment’ (EC 1995: 13 emphasis added). This was the first instance in which the Community emphasised the need for suitable administrative structures. It became the Commission’s task to incorporate these changes in emphasis in its pre-accession strategy. As a direct response to the Council Conclusions, the Commission completed the preparations for the introduction of the TAIEX⁵⁹ office,

⁵⁹ Technical Assistance Information Exchange Office. Following the proposal of the White paper “Preparation of the Associated Countries of Central and Eastern Europe for Integration into the

which would provide technical assistance regarding the approximation of law and was financed as a horizontal programme under the Phare regulation.

The Madrid European Council also requested the Opinions on the candidates, one of the formal steps between the submissions of a membership application and accession (see Burghardt and Cameron 1997: 9, Table , p.)⁶⁰. Alongside the Opinions, the Council requested an evaluation of the effects of the enlargement on Community policies. Furthermore, it asked for the preparation of a composite paper, which would complement the Opinions by providing an overall approach, and the submission of a future financial framework. The Commission started working on these proposals, which were later merged into the Agenda 2000 initiative. In the same year, the Union also concluded successfully its so-called EFTA enlargement with Austria, Finland and Sweden.

4.3 Targeting the lack of administrative capacity

The drafting of the Opinions and Agenda 2000 opened a *window of opportunity* for the Commission to reform its existing enlargement method (Preston 1997). The Commission itself was dissatisfied with the performance of Phare and other elements of the pre-accession strategy. The programme was not effective regarding a number of issues. It became clear for example that the pure approximation of laws would not guarantee the implementation of Community legislation in the often highly understaffed administrations in CEE. The TAIEX office had developed into an adequate structure for the support of applicants during the drafting of legislation. However, it did not deliver the expertise that was necessary to enable the implementation of directives.

There was also evidence suggesting that the implementation of the Phare programme had already demonstrated that the administrative capacities of the applicants would not be sufficient to participate in the implementation of regional policy or other sources of financial transfers (Intw17, CEC official, 11 September 2002). A clear lack of well-trained technical managers for aid management also led Hungary to contract only ECU 55 million out of its ECU 92 million allocation in 1995. Even later in the process, deficits in the Polish administration still led to the rejection of applications for Phare grants worth ECU 34 million from its 1998 aid budget, because of inadequate project preparation. The Commission regarded the necessity of reinforcing the applicants' *absorption capacity* in

Internal Market of the Union", the "Technical Assistance Information Exchange Office" (TAIEX), was set up in January 1996 to provide the Associated Countries of Central and Eastern Europe with technical assistance on approximation of legislation.

⁶⁰ See Appendix 1, Table 24, p. 354 for a list of the formal steps to enlargement.

order to prepare for the implementation of structural funding, cohesion policy, agricultural and other financial transfers as a crucial prerequisite for accession. This 'lack of absorption capacity' is still a main area of concern among Commission officials (Intw28, 32, 17 and 18, CEC officials), mainly because the amount of financial transfers will rise significantly after accession. These objections were also fuelled by experiences from former enlargement processes (Nicolaidis 2003). After the accession of Austria, the country took three years before taking up its full share of structural funding and former applicants like Greece and Portugal developed even more substantial problems (Intw13, CEC official, 09 September 2003).

The Commission highlighted that 'legislative and public administration reform ... has become especially important in the light of the Essen strategy which stresses preparing countries to adopt the European Community's internal market' (CEC 1995b: 9). In 1994, a pilot programme for the approximation of laws was launched in the Czech Republic. The programme led to advice on drafting legislation and regulations and provided training, hardware, software, books and documentation. A consortium of three law firms and two training institutions assisted in undertaking these tasks. Similar programmes were developed in the remaining applicant countries.

In 1995, the Phare programme continued its work on *infrastructure projects, cross-border cooperation* and *know-how transfer*. The increased ceiling in infrastructure spending allowed the allocation of Phare funds in key areas such as transport, the environment, energy, telecommunications and private sector development. This led to a number of infrastructure improvements in CEE, projects included the installation of roads and railways between Warsaw and Berlin, the elimination of border-crossing bottlenecks, and the development of traffic management systems (CEC 1996: 7). The cross-border cooperation scheme also started to gain momentum. Since Austrian accession, the Commission could add Slovakia as well as new border regions in the Czech Republic and Slovenia to its list of recipients. In 1995, a total of ECU 169 million was spent on cross-border cooperation in sectors such as transport, environment and economic development. However, the Commission also introduced a Small Project Fund Facility to support "soft" actions in tourism, human resources and culture. 1995 also marked the year in which reconstruction of the former Yugoslavia began. The Commission therefore started to support Albania under the aegis of the Stability Pact for South Eastern Europe and the Phare programme. In 1996, the Former Yugoslav Republic of Macedonia (FYROM) and Bosnia-Herzegovina were added to the list of Phare recipients, which now supported 13 countries.

In 1995, the Commission also restructured its internal management within DG1A which was originally organized alongside the sectors that Phare supported. However, from June 1995 a focus on individual countries was introduced. Thus, national programmes under Phare administered by country units within DG1A. In this way, the Commission (1996: 10) hoped to 'focus on all aspects of each country's pre-accession needs at the same time as improving the performance of the Programme by enabling a faster co-ordinated response to country issues, and operational synergy between the Delegations in the partner countries and staff in Brussels'. In order to monitor programmes that were paid out to several countries at a time, the Commission also supplemented this structure with a number of sectoral and coordination units. In 1996, these changes were complemented by the introduction of a financial directorate within DG1A. This new structure comprised units for audit, evaluation, human resources, information, and financial management (CEC 1998: 20-21). This novel structure proved more workable and was maintained when the Prodi Commission came into office in 1999.

In terms of the know-how transfer provided for the reform of public administrations in CEE, the Commission continued to develop programmes for law approximation. This emphasis started to get off the ground on basis of the work provided by the TAIEX office. In addition, the issue of administrative capacity was targeted with all three programme types: national, horizontal and regional programmes. In 1996, the Phare programme therefore supported a diverse mix of changes in public administrations. This included the upgrading of the administrative and ministerial structures in charge of steering the European integration process, facilitating adaptation to EC standards and norms through upgrading labs and services in charge of accreditation and certification, and rendering public procurement practices more stringent and compatible. The main instruments for these changes were the SIGMA programme (ECU 5 million) and TAIEX (ECU 6 million). Multi-country programmes for JHA and anti-drugs initiatives were facilitated by intensive consultation with member states and applicants. The approximation of environmental legislation was partly slowed down by the fact that the mandate of TAIEX was limited and the Commission decided in 1996 that a horizontal programme on the environment should fill this gap (CEC 1998: 6-18).

As a result, the sector allocations to public administration reform increased by more than fourfold in 1996 compared to 1995. The sector public administration, EU integration and legislation accounted for 12.9 per cent of the Phare programme in 1996 more than all other sectors except for infrastructure support which for understandable reasons consumed higher sums of money (34.7 per cent). However, these initiatives lacked an overall approach not only to implementation, but also in terms of focus. A variety of

programmes were now targeting public administration reform and it became difficult even for the Commission itself to maintain an overview what the individual programmes intended to achieve. In addition, the strong reliance of Phare on consultants had proven inefficient. Several interviewees indicated that the Commission was aware that a large number of programmes which provided know-how transfer simply ended up with reports being archived in the candidates' filing cabinets (Intw18, 24, 28, CEC officials, 2002).

The transition to a market economy alone, however, clearly required the 'elimination of a range of existing institutions and practices in these countries, and the introduction of new agencies, with new goals, staffed with people having different attitudes and behaviour' (Rice 1991: 1). The transformation of public administrations in post-communist countries had been one of the prime concerns of all international donors alike, although it remained unclear how to create these necessary changes. The target of membership increased this problematic situation because attitudes and behavioural patterns of national bureaucrats would be carried into EU fora and decision-making. The Commission therefore went through 'all sorts of gymnastics exercises to get member states officials involved' (Intw15, CEC official, 10 September 2002). In Poland, the secondment of a retired member state official led to a twinning project in the energy sector even before the twinning exercise was introduced in 1997. However, this programme was not as developed as most of the twinning programmes that were implemented after 1998. Yet, it showed that the Commission was aware of this delivery method.

The early 1990s was a period of discovery, trial-and-error and constant search for suitable solutions. In light of the peaceful revolutions of 1989, the Community found it difficult to respond to the constant hints of CEECs at membership in the club. The 1993 Copenhagen European Council, however, changed the scenario completely. In the wake of the announcement by the member states that 'the associated countries in Central and Eastern Europe that so desire shall become members of the European Union' (EC 1993: 5), the Community had to come up with a revised mix of policies which could enable the accession of the CEECs. The response by the Commission was supported by the German EU Presidency and extended changes that had already partly been introduced in the Copenhagen package. As Marc Maresceau (2003: 9-10) notes: 'In the current EU enlargement scenario *pre-accession* policies indeed play a much more predominant role than in previous enlargements of the European Community'.

5 Conclusion

This chapter traced the evolution of the EU's membership conditionality. It showed that the basic conditionality of adhering to democratic principles, human rights and a transition to market economies was not only incorporated in the early instruments that established relations with CEE, but also in the accession criteria for former applicant countries. All initiatives launched in the early 1990s shared this basic set of rules. The EU's membership conditionality took on a very similar form to policies for former applicants with the remarkable difference that the importance given to *administrative structures* was a new element. However, the Copenhagen criteria do not discriminate against the CEECs as one author believes (Inotai 1998: 159), because the Community in essence reacted to the particularity of the situation and also carried a number of conditions forward from former enlargement processes. In other words, the policies were adapted to the functional pressures of an enlargement with post-communist countries.

The expansion towards CEE was a much more challenging task than EFTA enlargement. The socioeconomic circumstances of these applicants were marked by over 40 years of Communism, in which economic activities were centrally planned and politics dominated by one-party rule. This point can be illustrated for example by the statistical fact that the eight CEE candidates that joined the EU in May 2004 together had roughly the same GDP as the Netherlands. Such circumstances were likely to hinder a smooth integration into the EU. A number of investments are necessary before accession, but without the necessary budgetary means applicants were in a difficult situation. The pre-accession strategy became the EU's answer to these challenges (Maresceau 2003; Lippert 2000a; Sedelmeier and Wallace 2000). A number of elements of the pre-accession strategy coexisted until the reforms in 1997: the Europe Agreements, the Phare programme, the structured dialogue and the White Paper on the Associated Countries. Since the Phare programme was initially developed as part of the G-24 aid initiative it continued to be implemented under a very similar set of conditions after the decisions taken in Copenhagen. In addition, this early exposure to the role as coordinator of the aid initiative for Eastern Europe enabled the Commission to discuss suitable delivery methods and working procedures with other donors.

The demand-driven approach of Phare meant that the programme supported transition and accession-oriented projects in most of the years between 1990-1996. The first activity under Phare and other aid programmes was the stabilisation of the CEECs' economy through the transformation stage and through import programmes to overcome shortages in vital products. The projects were closely linked to the countries' ability to develop an entrepreneurial class who would be able to run businesses. The second stage was to

establish the necessary structures for a market economy. This aimed in particular at replacing instructions with regulations that would enable the market to function freely. The third stage addressed the consolidation of reforms installing efficient public administrations and the mechanics of government. The fourth stage provided substantial support for the preparation for accession (CEC 1995b: 8). However, the implementation of these stages became a difficult task in particular because the phenomenon of transition was still very new to decision-makers in the Community.

The EU's administrative conditionality was also largely a result of incremental changes. As the analysis demonstrated, the incorporation of similar criteria had already been introduced with the Commission's Opinions on Greece, Portugal and Spain. It was always in the Commission's interest to ensure that candidates are prepared to take on the obligations of membership. The main difference of the Eastern enlargement was that the Community actively supported not only the transposition of legislation into national law, but also the installation of administrative structures that would enable implementation. It also stressed on several occasions that it expected the member states' help for preparing the candidates for accession, in particular when it came to the implementation of TAIEX.

In the past the Commission's approach to enlargement has often been criticised for its lack of strategy and the incremental changes it involved (Grabbe and Hughes 1998: 120; Preston 1997: 176). The question, however, is whether the Commission could make use of the 1997 reform to inject a more strategic vision into its reinforced pre-accession strategy and enable changes on basis of the pre-accession instruments. This question is examined further in *Chapter 6* which deals with the introduction of explicit conditionality into the EU's approach to enlargement.

Agenda 2000 and the reform of Phare in 1997

1 Introduction

This chapter analyses the reform of the pre-accession strategy. It questions to what extent the 1997 reforms made a difference to the substance and enforceability of the accession criteria. In the context of this thesis, such an analysis is important with respect to the programming framework under which twinning projects were implemented since 1998. The discussion of this aspect of the reform is informed by an insight into the internal and external governance stages of decision-making. The chapter analyses the changes of 1997 in three steps. Firstly, it explores the reform of the pre-accession strategy. Secondly, it examines the changes introduced to the Phare programme. Thirdly, it examines how these changes were implemented from 1998-2002. The chapter's overarching theme is associated with the question of the extent to which the introduction of explicit conditionality terms made a significant difference to the accession process. In addition, the concluding section of this chapter also provides a comprehensive assessment of the models outlined in Chapter 4 and explores the extent to which they can explain the reform of the pre-accession strategy.

Internal governance

In July 1997, the reinforcement of the pre-accession strategy became an essential part of the Commission's Agenda 2000 package. The 1995 Madrid European Council had requested the Opinions on the candidates, one of the formal steps between the

submissions of a membership application and accession (see Table 23, p. 353). These documents were to be complemented with a composite paper that would provide an overall approach to the enlargement process; the future financial framework; and impact studies on the effects of enlargement on the institutions, regional policy and agricultural policies.

The Commission used this opportunity to initiate a substantial reform of the enlargement strategy and reinvented its accession criteria. While drawing together the information needed to issue these documents, it also gathered facts on the implementation of the pre-accession strategy. The changes that Phare had undergone in the years prior to 1996 were well-known to the Commission services (see Chapter 5). However, it was rather unclear what direction should be taken regarding its reform. This was further complicated by the fact that the financial framework would only be decided in 1999. Thus, the Commission could only suggest increased enlargement-related spending from the year 2000 onwards. An additional challenge derived from the reorganisation of the Commission's external services which resulted in the introduction of the Common Service for External Relations (SCR) and later the EuropeAid Cooperation Office⁶¹ (see Neill Nugent and Saurugger 2002; CEC 2001a: 14-16; 1999g: 25). This process, which was conducted around the same time, led to internal problems, since the central idea of the reorganisation was to introduce harmonized procedures across all external aid programmes. The officials involved in reforming the Phare programme therefore had to defend their plans internally, and in particular towards Commission staff involved in the creation of DG Aidco.

This chapter examines the internal dynamics of decision-making which became important during the reform of the pre-accession strategy. It questions to what extent the changes were based on the Commission's proposals or whether the member states had an impact on the decisions taken in 1997. This puts the internal governance hypotheses that were formulated in Chapter 4 to their first test, even though these relate to the twinning exercise in particular. It provides the basis for the analysis of the introduction of twinning which was an important element of these reforms.

External governance

The changes to the external governance regime of the EU deriving from the 1997 reforms are of even greater relevance to this thesis. This is largely a result of the fact that the programming framework originating from the APs and the NPAAAs is crucial for our

⁶¹ Also referred to as EuropeAid or Aidco.

understanding of twinning. This aspect is particularly important in relation to the external governance hypotheses stated in Chapter 4, because it questions which level of coercion the reinforced pre-accession strategy entails. In order to assess whether the explicit conditionality terms introduced in 1997 allowed for an *active leverage* of the EU in CEE (Vachudova 2001, 2004), an in-depth analysis of the reinforcement mechanisms (i.e. those built into the programming exercise) is necessary. The chapter addresses this question by examining the relevant elements of the enlargement strategy and the Phare programme.⁶² This analysis is extended to the administrative capacity criterion in Section 4. Here, we address the question of whether the explicit conditionality terms and the instruments introduced in 1997 increased the EU's leverage on the candidates' administrative reforms.

2 The establishment of explicit conditionality

In 1993, the decision to offer membership to the associates marked a 'quantum leap in the EU's relations with Central and Eastern Europe' (Interview 16, CEC official, 11 September 2003). Although the Copenhagen Summit had specified the criteria for accession in broader terms, decision-makers needed to create substantive policies in order to prepare the applicants for enlargement. In 1994, the EU introduced the first revisions of its existing association policy by introducing the pre-accession strategy (Lippert and Schneider 1995b; Niemann 1998, see Chapter 5). At the same time, policy-makers drew on previous enlargement rounds. However, fundamental changes to the EU's policy towards applicant countries were only introduced by 1997 with the launch of the reinforced pre-accession strategy in Agenda 2000 (CEC 1997b; Baun 2000: 77-114; Grabbe and Hughes 1998: 55-70; Steffens 2003; Vachudova 2004: 125-38). These reforms not only marked the start of the accession process⁶³, but also introduced new instruments to govern through enlargement (Friis and Murphy 1999; Grabbe 2001).

⁶² This analysis is complemented by Appendix 2 which presents data on the Phare programme and other sources of assistance. In addition, Annexes 5, 8-11 reproduce key documents relating to these reforms.

⁶³ The process before the beginning of the accession negotiations (until 1997) is usually referred to as pre-accession process, whereas after the beginning of the negotiations most scholars refer to the 'accession process'.

2.1 The objectives of the 1997 reform

The preparation of the Opinions supplemented the reform of the pre-accession strategy, since they 'were largely technical assessments of the capacity of each applicant to become an EU member' (Baun 2000: 78). This emphasis on the ability of the candidates to meet the obligations of membership is a recurrent theme in the enlargement process. It is an important element of the accession criteria as it demands from the candidates the need to meet this condition in relation to their political, economic and administrative systems (Vachudova 2004: 113-17; K.E. Smith 2003; Dimitrova 2002). The officials who started working on the reform of the enlargement strategy from the beginning of 1996 therefore sought to strengthen the link between these criteria and the instruments employed during the accession process.

The aim was to streamline the elements of the pre-accession strategy and refocus them onto accession. As one official clarified, 'the underlying desire was to address the issue of accession and to introduce new procedures such as twinning in order to rely less on consultants' (Intw18, CEC Official, 11 September 2002). As a result, the Commission throughout 1996 to 1997 remained committed to four basic themes of reform:

- (i) clarifying the accession criteria;
- (ii) strengthening the link between the accession criteria and the pre-accession instruments;
- (iii) streamlining and refocusing all instruments onto accession;
- (iv) ensuring the effectiveness of all accession instruments.

Accordingly, Sipke Brouwer, Director of Directorate B – Relations with Central European countries in DG1A (see Figure 7), worked with a number of officials on a proposal regarding the Phare programme and the structured dialogue. However, when the plan was presented to Deputy Director General François Lamoureux, he rejected it as 'not ambitious enough' (Intw18, CEC Official, 11 September 2002, Brussels). Subsequently, the internal process within DG1A became driven by the hierarchical nature of the institution. The Deputy Director General removed Sipke Brouwer from his position and replaced him with Catherine Day, who had been Director of Directorate D – Relations with other European countries.⁶⁴ She was close to the issues at stake, because of her responsibility for the Western Balkans which were recipients of the Phare programme. In

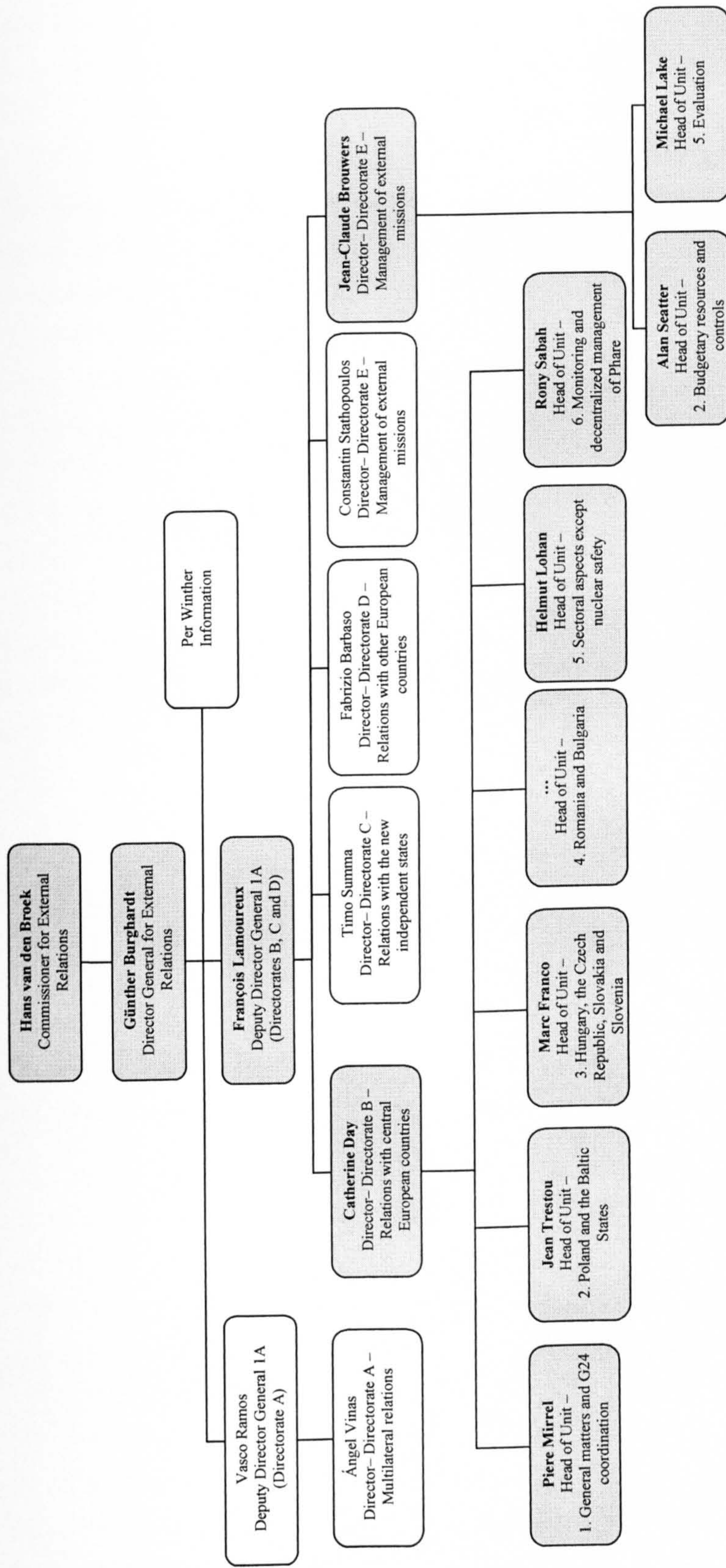
⁶⁴ These changes were confirmed in various interviews with CEC officials (Intw17, Intw18 and Intw32, CEC officials; September 2002 and March 2003). They can also be confirmed on basis of the relevant interinstitutional directories of the European Union (European Union 1998: 193; 1997: 181).

addition, she was also responsible for relations with the applicant countries Turkey, Malta and Cyprus. Her new duties enabled her to draw information from a number of sources and extend her knowledge in this way.

A group of ten officials started to work closely on the reform proposals. In the run-up to the 1997 Luxembourg European Council, these officials prepared a document labelled *Reinforcing the pre-accession strategy*, which was later presented as Volume II of Agenda 2000. In order to draw together the necessary information, these officials gathered material from the Delegations of the Commission in the applicant countries; internal assessments produced by the task managers working with Phare; and documents on the association process. Catherine Day also requested a comprehensive interim evaluation of the Phare programme from the evaluation unit in DG1A. The intention was to base the reforms on as much evidence as possible. Since the member states had requested the Opinions on the applicant countries, a great deal of detailed information also became available.

François Lamoureux and Catherine Day came to an agreement with the Directors and Heads of Units of DG1A that the best way to address the issue of accession would be a more open approach regarding the issue of conditionality (Intw60 and 75, CEC officials, November 2003). The aim was to clarify the conditionality terms enshrined in the pre-accession strategy. This would enable the Commission to confront the applicants if they did not meet the conditions. The screening process which started parallel to the reforms would provide ample opportunity to investigate such circumstances. This was not completely new to former enlargement processes. However, it was decided that this principle should be implemented across all accession instruments. Before this approach was only taken in the accession negotiations (Intw18 and 60, CEC officials).

In addition, the particularities of the proposals would be worked out internally. Firstly, the Commissioner and his cabinet were also to be informed and involved in the process on a regular basis. Secondly, the reform would require extensive inter-service consultation with the remaining DGs. Finally, the member states would only be involved where necessary and preferably after the proposals had been worked out internally within DG1A. Several interviewees who were involved in these reforms stressed the heavy involvement of the hierarchy. As one official noted, 'there was a very intense work programme to try to get this moving. It needed the direct input of the hierarchy because we did not have time to come up with a proposal and go back ... there was an element of that, but it was much more immediate and hands-on in order to find solutions quickly. There was no time to go through our normal procedures' (Intw32, CEC official, 10 March



Source: based on data from European Union 1998b, p. 192-193.

Figure 7: Organigram of DG 1A in 1998 – relevant departments

2003). This sequence of events is in line with the RCI approach to decision-making outlined in Chapter 3 and 4. It suggests that the Commission prepared a detailed proposal internally and then informed the member states.

2.2 Specifying the accession criteria

A number of changes regarding the pre-accession strategy and its instruments were undertaken. This included the preparation of the Opinions on the basis of clearly defined indicators for each of the accession criteria; the introduction of the APs and NPAs; the reform of the Phare programme; the abolishment of the structural dialogue and the refocusing of the Europe Agreements onto accession. These reform steps are discussed with respect to the dynamics unfolding during their introduction and implementation. The following sections address the steps taken during 1996-1998 within the scope of the theoretical considerations outlined in Chapter 3 and 4. Thus, the implementation of these instruments is discussed in light of the discussion surrounding the different types of external governance outlined above. The introduction of the new instruments is illuminated in light of the theoretical models outlined for the internal governance stage of decision-making.

The *Avis* and the Regular Reports

At the beginning of 1996, the reform group within DG1A embraced the idea to regularly publish reports on the progress of the candidates. This suggestion was incorporated into Agenda 2000 where the Commission stated that it 'will report periodically to the Council on the progress achieved by the applicant countries in the programme for adopting the *acquis*' (CEC 1997b: 5). Instead of introducing internal documents to report to the Council, it suggested publishing public documents which would enable a kind of 'beauty contest between the candidates' (Intw15, CEC official, 16 September 2002).

This suggestion was also inspired by discussions with academics which pointed to international organizations such as the IMF or the World Bank. It was clear to the Commission that in comparison to these institutions its own approach to conditionality was rather ambiguous. Whereas the Bretton Woods institutions included clear references to concrete conditions in their agreements with beneficiaries, the Commission's aid programmes to the candidates were rather vague on this issue. One official stated, 'we were aware that our approach to conditionality had to be revised significantly if we wanted to pave the way to accession and have a similar impact than the IMF or the World Bank' (Intw32, CEC official, 10 March 2003). There was therefore a clear element of lesson-drawing in these reform proposals.

The Commission used Volume I in Agenda 2000 – the composite paper – to further specify the criteria for accession. The document stated in detail which indicators had been used during the preparation of the *Avis*⁶⁵. It also gave a clear idea which information had been used when drawing up the Opinions on the candidates. This included answers to a questionnaire circulated among the applicants; bilateral meetings; European Parliament reports and resolutions as well as the work of various international organisations, non-governmental organisations and other bodies. The Commission further clarified that the political criteria for accession were, on the one hand, assessed on the basis of the existence of formal institutions guaranteeing democracy and the rule of law. On the other hand, they also included an assessment of ‘how various rights and freedoms, such as the freedom of expression, are exercised, through, for example, the role of political parties, non-governmental organisations and the media’ (CEC 1997a: 50).

The *Avis* also introduced an extensive catalogue of indicators for both economic criteria, the existence of a functioning market economy and the capacity to withstand competitive pressure and market forces within the Union (CEC 1997a: 53-56). The Commission stated that none of the applicants fully met the economic criteria at the time of the publication of Agenda 2000, but that five of them could be considered a functioning market economy (the Czech Republic, Estonia, Hungary, Poland and Slovenia). The second criterion was in view of the composite paper not met by any of the applicants, but could be achieved in the medium-term in Hungary and Poland, the Czech Republic, Slovakia and Slovenia. The latter three countries, however, would have to strengthen their efforts and avoid policy reversals. The report also acknowledged that substantial external support, both from the Phare programme and IFIs, would be needed to support applicants’ domestic policy efforts.

In addition, the ability of the applicants to meet the obligations of membership was assessed in three parts. Firstly, the report focused on the obligations undertaken by the commitment to political, economic and monetary union. While it expressed optimism regarding the candidates’ potential effect on CFSP, it also stressed that none of them would be able to take part in EMU upon accession. The Commission therefore emphasised that they would need to make further progress in structural reforms in order to achieve macroeconomic stability in the long run. As concrete steps, the report recommended central bank independence, coordination of economic policies, and adherence to the relevant provisions of the Stability and Growth Pact.

⁶⁵ Equivalent to the Opinions.

Secondly, the Commission analysed the record of the candidates in adopting the *acquis*. It reemphasized the fact that it would be considerably more difficult for the applicants to comply with the whole body of the *acquis* since 'new obligations have arisen regarding the Single Market, CFSP, EMU, and justice and home affairs' and because the 'European Council has ruled out any idea of a partial adoption of the *acquis*' (CEC 1997a: 57-58). The report referred directly to the Europe Agreements and the White Paper on the Single Market as a means to assess the applicant countries' record in implementing existing commitments. The list of the *acquis* that should be adopted by the applicants before accession was therefore separated into three parts:

- a) the obligations set out in the Europe Agreement, particularly those relating to the right of establishment, national treatment, free circulation of goods, intellectual property and public procurement;
- b) the progress in transposition and effective implementation of the measures set out in the White Paper, particularly key Single Market directives in areas such as taxation, public procurement and banking;
- c) the progressive transposition and implementation of the other parts of the *acquis* (CEC 1997a: 58-59).

Thirdly, the report addressed the administrative and judicial capacity to apply the *acquis communautaire*. It clarified that adequate administrative structures are of crucial importance for the implementation and enforcement of the *acquis*, but also for the efficient use of financial support in particular from the Structural Funds. On this point, however, the report had to remain rather vague, because it was practically impossible for the Commission to actually name the institutions needed to implement the *acquis*. In addition, each of the Opinions provided a short assessment for all candidates on basis of these three categories, thereby indicating the needs of each of these countries. In this context, the Commission (1997a: 61) emphasised that '30% of Phare's resources could be used to finance exchanges and the long-term detachment of experts from the member states to the applicant countries in the framework of twinning programmes'.

The 1997 Luxembourg European Council received the Opinions and the Commission's recommendations favourably and went along with the suggestion to open negotiations with Cyprus, the Czech Republic, Poland, Hungary, Estonia, and Slovenia⁶⁶. As a result, the accession process was officially launched in March 1998. This decision was not greeted favourably by all member states. A number of countries, Italy, Denmark, and

⁶⁶ Malta had temporarily withdrawn its application beforehand after the election of a new government.

Sweden as well as several MEPs in the UK wanted to avoid the 'destabilizing effects of excluding some of them' (K.E. Smith 2003: 126). However, the issue had been discussed for a period of five months in the Council (EC 1997b: 3). This allowed for enough time to reassure the member states that were opposed to a division of the applicants into two groups. In addition, the Commission could ease the tension by proposing to introduce a catch-up facility into Phare which would enable the remaining four CEE applicants (Latvia, Lithuania, Bulgaria and Romania) to draw level with the frontrunners. The European Council also agreed with the proposal to introduce periodical reports. These were later referred to as Regular Reports.

The clarification of the accession criteria in Agenda 2000 was the most comprehensive list of indicators ever published in the context of enlargement. It offered a clear indication for the applicants of what the Commission expected to see in order to give a positive recommendation of their membership application. In terms of the internal governance that took place during the reform of the pre-accession strategy, it is important to stress that the Commission was pressing for these changes and the member states were largely willing to approve them. At the same time, the reform was inspired by the direct comparison to other aid agencies' experiences with the use of conditionality in the early 1990s as well as former enlargement processes. It was clear to the officials working on the reform that the candidates would only be able to comply with the conditions if they could be clearly explained beforehand.

The approach taken within the *Avis* and the Regular Reports is in line with the findings of the external incentive model which is outlined in Chapters 2 and 3 (see Schimmelfennig et al. 2003a; Schimmelfennig and Sedelmeier 2004, 2005c). The clarity of conditions enhances their credibility and increases the likeliness of compliance by the beneficiary. At the same time, the clarification of accession criteria partially answers the concerns voiced by Grabbe (2002: 249) regarding the ambiguity of the accession criteria. However, the largest deficit remained the failure to define the conditions regarding the administrative capacity of the candidates to implement the *acquis*. Although, the Commission mentioned administrative structures explicitly, it did not specify in great detail their exact meaning. This is because members of the EU remain sovereign states and can therefore enjoy considerable freedom during the implementation of Community legislation.

The accession negotiations

The opening of the accession negotiations, however, created new possibilities for the EU to influence the developments in candidate countries on a wide range of issues. As one official noted, 'you only had real leverage with the accession negotiations, you don't buy yourself influence in the candidate countries with peanuts' (Intw18, CEC official, 11 September 2002). This statement in combination with similar remarks by numerous interviewees is an indication of the fact that the accession negotiations are considered the real bargaining chip in the enlargement process. However, in reality the negotiations are also restricted by the nature of the *acquis*. In other words, accession negotiations are a particularly useful instrument where the *acquis communautaire* is specific or, as some authors have interpreted it, the density of EU rules becomes an important factor (Jacoby and Cernoch 2002: 320; Jacoby 2004: 34-36). As a result, the negotiation teams can coerce candidates into complying with specific rules. However, they have little room for manoeuvre when the *acquis* is ambiguous. In such cases, EU diplomats have often chosen to close a negotiation chapter provisionally and then to oblige a candidate to initiate a twinning project in order to create the necessary administrative structures in that policy area.

This was, for example, the case in Hungary where during the negotiations on *Chapter 13: Employment and Social Policy* concern was voiced about the provisions made for the autonomous social dialogue between trade unions and employer organisations. The Commission had clarified in its Regular Report that 'the government should make additional efforts to ensure that real dialogue is taking place' (CEC 2000a: 19). Since most other issues in the negotiation chapter were addressed by the reforms in Hungary, the Commission official present on the day suggested to the Council Presidency to resolve the problem with a twinning programme. This was then proposed to the Hungarian chief negotiator during a coffee break and the chapter could be closed provisionally (Intw34 and 35, CEC officials, 14 March 2003). As a result, twinning project *HU01-SO-01: Social Dialogue* was initiated in order to address the issue of organising sectoral committees between the social partners. This was an immense task to achieve, since the Hungarian trade unions were fragmented into over 80 organisations (Intw53, PAA, 27 June 2003). This connection between the programming of twinning projects and the negotiations was not an unusual case. Indeed, the Commission's DGs started to employ the twinning exercise in this manner immediately after its establishment as an accession instrument under the Phare Regulation No 3906/89. The programme was generally used to complement other instruments based on its unique feature of long-term cooperation (see Chapter 8).

In addition, the Commission began to describe enlargement as a merit-based process, in which 'an applicant's place in the membership queue has corresponded to the progress it has made toward fulfilling the EU's requirements' (Vachudova 2004: 112). In order to remain consistent on this aspect of the process, it employed its instruments to signal shortcomings and progress. In this context, the Avis, the Regular Reports and the accession negotiations introduced useful elements of gate-keeping, benchmarking and monitoring into the accession process (Grabbe 2001: 1029-24). The opening of accession negotiations and therefore the granting of candidate status to only six of the applicants was a prime example of the gate-keeping role such decisions could play. The Regular Reports clearly introduced elements of benchmarking and monitoring into the process. They provided the basis for often controversial decisions such as the opening of accession negotiations and the granting of membership for a particular applicant state. In this way, the accession instruments become elements of the EU's external governance which could serve to redefine the boundaries of integration (Friis and Murphy 1999, 2000a; M. Smith 1996, 2000; Lavenex 2004).

2.3 Establishing a programming framework

The first theme of the reform, the clarification of the accession criteria, had already been met in Agenda 2000. The Regular Reports were a useful instrument for the accession process, but as one official noted, 'the relationship between the reports and our financial assistance was quite abstract' (Intw24, CEC official, 19 September 2002). Accordingly, the Commission created a programming framework that would draw the financial instruments closer to the Regular Reports and the accession criteria.

The APs and NPAAAs

This programming framework consisted of the APs⁶⁷ and the NPAAAs⁶⁸. The Commission considered the APs 'a key feature of the reinforced pre-accession strategy' (CEC 1997b: 9). These documents would provide a single framework for the mobilisation of all assistance to the applicants in CEE. In Agenda 2000, the Commission (1997b: 9) clarified that the APs involved the following:

- precise commitments on the part of the applicant country, relating in particular to democracy, macro-economic stabilisation, nuclear safety and a national programme for adopting the Community acquis within a precise timetable, focusing on the priority areas identified in each opinion;

⁶⁷ Accession Partnerships.

⁶⁸ National Programmes for the Adoption of the *Acquis*.

- mobilisation of all the resources available to the Community for preparing the applicant countries for accession.

The Commission proposed to draft these documents on the basis of the Opinions and later the Regular Reports, which would highlight the deficiencies in adopting the Community *acquis*. The APs were related closely to the issue of adequate administrative structures. Their introduction was the first step for the Commission to make more definitive arrangements for its administrative conditionality and investment priorities alike. The provision of financial assistance was explicitly made 'conditional on achieving these objectives and on progress made' (CEC 1997b: 9). In addition, each of the APs carried a conditionality clause that further specified that Community assistance is conditional on respect by the applicant country to its commitments under the Europe Agreements, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of the Accession Partnership (see Annex 08-11, clause 6 in each of the APs).

The candidates were also asked to respond to the APs with a detailed programme for the adoption of the Community *acquis* which would be prepared by each applicant country in partnership with the Commission. The NPAAAs as mentioned above would indicate precise timetables, focusing on the priority areas identified in each opinion and outlining all budgetary allocations from the Commission, the national budget and international organizations. In reality, these programmes consisted of up to 500 pages when they arrived in Brussels. They became an interesting exercise for the applicants and helped them to identify the budgetary implications of foreign assistance (Intw25, Hungarian official, 23 September 2002). Since 1998, each of the projects financed by the Commission had to make a reference to at least one objective outlined in the relevant AP and NPAA. This enabled the Commission to exercise significant influence on the types of projects financed by the Community budget. It increased the EU's leverage on the policy areas covered during the implementation of the reinforced pre-accession strategy (see also Vachudova 2001: 5; 2004; Jacoby 2001b: 189; 2004: 198).

These documents, the APs and NPAAAs, were a direct result of the discussions between Catherine Day and the group of officials working on the proposals. In general the member states received favourably the concept of the APs, but insisted on adopting them by unanimity in the Council.⁶⁹ This ran counter to the Commission's plans which was in favour of adopting them by Commission Decision. The European Council in Luxembourg

⁶⁹ This was then formally decided in Council Regulation 622/98 of 20 March 1998 (EC 1998).

further stressed that ‘when an element essential to the continuation of pre-accession assistance is missing in an applicant State, the Council will take appropriate measures’ (EC 1997a: 3). In practice, only minor differences are entered into the proposals of the Commission. These documents are also distributed to the candidates before their approval by the Council in order to accelerate implementation. As a result, most scholars treat them as Commission documents (Vachudova 2004: 129-30; Grabbe 2001: 1026). Their introduction was largely driven by the functional concerns deriving from the implementation of Phare in the 1990s. The adoption by the Council added legitimacy to the programming of pre-accession assistance (Intw5 and 13, German and CEC official, 2002).

In addition, the Commission understood that it would have to communicate these changes to the applicants. The new programming framework for the Community’s assistance was in stark contrast to the demand-driven approach under which Phare had been previously implemented. Thus, in meetings with the candidates, Commission officials started to refer to the APs as *needs assessment*, thereby stressing that the assistance was responding to the candidates’ needs before membership (*see e.g.* CEC 1997f, 1998i). The conditionality clause has hardly been exercised and as a general rule, the disbursement of all aid was suspended rather than individual projects. This was for example the case in 2001, when ‘the EU suspended its aid to Slovakia because of irregularities in its disbursement within the country’ (Nicolaidis 2003: 43). It was symptomatic that the EU would suspend aid because of its concerns regarding the financial management of an applicant country. This was the main cause for the suspension of funds in the applicant countries. As a result, the EU’s financial assistance was perceived as a means to introduce the necessary reforms rather than as a reward for compliance with EU rules.

The APs and NPAAAs had a considerable impact on the explicitness of the EU’s conditionality. At the same time, however, these documents were also designed as a programming framework for the pre-accession funds. In reality, the priorities were worked out between the Commission and the candidates, the Council only became more involved in areas that were monitored by the association sub-committees. The Commission (1998b: 1) also stressed in relation to the APs that ‘whilst these are not an agreement between the two parties because they are based on the Copenhagen criteria and Community acquis, the Commission has aimed to build a broad consensus on the priorities’. In practice, it largely depended on the Commission’s Delegations to what extent the partner countries would be involved in the formulation of priorities.

The process of formulating the APs is very similar to the definition of common guidelines that takes place in policy areas when the OMC is employed as a method of enhanced cooperation (Mosher 2000: 6; Mosher and Trubek 2003: 65-67). The main difference in the enlargement process is, however, that the EU enjoys an asymmetric relationship with the candidate countries. The insider-outsider dichotomy whereby these documents are formulated limits the candidates' influence during the process. However, a basic requirement for enhanced cooperation, the definition of short-term and medium-term goals, is met with the priorities set in the APs.

In addition, Grabbe and Hughes (1998: 65) refer to these new programming arrangements as *financial conditionality* while emphasizing that 'is not obvious why failure to meet objectives should mean a withdrawal of funds'. However, this problem did not persist, since the APs and the NPAs developed into useful instruments for the programming of Phare, ISPA and SAPARD rather than a reinforcement mechanism. The approach of the Commission was more in line with the logic of obligated policy transfer based on enhanced cooperation rather than coercive policy transfer (Dolowitz and Marsh 2000: 9; Stone 2004: 554; Haahr 2004: 6; Wincott 2003: 539). The candidates were still able to choose which model of implementation they would employ across the different policy fields of the *acquis*. However, the APs obligated them to concentrate on certain areas of the *acquis communautaire* and encouraged them to learn from the member states.

The Europe Agreements and the structured dialogue

The next step in the reforms of 1997 was to address already existing elements of the pre-accession strategy and refocus them onto accession. The Europe Agreements were discussed quite early in the process. The idea that emerged was to use these agreements to 'monitor the candidates' progress in getting closer to EU regulations' (Intw28, CEC official, 24 September 2002). Since the agreements lead to integration in a large number of fields as diverse as trade, competition, approximation of laws, and standardization, their employment as monitoring devices promised to become a useful device for both the Commission and the member states. This also prevented conflicts regarding the approval of the APs, since member states are present during the sub-committee meetings and thus decide on what gets reported to the Joint Association Meeting with a particular candidate. As a result, the priorities deriving from the monitoring conducted by the association sub-committees did offer little in the way of constructive discussion during the approval of the respective APs (Intw77, CEC official, 26 February 2004).

The Commission also found that the structured dialogue no longer appeared appropriate, since the opening of the accession negotiations, the Europe Agreements and the APs

enabled enough contact between the candidates and the Union (CEC 1997a: 72). However, in order to preserve at least one multilateral forum for broader discussions, the European Conference was introduced. This forum would meet once a year at the level of Heads of State and the President of the Commission. It was mainly an effort to coordinate issues relating to the CFSP and JHA. The first of these conferences was hosted by the British government in March 1998. Turkey did not participate in the conference because it objected to not having been granted candidate status by the Luxembourg European Council in December 1997.

Date	Event
31 March 1996	Opening of the Intergovernmental Conference (IGC) in Turin.
June 1997	Evaluation Unit/DG1A publishes Interim Evaluation Report
15 July 1997	Commission issues its comprehensive <i>Communication Agenda 2000</i> including the <i>Avis</i> on the applicant countries
12-13 December 1997	Luxembourg European Council decides to open negotiations with Cyprus, the Czech Republic, Poland, Hungary, Estonia, and Slovenia
24-25 March 1999	Berlin European Council agrees financial framework for 2000-2006
10 June 1999	G8 summit in Cologne agrees on "Stability Pact for South Eastern Europe".
10-11 December 1999	Helsinki European Council decides to open accession negotiations with the remaining applicant countries. Turkey is granted the "official candidate status" but is asked to resolve certain problems before accession negotiations can start.
15 February 2000	Opening of the accession negotiations with Slovakia, Latvia, Lithuania, Bulgaria, Romania, and Malta.
27 October 2000	<i>Phare 2000 Review: Strengthening Preparations for Membership – Communication from Mr Verheugen</i> is published
07-11 December 2000	European Council Nice, France. The Heads of State and Government of the 15 member states conclude the Intergovernmental Conference on institutional reform. The member states adopt the road map proposed by the Commission.

Source: Author's compilation.

Table 13: Timeline on the reform of the pre-accession strategy and related events

3 Reforming the Phare programme

The introduction of the APs and the NPAs were considered an important measure towards a more structured programming of the financial instruments. However, in order to ensure the effectiveness of pre-accession aid, the Commission also decided to initiate a number of changes to the implementation structures of the Phare programme. The officials involved in the reform of Phare benefited largely from the interim evaluation that Catherine Day had requested from the Evaluation Unit within DG1A (see Figure 7, p.

151). This provided the necessary information to identify the problems enshrined in the operational management and the overall development of the programme.

3.1 Evaluating the effectiveness of Phare

The interim evaluation was published in June 1997. Its findings had an immense impact on the reform of Phare. This has also been acknowledged by several interviewees (Intw17, 18, 28, 32 and 60, CEC officials) and in the 1997 Phare Annual Report (CEC 1999g: 12-14). The main message emerging from the interim evaluation was the following:

the Phare Programme has been appreciable; it has adapted in response to the perceived needs of the partner countries and the requirements of the EU institutions; the requirements of accession have dictated further adaptation of the Programme; however, there is an overemphasis on administration at the expense of performance which needs to be addressed (CEC 1997h: 7-8)

This concern regarding the administrative burden which was incorporated in early Phare programmes corresponds to the ownership debate outlined in Chapter 3. It also reflects criticisms voiced by scholars working on the EU's development assistance (Dearden 2005: 12; Santiso 2002: 402; Holden 2003: 349-50). The operational management governing Phare at this point had developed into a tight net of checks and controls by task managers in Brussels, literally every action during the implementation of the programme required a signature of an official in the Commission's Headquarters or Delegations.

The programme was driven by obligations to certain means rather than results (Intw60, Claude Cornuau, 20 March 2003). Consequently, the task managers focused on signing against the allocation of means rather than checking results. There was therefore a tendency to disburse aid quickly if the budgetary controls were met in order to respond to the problem of low rates of allocated funds. Commission officials often referred to this phenomenon as "disbursement bias", thereby stressing the sole focus of task managers to satisfy statistics instead of ensuring the performance of the programme (Intw28 and 72, CEC officials).

Although the evaluators listed a number of strengths, their assessment was alarming. Firstly, there was a serious problem with the high backlog of budgetary commitments that led to questions concerning the effects of the programme on the candidates' absorption capacity. Second, the lack of focus and management problems deriving from the PMUs marginalised the candidate countries' view of the programme. In the eyes of the evaluators this problem was amplified by the 'lack of commitment devices in Phare programmes themselves, through financial, political and other forms of conditionality'

(CEC 1997h: 64). Third, the programme had created too many small projects. The demand-driven nature of the programme was considered 'both a strength and a weakness; it may have enhanced ownership by the partners but it has also led to fragmentation of effort and dispersion of resources with adverse effects on programme performance' (CEC 1997h: 13). The evaluators concluded that this led to a *shopping-list approach* which created a scattering of Phare resources over a variety of topics.

Fourth, the administration of the programme was overly complex, mainly because of the five layers of programming documentation required by the Commission. In this context, the report stressed that 'political and budgetary spending pressures have favoured a strong emphasis on financial and procedural control in Phare rather than substantive design and performance' (CEC 1997h: 64). Fifth, the Commission's supervision and control system was unclear. There was a high potential of the duplication of controls between Commission HQ in Brussels and its Delegations. The report also explicitly emphasised that 'the impact of technical assistance on local attitudes and culture was greatest *where it was offered on a long-term basis and especially in twinning arrangements*' (CEC 1997h: 64, emphasis added).

3.2 The accession-driven focus within Phare

The findings of the Evaluation Unit were an important foundation for the reform group within DG1A. They provided adequate input which could adequately define the problems that had to be addressed during the reform of Phare. It was concluded that the programming of Phare had to be streamlined in order to ensure the substance and performance of the programme. In addition, it became clear that the size and the type of projects financed under Phare was the cause of many problems. The operational management of the programme also had to be reconsidered.

The findings of the evaluators enabled the officials to defend their proposals internally as far as they were based on the evidence provided in the report. They started to draft a Communication on the *New Phare Orientations programme for Pre-Accession Assistance*. The document underlined the need to abolish the demand-driven nature of the programme, because it led to the fragmentation of the programme in the candidate countries. In this context, one Commission official stressed: 'Lamoureux felt that we had to communicate a clear break with the past in order to achieve a more substantial reform. I was asked on several occasions by people from other units why we would come into the open with such controversial information' (Interview 17, CEC official, 11 September 2003).

Since the reform of Phare coincided with the reorganisation of the Commission's external services, there was ample opportunity for the officials to test the validity of their findings. In 1997, the Commission prepared to introduce the SCR which was to be replaced with the EuropeAid Cooperation Office (AIDCO). This change was based on a number of ideas which lie outside the scope of this thesis. It is important, however, to recognize that one of the main concepts of this reform was to harmonize the implementation procedures of all external aid programmes. This entailed plans to devolve project management to the Commission Delegations. However, EuropeAid was designed as a single department which would be in charge of the entire project cycle from identification to evaluation (CEC 2001a: 13-18; Neill Nugent and Saurugger 2002). The officials involved in reforming Phare had to coordinate their efforts with the arrangements made for the SCR. There was much heated debate over the smallest of procedures and issues regarding bureaucratic responsibility for the respective initiatives. This process was already challenging regarding the whole arrangement for the programming of Phare. However, it became an even more complex issue during the introduction of procedures for the twinning exercise (see Chapter 7).

Phare programme priorities

The Commission published its revised *Guidelines for Phare Programme Implementation in Candidate Countries, 1998-9*. This document outlined in detail the plans made for the implementation of Phare during this period. It stressed that the Phare programme would be transformed into an *accession-driven* programme. As a result, it would focus on a 'limited number of priorities in line with the Copenhagen criteria' (CEC 1998d: 3)⁷⁰. This was to be achieved by the setting of priorities in the APs and the NPAs. The guidelines clarified that these documents would be only employed during the programming of national envelopes and cross-border programmes only. Multi-beneficiary programmes would be reduced in number in order to rationalize their use. In addition, changes to the operational management of Phare should improve the speed, efficiency, effectiveness and transparency of its activities (see Table 14, p. 168).

The guidelines also emphasised that the accession-driven focus would be based on two main priorities within Phare: *institution-building (30%)* and *investment (70%)*. Institution-building was defined as 'helping the candidate countries to develop the structures, human resources and management skills needed to put in place economic,

⁷⁰ The original version of the Guidelines were published before Agenda 2000 was issued.

social and regulatory systems equal to the task required for approximation of laws and implementation of the *acquis communautaire*' (CEC 1998d: 5). In its original proposal, the group of officials working with Sipke Brouwer had given less emphasis to institution-building. Their purpose in operational terms was to adapt the tendering procedures of Phare to the respective areas of the *acquis*. Thus, projects in economic and social cohesion were to be implemented with similar procedures to the Structural Funds. As one of the official involved in the reforms stated, 'we were looking at the possibility of implementing Phare in the same way as the instruments of the European Union' (Intw32, CEC official, 10 March 2003).

This element was retained in the proposals put forward in Agenda 2000, partly with the introduction of two new instruments, ISPA⁷¹ and SAPARD⁷² (see below), and on the other hand with a move towards the Structural Funds within Phare. However, the introduction of a separate financial portfolio for institution-building gave more importance to this cross-sectoral issue and the creation of new instruments such as the twinning exercise. It was decided that an indicative allocation of 30 percent of Phare funds would be appropriate for institution-building given the fact that investment support usually involved higher costs. In order to facilitate the introduction and implementation of the twinning exercise, the Commission asked the member states to appoint a NCP⁷³ for coordination on institution-building (see Chapter 7). A forum of NCPs would then also discuss issues relating to all the measures taken in regard to institution-building.

Investment support was defined as 'progress in addressing sectoral, regional and structural imbalances in the economies of the candidate countries' (CEC 1998d: 5). The Commission in particular emphasised the need for further investment in areas such as competition, environment, energy, transport safety, social and labour legislation, veterinary and phytosanitary norms, legislation for industrial products, consumer protection, control of production processes and fair trading, and JHA (CEC 1998d: 9). In order to achieve maximum impact, it also initiated a Memorandum of Understanding with the EBRD and the World Bank in these investment areas. This was because Phare, as a grant programme, had only limited resources for investment. The guidelines designated 70 percent of the Phare budget for investment-related projects.

⁷¹ Instrument for Structural Policies for Pre-Accession.

⁷² Special Accession Programme for Agriculture and Rural Development.

⁷³ National Contact Point.

The creation of ISPA and SAPARD

In Agenda 2000, the Commission also suggested the introduction of an instrument for agricultural support. It proposed that the aid paid out through this programme would amount to ECU 500 million per year. The programme, later referred to as SAPARD, matches the procedure of the European Guidance and Guarantee Fund (EAGGF). It therefore had a strong institution-building element, since it led to the creation of fully decentralised implementation systems in the candidate countries. The SAPARD agencies which were all subject to a strict accreditation process resemble the paying agencies in the member states. The Commission ensured the proper accreditation of these institutions in the candidate countries and subsequently only got involved on the basis of ex-post controls (CEC 2001c: 15-18; 1997b: 6-8). However, there were significant delays in getting these structures on the ground and implementation could not take place before accreditation by the Commission.

Another instrument was proposed for structural assistance at regional level. This instrument would match the Cohesion Fund and familiarize applicant countries with the objectives and procedures of the Structural Funds. The Commission proposed to allocate ECU 1 billion per year to the ISPA initiative in order to 'bring the applicant countries' infrastructures up to Community standards' (CEC 1997b: 7). This assistance scheme would allocate funds in the areas of transport and environment. In order to implement ISPA, the candidates had to provide the same documentation as the member states for the implementation of the Cohesion Fund. This included the National Development Plan and national ISPA Strategies for Environment and Transport (CEC 2001c: 12).

ISPA and SAPARD would both be programmed through the APs and NPAs. However, the creation of these instruments depended on an agreement regarding the financial framework for the period 2000-2006. In spring of 1999, the Berlin European Council agreed to allocate €3.120 million annually to the three pre-accession instruments: €1.560 to Phare, €520 million to SAPARD, and €1.040 million to ISPA. Following this decision, the Council agreed relatively quickly on the three Council Regulations relating to ISPA, SAPARD and Coordinating Aid to the Applicant Countries in the Framework of the Pre-Accession Strategy (EC 1999a, 1999b, 1999c). There were some objections between the member states that implementation would be obstructed by overlaps between the three instruments. However, as one official noted, 'we were surprised how well these programmes were coordinated and how little conflict occurs during implementation' (Intw5, German official, 14 March 2002). The objections against infrastructure support had in time been eradicated by the perceived need of the candidate countries to develop suitable structures for the implementation of the Structural Funds.

As a result, three pre-accession instruments were implemented from 2000 onwards. However, the most significant decision was that ISPA would be implemented by DG Regional Policy and SAPARD by DG Agriculture. The Commission felt that it was more suitable to involve more of its departments in order to lift the administrative burden for DG1A. Further pre-accession funds were introduced to provide support for Cyprus and Malta, first under MEDA⁷⁴ and from 2000 onwards under a separate Council Regulation (EC) No 555/2000 for pre-accession assistance. This aid scheme later also included Turkey⁷⁵.

In addition, the Commission decided to create a new instrument for non-candidate countries in the Western Balkans which still benefited from Phare funding. This new instrument, CARDS⁷⁶, has been managed by the Europe Aid Cooperation Office and has disbursed grant aid to Albania, Bosnia-Herzegovina, Croatia, the Federal Republic of Yugoslavia and FYROM since the year 2000. This meant that Phare focused solely on institution-building and investment support in the candidate countries from 2001 onwards. The programme was dealing with three components: *institution-building*, *investment*, and *economic and social cohesion*. In addition, there were discussions in DG1A to move the third of these components under the heading of ISPA to DG Regional Policy as well. However, this plan was dropped, because Director General Landaburu of this service decided that this would not be appropriate (Intw17, CEC official, 11 September 2002).

In order to enable the smooth transition from Phare to ISPA and SAPARD, the Commission decided in 1998 to introduce the necessary administrative structures in the candidate countries. It supported the establishment of development strategies and priorities at regional level; administrative cooperation on the modernization of the administrative and budgetary procedures which would be used subsequently under the Structural Funds joint-financing arrangements, and the joint financing of projects in the transnational cooperation sphere (CEC 1997b: 7). The main instrument for these support schemes was the twinning exercise. In addition, the Commission introduced the Special

⁷⁴ MEDA is financial and technical assistance programme which finances measures to accompany the reform of economic and social structures in the framework of the Euro-Mediterranean partnership.

⁷⁵ Council Regulation (EC) No 2500/2001 of 17 December 2001 Concerning Pre-Accession Financial Assistance for Turkey (EC 2001, 2000b).

⁷⁶ Community Assistance for Reconstruction, Development and Stabilisation.

Preparatory Programme and the Large Scale Infrastructure Facility which resembled SAPARD and ISPA between 1997 and 2000.

1997 reforms	1999 guidelines	Proposed for 2001 and beyond
<p>Programming based solely on APs and NPAAAs</p> <p>Institution-building a key priority (minimum 30% of the programme)</p> <p>Twinning introduced</p> <p>Supervision of implementation deconcentrated to Delegations</p> <p>Multi-annual programmes reduced</p> <p>Minimum project size and criterion of maturity established</p> <p>Principle of joint responsibility for monitoring established. Role and composition of Joint Monitoring Committees defined.</p> <p>Principle of further decentralisation established</p> <p>CFCU and National Fund established</p> <p>Project Management Units phased out</p>	<p>Investment support reoriented to take account of ISPA and SAPARD. Coordination mechanism for coordination of pre-accession instruments established. Framework for economic and social cohesion support established, based on National Development Plan and investment actions in priority regions.</p>	<p>Multi-annual commitments from 2002</p> <p>Twinning extended to cover shorter periods</p> <p>Deconcentration extended and roles within Delegations redefined to allow more time to be spent on substantive project supervision</p> <p>Movement from ex-ante to ex-post control from 2002 under defined conditions</p>

Source: Adapted from CEC 2000c, p. 28.

Table 14: Developments in Phare, 1997-2000

Agreement on opening of accession negotiations

In the same year, the first APs were published and the Commission proposed to open negotiations with the remaining CEECs in its Composite Paper. The Helsinki Council agreed with this proposal in December 1999 and therefore accession negotiations began with Latvia, Lithuania, Bulgaria and Romania in February 2000 (CEC 1999a: 29-32; EC 1999d: 2). This decision was largely influenced by war in the Kosovo, which stressed the vital importance of 'security and stability on the European continent' (EC 1999d: 2). The accession negotiations started to follow the so-called *regatta approach*, in which each

candidate country would enter the EU based on its progress towards the Copenhagen criteria.

This contrasts with the *group model* which was adopted by the EU until the Helsinki Summit. In this model, the negotiations with a group of candidates are preferred to the option of talks with all of them (Friis and Murphy 1999: 225). In his analysis, Schimmelfennig (2003b: 108) concludes that 'economic criteria and the implementation of the *acquis* are of secondary importance in the decision to open accession negotiations'. The validity of this conclusion is widely recognised across the discipline. The main issue for the opening of accession negotiations remains the political criteria.

3.3 Operational changes introduced in 1997

In order to respond to problems occurring during the implementation of the Phare, DG1A also introduced several procedural changes to the Phare programme (see Table 14). These were largely based on the findings of the Evaluation Unit regarding the performance of the programme during implementation. However, several interviewees also highlighted the importance of quarterly reports from the Delegations and other implementation documents (Intw18, 28, and 32, CEC officials).

Financing Memorandum

The first of these procedural changes came with the introduction of the *Financing Memorandum (FM)*. The FMs were designed to assist programming by specifying annual financing decisions with a partner country in a single document, thereby outlining both the projects to be implemented and commitments by the candidates to be undertaken in relation to the projects (see Figure 8). It included a conditionality clause which specified that the Commission could decide to cancel all or part of the programme in case the agreed commitments were not met by the respective candidate country (*see e.g.* CEC 1998c: 12).

These annually published documents facilitated an assessment of the programmes to be implemented in each of the candidate countries. However, the FMs also enabled the Commission to exercise control over the implementation of the Phare programme. Although the conditionality clause in the APs gave the member states the power to suspend financial assistance on basis of Article 4 of Regulation (EC) No 622/98, the FMs facilitated the Commission to withdraw funding from particular projects or to reallocate assistance to other envelopes such as multi-country programmes. The introduction of the FMs therefore compensated the Commission for the member states' decision to approve

the APs within the Council and retain control over the possible suspension of assistance. However, in practice the enforcement of the commitments specified in the FMs was complicated by their ambiguity. It also ran counter to the spirit of Phare in making use of these enforcement mechanisms frequently. A Commission official noted, 'conditionality became part of every document we published after 1997, but in reality we wanted to enable a collective effort by the candidates and everyone involved in implementation' (Intw39, CEC official, 18 March 2003).

Decentralisation and Deconcentration of implementation

The next steps considered were the improvement of the implementation structures in the Commission and the candidates countries alike. In line with the decisions taken in the context of the introduction of the SCR, the Commission introduced a Decentralised Implementation System (DIS). Since the decentralisation of implementation had been a feature within Phare since the early 1990s, the real innovation of the DIS was that the control mechanisms were deconcentrated to the Delegations of the Commission in the candidate countries. This change was also introduced in response to 'the observations made by the European Court of Auditors and the European Parliament calling for increasing role of the Delegations in particular with a view to reducing duplication of controls and decision making processes' (CEC 1998a: 14). It responded to a concern that was voiced in relation to all external aid programmes of the EU.

In order to increase the transparency of operations and avoid the dispersion of funds the DIS was complemented with new implementation structures in the candidate countries. The PMUs were phased out from 1998 onwards and instead the Commission asked the candidates to establish a National Fund (NF) which would administer the financial support allocated. The idea was that the establishment of the NF under the responsibility of a National Authorising Officer (NAO) would 'reduce the parallel structures in the financial management and enhance the co-ordination of funds in the country concerned' (CEC 1998a: 15). The candidates were asked to limit the number of implementing agencies that would work under the authority of the NAO and to establish Central Finance and Contracting Units (CFCUs) where there was no implementing agency to administer the funds of a programme component. The latter was often the case in institution-building which tends to be multi-sectoral in nature.

Maturity and size of projects

The Phare Guidelines also included a maturity condition for investment projects that ensured projects only received funding when they were 'ready for contracting and once

all the necessary technical studies have been completed' (CEC 1998a: 9-13). In addition, projects also required a minimum size of €2-3 million in order to gain financial support. This condition was later waived for cross-border, civil society, transnational and institution-building projects in the Phare Guidelines for the 2000-2006 period. However, projects of up to €300.000 million would have to be implemented under the Small Project Fund Facility and all other projects required a case by case assessment under the arrangements made for cross-border cooperation (CEC 1999b: 14).

Joint responsibility for monitoring

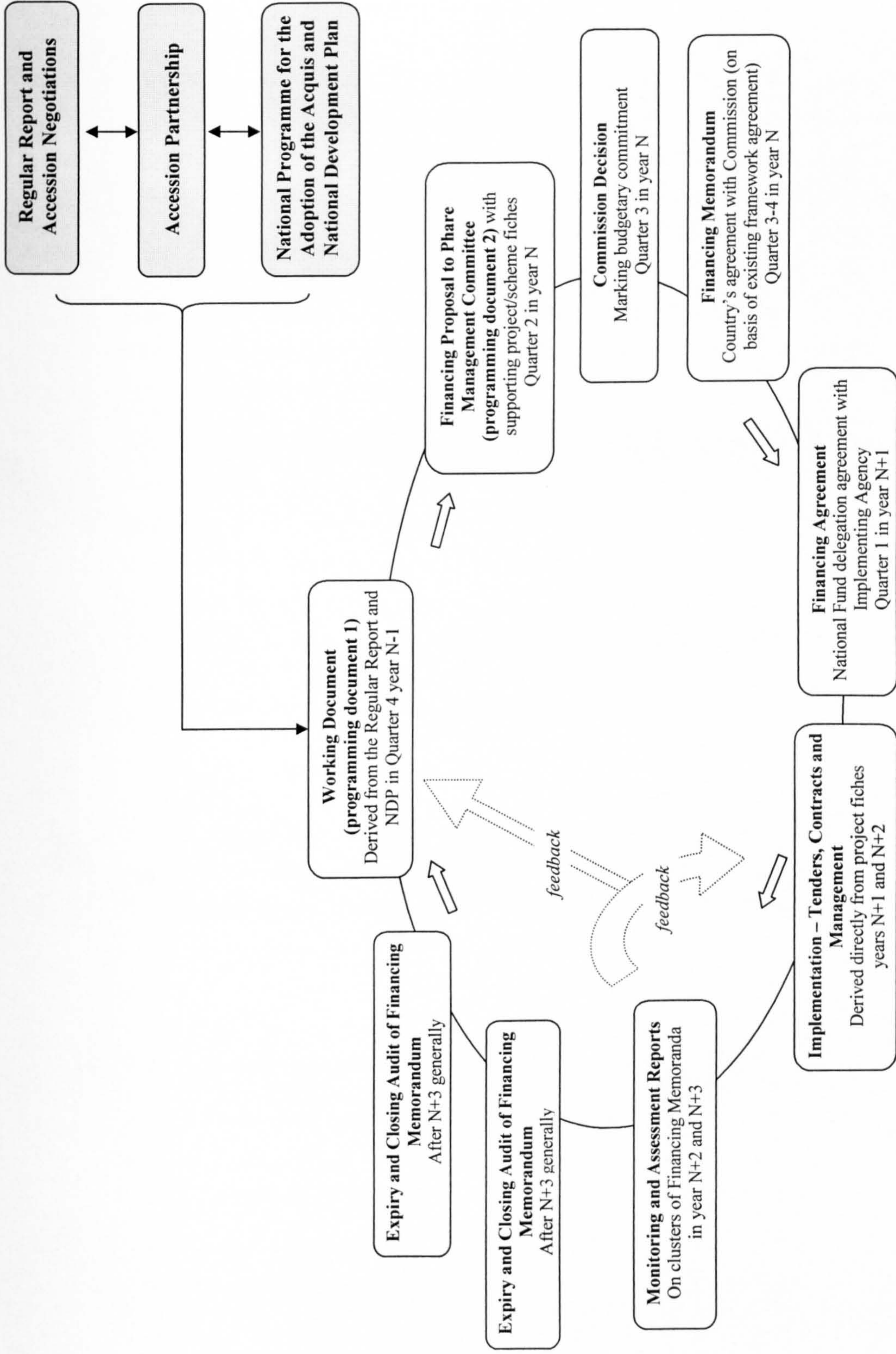
These changes were further complemented by the introduction of joint responsibility for monitoring. This was to be achieved on the basis of a Joint Monitoring Committee (JMC) between the European Commission and the respective partner country, which would meet regularly in the candidate countries. In order to facilitate monitoring the Financing Memorandums were expected to incorporate 'verifiable and measurable indicators of achievements with regard to financial and physical inputs, activities, outputs and objects and the timescale of implementation' (CEC 1999b: 15).

The programming cycle

As a result, the Phare programming cycle was both based on PCM and the implementation structures introduced with the 1997 reforms (see Figure 8). The programming of Phare was based on the Regular Reports, APs and NPAs⁷⁷. In order to submit the first working document the candidates prepared project fiches that responded to the priorities stipulated in the APs and NPAs.

The Commission then decided which of the fiches should be financed under the Phare Regulation (EEC) No 3906/89 and forwarded a financing proposal to the Phare Management Committee. This included the supporting projects fiches and the respective project scheme for horizontal programmes such as SIGMA and TAIEX. The programmes that got approved during the Phare Management Committee were subsequently granted a budgetary commitment by Commission Decision. This was followed up by the drafting and signing of the FMs with each of the candidate countries. The implementation of the projects started with the tendering of contracts after an agreement had been reached on the FMs in the candidate countries. This process was complemented with monitoring, evaluation and audit activities of the Commission and the candidates themselves.

⁷⁷ Component 3 of the Phare programme, economic and social cohesion, also requires a National Development Plan.



Source: Adapted from CEC 2000b, p. 45.

Figure 8: Phare's Programming Cycle

Enhancement of implementation procedures

The Commission also continued to adapt the procedures of the Phare programme. In 1999, it announced that economic and social cohesion would become the main priority of the investment envelope. The purpose was to align the Phare programme as far as possible with the Structural Funds. As a result, the candidate countries were asked to annex a National Development Plan (NDP) to their NPAs. This was to develop into the type of NDPs required for all Objective 1 regions inside the EU. The Commission asked the candidates to include a comprehensive analysis of their development gaps and to identify their concrete needs in terms of economic and social development. The NDP should also provide an overall perspective for government and Community co-financing in this area (CEC 1999d: 9).

In 2000, on the initiative of Commissioner Verheugen, DG Enlargement⁷⁸ launched a comprehensive assessment of its 1997 reforms, the *Phare 2000 Review*. The document made a number of recommendations on how to accelerate the process of implementing the reforms deriving from Agenda 2000. The main changes deriving from this initiative were the following:

1. Introduction of multi-annual indicative programming for the period 2002-2006;
2. Indication of requirements for the introduction of an Extended Decentralised Implementation System (EDIS);
3. Establishment of “twinning light”.

The introduction of multi-annual indicative programming was considered an important step for the candidate countries. This was presented as the *move towards the Structural Funds*. In effect, it had a significant impact on the programming of the economic and social cohesion component within Phare. The Commission stressed that at least 20 percent of the institution-building and investment components would be allocated on an annual basis. This was because the needs in these area should be clearly identified on the basis of the Regular Reports and negotiations each year (CEC 2000i: 17).

In addition, the Phare 2000 Review reintroduced the requirements for EDIS. This system was considered a major overhaul of the way Phare would be implemented. Although Council Regulation 1266/99 on the coordination of pre-accession assistance already

⁷⁸ DG Enlargement followed DG1A after the resignation of the Santer Commission on 16 March 1999. The Prodi Commission took up office on 25 March 1999 with Günther Verheugen as Commissioner for DG Enlargement. Eneko Landaburu, the former Director-General in DG Regional Policy, was appointed Director General around the same time.

provided for this implementation system, the document was instrumental in re-establishing the process. The concept behind the EDIS was fully in line with the spirit of accession. It would provide the candidates with the opportunity to manage Phare programmes on their own without ex-ante control by the Commission in Brussels and its Delegations. It was also a very necessary step as the Delegations of the Commission were phased out during the later stages of the accession process. There is a set of conditions for the change from the DIS to the EDIS system which is specified in the review (CEC 2000i: 18-19). This change proved to be extremely difficult. In spring 2004, the phasing out of the Delegations was in progress, but EDIS had not been approved for a single associate country. The introduction of twinning light is discussed in Chapter 7.

Road map for the accession negotiations

The *Phare 2000 Review* and in particular the appointment of Günther Verheugen also intensified the strategic dimension of the pre-accession strategy. In 2000, the Composite Paper unexpectedly carried the heading *Enlargement Strategy Paper* and in the subsequent year it was named *Making a Success of Enlargement* (CEC 2000e, 2001g). This was not just an exaggerated claim by the Commissioner, it was more an expression of the approach taken by DG Enlargement. As the accession of the candidates drew closer, the Commission was determined to prevent further delays. It stressed that 'we must not delude ourselves that the EU has endless time to complete its enlargement project. There is a window of opportunity open now and it needs to be seized' (CEC 2000e: 5). It also urged the member states to make progress on the necessary institutional reforms of the EU at the Nice Summit in December 2000. It stressed that the success of the IGC in Nice was a crucial condition for enlargement.

The issue of an indicative timetable had been attempted by the Commission at the 1999 Helsinki European Council. However, it got voted down on the issue by the member states and there was therefore no commitment on the timeframe for enlargement. In 2000, the Commission used its *Enlargement Strategy Paper* to relaunch the idea in a different format. It proposed to introduce a road map which would introduce a sequenced approach to the accession negotiations with the identification of the priorities for the next 18 months. The member states agreed to this approach at the Nice European Council. The Presidency Conclusions stressed that 'the road map for the next 18 months will ease the

way for further negotiations, bearing in mind that those countries which are the best prepared will continue to be able to progress more quickly' (EC 2000d: 1).⁷⁹

Subsequently, in the 2000 Feira European Council, the member states stressed that 'in addition to finding solutions to negotiating issues, progress in the negotiations depends on incorporation by candidate States of the *acquis* in their national legislation and especially on their capacity to effectively implement it' (EC 2000c: 3). At the same time, the Commission used its Enlargement Strategy Papers to reiterate the importance of institution-building. It stated, for example, that 'in the present phase of the accession process, however, it is necessary to focus as much on the candidates' capacity to implement and enforce the *acquis* as on its transposition into law' (CEC 2001e: 5).

4 Strengthening the EU's administrative conditionality

The reforms of 1997 gave the Commission a new repertoire of instruments to govern in the accession process. This increased the EU's leverage on the candidates' administrations. The Regular Reports, APs and NPAAAs were used to identify problems regarding administrative and judicial capacity, set priorities for financial instruments and benchmark progress between the candidates. However, the accession-driven focus within Phare was difficult to implement. The programme required a period of time to adapt to the reforms made in 1997. This issue was also acknowledged by the Commission in the *Phare 2000 Review* where it stressed that 'there should be a period of relative stability to consolidate the past reforms and to ensure their full benefit is obtained' (CEC 2000i: 6). It took the Commission 18 months to complete these changes; in particular the twinning exercise was a complicated mechanism to get on track.

4.1 Regular Reports and administrative conditionality

In 1997, the Opinions of the European Commission drew particular attention to the issue of administrative capacity. These documents devoted a special section to a review of the applicants' public administrations (B4. Administrative Capacity to Apply the Acquis). The issue was also mentioned at several other sections of the Opinions, for example, in the section on political criteria where the functioning of institutions and of the executive is discussed in detail. This is because the relationship between the executive and the

⁷⁹ Shortly after this decision, in spring 2001, the Commission published its brochure "Enlargement of the European Union – An historic opportunity". This highlighted the benefits of enlargement for both the Community and the member states. It also outlined the achievements of the accession process (CEC 2001b).

legislative is of particular concern in the context of the political criteria. The issue also mentioned in a special section on the obligations of membership which details financial management and control mechanisms.

In his assessment, Fournier (1998: 112) notes that the Opinions 'do not provide a specific model for the organisation and functioning of public administrations'. However, the Commission does take several definite positions on certain aspects. The horizontal organisation of public administrations is not addressed with the exception of the Commission's emphasis on the need for interministerial coordination of European affairs and in particular the creation of a single body responsible for this task. There are several recommendations the Commission makes with regard to civil service reform. It stresses that countries should pass an act dealing specifically with public administration reform and the importance of training on EU legislation. It also emphasises the importance of bringing public sector pay in line with that in the private sector (*cf.* Fournier 1998: 113).

The sectoral dimension of public administration is addressed in the individual sections on the *acquis*. In addition, the Commission outlined a number of necessary institutions under the heading of "*Key areas for the implementation of the acquis*". The first of these is the judicial system which is described in fairly general terms relating to the internal market and Community policies. Following these observations, the Commission discussed in more detail the institutions it considered essential for implementation in particular sectors. Jacques Fournier (1998: 114), who assessed the Opinions with respect to the administrative capacity criteria, lists the following institutions in this context:

- the bodies responsible for ensuring the free circulation of goods (regulations, standardisation and certification) and services (in particular, banking, insurance and security transactions);
- the bodies responsible for monitoring competition;
- regulatory bodies for telecommunications;
- the departments dealing with indirect taxes;
- the bodies responsible for veterinary and plant health inspection and those that implement the CAP;
- the transport authorities;
- the departments responsible for health and safety at work and social affairs;
- the bodies responsible for the environment;
- consumer protection bodies;
- the administrations responsible for home affairs and justice, to the extent that they are in charge of the enforcement of immigration laws, border control and international police and judicial co-operation;
- customs;
- financial control, in particular to ensure the fight against fraud and the monitoring of the use of Community funds.

This list of important institutions increased over time, notably by the publication of an informal working document published by the Commission in 2002 which was marked "For information purposes only". There was a clear ambiguity involved in the Commission's approach to applying the administrative criteria. On the one hand the Opinions mentioned explicit institutions necessary for the implementation for the *acquis*. On the other hand the Commission later emphasised that its working document on the issue of administrative structures 'should not in any way be construed as committing the European Commission' (CEC 2001f: 6).

The assessment of the candidates' public administrations, provided in the Opinions, also makes interesting reading. In line with its approach of addressing the problems directly, the Commission identified several shortcomings at central, regional and local government level. The Opinions stressed, for example, that the lack of a regional government level would affect the implementation of EU regional policies and that decentralized authorities need financial autonomy. It mentioned that local government in Bulgaria, the Czech Republic, Poland and Romania were financially dependent on their respective central governments. The Opinions also highlighted the need to plan administrative reforms centrally and to combine them with substantial efforts in the modernisation of the civil service (Fournier 1998: 113-18). The overall assessment of the administrative capacity of the candidates led the Commission to conclude that Slovenia, Poland and Slovakia are more likely to have the capacity to apply the Community *acquis* in the medium term. It further concluded that "significant and sustained" (Czech Republic), "major" (Estonia), "major and sustained" (Bulgaria and Romania) efforts were needed by the remaining countries.

The 1998 and 1999 Regular Reports were modelled on the type of assessment made by the Opinions. In 2000, the DG Enlargement took a slightly different approach. It addressed the issue with a comprehensive analysis of the individual negotiation chapters. In subsequent years, the reports followed this model. In its overall assessment of Poland's administrative capacity in 2000, for example, the Commission (2000b: 84-85) stated the following:

In contrast to the 1999 regular report, there has been progress in adopting legislation in key areas of the internal market *acquis*, standards and certification and state aid. In both cases the necessary framework legislation has been adopted. The emphasis must now turn to the secondary legislation necessary to implement the *acquis* in these areas and the accompanying administrative capacity.

In this way, the Commission made use of its regular reports to assess the administrative preparedness of the candidates' to implement the *acquis*. It used the individual chapters

of the negotiations as benchmarks of the candidate countries progress towards accession and indicated where the institutional boundary of integration still had to be overcome (Grabbe 2001: 1016; Friis and Murphy 1999: 214). The candidates in return paid considerable attention to the actual wording of these documents, since this was an indication of their place in the accession queue.

4.2 Programming of the financial instruments

In combination with the remaining commitment devices (FMs, project fiches, logframes), the APs and NPAAAs developed into important programming mechanisms for the implementation of the financial instruments. The priorities of the APs were often directly translated into project fiches, in particular where twinning was chosen as an instrument. Although the NPAAAs in particular were a tedious task for the candidate countries, they helped them to focus on the budgetary needs deriving from foreign assistance. This enabled most countries to approach the issue of co-financing in a more structured manner and therefore had a significant impact on programme implementation.

In order to facilitate institution-building, the candidates were also asked to present an institution-building plan as part of their NPAA. The Commission (1998a: 6) listed the components of this plan as follows:

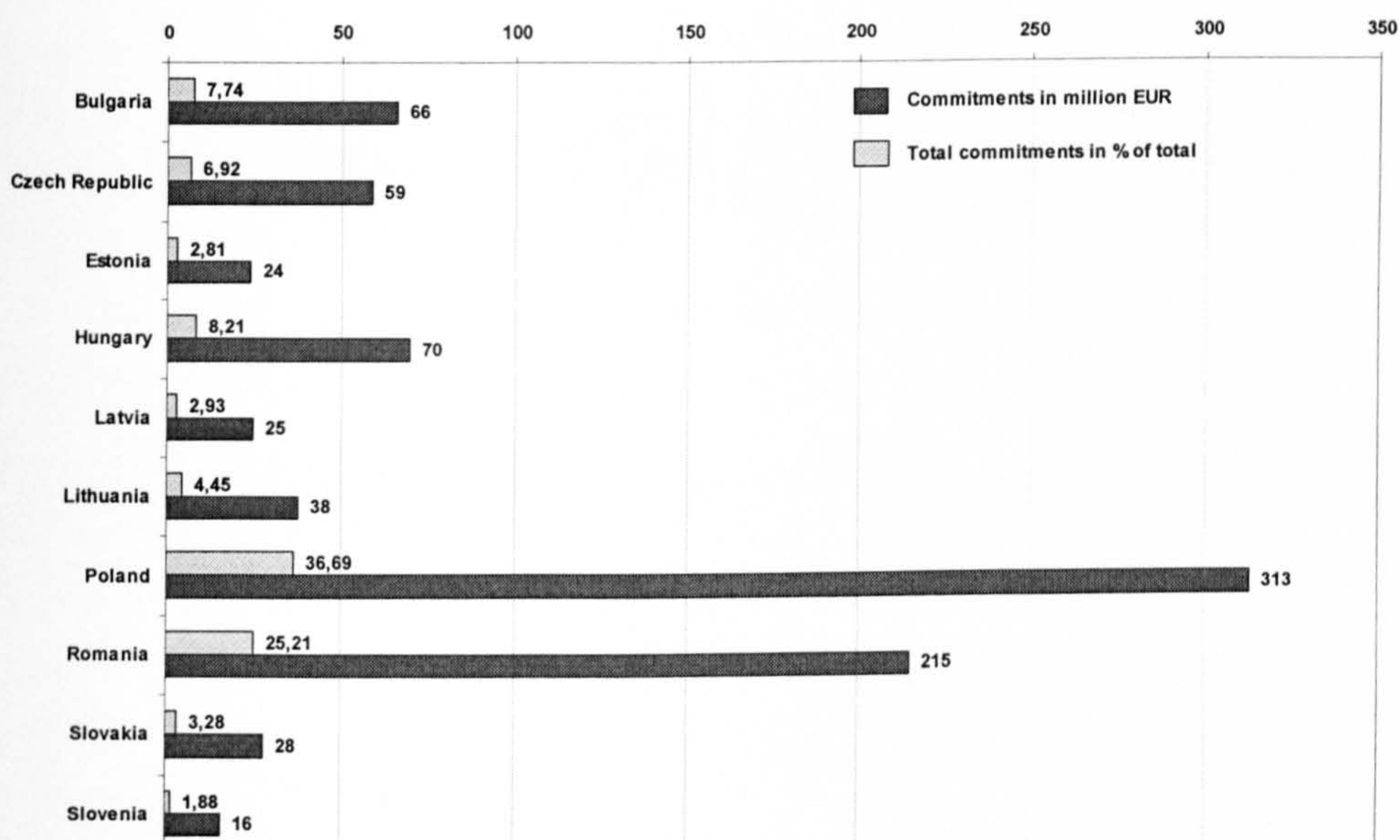
- an inventory of regulatory, policy-making, organisational, training and equipment needs;
- a sequence of primary and secondary legislative actions;
- a financial and budgetary plan for these actions;
- a programme description with projects and indicative financial allocations;
- a clear indication of timescales and milestones to be achieved.

The existence of a single plan on institution-building helped to focus implementation on the actual needs of each candidate. However, the number of documents included in programming, the AP, the NPAA, the FM and the individual project fiches led to delays in several candidate countries. The problem that remained in Phare was that once a programme was agreed there was too little flexibility to change envisaged activities without approval of the Commission. In addition, projects still lacked adequate needs analysis and design (*cf.* EMS 2004a: 5).

In 2000, the Regular Reports also included a global assessment on the candidates' progress towards the priorities of the APs and the NPAAAs (headings D1 and D2). This added further legitimacy to these documents and corresponded to the approach taken after the publication of the *Phare 2000 Review*. This approach was carried into subsequent Regular Reports.

4.3 The implementation of the Phare programme

The first tension during the implementation of the *New Phare Orientations* emerged from the fact that the institution-building component was not factored into the allocation of Phare. The distribution of Phare into national and multi-country budget lines had always been a controversial matter. However, following the reforms of 1997, it was expected in most of the candidate countries that the Commission would consider their problems in implementing the *acquis*. This was because smaller candidates had to carry the same burden regarding the administrative and judicial capacity to implement Community legislation, although their budgets for public administration were much lower than in other candidate countries.



Data Source: CEC 2001, pp. 7-8.

Figure 9: National programme commitments by country, in million EUR and % in 2000

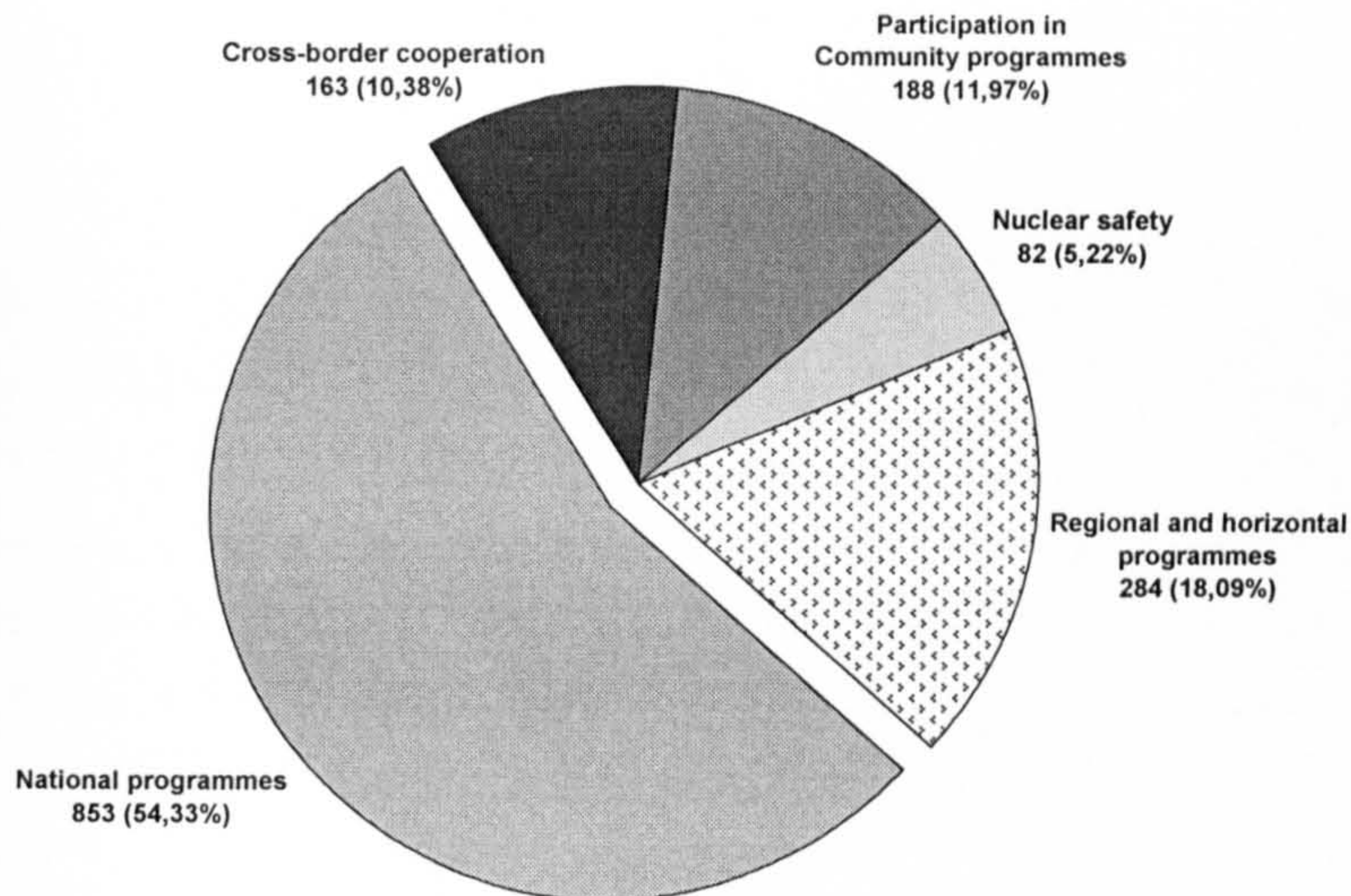
The formula determining the allocation of Phare assistance was based on two factors: the population of each applicant and to a lesser extent on its GDP. Poland and Romania therefore had the largest national envelope at their disposal. The Baltic States and Slovenia were at the other end of the scale. Figure 9 shows the allocation for the year 2000, in which Poland was allocated 36 percent and Romania 25 percent of the funds.⁸⁰ In the same year, the Baltic States and Slovenia received an allocation between 2 to 3 percent of the total of the national programme commitments. As a consequence, these countries could implement a drastically lower number of projects. This also had an

⁸⁰ Cf. statistics on the candidates' population and GDP (Appendix 1, p. 339)

immense impact on the number of twinning projects implemented in 2000. Out of a total of 143 projects, Poland implemented 44, Romania 25, Slovenia 5, Latvia 6, Lithuania 8, and Estonia 8 (see Appendix 3 for more figures). Although the candidates are expected to implement the *acquis* also at regional and local level, this distribution appears to make little sense.

In addition, it has to be stressed that the majority of projects were based at central government offices across all countries. In fact, only in Romania and Poland did the budget allow to launch special programmes for the strengthening of regional administrations in preparation for the implementation of the Structural Funds (*see* Annex 12 and 13). The other area of the *acquis* which received considerable support away from the capitals of CEE was JHA. This was because twinning projects were utilised for the training of border control staff and the development of border management. It has to be mentioned though that the majority of projects located in central government offices also included regional activities in their implementation such as training of regional officials in applying Community legislation. Nevertheless, the difference of 38 projects in 2000 between Latvia and Poland is unjustified in light of the needs of this candidate to improve public administration.

In 2001, the Commission reacted to this inconsistency between the priorities of Phare and the national allocations of the candidate countries. Its *Enlargement Strategy Paper, Making a success of enlargement*, announced that *Action Plans for Administrative and Judicial Capacity* would allow for additional spending across the 10 negotiating countries in 2002 (CEC 2001g: 22-25). This initiative was to allocate up to €250 million from the total Phare commitments to additional institution-building efforts in 2002 (CEC 2002a: 24). This sum was to be allocated equally over the 10 negotiating countries. It enabled the smaller candidate countries to implement up to 50 percent more twinning projects than in 2000 or 2001. The total number of projects also peaked at 173 in 2002. In this way, the Commission has often addressed particular problems. There was always an element of muddling through involved in the implementation of Phare and this remained to be the case after the reforms taken in 1997.



Data Source: CEC 2001, pp. 7-8.

Figure 10: Commitments by programme type, in EUR million and in % of total, in 2000

The Commission also opted to combine institution-building and investment support in Special Preparatory Programmes (SPPs) for economic and social cohesion. In 2001, Project Fiche HU0105-01 pulled together three twinning components with the aim to strengthen institutional structures in order to achieve, upon accession, sound and efficient management of EU Structural and Cohesion Funds in Hungary. The components prepared the Managing Authorities for of Structural Funds, the ISPA/Cohesion Fund Agencies and strengthened audit, payment and financial control functions. At the same time, Hungary received funds through Phare and ISPA that gave these institutions the opportunity to play through the procedures of the Structural Funds. This initiative followed the Phare 2000 Review. It was also introduced just a year after ISPA became operational.

The share between national and other types of programmes developed into a 50-50 split, where roughly 50 percent of the budget was spent on national envelopes and the remaining resources on CBC, Community programmes, nuclear safety and horizontal programmes (see Figure 10). Since 1999, the horizontal envelope also financed short-term missions of member state officials to the candidate countries under TAIEX. This was for the purpose of conducting peer reviews which would evaluate the level of preparation of their counterparts in the negotiating countries (see CEC 1997d). The general administrative capacity of the candidates' institutions was still addressed by the SIGMA programme (see CEC 1997e). In 2001, the OECD-SIGMA unit presented its baseline criteria for a well-functioning public management system covering both EU funds and national resources (Allen and Tommasi 2001: 29-31). However, the document

had only advisory status and was therefore of no further consequence to the candidate countries.

5 Conclusion

This chapter questioned to what extent the 1997 reforms made a difference to the substance and enforceability of the accession criteria. Its objective was to shed light on the introduction and implementation of these reforms. The internal and external governance employed by the institutions were addressed by way of examining the actual decision-making. In order to evaluate the relevance of the theoretical models outlined in Chapter 4, this section summarizes the findings on each of the steps taken during the 1997 reforms. It reflects on the importance of the individual models based on the findings presented in the thesis. Finally, it examines the importance of these changes to the EU's ability to apply its administrative conditionality.

5.1 Internal governance: Reforming the pre-accession strategy

The reforms of 1997 incorporated a number of elements that were crucial for the development of the enlargement process. A recurrent theme during this reform process was the need to specify the accession criteria and connect it with the pre-accession strategy. This objective was largely inspired by the experience collected during the early 1990s. It was mainly based on internal assessments of DG1A, notably the *Phare Interim Evaluation* which was published at the time. The message deriving from this evidence was that the accession criteria were too broadly defined to enforce it in the candidate countries. In this context, the Commission was also inspired by the work of other donor organizations, in particular the World Bank and the IMF. However, the introduction of the logframe matrix approach into the programming of Phare also points to close links with USAID and bilateral donors.

Thus, the clarification of the accession criteria can be explained by the evidence-based policy-making and lesson-drawing models outlined in Chapter 4. The evidence deriving from the implementation of Phare was an incentive for the Commission to search for existing solutions to the problems it encountered with its conditionality regime. In line with the clarification of the accession criteria, it proceeded to draw lessons from the implementation of the programme and introduced the APs and NPAAAs. In addition, it conceived the idea of annual FMs, when the proposal to adopt the APs by Commission decision was declined by the Council. This was based on the insight that the ability to suspend funding was a viable option, if considered necessary. However, in reality little

recourse was taken to this approach. The introduction of the APs and NPAAAs was largely based on the findings of the *Phare Interim Evaluation* which pointed out that ‘the lack of commitment devices in Phare programmes themselves, through financial, political and other forms of conditionality, weakened the partners’ commitment to good programme performance’ (CEC 1997h: 59). The new programming framework deriving from the APs, NPAAAs and FMs was designed to respond to this criticism and at the same time would ensure an accession-driven focus within Phare.

The remaining operational changes were largely a result of the Evaluation Unit’s findings. Some changes were also driven by functional concerns. The creation of ISPA and SAPARD, for example, responded to the fact that the Commission had to handle much larger amounts of money during the 2000-2006 period than ever before in the Phare programme. In order to facilitate this process, the programmes were managed by DG Regional Policy and DG Agriculture. This would also ensure a closer match between these instruments and Community policies. The minimum size of projects and criterion for maturity was based on the findings of the interim evaluation. It established after all that the programme was dispersed over too many small projects. The introduction of these criteria for the approval of projects targeted specifically this problem. This leads to the conclusion that evidence-based policy-making had a significant impact on the introduction of the reinforced pre-accession strategy. This conclusion is supported by the fact that the Council and the Phare Management Committee largely agreed with the proposals presented in Agenda 2000, the Communication on the New Phare Orientations and the 1997 Phare Guidelines.

	Element of the 1997 reform	Mode of governance
Programming framework	<ol style="list-style-type: none"> 1. Clarification of the accession criteria, Regular Reports 2. Introduction of APs and NPAAAs 	<p>lesson-drawing, evidence-based policy-making</p> <p>lesson-drawing, evidence-based policy-making, functional concerns</p>
Reform of Phare	<ol style="list-style-type: none"> 1. Accession-driven focus within Phare 2. Introduction of programming documents 3. Minimum project size and criterion of maturity 4. Introduction of DIS and EDIS 5. Creation of new instruments (twinning, ISPA and SAPARD) 6. Introduction of National Funds and CFCUs/Phasing out of PMUs 	<p>evidence-based policy-making</p> <p>evidence-based policy-making</p> <p>evidence-based policy-making</p> <p>evidence-based policy-making</p> <p>evidence-based policy-making, functional concerns</p> <p>evidence-based policy-making</p>

Source: Author’s own compilation.

Table 15: Internal governance – elements of the 1997 reform and modes of governance

The Commission acted as an agent of the member states. It worked on the proposals that were directly requested by the European Council. At the same time, it enjoyed a great

deal of freedom in carrying out these tasks. As Vachudova (2004: 117) points out, 'the Council delegated all of these tasks to the Commission because they were complex, technical, and labor intensive'. Thus, the weight of the recommendations issued by the Commission increased significantly by the nature of the enlargement process. The member states followed each of the Commission's recommendations regarding the opening of membership negotiations or membership. However, the Commission also had to incorporate the member states' preferences in these tasks in order to have its proposals adopted in the Council. The Commission 'took a careful sounding of member states preferences at each step' (Vachudova 2004: 120). However, one characteristic of the enlargement process is that preferences tend to differ across the various issues. Torreblanca (1998; 2001) refers to this phenomenon as 'overlapping games', thereby stressing that a member state may side with the Commission on one issue, but oppose it on another.

5.2 External governance: The instruments of the EU's enlargement strategy

The reform of the pre-accession strategy in 1997 was a critical step towards a more structured approach to the programming of Phare funds. The link between the accession criteria and the financial instruments has particularly been strengthened with respect to the relevance of the programme to the objectives of the enlargement process. In other words, the introduction of the APs and NPAAAs in combination with the clarification of the accession criteria allowed the Commission to address the lack of administrative capacities. However, the effects of the explicit conditionality terms incorporated in the APs and also the FMs may be overestimated. This is because in practice the institutions avoided using the accession instruments as a means of *coercive policy transfer* (Dolowitz and Marsh 2000: 9; Stone 2004: 554). The analysis demonstrated that few projects were suspended due to a lack commitment by the applicants in applying the *acquis*. As a result, one of the main requirements of the external incentives model, the credibility of threats to withhold rewards is not given in the context of Phare (Schimmelfennig and Sedelmeier 2005c: 17).

The EU's conditionality in the enlargement process is therefore restricted to selectivity (Lal 2001: 253-56; cited in Stone 2004: 554). In conclusion, we may say that the type of external governance emerging from the EU's reinforced pre-accession strategy was characterised by *obligated policy transfer* based on enhanced cooperation (Dolowitz and Marsh 2000: 9; Stone 2004: 554). The APs and NPAAAs were the means to define short-term and medium term objectives or common guidelines for the implementation of the Phare, ISPA and SAPARD. The remaining programming documents sustained the

cooperation from the pre-accession strategy. However, the accession negotiations enabled the Commission to also use more coercive means of re-establishing the candidates' reforms. As one German official stressed that Phare programme took 'more a pragmatic orientation rather than a politically heated approach' (Intw5, German official, 14 March 2002). In interviews, it was generally described as an instrument that worked on basis of cooperation rather than coercion. In addition, national officials stressed that there was little room for the member states to influence Phare programming since they could only vote on complete programmes (Intw6, 8 and 29, German, British and French official). Thus, objections against particular parts of a project are eradicated by the relevance of the whole project.

	Accession instrument	Mode of governance
Programming framework	<ol style="list-style-type: none"> 1. Avis, Regular reports 2. Application of APs and NPAAAs 3. Accession negotiations 	<p>governance by conditionality</p> <p>new forms of governance, governance by conditionality</p> <p>governance by conditionality</p>
Reform of Phare	<ol style="list-style-type: none"> 1. Programming of financial instruments (FMs, NDPs) 2. Implementation of financial instruments 3. Implementation of DIS and EDIS 4. National Funds and CFCUs/Phasing out of PMUs 	<p>new forms of governance, governance by conditionality</p> <p>governance by conditionality, new forms of governance</p> <p>new forms of governance</p> <p>n/a</p>

Source: Author's own compilation.

Table 16: External governance –instruments after 1997 and modes of governance

The administrative conditionality deriving from the reinforced pre-accession strategy is ambiguous. The *Avis* and the Regular reports are excellent instruments for the Commission to identify problems with horizontal and vertical administrative capacities. However, the implementation of Phare, ISPA and SAPARD implies a process of *learning by doing* rather than a strategic view of administrative reform. This element was introduced with the twinning exercise which provided the effective means to address particular problems in the candidates' administrations. The Commission was particularly concerned about the absorption capacity of the candidate countries and their ability to implement sectoral policies.

The twinning of institutions in the accession process

1 Introduction

So when does an idea's time come? The answer lies in the match between idea and moment. An idea's time arrives not simply because the idea is compelling on its own terms, but because opportune political circumstances favour it.

Liebermann 2000, p. 709

This chapter analyses the formulation of the twinning exercise. In order to test the plausible rival hypotheses set out for internal governance in Chapter 4, it is divided into two sections. The first section assesses the introduction of the twinning concept which was later used in implementation. It considers the original concept underlying twinning as well as the involvement of the Commission and the member states during its introduction. The second part identifies the sources of information which were utilised to formulate the twinning procedures. The chapter seeks to determine which factors can account for the introduction of the twinning exercise, and the particular sources of information considered critical for its formulation.

As outlined in Chapter 4, the decisions taken between insiders regarding the introduction of twinning can be best explained by one of the following alternative models: evidence-based policy-making, lesson-drawing, intergovernmental bargaining, and deliberative supranationalism. This chapter tests the hypotheses deriving from these different models on basis of the available empirical material. In order to conduct this test, it firstly

identifies the actors that were involved in the formulation of the twinning concept and its procedures. Second, it questions the motives and behaviour of these actors. Finally, it sheds light on the information used during the formulation of the twinning procedures. The dissemination of research interviews and in particular documents from the Commission's archives are the essential elements of this analysis.

The first step locates the process in relation to the plausible rival hypotheses. The second step allows testing the hypothesis deriving from deliberative supranationalism against the remaining hypotheses. This is because it is the only statement that assumes a logic of appropriateness. This step also enables a direct comparison between the lesson-drawing model in which actors rationally make use of lessons drawn elsewhere (Rose 1991, 1993) and institutional isomorphism. In this process by which actors adopt an institutional model because the discourse among policymakers views it as an appropriate or legitimate solution to the problems under consideration (DiMaggio and Powell 1991: 64-67; Radaelli 2000: 27-38). The third step enables the testing of the remaining models. In other words, the information used to establish twinning procedures is a useful indicator of the particular model employed during its formulation.

2 The formulation of the twinning exercise

The reform of the pre-accession strategy would have been incomplete without an instrument that could support the accession-driven programming of Phare, ISPA and SAPARD. In view of the fact that the Community would allocate €3.120 million annually to the three pre-accession instruments from 2000, the need to enhance the absorption capacity of the candidates in areas such as economic and social cohesion became a main priority. In addition, the 30 percent institution-building priority within Phare needed to be supported by an instrument that would make efficient use of money. In addition, a mechanism to create the necessary changes in the candidates' administrations, one that would enable them to implement Community legislation still had to be established.

The Commission started to discuss the procedural aspects of the twinning exercise as it had announced in Agenda 2000 (CEC 1997a: 61; 1997b: 4). This process would be supported by the network of nominated NCPs from the member states and candidate countries (CEC 1998a: 10). The institution-building within Phare was discussed throughout the 1997 reforms with a focus on the *vertical administrative capacities* of the candidates. As Lamoureux stressed in the first NCP Meeting, 'notwithstanding the importance of general public administration modernisation, at this stage of the pre-accession phase it is essential to focus on building up capacity for the implementation of

the Community acquis' (CEC 1997g: 1)⁸¹. The question deriving from this approach is of course whether the building of *vertical* administrative capacities did not run the risk of being cancelled out by decisions regarding *horizontal* administrative reform (*see also* T. Verheijen 2002; Meyer-Sahling 2004; Goetz and Wollmann 2001).

2.1 Twinning as a delivery method in bilateral cooperation

The 1997 *Phare Interim Evaluation* had already indicated that technical assistance on long-term basis and twinning arrangements were particularly suited to create the envisaged changes in the candidate countries (CEC 1997h: 64). However, the idea of using twinning arrangements to create administrative and judicial capacities did not originate from the interim evaluation. Commission and member states officials indicated overwhelmingly that the suggestion came from François Lamoureux (Intw2, 6, 9, 17, 18, 30, 32, 40 and 60, Commission and MS officials). As a German official stressed, 'it was François Lamoureux's idea to introduce the twinning mechanism. He also used his seniority during the formulation of the procedures' (Intw2, German official, 13 March 2002)⁸². Indeed, this was generally seen as an important factor. Several interviewees stressed that his involvement and that of Catherine Day was essential for the process of introducing twinning procedures. Later, François Lamoureux also stressed in the fifth meeting of NCPs that 'twinning was first mooted in 1989 at the European Council in Strasbourg' (CEC 1998j: 1).

There was, however, also a high level of awareness concerning twinning as a delivery method among the officials involved in the 1997 reforms. This was firstly because many of them had been working with DG Development before moving to DG1A and the twinning of institutions was an established method in development cooperation. Secondly, the Commission itself made use of national experts seconded from the member states since the 1970s. In addition, the mechanism had also been used in the form of town twinnings between municipalities from different member states. Finally, twinnings were already used as components in Phare projects. However, these were largely arrangements whereby the contractors of the Commission recruited retired officials from the member states or individuals that had moved on into the private sector.⁸³

⁸¹ Quoted according to the minutes of the meeting.

⁸² Author's translation of the interview record.

⁸³ There are several other programmes in the Community framework that are similar to twinning, for example, INTERREG projects which bring together officials from regional authorities in bordering regions of two member states.

As an instrument of development cooperation, twinning has both its advocates (Jones and Blunt 1999; Askvik 1999; Proctor 2000) and its critics (Olowu 2002). It has been a widely-used mechanism for institution-building, in particular by the World Bank, CIDA⁸⁴ and USAID. The World Bank has implemented twinning programmes increasingly across an array of sectors from the early 1980s. A review of these arrangements resulted in a positive assessment of twinning as a delivery method:

The twinning of institutions in developing countries with similar but more mature organizations in other parts of the world has proved to be a very effective way to transfer know-how, train staff, and build management capabilities. Professional relationships between operating entities offer advantages of complementarity and flexibility over time. The entity supplying technical assistance uses its own resources to offer services to its twin, as needed, in the functional areas in which they both work (L. Cooper 1984: iii).

This assessment is shared by Jones and Blunt (1999: 381) who stress that twinning is a distinctive method that has ‘potential advantages over other modes of development co-operation, ... it offers enhanced possibilities for organizational learning and sustainable capacity building’. The twinning of institutions was introduced in Nordic development agencies such as SIDA from the mid-1990s. It became an increasingly popular delivery method in institution-building programmes.

A number of authors stress that twinning arrangements are likely to increase ownership during programme implementation. This is because most of these programmes include higher levels of decentralization than other delivery methods (Askvik 1999; L. Cooper 1984). The twinning exercise therefore had the potential to become an optimal match to the themes of decentralization and deconcentration envisaged within Phare. However, both Jones and Blunt (1999: 399-400) and Cooper (1984: 30-34) also emphasize that the opportunities offered by twinning projects run the risk of being outweighed by operational problems. Lauren Cooper (1984: 1, emphasis in original) offers a comprehensive list of comparisons between the services provided under twinning arrangements and those offered by consultants:

- a. The supplier of TA⁸⁵ has *operating experience* in similar functions.
- b. Twinning provides opportunities to *integrate TA and training*.
- c. There is *flexibility to alter the work programme* over time and the possibility of *very long term cooperation*.
- d. The TA supplier *may lack world-wide experience*.
- e. The supplier *may lack experience in the consulting profession*.

⁸⁴ Canadian International Development Agency.

⁸⁵ TA = Technical Assistance.

The procedural aspects of the programme also proved to be the main obstacle during the introduction of the twinning exercise. One of those interviewed stressed, that this was the main reason why the Commission did not introduce it earlier, because 'every time we tried to get people from the member states involved, we ran into one or the other procedural problem' (Intw17, CEC official, 11 September 2002). The Commission decided to start the implementation of the programme almost immediately and to introduce the procedures in parallel.

François Lamoureux discussed possible procedures with the officials involved in reforming Phare. There was a general conflict emerging between Deputy Director General and several of these officials. Although the group agreed that the long-term secondment of member states' officials would enable significant change in the candidate countries' institutions, there was considerable disagreement regarding the actual modalities. Lamoureux insisted that there should only be one long-term adviser and he should stay for a minimum period of two years in the respective applicant country. As one official stated, 'Lamoureux was strictly against any short-term arrangements in twinning projects. He did not want to finance *administrative tourism*. We on the other hand could see that short-term experts were necessary, because one person would not know every detail required by the applicants' (Intw17, CEC official, 11 September 2002). There were also concerns among the group that this would be interpreted as arrogance by the candidate countries, simply because most of them tended to be more developed in their knowledge of EU legislation but they lacked particularly technical skills to implement it.

2.2 The establishment of the twinning concept

Although the Commission did not intend to base its model of twinning on any of the member states' programmes, it was crucial to know more about them in order to create feasible procedures for the exercise. Thus, parallel to drafting its own concept paper, the Commission distributed a questionnaire to the member states (CEC 1997i). Lamoureux and Day also agreed on the appointment of a task manager, Carolyn Leffler-Roth, who became a key figure during the first years of implementation. She was originally seconded to the Commission by the Swedish government and had been working on similar issues for some time. The questionnaire included the following questions:

1. Bilateral arrangements

- Do you have bilateral agreements with the administrations of one or several candidate countries? If yes which ones?

- What types of financial participation have you adopted? 100%, co-financing or other types of financing agreements?
- 2. Long term secondments**
- Do you provide long term secondments for your officials? If yes what is their status?
 - Do you sponsor or finance other types of organisations, institutions, e.g. professional organisations?
 - Does your mandate cover the possibility for private institutions, trade union organisations, local government/other municipalities and other professional associations to be involved in providing services for long-term secondment?
- 3. Twinning Arrangements**
- Do you have any twinning arrangements? If yes, which ones?
 - Is the recipient state co-financing such arrangements? If no, who is? If yes which?
- 4. Countries and sectors**
- In which sectors do you think your experience would be helpful? Through which types of institutions?
 - Would you envisage sending officials on long-term secondment? Under which conditions stipulated in your laws or regulations (status, financing)?
 - Have you encountered any major obstacles in the candidate countries?

The answers to the questionnaire were then taken in a *tour de table* during the first NCP meeting on 1 December 1997.⁸⁶ In addition, the Commission presented its own concept papers at the meeting. There were several of these documents: one concerning the future role of SIGMA; a paper on the modalities for long-term secondments; and an outline of institutional partnerships under the twinning exercise. The main problems the Commission had to solve was of procedural nature given the specific character of twinings.

A point in favour of the lesson-drawing model is that Lamoureux, from the very beginning, involved experts from outside the Commission. Thus, the second paper distributed in the meeting was drafted by Gilles le Chatelier, a French public administration expert. The paper identified a number of key problems regarding the long-term secondment of national experts. It suggested that the status of the advisers should be the same as those of detached national experts to the Commission. They would be eligible to the same type of daily allowances, removal costs, health care, and school fees (CEC 1997c: 2-3). The paper made neither concrete proposals as to the channelling of funds to the host institutions of the advisers in the member states, nor specified the tendering

⁸⁶ See bibliography for a list of concept papers and other papers distributed at this meeting.

procedure for twinings. It also explicitly avoided the issue of short-term experts (STEs). The lack of tender needed to be addressed fairly urgently because the involvement of the member states' public administrations meant that a completely different tendering procedure was required.

The Commission therefore addressed this issue with the drafting of a framework agreement between itself and the member states. This document was mainly drafted by Carolyn Leffler-Roth in close cooperation with the Financial Unit from DG1A and the hierarchy. It intended the installation of a Technical Assistance Office (TAO), which was supposed to be placed in DG1A. It would have been, in principle, the equivalent of the twinning team in DG Enlargement to date. However, its mandate would have required much larger numbers of officials. The TAO was supposed to identify the needs for institution-building in cooperation with the candidate countries and forward fiches for respective programmes to the member states. It was planned that the terms of reference for these project fiches would have been worked out between the TAO and the relevant ministries in the candidate countries. In response to the fiches, the member states would then be asked to submit CVs of experts to the TAO, which would conduct a screening and then forward them to the requesting country for approval. This was a *very centralized* approach to organising the exercise.

2.3 Reactions of the member states

The first meeting of NCPs was an opportunity for the Commission to test its ideas. It only invited the member states to this meeting in order to focus on the modalities of long-term secondments. There were mixed reactions to the concept paper and the framework agreement which were submitted as supplements to the invitation (*see* Table 17). Austria, Germany, France, Finland and Sweden were generally in favour of long-term secondments. However, the German official pointed out that the project costs including the replacement costs for seconded staff should be fully reimbursed. This was widely shared among the member states, but the French and Greek representatives also explicitly mentioned it as a requirement for their administrations to participate in the twinning exercise. The Greek NCP also declared a preference for projects in Bulgaria and Romania, and mentioned that there were already plans to cooperate in the transport sector with these countries.

The response from Belgium, Denmark, Italy, Luxembourg, Ireland, the Netherlands, Portugal and the United Kingdom was muted. The Irish official, for example, stated that his government would be very interested in participating, but that the 'recent surge in the Irish economy put administrations under particular strain' (CEC 1997g: 6). Similarly, the

Italian and Portuguese representatives questioned whether their administrations would be able to send staff on secondment. The Southern European member states, including Spain, had no prior experience of institutional cooperation and therefore 'were stunned in silence' (Intw30, Carolyn Leffler-Roth, 04 March 2003). It took some time for a number of member states to get used to the particular model of twinning advocated by the Commission.

Long-term secondments	<p><u>Positive reactions</u> A, D, F, FIN, S GR, E (mentioned particular sectors)</p> <p><u>Reserved reactions</u> B, DK, I, LUX, NL, P, UK IRL (mentioned particular sectors, incl. language training)</p>
Preference for other types of exchanges	<p>Involvement of consultants (GR, NL, P, UK) Preference for short-term assistance (DK, UK, S) Traineeships, virtual twinning (A, B, E, DK, S, UK)</p>
Preferences highlighted regarding the procedures	<p>Brain drain (D, DK, UK) Limited absorption capacity (D, UK) Strategy for general civil service reform (UK) Preference for simple management system (D, GR) Full reimbursement of costs and replacement costs (D, F, GR)</p>

Source: Author's compilation.

Table 17: Reactions of the member states to the twinning concept⁸⁷

The British government was concerned about the emphasis on long-term secondments and the focus on vertical administrative capacities. It was argued that the involvement of consultants should not be excluded from the outset, but that the procedures should remain flexible in this respect. It also voiced a preference for short-term twinings rather than long-term arrangements. This view was shared by the Swedish and Danish government representatives. There were also concerns regarding the *brain drain* in CEE administrations and the necessary reforms in their civil services which relate to this problem; a point that is constantly highlighted by evaluators of Phare. An ex-post evaluation, for example, stated that training activities were undermined by group members leaving the institutions before the seminars had finished, thereby 'causing a loss of institutional memory about Structural Fund programming' (PIs Rambøll Management and Eureval-C3e 2003: 144). Germany, Denmark and the United Kingdom therefore

⁸⁷ A = Austria, B = Belgium, D = Germany, DK = Denmark, E = Spain, F = France, Fin = Finland, I = Italy, IRL = Ireland, NL = The Netherlands, S = Sweden, UK = United Kingdom, GR = Greece, LUX = Luxembourg, P = Portugal.

pointed out that the Commission should require CEE institutions to ensure the sustainability of the envisaged projects. Other suggestions included alternative types of exchanges such as traineeships in member states' administrations; study visits and virtual twinning via the internet (*see* Table 17 above). The French representative emphasised that such activities could be incorporated in long-term projects (*see* CEC 1997g: 4).

The meeting with the member states was followed by a meeting with the NCPs of the candidate countries on 3 February 1998. This was used to clarify the progress of the candidates in drawing up the NPAA and the institution-building plan which formed an integral part of this document. François Lamoureux used the opportunity to once more stress that 'the main focus should be on long-term secondments from the member states to the candidate countries and that any other form of transfer of know-how would be subsidiary and in the framework of such twinning arrangements' (CEC 1998g: 7). The Commission also clarified that recourse to expertise would be based on competence regardless of employment status. Thus, member states would also be allowed to send experts from privatised bodies that are involved in implementing the *acquis*. Ahead of the meeting, the French expert Gilles Le Chatelier had already indicated that he had other commitments.

In this context, another argument supporting the lesson-drawing model can be made, because Lamoureux responded to this by requesting the help of the SIGMA services to suggest other experts who would be able to elaborate on the design of the twinning exercise. Instead of turning to his team of in-house officials, he preferred to get someone from the outside involved. The OECD proposed Claude Cornuau, who had been working for various international aid agencies, including the World Bank, USAID⁸⁸ and Adetef, the office responsible for institutional cooperation of the French Ministry of Economy and Finance. His record on institution-building incorporated the creation of a twinning initiatives in Vietnam and Cambodia for USAID, and various relevant positions in Eastern Europe. It is important to stress that he was not sent by the French government, but contracted by SIGMA and seconded to the Commission. After two weeks in Brussels, Cornuau submitted concrete proposals on the introduction of an effective implementation system. Lamoureux decided that his dossier made a valuable contribution and asked him to follow the implementation of twinning for two years.

⁸⁸ USAID is the government agency providing US economic and humanitarian assistance worldwide for more than 40 years.

As mentioned above, the concept of twinning between public administrations was in not a completely new idea. In 1991, Rice (1991: 21), a World Bank official, had already pointed out that '*twinning* arrangements, whereby a public or private Eastern European institution is paired with a foreign analogue, have begun on a limited and ad-hoc basis'. Similar arrangements to those the Commission intended to introduce had already been operational between Eastern European securities regulators and US officials. In his assessment of such arrangements, Rice (1991: 21, emphasis in original) stressed that

... they are used to facilitate many types of technical assistance, exchanges, and training, across a wide array of institutions. Some respondents believe that a major expansion of *government institutional twinning* would decentralize institutional development assistance and might help speed its implementation.

The involvement of Claude Cornuau in the formulation of the twinning exercise served several purposes. Firstly, the Commission wanted to make use of his expertise in the area of institutional cooperation. Secondly, it recognized that other institutions had more experience with twinning. Finally, Lamoureux realized that the involvement of an expert from outside the Commission would help to challenge internal path dependencies. As one official noted, 'we knew very little about TRANSFORM or similar twinning programmes and therefore recruited outside expertise' (Intw28, CEC official, 24 September 2002).

3 Explaining the design of implementation procedures

The Commission started to prepare for the first joint meeting with the NCPs from the member states and the candidate countries. As part of the preparation, Cornuau was asked to draft a new concept paper on the twinning exercise. There was a clear shift in emphasis emanating from this paper. It introduced the concept of *guaranteed results*. These were an expression of the goal to enable each candidate country to develop 'an efficient and operational organisational structure which will enable it to fulfil its Community obligations in all security' (CEC 1998e: 1). The idea was to 'build up a system which is based upon an effective commitment of the candidate countries' (Intw41, Claude Cornuau, 20 March 2003). This proposal was also in line with the findings of the interim evaluation, which had criticised the 'lack of commitment devices in Phare programmes themselves, through financial, political and other forms of conditionality' (CEC 1997h: 64).

3.1 Introducing the implementation procedures

The involvement of the consultant was also instrumental in convincing the hierarchy of the need to combine long-term secondments with short-term expertise. Cornuau provided

François Lamoureux with an example that changed his mind. There was no VAT system in Slovenia at the time. Thus, Cornuau argued that in order to introduce a functioning system in the candidate county, a lawyer would be needed for 3 months to draft the necessary legislation. However, once the law would have been written, his job would be done. The next step would be to draft accountancy rules which would apply to business accounts and invoicing. This then needed to be monitored by an appropriate organisation of the fiscal services and of the public treasury. However, the introduction of a VAT system also required the installation of new software systems and the training of personnel. Finally, these changes needed to be communicated to the public. The example simplified what the remaining officials probably said in more difficult words. It would be impossible for a single individual to give advice on the necessary changes to create the systems needed in the candidate countries.

Afterwards, Lamoureux agreed to the inclusion of STEs in twinning operations and the VAT example found its way into a revised version of the concept paper (CEC 1998f: 2). It was harder for the external expert to convince the Deputy Director General to shorten the minimum period of twinings. A compromise was therefore reached and the minimum recruitment time for PAAs⁸⁹ was set at 12 months. This condition was introduced with the twinning manual, which the Commission began to develop parallel to the implementation process. However, the concept paper clarified that the individuals taking this position should be 'actual practitioners in their field, familiar both with its general principles as well as its practical problems, and *capable of abstracting from their own context in order to assist the CC to create its own system*' (CEC 1998f: 4, emphasis added).

The Commission's approach to twinning was therefore in line with the findings of Chapter 4. It intended to enable the combination of innovation and existing institutional models from the member states. It is therefore puzzling that Tulmets (2005b: 673, emphasis added), an excellent observer of the twinning exercise, concludes in her study on several twinning projects in Estonia that

there is no 'pure and simple' transfer of institutional models: when these transfers were not simply rejected by officials, one may notice phenomena of muddling through and of institutional hybridisation, which can be explained best by individual as well as structural reasons. *In this sense, twinning is not necessarily a success in the way the Commission understands it.*

⁸⁹ Pre-Accession Advisors.

In contrast, it can be argued that hybrids coupled with innovation were precisely what the Commission had in mind during the formulation of the twinning exercise. This can also be shown by an explanation of the remaining twinning procedures.

3.2 The selection of twinning partners

The Commission highlighted the importance of innovative solutions in many NCP meetings and the twinning manual (CEC 1998n: 4). In order to ensure that ownership of the projects would lie in the candidates' administrations, Leffler-Roth and Cornuau decided that the selection of twinning partners would be made by the candidates themselves. The 1998 twinning manual, which became the rulebook for the exercise, stressed that candidates are free to 'forge ties with the Member State(s) whose systems best suit its own culture, organisation and national interest' (CEC 1998n: 25). It also expressed explicitly that candidate countries should adopt a *varied approach* in order to 'prevent the blanket duplication of a Member State's system in an applicant country' (CEC 1998n: 25).

The twinning exercise also actively supported the idea of competition for projects between the member states. Starting with the implementation of the exercise in 1998, the Commission asked the member states to present proposals in response to project fiches drafted by the candidates with support of the Commission's delegations. These proposals and a presentation by the member states' experts in the respective partner institution built the basis for the selection of suitable partners. In the twinning manual, the Commission stressed that it would 'work with the CC to try to ensure that these fiches are as detailed as possible in order to assist the MS in properly defining their proposals' (CEC 1998n: 21). It also noted that 'simple expressions of interest will not be considered eligible. The offers made by the MS are expected to show a certain degree of preparation' (CEC 1998n: 21).

The candidates were also allowed to choose experts from more than one member state. As a result, member states' administrations acted either as project leader when their PAA was selected during the presentation in the candidate countries or alternatively there was a chance for them to get involved as junior partners. The latter would usually send STEs. However, quite a large number of programmes were also implemented with more than one long-term adviser. The concept paper explicitly stated that 'the presence in the same team of specialists from several MSs can be a *healthy stimulus in the search for original solutions tailored to the particular CC*' (CEC 1998f: 9). This statement is another indication that the Commission wanted to enable the candidates to combine innovation with hybridisation of institutional models from the member states.

The next issue emerging from the discussions in DG1A was the fact that the secondment of PAAs and STEs would be more successful if higher level officials could get involved in the implementation of the projects. This issue was addressed by arrangements made through the framework agreement between each of the member states and the Commission. Claude Cornuau proposed that the twinning of administrations would be the best way to circumvent legal problems involved in bilateral cooperation. The partner institutions would be represented by the Head of the Administrations who would sign the *twinning covenant*, i.e. the document that laid out the commitments of the partners and the work plan for a particular project. The candidates and the member states would also each appoint a project leader. These higher level echelons would support the implementation of the project from their home countries and meet monthly in the project steering committee. The remaining signatories of the twinning covenant were the CFCU and the Commission's Delegation in the respective candidate country.

The framework agreements complemented the twinning covenants by making the necessary modalities for the funding of twinning programmes. Although the financial responsibility of the projects rested with the CFCUs in the candidate countries, these legal documents were necessary to specify a number of conditions for the involvement of PAAs and STEs in twinning projects. In this context, Claude Cornuau stressed the following:

The problem was that Lamoureux accepted to amend his original idea, but we had to obtain a lot of change in the way the Phare programme was working. It took us, at the first stage, one and half years to solve the most important problems. We knew that from the very first day, but time was pressing and therefore we had to improve the system while implementation went along. The political context demanded of us to do it that way (Intw 60, Claude Cornuau, 20 March 2003).

There was considerable resistance against these proposals within the Commission. The majority of officials were still used to the making of commitments to means rather than results. Claude Cornuau's notion of *guaranteed results* was therefore not very well received, in particular by officials involved in the introduction of the SCR and AIDCO. The problem was largely a transfer of power from the Commission and its delegations to project implementation staff in the candidate countries. The objective of the proposals made by the consultant was that all partners involved in twinning would commit to the results of the project; outline a detailed work plan before implementation started; but they would also remain flexible in reallocating means within the budget to achieve the *guaranteed results*. The expert noted, 'people came to the Commission and asked "Please can we organise a workshop, please can we do this...". I replied: Now, the problem is not to check the means, but to check the results. It was problematic for most officials' (Intw 60, Claude Cornuau, 20 March 2003). Since François Lamoureux and Catherine Day

supported the consultant throughout the introduction of the procedures, it became possible to overcome such problems.

There were also a lot of procedural questions that delayed the actual implementation of the programme. In order to resolve these problems, Claude Cornuau travelled to the member states and the candidate countries (see Table 19 below). The staff of the British Know-How Fund, which was situated in DfID, for example, argued that the per diem rates set by the Commission both for PAAs and STEs were too low. Their argument was that a good portion of the British administration had been outsourced and therefore salaries were higher than in continental Europe. Cornuau responded to this issue by clarifying that twinings would take place at the working level. In an interview, he stressed that 'they were asking for €1.500 a day. I told them that I do not need Mr. Schumacher to run a private taxi. They also proposed two former Secretaries of State'. (Intw41, Claude Cornuau, 20 March 2003). This was an indication that the British government had a problem with the concept of twinning proposed by the DG1A. However, such problems led to a delay in implementing twinning projects until the mid of June 1999, when the first PAA left France to take up her new position in Poland.

The Commission had already agreed to compensate the member states at a level of 106 percent for the secondment of PAAs. The 6 percent were an allowance that would be paid out for replacement costs. The advisers themselves were also reimbursed through an allowance that covered housing, health and accident insurance, school fees, travel and removal costs. In order to ensure the legal character of these agreements, the details of the financial arrangements were separately agreed with each of the member states in the framework agreements. The twinning manual also made an arrangement for the reimbursement for STEs and project leaders at three different rates. An actual allocation would be based on the days spent in the candidate countries: Class 1 expert - €250 per day; Class 2 senior expert - €350 per day; and class 3 special counsellor - €450 per day. In this context, another point in favour of the lesson-drawing model is that Claude Cornuau took about two years to introduce a procedure that would allow the Commission to reimburse the member states for project preparation costs. There was nobody else that was pushing for this particular procedure. As one official noted, 'Claude was completely alone with this, until the assessment report on twinning was published in 2000' (Intw60, CEC official, 10 November 2003).

The background of this procedure was twofold. Firstly, one of the main problems in the countries that were actually in favour of the twinning exercise was the lack of expertise in implementing administrative cooperation. Since twinning leads to the reallocation of budgetary envelopes within an administration, the member states needed bodies like

Adetef in France or GTZ in Germany that were able to contract within the framework of the projects. These structures needed some autonomy in law and had to be able to 'move budgetary allocations from something to something else' (Intw41, Claude Cornuau, 20 March 2003). Italy had to introduce two laws to initiate these institutions. The Commission, however, was also bound by its rules of Sound and Efficient Management. It therefore needed to ensure efficient monitoring and evaluation of the projects as well. Thus, the compensation for the preparation costs enabled the member states to invest in necessary resources. The consultant also indicated that he was 'familiar with these types of problems, because they usually occur in twinning arrangements' (Intw41, Claude Cornuau, 20 March 2003).

In order to enable the member states to engage in twinning projects in spite of these procedural issues, the Commission also asked the member states to develop a detailed work plan in cooperation with their counterparts in the candidate countries. This would become an integral part of the twinning covenant which would also include concrete benchmarks, timeframes as well as duration and risk analysis. These procedures would ensure the achievement of the *guaranteed results* which would have to be specified in each covenant in relation to the APs and the NPAs. However, the preparation of these work plans would create costs for the member states which were not part of project implementation. Thus, Cornuau decided that there should be some sort of reimbursement for the preparation of twinning proposals. He emphasized the following, 'it took me a lot of time to get the Commission to commit to a system of early reimbursement. The Commission said you cannot pay the administrations for preparing the covenant. EuropeAid did everything to block it' (Intw41, Claude Cornuau, 20 March 2003).

In addition, DG1A agreed on a proposal by Cornuau which earmarked a flatrate compensation for any costs that were incurred outside the candidate countries during the implementation of the project. This included, for example, preparation or follow-up of member states' missions to the candidates' institutions. The flatrate was set at a level of 150 percent of the actual per diems rates for work in the candidate countries. Its introduction was largely inspired by the intervention of the member states. Many member states had requested this change when Cornuau visited them to discuss procedures that could simplify implementation. The member states were quite clear about this particular point in their communications with the Commission and made it a requirement for their participation. Germany had been pressing for a full compensation of all costs deriving from twinning projects. However, it was Cornuau who came up with the concrete proposal to introduce a flatrate to compensate for these costs. The objective of this was to

'add further flexibility to the member states' operations during the implementation of twinning' (Intw41, Claude Cornuau, 20 March 2003).

The financial proposals for twinning projects were then approved by the Commission's Steering Committee which usually met once a month in the candidate countries. This committee was chaired by DG Enlargement and included representatives from the relevant services such as the Commission's Delegation and line DGs. The decisions taken at the Steering Committee were based on a review of the respective twinning covenants and could take on several forms (CEC 2002c: 29):

- I. agree to finance the project as presented, either
 - (i) unconditional approval, or
 - (ii) conditional approval;
- II. request that the twins undertake further amendments or clarifications, either by
 - (iii) written procedure, or
 - (iv) full debate;
- III. reject the proposal as it stands and request a full reworking.

The Steering Committee enabled the Commission to exert considerable influence on the drafting of twinning covenants. It allowed the relevant services to become involved in project design. However, the power to terminate PAA secondments or the whole twinning project was only given to the project partners themselves (CEC 2002c: 63). This latter point indicates that cooperation was valued higher than enforcement of the conditions specified in the twinning covenants.

As part of the drafting of the twinning manual, the Commission also started to provide templates for all steps in the implementation process:

1. the framework agreement,
2. the *project fiches* that were prepared by the candidate countries and the Commission services,
3. the proposals by the member states,
4. the twinning covenant,
5. the quarterly reports by the PAAs,
6. the final reports by the PAAs.

These templates helped steering the implementation of twinning projects and the manual provided the rulebook as well as the necessary guidance on the instrument. In addition, the Commission made use of a number of other documents to guide the programming of twinning projects. The Phare Programming Guide, for example, gave detailed explanations of the logframe matrix approach that was also applied to twinning projects (see Annex 15, CEC 2001i). The Commission also annexed examples of completed

twinning covenants to the packs distributed at the subsequent NCP-meetings. In addition, Claude Cornuau was given the opportunity to present his concept at three different meetings with the NCPs in 1998. He stressed at the meeting on 7 May 1998 that PAAs were 'providing services and are not involved in neo-colonialism' (CEC 1998k). In order to obtain an impression of the problems occurring during implementation, he continued to tour the capitals of CEE and the member states.

Main steps in Twinning	Main responsibilities in Twinning						
	CC Partner	MS Partner	Delegation	CFCU	HQ Twinning Team	HQ Geographical Team	HQ Line DG
01. Programming	X		X		•	X	X
02. Circulation of fiches, reception of offers, dispatch to Delegations					X		
03. Dispatch of offers to beneficiaries, organisation and management of selection meetings			X				
04. Selection of partners	X						
05. Communication of selection to HQ			X				
06. Communication of selection to MS					X		
07. Drafting of Covenant	X	X					
08. First assessment of covenant and presentation to Steering Committee			X				
09. Final approval of covenant budget			X	X			
10. Management of Steering Committee: Reception of covenants, dispatch to geographical team/line DG, organisation of meetings, dispatch of decisions, minutes					X		
9. Final assessment of covenant, drafting of decision, presentation to Committee						X	Opinion
10. Verification of compliance with Steering Committee conditions, endorsement of covenant, notification of financing decision			X	X			
11. Implementation, reporting				X			
12. Payments			X				
13. Monitoring			X			For info	For info
14. Approval of compliance with final guaranteed result			X				
15. Approval of final invoice and payment				X Subject to 15			

* Work shared between Phare Unit and Twinning Team.

Abbreviations

CC	Candidate Country
MS	Member State
CFCU	Central financing and contracting unit of CC
HQ	Headquarters

Source: European Court of Auditors 2003, Annex 1 – p. 4.

Table 18: Main steps and responsibilities in Twinning

The implementation of twinning project would therefore involve a large number of actors within the Commission, its Delegations, the member states and the candidate countries (see Table 19 above). In order to programme twinning projects, the Commission involved four different internal units stretching over the Delegations in the candidate countries, relevant line DGs and two units within DG1A/DG Enlargement. In addition, it had to coordinate the drafting of project fiches with the candidates. In practice, programming

was therefore mainly conducted by the candidates with the support of the Delegations. In a second step, the Commission HQ conducted a quality check parallel in all three units involved. The candidates were asked to submit more fiches than would actually be implemented in a programming year. In case particular projects lacked quality, the Commission could therefore choose to finance alternative fiches.

Following the selection procedure described by points 2-6 in Table 19, the drafting of the covenant had to be coordinated between the twinning partners, the administrations in the member states and the candidate countries that were twinned. There were significant delays in the drafting of the covenants, which led to many criticisms by external evaluators and member states alike (European Court of Auditors 2003b: 45; Birker *et al.* 2000: 5; EMS 2004b: 49; OMAS 2001a: 18). This is followed by the approval of the covenant which could lead to further delays. The Commission started to communicate exact deadlines for the submission of covenants and their approval by the Commission Steering Committee. The revised twinning manual concluded that 'projects can become operational within 6 months of selection notification' (CEC 2002c: 26). Due to the decisions taken from 1998 to 1999, the basic features of a twinning project therefore included the following: the minimum duration of 12 months, the PAAs, Project Leaders from the member states and candidate countries, a package of short-term missions and training, as well as a covenanting phase. In this phase, the joint objectives of the programmes were defined by the member states and the candidates' partner institutions.

In addition, project implementation was accompanied by substantial monitoring and evaluation. The procedures agreed with respect to this aspect of the programme were fully in line with the reform of the Commission's external services (see Neill Nugent and Saurugger 2002; CEC 2001a: 14-16; 1999g: 25; 2000d). They gave substantial responsibilities to the Commission's Delegations in the candidate countries.

3.3 Reformulating the twinning procedures

The member states started to voice concerns regarding the overall direction which the design of the exercise had taken. At an NCP meeting in Brussels, the Danish NCP, for example, questioned the *very heavy twinning procedures*, one aspect being the requirement for a long-term PAA (CEC 1999e: 1). In some respect, the Commission invited these criticisms. While it had used previous meetings to introduce the procedures worked out within DG1A, it addressed issues deriving from the first implementation rounds in the NCP meeting on 25 June 1999. It invited the member states to submit non-papers for this first reflection on twinning. This could be seen as an element of

deliberative supranationalism during the introduction of the twinning exercise. The meeting, however, also had to resolve a more serious problem.

In 1999, the first PAAs started to take up their work in the candidate countries. However, the Commission had not approved the CFCUs in all of the beneficiary states. In addition, the budgetary authority had not approved enough paying credits and therefore the Commission had to ask the member states to pre-finance projects until the autumn of that year (CEC 2002c: 2). The member states, however, were pleased: as it was agreed to introduce the flatrate compensation for working days spent in their administrations. This significantly simplified the calculation of management costs. The Commission also presented statistics of the first implementation rounds in order to give an overview of the development of the selection procedure. It ensured the member states that a review of the twinning mechanism would be undertaken. The member states would become an important part of this assessment. However, the non-papers by the member states were not discussed in greater detail, partly because not all of them had arrived in time.

The non-paper drafted by French NCP, Jacques Fanouillaire, expressed concern about the *excessive rigidity*⁹⁰ of the implementation procedures. It presented a positive assessment of the twinning mechanism. However, it demanded more flexibility during its implementation, in particular concerning amendments to the twinning covenant. It also asked to speed up implementation through a simplification of the selection procedure and expressed concern regarding the provisions made for language support during implementation. The German non-paper highlighted the need to introduce more transparency in the selection process and to streamline projects through limiting the number of participants (*see also* Table 17 above).

The latter was a suggestion that was shared by the Commission because there were now projects on the ground that built consortia consisting of five member states. A particularly good example of this problem was the twinning project *PL98/IB-OT-01 – Preparation for Structural Funds in Poland (Phase 1 and 2)* which involved the United Kingdom as the project leader as well as Germany, France, Ireland, Finland and Denmark as junior partners. It set the objective to ‘enhance Poland’s capacity to implement European Structural Fund programmes and the co-financing of large projects under the Cohesion Fund’ (CEC 1998m: 1). The components of the project were fragmented into six parts which were to be implemented by each of the twinning partners. It became clear, however, that the objectives set in the twinning covenant were over-ambitious and

⁹⁰ Author’s translation.

therefore a modest approach was necessary. François Lamoureux therefore decided that not more than two junior partners should be involved in the implementation of twinning.

The reactions voiced in the non-paper by Denmark were quite sharp. It stressed that it objected to the approach taken for the selection of twinning partners, 'institutions are treated as if they were commercial bidders and not government delegations offering their services.'⁹¹ This criticism was also made frequently by British civil servants during interviews. One official stated, 'I think competitive bidding for programmes is the completely wrong focus within an accession programme' (Intw10, British official, 13 May 2002). The Swedish government took a much more positive approach in its contribution to the debate. It expressed its full support for the implementation of twinning, highlighted positive developments and possible improvements. It also suggested abolishing the 12 months requirement that had been set for PAAs. The paper stressed that the provision of suitable experts in the future would be easier under a more flexible arrangement.

In 2000, the Commission recruited four independent consultants in order to draft an assessment report on twinning. This report became instrumental in the introduction of shorter-term actions under the heading of *Twinning Light*. The report concluded that twinning is 'a highly valued mechanism to support CC progress towards meeting the requirements of the various *acquis*'. (Birker *et al.* 2000: 3). It also recognized that the overly bureaucratic nature of the administrative procedures was addressed after the 1998 round of twinning; 'flexibility has been enhanced and delegation of decision-making has been increased' (Birker *et al.* 2000: 4). However, it named three threats that could have impaired the implementation of the programme: the *lack of absorption capacity* in the candidate countries; the lack of progress made by the applicants on *horizontal public administration reform*; and lastly, the capacity of the member states to provide *adequate, high-quality human resources*.

The assessment suggested that the 'absolute requirement for a full-time presence in the CC could be relaxed' (Birker *et al.* 2000: 4). This proposal was noted up by the officials who initiated a number of changes to the pre-accession strategy through the *Phare 2000 Review*. The review referred directly to evaluation and concluded the following:

Short-term institution building needs of up to two weeks are addressed by the TAIEX instrument. Longer-term needs of up to 24 months are addressed by twinning through inter alia the provision of civil servants on long term secondment from member state administrations to counterpart administrations in the applicant countries. However, to

⁹¹ File retrieved from the twinning archive. The document carries no date or title.

address those Accession Partnership priorities that lie between these two extremes, projects providing medium term twinning (twinning “light”) will be introduced in 2001 Phare programmes.

In the revised twinning manual, the Commission specified the procedures of *Twinning Light* and clarified that it would exclusively be utilised for subjects of *limited scope*. The Commission gave the creation of an Insurance Supervisory Authority or Roads Inspectorate as examples (CEC 2002c: Annex A, pg. 1). The main difference in the procedures was that the project fiches would be submitted directly to the Commission Delegations. In case the Delegation approved of a particular project, it would then contact the Country Unit within DG Enlargement with a copy to the twinning team for financial approval. The selection and preparation procedures were also considerably simplified. However, the bidding between the member states would still take place, but it would exclude the experts’ presentation in the candidate countries.

The *Phare 2000 Review* also introduced a new requirement for twinning projects. These needed to be included in the FMs from the year 2001, whereas before that time, they were excluded from this document. However, in 2002, the Commission also relaxed the 12 month requirement for PAAs considerably. In its *2002 Phare Programming Guide*, it stated the following:

As we approach finalisation of negotiations in some countries, the joint preparation of a work schedule in particular and all the other features of standard Twinning may still be necessary, but there may be exceptional cases where the presence of the PAA could be reduced; e.g. permanent presence of a PAA at the beginning, for a period of perhaps 4 to 6 months to kick-start the project, followed up by a monthly repeat visit of up to maybe a week by the same expert to ensure that the momentum is maintained (CEC 2002b: 31).

The introduction of twinning light in 2001 and the relaxation of the 12 months requirement in 2002 were significant steps towards the recommendations of the member states, but also a response to the evaluators’ findings of twinning.

The changes introduced to the twinning procedures from 2000 to 2002 show that both the member states and evaluations had a significant impact on the elaboration of the implementation procedures. These changes, however, were not the result of a problem-oriented deliberation or the transfer of an existing model of implementation from the member states. As a result, both alternative explanation 3 and 4 appear to provide limited information on how the twinning procedures were introduced and how they changed over time. However, it has to be acknowledged that the changes were inspired by ongoing evaluations of the effectiveness of twinning during implementation.

The type of information deriving from these evaluations appeared to tie in with the lessons drawn from Cornuau’s experience in development cooperation and the demands

of the member states. In addition, neither the archive documents retrieved nor the interviews conducted suggested that the German government was heavily involved in formulating procedures or in fact suggested them. In contrast, the findings consistently pointed to a rather rational way of safeguarding the twinning concept established by the Commission. Thus, changes to the core components of this concept such as the long-term secondment of PAAs were only allowed towards the very end of the accession process.

4 Conclusion

The creation of procedures for the implementation of the twinning exercise was largely facilitated by *lesson-drawing*. This can be highlighted by a short summary of the findings presented in this chapter and a direct evaluation of the plausible rival hypothesis outlined in Chapter 4 (see Table 19 below). The formulation of the twinning exercise was mainly driven by the establishment of the twinning concept and its implementation procedures. In order to assess the plausible rival hypotheses specified for the internal governance stage of decision-making, this section explains each of the relevant steps taken during the reform process. It also highlights factors that played a significant role but lie outside the four models outlined in Chapter 4.

Firstly, the focus of the Commission on vertical administrative capacities in the candidate countries can be largely explained by the political context of the reforms in these countries. There are no provisions in the *acquis communautaire* that allow the Commission to directly influence the setup of its members' administrations. Thus, the introduction of an instrument that targets horizontal administration reform would be seen as particularly controversial, unless it operates solely by the delivery of advice such as the SIGMA programme. In addition, the Commission could also see that it would be difficult to deliver on any promises made with respect to general administrative capacity or civil service reform, since these were largely driven by the internal politics of the candidate countries themselves. These were matters of the candidates' core sovereignty, which they would be entitled to sustain even after membership. It did therefore resort to demand that 'the EU needs to develop with the Member States and other donors a stronger collective voice so that candidate countries' commitment to better public administration can be fostered and built on' (CEC 2000i: 10).

The idea for twinning derived largely from the experience of François Lamoureux, the Deputy Director General of DG1A. This chapter has highlighted that the involvement of the management level in DG1A was crucial during the introduction of twinning. The Commissioner was kept informed of the plans, but the internal process within DG1A was

largely driven by the reform concept that was formed between the group of officials working with François Lamoureux and Catherine Day. Since twinning was an established delivery method in development cooperation and a strong functional case for its application in the accession process could be made, Lamoureux adopted the concept that had already been voiced at the Strasbourg European Council in 1989. This idea was also present throughout the implementation of Phare and in the Group of 24 since the early 1990s. Phare Co-ordinators in the Commission and its Delegations constantly pressed consultants to recruit civil servants for institution-building projects, in particular following the 1994 Essen European Council.

Twinning was also promoted as a successful delivery method by the *Phare Interim Evaluation*. However, when the actual formulation of the twinning exercise was envisaged, Lamoureux spent only a short time to establish a basic concept with his in-house team. He turned relatively quickly to outside expertise because he could see that the available information was insufficient. The knowledge about this type of bilateral cooperation accumulated in DG1A lacked precision and experience. The recruitment of Cornuau made a connection to similar programmes implemented in the World Bank and USAID. He had been involved in operations of these institutions for almost all his career which terminated after his time at DG1A. In addition, this became a unique solution to the problem that the Commission faced during the introduction of the twinning procedures. These were mainly related to the culture that had developed during programme implementation in the 1990s. This point was also criticised in the *Phare Interim Evaluation*.

The implementation of Phare was driven by concerns regarding the eligibility of the means rather than results. Commission staff was mainly involved in checking and controlling programme implementation by signing against the use of certain means. Phare programmes generally lacked concrete objectives specified by measurable indicators. As a result, a programme was deemed successful if the money was spent on time and on the right type of actions. The involvement of Cornuau led to a direct challenge of this culture. He faced the staff in the Commission's Headquarters as much as in the Delegations and introduced the category of *guaranteed results*. This was an expression of the commitment to results rather than means. His involvement was also necessary to convince Lamoureux of the fact that the long-term secondment of member states' officials to the candidate countries needed to be complemented with short-term expertise by relevant staff from one or more countries. Lamoureux had received similar feedback from the member states and his in-house team. However, the examples given by the consultant finally convinced him; they tipped the scales in favour of short-term measures within twinning.

	Element of the reform	Mode of governance
Objectives	3. Focus on <i>vertical</i> administrative capacity	<i>political context</i> , evidence-based policy-making,
	4. Idea for twinning	lesson-drawing 6 & functional concerns
Procedures	1. Long-term secondment of at least 12 months	<i>lesson-drawing</i> , intergovernmental bargaining
	2. Short-term experts	<i>lesson-drawing</i> , intergovernmental bargaining
	3. Bidding process (proposals, presentations and selection)	<i>lesson-drawing & innovation</i>
	4. Covenant ("Guaranteed Results", benchmarks, timeframes, duration & risk analysis)	<i>lesson-drawing & innovation</i> , evidence-based policy-making (<i>path dependence</i>)
	5. Project Steering committee, Project leaders	<i>lesson-drawing</i> , evidence-based policy-making
	6. Flatrate for proposal preparation	lesson-drawing, intergovernmental bargaining
	7. Introduction of twinning light (as a result of the <i>Phare 2000 Review</i>)	evidence-based policy-making, intergovernmental bargaining

Source: Author's compilation.

Table 19: The formulation of twinning procedures and modes of governance

This opened up the opportunity not only to include STEs in the implementation of twinning, but also to send candidates' staff on internships to the member states or to arrange study visits within the framework of a twinning project. In addition, the positive effects of the involvement of high-level officials during implementation were already highlighted in the *Phare Interim Evaluation* (CEC 1997h: 59). However, the systematic involvement of this type of officials derived from the concept paper that Claude Cornuau had drafted in close cooperation with the Commission's staff. These were to be included in the projects as Project Leaders in the twinned institutions of the member state and the candidate country in question. It has to be stressed that there was little time to coordinate on these types of procedural questions. It can be deduced from the timescales between the output of internal documents, and the NCP meetings where they were presented, that Cornuau must have discussed most issues directly with Leffler-Roth, Day and Lamoureux. There was often only a period of 4-6 weeks time between meetings to discuss the procedures. Most interviewees involved in the reform also clarified that it was a very small group of people that dealt with twinning (Intw17, 28, 30 and 32, CEC officials). Other units within DG1A became involved particularly when financial issues were discussed. However, these did not dominate the establishment of the overall concept of twinning that the Commission elaborated from January 1998.

After consulting the member states in the NCP-meetings, the Commission commenced to shape the twinning procedures. While the first round of implementation was based on the basic set of rules established at the first meeting, the second round, which was also

programmed in 1998, was already driven by the model introduced in the concept paper. This fact can be established by the archival documents retrieved in DG Enlargement. These confirm that the Commission was still involved in selecting twinning partners during the first round, but not anymore in the second implementation round. The main problems related to defining a tendering procedure that would suit the particularities of twinning. In this context, Claude Cornuau stressed that the commitment to results should be combined with a *detailed work plan* and a *lot of flexibility* during implementation. His concern was that member states would openly commit to a project without having thought through the necessary steps of implementation.

This fear was based on Cornuau's experience in Vietnam, where he implemented a twinning project as programme manager for USAID. Although the US aid agency promised him beforehand that they had the right twinning partners, they sent a single individual whose sole practical experience was based on teaching accountancy law at an American university. Cornuau was adamant that this type of mistake would not be repeated in the EU's twinning programmes. As a result, the member states' proposals had to include the CVs of the experts that they wanted to send to the candidate countries. However, he was equally concerned about the tight controls of the Commission during implementation. It quickly became clear to Cornuau that the arrangements made for implementation under Phare were counterproductive for the performance of the programme. Thus, he placed enormous emphasis on flexibility during implementation and in particular on the reallocation of financial means within pre-specified budget lines. In practice, this led, for example, to procedures whereby PAAs only had to notify the Delegation if they reallocated budgetary allocations from a study visit to a conference. It was within the discretion of the implementation staff to rearrange allocations where necessary.

The next step in the selection procedure was the choice of the twinning partner(s). For this purpose, the proposals of the member states would then be evaluated by the candidates themselves. This point was relatively quickly agreed between Claude Cornuau and Leffler-Roth. There was considerable concern that the candidates would not support the implementation of twinning projects sufficiently. It was therefore necessary to leave the selection of partner to them and thereby create ownership of the programme in the candidate countries' administrations. The details of the selection procedure were formulated by Claude Cornuau, Leffler-Roth and the management level. At times, this also included Heads of Units or Directors as soon as plans became more concrete. The NCP meetings with the member states were used to introduce the new procedures. The important point to make is that Claude Cornuau travelled across Europe in order to

acquire further information regarding the problems during implementation. However, this was not solely an information gathering exercise. The consultant also started to take the member states side on a number of procedural questions, for example, the compensation for preparation costs and costs incurred outside the candidate countries.

There was a general concern that the supply of adequate PAAs by the member states would break up after a few years. The Commission was therefore also willing to make concessions on a number of points. However, these changes were not guided by the objective to find appropriate or legitimate solutions, but rather member states made subtle threats that their administrations would not be able to send advisers without special arrangements. In addition, there was only real change where the management level supported Cornuau in the internal debates with AIDCO. Implementation procedures for Phare were subject to inter-service consultation. DG1A could not escape these discussions. It has to be stressed though that it was in an excellent position to generate change, since the publication of Agenda 2000 and the Opinions opened a unique window of opportunity. The enlargement of the EU had become one of the main priorities of the Community in 1998. At no time did the concessions made within the Commission or to the member states compromise the core twinning concept developed between the officials in DG1A.

Evaluation of the alternative hypothesis

This chapter has demonstrated that lesson-drawing is the only mode of governance that can explain all procedural aspects of the twinning exercise (*see* Table 19 above). Although, other factors were of considerable importance during the introduction of twinning, in particular interventions by the member states and evaluations of Phare, it was the involvement of an external expert that shaped the formulation of the procedures and the concept of twinning most. This chapter therefore concludes that the following alternative hypothesis describes the formulation of the twinning exercise best:

H1b: The Commission, due to its ability to draw lessons from the experience of other aid donors, has been crucial in creating the twinning exercise by determining its objectives, procedures and content.

The independent variables enshrined in the remaining hypotheses also played an important role during the introduction of twinning into Phare. However, none of them was present throughout this process (*see* Table 19 above). The Commission in particular started to utilise evidence-based policy-making after the contract of Claude Cornuau expired in 2000. This led to the introduction of shorter term twinning projects under the heading of *Twinning Light*. It also led to a relaxation of the 12 months requirement of PAAs. However, the latter change has to be seen in the context of the closing of accession

negotiations. It also has to be stressed that these changes were introduced after François Lamoureux had moved on to DG Transport and Catherine Day to DG Environment. The evaluation of Phare therefore clearly gave impulses to the introduction of twinning and often the innovative elements of twinning benefited from both the experience of Cornuau in bilateral cooperation and the Commission's resources in policy assessment.

It may therefore be appropriate to not see hypotheses H1a and H1b as exclusive answers to the questions posed regarding the internal governance stage of decision-making. In contrast, a synthesis of these models can account for the majority of procedural changes introduced to make the twinning exercise work. Although Cornuau acted as the main agent of transfer during the introduction of twinning, internal assessments and the Commission's staff had a significant impact on the procedures. This is in particular true for the management level in DGIA. However, the twinning concept, which is based on the long-term secondment of PAAs, short-term experts, guaranteed results and measurable benchmarks, derives largely from his experience with twinning operations of USAID and the World Bank.

Hypothesis H1c on intergovernmental bargaining can explain some of the concessions made to the member states during the formulation of the procedures. However, many of these changes would not have been introduced without the support of Claude Cornuau. This can also be highlighted on the basis of a small excursus on the introduction of twinning into the CARDS programme. The objective of the introduction of twinning into this aid programme was to enable the countries of the Western Balkans, who are partly applicant countries already, to develop the administrative capacities to implement Community legislation. However, since CARDS is implemented by DG EuropeAid, the flatrate for compensation of costs that occur outside the beneficiary countries was abolished for these operations. This rule applies only for twinning projects in the Western Balkans, but the member states were irritated about this particular decision. Nevertheless, the officials in EuropeAid proceeded with this procedural change. Later, when twinning was introduced into MEDA, the Community's aid programme for Mediterranean countries, AIDCO went along with its original decision. As a result, the joint manual on twinning drafted by DG Enlargement and DG Aidco had to refer to different procedures for the same delivery method.

This shows that administrative culture within an institution is difficult to change from the outside. However, changes can be achieved from inside the institution, in particular when the agents involved supported at the management level within the respective DG. Lesson-drawing provides as a form of *prospective policy evaluation* is a useful mechanism to

evaluate possible outcomes during implementation. Agents of transfer such as Claude Cornuau can facilitate this process of projection during the creation of new instruments. They can become instrumental in gathering the right type of information because of their experience in implementation. The Commission voluntarily admitted to this type of influence during the introduction of twinning and made active use of it. However, regarding the member states it took a more cautious approach. The contact with the member states was mostly formalised in form of the NCP meetings. Informal contacts were largely conducted by Claude Cornuau and Leffler-Roth. These may have been instrumental for the member states in persuading Claude Cornuau to support them. However, it can hardly be suggested that this points to a process of joint problem-solving as outlined by Hypothesis H1d on deliberative supranationalism. This is because the deliberation of alternatives may have had an impact on the formulation of particular procedures, but it did not affect the definition of the twinning concept.

The twinning exercise as an instrument of accession

1 Introduction

It is by *imitation*, far more than by precept, that we learn everything; and what we learn thus, we acquire not only more efficiently, but more pleasantly. This forms our manners, our opinions, our lives.

Edmund Burke, Irish orator, philosopher, & politician (1729 - 1797)

This chapter examines the implementation of the twinning exercise with the aim of establishing what type of accession instrument it is and how it influences candidates to reform their public administrations. It tests the three alternative hypotheses outlined for the external governance stage of decision-making. These derive from the following theoretical models: *governance by conditionality*, *persuasion and social learning*, and *new forms of governance*. This test is performed by an analysis of the twinning procedures in light of the theoretical models outlined in Chapter 4; an identification of the role of actors involved in policy implementation; and an assessment of the dynamics deriving from the implementation of twinning projects. These research steps help to reflect on the interaction of the Commission, the member states and the candidates during the implementation of twinning projects.

The chapter questions whether the implementation under the twinning exercise assumes a logic of appropriateness or a logic of anticipated consequences. In case when one of these behavioural patterns can be attributed clearly, the implementation of twinning can be explained by either the *governance by conditionality* or the *persuasion and social*

learning model. However, in cases when the implementation of twinning assumes both of these logics, it can be regarded as a *new form of governance*, which primarily makes use of peer pressure and enhanced cooperation (*see also* Steffens 2003; Tulmets 2005a, 2005b). This is closely connected to the question of whether the twinning exercise made use of coercive forms of policy transfer as opposed to enhanced cooperation or persuasion during its implementation. The latter can be seen as more voluntary forms of obligated policy transfer (Dolowitz and Marsh 2000: 9; Stone 2004: 554).

The chapter is closely related to previous considerations in this part of the thesis, as an informed assessment of the twinning exercise cannot be conducted without questioning its programming framework. The information provided in Chapter 6 on the Regular Reports, APs, NPAs and FMs is therefore crucial for our understanding of the implementation of twinning. These documents provided the basis for the programming of the financial assistance for the candidate countries.

2 External governance: twinning as an instrument of accession

The introduction of the twinning exercise was an important element of the enhanced pre-accession strategy. It provided the EU with an instrument that was designed to blur the boundaries between the insiders and outsiders of integration (Friis and Murphy 1999; M. Smith 1996). The clarification of the accession criteria and APs allowed the Commission to specify the priorities for programme implementation. It is important to stress that the spectrum of its external governance was wider in the enlargement process than in other policy areas. This is largely a result of the fact that the accession instruments targeted changes across the whole of the *acquis communautaire*.

2.1 Governance by conditionality

This section tests the external incentives model which is the main basis for *governance by conditionality* as outlined in Chapter 4. The EU's conditionality either referred to directly or indirectly has become the main independent variable in explanations of its enlargement policy. The external incentives model applies the conditionality concept to the employment of accession instruments in the enlargement process, in particular those based on the allocation of financial assistance (Schimmelfennig 2000: 125-27; Schimmelfennig *et al.* 2003a: 496-97). It assumes that the ability of the EU to coerce applicant countries into reforms increases with the *determinacy of conditions; the size and speed of rewards; and the credibility of conditional threats and promises*. The model

also predicts that the adoption of EU rules is more likely the lower the number of *domestic veto players* and *adoption costs*.

The conditionality mechanisms deriving from the EU's accession instruments can affect the candidate countries in different ways. Firstly, the setting of EU rules as conditions for rewards gives the beneficiary an incentive to initiate reforms if the benefits outweigh the costs (*intergovernmental bargaining*). Secondly, the EU's conditionality may empower domestic actors and therefore upset the domestic equilibrium in particular ministries (*differential empowerment of domestic actors*). Such processes may lead to coercive policy transfer initiated by the Community and implemented by the member states' administrations during their involvement as twinning partners (Dolowitz and Marsh 2000: 9; Stone 2004: 554). However, the question is also whether the EU's conditionality regime on administrative reform was limited to *paternalism* or whether it could become instrumental in initiating sustainable changes in the administrations of CEE (Lal 2001: 253-56; cited in Stone 2004: 554). In other words, did the EU simply decide what issues were addressed by twinning projects or did it take an active approach by withholding rewards where projects did not produce the envisaged results?

Determinacy of conditions

The EU's ability to enforce its conditionality relies on the determinacy of conditions with regard to their legal status and their application across the Community. However, in the administrative terrain, there are very few strict rules to follow as has been stressed in previous chapters of this thesis. The Commission put every effort into establishing a stronger link between EU membership and public administration reform. It reflected on the administrative criteria in the Regular Reports and stressed the importance of administrative capacities on numerous occasions. Yet, the link remains 'an indirect one since there is no general body of European law in the public administration sphere' (OECD 1998: 13). The member states can therefore choose how to organise their administrations to implement EU legislation. This is a matter of sovereignty and therefore 'all of them jealously guard their independence on this issue. That they should refuse to recognise an applicant's right to the same independence is unthinkable' (OECD 1998: 13).

This lack of a legal foundation undermines the determinacy of conditions in the public administration sphere. The implementation procedures of the twinning exercise tried to compensate for this shortcoming by obliging participants to specify *guaranteed results*. These were to be agreed between the twinning partners and approved by the Commission before project implementation. The partners make a firm commitment to work towards achieving these results. In order to ensure the proper running of projects, candidates were

asked to provide the necessary workspace, equipment and assistants for the PAA. The member states on their part had to make sure that the right type of human resources would be committed to the project in form of PAAs and STEs.

The twinning covenant of the project *HU01-SO-01: Strengthening Autonomous Social Dialogue*, for example, specified the objective to 'establish an institutional structure for autonomous social dialogue at sectoral level'. This was to be achieved by a number of measures such as a mapping study; training activities for the Hungarian operative committee and sector committees; the setting up of secretariats for sector committees; and a "train-the trainers" programme. However, the implementation of the project was slowed down by the fact that the project assistants who were to be paid by the CFCU did not receive their salaries for several months. This can be considered a lack of commitment of the Hungarian Ministry of Labour since it was obliged to provide assistants to any of its twinning projects. The EC Delegation only intervened upon several requests by the PAA, even though the problems were well known by the task manager. Such limited active monitoring of twinning projects by the EC Delegations immensely hindered the success of the exercise. This has also been stressed by the Court of Auditors (2003b: 29) who emphasised that 'the Delegations should monitor the achievement of project benchmarks more promptly, in order to allow timely action to be taken, such as reorientation of the project or even its termination'.

The determinacy of conditions is also undermined by the uneven allocation of funding across the candidate countries. This signals to the candidate countries that the creation of administrative structures for the implementation of the *acquis* seems less important in countries that have lower Phare budgets at their disposal. In order to enhance its administrative conditionality, the Commission would have to introduce a more even approach to budgetary allocations. The creation of ad hoc schemes such as the *Action Plans for Administrative Capacity* may have reduced this problem. However, there was no sufficient compensation for smaller candidate countries that, although carrying almost the same burden regarding administrative reforms, received considerably lower amounts of funding. There was therefore a clear contradiction in the approach to administrative capacity building taken by the Commission services. The importance of these criteria was reiterated throughout the accession process. However, the national allocations of the Phare budgets were not adapted to the priorities of the accession-driven approach introduced in 1997.

The size and speed of rewards

The average budget of twinning projects was €1 million in 2000 (*see* Table 20 below). This can be considered a sizeable contribution to an individual ministry. The problem that occurred during the implementation of twinning projects was more about the speed of the reward. In particular in early twinning rounds, projects got delayed during the covenant drafting phase. There were significant start-up problems in the first 1998 twinning round which was 'bedeviled by long delays during the processes from design of the fiches to the arrival of the PAA' (Birker *et al.* 2000: 28). This also led to the termination of many projects due to the elapsing of the three year disbursement period in June 2001. Although such problems appear to decrease with the guidance provided by the Commission and the member states' NCPs, the timely preparation of projects, needs assessment and risk analysis remains a major concern (*see* EMS 2004b: 6-8).

Year	Contracted amount (M€)	Number of projects	Average per project (M€)
1998	76,8	103	0,75
1999	118,7	122	0,97
2000	145,8	146	1,00
2001	133,5	133	1,00
2002*	171,8	195	0,88
2003*	128,5	152	0,85
Total	775,2	851	5,45

* Subject to updates for the programming years 2002 and 2003.

Source: DG Enlargement, Twinning coordination team, 4 December 2003.

Table 20: Twinning budget for projects from 1998-2003

Credibility of conditional threats and promises

There are various references to conditionality in the programming documents of the enhanced pre-accession strategy and the implementation documents of the twinning exercise. Chapter 6 has already emphasised that the conditionality clauses included in the APs and FMs were rarely employed to terminate particular projects. In contrast, the Commission typically decided to suspend funding for the complete Phare programme or all pre-accession financial instruments at once. In addition, the Commission mainly became involved in the early drafting of project fiches through its Delegations in the candidate countries. In the next step, it was involved through the approval of covenants in the steering committee. The Commission did therefore have considerable impact on the coherence of the projects with the objectives laid out in the APs. However, the actual implementation of the twinning exercise was mainly dominated by actors from the

member states and the candidate countries. In addition, considerable flexibility was given to these actors to change and adapt the work plan of the projects as long as the *guaranteed results* were not altered.

The 2002 twinning manual specified that ‘the starting point in designing a Twinning project is to define more precisely the *guaranteed results* targeted ... *EU funding will only be provided on the basis of this result being achieved.*’ (CEC 2002c: 30, emphasis added). However, according to Article 3 of the twinning covenant, it was the twinning partners who could have cancelled projects under the provisions made in this contract. The Commission had a right to suspend funding since twinning projects were also listed in the FMs. However, this change was only introduced with the Phare 2000 Review and became operational in 2001. The task manager for the twinning exercise for the 1998 to 2002 period stressed that more projects should have been cancelled. However, there was ‘such a loss of face involved that nobody would go along with it’ (Carolyn Leffler-Roth, CEC official, 04 March 2003). As a result, the Commission only intervened in a handful of cases. This hardly seems a credible approach to applying conditions during implementation, since 674 projects were implemented in the 1998-2002 period. It is unlikely that all of these achieved the *guaranteed results*.

In fact, the Commission lists several twinning projects in an internal overview that achieved *unsatisfactory* results during implementation. A twinning project in Bulgaria, for example, *BG-2000-FI-01: Strengthening the capacity of the Ministry of Economy*, aimed at promoting competitiveness through transparent privatisation, market-based restructuring and a favourable business environment. However, the Commission’s Delegation to Bulgaria came to the conclusion that the performance of the programme was unsatisfactory because in spite of the constructive working atmosphere no visible impact could be achieved at the end of the project (CEC 2003h: 3). The internal assessment stresses that there were legal restrictions preventing organisational change. The high-profile PAA repeatedly tried to overcome the deadlock during the project, but had no success despite oral assurances from his counterparts.

In a special report on the twinning exercise, the Court of Auditors (2003b: 29) stressed that ‘the term “guaranteed” is misleading as long as payments are not tied to the achievement of these targets and it is recommended that the use of the word “guaranteed” should be discontinued’. It is therefore necessary to evaluate the extent to which twinings were really tied to the conditions specified in the covenants. The reality of implementation suggests that the specification of *guaranteed results* helped to focus assistance on applicants’ needs. However, it depended largely on political circumstances

and relational factors as to whether projects were successful (Intw29, French official, 25 September 2002). Thus, twinning projects relied firstly on the overall context of the reform process. In some cases, projects were moved into newly established ministries. Secondly, the interpersonal relations of the main actors within twinning projects, i.e. the PAA, the project leaders and the STEs, were crucial for the success or failure of projects. Thus, the achievement of project objectives depended on 'the PAAs' ability to foster good working relations with their immediate associates and with key officials within the ministerial hierarchy' (Papadimitriou and Phinnemore 2004: 636). The twinning partners did certainly not move the projects along because they felt that funding otherwise would be suspended.

The real element of conditionality in twinning projects is therefore based on the approval of the covenants in the steering committee. This mechanism allows the Commission to require specific changes to the work plan agreed by the twinning partners. It gives the Commission the chance to intervene relatively early in the process and ensure the coherence of its accession conditionality. Since the steering committee assembled officials not only from the Delegations but also from the line DGs and DG1A/DG Enlargement, there was plenty of opportunity for individual units within the Commission to insert conditions regarding the design of particular projects. However, as Papadimitriou and Phinnemore (2004: 636) emphasise 'the EU has fallen well short of prescribing specific blueprints for reform in this field, despite the fact that the fluidity surrounding the post-communist administrations in central and eastern Europe offered fertile ground for the opposite'. The authors argue that the EU was not able to act decisively with regard to administrative capacity due to the resilience of national administrative traditions. It therefore developed relatively 'soft' EU conditionalities in the field of public administration reform. The following section tests the *social learning* model outlined in Chapter 4.

2.2 Persuasion and social learning

The social learning model outlined in Chapter 4 stipulates that the influence of the EU in the candidate countries increases with the *legitimacy of rules and process; identity; and resonance* (Schimmelfennig and Sedelmeier 2005c: 18-20). The model assumes that a government adopts EU rules if it is persuaded of their appropriateness. It depicts influence as operating 'not only through bargaining but through persuasion or debate...: efforts to align interests more closely through changing the definition of those interests' (Kahler 1992: 124). The model sees EU actors as engaging in an active policy dialogue

that may alter the interests of the candidates from within rather than giving them incentives to change their position as under the external incentives model.

The likeliness of candidates to adopt EU rules is enhanced by the legitimacy of the rules to be transferred. It is more a transfer of norms rather than a transfer of administrative procedures that the model predicts. The adoption of a particular model of implementation, for example, is achieved by changing the opinion of key officials in the candidate countries. The likeliness of adoption also increases when officials within CEE administrations start to identify with *ways of doing things* within the EU. In the enlargement process this may be a result of the candidates wanting to join a Community who's collective identity, values, and norms they share (Checkel 2001a: 563; Johnston 2001: 499). The candidates find it easier to identify with the objectives of a particular project if the perception of ownership by the domestic institutions can be increased (Killick 1996: 218-19; Schimmelfennig and Sedelmeier 2005c: 19). The term resonance refers to the 'openness to accept and adopt new and external rules' (Schimmelfennig and Sedelmeier 2005c: 20; *see also* Checkel 2001a: 562-63). The higher the *legitimacy of rules and process; identity; and resonance* factor in the accession process, the more likely it is that EU actors are able to persuade their counterparts in the candidate countries to adopt particular EU rules.

Legitimacy of rules and process

The clarity and integrity of EU rules is generally given by their specification in the Regular Reports and the definition of objectives in the individual twinning covenants. However, the coherence of the rules is jeopardized because of different administrative practices across the member states. The establishment of long-term secondments and the decision to leave the choice of twinning partners to the candidate countries were important vehicles of the twinning exercise for the creation of ownership of particular projects in the candidates' administrations.

The PAAs were based in the partner institutions for a maximum of 36 months, and a minimum of 12 months. In general, candidate countries valued the 'permanent presence of the PAA and the close link that is provided into the MS administration where real expertise and experience lies in implementation of the *acquis*' (Birker *et al.* 2000: 3). This was seen as an advantage in comparison to the private sector consultants which were contracted to deliver similar assistance before the 1997 reforms. However, the Commission seems to have underestimated the amount of time that would pass before the PAAs familiarized themselves with their new surroundings. The process of settling into the host institution was also largely impeded by the fact that the institutional environment

in which twinings took place was often less than desirable. In some projects, the PAAs' counterparts in the host institutions changed up to three times during implementation.

The twinning covenants made no provision on the CEE administration's input into an individual project. The amount of time spent on the project by the counterparts is not specified in the covenant and therefore leaves considerable room for interpretation on the candidates' side. As a result, 'many PAAs have become frustrated and demoralised by the trials and tribulations of being a PAA' (Birker *et al.* 2000). However, PAAs interviewed for this thesis were generally positive about the candidates' commitment to meet the results of the projects (Intw 42, 43, 49, 51, 54, Budapest, June 2003).

The overall impression emerging from interviews with programme implementation staff is that a project was either on track or that the communication between the PAA and his counterparts had broken down due to political or relational reasons (Intw44, 46, 52, 53, Budapest, June 2003). Although the procedures put a strong emphasis on long-term cooperation, this was not necessarily followed up during implementation. The PAA may therefore not have been able to present the legitimacy of the model he proposed. In addition, there may have been no opportunity to transfer norms in form of *institutional isomorphism*, since in practice the counterparts spent too little time with their twinning partners to redefine their interests along the lines of the member states' seconded officials.

Identity

The role of identity in this process is a rather ambiguous concept, in particular when it is applied to twinning projects. However, there were several activities such as study visits to the member states, and training events which may have had an effect on candidates' belief systems. These actions within twinings brought the candidates' staff together with significant amounts of STEs and medium-term experts (MTEs) from the member states. Such actions often involved social events before the actual training sessions and therefore fostered personal relationships between the staff of the respective twinning partners.

Identity is also fostered by the definition of administrations as twinning partners. This may have had an impact on the candidates' perception of the legitimacy of their partners' proposals. Since candidates chose their twinings partners freely and were even allowed to request member states' consortia during the selection procedure, much depended on whether their initial choice had an effect on the implementation of the project. In other words, following the logic of appropriateness, candidates were likely to select twinning partners that were compatible to their own administrative culture. The statistics on twinning as presented below suggest that candidates preferred particular member states

during the selection procedure. Romania selected French administrations in 30 percent of all cases for the 1998-2002 period. Sweden and Finland were much more active in the Baltic States, and the United Kingdom in the Czech Republic, whereas Germany spread its effort across all candidate countries (see Appendix 3). However, the Commission restricted the secondment of PAAs to two succeeding twinning projects in the same or different countries (CEC 2002c: Annex E, pg. 4). This put a limit on the time spent in particular administrations.

Resonance

The reaction of candidate countries' administrations to twinning projects is fairly mixed. PAAs found that counterparts ranged from being exceptionally supportive to extremely resistant partners during implementation (Intw42, 43, 47, 49, MS officials, Budapest, June 2003). The circumstances found by project implementation staff are influenced by factors such as the sector under consideration, the support of the Project Leader in the host administration and individual agency. The latter is, for example, provided by translators and assistants to the PAA. However, Papadimitriou and Phinnemore (2004: 630) in their study of twinning projects in Romania mention that for some local staff 'the very high salary received by the PAAs was a point of resentment'. In an article on twinning projects in Estonia, Tulmets (2005b: 671) even argues that 'the experts of the member states were sometimes considered as arrogant'.

Interviewees in the Commission emphasised that there was considerable reluctance on part of the Czech Republic and Poland to support the implementation of twinning projects. Some of the candidates were clearly unwilling to admit to the repercussions of the 1997 reforms which took away the freedom they enjoyed under the demand-driven approach to Phare programming. The Commission communicated the twinning exercise as a cornerstone of the accession-driven programming of Phare. A Polish official expressed his concerns at the NCP meeting on 3 March 1998 by stating that up until 1989 the Polish nation had been under the control of the Soviet Union and that his country was reluctant to replace this now with the manipulation of the EU. Lamoureux responded by reminding the representative that Poland had a choice, it did not need to become a member of the Community (Intw41, Claude Cornuau, 20 March 2003).

The Polish government engaged in only 8 projects during the 1998 programming round, while the Romanian government supported the implementation of 16 projects. However, the Polish government started to come around to the twinning instrument in 1999. Its record on implementing projects improved once the government recognized the potential benefits of working together with partner institutions from the member states. The

candidates were particularly forthcoming in areas such as structural funding and agricultural policy, because they could see that their administrations' lack of absorption capacity had to be addressed in order to make use of EU funding after accession. An overall judgement on whether this was sufficient to establish good working relations between twinning partners is difficult to establish. We may say that some projects enabled intense exchanges of opinions and dialogue between the partners. However, on the whole it is unlikely that twinning projects led to a process of *institutional isomorphism*, whereby member states' officials altered the interests of the candidate countries significantly by persuading them of alternative models. The following section applies the *new forms of governance* framework to the case study.

2.3 New forms of governance

The strength of the OMC, or new forms of governance, is that it incorporates actors that are involved in implementation during the formulation of the objectives of a policy or programme. It enables the sharing of experience among participants and avoids strict regulatory requirements. In this way, the OMC adapts to local circumstances and increases ownership of programmes among local staff involved in implementation. This focus on the actual running of projects during the setting of objectives undermines resistance from the outset and incorporates both elements of top-down and bottom-up perspectives to implementation (Eberlein and Grande 2003; Pressman and Wildavsky 1973; Ham and Hill 1984; Trubek and Mosher 2001). The OMC is also regarded as an instrument of policy-making that is particularly suited to situations in which the sovereignty of states is at stake (Héritier 2003: 105). This section assesses to what extent the twinning exercise resembles the core features of the OMC and whether it became a vehicle of obligated policy transfer during the accession process.

In Chapter 3, this thesis has referred to four essential elements of the OMC put forward by Mosher (2000: 6):

1. fixed guidelines set for the Union, with short-, medium-, and long-term goals;
2. quantitative and qualitative indicators and benchmarks;
3. European guidelines translated into national and regional policies and targets; and
4. periodic monitoring, evaluation and peer review, organized as a mutual learning process.

These elements underline the importance of the definition of common objectives, indicators and benchmarks for the success of the OMC during implementation. Achievement of the desired outcome is more likely when the goals of a programme are clearly defined, and take place jointly with the definition of the objectives. However,

desired outcomes also rely on the *relevance of the guidelines* set, the *quality of coordination* and on whether ‘best practices’ are *identifiable* and *transferable*. This is also related to the question to what extent twinning projects provided the candidates with *institutional templates, thresholds* and *adjustments* for the reform of public administrations in CEE (*cf.* Jacoby 2001b, 2004).

Elements of the OMC present in the twinning exercise

The relevance of the objectives identified in the twinning covenants to the accession process was given by the Regular Reports and the APs (*fixing of guidelines and their relevance*). Although evaluations of the exercise indicated that the *guaranteed results* of earlier projects were overambitious (Birker *et al.* 2000: 24; OMAS 2001a: 4; European Court of Auditors 2003b: 28; EMS 2004b: 51, 64), none of these evaluations questions the relevance of the programme for the accession process. This is a result of the tight link between the projects and the accession criteria which has been enabled by the APs, FMs and the twinning covenant. The latter document is evaluated with regard to its relevance to the priorities specified in the APs. This process enabled the Commission as a multi-organization to engage in the setting of common objectives.

The covenant drafting phase further resembled the establishment of short-term, medium-term and long-term goals from the OMC. It allowed the twinning partners both from the member states’ and candidates’ administrations to participate in the formulation of project objectives, activities and content. Although the candidates had limited influence on the objectives of the APs, they could take an active part in defining the objectives of individual twinning projects. This started with the process of submitting project fiches to the Commission. It continued with the selection of twinning partners and elaboration of the project objectives in the twinning covenant. Thus, twinning brought together the three parties during the fixing of guidelines (*or common objectives*): *the Commission, the candidate countries, and the member states*. This is in line with the approach taken during the application of the OMC in the EES. The fact that the setting of objectives is specified in terms of *guaranteed results* can be explained by the involvement of Claude Cornuau during the formulation of the implementation procedures.

The formulation of indicators and benchmarks is partly incorporated in the APs and NPAAAs which specified clear objectives for the candidates’ administrations (*quantitative and qualitative indicators and benchmarks*). However, twinning covenants put even more emphasis on the specification of benchmarks and indicators. They also included needs assessment and risk analysis. In addition, the identification of national and regional policies in relation to the objectives set in the APs was provided for in the NPAAAs

(European guidelines translated into national and regional policies and targets). These documents included an institution-building plan which formed an integral part of the programming exercise. The candidates could also make use of the NPAA to identify the budgetary needs of particular administrations. As a result, the specification of benchmarks and indicators as well as the translation of the objectives into national targets has been integrated in the enhanced pre-accession strategy.

The *periodic monitoring, evaluation and peer review, organized as a mutual learning process* is a central element of all twinning projects. However, the programme differed to other areas where the OMC has been utilised because the opportunities for mutual learning were extended over a minimum period of 12 months. The EES, for example, only provides for a couple of peer reviews per year in each of the participating countries. In contrast, the twinning exercise enabled mutual learning process on the basis of the long-term presence of PAAs, MTEs and STEs in the candidate countries. It provided opportunities for learning through training activities, study visits, software packages and training material. This extended the contact of candidates' personnel with member states' officials even beyond the staff involved in implementation. The activities were therefore significantly monitored by the PAA and the Delegations in the candidate countries.

Identifiability and transferability of institutional models

There are therefore a large number of factors which helped to sustain processes of mutual learning during twinning projects. The twinning procedures sought to respond to any problems which may occur during implementation. However, in order to benefit from processes of borrowing the candidates also needed to identify transferable models of implementation or components of such models. Did twinings provide candidate countries with institutional templates, thresholds or adjustments that were of value to their efforts to establish effective implementation systems? There are several procedures that may have contributed immensely to the candidates' ability to transfer institutional models from the member states: *the selection procedure; the option to choose member states consortia; the acceptance of mandated bodies; and the content of twinings*.

The selection procedure allowed the candidates to choose their best match. This is equivalent to the selection of best practices or benchmarking under the OMC. However, the candidates were not pressured into adopting just one model of implementation as Tulmets (2005b: 673) implies in her article on twinning. In contrast, they were given the choice to mix components from several member states in order to establish the right type of system in their own country. This was achieved in particular by the provision of short-term experts from different member states, which led to the establishment of so-called

member states' consortia. It was also enhanced by the acceptance of experts from mandated bodies which are often outsourced parts of the member states' administrations. In Denmark, for example, the Ministry of Environment has far less staff than the Danish Agency for the Environment. Thus, it was more likely that the latter could provide adequate staff for twinning projects.

In addition, the Commission and its partners learned from the early implementation rounds, and the objectives of twinning projects became much more modest in the subsequent years. This made the identification of transferable institutional models easier and enabled the candidates' learning processes significantly. The projects were also sufficiently sequenced by the Commission in order to ensure that one step was taken after the other. In a meeting with the line DGs on the 3 February 1998, Catherine Day responded to a representative of DG XVI Regional Policy that the structural funds were not represented as a priority in earlier twinning rounds because 'the choice of priority reflected concerns for basic prerequisites which affect regional policy as much as any other Community policy, e.g. Financial Control, etc.' (CEC 1998h: 3). Therefore significant opportunities existed for the candidates to learn from their future peers.

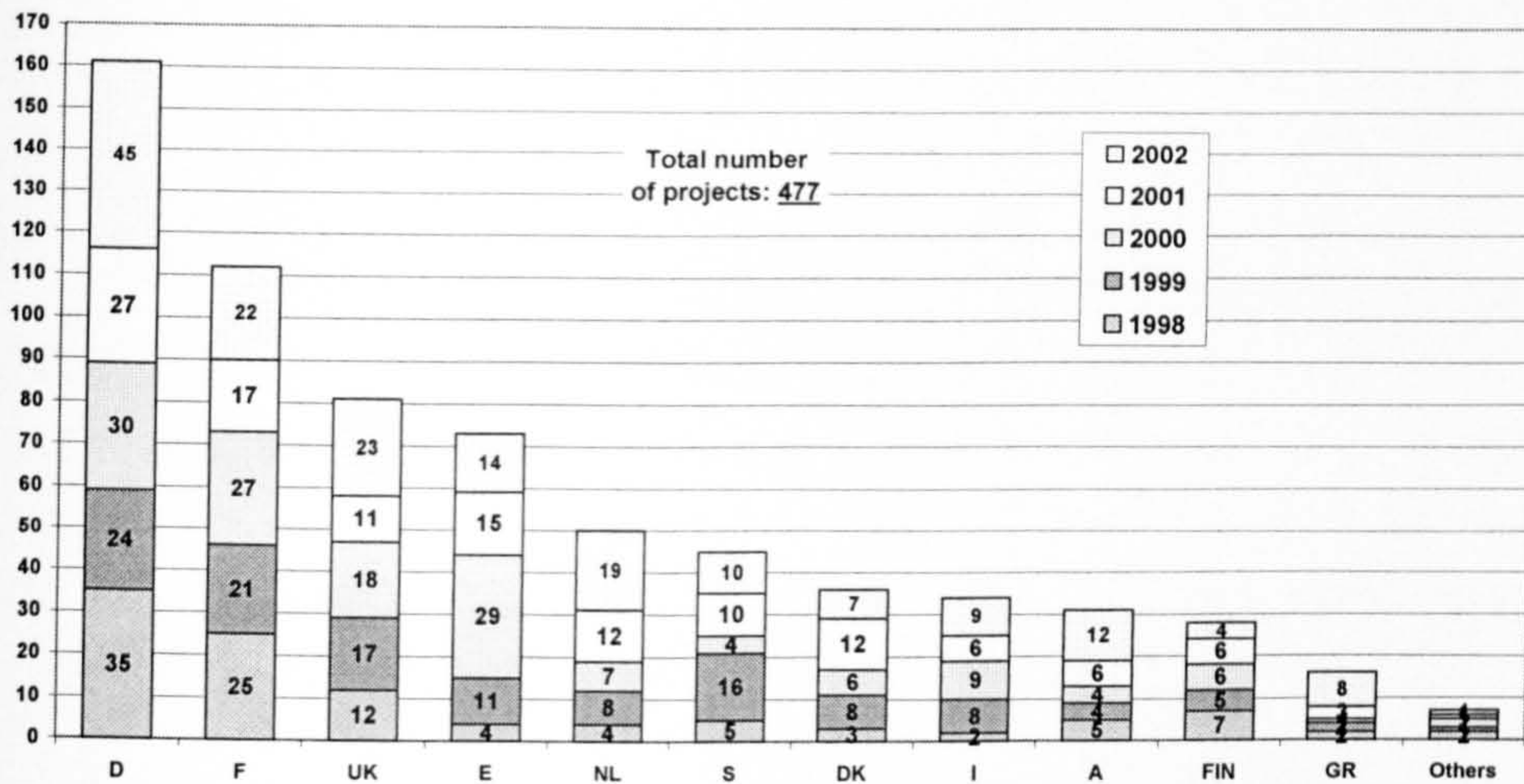
3 The main actors in a twinning project

The previous chapter mapped the response of the member states to the introduction of the twinning exercise. A number of countries welcomed the concept deriving from the Commission's proposals, namely Austria, Germany, France, Finland and Sweden. In addition, Greece and Spain were generally willing to contribute to the programme, but mentioned particular sectors in which they were able to respond quickly to the needs of the candidates. The implementation of the twinning exercise naturally relied on the support of the member states. Interviewees emphasised that the most cooperative response came from the German and French government who actively engaged in the implementation of twinning projects. This is also reflected by the statistics which were assembled for this thesis.

3.1 The role of the member states during implementation

In response to the Commission's request for applications, the German government submitted 123 proposals in 1998. This was followed by French administrations which applied for 81 projects. The response of the Greek government lay with 51 proposals, close to the United Kingdom's contribution which amounted to 57 proposals. However, interviewees emphasised that the British government submitted proposals that contained

only one A4 page of writing. It was generally perceived that the programme was not supported by London, in particular during the first twinning round in 1998 (Intw30, 32 and 41, CEC officials). The approach of the government changed gradually when the NCP was moved from DfID to the FCO⁹², and in particular when after the election, the Labour government began to introduce changes to the Europe Department which was now responsible for institution-building issues in the candidate countries. The United Kingdom already participated more actively in the second round of twinings which was also programmed in 1998.



Data Source: Twinning Team – DG Enlargement.⁹³

Figure 11: Member states (as project leaders), 1998-2002

In the 1998 to 2002 period, the German government contributed the PAA to 161 out of the 674 projects (see Figure 11 above). It also participated in 59 projects as a junior partner to another member state (see Appendix 3). This contribution can be largely seen as a result of its commitment to the enlargement process and the experience it had gained from the TRANSFORM programme. While the implementation of twinning projects required other countries to introduce new institutions or introduce new laws, the administrations of the Federal Republic were already prepared to participate in the twinning exercise. The adaptations that were necessary to implement the particular twinning concept outlined by the Commission were easier to achieve in Germany than in

⁹² DfID = Department for International Development, FCO = Foreign and Commonwealth Office.

⁹³ A = Austria, D = Germany, DK = Denmark, E = Spain, F = France, Fin = Finland, I = Italy, NL = The Netherlands, S = Sweden, UK = United Kingdom, GR = Greece, Others = Belgium, Ireland, Luxembourg, Portugal. These are my own figures based on a list of projects provided by DG Enlargement - twinning team.

the remaining countries. This was mainly because there were many semi-public bodies available such as the GTZ or the KfW⁹⁴ that had gained similar experiences not only through TRANSFORM, but also during the unification process with East Germany.

Interviewees also emphasised the role of the German NCP, Sigrid Selz, who is currently heading the Europe Department in the Ministry of Finance.⁹⁵ On her initiative, the German team started to organise buffets and similar events to raise awareness of the twinning exercise among national and regional ministries. As one official stressed, 'Germany came up with proposals for almost every single project' (Carolyn Leffler-Roth, CEC official, 04 March 2003). It put in proposals for twinning projects across all candidate countries (see Appendix 3). The candidates spoke highly of German advisers and were particularly interested in East German counterparts. In many circumstances, they had already experienced some sort of cooperation with Germany before the introduction of twinning. The German NCP also benefited from participation of regional ministries and semi-public bodies in twinning projects. This significantly helped lift the burden of national administrations who were expected to respond to the high demand for German experts. Sachsen is the regional state which implemented the most twinings with over 30 projects from 1998 to 2003. The majority of these projects were implemented in the environment sector (see Appendix 3, Section 2).

In 1999, the government installed a twinning office run by GTZ in the Ministry of Finance in order to support the NCP during the coordination and drafting of proposals. This had an immense impact on the quality of proposals and led to a higher success rate during the selection procedures (see Appendix 3). These efforts to coordinate and steer through the twinning procedures were also complemented by the installation of similar arrangements in individual ministries. The Ministry of the Environment signed a contract with the consultancy *blue!* which supported the preparation and implementation of its projects in the candidate countries.⁹⁶ In the agricultural domain, the Federal Ministry of Consumer Protection, Food and Agriculture signed a similar deal with the consultancy GFA Terra Systems GmbH. The German government effectively invested in the twinning exercise without expecting to receive full reimbursement in return. It could reallocate funds from the TRANSFORM programme in order to finance extra activities. This hands-

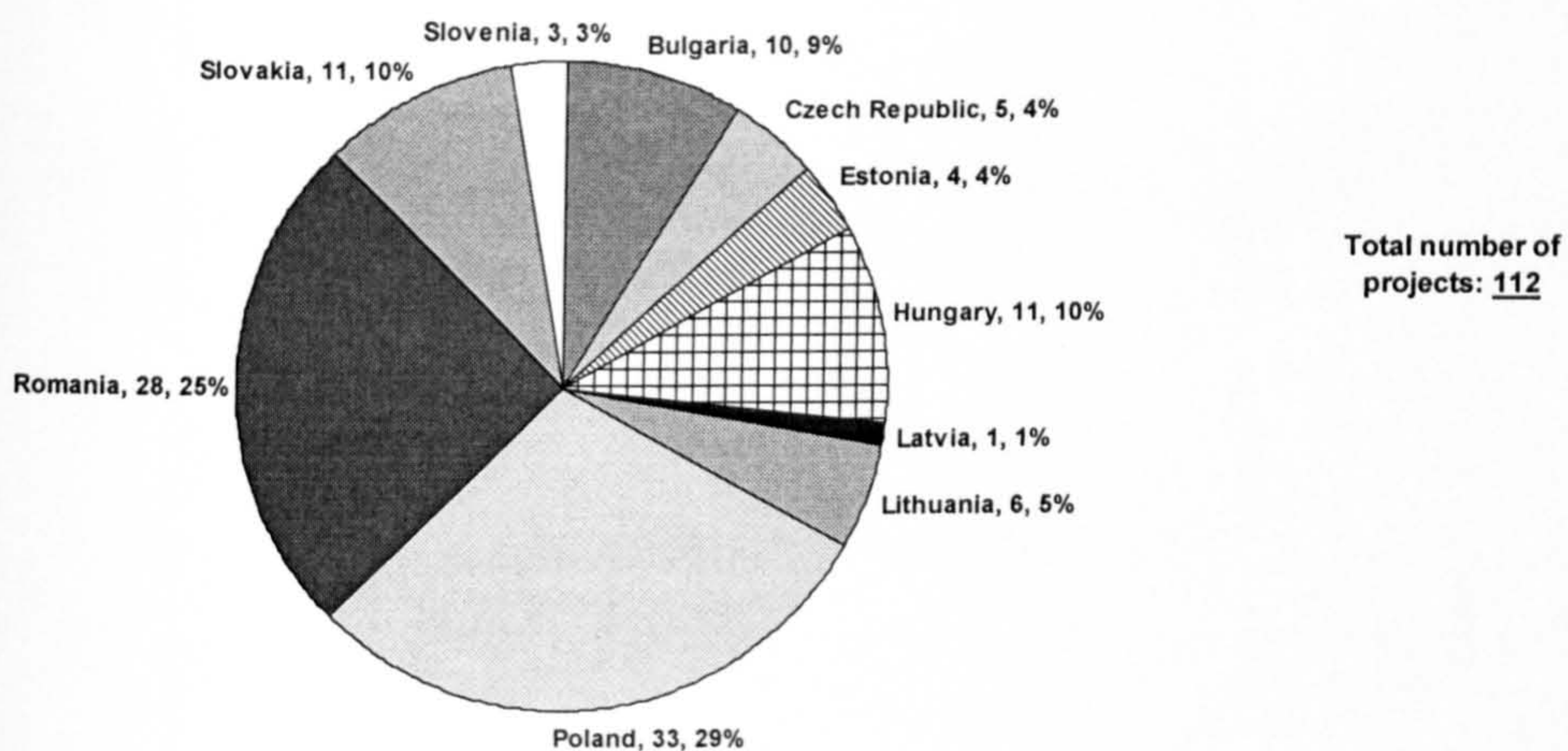
⁹⁴ KfW = Kreditanstalt für Wiederaufbau.

⁹⁵ The Europe Department moved into the Ministry of Finance from the Ministry of Economy after the Social Democrats won the election in 1998.

⁹⁶ See <http://www.the-blue.net/> for further information on the activities of the consultancy within the framework of twinning projects.

on approach to twinning also led to several supporting studies considering the programming of pre-accession projects in general, the Phare programme, and twinning projects (*see e.g.* Riis Burisch & Partner GmbH 2002b, 2001d, 2001a).

The French government was similarly proactive in its approach to twinning although less experienced in this type of bilateral cooperation. It could build on the bilateral cooperation system of Adetef, the office responsible for institutional cooperation of the Ministry of Economy and Finance. There were several other public bodies that the French government could make use of during the implementation of twinning. However, it also had to adapt significantly in order to comply with the twinning procedures. This meant, for example, to make arrangements for the coordination of proposals by its ministries. This included not only the installation of an office for the NCP, but also the establishment of coordination units within the individual ministries (*see* Tulmets 2003c: 125-27). In contrast to Germany, the French government could make much less use of regional bodies for the supply of suitable PAAs and project implementation staff (Intw, Jacques Fanouillaire, 19 March 2003).



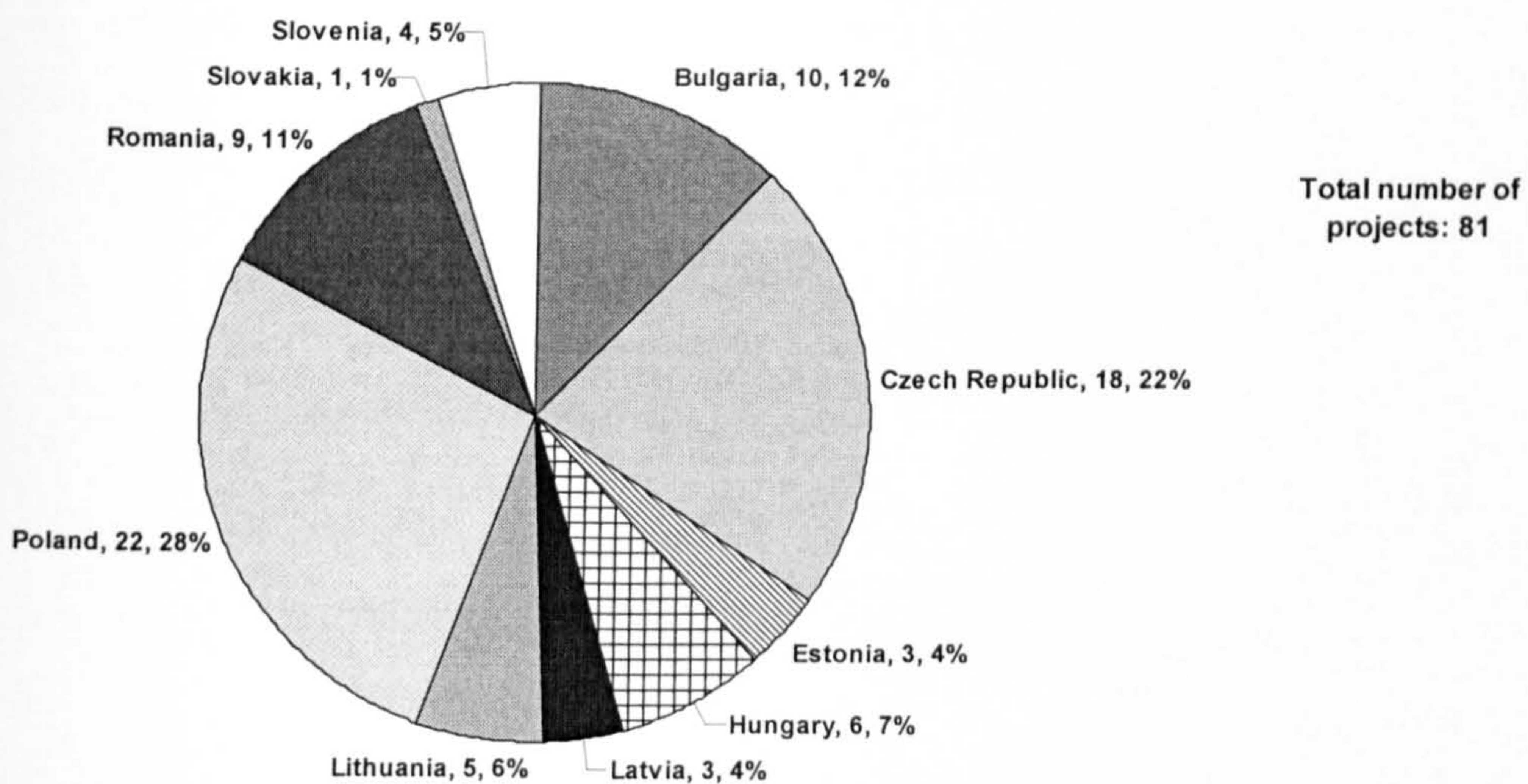
Data Source: Twinning Team – DG Enlargement.

Figure 12: France (as project leader), 1998-2002

The participation of French administrations was highly appreciated by Commission officials, who stressed that without the initial support by Germany and France it would have been difficult to get the programme of the ground (Intw30 & 32, CEC officials, March 2003). The distribution of French twinning projects across CEE suggests that in terms of actual amounts of projects, it almost implemented projects according to the Phare allocations of the individual candidate countries. French administrations were particularly present in Poland, where it led 29 percent of its projects from 1998 to 2002.

In Romania, the French government engaged as project leader in 29 projects during the same period (see Figure 12 above). France was also involved as a junior partner in 49 twinning projects, 20 of these projects were lead by German administrations (see Appendix 3).

The remaining member states took a similar approach to twinning. The British government, following its change of heart regarding the implementation of twinning, focused largely on the Czech Republic and Poland, where 50 percent of its projects from 1998 to 2002 period were placed (see Figure 13 below). In 2001, the FCO established a liaison office in Prague which was staffed with two former PAAs. This was to achieve 'a better synergy of the efforts made in twinning projects and bilateral assistance' (Intw9, British official, 15 April 2002). As a result, the participation of British officials in the exercise steadily increased since 2002. Interviewees from the NCP emphasised that the government would like to participate in projects across all candidate countries. However, the amount of projects in the Czech Republic seems sizeable in view of the fact that this candidate country was allocated much less funds than Poland. In 53 projects, British officials also participated as junior partners to other member states during the 1998 to 2002 period.



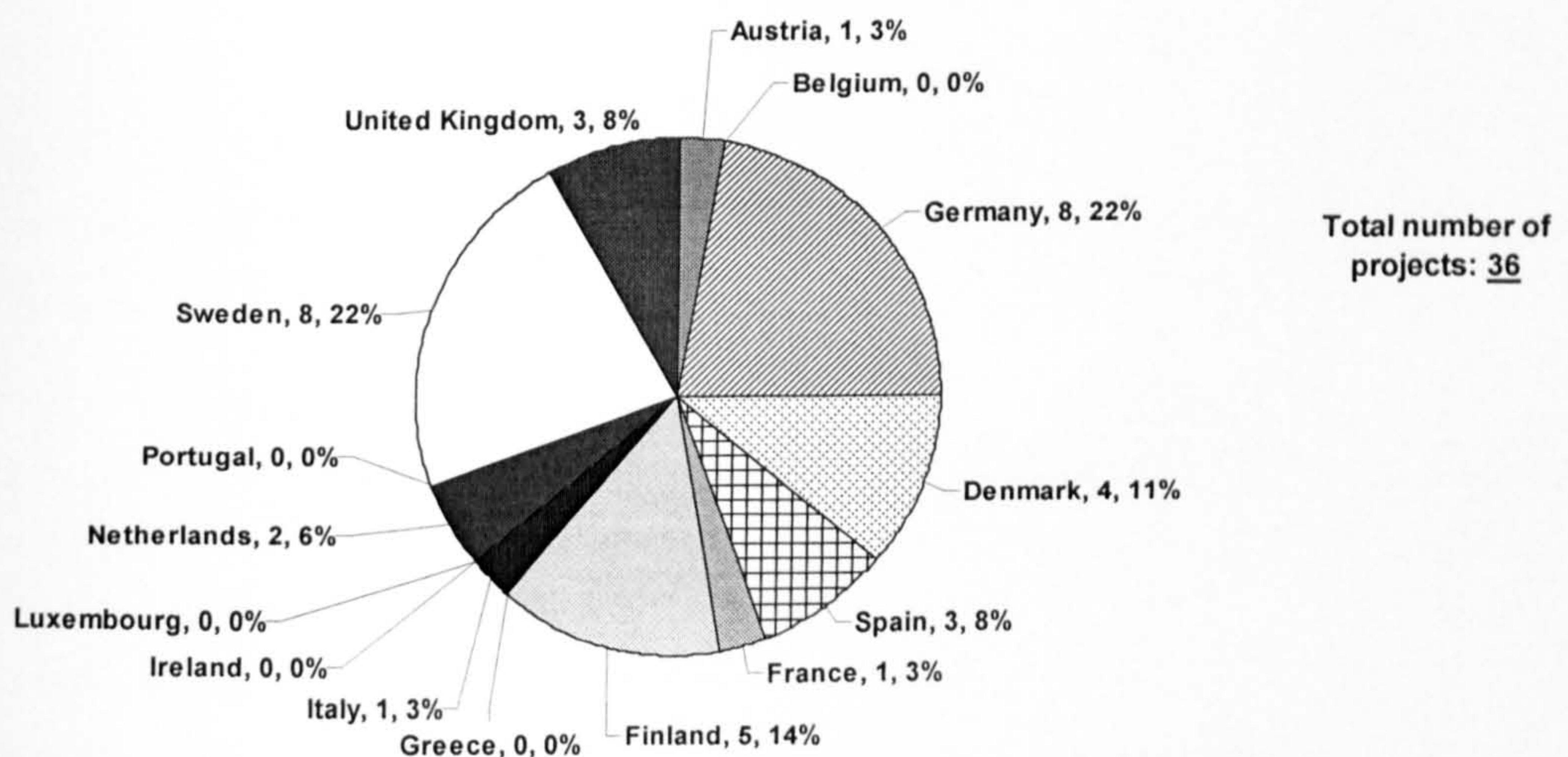
Data Source: Twinning Team – DG Enlargement.

Figure 13: United Kingdom (as project leader), 1998-2002

In 2000, Spain won almost three times more projects than in 1999 (see Figure 11 above). This was a result of a longer visit by Claude Cornuau who responded to a request of the Spanish NCP to help with the setting up of the institutional bodies to implement twinning. The Italian government made similar experiences during the start-up phase of

the programme. It was selected for only two projects in 1998, but quickly learned from the first twinning rounds and started to become more involved with 8 projects in 1999. In general, administrations from the smaller or Southern European member states started their involvement in twinning projects mainly as junior partners to other lead organisations. However, in later implementation rounds they put in a bid as project leader. There was therefore also a learning process involved for many of the member states and their administrations.

The Swedish and Finnish government focused largely on projects in the Baltic States (see Figure 14 below). In this way, the implementation of twinning often reflected the bilateral dynamics underpinning the enlargement process. The main factor influencing the choice of partners and the submitting of proposals was the proximity of the partner countries. However, the similarity of administrative traditions and capitalist systems also factored strongly into the decisions taken by the candidates and the member states alike. The high involvement of the British government in the Czech Republic, for example, matched the candidate country's approach to economic reform. Its government had proclaimed the Anglo-Saxon model of capitalism and therefore planned to outsource large parts of administrations. British twinning projects in the Czech Republic were therefore often led by a so-called mandated body. Above all the competitive bidding for twinning projects was a part of the programme's success. This approach to programming enabled the free choice of twinning partners for the candidates and animated member states to participate in implementation.

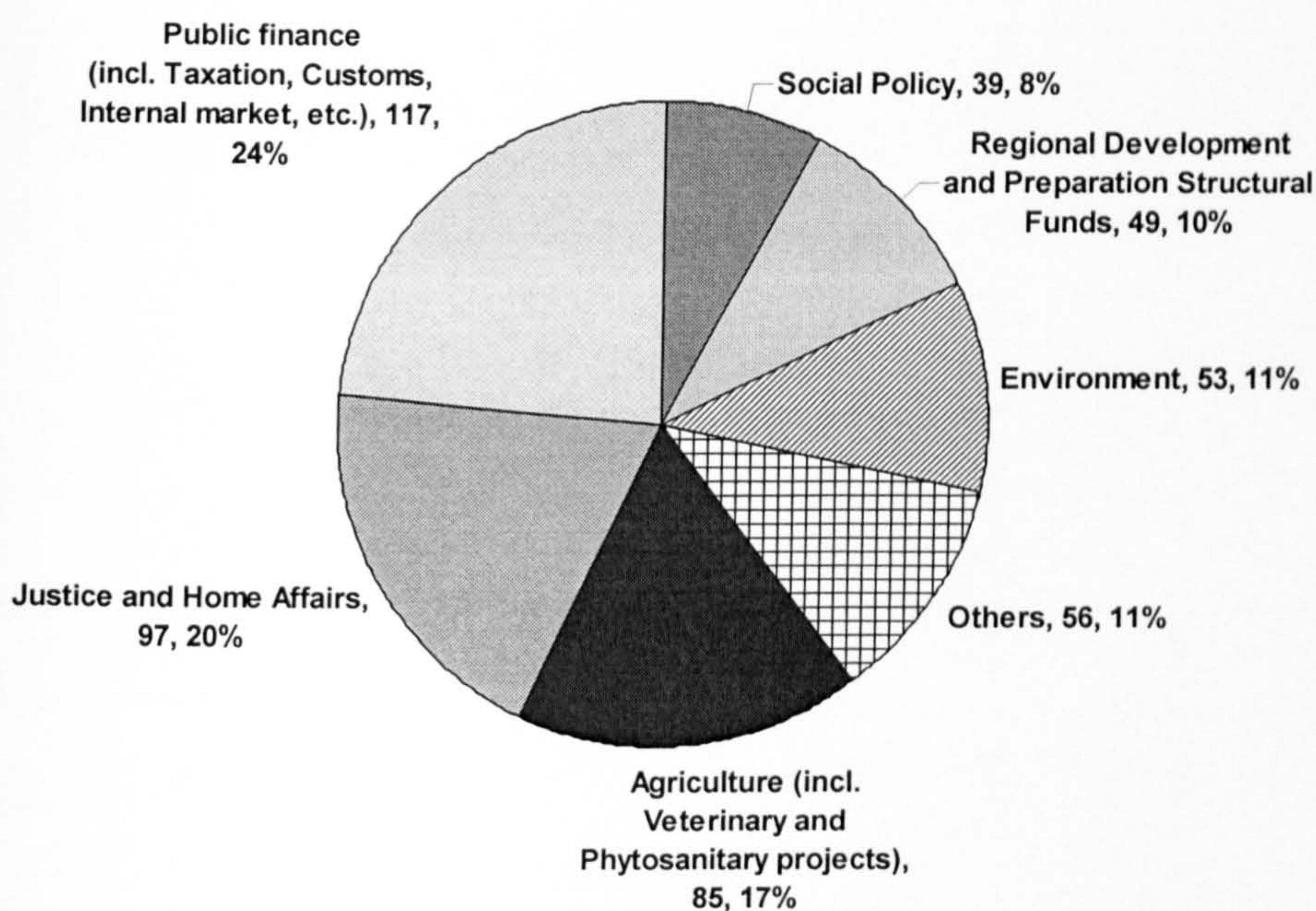


Data Source: Twinning Team – DG Enlargement.

Figure 14: Latvia (MS as project leaders), 1998-2002

3.2 The implementation at sectoral level

The twinning exercise also facilitated the repeated delivery of assistance to key areas such as agriculture, structural funding and JHA. In the first years of implementation, it focused on the establishment of institutions that would be needed to implement the EU's financial assistance programmes. The list of projects therefore included the following: "Develop regional and structural policy strategies", "Improving the efficiency of ISPA Task Force", and "Improving the efficiency of SAPARD Task Force". The administrative structures benefiting from the advice provided through these projects later became eligible for more focused support. This was delivered in the form of projects that targeted, for example, the "Establishment of Managing Authorities for Structural Funds".



Data Source: CEC 2001a: 74.

Figure 15: Twinning projects per sector, 1998-2001

In terms of sectoral support, projects concerning public finance accounted for 24 percent of the funds allocated in the 1998-2001 period; JHA for 20 and agriculture for 17 percent (see Figure 15 above). There was a general consensus emerging from the interviews that twinning projects were particularly suited to projects in JHA. In this sector, the instrument was used to strengthen the border control systems; introduce asylum and migration management systems; and many other examples. Later, projects were also implemented in areas such as Employment and Social Affairs. Many projects picked up the thread left behind by previous twinning partnerships. In addition, the approach of the Commission seemed to be remarkably adaptable to the needs of the applicant countries.

3.3 Lessons from implementation

The implementation of the twinning exercise has also shown that there were several key factors contributing to the success or failure of a project: the quality of the PAA; commitment of the Project Leaders; the design of the project; and the flexibility of all involved parties to adapt to local circumstances. In case where these factors were positive, cooperation under the twinning project was more likely to achieve its *guaranteed results*. The member states commitment to the twinning exercise was largely driven by their bilateral relations with particular candidates countries. This can be shown by the statistics discussed above (*see also* Appendix 3).

The pre-accession adviser

In their latest report on the twinning exercise, the Commission's external evaluators concluded that 'although the results of twinning have been mixed, the tendency is for increasingly satisfactory performance of the instrument as experience of its use grows' (EMS 2004b: i). Since the performance of twinning projects rely on so many factors, it is almost impossible to predict the outcomes of a particular project. However, the commitment and qualification of the PAA has been named in many reports as one of the most important factors in managing change. The 2000 assessment report specified a list of characteristics an optimal PAA should bring with her/him in order to manage the project successfully. Birker et al. (2000: 14) noted that she/he should:

- a. be acknowledged as an expert in at least one of the specialisms covered by the covenant (although in some covenants the expertise required is too wide to be satisfied completely by the PAA);
- b. be a good project manager with the ability to coordinate and plan and respond to variations in the plan creatively;
- c. be flexible, adaptable and robust in the face of difficult and lonely circumstances. By definition most PAAs will not have worked in a CC state before and may not be used to the cultural and working practices in CC administrations;
- d. be proactive and outgoing with the ability to initiate action without usurping the authority of the counterpart;
- e. have good knowledge of the networks back in his/her MS administration;
- f. be prepared to offer ad hoc advice on matters not necessarily covered by the covenant whilst ensuring that the overall aim of the Twinning is kept firmly in view;
- g. possess good diplomatic skills;
- h. be supported in his/her daily work by a competent language assistant.

Such a list of characteristics of course should be read as an indication of the skills the PAAs should optimally bring with them. Even the evaluators acknowledged that individuals which fell well short of these qualities were successful in implementing projects. In general, PAAs were unlikely to be good project managers and excellent

experts at the same time. In some circumstances, projects therefore benefited from proactive assistants and Project Leaders in the member states that could take over part of the organisational tasks.

The implementation of twinning projects often went along with the organisation of large-scale training exercises and study trips. This tested the PAAs organisation skill severely. However, evaluations also point to the fact that some twinings were rather small in scale. Such projects were well-served with a PAA that brought with him the skills of an expert. The ability of the PAA to make contact with his counterparts was essential during the implementation of the projects. In view of the fact that the overwhelming amount of twinning projects would have to bridge language barriers, it is therefore important that adequate resources were devoted to translation and interpretation. This was generally the case. However, evaluations pointed to the shortage of these resources in several twinning projects (EMS 2004b: 48-51). There were also circumstances under which the counterparts of the PAA 'were selected more on the basis of their language abilities than on their technical expertise' (Birker *et al.* 2000: 12). In view of the evaluators, all twinning projects should therefore include a language assistant to the PAA.

Project leaders

The PAAs also relied heavily on the support of their host and home institutions. This was often linked to the question whether the Project Leaders appointed to the programme were committed to the *guaranteed results*. However, the project steering committees enabled the PAAs to make their problems known to both twinning partners. This forum also served as a commitment device for both administrations involved in implementation. Many PAAs used the quarterly reports of the project to highlight particular problems that hindered their project from achieving its full potential. However, since these reports had to be approved by the local Project Leader, real problems deriving from the host institution's attitude towards the project were not recorded.

In Poland, the twinning project PL1998-IB-JH-02 set the objective to contribute to the programme of work required to bring the management of Poland's Eastern Border and hinterland to the standards required for EU membership. In his second quarterly report, the PAA of the project gave emphasis to the fact that twinning was still a new concept and therefore 'some teething problems were inevitable'. The report also highlighted that several months were needed to receive access to planning and other information activities in the host ministry. It also acknowledged that the Polish side was then fully supporting the implementation of the project.

Other key actors included the line DGs in Brussels, the Delegations of the Commission in the candidate countries and DG Enlargement. The main task of these actors was to acquaint themselves with the rules of the twinning exercise. This was in particular true for the Delegations which often interfered in the selection procedure during the early implementation of twinning (Intw41, Claude Cornuau, 20 March 2003). Since the twinning manual explicitly gives the right to select twinning partners to the candidate countries, it was even more detrimental to the start of projects if staff from the Delegations did not abide to this rule. There were several calls for a more coordinated approach to the programming of twinning projects, in particular in the Commission's Headquarters. This could have been achieved by the appointment of *Twinning Liaison Officers* in each of the relevant line DGs (Birker *et al.* 2000: 9).

The Commission could have also made information more easily available on a country-by-country basis. In some candidate countries, the Delegation organised weekly meetings and socials with PAAs to exchange information and to ease practical problems such as the accommodation of STEs and MTEs. Some NCPs have also suggested a website which would collect information on the implementation of projects and give further guidance on the drafting of the covenants by providing concrete examples (Intw2, 55, German and British officials). The assessment report made the suggestion to provide 'a "welcome pack" for PAAs/STEs which as well as the more mundane aspects ... also provides some basic information about the CC administration and how its legislative and executive processes are managed' (Birker *et al.* 2000: 8).

Design of the project

The implementation of twinning projects is driven by their design. In general, the specification of objectives, activities and the content of a project can be separated into four stages: (i) the design of the project fiche by the CC administration; (ii) the writing of proposals by the MS; (iii) the selection of twinning partners by the CC; (iv) the covenanting between the CC and the selected MS. In order to achieve maximum results, these stages were to be based on needs and risk analysis. Adequate resources should have been allocated in the administrations that deal with these important stages.

The design of the project fiche by the candidate country is the most significant step in the project life cycle. It enables an early definition of *guaranteed results*. However, the EMS consortium pointed out that "objectives" and "guaranteed results" are treated as the same in many project fiches, although the overall objectives should differ from the specification of the results (EMS 2004b: 18). This emphasised the need for more technical assistance on project design. The Delegations in these countries could have

played a key role under these circumstances. However, they were generally understaffed and did not have the manpower to perform such tasks (Birker *et al.* 2000: 24). The remaining stages of project design suffered from similar problems.

The evaluations have identified severe problems with the timely delivery of covenants, and there were also problems regarding the specification of project benchmarks and indicators. The EMS consortium noted that ‘project design in general is considered still to be relatively poor ... especially with regard to lack of useable indicators of achievement, poorly formulated project purposes and log-frame matrices’ (EMS 2004b: 18). This may have prevented projects from achieving their potential, because the identification of measurable indicators and benchmarks is an important factor during project implementation. It reinforces the commitment of the participants to processes of mutual learning.

4 Conclusion

In the Commission’s brochure *Twinning in Action*, Günther Verheugen highlighted in a foreword that the twinning exercise ‘provides a unique *learning experience and exposure for both sides*, which will greatly contribute to the successful completion of the enlargement process’ (CEC 2001k: 1, emphasis added). This quote expresses the core of the Commission’s twinning concept, which not only focussed on the achievement of common objectives but also on the establishment of mutual learning processes. The implementation of the programme was challenging because of the circumstances found in CEE administrations. The lack of resources and low level of salaries in these institutions naturally had a knock-on effect on the effectiveness of twinning projects, which were also often caught in problems deriving from horizontal administrative reforms. However, several twinning procedures helped to respond to the challenges of the ongoing transition processes in the candidates’ institutions. Yet, experience on the ground shows that the *transfer* of institutional templates and models through twinning projects have sometimes faced strong *policy resistance* by domestic actors (see Bache and Taylor 2003; Dolowitz and Marsh 1996, 2000).

There is therefore a general concern as to what extent the instrument made efficient use of money, since any aid programme relies on the cooperation of the recipient countries. The main question for the Commission was whether the administrations in CEE could either be coerced or led into effective cooperation with their counterparts from Western Europe. Several procedures of the twinning exercise clearly resembled the OMC. The connection to the APs enables the fixing of common guidelines based on the definition of short-term

and medium-term objectives. These guidelines were translated into national and regional plans through the NPAAAs which contained an institution-building plan. The programming phase is started by the candidates with the drafting of the project fiches. This is followed by the selection procedure which was centred on the idea of benchmarking. The potential PAAs even had to present their proposals to project implementation staff in the candidate countries. After the selection of twinning partners, the covenant drafting phase allowed for common goal definition on the basis of the project fiches. It identified measurable benchmarks and indicators that were monitored and evaluated during the implementation of the project. This enhanced the quality of cooperation between the project partners.

In spite of the fact that many circumstances may have impeded the possibility of enhanced cooperation during implementation; the opportunities for the definition of common goals are exhaustive during the preparation of twinning projects. The main difference to other policy areas where the OMC was utilised is that the approval of the twinning covenants took place in the Commission Steering Committee. This shift gave the Commission considerable influence over the content of projects; a feature of the twinning exercise that may be better explained by the EU's conditionality. However, the basic features of twinning projects such as the minimum duration of 12 months, the PAAs, Project Leaders from the member states and candidate countries, a package of short-term missions and training, as well as a covenant drafting phase were ideally suited to the creation of long-term cooperation between the twinning partners.

	Element of the instrument	Mode of governance
Content and implementation	1. Connection to programming framework (APs, NPAAAs, FMs)	<i>new forms of governance, governance by conditionality,</i>
	2. Bidding process (proposals, presentations and selection)	<i>new forms of governance</i>
	3. Covenant ("Guaranteed Results", benchmarks, timeframes, duration & risk analysis)	<i>new forms of governance, governance by conditionality</i>
	4. Approval of the covenant in the Commission Steering Committee	<i>new forms of governance; governance by conditionality</i>
	5. Long-term secondment	<i>new forms of governance, persuasion and social learning</i>
	6. Short-term experts	<i>new forms of governance, persuasion and social learning</i>
	7. Project Steering committee, Project leaders	<i>new forms of governance</i>

Source: Author's compilation.

Table 21: Elements of the twinning instrument and modes of governance

There is therefore only one major difference between other instances where the OMC has been used and the implementation of the twinning exercise: the Commission gets

involved much later in the process of drafting common objectives and measurable benchmarks. It is legitimate to question whether this was actually an advantage, even though it could block the approval of covenants in the steering committee. In addition, the twinning exercise also enabled applicants to identify transferable institutional models based on detailed proposals and presentations in the Commission Steering Committee. After evaluating the performance of the member states, the procedures allowed the candidates to choose their twinning partners without restraint. This procedure seems to be particularly hard to explain with the other external governance models (*see* Table 21 above).

Evaluation of the alternative hypotheses

This chapter has therefore demonstrated that new forms of governance as a theoretical framework are the only mode of governance that can explain what type of accession instrument the twinning exercise is and how it influences candidates to reform their public administrations (*see* Table 21 below). The chapter also highlighted that the two alternative explanations can be consulted for the explanation of particular procedures. However, the depiction of the twinning exercise as a form of enhanced cooperation that enables the candidates to learn from the member states' experience in implementing the *acquis* remains the most plausible answer. Thus, this chapter concludes that the following alternative hypothesis best describes the characteristics of the twinning exercise as an instrument:

H2c: The twinning exercise seeks to provide candidates with opportunities for learning and transfer of administrative procedures. It is therefore designed as a new form of governance with a flexible and participatory approach to implementation.

The remaining models also had useful insights into the working of twinning projects. However, the governance by conditionality hypothesis cannot be confirmed because the candidates cannot perceive of twinning projects as rewards, since the EU has been too reluctant to suspend funding for particular projects or indeed to cancel projects before their scheduled termination. The notion of 'soft' EU conditionalities introduced by Papadimitriou and Phinnemore (2004: 636) describes the situation relatively accurately. Indeed, there is 'a softer and more diffused form of monitoring conditionality' (Papadimitriou and Phinnemore 2004: 623). However, it is questionable how this differs from the evaluation and monitoring of common objectives intended by the OMC.

Since the actual objectives of the twinning exercise are based on the APs and the joint drafting of the covenants, we may conclude that new forms of governance offer a better explanation for its characteristics. The main mechanisms at work during the

implementation of twinning projects are sustained cooperation over a minimum period of 12 months and peer pressure on the basis of measurable benchmarks.

This does not preclude that social learning takes place within the framework of the twinning exercise. However, the possibility of twinning partners to cooperate predicted by notions such as institutional isomorphism and social learning was unlikely given the various factors that may have impeded individual projects. In contrast, twinings were likely to achieve the establishment of administrative capacities based on institutional hybridization, emulation, synthesis and inspiration (Rose 1991: 21-22; *see also* Dolowitz and Marsh 2000: 13). These processes were likely to be sustained by significant innovation and indigenous designs for the implementation of EU policies. The levels of transfer as well as the objects of transfer in such processes are specific to each twinning project. It depends largely on the domestic circumstances to what extent even the implementation of institution-building projects may impact on the reform of public administrations.

Conclusion

The importance of policy transfer in the enlargement process

1 Introduction

Imitation is the sincerest of flattery.

Charles Caleb Colton, *Lacon*, volume I, no. 183 (1780 - 1832), emphasis added.

By three methods we may learn wisdom: First, by reflection, which is noblest; second, by *imitation*, which is easiest; and third by experience, which is the bitterest.

Confucius, Chinese philosopher & reformer (551 BC - 479 BC), emphasis added.

This thesis shed light on the EU's administrative conditionality through an analysis of the formulation and implementation of the twinning exercise. It sought to explain the reforms in 1997, in particular the decisions that led to the continuous reshaping of the twinning instrument. However, it was also concerned with theory-building on the issue of enlargement and the EU's policy in relation to applicant states. The thesis in particular set out to answer the following two questions:

3. *Internal governance.* What factors can account for the introduction of the twinning exercise and which sources of information were critical for its formulation?

4. *External governance.* What type of accession instrument is the twinning exercise and how does it influence candidates to reform their institutions?

2 The twinning exercise in theoretical perspective

In order to facilitate a structured analysis of the empirical material, it introduced a methodological approach that is based on the triangulation of empirical findings deriving from elite interviewing, document analysis and quantitative data on the implementation of twinning. The dependent variables have been specified as the introduction of the twinning exercise and its character as an instrument of accession. The analysis of the empirical findings was separated into two stages concerning internal governance and external governance of the EU. This allowed for a clearer distinction between the explanations offered on these different parts of the process.

The triangulation of research findings proved helpful in particular where gaps emerged in research process. However, it was also an important heuristic tool to combine the findings from the three sources of inquiry utilized in this thesis. This approach tied in with the specification of plausible rival hypothesis that were based on alternative explanations for internal governance on the one hand and external governance on the other. The testing of these hypotheses was ensured by separate chapters on internal governance (*see* Chapter 7) and external governance (*see* Chapter 8). In addition, chapters 5 and 6 allowed depicting the historical background of the case study and putting the alternative theoretical models to a first test.

2.1 Theoretical considerations

The second step was to specify the theories that underpinned the models outlined in Chapter 4. This included a closer definition of the term internal governance, which was described as the process of formulating internally the policies towards outsiders (*see also* M. Smith 1996; Friis and Murphy 1999). The thesis also paid attention to the fact that the twinning exercise was introduced at the instrumental level of the Phare programme. As a result, it was not necessary for the reform group within DG1A to feed a formal proposal through the Council of Ministers. In contrast, it decided to formulate the procedures of the twinning exercise with the help of a network of NCPs. This process has been reflected upon by a discussion of the EU's system of committees which governs over the implementation of Community programmes. The thesis identified two alternative explanations for these forums which are based on RCI and SC.

These forums are described as oversight mechanisms by rationalist scholars (Pollack 2003b: 88, 114; *cf.* Tallberg 2002: 29ff.), whereas constructivist scholars refer to them as forums of deliberation (Trondal 2002; Joerges and Neyer 1997a). The findings of scholars working on EU committee governance have been largely influenced by the new institutionalist literature. Several debates about these forums have generally centred on the issue whether there is a logic of anticipated consequences guiding the decisions taken within these committees or rather a logic of appropriateness. This thesis has identified four plausible rival hypotheses that derive from these discussions and initial observations during the research process. These alternative hypotheses for the internal governance stage of decision-making were based on the following theoretical models: evidence-based policy-making, lesson-drawing, intergovernmental bargaining, and deliberative supranationalism. Chapter 4 outlined the theoretical models underpinning these hypotheses in greater detail. It argued that a synthesis of the lesson-drawing approach as introduced by Rose (1993; 1991) and RCI enables an application of this concept to the role of the Commission in the policy-making process. The same applies to the evidence-based policy-making approach which seems to lack explanatory power without the heuristic tools provided for by RCI.

The external governance stage of decision-making was defined as the gradual process of extending the EU's authority to the candidate countries (*see also* M. Smith 1996; Friis and Murphy 1999). It was taken note of the fact that the enlargement process mainly had been described by the concept of conditionality. However, the thesis followed Schimmelfennig and Sedelmeier (2004: 662) who argue that there is a 'need to distinguish analytically between the use of 'conditionality' as a political strategy and its causal impact on domestic politics'. As a result, chapters 3 and 4 outlined how various instruments can result in different ways of influencing candidate countries. The thesis identified three alternative approaches that seemed plausible as explanations for the implementation of the twinning exercise: governance by conditionality, persuasion and social learning, and new forms of governance.

2.2 The role of policy transfer in the policy process

As central concepts running through all chapters, lesson-drawing and policy transfer factor high in the theoretical positions of this thesis. These approaches to policy-making and implementation have been introduced with regard to the EU's internal governance and its external governance. The thesis highlighted that each of the models specified in Chapter 4 can be associated with a particular form of policy transfer; the most classic example being the fact that the concept of institutional isomorphism can be seen as an

element of deliberative supranationalism. In other words, the search for common solutions as described by deliberative supranationalism can culminate into a process whereby policy-makers adopt a particular institution because the discourse among them views it as appropriate or legitimate. The relationship to the evidence-based policy-making model is also relatively clear. This model predicts the completely opposite approach to policy-making than lesson-drawing. However, in case lesson-drawing is utilised during the policy-making process, it usually combines with evidence taken from evaluations or internal assessments to form innovative solutions (Jacoby 2000; Westney 1987). This has been emphasised in Chapter 4 where the alternative outcomes of policy transfer were defined as copying, emulation, hybridisation, synthesis and inspiration. Finally, individual member states may seek to transfer their domestic policies or systems to the EU in order to avoid distortions to competition or avoid adaptation costs (Knill 2001; Börzel 2001; Bomberg and Peterson 2000). Thus, policy transfer can also become an element of intergovernmental bargaining.

The external governance models outlined in Chapter 4 can also be associated with the concepts of lesson-drawing and policy transfer. Since applicants are expected to introduce systems to implement the *acquis* and introduce EU legislation at the domestic level, governance by conditionality can result in coercive forms of policy transfer. This is because applicants were expected to perform the task of implementing Community legislation at a similar level than the current member states. In addition, in case persuasion and social learning were to be the chosen mode of governance during the implementation of the twinning exercise, the discourse between the project implementation staff and local officials would have resulted in institutional isomorphism. In contrast, the new forms of governance model links to the idea of obligated policy transfer. This is an expression of the fact that applicants have to meet the obligations of membership upon accession into the Community. The in-built mechanisms of benchmarking enable the candidates to identify suitable institutional models to implement the *acquis*, and the ongoing monitoring by their future peers reminds them of their obligation under the treaties. It is largely a result of the characteristics of a particular instrument whether it supports more coercive or voluntary forms of obligated policy transfer.

The epigraphs above show that imitation may not only become an important part of policy-making, but is an undisputable part of everyday life. It is not an instinct that we have to learn in order to perform well in our occupations, but rather it is an essential element of our lives from a very early age. It is therefore not surprising that a number of scholars have revealed the important role lesson-drawing and similar methods of learning

took in formulating policies. The contributions of scholars working on this phenomenon reach over a range of issues as diverse as economic policy (Lal 2001), environmental protection (Haverland 2003), modernization (Westney 1987), foreign policy (Levy 1994) and bureaucratic accountability (Bennett 1997).

This thesis has shown that emulation was an important factor for reform in the enlargement process. It helped to formulate the implementation procedures of the twinning exercise and guided its subsequent implementation. The transfer of institutional models from Western Europe to the administrations of the CEE candidates has clearly been facilitated by twinning projects, while the introduction of the implementation procedures for the instrument itself, also considerably benefited from the involvement of Claude Cornuau, an external expert with experience in similar operations. The latter finding, points to the Commission's readiness to address its lack of experience and resources on particular instruments.

2.3 The findings of the thesis

In spite of the problems that occurred during the implementation of the twinning exercise, it should not be forgotten that its introduction has been 'a landmark for the overall reform of the enlargement strategy' (Interview 16, CEC official, 11 September 2002). The main achievement of its formulation was to overcome the bureaucratic obstacles that prevented policy-makers in the early 1990s from introducing it. As a well-established delivery method in development cooperation, it had to offer a great deal of functionality to the accession process. Firstly, the secondment of member states' officials to the candidates' administrations enabled mutual learning processes that went beyond the scope of developing administrative capacities. The twinning of institutions in the accession process also led to active network-building between administrations in the Eastern and Western parts of Europe. It allowed the actors involved in implementation to experiment with institutional designs and to learn from the experience of their counterparts.

Secondly, the particular twinning concept that was developed by the Commission with the support of the external expert Claude Cornuau, gave impetus to a number of outreach activities. In other words, the twinning of institutions as a basic institutional partnership led to several types of exchanges between officials: internships, study visits, training activities, or, for example, the joint drafting of inspiration papers. These activities provided the CEE officials with valuable information on the systems of implementation that were used in Western Europe to comply with the *acquis communautaire*. The combination of long-term secondments with short-term measures facilitated the enhanced

cooperation of ministries across Europe. Since the introduction of twinning more than 800 PAAs were sent to the candidate countries until the end of 2004. The Commission estimates that roughly six times the amount of STEs participated in twinning projects. In conclusion, we may therefore say that both the Commission and the member states allocated a fair amount of their resources to the implementation of this pre-accession instrument. This culminated into the largest effort of know-how transfer between administrations in the OECD to date (OECD 2002: 25).

3 The hypotheses evaluated: the role of knowledge in the policy process

This section provides an overall evaluation of the alternative hypotheses confirmed in chapters 7 and 8. It highlights the characteristics of the policy process regarding the formulation and implementation of the twinning exercise in light of the findings of the thesis. In order to re-establish the connection between the theoretical and empirical parts of the thesis, some of the earlier findings are reiterated. This section also clarifies the connection of this thesis to other literatures.

3.1 Internal governance: the introduction of the twinning exercise

This thesis has shown that the formulation of instruments such as twinning in 1997 were not just the result of ad hoc entrepreneurship by the Commission. In contrast, the officials from DG1A that were involved in the reforms had been involved in the search for solutions for most of the 1990s. The first significant reforms of the Phare programme were conducted in 1993 at the Copenhagen Summit. Issues such as the possibility of infrastructure investment caused considerable controversy among officials from the member states, in particular in Britain, France, and Ireland. However, the extension of the infrastructure facility introduced into Phare in Copenhagen was agreed when the pre-accession strategy was created at the 1994 Essen European Council. There was a considerable amount of repercussions involved in these decisions. In particular, private consultants lost out on technical assistance contracts.

The theme of investment support was carried all the way through to the 1997 reforms where it became clear that this type of support would account for 70 percent of Phare funding. Chapter 5 also highlighted that the EU's conditionality by no means was created with the introduction of the Copenhagen criteria in 1993. On the contrary, it evolved over time as a response to membership applications by several countries and as a political strategy through the G24 aid initiative. However, the repeated clarification of the accession criteria since the publication of Agenda 2000 gave momentum to the

enlargement process and became instrumental in the programming of the accession instruments. There was a shift in the approach to enlargement towards more active leverage regarding the candidates' political, economic, and administrative reforms (Vachudova 2001).

The governance approach is a key concept in this thesis since it is instrumental in explaining the complex nature of the enlargements process and Community policies alike. Chapter 8 has already confirmed that the lesson-drawing model provides the most accurate picture of the introduction of twinning. However, it has to be stressed that the lesson-drawing approach alone is of little use. In order to explain the process more accurately, a synthesis between the models of lesson-drawing and evidence-based policy-making as outlined in Chapter 4 is necessary. The lesson-drawing component can explain the involvement and influence of the external expert Claude Cornuau and the evidence-based policy-making model may explain the factors that derived from internal assessment and evaluations. These models can both be embedded within the conceptual scope of the RCI approach. As a result, this thesis describes a picture whereby the Commission actively made use of knowledge to gain a maximum of influence over the formulation of the twinning procedures. In some circumstances it had to give in to the demands of the member states. However, the overall design of the projects as it had been developed by DG1A was never compromised during implementation. Even measures such as twinning light were designed to complete the tasks envisaged by the twinning exercise, not to replace it as an instrument.

These forms of internal policy-making have complemented the Community method, the networking with relevant interest groups and national administrations (Peterson 1995b; Jachtenfuchs 2001), and the construction of epistemic communities (Haas 1992; Zito 2001; Verdun 1999). While the latter are forms of coordinating Commission proposals with contacts that have been established over a long period of time, lesson-drawing can be used in a more ad hoc manner, allowing decision-makers to respond relatively quickly to the challenges they face. This dimension should not be underestimated in particular in the enlargement process. In addition, however, policy networks and epistemic communities can generate and sustain lesson-drawing over time. It is frequently used as a method of prospective policy evaluation (Rose 1993, 1991).

In reality the long period in which twinning procedures were adjusted and made to fit the requirements of the actors involved in the process ultimately resulted into a moulding of various elements of policy-making. Lesson-drawing was the most important of these elements and this is well demonstrated by the involvement of Claude Cornuau. He had

been working on similar programmes for USAID and the World Bank in Vietnam before. The procedures of twinning were essentially the outcome of his discussions with Commission staff in Brussels, neither the Delegations of the Commission to the applicants nor the member states were initially consulted. At the time these actors got involved through the NCP meetings, only minor adjustments were made to the concept developed by Cornuau and the team in DG1A. Several interviewees confirmed that he was the main person involved in drafting the concept paper and the twinning manual on twinning. The management level in DG1A, François Lamoureux and Catherine Day, helped to push through any obstacles that occurred during the formulation of implementation procedures.

3.2 External governance: twinning as an instrument of accession

In relation to the external governance stage of decision-making, this thesis has shown that the introduction of the reinforced pre-accession strategy indeed led to more explicit conditionality terms in the enlargement process (Vachudova 2001, 2004). However, instruments such as the APs and the NPAs are to be seen as programming documents rather than elements of conditionalities that are enforced during the accession process. The latter seems truer of the accession negotiations which give more leverage to Community actors than the pre-accession financial instruments. As one official noted, 'you don't buy yourself influence in the candidate countries with peanuts' (Intw18, CEC official, 11 September 2002). This thesis therefore argues that the Commission utilised lesson-drawing in order to establish a new form of governance which would allow the candidate countries to transfer institutional models for the implementation of the *acquis* from their future peers.

This finding is rather unique in the sense that it points to a more open approach to the implementation of the Phare programme than usually portrayed in the literature (Heil 2000; de Chavagnac 1993; Deloche-Gaudez 1996; but see Steffens 2003; Tulmets 2005a). There was such a variety of actors involved in the process of implementing twinning that it is logical to assume large variations at this stage of the decision-making process. The type of external governance that derives from the twinning exercise, however, generally falls under the heading of enhanced cooperation rather than reinforcement by reward. This contrast to the findings of well-established authors within the enlargement literature (Schimmelfennig 2004; Schimmelfennig and Sedelmeier 2004; Schimmelfennig *et al.* 2005). It also contradicts the findings of most scholars that are working on the enlargement of the EU. These contributions generally emphasise the

important role of conditionality in the process (Van Westering 2000; Maresceau 2003; Pridham 2002; Reinholde 2004).

3.3 The argument and overall findings of the thesis

It is argued that the introduction of the “twinning exercise” was largely facilitated by *lesson-drawing*, whereas the programme itself constitutes a *new form of governance*. It can generate obligated policy transfer and opportunities for learning depending on the actors involved in the implementation of the projects. In this context, the thesis stresses that the transfer of institutional models through twinning projects is driven by both the interdependence of actors during implementation and the possibility of resistance by domestic actors.

Overall findings

The thesis found that the involvement of an external consultant, Claude Cornuau, was necessary as an element of internal governance to face institutional path dependencies that were enshrined in the administrative culture of the Commission services (*see* Table 22). The recruitment of this consultant became instrumental in unlocking the deadlock that existed regarding the culture of checking the means of assistance rather than the results of Phare operations.

	Agents of transfer	Indigenous actors
Internal governance Introduction of the twinning exercise	International donors Claude Cornuau (International expert)	Commission officials EuropeAid Cooperation Office Evaluation exercises
External governance Twinning as an instrument of accession	PAA MS project leader Short-term experts Commission Delegation <i>Commission HQ</i> : twinning team, geographical team, line DGs	CC project leader CC officials CC ministers

Source: Author's compilation.

Table 22: The agents of transfer in internal and external governance

It was also found that the engagement of the consultant led to the applications of lessons learned during the implementation of projects of other donor organizations. The consultant in particular made use of previous appointments as project manager of

twinning projects in Cambodia and Vietnam. The latter example provided *negative lessons* regarding the quality of long-term advisers and overall, his experience in the field was instrumental in convincing the management level within DG1A of the necessity of particular procedures (*cf.* Rose 1991, 1993). The thesis also highlighted that indigenous actors had significant influence on the internal governance stage of decision-making. These were in particular Commission officials working on the 1997 reforms; the Commission staff involved in introducing the joint external services; and internal assessments that were often presented in form of evaluation reports (*see* Table 22 below). Thus, lesson-drawing as a form of prospective policy evaluation became instrumental during the formulation of the twinning exercise and its procedures.

The findings on the external governance stage of decision-making point to several actors in the process. It was found that the main actors during the implementation of twinings are the PAA, the MS project leader, short-term experts and various services of the Commission. These actors become involved as *agents of transfer* during the implementation of twinings in the applicant countries (*cf.* Stone 2003, 2004). They make use of their individual experience to influence domestic reforms in these administrative systems of these countries. As indigenous actors, the thesis has identified the CC project leader, CC officials and CC ministers as the key personnel that may affect the outcomes of particular projects. The thesis has also highlighted that the involvement of these actors and the utilization of the twinning exercise most likely results in hybridisation of institutional models coupled with significant amounts of innovation.

Relevance to other literatures

These findings have implications for a number of specific literatures. Firstly, the literature on external influences on democratization and reform in CEE has attracted a growing number of authors. This literature generally questions to what extent domestic reforms in these countries are driven by external influences (Beyme 1993; Andorka 1993; Derlien 1991; König 1993; Elster *et al.* 1998; Pridham 2002). Scholars working on external influences may find that these do not only appear in form of bold political strategies such as the EU's conditionality, but also in shape of concrete instruments such as the twinning exercise. The thesis shows that such instruments do not necessarily adopt the same enforcement mechanisms as the overall strategy of the Community. In the case study under observation in this thesis, the instrument took on the form of enhanced cooperation based on a flexible approach to implementation.

Secondly, it connects to the literature on conditionality. This literature is rather established with regards to the lending operations of international organisations on the

one hand (Williamson 1983a, 1983b; Stokke 1995; Feldstein 1998; Mikesell 1983) and membership conditionality on the other (Fierke and Wiener 1999; Schimmelfennig 2003b; Jacoby 2004; Grabbe 2002; Hughes *et al.* 2004a). Scholars working on this aspect of policies may find that the membership conditionality can take on 'softer' forms than is the case for example in IMF agreements (*see also* Papadimitriou and Phinnemore 2004).

Thirdly, the findings of this thesis also provide insights for scholars interested in Europeanization and policy transfer (Knill 2001; Jacoby 2005; Grabbe 2003; Börzel 2001; Olsen 2002; Dolowitz and Marsh 2000). The thesis shows that lesson-drawing and policy transfer as approaches to the policy process can be embedded in the institutionalist literature to enhance the scope of their conceptual applicability. Scholars working on the Europeanization of public administrations in particular may find the emphasis given to the provision of institutional models particularly helpful. This aspect of administrative reform has hardly been highlighted in the literature. The findings show that the regular availability of institutional models in form of *templates*, *thresholds* and *adjustments* potentially have a significant impact on the candidate countries by offering opportunities for them to combine experience with innovation (*see also* Jacoby 2001b, 2004).

Fourthly, it can speak to scholars working on administrative reforms in the candidate countries. This literature has focused on EU enlargement as a driving force of executive reform in CEE (Lippert *et al.* 2001; Bossaert 2003; Nicolaidis 2003; Iankova and Katzenstein 2003; T. Verheijen 2002). While some of the contributors to this literature emphasise the inadequacy of the EU policies for horizontal public administration reform, this thesis shows that the enlargement strategy only touched on this issue in passing and in contrast focused on vertical administrative capacity building. The author of this thesis therefore disagrees with the assessment that the pre-accession policies provided inadequate instruments for civil service reforms. In contrast, the findings of this thesis show that the Commission never intended to touch on this matter of sovereignty. It therefore limited its activities to monitoring and advice when civil service reforms came under consideration. Instead, it used the twinning exercise as a mechanism to develop vertical administrative capacities.

The twinning exercise beyond enlargement

The Commission highlighted in its White Paper on Governance with regards to the performance of national administrations in implementing the *acquis communautaire* that 'the Union can effectively draw on the experience acquired with the applicant countries,

such as the *twinning arrangements*' (CEC 2001d: 25). The twinning exercise also resurfaced as Article III-185 in the Draft Constitutional Treaty⁹⁷ of the European Convention as a means of improving 'their administrative capacity to implement Union law' (European Convention 2003: 150).⁹⁸ Its operation is currently extended by a 'transition facility', which has been included in the accession treaty of the candidates (Article 34).

This clearly shows that the instrument is evaluated positively internally, while externally it has been criticised severely for its cumbersome procedures; problems during implementation; and its focus on the sectoral capacities of the administrations in CEE (see CEC, 2000; Cooper and Hohansen, 2003; European Court of Auditors, 2003a, 2003b; OMAS Consortium, 2001a, 2001b; Verheijen, T., 2002). However, the most likely uptake of twinning projects will derive from enlargement processes with the remaining and new applicant countries.

In addition, the Commission has explicitly emphasised that the 'ENP'⁹⁹ will provide support including technical assistance and *twinning for partners that wish to meet EU norms and standards*' (CEC 2004i: 9, emphasis added). Although the ENP's introduction is delayed until 2007, when the new financial perspective comes into place, the Commission will set the trajectory of its implementation by introducing its elements in CARDS and MEDA. This shows that the EU also transfers instruments across related policy areas.

4 Conclusion

The rationale behind the reinforced pre-accession strategy was to enable candidate countries to meet the challenge of EU membership. As the implementation of the *acquis* lies in the member states' responsibility, it appears to be logical that civil servants from their administrations were chosen to become pre-accession advisers during the accession process. However, the secondment of civil servants to CEE administrations meant overcoming large bureaucratic hurdles and as a consequence was deemed impossible until the introduction of the twinning exercise in 1998.

⁹⁷ The body of laws and rules developed over time.

⁹⁸ My thanks go to David Phinnemore who has pointed me to this article in the convention draft.

⁹⁹ European Neighbourhood Policy.

This thesis set out to explain how the twinning exercise has been introduced and implemented. There is substantial evidence that the hypothesis H1b on internal governance stated in Chapter 1 can be confirmed. However, the Commission has by no means retained full control of the implementation process and the member states have also been able to introduce some of their own interests and preferences into the procedures of the instrument. Yet, the Commission could assert considerable control over the programming of the projects. There are many reasons why it has been so successful. We may conclude here that the main factor was the seemingly bureaucratic way in which the enlargement strategy had been designed in 1997.

This needs further explanation. Although elements like the progress reports, APs and the covenants for the twinning exercise appear to be bureaucratic acts at first sight; in combination they have enabled the Commission to exert influence during the implementation of the pre-accession financial instruments. The progress reports aimed at influencing the political elites of the candidate countries such as governments, parliaments, opposition leaders, NGOs and also the public. This is because these apparently bureaucratic documents are discussed extensively in the candidates' media, they can therefore be considered highly political in nature. The Commission has been able to produce a kind of artificial competition between the candidate countries through the progress reports, which left them longing feverishly for their publication. After all, these documents spelled out what each country still needed to do in order to become a member of the EU. The APs have been useful documents to clarify the medium-term and long-term reform objectives that had to be met by the candidate countries. They were directed at the line ministries in CEECs, while spelling out in much more detail than the progress reports what needed to be done in order to render the accession process successfully.

At the level of instruments, the accession negotiations are the Commission's most useful tool. The flexibility that was given to the negotiations by the method of provisionally closing chapters on behalf of the Union enabled the negotiators to put significant pressure on candidate countries even when chapters were already closed. As mentioned in Chapter 7, the provisional closure of chapters did on several occasions incorporate demands to support and implement other instruments of the pre-accession strategy. In many cases, EU negotiators asked applicants to engage in twinning exercises where they did not comply with the *acquis communautaire*. Furthermore, the EU also introduced new forms of governance that are 'more accepting of diversity and encourage semi-voluntary forms of co-ordination' (Mosher and Trubek 2003: 63), since not all parts of the *acquis* are as explicit as those discussed at the negotiation tables. In addition, the Commission also

wanted to ensure to meet wider objectives, such as cooperation between neighbouring regions and the effective implementation of EU policies. These were not explicitly spelled out in the legal terms of the *acquis*, but would become more important during the post-accession period.

It has to be mentioned of course that the twinning exercise has been only one among many instruments of the enlargement strategy and the reinforced pre-accession strategy in particular. Its unique features, however, enabled its application in the sensitive area of administrative reform. Cross-border cooperation programmes, participation in community programmes, the border regions programme, and technical assistance have also been important elements of the Phare programme. In addition, the implementation of the remaining pre-accession financial instruments also enabled the candidates to test their administrative structures before accession.