

**The (Re)-Design of the EU Pre-Accession Aid:
A Consequence of Intergovernmental Bargaining or
Complex Institutional Policy Learning?**

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Panel on the Impact of EU Membership on East European States

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The research on eastern enlargement has found weak the impact of the EU pre-accession instruments on the “Europeanization” of Central and Eastern European countries focusing on the EU's most important financial instrument, PHARE¹, SAPARD² ISPA³ programmes (Glenn, 2004; Lendvai, 2004; de la Porte and Deacon; 2002; Ferge, 2001). A single Instrument for Pre-Accession Assistance (IPA) came into effect in 2007, replacing various instruments introduced for the 2000-2006 period. IPA covers the candidate states (Croatia, F.Y.R. Macedonia, Turkey⁴) and the potential candidate states for Western Balkans (Albania, Bosnia and Herzegovina, Montenegro, Serbia - including Kosovo) offering a tailored policy approach mimicking as well the implementation of structural funds and cohesion policy (Bache, 2010). This research has twofold aims: first to characterize qualitatively the policy changes in the pre-accession instruments in time; and secondly to develop theoretical explanations on underlying dynamics that lead to the changes in the pre-accession instruments for further research.

This paper seeks to enlighten the change of the EU pre-accession instrument, from PHARE, SAPARD, ISPA programmes to IPA, analyzing qualitatively the direction of policy changes in the employment and social policy areas. In the EU enlargement literature, there are few studies that focus on the design of pre-accession instruments and especially on their transformation focusing on the supply side (Maniokas, 2004; Bailey and Propis, 2004; Tulmets, 2005; Gjorgjievski, 2008). After focusing on the question of “what has changed with the launch of IPA”, I will present two competing explanations on “why and how” these changes occurred. There exist two competing theoretical explanations presented here derived from the findings of the research on the EU enlargement decisions and the development of pre-accession strategy at the EU level: an integrovenrmental bargaining explanation and policy learning model. Accordingly the

¹ PHARE is the abbreviation for “ Pologne-Hongrie, Aide à la Reconstruction Economique”.

² SPARD means “Special Assistance Programme for Agriculture and Rural Development”.

³ ISPA stands for Instrument for Structural Policies for Pre-Accession.

⁴ The questions addressed in this paper on the pre-accession assistance are based upon the finding of my Ph.D. dissertation research where I have focused on Turkey’s candidacy process for EU membership. Turkish case offered an empirical terrain to observe changing EU pre-accession instrument due the length of the EU membership process. Since the signing of the customs union argument in 1995, Turkey was subject to various pre-accession financial instruments from MEDA programmes from 1996 to 2002; pre-accession assistance for Turkey from 2002 to 2006 and IPA from 2007 to 2013. This has allowed me to observe the changing character of EU pre-accession assistance.

design of the new pre-accession instrument could be the result of an intergovernmental bargaining process occurred on the EU budget for 2007-2013 period from 2003 to 2006. This explanation is based upon the premises of intergovernmental institutionalist (Moravcsik and Vachudova, 2003) explanation at the EU level, claiming that member states decide upon the cost and benefits of possible outcomes and the EU level decision represent the result of a bargaining process reflecting the relative power of member states grounded on the institutional rules. An alternative explanation on why and how the pre-accession instrument changed is based on the sociological institutionalism (Jenson and Mérand, 2010) on the role of the Commission, especially DG of Enlargement, and European Court of Auditors in orienting the development of an integrated instrument with the IPA through institutional lesson drawing and policy learning among EU level actors taking into consideration past experiences during the eastern enlargement. The aim of this section is to represent theoretical explanations to address “why and how” questions in order to inquire further in future research. For both theoretical explanations, the economic crisis in the EU member states constitute part of the explanations either as constraining financial resources dedicated to the pre-accession instruments or influencing the changing priorities in the design of the pre-accession instrument. This research uses a process-tracing methodology to follow the change in the pre-accession instruments and to develop the research hypothesis for further research.⁵ The empirical evidence is based on Commission documents concerning the pre-accession instruments, Council and European Court of Auditors decisions complemented by secondary resources.

In this paper, I will first present the pre-accession instruments from PHARE, SAPARD, ISPA programmes to IPA assessing qualitatively the redesign of these instruments. In the second part, I will present the competing theoretical arguments while discussing their relevant strength in the light of evidence collected.

⁵ I aim to conduct further field research in August and September 2014 for documentary research and semi-structured interviews at the Commission and the European Court of Auditors.

I. EU Pre-Accession Instruments: A key aspect of the Enlargement Policy

The conditions for accession, namely the Copenhagen criteria,⁶ set for the Central and Eastern European countries at the Copenhagen Council in 1993 were the most comprehensive ones prepared for any wave of enlargement (Grabbe, 2003). The Copenhagen criteria and the accession negotiations are not open to bargaining or compromise but characterized by unequal power and gate-keeping. The Commission judges progress and the Council of the European Union decides at each key phase of accession whether the process can go forward. Schimmelfennig (2012) and Dimitrova (2004) insist that given the asymmetrical power relationship between the EU and candidate countries, the process primarily one of “downloading” EU policy into the national policies.

The conditions decided at the European Council in Copenhagen in 1993 are part of this hierarchical mode of governance, requiring candidate states to comply with membership conditions. On the one hand, because of the complexity of the candidacy process, the Copenhagen conditions leave considerable space for interpretation, especially by the Commission, to judge the extent of compliance (Dimitrova, 2004; Maniokas, 2004). On the other hand, the conditions are also a moving target as the evolution of the *acquis communautaire* occurs and new conditions are added and developed (Grabbe, 1999). Nonetheless, despite the asymmetry and moving target,

⁶ The Copenhagen Criteria consist of four components: (1) Membership requires that the candidate country have achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities. (2) Membership requires the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. (3) Membership presupposes the candidate’s ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union. (4) Adoption of the entire body of European legislation and its effective implementation through appropriate administrative and judicial structures. The Copenhagen European Council in 1993 set the conditions for membership insisting on the above stated Copenhagen criteria. In the original formulation of the European Council in 1993, the conditions for membership were stated while also the absorption capacity was mentioned. In time, the absorption capacity has become a part of the criteria for membership, first emphasized by the Helsinki European Council in 1999 (Smith, 2011: 306). The Brussels European Council in 2006 emphasized that “The pace of enlargement must take into account the capacity of the Union to absorb new members” (European Council, 2006: 3). For instance, the Negotiating Framework for Turkey insists that “In accordance with the conclusions of the Copenhagen European Council in 1993, the Union’s capacity to absorb Turkey, while maintaining the momentum of European integration is an important consideration in the general interest of both the Union and Turkey” (EU Council, 2005: 6).

candidate countries must work within the framework of the EU's resources and instruments.

The literature on the Europeanization of non-member states suggest theoretical models from various perspectives to explain the rule adoption and compliance with membership conditions that demonstrate the crucial role EU pre-accession instruments.

Scholars such as Schimmelfennig and Sedelmeier (2005) and Falkner and Treib (2007) have argued that during the pre-accession process, the adaptation performance of the candidates can be explained by an external incentives model based on the benefits offered by the EU for rule adoption. This is a rationalist bargaining model where the actors are supposed to be acting as utility maximizers in order to improve their power and welfare. The findings adopting this theoretical research (Schimmelfennig and Sedelmeier, 2005) found that two main factors are crucial in influencing the rule adoption by candidate states in the pre-accession process: the credibility of the rewards and the incentives. The credibility of the rewards involve that the EU capacity to shape the candidate state increase with the membership perspective given guaranteeing the delivery of the necessary rewards in case of rule adoption. The incentives are paramount as well reasons in order to compensate the costs involved with the compliance in political and economic terms for the governments of the candidate states. Then the candidate state governments can foresee to introduce certain reforms, even costly, in return of financial assistance and further programmes that improve the quality of public policies that provide benefits such as electoral gains and increased reputation. Accordingly the pre-accession financial instrument constitutes an important component of the incentives created for the candidate countries to implement costly reforms in the accession process.

In EU enlargement studies, scholars adopting constructivist or sociological institutionalism approaches have also argued that the rule transfer of candidate states can follow social learning or lesson-drawing explanations through socialization (Coppieters et al. 2004; Kelley 2004; Kubicek 2003; Schimmelfennig and Sedelmeier, 2005). According to the social learning model based on a logic of appropriateness, if a government identifies with the EU and it expresses its commitment to European values and norms and considers these rules as legitimate, the likelihood of rule adoption increases (Sedelmeier, 2011). Schimmelfennig and Sedelmeier (2005) suggest also a third

model, lesson drawing, which emphasizes the voluntary transfer of rules by non-member states as a response to the domestic dissatisfaction. The lesson drawing model differs from the other two models through its focus on the adoption of EU rules as induced by the non-members themselves rather than the activities of the EU. According to the lesson drawing model, policy makers in non-member states can choose to adopt the EU rules when they face particular problems with existing policies and can perceive them as solutions to their problems either through an instrumental calculation or as they found appropriate to follow EU solutions. For the social learning and the lesson drawing model, the EU pre-accession instruments are an important mechanisms in the rule adoption process as they involve the preparation of various EU supported and funded programmes that involve the acquaintances of candidate state policy makers with the EU's priorities and involve a learning aspect through dissemination activities.

The above literature demonstrates that the EU pre-accession assistance constitutes an important mechanism in the process of rule adoption or compliance of the candidate state with the EU membership conditions.

I. a. EU instruments in the pre-accession process with fifth wave of enlargement: from single PHARE to ISPA and SAPARD

The EU introduced new institutional tools and instruments with the wave of Eastern enlargement (Maniokas, 2004; Bailey and Propis, 2004; Bache, 2010), starting with Copenhagen. Additions came with Madrid Council Decisions in 1995, the Agenda 2000 prepared by the Commission in 1997 and accepted by the European Council in 1999 renewing the enlargement processes (European Commission, 2003), and the revised Enlargement Strategy by the decision of the European Council in 2006, introducing the Instrument for Pre-Accession Assistance (IPA) (European Council, 2006). Institutional tools such as Accession Partnerships and Regular Reports, prepared by the Commission with the assistance of established delegations in the candidate states, allow screening and monitoring of the policies and politics. The Accession Partnership prepared by the Commission and endorsed by the EU Council sets the short, mid and long-term priorities with which the candidate states is required to comply. Following the screening process of domestic policies and institutions of the candidate state by the Commission, candidate

states need to respond to Accession Partnership Documents by preparing National Programmes for the Adoption of the Acquis (NPAA) (European Commission, 2003a: 11). The NPAAs prepared by the candidate government establish the road map for adoption, specifying the legal changes and reforms that will be implemented. The Regular Progress Reports presented yearly by the Commission from 1997 onwards are an institutional instrument of monitoring (Maniokas, 2004). They are crucial in judging the candidate's progress as well reflecting the Commission's opinion on the progress and characteristics of thirty-five negotiation chapters of the *acquis communautaire* (European Commission, 2003: 24).

In line with the priorities reflected in the Accession Partnership and NPAA, the EU provides financial assistance through instruments that have evolved over time and as the variety of candidate states increased (Dimitrova, 2004). The main financial assistance instruments developed for the Eastern enlargement was the PHARE program⁷ that provided financial assistance for the adoption of the *acquis*, for building administrative and institutional capacities in the applicant states and for financing investment as well as supporting environmental, transport, agricultural and rural development measures (European Commission, 2004).

An instrument involving aid to agriculture (SAPARD⁸) and a structural instrument (ISPA⁹) related to the priorities of the Cohesion Fund were both incorporated into PHARE in 1999 (European Commission, 2003: 16). The PHARE program as the main financial instrument had two priorities: the improvement of administrative and legal capabilities (30%) and investment linked to the adoption and application of the Community *acquis* (70 %) (European Commission, 2004).

The three programmes concentrate exclusively on priorities for accession defined by the Council in the Accession Partnership for each candidate country. In 2000-2006, PHARE is providing some €11 billion of co-financing for institution building support through "twinning" and technical assistance and for investment support to assist applicant countries in their efforts (European Commission, 2004).

⁷ PHARE stands for Pologne-Hongrie, Aide à la reconstruction économique. The program was launched in July 1989 to support changes in these two countries. It was later extended to all CEEC.

⁸ SAPARD stands for Special Accession Programme for Agriculture and Rural Development

⁹ ISPA stands for Instrument for Structural Policies for Pre-Accession

I.b. The design of the pre-accession instruments PHARE, ISPA and SAPARD

PHARE dates back to 1989 and initially aimed helping Poland and Hungary. In the first phase from 1989 to 1998, this programme focused on technical assistance at government and ministry level in the areas of public finance, agriculture, environment and privatization. Bailey and De Propris (2004) characterize the PHARE programme as a “demand driven” instrument reactively designed by the Commission in conformity with the requests of candidate state governments.¹⁰ This has led numerous small-scale projects in the Central and Eastern European candidate countries, administered by a project management unit composed of local policy makers, Commission representatives and experts, demonstrating various policy orientations under the PHARE programmes in this period.

Accordingly the experience with the PHARE programme in this first phase was mixed. Geurts (2000) evaluates the PHARE programmes as a “very complex network of institutions, rules and procedures where duplication of work, dilution of sense of ‘ownership’ of projects, inertia and bottlenecks could not always be avoided; this has led to a backlog in commitments and contracts”.

It is important to emphasize that EU developed an “enlargement policy” based on the conditionality for membership during this first period where a centralized strategy for pre-accession instrument was not developed simultaneously which led to a trial and error form for the design of the pre-accession instrument.

In 1997, the enlargement policy was reformulated for the opening of accession negotiations with candidate countries (Bailey and De Propris, 2004). The Commission undertook a detailed review of PHARE in 1997 and presented its new design in the “Agenda 2000” of the Commission approved at the Luxembourg Council meeting in 1997 (European Commission, 2003). The reform aimed improving the efficiency and the effectiveness of PHARE to re-design it towards a drive for accession in line with the pre-

¹⁰ For instance, the micro-credits for small company development aimed to address a key objective for transitions to market economy and capital accumulation.

accession priorities expressed in the Accession Partnerships. Then the Commission decides that following the determination of the pre-accession priorities, National Programme for the Adoption of the *acquis* (NPAA), outlines the timetable and necessary resources required to comply with them. The Commission monitors the candidate states via Regular Reports. PHARE became key to the Commission's strategy for preparing candidate states through twinning and technical assistance (TAIEX). This pre-accession support focused on institution- building (accounting for around 30 percent of the budget) and investment support for infrastructure rebuilding in transport, environment, agriculture and for controlling border crossings. The redesigned PHARE programme introduces co-financing for projects, with the involvement and cooperation of candidate state governments, European Bank for Reconstruction and Development, the European Investment Bank and the World Bank.

In 2000, the Commission has introduced a series of changes following the priorities set in 1997. The main aim with this reform was to decentralize the PHARE structure in order to address complex priorities and policy issues. The reform introduced new support instruments, the Instrument for Structural Policies for Pre-Accession (ISPA) and the Special Accession Programme for Agricultural and Rural Development (SAPARD), in order to help candidate countries familiarize themselves with the main principles of EU structural policies. Accordingly PHARE became the antecedent for the Structural Funds post-enlargement, ISPA for the Cohesion Funds, and SAPARD for the Common Agricultural Policy. The investment support for transport, environment and rural development was and moved towards ISPA and SAPARD.

This differentiation and issue specification in the instruments was paralleled with substantial increase in financial assistance as Commission committed €3 billion a year for the period from 2000 to 2006 with €1.5 billion allocated to PHARE, €1 billion to ISPA and €500 million to SAPARD (European Commission, 2000). Moreover the distribution of the PHARE programmes changed as one third targeted at co-financing institution-building, one third to assist candidate countries to adopt the *acquis*. The rest of the PHARE financial assistance was to pursue economic and social cohesion to invest institution and policy building to implement the Structural Funds after accession (Commission, 2000c).

The changes to PHARE and aimed to provide accession driven instruments. In this second phase, the changes demonstrate the preparation of an enlargement strategy and the instruments adopted by the Commission in line with the Council decision. However the PHARE, ISPA and SAPARD were criticized during the accession of Central and Eastern European countries in 2004 and Romania and Bulgaria in 2007. On the one hand, candidate countries were critical from the complex procedures, the rules of co-financing, the unclear rules for tendering and for the use of private consulting companies. The European Court of Auditors (2000 and 2006) was critical of the lack of decentralization that prevent the ownership projects by the local administrators, the ineffective and uncoordinated use EU funds on similar programmes; the lack of transparency in procurement and rendering rules and the lack of multi-annual planning similar to the EU budgetary arrangements with evaluations conducted in 2000 and 2006.

I.c. The Instrument for Pre-Accession (IPA): Analyzing changing priorities

In 2006, with the Commission's recommendation, a new financial Instrument for the Pre-Accession Assistance (IPA) was introduced for the period 2007-2013 (European Commission, 2007a: 3). The IPA provides resources in accordance with the Accession Partnerships of the candidate countries that include the Western Balkan countries, Turkey and Iceland (European Commission, 2009). The IPA has been designed as a an encompassing instrument aiming to cover five main areas: financing capacity-building and institution-building; a cross-border cooperation component to support the beneficiary countries; a regional development component, aimed at supporting the countries' preparations for the implementation of the EU's cohesion policy, and in particular for benefiting from the European Regional Development Fund and the Cohesion Fund; the human resources development component, which concerns preparation for participation in cohesion policy and the European Social Fund; the rural development component, which concerns preparation for the Common Agricultural Policy and related policies and benefiting from the European Agricultural Fund for Rural Development (European Commission, 2009: 8, EU Council, 2006a: 85). The IPA is designed as a flexible instrument providing assistance depending on the progress made by the beneficiary

countries and measured by the Commission's evaluations (European Commission, 2007b: 1). Accordingly the IPA constitutes the most comprehensive instrument by unifying different instruments and programs for candidate and potential candidate states.

The IPA replaces the 2000-06 pre-accession financial instruments PHARE, ISPA, SAPARD, the Turkish pre-accession instrument, and the financial instrument for the Western Balkans (European Commission, 2009: 7). The IPA is based on strategic multi-annual planning and a multi-annual financial framework established for each country covering the main intervention areas envisaged by the Commission (European Commission, 2007b: 1). IPA assistance can take different forms such as investment, procurement contracts, grants, special loans, financial assistance, administrative cooperation involving experts sent from the member states (twinning), or budget support. It may be implemented and managed in different ways such as centralized, decentralized or shared management and via participation in community programs (European Commission, 2009: 6).

The new IPA instrument supports the EU strategy towards South Eastern Europe and Turkey, which rests on the promise for eventual integration of the candidate countries into the EU. Accordingly its overall objective remains-to approximate the candidate states to the public policies, norms, rules the European Union, with membership as the final goal.¹¹

The IPA target areas for assistance are to a certain extent in coherence with the previous instruments such as PHARE, ISPA, SAPARD, the Turkish pre-accession instrument, and the financial instrument for the Western Balkans. The same objectives set as support for democracy, rule of law, public administration reform, economic reform, respect for human and minority rights, civil society and regional and cross-border cooperation (Gjorgjievski, 2008). However the orientation of the IPA on the three components on regional development, human resources development, rural development involve a stronger emphasis on accession driven nature of the instruments to prepares the candidates for the use of structural funds, cohesion policy and CAP.

¹¹ However since 2005, the credibility of the EU accession perspective has dropped dramatically for Turkey after several member states such as France, Austria and Cyprus stressed the "open-ended" character of the negotiations, the limited absorption capacity of the EU and the possibility of an alternative outcome.

The aim is to prepare the candidate states for the EU's agricultural and cohesion policy after accession, thereby progressively adopting the rules and principles of Structural Funds and Rural Development Funds management (European Commission, 2009). These components follow the Structural and Rural Development Funds' rules including their institutional framework as closely as possible; preparing the groundwork for a national framework promoting economic and social cohesion as well as viable agricultural structures. A more important difference of the IPA involves the methods of implementation set with the Financial Regulation and the IPA Implementation Regulation (European Commission, 2007). Both regulations have eclectic character as allowing a range of implementation methods from centralized to full decentralization of financial management to the beneficiary countries, as well as joint and shared management. Different implementation methods were applied for different components of IPA, while setting the full decentralization as the ultimate objective. The decentralized management is required in order to benefit from the regional development, human resources development and rural development components.¹² The goal with this emphasis on decentralized management is to support their move from centralized to decentralized management of assistance with autonomous programming and management capacities for candidate states, an aspect where PHARE, ISPA and SAPAR found lacking stronger impact.

The decentralized of management of the EU assistance meant that the beneficiary candidate state administration is the primary actor for underlying contracting and completion of projects while the Commission can carry out controls over the tendering and contracting and grant project selection contracted at the level of the candidate state authority. The objective of decentralizing management in the context of the pre-accession strategy is to improve ownership and to enable candidate countries to implement EU funds themselves. Then candidate states can demonstrate their ability to assume the responsibilities of membership in this respect. It must be pointed out that in line with ownership principle, the candidate states need to develop and invest on National Authorities for decentralized management. The main innovation with IPA in addition to

¹² The implementation of operations and disbursement of funds could only start for these three components when decentralized management has been conferred by the Commission.

increasing emphasis on decentralized management is the Multi-annual Indicative Programming Document (MIPD) prepared by the candidate countries in line with the Multiannual Indicative Financial Framework the European Commission (Bache, 2010). The MIPD prepared for three years by the candidate states indicates clearly the extent of the use of available funds under each component with details on intended projects. For each component separately, the beneficiary country prepares the Operational Programmes. Adequate legislation and institutional set up is to be put in place in each of the beneficiary country for the purposes of effective and efficient use of the IPA funds. They include the EU rules for transparent and non-discriminatory public procurement, in order to avoid corruption and conflict of interests, the EU rules on state aid, multi-annual budget planning, environment protection, as well as the entire institutional mechanism for implementation. These include the capacity building of relevant administrative departments and establishing internal controls and audits for decentralized management of EU funds. The candidate state is responsible from establishing the necessary administrative structures.

The IPA represent changes on three dimensions as a pre-accession instrument compare to PHARE, ISPA and SAPAR: a more balanced characteristics between accession drive and demands of the candidate states, an integrated approach and control mechanisms. The IPA has a balanced design between prioritizing accession and considering the demands of the candidate states. Accordingly it has an accession drive character as the regional development component, the human resources development component and the rural development component aim to prepare the candidates for the EU cohesion policy, Structural Funds and Common Agricultural Policy after accession. The decentralized management, as requires the development of administrative structures for the use IPA funds in line with EU standards and rules, has also an accession drive character. On the other hand the decentralized management and Multi-annual Indicative Programming have demand driven character allowing the input of the candidate state governments and administrations in the planning and programming of the IPA funds. This balance between accession drive and demand drive constitute an important character of the IPA compare to demand driven character of the first PHARE programme or to the overwhelmingly accession drive character of the second PHARE, ISPA and SAPAR. The

IPA is an integrated instrument with five components covers horizontally various issues areas and provides flexible mechanisms depending on the component. This integrated approach involves in all components coordinated and parallel mechanisms in order to prevent duplication and enhance coordination on various issues while emphasizing the institution building at the candidate states for the use of IPA funding aiming to prepare them for the accession. This integrated approach with flexible character according to the issue area provides coherent policy emphasis on institution building as an important character of the IPA. The IPA with its emphasis on the methods of implementation and the Multi-annual Indicative Programming, designed clear rules for the procurement, tendering and the use of private consulting companies as sources of expertise that allow sufficient control mechanisms increasing the legitimacy and transparency in the use of EU funds at the candidate states. The control mechanisms on the IPA funding are much more enhanced compare to the previous instruments. Accordingly the Commission prioritized decentralized management by allowing the candidate states to take the responsibility of the administration of the IPA and aim to dedicate its resources and capacity on monitoring the use of IPA funding.

An important aspect of the IPA is also related to the internal policy developments at the EU in the social and employment policy launched with the Lisbon processes. The Lisbon agenda aimed to reconcile economic competitiveness and social cohesion (Natali, 2009). Two main goals were to modernize the European social model, investing in people and combating social exclusion; while sustaining the healthy economic outlook and favorable growth prospects by applying an appropriate macroeconomic policy mix (Zeitlin and Pochet, 2005). Accordingly the Lisbon process launched in 2000 with economic, social and environmental pillars and the revised Lisbon agenda in 2004 have directly affected IPA that needed to prepare the candidates for Lisbon agenda on various goal and economic and social targets. Qualitatively the IPA represents a change related to the developments occurred at the EU in 2000's compare to previous pre-accession instruments. I aim to conduct further research how the Lisbon process influenced the design of the IPA and made a difference comparatively with the previous instruments.

II. Explaining the change of the Pre-accession Instruments

We have little inside and knowledge on why and how the EU changed the pre-accession instruments, redesigned three times since 1989. The research on PHARE and reformed PHARE, ISPA and SAPAR during the eastern enlargement is mainly descriptive and interested analyzing their programmatic design rather than insightful on the decision-making process at the EU. Here I would like to present two competing theoretical explanations to account for the decisions to reform the EU pre-accession instrument embedded on the rationalist and sociological institutionalist approaches in the study of EU decision making process.¹³ The aim is to present possible explanations and hypothesis that would be considered in further research.

An explanation based on the liberal intergovernmentalism (Moravscik and Vachudova, 2003) can account for the changes on the EU pre-accession instrument. Accordingly the pre-accession instruments ask the commitment of considerable resources from the EU budget for the preparation of candidate states for accession. The Council and the member states are the main actors in preparation of the EU budget in a multi annual manner. Then the preferences of the member states in dedicating the resources for pre-accession instruments and bargaining among them on the amount of resources and on its institutional design are crucial to understand. The (re)design of the pre-accession instruments reflect the bargaining among them on the EU budget grounded on the institutional rules of decision making in the EU. Then the relative power of member states in the deciding the EU budget and the bargaining can explain the changes in the design of the pre-accession instruments. The main evidence supporting the liberal intergovernmental account is the close connection between the EU budget and the resources dedicated towards the EU pre-accession instruments. Furthermore the timing of the (re) design of the pre-accession instruments coincides with the preparation of the EU budgets. Accordingly the revision of the PHARE instrument in 1997 and the creation of

¹³ There is a third alternative functionalist explanation that insist that the changes on the pre-accession instruments are related to the characters of the candidate states, insisting that PHARE was designed for the Central and Eastern European countries while IPA is designed of Western Balkans and South East European countries. The instruments changed according to the character of the candidate was different in both waves of enlargement explaining the re-design of the instrument. However this explanation lacks precision how this difference on the demand side is reflected and fails to explain why PHARE was reformed two times between 1989 to 2000 for the same group of candidate countries. Moreover Turkey is part of the both enlargement waves; benefiting from all pre-accession instruments.

ISPA in 2000 including the introduction of various reforms on the pre-accession instrument coincides with the preparation of EU's budget for 2000-2006 preparation from 1997 to 2000. The Agenda 2000 prepared by the Commission in 1997 discussed the resources to be dedicated for the eastern enlargement and the reform of PHARE with the introduction of new pre-accession instruments. Moreover the Commission proposed for the launch of IPA in 2005 during the preparation of EU budget for 2007-2013 approved by the Council in 2006. This demonstrates the close connection between (re) design of EU pre-accession instruments and the EU budgetary decisions. The decision on the EU budget exemplifies the Community method of decision-making where the Commission prepares proposals that need to be approved by the Council and the Parliament. In the Council decision, all member states need approve the proposal with unanimity, which reflect the area where member states can express their preferences, and various bargaining occur among them.

Accordingly in order to examine the liberal intergovernmentalist explanation, we need to investigate on the EU member state preferences during the preparation of the EU budget especially on the decision concerning the resources dedicated to the EU pre-accession instrument for 2000-2006 and 2007-2013 periods. The research on eastern enlargement demonstrates the favorable preference of certain member states such as Germany, Britain, Denmark, Sweden and limited support of France and Italy for the EU's enlargement decision (Schimmelfennig, 2009). The member states can have diverging preferences for the design of the pre-accession instruments, either supporting commitment of large resources and flexible implementation or dedication of scarce resources with high control on its implementation. The context in creation for the IPA is even more complex as new member states joined the EU in 2004 with more diverging preferences in the EU budget. Moravcsik (1993) argues that the preference of member states for enlargement decision is explained by the possible benefits related "the imperatives induced by interdependence and, in particular, the ... exogenous increase in opportunities for cross-border trade and capital movements". Although this intergovernmental explanation has strength in accounting the level resources dedicated through the EU budget for the pre-accession instruments, it is less clear on how the design of the instruments is influenced through the intergovernmental bargaining.

An alternative explanation for the (re) design the pre-accession instrument is based upon the sociological institutionalist premises (Jenson and Mérand, 2010). The sociological institutionalism posits that the goals and procedures of the EU are more strongly determined by the standards of legitimacy and appropriateness of the community. Accordingly the EU decision on the eastern enlargement reflect strongly “the return to Europe” ideas for the Central and Eastern European Countries after 1989 representing shared values and norms for unifying all Europeans. Grounded on these shared norms and values on the unity of the Europe, the pre-accession instrument represents the attempt to assist candidate states in this transition towards their accession. Then the main actor in the design of the pre-accession instrument is the Commission, especially the various DGs, as the representative and defender of the EU values and norms. Thus the first period from 1989 to 1997 represents the first trials and errors in the design of PHARE where the Commission was strongly motivated for responding to the demands of the candidate states towards accession. The EU constitutes the most densely institutionalized environment with the participation of various supra-national, national and local level actors. The European Court of Auditors is another important actor in analyzing the effectiveness of the pre-accession instruments with its auditing functions and evaluating the use of financial assistance as a strong critic of the Commission in the design of the PHARE, ISPA and SAPAR (Court of Auditors, 2007). Accordingly the reform of the PHARE in 1997 and the introduction of the ISPA and SAPAR including institutional innovations with Agenda 2000 are related to the European Court of Auditors report prepared in 1996 and 2000 (Court of Auditors, 2004). Moreover the European Court of Auditors has also influenced the design of the IPA with reports criticizing the pre-accession instruments in 2004 and 2006. The European Economic and Social Committee was also active in the 1997 and 2000 reform and influenced the creation of the IPA by preparing proposals for an integrated approach. Moreover the DG for Enlargement has developed lesson-drawing exercises; routinely conducting impact assessment of the pre-accession instruments and reflected the experience gained from 1989 to 1997 and 2000 to 2004 in the proposals made for the IPA. Then the (re) design of the pre-accession instruments reflect a complex institutional learning process with the role of the Commission, the DG of Enlargement and others, the European Court of

Auditors, The European Economic and Social Committee. This learning process has lesson-drawing characteristic with internal mechanisms of the Commission with the input of the European Economic and Social Committee but has also a coercive learning process with the role of the European Court of Auditors.

I have represented two alternative theoretical explanations for the (re) design of the pre-accession instruments. They are grounded on the preliminary research conducted where I found partially supporting evidences for both explanations. But they are informative the field research that I will take in September orienting me to review the role of various actors in examining EU documentation as well as preparing the list for interviews. Then I would like to see the validity of both type explanations in the light of the evidence collected.

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