

TABLE OF CONTENTS

ÖZET

ABSTRACT

LIST OF ABBREVIATIONS

INTRODUCTION

I. COHESION POLICY IN THE EUROPEAN UNION

I.1. THE EVOLUTION OF THE EU REGIONAL AND COHESION POLICY

I.2. COHESION POLICY IN THE ENLARGED EU

I.3. AID PROVIDED BY THE EU TO THE CANDIDATES

I.3.1. IMPLEMENTATION OF THE AID

I.3.2. PHARE (Poland and Hungary: Aid for Economic Restructuring)

I.3.3. ISPA (Instrument for Structural Policies for Pre-Accession)

I.3.4. SAPARD (Special Accession Programme for Agriculture and Rural Development)

I.3.5. TECHNICAL ASSISTANCE AND TWINNING

CONCLUSION

II. EUROPEANIZATION AND EU COHESION POLICY

II.1. EUROPEANIZATION OF CENTRAL AND EASTERN EUROPEAN COUNTRIES BY THE EU COHESION POLICY

II.2. CONDITIONALITY WITHIN THE EUROPEANIZATION OF THE CEECs

II.2.1. CONDITIONALITY AND REGIONAL POLICY NEGOTIATIONS

II.3. LIMITS OF EU CONDITIONALITY IN THE CEECs

II.3.1. EUROPE AGREEMENTS

II.3.2. THE COPENHAGEN CONDITIONS AND THE PRE-ACCESSION STRATEGY

II.3.3. THE COMMISSION'S OPINIONS

II.3.4. CONDITIONALITY IN THE ACCESSION PARTNERSHIPS

II.4. THE COMMISSION'S ROLE IN THE ACCESSION

II.4.1. MONITORING OF THE PROGRESS OF THE CEECs

II.4.2. REGULAR REPORTS

CONCLUSION

III. THE NEW COHESION POLICY OF THE EU

III.1. THE CHARACTERISTICS OF THE FUTURE COHESION POLICY

III.2. THE COMMISSION'S PROPOSAL ON THE NEW COHESION POLICY

III.3. THE NEW EXTERNAL ASSISTANCE OF THE EU

III.3.1. INSTRUMENT FOR PRE-ACCESSION

III.4. EU COHESION POLICY AND TURKEY

III.4.1. TURKEY'S FINANCIAL COOPERATION WITH THE EU

III.4.2. TURKEY'S COHESION TO THE EU

III.5. TURKEY'S DEGREE OF HARMONIZATION REGARDING EU REGIONAL POLICY

III.5.1. ACCESSION PARTNERSHIPS AND NATIONAL PROGRAMMES OF TURKEY

III.5.2. REGIONAL POLICY IN REGULAR REPORTS OF TURKEY

III.5.3. FURTHER STEPS FOR TURKEY REGARDING THE EU COHESION POLICY

CONCLUSION

CONCLUSION

TABLES

REFERENCES

ÖZET

Bu tez, Merkez ve Doğu Avrupa Ülkelerinin (MDAÜ) Avrupa uyum politikası sayesinde Avrupalılaşma sürecini ele almaktadır. Tez ayrıca, Avrupa Birliği'nin gelecekteki uyum politikasını incelemektedir. Yeni uyum politikasında özellikle son genişleme süreciyle birlikte ortaya çıkan zorluklara yönelik planlamalar aktarılmaktadır.

Merkez ve Doğu Avrupa Ülkeleri (MDAÜ) önemli ölçüde mali yardım kullanarak Birlik üyesi haline gelmişlerdir. Önemli reform ve kamu kurumlarının yeniden yapılandırılması, bölgeselleşmenin şekillendirilmesi ve idari kapasitenin artırılması gibi faaliyetler gerçekleştirmişlerdir. Koşulluluk ve katılım öncesi yardımlar bu ülkelerin AB müktesebatını benimseyerek dönüştürülmesinde temel araçlardır.

Tez, Avrupa Birliği'nin aday ülkelerdeki politika seçimlerini etkilemek üzere kullandığı koşulları incelemektedir. Bu noktada, AB'nin aday ülkelerdeki kamu politikalarını önemli ölçüde etkileme potansiyeli bulunduğu tartışılmaktadır. Ancak söz konusu etki MDAÜ'ye yönelik olarak bu politika alanında yeterli ölçüde harekete geçirilememiştir. Bunun nedenlerinden biri, AB'nin uyum politikası konusunda belirgin ve tutarlı bir üyelik kriteri bulunmamasıdır.

Tez, uyum politikası çerçevesinde AB'nin katılım sürecinin MDAÜ'deki kamu politikalarının oluşturulması aşamasındaki rolünü tartışmaktadır. Bu konuda AB'nin etki uygulamak üzere katılım koşullarını ne şekilde kullandığı ve Avrupalılaştırma sürecinin ne şekilde yürütüldüğü ayrıntılı bir şekilde incelenmektedir. Bu inceleme "Bölgesel Politika" başlığıyla ilgili olarak Avrupa Anlaşmaları, Düzenli İlerleme Raporları ve Tavsiye Kararları gibi "koşulluluk" araçları çerçevesinde yapılmaktadır.

Yeni üye ülkeler ve aday ülkelerin uyum politikasına yönelik bütünsel bir yaklaşımda bulunmak için, geçtiğimiz genişleme sürecinde adaylar arasındaki en büyük ülke konumundaki Türkiye'nin durumuna daha yakından bakmak gerekmektedir. Ayrıca

mali yardımların mevcut durumu ve yeni mali perspektif hazırlıkları ortaya koyulacaktır.

Katılım şartlarına dayalı bu incelemede, tez şu varsayımlardan yola çıkmaktadır: AB'nin MDA'daki katılıma yönelik şartlarla beraber süregelen etkisi adayların Avrupalılaştırılmasına yönelik bir dizi yöntemle ortaya koyulmuştur. AB'nin MDA'da önemli bir etki potansiyeli olmuş, ancak politika uyum kriterlerindeki belirsizlik bu etkiyi azaltmıştır.

MDAÜ'nün AB uyum politikası yoluyla Avrupalılaşması devam eden bir süreçtir. 27 üyeli bir AB'nin kendi içerisindeki ekonomik ve sosyal uyumu ise bu süreçte önemli ölçüde azalacaktır. MDAÜ'nün uyumu ve Avrupalılaşması yolunda önemli ilerleme sağlanmasına rağmen, bu konuda AB'nin kat edeceği uzun bir yol bulunmaktadır.

ABSTRACT

This dissertation focuses on Europeanization of the Central and Eastern Europe Countries (CEECs) by European cohesion policy. In the dissertation, the role of cohesion policy in an enlarged union will be questioned. This study is confined specifically to Europeanization of the CEECs by the cohesion policy, but also to the institutional and regional changes throughout the pre-accession process.

Central and Eastern European Countries (CEECs) have received an important amount of pre-accession aid and become members of the Union. They have had to undertake far reaching reform and restructuring efforts including the reconstruction of public institutions, reshaping the regionalization within the countries as well as improvement of their administrative capacity. Conditionality together with pre-accession assistance was the main instruments to transform these countries in terms of adopting the *acquis*.

This dissertation examines how the European Union used its conditions for membership regarding regional policy to influence the candidate countries. It is argued that the EU has an important potential of influencing public policy in candidate countries, but its influence in Central and Eastern Europe in this specific field of cohesion policy was effective to a certain extent since there was a lack of consistency of the Union's criteria on EU cohesion policy.

In order to undertake an overall approach related to the cohesion of the new member and candidate states; we need to take a closer look at Turkey's position, the largest country among the candidates, vis-à-vis the latest enlargement waves. Consequently, the current situation of pre-accession aids and preparations for the new financial perspective will be put forward.

This dissertation discusses that the EU's exercise of influence in the CEE region operated principally through the accession conditionality. This accession conditionality

together with financial aid, provided a number of methods of “Europeanization” of the candidates. The EU had an important influence in CEE, but the changing character of the criteria limited its potential impact.

The Europeanization of the CEECs via EU cohesion policy is a continuing process. In the dissertation it is argued that with a 27 member EU, the level of convergence would considerably decrease. Although a way on Europeanization and cohesion of the CEECs has been achieved, a major task and a long road lie ahead for the EU.

LIST OF ABBREVIATIONS

CARDS- Community Assistance for Reconstruction, Development and Stabilisation

CEE - Central and East European

CEECs – Central and Eastern European Countries

DG - Directorate-General

EAFRD - European Agricultural Fund for Rural Development

EAGGF - European Agricultural Guidance and Guarantee Fund

ERDF - European Regional Development Fund

ESF - European Social Fund

EU - European Union

GDP - Gross Domestic Product

IGC - Inter-governmental Conference

ISPA - Instrument for Structural Policies for Pre-accession

MAP- Multi-Annual Programming

MEDA – Mediterranean Development Assistance

NPAA - National Programme for Adoption of the Acquis

NUTS - Nomenclature of Territorial Units for Statistics (Nomenclature des Unites Territoriales)

Phare – Pologne Hongrie: Actions pour la Reconversion Economique

pNDP – Preliminary National Development Plan

Sapard – Special Accession Programme for Agriculture and Rural Development

SME – Small and Medium Sized Enterprise

Tacis - Technical Assistance for the Commonwealth of Independent States

TEN – Trans-European Network

TINA – Transport Infrastructure Needs Assessment

INTRODUCTION

This dissertation analyses the EU cohesion policy and its implications such as conditionality and the Europeanization of the CEECs within the fifth enlargement process which is the most remarkable enlargement of the EU history. Cohesion is taken as regional and other complementary policies but specifically efforts to close the economic and social gap in the Central and Eastern European Countries (CEECs) with the rest of Europe thanks to the pre-accession financial aid mechanism.

This dissertation is focused on the impact of convergence policies in Europe in, EU-25 as well as including a perspective for potential member states. The position of Turkey vis-à-vis CEECs regarding the EU cohesion policy will also be questioned. The Association relationship between Turkey and the EU and the nature of pre-accession processes will be put forward to be able to make a comparative analysis of the subject. To this end, the role of EU's effort and policy making in cohesion of Turkey into the European Union will be elaborated in the dissertation. Among the candidates, as being the largest of the latest enlargement process, Europeanization and the degree of harmonization of Turkey to EU cohesion policy has an increasing importance. In this respect, the Commission's effort, the assistance provided to Turkey by the EU, the goals achieved and further to be achieved will be analysed in the dissertation.

The dissertation proceeds as follows. In the first chapter, the cohesion policy in the European Union will be overviewed with regard to the basic definitions and principles. Besides, the evolution of the cohesion policy in the EU will be described in general and its major reforms will be given in a condensed way.

In this chapter of the dissertation, mechanisms of pre-accession aid will be analysed in detail with reference to fifth enlargement and, will be evaluated as well as its impacts on the then candidate states. Chapter I details the evolution of pre-accession funds from its mission in the beginning to its role in accession targeted assistance for candidate countries in institution-building, adopting the *acquis*, and pursuing economic and social cohesion. The chapter ends by highlighting the challenges facing pre-accession funds

and decentralizing management so that candidate countries can adequately prepare for implementing the structural funds.

The second chapter moves on to examine conditionality as the key instrument of pre-accession process, evaluating its effectiveness and constraints on its usefulness. This chapter attempts to build on this assessment by examining to what extent the Commission is attempting to use conditionality and other pre-accession instruments such as Europe Agreements and Regular Reports. Some final comments conclude the third chapter part of the dissertation.

In the last chapter, the new cohesion policy after 2007 and the new pre-accession instrument will be examined. After a quick glance to the situation of the potential and recognized candidate states, the specificity of Turkey among the candidates will be given particular attention. In this sense the study will not only be an in depth analysis of the EU cohesion policy but will also shed some light on the peculiar dynamics of the Turkish accession process to the EU.

The dissertation deals with specific issues concerning the relationship of cohesion policy and EU integration of the accession countries of CEECs. In this context the specific role of pre-accession aid and the future structural and cohesion funds will be elaborated. Cohesion policy comprise both, the different pre-accession instruments as well as the regular EU regional policy, for which countries become eligible once joined the EU. Additionally, questions regarding the success of the pre-accession funds in preparing candidate countries' institutions for structural funds, the need to reform EU regional policy, and to what extent the Commission used pre-accession funds to establish decentralised regional institutions will be raised.

In this connection, the main research question in the dissertation is to what extent the EU cohesion policy contributed to the Europeanization process of the CEECs? An additional question would be: If it works for new member states and can it work the same way for Turkey? The dissertation will conclude with future perspectives for the cohesion policy.

I. COHESION POLICY IN THE EUROPEAN UNION

Generally, cohesion policies intend reaching economic, social and cultural development of a territory while reinforcing its unity. The main objective of cohesion is reducing the developmental differences between regions. In this respect, the implementation of cohesion policies are based on sustainability, maintaining economic and social balances, as well as improving the quality of life, equal opportunities in the societies¹.

Cohesion is relatively a new term in the EU terminology: the notion of cohesion originated with the Single European Act of 1986², and in this document, cohesion has been described as the economic development for all the European regions. From then on, the EU's perspective on cohesion has been reduction of the gaps between European regions thanks to a number of policy instruments. Since the Single European Act, the EU's cohesion policy has been a general term which refers to a range of policy areas having the common intention of reducing or improving the disparities between regions³.

Before such a cohesion policy at European level, the question of regional disparities in Europe was tried to be solved by the member states alone. However, for two decades European institutions play a major role in formulating and carrying out cohesion policies. Nevertheless, despite the increasing role of European institutions in European cohesion policy, important gaps between the European regions, especially between the new and the old ones remain. Additionally, there is a continuing need for the EU's cohesion policy and more specifically regional policy for it to support economic and social development across the EU.

Cohesion policy which is generally named as the regional policy is one of the most costly policies of the EU. Between 2000 and 2006 for instance, one third of the

¹ André Sapir (Ed); An Agenda for a Growing Report, The Sapir Report, Oxford University Press, 2004

² Single European Act, http://europa.eu.int/eur-lex/lex/en/treaties/treaties_other.htm ; Access on 5.3.2006

³ Chris Rumford, European Cohesion?: Contradictions in EU integration, Macmillan Pres, Ltd, New York, St. Martin's Pres, 2000

Community budget (213 billion €⁴), made up of contributions from the member states, was spent on the EU regional policy. In addition to the EU-wide cohesion policy, the member states, through their own regional aid schemes, continue their actions to reduce developmental gaps.

Although EU regional policy has important achievements, its rationale and purpose has been the subject of long discussions. Especially the regional support as a distorting factor to competitiveness -which is one of the main objectives of the EU- is the mostly discussed issue about the nature of the support. However, the responses to the EU regional supports have varied considerably among member countries⁵, since there are many economic variables other than support determining the degree of convergence and cohesion.

The application of regional policy has been importantly modified in parallel to the evolution of the EU. This modification was due to a certain extent, to the increasing demand from the regions side in order to participate more to the decision making within the EU. In this direction, the increasing role of the regions in EU politics and policies improved the characteristics of the regional policy. Consequently, the regional policy of the EU, which “began in 1970 as an inter-state compensatory fund, grew in the 1980s into a fully-fledged policy”⁶. Another important point was the complementary characteristic of the regional policy which resulted with the adoption of the principles of additionality (the principle that EU resources should add to rather than replace national resources) and transparency by the Commission, to ensure that region has a certain responsibility of the action and it has well benefited from the policy instruments⁷.

Within this context, the execution of the regional policy challenge to the European Union, since the need for a proper functioning of the support instruments increased with

⁴ <http://europa.eu.int/scadplus/leg/en/lvb/g24000.htm> ; Access on: 5.3.2006

⁵ Michael Keating, Europeanism and Regionalism, The European Union and the Regions, Barry Jones and Michael Keating (Eds), Clarendon Press, Oxford, 1995

⁶ Gary Marks, Exploring and Explaining Variation in EU Cohesion Policy, Cohesion Policy and European Integration: Building Multi-Level Governance, Liesbet Hooghe (Ed), Oxford University Press, 1996

⁷ *ibid*

the enlargement of the EU to 25 member states. Besides the technical difficulties, the new member states of the EU represents an opportunity as well as difficulty for the future of the regional policy since economic and social conditions of the new member states are relatively minor than the least developed regions of the EU-15.

The fifth enlargement as the most recent, decisive phenomenon of the EU history increased in an important way gaps between not only states but also regions. Yet, with the enlargement, there has been a major shift from the need to reduce gaps among EU-15 regions to the new and old regions. Moreover, the accession of ten new states put the existing regional policy model on the agenda with several major new issues. These new challenges do not call into question only the rationale and purpose of the cohesion policy, but they raise the question of what kind of assistance and distribution method should be in place. Besides, the debate on the future of the regional policy goes far beyond the financial problems of this Community policy and brings the questions of who gets what and its effectiveness.

Cohesion policy is also rooted in decisions concerning financial redistribution among the member states. The driving force in this phase of the policy is bargaining among member-state governments about which countries get what. The issue of how they get it is a subsequent negotiation with its own political logic. From a financial point, cohesion policy is “a system of side-payments from governments in richer EU countries to those in poorer EU countries”⁸. In this direction, member state executives shape the financial envelope, but they determine only the general outlines of how the monies should be distributed without dealing with the details of subtitles of the policy⁹.

The intergovernmental process for a considerable period of time has been an important issue within EU policy-making. Furthermore the intergovernmental process is not limited to implementation. In addition to this process, multi-level governance which

⁸ Gary Marks, An Actor-Centred Approach to Multi-Level Governance, The Regional Dimension of the European Union, Charlie Jeffery (Ed), Frank Cass, London, Portland, 1997

⁹ Gary Marks, Exploring and Explaining Variation in EU Cohesion Policy, Cohesion Policy and European Integration: Building Multi-Level Governance, Liesbet Hooghe (Ed), Oxford University Press, 1996

describes according to Hooghe and Marks “the dispersion of authoritative decision making across multiple territorial levels”¹⁰; integrates all layers of the society with different levels of the decision-making authorities across Europe. Most importantly, with the acceleration of the impact of the cohesion policy in the EU, regional actors became more visible and active in the process¹¹.

In fact, the cohesion policy is neither a single project, nor the total of these issues. It is a gathering of a European logic which binds the EU’s institutional mechanisms and Community level instruments with financial consequences. Since the beginning of such a European cohesion policy, a model common to all states and regions was tried to be created, however this model can slightly differ case by case. Especially with the fifth enlargement process, these differences have been sharpened in terms of integration of different political backgrounds, economic and institutional structures. Nevertheless, despite all difficulties, EU cohesion policy continues to serve as the main tool among other EU policies for the ongoing integration process.

1.1. THE EVOLUTION OF THE EU REGIONAL AND COHESION POLICY

The necessity to promote balanced development by reducing the gap between the different regions and helping the most backward to catch up was firstly recognised in the Treaty of Rome in 1957 and the Treaty firstly established the European Social Fund (ESF), to promote employment and improve the mobility of workers within the Community¹². The other instruments designed to promote development were introduced as the European project continued to develop and new member states joined.

For instance in 1962, it was agreed to create the common agricultural policy, the European Agricultural Guidance and Guarantee Fund (EAGGF) was set up and

¹⁰ Liesbet Hooghe (Ed), *Cohesion Policy and European Integration: Building Multi-Level Governance*, Oxford University Press, 1996

¹¹ R.A.W Rhodes, Ian Bache, Stephen George, *Policy Networks and Policy-Making in the European Union: A Critical Appraisal*.

continues to support agricultural production in the Community¹³. In 2005 a new regulation has been adopted creating two funds: the European Agricultural Guarantee Fund (EAGF), and the European Agricultural Fund for Rural Development (EAFRD)¹⁴. The new directive will become valid after 1 January 2007.

Following the accession of the United Kingdom, Ireland and Denmark, the European Regional Development Fund (ERDF) was created in 1975¹⁵. Initially, resources were used to partly finance national regional policies in development areas designated by the member states. As long as the other countries had joined namely Spain, Portugal and Greece, the scope of the ERDF began to cover all the regions whose development was lagging behind.

In 1986, the new article 130 of the Single European Act¹⁶ introduced for the first time the notion of economic and social cohesion and laid the foundations for a regional policy based on solidarity of the member states. In the process, the financial perspective of the so-called Delors package proposed doubling of the expenditure on structural operations between 1988 and 1993¹⁷. The aim in particular was to support the development of the weakest regions. With the Single European Act, EC regional policy and the objective of economic and social cohesion were firmly established within the Community's constitutional framework.

Until 1988 reform of the structural funds there was only a common European policy on cohesion with basic rules. From then on, for a national government to get funds, it was then required to design and implement projects and programmes in partnership with the European Commission and regional and local authorities¹⁸.

¹² http://europa.eu.int/abc/treaties/index_en.htm ; Access on 21.4.2006

¹³ <http://europa.eu/scadplus/leg/en/lvb/g24000.htm> ; Access on 25.11.2005

¹⁴ http://ec.europa.eu/agriculture/simplification/com509_en.pdf ; 25.11.2005

¹⁵ <http://europa.eu/scadplus/leg/en/lvb/g24000.htm> ; Access on 25.11.2005

¹⁶ http://europa.eu.int/abc/treaties/index_en.htm; Access on 21.4.2006

¹⁷ Gary, Marks, (1996) *Exploring and Explaining Variation in EU Cohesion Policy*, Cohesion Policy and European Integration: Building Multi-level Governance, Hooghe, Liesbet (Ed.), Oxford University Press

Since then, the cohesion countries (Ireland, Greece, Spain, and Portugal), as well as the Mezzogiorno in Italy, had benefited from regional development programmes. These two programmes were applied in 1989-93, and the from 1994 until 1999 which were jointly designed by the member states and the Commission¹⁹.

In 1992, the Maastricht Treaty on European Union²⁰ made economic and social cohesion one of the Community's priority objectives, together with economic and monetary union and the single market. By laying down criteria for economic and budgetary convergence for the member states, Maastricht Treaty imposed, in particular, a strict budgetary policy while increasing investment in infrastructure to speed up their development. Spain, Greece, Ireland and Portugal would not be able to achieve this without EU support²¹. This was when the Community set up the Cohesion Fund for these four member states. Its goal was to help those countries to enter the economic and monetary union in the best conditions by part-financing projects in the fields of transport and the environment.

In 1997, the strategic importance of cohesion was reaffirmed in the Amsterdam Treaty, which also includes a specific title on employment, highlighting the need to act at European level to reduce unemployment²². Following the Amsterdam Treaty, the fifth enlargement process had begun.

With the enlargement foreseen to the CEECs the scope of the cohesion policy has expanded to the candidate countries. In that sense, the fifth enlargement was the first enlargement process where the EU planned in detail the financial aspects of both the pre-accession and accession process. The reason behind was, the new member states would be relatively poorer than the previous “cohesion countries”. The Commission

¹⁸ Liesbet Hooghe, *Reconciling EU-Wide Policy and National Diversity*, Cohesion Policy and European Integration: Building Multi-Level Governance, Liesbet Hooghe (Ed), Oxford University Press, 1996

¹⁹ *ibid*

²⁰ http://europa.eu.int/abc/treaties/index_en.htm; Access on 21.4.2006

²¹ Fiona Wishlade, (1996) *EU Cohesion Policy, Facts, Figures and Issues*, Liesbet Hooghe (Ed.), Cohesion Policy and European Integration: Building Multi-level Governance. Oxford University Press

²² Presidency conclusions, http://europa.eu/european_council/conclusions/index_en.htm; Access on 5.3.2006

therefore proposed structural funds financing for the period 2000-2006 (Agenda 2000)²³ for the potential new member states as well as the old member states which would decline economically over the period as their regions were progressively excluded from financing.

To prepare the candidate countries for accession, Agenda 2000 also proposed a doubling of pre-accession aid. This additional financing would be spent through a pre-accession structural fund (ISPA) which is designed complementary to the Phare aid and an agricultural structural improvement fund (Sapard).

In general terms, the 1999 reform has increased the amount of assistance, but has also aimed at the simplification and decentralisation of its management. Agenda 2000 process has come to an end, and the cohesion policy for the EU-27 in 2007-2013 is being prepared.

1.2. COHESION POLICY IN THE ENLARGED EU

With the dissolution of the Soviet Union, the newly independent states expressed their wishes to join the EU. For the existing EU countries of the time, membership of these states represented an important opportunity for the integration of the continent and would help them in their transition to liberal democracy and market economy. At the same time, there were suspicions about the possible negative effects of their membership to the general level of economic and political integration of the EU. At the end, the opportunity responded to the cost in their assumptions and the EU countries showed a generous good will as well as certain guidelines to the CEE countries on their way of membership.

Firstly, membership criteria were established. According to the Copenhagen EU Summit in 1993, three criteria were required for membership: “maintenance of a liberal

²³www.europa.eu.int/comm/agenda2000/index_en.htm ; Access on 21.4.2006

democratic system where the rule of law and respect to human rights would prevail, maintenance of a market-based economy, and acceptance of the *acquis communautaire*²⁴ which is the gathering of all EU legislation. The Helsinki Council of 1999 added that the candidate countries “share the values and objectives of the European Union as set out in the treaties”²⁵. Ten Central and Eastern European countries applied for membership on this basis between 1994 and 1996, and by 1999 all ten had been declared ready to begin accession negotiations²⁶.

At the Berlin European Council in March 1999, just before the CEECs were declared to be ready to begin negotiations, the EU leaders reached agreement on the policies which will be financed by the Community. This action plan named the Agenda 2000²⁷, principally set a new financial framework for 2000-2006 that reinforced the EU’s perspective on the CEECs membership. The Berlin European Council also reformed the structural funds and adjusted the functioning of the Cohesion Fund. Additionally, two new pre-accession financial instruments (The Instrument for Structural Policies for Pre-accession-ISPA and the Special Accession Programme for Agriculture and Rural Development-Sapard) were created with a view to finance Community action in the candidate countries. These two instruments complemented the Phare programme that had already been in existence to promote economic and social development and environmental protection in the applicant countries in Central and Eastern Europe²⁸.

Following the accession negotiations process, Czech Republic, Estonia, Southern Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia became members of the European Union on May 1st 2004. After the EU enlarged, the new member CEE states, have gained experience in the management of the Community aid, project selection and became more or less ready for the absorption of structural and

²⁴ Presidency conclusions, http://europa.eu/european_council/conclusions/index_en.htm; Access on 5.3.2006

²⁵ Presidency conclusions, http://europa.eu/european_council/conclusions/index_en.htm; Access on 5.3.2006

²⁶ Economic Development Foundation (2005), A Guide to Accession Negotiations with the European Union, IKV Publications No.184

²⁷ Agenda 2000, http://ec.europa.eu/agenda2000/index_en.htm ; Access on 5.3.2006

²⁸ Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to the Republic of Hungary and the Polish People's Republic

cohesion fund allocations. EU assistance had a leverage effect on infrastructure investments, human resources, industry as well as the administrative capacity.

EU financial aid to the candidate countries was specifically accession oriented and disbursed through a bureaucratic process. These pre-accession funds were designed to develop their institutional capacity to handle such large transfers and increase their familiarity with EU procedures. After the CEECs joined, they became eligible for a number of structural funds and agriculture budgets.

Within this context, the European cohesion policy, as a fundamental device for Europeanization of the CEECs; required that projects funded by EU grants would be additional to domestic projects. It also required that these projects would be co-financed by national authorities or domestic funding. This implies a that EU grants were complementary to the domestic funds and that a certain amount of domestic funding would be oriented towards regional and other development projects that reflected EU priorities.

Financial aid and the membership criteria goes hand in hand through the accession process. Conditional character of the process constitutes a driving force for the implementation of the technical assistance as well as the financial aid. The European Union shaped the accession process by using accession conditions and the instruments such as Europe Agreements, Regular Reports etc. to exercise its influence in the cohesion policy area²⁹. These instruments of conditionality together with the aid provided to the candidates contributed to a certain extent to the Europeanization of the CEECs during the fifth enlargement process.

I.3. AID PROVIDED BY THE EU TO THE CANDIDATES

²⁹ Heather Grabbe, The EU's Transformative Power: Europeanization through Conditionality in Central and Eastern Europe, Palgrave Macmillan, New York, 2006

Following the dissolution of the USSR, the EU became the principal external aid provider to the CEECs, thanks to its pre-accession strategy which was supported by financial aid. The oldest and the main aid programme was “Phare” instrument which was initially designed for Poland and Hungary. With the evolution of the accession process, Phare covered the ten CEE countries which applied for membership; it was later extended to Turkey and the Balkan countries³⁰.

The amounts transferred to CEE were relatively small in comparison with the ones in existing member states under the structural and cohesion funds³¹. However, they had an important role in reinforcing the transfer of EU models, because the aid provided finance for implementation of the EU acquis and the technical assistance which aimed at building institutional capacity to adopt the EU practices.

EU aid had an important impact in creating new governance structures in the candidate countries. The reason for that was the particular administrative units and procedures had to be created in order to receive funds. For the usage of structural and cohesion funds after accession, the EU required the creation of regional and local institutions to administrate funds. However, “the Union was not precise about whether these should be governmental or administrative institutions”³². As a matter of fact, “the EU also insisted for greater decentralisation and regional development in these countries once were strongly centralised states under communism”³³.

During the 2000-2006 period, the EU provided around 3 billion a year in financial support to accession countries³⁴. This came from three different sources: Phare³⁵, which finances the strengthening of administrative and institutional capacity in preparation for

³⁰ Council Regulation, (EC) No 2257/2004 of 20 December 2004 amending Regulations (EEC) No 3906/89, (EC) No 1267/1999, (EC) No 1268/1999 and (EC) No 2666/2000, to take into account of Croatia's candidate status

³¹ A new partnership for cohesion, convergence, competitiveness, cooperation, third report on economic and social cohesion (2004), Third Report on Economic and Social Cohesion, European Commission, pg.180 and see Table.1

³² James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), Europeanization and Regionalization in the Enlargement to Central and Eastern Europe, Palgrave Macmillan, 2004

³³ *ibid*

³⁴ See Table 1

³⁵ Council Regulation, (EC) No 2257/2004 of 20 December 2004 amending Regulations (EEC) No 3906/89, (EC) No 1267/1999, (EC) No 1268/1999 and (EC) No 2666/2000, to take into account of Croatia's candidate status

accession, ISPA³⁶ (Instrument for Structural Policies for Pre-Accession aid), which funds transport and environmental projects; Sapard³⁷ (Special Action for Pre-Accession measures for Agriculture and Rural development).

Pre-accession assistance, beside its principal aim, was intended, to be a learning exercise for the countries concerned on how to use the finance effectively before receiving much larger funds after accession. The pre-accession funds were expected to develop institutional structures which would best reflect local circumstances and needs. Additionally, it was expected that the EU standards for managing funds and projects would be met.

As stated above, the principal pre-accession instrument was Phare which was established in 1989 by the European Communities to assist the CEE countries transform to liberal economy. It was in Luxembourg European Council of 1997³⁸ that Phare's "pre-accession" focus was put in place in order to help applicant countries of central Europe in their preparations for joining the European Union. In this direction, Phare's general orientations were adjusted since there were two other pre-accession instruments with different objectives. In order to prevent the duplication of funds, Phare focused on institutional building, ISPA on transport and environment infrastructure and Sapard on agriculture and rural development³⁹.

In order to avoid any overlapping with the other two instruments, a Coordination Regulation⁴⁰ was established for setting out the dividing lines between the three pre-accession instruments: According to this regulation, ISPA supports large scale infrastructure projects in the field of transport and environment, and Sapard helps

36 Council Regulation (EC) No. 1267/1999 of June 1999 establishing an Instrument for Structural Policies for Pre-Accession

37 Council Regulation (EC) No 1268/1999 of 21 June 1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period

38 Presidency Conclusions, http://europa.eu/european_council/conclusions/index_en.htm , Access on 5.3.2006

39 The Enlargement Process and the three pre-accession instruments: Phare, ISPA, Sapard, Proceedings of the conference organised by DG Enlargement and the Permanent Representations of Sweden and Austria to the European Union (2001), http://ec.europa.eu/comm/enlargement/pas/phare/pdf/phare_ispa_sapard_en.pdf ; Access on 5.3.2006

40 Council Regulation (EC) No. 1266/1999 of 21 June 1999 on coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation (EEC) No. 3906/89

prepare the countries for implementing the *acquis* in the fields of agriculture and rural development. Assistance provided under each of these instruments is coordinated in accordance with the relevant regulation on the coordination of pre-accession assistance instruments. Coordination between the three instruments clearly plays an important role also in securing the cost-effectiveness.

With the setting up the new instruments of ISPA and Sapard in 2000, the pre-accession assistance for the candidate countries doubled⁴¹. Additionally, the Phare programme had to be adapted in order to take into account the new instruments and put more emphasis on economic and social cohesion as well as institution building. The cooperation between the different Commission services was also further developed in line with the Coordinating Regulation⁴². The implementation procedures for the three pre-accession instruments were different. The Commission's role in both programming and control of the funds changed according to the instruments characteristics.

1.3.1. IMPLEMENTATION OF THE AID

All three instruments were programmed on the basis of the Accession Partnerships and the National Programmes for the Adoption of the *Acquis* developed with the candidate countries for accession⁴³. The Accession Partnerships are documents with sets the requirements and obligations of a candidate country on the way of membership. National Programmes are documents where the candidate country prepares in response to Accession Partnerships and indicates the reforms to be done and binds it within a time limit. Pre-accession allocations have an important place both in Accession Partnerships and National Programmes since the requirements and commitments are identified together with the financial need of the reforms. In addition to these two main documents, National Development Programmes in every candidate country were

⁴¹ Berlin Presidency conclusions, http://europa.eu/european_council/conclusions/index_en.htm , Access on 5.3.2006

⁴² Council Regulation (EC) No. 1266/1999 of 21 June 1999 on coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation (EEC) No. 3906/89

established indicating the main development axis of the country and the priority areas of the financing.

When it comes to the implementation of the aid, the operation of the pre-accession instruments differed from one to another. Sapard operated on the basis of a multi-annual programme covering the period 2000-2006 while ISPA and Phare had an annual programme that is approved annually by the Commission⁴⁴. The candidate countries were preparing their proposal that contained their choice of projects to be financed. The Commission –“usually the managing committees of funds”- decided on the proposal of the candidate countries⁴⁵.

Among the pre-accession instruments, Sapard follows a programming approach similar to the one used in member states⁴⁶. Like in the member states’ agriculture and rural development programmes, there are implementing and paying agencies in the candidate country which administrate the funds while ISPA follows an approach similar to that of the Cohesion Fund, operating in the fields of environment and transport. The Phare programme does not have any direct counterpart in the Community’s structural funds, given its focus on the adoption of the *acquis communautaire*⁴⁷. However, the Cross-Border Cooperation Programme under the Phare is designed similarly to the Community’s Interreg Programme⁴⁸.

All three programmes were implemented by the candidate countries. For Phare and ISPA the Commission checks in advance (ex-ante control/before) the procurement and contracting documents. However, the Commission confers management for Sapard measures on implementing agencies in the beneficiary countries and is not involved in

⁴³ Report from the Commission to the European Parliament and the Council, General Report on Pre-Accession Assistance, (Phare-Isa-Sapard) in 2001, 4.6.2003, COM (2003) 329 final

⁴⁴ Report from the Commission – General Report on Pre-Accession Assistance (Phare – Isa - Sapard) in 2000 {Sec(2002) 1418}

⁴⁵ The Enlargement Process and the three pre-accession instruments: Phare, ISPA, Sapard, Proceedings of the conference organised by DG Enlargement and the Permanent Representations of Sweden and Austria to the European Union (2001)

⁴⁶ Report from the Commission to the European Parliament and the Council, General Report on Pre-Accession Assistance, (Phare-Isa-Sapard) in 2001, 4.6.2003, COM (2003) 329 final

⁴⁷ Report from the Commission, General Report on Pre-Accession Assistance (Phare-Isa-Sapard) in 2002, 5.1.2004

the management of Sapard in the beneficiary countries. The execution of projects under Sapard was being subject to ex-post/after controls only.

At the beginning, in every candidate country “Decentralised Implementation Systems (DIS)”⁴⁹ were established which enabled the ex-ante control of the Commission on the aid, regarding Phare and ISPA. After fulfilling certain requirements, “Extended decentralised implementation system (EDIS)” was introduced in Phare and ISPA, in which procurement by applicant countries is only to be subject to ex-post controls by the date of accession⁵⁰. This system of extended decentralisation in the candidate country delegates more responsibility to local administrations.

The reason of EDIS accreditation is to facilitate the full decentralisation of the management and implementation of EU funds to candidate country administrations. When EDIS is fully achieved, the Commission no longer exercises systematic ex-ante control over individual transactions, but it is limited to an ex-post control⁵¹.

By the end of 2004, EDIS had been formally granted -in the form of a Commission Decision on management of pre-accession funds- to 9 out of the 10 member states, except for Poland. Poland was the only new member state to receive EDIS accreditation in January 2005⁵².

For Bulgaria and Romania, the state of play at the end of 2004 was the following: both “Bulgaria and Romania had completed EDIS stage 1 (gap assessment) and had progressed onto stages 2 (gap plugging), with the target to move to EDIS during the

⁴⁸ General Report on Pre-Accession Assistance (Phare-ISPA-Sapard) in 2000, 9.1.2003, COM (2002) 781 final

⁴⁹ http://ec.europa.eu/comm/enlargement/index_en.htm; Access on 5.3.2006

⁵⁰ Council Regulation (EC) No. 1266/1999 of 21 June 1999 on coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation (EEC) No. 3906/89

⁵¹ 2004 Report on Phare, Pre-Accession and Transition Instruments, 23.12.2005, COM (2005) 701 final

⁵² 2004 Report on Phare, Pre-Accession and Transition Instruments, 23.12.2005, COM (2005) 701 final.

first half of 2006”⁵³. Whereas Turkey moved to a DIS (decentralised implementation system) in October 2003, with the target to proceed with EDIS in 2007⁵⁴.

I.3.2. PHARE (Poland and Hungary: Aid for Economic Restructuring)

The EU’s Phare program was intended to act as a facilitator for candidate countries in adopting the *acquis* and preparing for structural funding. It had a crucial role in preparing for enlargement that would pose certain challenges for the candidate countries’ low GDP per capita and the centralized administrative structures. In addition to this, one of the major challenges was that during the post-communist process, many of the candidate countries were lacking comprehensive regional development programs⁵⁵.

Phare has a history dating back to 1989 but was transformed in 1997 to become one of the three pre-accession funds that the EU has created to prepare candidate countries for membership⁵⁶. In particular, Phare was reformed to help candidate countries adopt the EU legislation and to build the institutional capacity. Phare had the aim of creating functioning institutions and administrations (i.e. through Twinning⁵⁷ projects) in a relatively short period of time. An important part of candidate countries’ institutional building was to create regional and national institutions to administer EU structural funds after enlargement. These new approaches aimed at helping the candidate countries to prepare for a smooth transition from pre-accession assistance to structural funds.

From 2000⁵⁸, Phare was aimed at helping the accession countries to prepare for accession, with the increased budget of 1.6 billion a year focusing on three main

⁵³ Report from the Commission 2004 Report on Phare, Pre-Accession and Transition Instruments, {SEC(2005)1773} , 23.12.2005, COM(2005)701 final

⁵⁴ *ibid*

⁵⁵ David Bailey, Lisa De Propis, A bridge too phare? EU Pre-Accession Aid and Capacity Building in the Candidate Countries, JCMS 2004, Volume 42. Number 1. pp.77-98

⁵⁶ Luxembourg Presidency conclusions, http://europa.eu/european_council/conclusions/index_en.htm , Access on 5.3.2006

⁵⁷ See Technical Assistance and Twinning

⁵⁸ Phare 2000 Review, c(2000)3103/02, 27.10.2000, <http://europa.eu.int/comm/enlargement/pas/phare/publist.htm>; Access on 3.4.2006

priorities⁵⁹: One thirds of the Phare budget was allocated to the institution building priority. One thirds was allocated to “investment in the regulatory infrastructure required to ensure compliance with the *acquis communautaire*”. Under this priority, the legal infrastructure necessary for the adoption and the implementation of the EU *acquis* was financed. The third priority was the support for economic and social cohesion which enabled investment related to the development issues such as human resources and regional development.

The enlargement raised a number of important questions regarding the success of Phare in preparing candidate countries’ institutions, their readiness for structural funding. Another question was related to what extent the Commission was using Phare to build regional level institutions in the candidate countries.

When evaluated within the conjuncture of the time, one can say that implementation of such a financial assistance programme was a success since the candidate countries of the time were newly independent and were new to western institutional structures. Nevertheless, despite successes, Phare was not able naturally to achieve everything it was set up for, since its aims were quite ambitious and the time allowed to achieve them was relatively short. The driving force behind Phare, like the other pre-accession funds, was the efficiency and effectiveness to accelerate candidate countries’ preparation to accession. However, in this limited period of time Phare succeeded in training staff, and other investment related to the implementation of the *acquis* but was unlikely to build institutional capability in full⁶⁰.

Although the 2000 Review suggested decentralization of Phare management to the candidate countries, the Commission felt that ‘imposing these two additional changes too quickly would be highly counter-productive’⁶¹. The goal for this was 2002 at the earliest, and only then if certain conditions were met. The principal reason behind the

⁵⁹ *ibid*

⁶⁰ James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), Europeanization and Regionalization in the Enlargement to Central and Eastern Europe, Palgrave Macmillan, 2004

late application was that the decentralisation of administration was new to those countries.

In addition to this, some negative factors such as the lack of Commission coordination and cooperation, inadequate budgeting of financial and human resources as well as slow improvement in absorption capacity etc. delayed the implementation of the reforms of Phare⁶². Despite its positive and criticised aspects Phare was a role model as the first pre-accession instrument to CEECs. Phare programme have marked the fifth enlargement

I.3.3. ISPA (Instrument for Structural Policies for Pre-Accession)

The “Instrument for Structural Policies for Pre-Accession” ISPA, is the European Community’s financial instrument designed to assist the Central and Eastern European countries meet the requirements of the *acquis communautaire* in the fields of environment and transport. Like the other pre-accession instruments ISPA was guided by the Accession Partnerships and the National Programmes for the adoption of the *acquis*, and operated on a similar basis to that of the Cohesion Fund implemented in the member states and operating in the fields of environment and transport⁶³.

ISPA supported investment in transport systems and environmental infrastructure in the CEECs, both of which were neglected for decades before the transition and pre-accession process began and neither of which meets the needs of modern economy. The Commission, using the same criteria as the one used for the Cohesion Fund, has decided the allocation of ISPA resources among the recipient countries on the basis of

⁶¹ Phare 2000 Review, c(2000)3103/02, 27.10.2000, <http://europa.eu.int/comm/enlargement/pas/phare/publist.htm>; Access on 3.4.2006

⁶² James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), Europeanization and Regionalization in the Enlargement to Central and Eastern Europe, Palgrave Macmillan, 2004

⁶³ Report from the Commission General Report on Pre-Accession Assistance (Phare-ISPA-Sapard) in 2000, 9.1.2003, COM (2002) 781 final

population, GDP per capita and land surface area⁶⁴. The Cohesion Fund for Greece, Spain, Ireland and Portugal, and ISPA for the acceding countries in central and Eastern Europe were major sources of finance for environment-related infrastructure and both instruments provide funding for investment-intensive projects and help these countries to meet the environmental standards and legal requirements of the Union.

In the field of environment, support from ISPA was intended to contribute to the implementation of Community environment policy. In order to maximise the impact of the funds on achieving the objectives of the environmental legislation, ISPA concentrated, in the first place, on the investment of environmental Directives being difficult and most costly to implement. These Directives of which the implementation is the most problematic in the EU acquis concern mainly drinking water supply; waste water treatment; management of solid waste and hazardous waste; and air quality improvement sectors⁶⁵.

In addition to the environment component, the orientation for the ISPA transport component was to build the future Trans-European Transport Network (TEN)⁶⁶. The Trans-European Network comprises transport infrastructures (roads, railways, waterways, ports, airports etc.) together with the services necessary for the operation of these infrastructures⁶⁷. The TEN, as defined in the TINA (Transport Infrastructure Needs Assessment) Report covered the beneficiary countries of Central Europe as well as member states.⁶⁸

The aim of TINA Report was to map out an extended Trans-European Transport Network, following the eastward enlargement of the European Union. Firstly a draft network in the candidate countries for accession was formulated and it comprised

⁶⁴ The Enlargement Process and the three pre-accession instruments: Phare, ISPA, Sapard, Proceedings of the conference organised by DG Enlargement and the Permanent Representations of Sweden and Austria to the European Union (2001)

⁶⁵ Council Regulation (EC) No 1267/1999 of 21 June 1999 establishing an Instrument for Structural Policies for Pre-accession

⁶⁶ Decision 1692/96 of the European Parliament and of the Council of 23 July 1996

⁶⁷ Europa.eu/scadplus/leg/e/lvb/124094.htm, Access on 12.6.2006

railway, road, airport, and sea and river port infrastructures. The network plan was intended to assist in the prioritization of investment projects in the candidate countries⁶⁹.

The year 2000 was the first operational year for ISPA. Before projects were presented to the ISPA Management Committee, beneficiary countries were required to prepare ISPA investment strategies for the transport and environment sectors. Support, amounting to a total of just over 1 billion € a year, is given only to projects with a budget of 5 million or more⁷⁰. Increasingly, countries have selected projects in line with national strategies but which were compatible with the EU's priorities on transport and the environment in order to make best use of the limited resources available.

ISPA could finance technical assistance throughout all the levels of the project cycle. It financed project management as well as project preparation and feasibility studies. These studies were subcontracted in terms of buying services. There are three types of contracts under the ISPA programme (service, works and supply contracts) and no grants. Works contracts were subcontracted in order to implement the investment projects. Supply contracts were signed in order to meet the equipment need of the investment projects. In ISPA projects co-financing was additionally needed. For this reason different international financing institutions European Investment Bank, European Bank for Reconstruction and Development⁷¹ as well as national public sources were also involved in the project financing of ISPA projects.

ISPA also contributed to building know-how and administrative capacity necessary for operating procurement procedures, financial management, project preparation, and cost-benefit analysis. This capacity building was also supported by training and technical assistance provided by the EU for the use of the Commission's Extended Decentralised Implementation System (EDIS).

⁶⁸ Report from the Commission General Report on Pre-Accession Assistance (Phare-ISPA-Sapard) in 2001, 4.6.2003, COM (2003) 329 final

⁶⁹ http://ec.europa.eu/ten/transport/external_dimension/index_en.htm ; Access on 6.3.2006

⁷⁰ Report from the Commission General Report on Pre-Accession Assistance (Phare-ISPA-Sapard) in 2000, 9.1.2003, COM (2002) 781 final

ISPA Project ideas could come from any regional or local authority, but they must have been proposed through the formal ISPA application form to the “National ISPA Coordinator” in the candidate country. Following the submission of the proposal to the Commission, the Commission approves the project following the procedure established for the Cohesion Fund. The award criteria are the conformity with priority objectives, economic feasibility and institutional capacity. The proposal is then submitted to the ISPA Management Committee, which is composed of member states officials, for its opinion. The Commission decides on the basis of the Committee’s opinion and the Financing Memorandum is prepared for signature by the Commission and the beneficiary countries⁷².

On 1 May 2004, the ISPA formally ceased to exist for the new member states of Central and Eastern Europe. Their GDP per capita being below 90% of the EU average, the new member CEECs have all become eligible for the Cohesion Fund⁷³. Ongoing ISPA projects have been transformed into Cohesion Fund projects and will be completed under this fund’s rules. As decided at the Copenhagen European Council in December 2002, Bulgaria and Romania continue to benefit from the ISPA and receive gradually increasing allocations until the end of 2006⁷⁴.

I.3.4. SAPARD (Special Accession Programme for Agriculture and Rural Development)

Sapard’s main priorities, as set out in the Sapard Regulation, are to contribute to the implementation of the acquis concerning the Common Agricultural Policy (CAP) and related policies, and to solve specific problems for the sustainable adaptation of the

⁷¹ Council Regulation (EC) No 1267/1999 of 21 June 1999 establishing an Instrument for Structural Policies for Pre-accession

⁷² *ibid*

⁷³ http://ec.europa.eu/regional_policy/sources/docgener/panorama/pdf/mag14/mag14_en.pdf ; Access on 6.3.2006

⁷⁴ Copenhagen 2002 Presidency conclusions, http://europa.eu/european_council/conclusions/index_en.htm , Access on 5.3.2006

agricultural sector and rural areas in the applicant countries⁷⁵. Financial support over half a billion euro per year from the Community budget in the period 2000 to 2006 was allocated for Sapard⁷⁶. In addition to primary agricultural production, side projects to improve product processing, marketing and quality were eligible for support. Rural development projects were also eligible within the framework of Sapard since this issue had an increasing importance in the EU's agricultural policy⁷⁷.

Sapard allocated an important amount of financial aid to CEECs to help them to implement the *acquis communautaire* within the framework of Common Agricultural Policy and to restructure their agricultural sectors and rural areas. As it is the case in the other pre-accession instruments support is based on development plans drawn up by the countries. The development plans for Sapard included a limited number of measures, such as improving arrangements for ensuring quality, applying veterinary and plant health controls or setting up producer groups and land registers⁷⁸. The balance of support for different measures varied between countries, though a large part went to investment in processing and marketing (26% of the total) and in agricultural holdings and rural infrastructure (a further 20% or so)⁷⁹.

Support under Sapard was to be granted on the basis of a single agriculture and rural development programme per applicant country covering the period 2000-2006. It was determined that the content of each programme should have reflected priorities established by the national authorities, depending on the particular circumstances and needs of their country, within limits set under the Sapard Regulation⁸⁰.

⁷⁵ Council Regulation (EC) No 1268/99 of 21 June 1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period

⁷⁶ See Table 3

⁷⁷ Report from the Commission General Report on Pre-Accession Assistance (Phare-ISPA-Sapard) in 2000, 9.1.2003, COM (2002) 781 final

⁷⁸ Council Regulation (EC) No 1268/99 of 21 June 1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period

⁷⁹ The Cohesion Fund, Inforegio, No. 14, September 2004

⁸⁰ Council Regulation (EC) No. 1267/1999 of June 1999 establishing an Instrument for Structural Policies for Pre-Accession

One of the most important implications of the implementation of Sapard is that, unlike the other pre-accession instruments Phare and ISPA, with Sapard the Commission was not involved in the management and project selection. For Sapard an alternative approach was chosen; where at least some key elements were managed by the Commission, the national authorities in applicant countries would assume all responsibility through fully decentralised management⁸¹. Therefore, the accession countries were introduced the CAP implementation process before membership.

Sapard introduced a new dimension in Community aid for third countries. This new dimension was to confer management on the applicant countries agencies which were generally ministries of agriculture⁸². This was a first move from the Commission's part because it was the first time a fully decentralised external assistance programme has been undertaken by the Commission. This system new to candidate countries transferred new and important responsibilities on the Central and Eastern Europe countries. The different Sapard agencies would be responsible for project selection, project management, financing and controlling. The idea was that they would operate in a similar way to paying agencies in the member states and upon accession could become the paying agency for the Common Agricultural Policy.

Sapard can be evaluated as the first pre-accession instrument which introduced the CEECs with the Community paying procedures. Despite difficulties in implementation, Sapard has had a positive effect in the accession countries by encouraging them to set up similar financial structures and control systems to those in existing member states. Sapard played an important role in helping to build up administrative capacity in the CEECs.

I.3.5. TECHNICAL ASSISTANCE AND TWINNING

⁸¹ Report from the Commission General Report on Pre-Accession Assistance (Phare-ISPA-Sapard) in 2000, 9.1.2003, COM (2002) 781 final

Besides investment projects the EU provided financing for policy advice to CEECs through the technical assistance offered by the Phare programme between 1989 to 1997 and through the 'twinning' programme that started in 1999⁸³. Beside these two instruments thanks to the TAIEX (the Technical Assistance Information Exchange Office) provided experts to give short-term advice.

'Twinning' was aimed at helping CEECs to adapt their administrative and democratic institutions to comply with membership requirements by learning from member state experiences. Twinning also aimed at building the administrative capacity necessary to implement the EU acquis. The programme used Phare funds to pay for the assignment of the EU member states' officials to work in CEE ministries and public administrations. Procedure for CEE governments as beneficiaries, was to put in place twinning projects especially in public bodies where there is a need for training about the implementation of the acquis. Like other Phare projects, Twinning "covenants" were subject to the approval of the Commission. Once a twinning project was approved, member states bided for the reassignment of the officials⁸⁴.

Twinning provided the chance for CEE officials to work with their counterparts in the EU member states. It thus provided a culture of cooperation between two parties. However, the advice and expertise offered by the twinning agents was not subject to a central control mechanism by the EU.

It was not possible to instaure a consistent European model in public administrations due to the lack of an overall coordination of the advice offered by the twinning agents. Nevertheless twinning projects were successful in certain individual policies. Indeed, one of the main principles of the programme was that the existing member states should

⁸² The Enlargement Process and the three pre-accession instruments: Phare, ISPA, Sapard, Proceedings of the conference organised by DG Enlargement and the Permanent Representations of Sweden and Austria to the European Union (2001)

⁸³ Heather Grabbe, The EU's Transformative Power: Europeanization through Conditionality in Central and Eastern Europe, Palgrave Macmillan, New York, 2006

⁸⁴ *ibid*

“implement the EU's legislation by different means, and they could help the candidate countries to do the same, but without imposing any particular system”⁸⁵.

It is difficult to assess the quality and consistency of the policy advice provided through twinning in the CEECs. The twinning agents largely set their own agenda in collaboration with the host CEE government. Because twinning projects used civil servants and focused on implementation, most agents were concerned with standards and technical issues rather than overall institutional models or policies. Their advice also reflected their own assumptions, national backgrounds, and professional experience in their home EU ministries because member states have different traditions and 'policy styles'.

CONCLUSION

The cohesion policy of the EU was born out of the need to promote balanced development by reducing the gap between the different European regions. The cohesion policy, particularly the EU's regional policy intends helping the most backward regions to catch up with the developed ones. Consequently the policy instruments were designed to promote development and these instruments were reformed as the European project continued to develop and new member states joined.

After the remarkable fifth enlargement, the priority for the enlarged EU is to ensure good project progress and optimal use of funds. The way to achieve this is by continuous strengthening of management capacities and the application of Community procedures for concluding public contracts. It is also important to effectively prepare new member states to implement the future generation of programmes for the period 2007-2013. These funds are one of the major instruments of cohesion and therefore Europeanization across the EU territory.

⁸⁵ *ibid*

The economic situation in the new member states also represents a challenge to the aims of cohesion of the Enlarged EU. While it is tempting to regard the accession countries as a single entity with uniform characteristics and problems, this is far from the reality. Although there are structural problems almost in every CEEC, with the basic infrastructure in particular, the nature and scale of these problems differ substantially between countries and regions. This is reflected by differences in GDP per capita, which are bigger than in the existing EU 15, both between countries and their regions. Disparities between the CEEC regions tend to be much wider than across EU-15 regions. This has important implications for the design of the cohesion policy. For each region, the aim should be to try to identify the major deficiencies which limit competitiveness between regions and, to give priority to tackling these first, and then to achieve growth.

II. EUROPEANIZATION AND COHESION POLICY

The concept of Europeanization has recently received increasing attention in the field of European studies. There is a considerable debate about how to conceptualise Europeanization, and several scholars have asked whether it is different from other processes such as convergence, harmonization etc.

The penetration of the EU policies to the member states' political systems is obvious although the effects of this process is still being analysed by researchers. The main question of Europeanization relates to the EU's effect on public policies and the domestic change. In recent years, Europeanization has become a term commonly used in European studies to describe a phenomenon, mainly focused on the impact of EU policy in a specific policy field. Especially, cohesion is one of the fields where the Europeanization and this particular EU policy interrelate enormously.

Research in the field of Europeanization was initially concerned with how to explain the effect that the EU member states have on outcomes of the European integration process. These discussions concentrated on the role that the member states play at the EU level. These studies also concentrated on the impact that national policy preferences and policy-making at the European level, for example how EU member states contributed to shaping institutions, or influenced the policy making processes, at the EU level.

At the same time, scholars over the last decade have become increasingly interested in the impact that the European integration process has on the national level. These studies focussed on how EU member states responded to the impact of European processes by analysing domestic change that occurred at the national level. In this approach Europeanization is seen as describing and explaining domestic change caused by European integration. The implementation of European policies causes modifications of national institutions, decision-making and the formulation of national positions. Tanja Börzel has also stressed the influence of the European level on the national level by

defining Europeanization as "a process by which domestic policy areas become increasingly subject to European policy making"⁸⁶.

In addition to this approach, different scholars like Radaelli put Europeanization as "an interactive and mutually constitutive process that goes beyond a unilateral relationship, describing only the influence generated by the EU or the emergence of EU policies"⁸⁷. According to this definition member states affect the EU level policy making as they are affected by the domestic change in public policy making.

Linking these two effects also involves considering Europeanization as a process and not only as a result or consequence. The responses of the member states to the EU integration process feed back into EU institutions and policy processes⁸⁸. Neither the institutions nor the processes are static. Taking into account the ongoing and mutual character of this process, it is difficult to define the results of this process.

Europeanization is a two-way process, which involves the evolution of European institutions that impact on political structures and processes of the member states. In accordance with Börzel's statement "member state governments both shape European policy outcomes and adapt to them". Member states seek to shape European policy-making according to their interests and institutional traditions.

When Europeanization is considered as the taking and shaping of EU policies, then the term is not limited to EU member states. It may be the influence of the European Union on candidate or non-EU countries. Previous studies of Europeanization have dealt exclusively with countries that are already members of the EU, but the EU exercises similar pressures on the applicant countries. Many of the observations identified in the Europeanization literature can also be seen in CEE, and the EU's influence on former

⁸⁶ Tanja A. Börzel, Pace-Setting, Foot-Dragging, and Fence Sitting: Member State Responses to Europeanization, *JCMS* 2002 Volume 40. Number 2. pp.193-214

⁸⁷ Kevin Featherstone and Claudio Radaelli (eds.) *The Politics of Europeanization*, Oxford: Oxford University, Press, 2002

⁸⁸ *ibid*

applicants has the additional dimensions of conditionality and accession negotiations⁸⁹. Institutional and policy modifications have occurred in Central and Eastern European countries and fulfilling EU requirements therefore also fall under the definition of Europeanization as domestic change. Thus, speaking broadly the attraction of the EU social, political or economic models to non-European countries can also be considered as Europeanization⁹⁰.

Europeanization can most generally be defined as domestic change caused by European integration. As stated by Radaelli: "It is a process of change in national, institutional and policy practices that can be attributed to European integration"⁹¹. Europeanization should not be confused with convergence, neither with harmonization, nor with political integration and convergence must not be used synonymously with Europeanization because there is a difference between a process and its consequences⁹².

Further distinctions are needed when applying Europeanization to the candidate countries: Europeanization is not a theory of EU enlargement. Theories of enlargement address the question "Why did the EU decide to enlarge and why did CEE countries want to join?"⁹³. They seek to explain why the enlargement process is happening, that is, the "ontological stage of research, whereas Europeanization is post-ontological" in being concerned with the effects of the enlargement process.⁹⁴

Additionally, Europeanization is not the same thing as European integration. The term political integration within the EU is concerned with integration theories in general in order to explain why national states agree to abandon parts of their sovereignty in order to give it to the EU. For example, according to Tanja Börzel, "integration" would focus

⁸⁹ Heather Grabbe, Europeanization Goes East: Power and Uncertainty in the EU Accession Process, Kevin Featherstone and Claudio Radaelli (Eds) The Politics of Europeanization, Oxford: Oxford University, Press, 2002

⁹⁰ *ibid*

⁹¹ Kevin Featherstone and Claudio Radaelli (eds.) The Politics of Europeanization, Oxford: Oxford University, Press, 2002

⁹², Maarten Vink, What is Europeanization? And other questions on a new research agenda, paper for the second YEN Research Meeting on Europeanization, Leiden University

⁹³ Frank Schimmelfennig and Ulrich Sedelmeier, The Europeanization of Central and Eastern Europe, Cornell University Press, 2005

rather on what happens to the state and its sovereignty whereas Europeanization would pay attention to what happens to the domestic institutions and actors⁹⁵. Europeanization would thus be just one mechanism within the European integration and it would not exist without European integration.

Also, Europeanization, understood as domestic change, should not to be confused with convergence or harmonisation. Convergence can be one of the effects of Europeanization. Europeanization of national policies can therefore be considered more as a “process of translation and re-interpretation of common norms through national institutions and cultures, while keeping the national, historically developed particularities”⁹⁶. To sum up, Europeanization is not to be mixed up with existing notions dealing with the European integration process. However, it can overlap with some of these meanings.

Europeanization describes the diffusion of common political rules, norms and practices in Europe, but there are significant differences of opinion as to the content of the concept and whether it has meaningful effects within national political systems⁹⁷. When defined in the context of the CEECs, Europeanization is understood as a “top-down process of institutional adaptation and the adaptation of policy and policy processes”⁹⁸. And most fundamentally, Europeanization is viewed as “ways of doing things” which are the first defined and consolidated in the making of EU decisions and then incorporated into “the logic of domestic discourse identities, political structures and public policies”⁹⁹.

A part from definitions focussing mainly on institutions and policies, some studies prefer a more general change, like in administrative style and structures and formal and

⁹⁴ Heather Grabbe, *Europeanization Goes East: Power and Uncertainty in the EU Accession Process*, Kevin Featherstone and Claudio Radaelli (Eds) *The Politics of Europeanization*, Oxford: Oxford University, Press, 2002

⁹⁵ *ibid*

⁹⁶ Patrick Le Gales and Christian Lequesne, (Ed.) *Regions in Europe*, Routledge, London, 1998

⁹⁷ Kevin Featherstone and Claudio Radaelli (Eds), *The Politics of Europeanization*, Oxford: Oxford University, Press, 2002

⁹⁸ *ibid*

⁹⁹ *ibid*

informal rules and procedures in general. Regarding cohesion policy the Europeanization process was deeply affected by the cohesion policy instruments. Cohesion policy is one of the main instruments of the Europeanization of both the old and new member states. For the new member states of the CEE, in the pre-accession period, this process was relatively slow due to the unreadiness of domestic structures and public policies. Additionally, the lack of a consistent conditionality was also constituted a burden on the achievement of the transformation of the relevant institutions and structures¹⁰⁰.

II.1 EUROPEANIZATION OF CENTRAL AND EASTERN EUROPEAN COUNTRIES BY THE EU COHESION POLICY

In terms of Europeanization in the CEECs via cohesion policy, there is a need to analyse through what processes and mechanisms EU penetrates the domestic level and influence change. It is obvious that in the case of the EU cohesion policy and the CEECs, Europeanization did not follow a single logic at all¹⁰¹.

The scope of the Europeanization effects in prospect members is determined by two conditions¹⁰²: The first can be put as the precision and certitude of EU demands. It is evident that the EU is more influential where it has a detailed policy to be transferred. In that case it gives consistent advice, and it sets clear and certain requirements. It has less impact where a policy area lacks these elements, like this is the case for the cohesion policy. The process of Europeanization tended towards uncertainty in this policy area. Second is the degree of political will and institutional capacity to implement a given policy in CEE. Europeanization affects the candidate countries most

¹⁰⁰ James Hughes, Gwendolyn Sasse, Claire Gordon, Conditionality and Compliance in the EU's Eastward Enlargement: Regional Policy and the Reform of Subnational Government, *Journal of Common Market Studies*, Volume 42 Page 523 - September 2004

¹⁰¹ Kevin Featherstone and Claudio Radaelli (eds.) *The Politics of Europeanization*, Oxford: Oxford University Press, 2002

¹⁰² *ibid*

where these prospect members have strong political will to implement a policy, and where they have the institutional capacity required to achieve the goal¹⁰³.

Applicant countries as well as member states are subject to the same pressures for adaptation. However conditionality is the main disparity between the member states and the candidates¹⁰⁴. The “asymmetry of power”¹⁰⁵ between the applicants and the Union gives the EU more coercive role of influence in the applicants’ domestic policy-making processes than in the existing EU. Because of the obligations and the additional conditions that the applicants face, they differ from the existing members. On the other hand, the applicants cannot influence the dynamics of EU policy-making, and they have a stronger motivation than existing member states to implement EU policies because they are trying to accede in the Union.

However, three factors¹⁰⁶ according to Grabbe were pushing the applicant countries towards the EU accession process with greater convergence than the member states when particular policy models are in place. The first factor was the speed of adjustment. The accession process adapted CEE institutions and policies to the EU much faster than the adaptation of the existing EU-15 members of the time. By contrast, CEE countries were expected to have oriented their institutions and policies to the EU prior to membership. Moreover, they have tried to orientate their institution and policies from a much lower starting point and with limited time limit. The second factor was the openness of CEE to EU influence due to the process of post-communist transformation. There was no political alternative for the CEECs other than the EU. The third factor was the EU’s agenda in CEE. The CEE applicants had no possibility of opt-outs from parts of the agenda, such as certain derogations which were obtained by the UK on the Schengen or monetary union¹⁰⁷.

¹⁰³ Heather Grabbe, The EU’s Transformative Power: Europeanization through Conditionality in Central and Eastern Europe, Palgrave Macmillan, New York, 2006

¹⁰⁴ *ibid*

¹⁰⁵ *ibid*

¹⁰⁶ *ibid*

Within this framework, the definition of Europeanization presented by Radaelli is highly relevant to CEE: Europeanization consists of processes of (a)construction (b)diffusion and (c)institutionalization of formal and informal rules, procedures, policy paradigms, styles, and shared beliefs and norms which are first defined and consolidated in the EU policy process and then incorporated in the logic of domestic (national and subnational) discourse, identities, political structures and public policies¹⁰⁸.

This definition stresses the importance of change in the logic of political behaviour. This definition also helps distinguishing Europeanization effects from the other processes of change in the post-communist era. In applying the concept of Europeanization to CEE, it is possible to analyse how this concept has been “diffused and contributed to the “institutionalization” of these countries regarding EU regional and cohesion policy.

Given this fact of Europeanization, Grabbe also describes the European Union’s “conditionality power as a strong tool to shape institutions in the CEECs” because of the incentives and aids as well as the pressures to adapt the EU *acquis* executed by the EU accession process¹⁰⁹. As a result, instruments of Europeanization were used in the CEECs to speed up the harmonisation and implementation process of the EU’s requirements.

Grabbe classified these instruments of the Europeanization in the CEECs. The instruments of Europeanization named by Grabbe are: “Models, money, benchmarking and monitoring, advice and twinning, gate-keeping”. Among these mechanisms, money, aid and technical assistance constitute an essential part of the Europeanization process. The financial aid and the technical assistance provided by the EU to the CEE candidate countries has an important role in reinforcing the transfer of EU models. Since the EU aid helps to pay for implementation expenses and the technical assistance builds

¹⁰⁷ Heather Grabbe, *Europeanization Goes East: Power and Uncertainty in the EU Accession Process*, Kevin Featherstone and Claudio Radaelli (Eds) *The Politics of Europeanization*, Oxford: Oxford University Press, 2002

¹⁰⁸ Kevin Featherstone and Claudio Radaelli (eds.) *The Politics of Europeanization*, Oxford: Oxford University Press, 2002

institutional capacity to use EU practices, it is possible to say that these two instruments played a major role in the Europeanization of the CEECs. Beside the fact that the candidate countries restructured their institutions and legislation, the co-financing requirements of the EU financial aid required the applicant countries to allocate a part of the public resources to particular policy areas. This is one of the indicators that the EU aid could change the order of priorities on a government's agenda¹¹⁰.

II.2. CONDITIONALITY WITHIN THE EUROPEANIZATION OF THE CEECs

Together with the term Europeanization, the term “conditionality” has become a part of the common debates about the nature of the EU and European integration project. The most significant factor that advances European integration and cohesion is the domestic adaptation to European norms, structures and policies. Europeanization together with conditionality implies a consensus on rules and their transmission mechanisms within the EU, and continuity in harmonization over time¹¹¹. With specific reference to EU regional policy, Europeanization has been described as a positive external influence for promoting institution building, learning and policy-making at regional and local levels with more flexible mechanisms.

In principle the EU conditionality gave the Commission a sanctioning mechanism on the CEECs to impose compliance with the membership criteria and the adoption of the *acquis communautaire*. The case for cohesion policy, particularly the regional policy was quite different in the fifth enlargement. This policy area lacked pre-established and certain institutional rules and contained less “*acquis*”. For instance, one of the areas that had to be harmonised was the public structures to administrate the structural funds, but regulations on that subject suggest “soft” conditions as well as individual guidelines so

¹⁰⁹ James Hughes, Gwendolyn Sasse, Claire Gordon, Conditionality and Compliance in the EU's Eastward Enlargement: Regional Policy and the Reform of Subnational Government, *Journal of Common Market Studies*, Volume 42 Page 523 - September 2004

¹¹⁰ *ibid*

¹¹¹ Gwendolyn Sasse, How deep is the wider Europe: The Europeanization of Sub-national governance in Central and Eastern Europe, http://www.iue.it/LAW/Events/WSWorkshopNov2003/Sasse_paper.pdf Accession on: 24.2.2006

that the pressure from the Commission on the subject was relatively flexible during the enlargement process¹¹².

Having this in mind, accession conditionality extends the reach of EU influence considerably more deeply into domestic policy-making in CEE than it has done in the member states, which have only had to implement policies resulting from the obligations of membership¹¹³. Another difference between the member and the candidate states is monitoring the compliance. The commitment of the CEECs to the EU policies and their level of harmonization were monitored by the Commission in the Opinions of 1997 and the subsequent annual regular reports. This monitoring also distinguishes the fifth enlargement from the previous enlargements¹¹⁴.

Within the fifth enlargement, instruments such as the “reinforced pre-accession strategy”¹¹⁵, Accession Partnerships, between the EU and the applicant states, the National Programme for the Adoption of the Acquis (NPAA) were implemented in each candidate country. These instruments have also contributed to the programming of Phare aid, which targeted building administrative capacity in the candidate states by linking it to the requirements of the acquis in specific policy areas. Like any other policy area, the pre-accession aids and eventually regional policy instruments for example the allocation of structural funds depended on conditions such as sectoral capacity, effective structures for coordinating the negotiation process, administrative reforms, and the preparation for the implementation of structural policies¹¹⁶.

II.2.1. CONDITIONALITY AND REGIONAL POLICY NEGOTIATIONS

112 James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), *Europeanization and Regionalization in the Enlargement to Central and Eastern Europe*, Palgrave Macmillan, 2004

113 Heather Grabbe, *Europeanization Goes East: Power and Uncertainty in the EU Accession Process*, Kevin Featherstone and Claudio Radaelli (Eds) *The Politics of Europeanization*, Oxford: Oxford University, Press, 2002

114 Gwendolyn Sasse, *How deep is the wider Europe: The Europeanization of Sub-national governance in Central and Eastern Europe*, http://www.iue.it/LAW/Events/WSWorkshopNov2003/Sasse_paper.pdf Access on: 24.2.2006

115 http://www.europa.eu/scadplus/glossary/preaccession_strategy_en.htm ; Access on 7.5.2006

116 *ibid*

The EU acquis was divided in 31 chapters during the fifth enlargement. Among 31 chapters of the acquis, the chapter on regional policy was one of the issues left to the latest stages of the negotiations in 2002 (the Czech Republic was the first CEEC provisionally to close the chapter in April 2002, and all the others followed by October 2002)¹¹⁷. As it can be easily remembered, the Agenda 2000 and the Opinions of the Commission provided the basis for the decisions at the Luxembourg European Council in December 1997 where five of the CEECs (the Czech Republic, Estonia, Hungary, Poland, Slovenia) plus Southern Cyprus began accession negotiations. The basis for the negotiations with these states, which opened on 31 March 1998¹¹⁸, was the Copenhagen criteria that indicated the obligation of the candidates adopt the EU acquis. Their progress in this regard would be monitored by the Commission in Regular Reports on each country¹¹⁹. This condition was also the basis for the extension of the accession negotiations to a further five CEEC states (Bulgaria, Latvia, Lithuania, Romania, Slovakia) plus Malta, agreed at the Helsinki European Council in December 1999¹²⁰.

After the year 1998 when the first accession negotiations began with the CEECs, regional policy became one of the most important aspects of enlargement for the EU given its substantial financial implications. Consequently, both the Commission and the CEEC governments have paid particular attention to the arrangements for managing regional policy during and post-enlargement. However, the Commission's approach to its conditionality on the regional policy issue was to a certain extent divided and inconsistent¹²¹. When the regular progress reports towards the accession of the CEECs since 1998 are analysed, one can observe that during the early enlargement phase the Commission focused on the institutional administrative forms in each candidate country, but as the process advanced, it became increasingly more concerned with the

¹¹⁷ Economic Development Foundation (2005), A Guide to Accession Negotiations with the European Union, IKV Publications No.184

¹¹⁸ *ibid*

¹¹⁹ Copenhagen 1993 Presidency conclusions; http://europa.eu/european_council/conclusions/index_en.htm; Access on 8.3.2006

¹²⁰ Helsinki 1999 Presidency Conclusions http://europa.eu/european_council/conclusions/index_en.htm; Access on 8.3.2006

¹²¹ James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), Europeanization and Regionalization in the Enlargement to Central and Eastern Europe, Palgrave Macmillan, 2004

capacity of the CEECs to access and manage the funds at central and regional levels and to use them effectively¹²².

Progress reports served also for measuring progress regularly referring to territorial organisation, legislative framework, institutional structure, programming, monitoring, evaluation, financial control and management and regional statistics¹²³. In addition to this, the regular reports put the emphasis on the adoption of regulations and regional development programmes as well as the reorganization of ministries and establishment of coordinating units. By monitoring these changes, the Commission generally put less emphasis on the need to further enhance administrative capacity¹²⁴.

From the Commission as the main actor in the process, regional policy negotiations put into light the divergences between its different units:

On the one hand, there was a preference among key officials within DG Enlargement and DG Regio for an institutional design in the CEECs that fixed decentralization and partnership with the regions, and on the other hand, there is the realization that “value for money” concern which entailed the most easily monitored mechanism of dispersion of funds. According to the Commission officials the main problem by late 2000 was how to make the candidate countries assume “ownership” of their projects to ensure their sustainability¹²⁵.

The different visions and shifts in approach within the Commission to regional policy in the candidates reflect two main developments¹²⁶. First, after the enlargement process began, there was a learning process for the Commission officials working with the CEECs. Secondly, there were differences in the opinions of the various departments of the Commission, in particular between DG Enlargement and DG Regio over whether to

¹²² Regular reports, <http://ec.europa.eu/comm/enlargement/docs/index.htm> ; Access on 9.3.2006

¹²³ James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), Europeanization and Regionalization in the Enlargement to Central and Eastern Europe, Palgrave Macmillan, 2004

¹²⁴ *ibid*

¹²⁵ James Hughes, Gwendolyn Sasse, and Claire Gordon, EU Enlargement and Power Asymmetries: Conditionality and the Commission's Role in Regionalization in Central and Eastern Europe, Working Paper, 49/03, <http://www.lse.ac.uk/collections/europeanInstitute/articles/hughesj2.pdf> , Access on: 13.3.2006

¹²⁶ Gwendolyn Sasse, How deep is the wider Europe: The Europeanization of Sub-national governance in Central and Eastern Europe, http://www.iue.it/LAW/Events/WSWorkshopNov2003/Sasse_paper.pdf Access on: 24.2.2006

promote centralized or decentralized management of regional policy in the CEECs¹²⁷. While the discussion about the evolution of EU structural and cohesion policy demonstrated a tension between Commission preferences, the process of EU enlargement confirms that the Commission is not a unified actor¹²⁸. The Commission did not have a single model of regionalization; though its actions certainly created a perception in the candidate countries that such a model existed. There were competing visions between and within DG's regarding the content of the regional policy. According to Hughes, Sasse and Gordon, during the early stages of the enlargement, the "Commission appeared to have preferred a decentralised democratic regional model in the candidate countries, but shifted their views in favour of more centralised management in the latter stages"¹²⁹. Nevertheless, "the strongest perception in the CEECs was that the Commission tried to impose a decentralised democratic regional model"¹³⁰.

II.3. LIMITS OF EU CONDITIONALITY IN THE CEECs

In the first phase of enlargement regarding the CEECs, relations moved from traditional third-country relations to more intense relations based on financial aid and trade with the prospect of membership. The EU created the Phare aid programme in 1989, as an aid programme intended to support post-communist transformation in CEE. Consequently Europe Agreements have been realised between the CEECs and the EU.

The Commission Opinions of 1997 and the annual Regular Reports from 1998 to 2002 were the main outcome for the Commission's monitoring process. Reports also continued to be published at the end of the process in late 2002. These latest reports were used to deliver the EU's official approval for the political decision to accept ten

¹²⁷ *ibid*

¹²⁸ *ibid*

¹²⁹ James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), Europeanization and Regionalization in the Enlargement to Central and Eastern Europe, Palgrave Macmillan, 2004

candidate countries as new members from 1 May 2004. The 2002 Reports and in particular, the “Comprehensive Monitoring Reports”¹³¹ of 2003 were qualitatively different from previous reports. Regarding the regional policy, annual reports were presenting general assessments and vague recommendations, while the Comprehensive Monitoring reports offered detailed criticism and policy advice¹³².

Within this context, the Commission’s reporting mechanism, served three main goals¹³³. First, it mapped out each country’s perspective towards EU membership and provided a “benchmark” for the pre-accession and accession negotiations and the Accession Partnership. Secondly, as the only benchmark for the comparison and the ranking of the candidate countries, the reports were “key devices that generated competitiveness among them”¹³⁴. Thirdly, the reports allowed the Commission to “highlight and prioritize its own areas of concern” about compliance.

III.3.1. EUROPE AGREEMENTS

For the CEE applicants, Europe Agreements signed bilaterally from 1991 onwards. These Agreements provided a more comprehensive form of partnership than the Association Agreements previously signed with Turkey, Malta and Cyprus¹³⁵.

The content of the Europe Agreements was a set of formally structured trade relations, with a mixed content of both political and economic provisions. The Europe Agreements were intended to create a free trade area and to implement the four freedoms of the single market (free movement of goods, services, capital and labour)

¹³⁰ James Hughes, Gwendolyn Sasse, and Claire Gordon, EU Enlargement and Power Asymmetries: Conditionality and the Commission’s Role in Regionalization in Central and Eastern Europe, Working Paper, 49/03, <http://www.lse.ac.uk/collections/europeanInstitute/articles/hughesj2.pdf>, Access on: 13.3.2006

¹³¹ <http://ec.europa.eu/comm/enlargement/docs/index.htm> ; Access on 9.3.2006

¹³² *ibid*

¹³³ James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), Europeanization and Regionalization in the Enlargement to Central and Eastern Europe, Palgrave Macmillan, 2004

¹³⁴ *ibid*

¹³⁵ Heather Grabbe, The EU’s Transformative Power: Europeanization through Conditionality in Central and Eastern Europe, Palgrave Macmillan, New York, 2006

over a ten-year timetable, and they also provided a general framework for political and economic cooperation, including approximation of legislation¹³⁶. They thus started the process of introducing the EU's legislation and policies to the applicants. The Europe Agreements made specific policy demands on CEE through the chapters on trade, on competition, on free movement of workers, and on establishment and supply of services. In the agreements, trade chapters were the most comprehensive¹³⁷.

Strengthened political dialogue, a 10 year timetable for liberalisation of trade in industrial goods, rules for trade in agricultural products, titles on movement of workers, freedom of establishment, and supply of services, liberalisation of capital movements, competition policy and cooperation on other economic issues such as technical assistance were among the content of the Europe Agreements¹³⁸:

The Europe Agreements provide the framework for bilateral relations between the EU together with its member states on the one hand and the partner countries on the other hand. In the Europe Agreements with all the CEECs “Regional Development” has been placed for all the applicant states. The Europe Agreements asked from both parties to strengthen cooperation in the field of regional development and listed a number of measures that may be undertaken to achieve this goal, such as the exchange of information by national, regional or local authorities on regional policy; formulation of a regional development policy; joint action by the regional and local authorities in the area of economic development; coordination for the development of areas with regional disparities; the exchange of civil servants and experts; and the establishment of programmes facilitating the exchange of information and experience¹³⁹.

II.3.2. THE COPENHAGEN CONDITIONS AND THE PRE-ACCESSION STRATEGY

¹³⁶ http://europa.eu.int/comm/enlargement/index_en.htm ; Access on 16.4.2006

¹³⁷ Heather Grabbe, *The EU's Transformative Power: Europeanization through Conditionality in Central and Eastern Europe*, Palgrave Macmillan, New York, 2006

¹³⁸ http://europa.eu.int/comm/enlargement/index_en.htm ; Access on 16.4.2006

The conditions set out at the Copenhagen European Council in 1993 were designed in order to minimise the possible negative effects of the admission of prospect member states. The membership criteria were established to prevent CEECs become politically unstable and economically burdensome to the existing EU. The conditions were formulated for both reassuring sceptical member states and guiding CEE. This dual purpose of conditionality played an important role in the politics of accession within the EU. The fourth condition on “absorption capacity” reflected member state concerns about the impact of the enlargement on EU institutions and policies because of the increase in number of the member states. The fourth condition diversifies from the other criteria since the absorption capacity is about the enlargement whereas the first three measures to what extent the candidate countries achieved harmonisation.

More specifically, according to the Copenhagen 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. Secondly, a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union has to exist. Thirdly, the candidate should be able to assume the obligations of membership including adherence to political, economic and monetary union. And lastly, the Union's capacity to absorb new members, while maintaining the momentum of European integration is also an important consideration among the Copenhagen Criteria¹⁴⁰.

The Copenhagen conditions were followed by the formal launch of a 'pre-accession strategy' at the Essen European Council in December 1994¹⁴¹. The prospect of integrating so many and different countries provoked the need for a more comprehensive policy approach to enlargement than in previous accessions. The pre-accession strategy provided detailed legislative measures for the CEE countries to adopt, but in a limited range of policy areas. The strategy's content was primarily

¹³⁹ http://europa.eu.int/comm/enlargement/index_en.htm ; Access on 16.4.2006

¹⁴⁰ Presidency conclusions, http://europa.eu/european_council/conclusions/index_en.htm; Access on 5.3.2006

concerned with liberalisation of external economic relations and creating the conditions for free movement of industrial goods, services and capital¹⁴². The other parts of the legislation were given less attention, and the timetable for adopting them was left quite unclear.

In providing specific demands and aid for changing legislation, the pre-accession strategy had a strong impact on a range of policy processes in CEE. The speed of different applicant countries to meet the EU demands through the pre-accession strategy differed from one to another, and the extent of implementation was hard to measure. Nevertheless, these demands set out a policy agenda of CEE which was then developed further with the publication of the Commission's Opinions of 1997. These Opinions were on readiness of the CEECs for membership. Additionally, the pre-accession strategy was reoriented following the publication of Agenda 2000¹⁴³.

II.3.3. THE COMMISSION'S OPINIONS

The brief overview of the pre-accession strategy provided above indicates the main driving force behind EU demands on applicants in the early years of transition which are liberalisation and regulatory harmonisation. In July 1997, a new phase began when the Commission published its Opinions on the applicants' progress in meeting the Copenhagen conditions¹⁴⁴, and put forward proposals for a 'reinforced' pre-accession strategy based on the Accession Partnerships in Agenda 2000.

The Commission's Opinions gave an overview of the political and economic situations in the ten countries, and also an assessment of how each might be ready to join in five years time¹⁴⁵. These Opinions were unique in the history of EU enlargements in not

¹⁴¹ *ibid*

¹⁴² *ibid*

¹⁴³ Agenda 2000, http://ec.europa.eu/agenda2000/index_en.htm ; Access on 5.3.2006

¹⁴⁴ James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), Europeanization and Regionalization in the Enlargement to Central and Eastern Europe, Palgrave Macmillan, 2004

¹⁴⁵ *ibid*

only judging applicants' readiness for membership at that moment, but assessing “whether they would be able to meet the conditions for membership within the negotiations”¹⁴⁶. Each Opinion covered all of the Copenhagen conditions, so there were chapters on the political criteria, the economic criteria, adoption of EU legislation and other aspects of the candidate country’s ability to “assume the obligations of membership”. The Opinions were based on judgements by the Commission, and did not contain much evidence presented about readiness¹⁴⁷.

The Opinions were an important step forward in EU conditionality in two respects: both as a “first active application of conditionality” and also as an “elaboration of the economic conditions” to join¹⁴⁸.

Firstly, they provided the basis for the first active application of conditionality on involvement in the accession process, by providing assessments that allowed differentiation between the applicants according to how near they were to meeting the Copenhagen conditions.

Secondly, the Opinions provided an interpretation of the Copenhagen conditions that elaborated the Commission's view of the requirements for becoming an EU member state. The opinion was later endorsed by the Luxembourg European Council and judged candidates' progress in conforming to the pre-accession strategy set out by the EU so far, and also in meeting the Copenhagen conditions. In addition, the opinions were the basis for the priorities elaborated in the Accession Partnerships, and hence the objectives for which the EU would grant aid. They were thus an important step in elaborating the EU's policy agenda for CEE.

Besides the Accession Partnerships, the Opinions of 1997 present basic descriptive statistics about each candidate country, in particular the average GDP per capita, unemployment rates as well as specific sectoral and regional disparities¹⁴⁹. In that sense, the Opinions offered a picture of the candidate countries on regional reform.

¹⁴⁶ *ibid*

¹⁴⁷ *ibid*

¹⁴⁸ Heather Grabbe, *The EU's Transformative Power: Europeanization through Conditionality in Central and Eastern Europe*, Palgrave Macmillan, New York, 2006

¹⁴⁹ James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), *Europeanization and Regionalization in the Enlargement to Central and Eastern Europe*, Palgrave Macmillan, 2004

II.3.4. CONDITIONALITY IN THE ACCESSION PARTNERSHIPS

The Copenhagen conditions set in 1993 were very general and open to interpretation, and these conditions became progressively more specific and explicit through the pre-accession strategy. The main actor shaping these conditions and defining the requirements in detail was the Commission rather than member states. The EU set out its list of tasks to be undertaken by the candidates in the Accession Partnerships. These tasks put a number of questions about what the applicants had to do to make themselves acceptable to the EU.

The first Accession Partnerships, being one of the cornerstones of the “reinforced pre-accession strategy” were presented to the applicants in March 1998¹⁵⁰. New Accession Partnerships were then published in 1999, which were subsequently updated in 2000 and 2001¹⁵¹. These documents made the EU's requirements more explicit, and focused especially the financial aid more closely on accession requirements¹⁵². The Accession Partnerships were intended to make conditionality stricter, especially on financial assistance through Phare, by uniting all EU demands and assistance in a single framework. They set priorities for policy reforms on a timetable of short and medium-term priorities. Applicants then prepared their 'National Programmes for Adoption of the Acquis', which set timetables for achieving these priorities. The Commission subsequently published annual Regular Reports on obligations and commitments on each candidate's preparations for accession.

The Accession Partnerships also changed conditionality for the Phare programme¹⁵³. Regarding Phare aid, before 1998 when the accession negotiations started with the CEECs, conditionality depended on meeting very general economic and political

¹⁵⁰ http://ec.europa.eu/comm/enlargement/index_en.htm ; Access on 7.3.2006

¹⁵¹ *ibid*

¹⁵² Heather Grabbe, *The EU's Transformative Power: Europeanization through Conditionality in Central and Eastern Europe*, Palgrave Macmillan, New York, 2006

¹⁵³ *ibid*

objectives¹⁵⁴. Aid was linked to conditions for accession, not general transition and development goals. Whereas the Phare programme was originally concerned with economic reform and democratisation before negotiations, under the Accession Partnerships it became primarily concerned with adopting EU legislation and policies¹⁵⁵.

The Accession Partnerships also changed the scope of the accession conditionality¹⁵⁶. The Accession Partnerships united all the EU's demands, covering not only all of the EU's legislation, but also the other political and economic conditions. Their contents covered a huge range of policy areas, and set a wide agenda for the applicant states, given their financial and administrative resources.

II.4. THE COMMISSION'S ROLE IN THE ACCESSION

An important aspect of the fifth enlargement policy was the fact that the EU developed a pre-accession strategy before the negotiations began. In previous enlargements, the main focus of preparations for membership was the accession negotiations themselves. However, in the case of the fifth enlargement, “the large number of candidates, their state of political and economic development, and their distance from EU norms” necessitated a more elaborated pre-accession strategy than in previous enlargements, and this meant a relatively greater role for the Commission¹⁵⁷. The Commission was the actor which mainly managed the pre-accession policies together with the formal negotiations.

In accession negotiations, the Commission has no formal role in legal terms. A bilateral Inter-governmental Conference between the member states and a candidate country

¹⁵⁴ *ibid*

¹⁵⁵ Phare 2000 Review, c(2000)3103/02, 27.10.2000, <http://europa.eu.int/comm/enlargement/pas/phare/publist.htm>; Access on 3.4.2006

¹⁵⁶ Heather Grabbe, The EU's Transformative Power: Europeanization through Conditionality in Central and Eastern Europe, Palgrave Macmillan, New York, 2006

¹⁵⁷ *ibid*

carries out the accession negotiations¹⁵⁸. The member states ask the Commission to facilitate the negotiations, particularly by submitting draft common positions to the Council Working Group on Enlargement; the member states then define EU Common Positions based on these draft positions from the Commission¹⁵⁹. Normally, the common positions are drafted by DG Enlargement, based on input from the relevant line DG(s). The Commission has close informal contacts with both the candidate country and the member states¹⁶⁰. In addition, the Commission has a duty to protect the Community interest, but it also looks for solutions of the specific circumstances of the candidate country. This is the most concrete aspect of the Commission's facilitation role¹⁶¹.

The Commission has no formal power to withdraw its proposal or to stop the member states from adopting a position with which the Commission disagrees. The Commission only has the “soft power”¹⁶² of its technical expertise and knowledge of the candidate countries. To preserve this power, the Commission convinces the member states, by demonstrating its expertise. During the fifth enlargement process, the member states did not adopt positions to which the Commission was opposed. Moreover, the Commission gained an increased role in the accession conditionality through its management of the pre-accession strategy, because of its better knowledge of the candidate countries¹⁶³.

Criticism of the pre-accession strategy, and particularly the pre-accession aids, from within the Union and from the applicants had led the EU aid to be focused more carefully, with more policy coherence and a more efficient use of funds. A logical way to achieve this was to focus Phare more closely on accession issues, and other funds to other specific fields. The Commission found the solution in the Accession Partnerships, which linked aid to conditions set at the EU accession.

¹⁵⁸ Economic Development Foundation (2005), A Guide to Accession Negotiations with the European Union, IKV Publications No.184

¹⁵⁹ *ibid*

¹⁶⁰ Heather Grabbe, The EU's Transformative Power: Europeanization through Conditionality in Central and Eastern Europe, Palgrave Macmillan, New York, 2006

¹⁶¹ *ibid*

¹⁶² *ibid*

¹⁶³ *ibid*

The Accession Partnerships “extended the Commission's mandate further by giving it responsibility for setting priorities”¹⁶⁴, reviewing the applicants states' progress in meeting objectives, and recommending whether candidates should continue negotiations or not. Although final decisions on applying conditionality were left to the Council, the Commission mostly determined the agenda. Most of all, responsibility for aid programmes effectively gave some of the conditionality in the Commission's hands¹⁶⁵.

II.4.1. MONITORING OF THE PROGRESS OF THE CEECS

Progress towards EU accession was a central issue in CEE political debates, because the EU was able to influence policy and institutional development by ranking the applicants and benchmarking in particular policy areas. Monitoring was a key mechanism in the conditionality for membership, through the Accession Partnerships and Regular Reports published by the European Commission. This process provided the EU direct influence on domestic policy making. Especially the Regular Reports gave an indication of the performance of individual authorities and they covered implementation of individual policies.

The Commission's Regular Reports were used by the member states to decide whether to admit each country to further stages in the accession process, so they were a powerful tool to force changes in particular policies. However, the language used in the Regular Reports was “usually very general - like that in the Accession Partnerships - and the assessments were only descriptive without a detailed analysis of the problems and how to overcome them”¹⁶⁶. The goals set were often vague, for example declaring a need for “increasing capacity” or “enhancing further efforts”, rather than stating detailed institutional preferences¹⁶⁷.

¹⁶⁴ *ibid*

¹⁶⁵ James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), Europeanization and Regionalization in the Enlargement to Central and Eastern Europe, Palgrave Macmillan, 2004

¹⁶⁶ *ibid*

One of the positive side effects of the preparation of the Regular Reports was that monitoring mechanisms was an important learning process for the European Commission. This had an important feedback for the Commission in the pre-accession process.

II.4.2. REGULAR REPORTS

The 1998 and 1999 Regular Reports followed a similar format to the 1997 Opinions by using the first three Copenhagen criteria as their main instrument for the negotiations. Each country was assessed according to the political criteria, the ability to assume the obligations of the membership, and “administrative capacity to apply the *acquis*”¹⁶⁸. Regional policy fell under the economic criteria in the reports,. It was also considered separately, again under the heading “economic and social cohesion” where it formed part of the section on “administrative and judicial capacity”¹⁶⁹.

The 1998 Reports reinforced the direction of the Opinions for the establishment of an institutional architecture for regional policy in the CEECs. In general, the assessments under “regional policy” were very brief in 1998 Reports, often no more than a few lines. It is possible say this in other words that the acceding countries have achieved not much progress in their first year of negotiation.

Over time the content of the Regular Reports that was dedicated to regional policy expanded, reflecting the growing importance of policy domain for the candidate states and the Commission. Equally, the Commission’s criticisms become more explicit and more specific, though the lack of details in its policy recommendations remained. A distinctive focus on the 1999 Regular Reports was on the candidates’ attempts to define the regions in line with EU NUTS classifications. NUTS classifications which are the division of land into statistical territorial units, were an essential part of compliance

¹⁶⁷ http://ec.europa.eu/comm/enlargement/index_en.htm ; Access on 11.3.2006

¹⁶⁸ <http://ec.europa.eu/comm/enlargement/docs/index.htm> ; Access on 11.3.2006

¹⁶⁹ James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), Europeanization and Regionalization in the Enlargement to Central and Eastern Europe, Palgrave Macmillan, 2004

with the EU's regional policy since they represent the EU standards in regional statistics.

From 2000 onwards, the structure of the regular reports changed significantly to reflect a better attention to the capacity of the candidate countries¹⁷⁰. This time apart from the political and economic criteria sections, the Commission systematically commented separately on each of the chapters of the *acquis* under the section heading "Ability to assume the obligations of membership".

In addition, in the introductory part of the reports there were headings such as "Financial assistance" and "Twinning". In 1999 and 2000 there was an increasing emphasis on the Commission's own efforts to raise the capacity level of the CEECs through twinning projects, which were detailed and given more importance by including them in the introductory sections to the reports.

In the 2001 regular reports, the Commission shifted its focus once again:

Whereas in the 2000 reports there had been various expressions the issue of capacity and centralized and regionalized forms of managing regional policy, in 2001 the reports concentrated on the capacity of central governments to manage programming and budgeting. The gap between the candidates likely to join in a first round of enlargement and those postponed to a second round is also much more clearly reflected in the assessment of progress¹⁷¹.

The regular reports of 2002 were the final reports before the EU took the decision on the enlargement at the Copenhagen Council of December 2002. The reports were structured as an overall evaluation of the progress made by the candidate countries since the Opinions of 1997, and were concise in analysing compliance with the chapters of the *acquis* than any of the previous reports¹⁷². In the reports "there was an attempt to minimize the differences between the candidate countries that were considered to be

¹⁷⁰ *ibid*

¹⁷¹ James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), Europeanization and Regionalization in the Enlargement to Central and Eastern Europe, Palgrave Macmillan, 2004

¹⁷² *ibid*

eligible for the first wave of enlargement”¹⁷³. Equally, the gap in progress between the first-wave accession countries and Bulgaria and Romania is accentuated in the reports.

Once the decision on accession had been taken, the power of the reports to generate compliance was relatively and naturally weakened. To highlight the most important remaining gaps in the new member states, the Commission amended the format for the final round of the pre-accession reports. These were called Comprehensive Monitoring reports, which were to be published for the Council and the European Parliament six months before the accession date¹⁷⁴. Actually this was a date after the decision on accession had taken place.

Compared to previous regular reports, the 2003 reports on Bulgaria and Romania were also more explicit in their description of the requirements and contained more focused guidance on the methods for compliance. As a follow up to the regular reports of 2003, the Commission issued a “Strategy Paper and Report of the European Commission on the Progress towards Accession by Bulgaria, Romania and Turkey” in November 2003¹⁷⁵. This was an attempt to reassure these three countries that negotiations “will continue on the basis of the same principles that guided the negotiations with the ten acceding countries, without calling into question the results achieved”¹⁷⁶. This strategy paper confirmed 2007 as the accession date for Bulgaria and Romania which “had then become a common objective of the Union”¹⁷⁷.

CONCLUSION

This analysis of Europeanization of the CEECs by the European cohesion policy underlines that there was a learning process during accession, which generated a higher level of knowledge because of the interaction between the EU and its “expert

¹⁷³ *ibid*

¹⁷⁴ *ibid*

¹⁷⁵ http://ec.europa.eu/comm/enlargement/index_en.htm ; Access on 12.3.2006

¹⁷⁶ James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), Europeanization and Regionalization in the Enlargement to Central and Eastern Europe, Palgrave Macmillan, 2004

¹⁷⁷ http://ec.europa.eu/comm/enlargement/index_en.htm ; Access on 12.3.2006

institution” in the enlargement which is the Commission and the candidates over time. The flexible interpretations on regional policy that characterized the Commission’s monitoring during the enlargement process allowed for a flexible political act and a flexible application. Consequently, there was whether an adoption of a new legislation or an initiation of an institutional change, the monitoring did not allow for a consistent and cumulative evaluation of the candidate countries¹⁷⁸. Despite all the ambiguities of the process, there remains the question of how effective the reports were in assuring compliance with EU regional policy requirements by the candidate countries.

This chapter has investigated the EU's policy agenda for CEE in terms of Europeanization. In order to define the pressures for Europeanization created through the conditionality of accession process, different mechanisms of EU conditionality were analysed. The EU's policy agenda for CEE was a first example in the history of European integration in a way that it went further than the agenda of any previous enlargement. Nevertheless, in the fifth enlargement as well, especially where the regional policy was concerned, there was often an ambiguous conditionality, because the EU had some uncertainties about the content of their requirements. For these reasons, the regional policy conditionality was difficult to implement for the applicants.

¹⁷⁸James Hughes, Gwendolyn Sasse, Claire Gordon (Eds.), Europeanization and Regionalization in the Enlargement to Central and Eastern Europe, Palgrave Macmillan, 2004

III. THE NEW COHESION POLICY OF THE EU

For the new member states, the first period when they were eligible for the structural funds was a relatively short one from 2004-2006. This short period of time represents both an opportunity for defining a coherent regional development strategy and a challenge for integrating all the principles of EU structural policy into their national policy framework as well as establishing the appropriate mechanisms for implementation.

In this period, the lack of clear focus and strategic vision may complicate the implementation of programmes and reduce their impact and sustainability. Therefore there is a need to develop higher quality and effective cohesion policy programmes after 2006¹⁷⁹. The previous cohesion policy period which is 2000-2006 many programmes supported specific topics and there was relatively less relation between the structural funds and national policies. Comparing the previous with actual period, the number of the EU member states has increased and there is a need to integrate more horizontal issues, covering a wider framework of action. There is also a need for a more integrated and coordinated approach for public administration relations both at EU and national levels. The structural funds require in the coming period a careful preparation in terms of setting up of the necessary administrative structures and arrangements for managing the EU finance in the member states.

During the preparatory stage, the accession countries have made relative progress in establishing more efficient cooperation between different parts of their administrative authorities, leading to more coordinated and effective programmes. Efforts have been made to train staff, especially in the relevant ministries and implementing agencies, while improvements have been made in many regional and local authorities. The implementation of the structural funds, however, will affect in the long run, many different parts of the administration in the accession countries, from central

governments to local authorities responsible for the selection of individual projects. The Commission and other EU institutions insist on the further strengthening and decentralisation of these administrative structures, which will be necessary for the efficient implementation of structural funds.

The European Council in Lisbon in 2000 adopted a strategy focused on employment and growth in the member states which was designed to make the Union 'the most competitive and dynamic knowledge-based economy in the world by the year 2010'¹⁸⁰. The Gothenburg Council in 2001 completed this strategy by linking it with sustainable development. These two European Councils identified the future of the EU's policies and set an agenda for achieving greater convergence for Europe. Following the Copenhagen European Council in 2002 when the accession of ten new member states to the Union was agreed¹⁸¹, in 2004 the European Commission presented its proposals for the reform of cohesion policy for the period 2007–2013. This new proposal envisaged the fifth enlargement as the major phenomenon which determines the future financial perspective of the EU. The seven year budget of the EU named the financial perspective has been the subject of long discussions among the European institutions. Consequently the proposal has been significantly modified by the EU Council in December 2005 and this has been rejected by the European Parliament. The new financial perspective is to be clarified by the EU council in June 2006.

The new member states face important institutional challenges in implementing the EU cohesion policy. With the experience gained in the pre-accession period, European Commission reports show that programming capacity for managing and implementing structural instruments is constrained by problems such as insufficient strategic direction, lacking communication between levels of administration¹⁸². The potential for regional participation in programming of the projects varies significantly, while the preparedness

¹⁷⁹ Danuta Hübner, Member of the European Commission responsible for Regional Policy, "Innovating through EU Regional Policy" Conference «Regions for Economic Change: Innovating through EU Regional Policy», Brussels, 12 June 2006

¹⁸⁰ Lisbon strategy, http://ec.europa.eu/growthandjobs/index_en.htm ; 15.6.2006

¹⁸¹ Presidency conclusions, http://europa.eu/european_council/conclusions/index_en.htm; Access on 5.3.2006

¹⁸² http://ec.europa.eu/regional_policy/sources/docgener/panorama/pdf/mag13/mag13_en.pdf ; Access; 15.6.2006

of local authorities and NGOs appears to be limited so far. Additionally, the co-financing requirements may be problematic because of budgetary constraints in the new member states and there may be a lack of financial resources among potential beneficiary institutions. Nevertheless, the 2004-2006 period provided an important opportunity for learning and for experience of new member states which can contribute to an effective programming in these countries.

The structural funds and the Cohesion Fund will support the new priorities and measures for economic and social development in the new member states. These new priorities will be clarified once the financial perspective is approved by the Council.

The Europeanization process of the new member states will continue in the coming years and especially in the coming financial perspective. By looking at the new financial perspective of the EU between 2007-2013 period, it is obvious that the priority of the EU is to condense the structural policy as well as to increase the support to the new member states¹⁸³. Regarding the pre-accession funds for the “recognized and the potential candidate states”¹⁸⁴ will be consolidated during the new financial perspective. Within the framework of the new pre-accession instrument, recognised candidate states including Turkey will receive an amount rather modest than that of the amounts in the fifth enlargement¹⁸⁵. Since the new member states are eligible for structural funding and most of them constitute Objective 1 regions whose GDP per capita is below the 75% of the Community average, which are the least developed regions among European regions, it is possible to project that the Europeanization which is an ongoing process has to be accelerated in the coming period.

III.1. THE CHARACTERISTICS OF THE FUTURE COHESION POLICY

¹⁸³ Communication COM (2004) 101 final/2, 26.02.2004, “Building our common future, policy challenges and budgetary means of the enlarged union 2007-2013” 26.02.2004

¹⁸⁴ COM(2004)627 final, 29.09.2004, Proposal for a Council Regulation establishing an Instrument for Pre-accession Assistance (IPA)

The enlargement of the EU to 25 Member States, and subsequently to 27 or more, will certainly present a challenge for the cohesion of the Union. This challenge has to be resolved by a reformed, well prepared and effective new cohesion policy for the coming period. In this direction the Commission adopted a proposal on 10 February 2004 for the budget of the enlarged European Union of 27 Member States for the period 2007-2013¹⁸⁶. This Commission communication launched the debate on the objectives and budgetary resources for the European Union for the period 2007-2013.

In particular, the Commission decided that an “ambitious cohesion policy should be an essential element of the total package”¹⁸⁷. Importantly, in the new budgetary structure, the Commission maintains the view that cohesion policy should be allocated “a single, and transparent, budgetary heading which is essential in order to provide the certainty and the stability necessary for the planning of the next generation of national and regional multi-annual programmes”¹⁸⁸.

According to the Commission proposal, the Cohesion Fund will continue to apply to member states with GDP of which are below 90% of the Community average¹⁸⁹. As for the current period, the Commission proposes to maintain the eligibility for the Cohesion Fund.

For cohesion policy outside the least developed member states and regions, the Commission proposes accordingly a two-fold approach¹⁹⁰:

Firstly, through regional programmes, cohesion policy would help regions and the regional authorities to anticipate and promote economic change in industrial, urban and rural areas by strengthening their competitiveness and attractiveness, taking into account existing economic,

¹⁸⁵ See Tables 2 and 4

¹⁸⁶ Communication COM (2004) 101 final/2, 26.02.2004, “Building our common future, policy challenges and budgetary means of the enlarged union 2007-2013” 26.02.2004

¹⁸⁷ A new partnership for cohesion, convergence, competitiveness, cooperation, third report on economic and social cohesion (2004), Third Report on Economic and Social Cohesion, European Commission

¹⁸⁸ *ibid*

¹⁸⁹ Communication COM (2004) 101 final/2, 26.02.2004, “Building our common future, policy challenges and budgetary means of the enlarged union 2007-2013” 26.02.2004

¹⁹⁰ *ibid*

social and territorial disparities; Secondly, through national programmes, cohesion policy would help to anticipate and to adapt to economic change, in line with the policy priorities of the member states, by supporting policies aimed at full employment, quality and productivity at work, and social inclusion.

In addition to the Commission's proposal on the cohesion policy, on 18 February 2004, the European Commission adopted the Third report on economic and social cohesion¹⁹¹, in which it sets out its vision of the cohesion policy in an enlarged Union for the 2007-2013 period. In this report, it was underlined that the new architecture of cohesion policy would focus on investment on a limited number of priorities, reflecting the Lisbon and Gothenburg agendas. Relatively a more strategic approach was proposed, together with a simplified and decentralised delivery system and concentration of financial resources on member states and regions.

On 14 July 2004, The European Commission adopted the legislative framework for the reform of cohesion policy for the period 2007-2013¹⁹². The framework proposed a more targeted and simplified approach for the implementation of the next generation of European national and regional development programmes. Yet this proposal has been rejected by the European Council in 2005 and subsequently a new proposal of the British Presidency was approved by the Council. However, this decision of new financial perspective has recently been rejected by the European Parliament. Consequently, the discussions around the new financial framework continue.

III.2. THE COMMISSION'S PROPOSAL ON THE NEW COHESION POLICY

In the Commission proposal, strategy and resources were organised around three objectives: The Commission proposed a new structure for the EU's cohesion policy, based around the following three priorities¹⁹³.

¹⁹¹http://europa.eu.int/comm/regional_policy/sources/docoffic/official/reports/cohesion3/cohesion3_en.htm ; Access on 21.4.2006

¹⁹² Communication COM (2004) 487 final, 14.07.2004, "Financial perspective 2007 – 2013", 14.07.2004

¹⁹³ *ibid*

Convergence objective will primarily concern regions whose per capita GDP is below 75% of the Community average. The key objective is to promote growth enhancing conditions and factors leading to real convergence. Strategies will plan for the development of long-term competitiveness and employment. Many of the new member CEECs' regions are eligible within this objective.

Regional competitiveness and employment objective will aim at helping the regions and regional authorities to anticipate and promote economic change in industrial, urban and rural areas by strengthening their competitiveness and attractiveness, taking into account existing economic, social and territorial disparities.

Given the experience acquired under the Interreg initiative, *European territorial cooperation objective* the Union will continue supporting cross-border and transnational cooperation. This cooperation will, in particular, focus on fields such as the development of urban, rural and coastal areas, strengthened economic relations and the networking of small and medium-sized enterprises.

Additionally, there is a need to tackle certain difficulties encountered in the implementation of current programmes. The aim of the new cohesion policy will be to realise decentralization of responsibilities and strengthening of partnerships in the member states, as well as to simplify the management system by introducing more transparency, while ensuring sound financial management of the funds.

The Commission proposes that an overall strategic document for cohesion policy should be adopted by the Council, after an opinion of the Parliament, in advance of the new programming period and on the basis of a Commission proposal, defining clear priorities for member states and regions.

The number of funds would be limited to three (European Regional Development Fund, European Social Fund and Cohesion Fund) compared to the current six. Thus, the simplification of the allocations system would facilitate the access of various institutions to structural funds.

“Additionality” and the principle of co-financing would remain a key principle of cohesion policy. However, in line with the principle of proportionality, the Commission would verify its application. Member states would be responsible for ensuring that the principle of additionality applies within the regional competitiveness and employment¹⁹⁴.

Partnership principle would also be enhanced by reinforcing the complementarity and cooperation between member states, regions and local authorities both at the programming and implementation levels. In this respect, according to its institutional arrangements, each member state would organize the coordination between the different levels of government. In order to increase its effect, more emphasis would be needed on modern forms of financing¹⁹⁵.

A greater focus on impact and performance is also aimed. Overall, it is intended that the efficiency of cohesion policy would be improved by the establishment of a strengthened dialogue with the European institutions to discuss the progress and results of national and regional programmes, with a view to enhance transparency and accountability towards the institutions and the citizens.

III.3. THE NEW EXTERNAL ASSISTANCE OF THE EU

Even though Phare has been evolving for the last decade, due to changing EU policies and the enlargement process, it still needs to be developed in line with recent reforms of the structural funds. Another point is that within the new cohesion policy, the previous pre-accession instruments will be consolidated. The procedure of funding will be facilitated as well as strengthening the monitoring and evaluation phase of pre-accession funds. There will also be more shift towards multi-annual programming rather than selecting projects on a yearly basis in order to prepare the candidate countries properly for the structural funds and to plan their priorities for long term.

¹⁹⁴ *ibid*

¹⁹⁵ *ibid*

The European Commission has decided to replace the existing range of financial instruments for the delivery of external assistance with a simpler, more efficient framework¹⁹⁶. Instead of the current wide range of geographical and thematic instruments, the new framework will comprise six instruments only, four of them new. These four new instruments are¹⁹⁷: an instrument for Pre-Accession Assistance (IPA), a European Neighbourhood and Partnership instrument, a Development Cooperation and Economic Cooperation instrument, and an instrument for stability. Two existing instruments, Humanitarian Aid, and Macro Financial Assistance will be maintained¹⁹⁸.

At present Community assistance and cooperation is delivered through a range of regional instruments, for example CARDS¹⁹⁹, Tacis²⁰⁰, MEDA²⁰¹, and a substantial number of thematic instruments, for example the European Initiative for Democracy and Human Rights. All these Regulations have significant differences in their programming and implementation procedures. Managing the Community's programmes on the basis of such a mixed and complex set of instruments, in an efficient and coordinated way, has become an increasingly difficult task.

The framework set out by the Commission aims at radically reducing these differences. On the other hand the consolidation of Phare, ISPA and Sapard into one pre-accession instrument seems highly important in terms of effectiveness. Beside the pre-accession instruments for the candidate countries, the creation of a New Neighbourhood Instrument to focus on the development of the external border regions around the Union has been followed by an earlier Commission paper and has the backing of most of the

¹⁹⁶ COM(2004)627 final, 29.09.2004, Proposal for a Council Regulation establishing an Instrument for Pre-accession Assistance (IPA)

¹⁹⁷ http://ec.europa.eu/financial_perspective/index_en.htm ; 12.6.2006

¹⁹⁸ Communication from the Commission to the Council and the European Parliament On the Instruments for External Assistance under the Future Financial Perspective 2007-2013, 29.9.2004, COM(2004) 626 final

¹⁹⁹ Council Regulation (EC) No. 2666/2000 of 5 December 2000 on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia,

²⁰⁰ Tacis Programme provides grant-financed technical assistance to 12 countries of Eastern Europe and Central Asia (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan), and mainly aims at enhancing the transition process in these countries.

²⁰¹ Financial Instrument of the Euro-Mediterranean Partnership

new member states²⁰². It is possible to say that with the new neighbourhood instrument the EU will play a more pro-active role towards the neighbouring countries.

Among the external assistance of the EU, The Pre-Accession Instrument (IPA) will play the most important role in preparing candidate countries for accession. IPA will cover the candidate countries (Turkey, Croatia and Macedonia) and the potential candidate countries (the Western Balkans). It replaces existing instruments Phare, ISPA, Sapard, CARDS (assistance for Western Balkans) and regulation concerning pre-accession financial assistance for Turkey²⁰³.

A part from the pre-accession funds, the European Neighbourhood and Partnership Instrument (ENPI) will cover third countries participating in the European Neighbourhood Policy i.e. the countries of the south and eastern Mediterranean, Ukraine, Moldova and Belarus, and the countries of the southern Caucasus, thus replacing MEDA and part of Tacis. This instrument will also support the EU's strategic partnership with Russia. A specific and innovative feature of the instrument is its cross-border co-operation component that brings together regions of member states with neighbouring countries sharing a common border.

III.3.1. INSTRUMENT FOR PRE-ACCESSION

In parallel with the need to revise the structural funds, enlargement (including the prospect of Bulgarian and Romanian accession in 2007) has brought about a review of pre-accession assistance. The new instrument for pre-accession (IPA) will come into force, within the context of the revision of the External Aid framework covering the period 2007-2013. Essentially, IPA will replace other instruments and aim to reinforce

²⁰² Alan Mayhew, *The financial framework of the European Union, 2007-2013: New policies? New Money?*, Sussex European Institute, SEI Working No. 78, http://www.sussex.ac.uk/sei/documents/wp78_corrected.pdf, Access on: 15.2.2006

²⁰³ Council Regulation (EC) No 2500/2001 of 17 December 2001 concerning pre-accession financial assistance for Turkey and amending Regulations (EEC) No 3906/89, (EC) No 1267/1999, (EC) No 1268/1999 and (EC) No 555/2000

the bridging function towards the adoption of the rules and principles of structural funds management. Candidate countries are thus given the opportunity to “practice” the Community rural and cohesion policies by applying rules as closely as possible to the structural funds before accession.

Under the IPA framework regulation there will be five main components²⁰⁴: transition assistance and institution building; regional and cross-border cooperation; regional development; human resources development; and rural development. The rationale of these components is that candidate countries will be confronted with the same situation in the Community’s agricultural and cohesion policies after accession. This means giving the beneficiary country the possible estimate to structural fund practice under external aid rules. It therefore aims to support policy development as well as preparation for the implementation and management of the Community’s cohesion policy.

The priority areas under the regional component will cover “environment, energy, transport, education and health and aid to SMEs, reflecting the priorities of the convergence objective under the structural fund”²⁰⁵. Alignment with the regional policy acquis will bring very considerable investment in areas such as environment and transport infrastructure. Such investments will run in parallel with efforts to strengthen administrative capacity in order to increase absorption capacity for the funds available and to adapt national and regional structures in preparation of the structural funds²⁰⁶.

Regarding Turkey’s position vis-à-vis the IPA, with the opening of negotiations with Turkey on October 3rd 2005, it can be expected that the process of harmonization of Turkey will accelerate considerably. Especially over the coming years the cohesion policy will take a more central position in the economic development of the country. Parallel to the acceleration in the harmonisation of legislation, Turkey will complete the

²⁰⁴ COM(2004)627 final, 29.09.2004, Proposal for a Council Regulation establishing an Instrument for Pre-accession Assistance (IPA)

²⁰⁵ Teresa Reeves, Turkish Regional Policy on the Road to the EU, Turkish Policy, Quarterly, http://www.turkishpolicy.com/default.asp?show=fall_2005_reeves ; Access on 14.3.2006

²⁰⁶ *ibid*

structuring of necessary administrative structures regarding functioning of the IPA as well as regional development agencies for regional development.

One of the main characteristics of the IPA Regulation will be, for recognised candidate countries (Turkey, Croatia, FYR Macedonia), aiming at progressively adopting the rules and principles of structural funds and rural development funds management, by making available assistance for them through three separate components (Regional Development, Rural Development and Human Resources Development). The aim of these components will be to follow the structural and rural development funds' rules including their institutional framework (e.g. Comitology) as closely as possible²⁰⁷, while at the same time laying down for a national framework promoting economic and social cohesion as well as sustainable agricultural structures, which is at the same time coherent with a view to European Union membership.

The IPA regulation will be building on the main lessons learned in the context of the current pre-accession process, in particular through enhancing co-ordination between different pre-accession components namely Phare, ISPA and Sapard. The IPA will also provide the creation of a single framework for assistance. This single framework will integrate the Phare, ISPA and Sapard structure. It will aim at harmonising implementation rules, where possibly taking into account the specificity of the structural funds and rural development regulations, and create a comitology²⁰⁸ system which will ensure a maximum of coordination among the components. This will aim at better preparation for structural and rural development funds implementation after accession.

The logic of the creation of the pre-accession instruments' components follows the lessons learned from the current pre-accession process, which has shown a substantial need for support of wide-ranging institution building measures, including the investment associated to it, and a need to support candidate countries in their preparation for the implementation of the Community's structural and cohesion policy.

²⁰⁷ COM(2004)627 final, 29.09.2004, Proposal for a Council Regulation establishing an Instrument for Pre-accession Assistance (IPA)

Recognised candidate countries will have access to all five components, whereas potential candidate countries (Albania, Bosnia and Herzegovina, Serbia and Montenegro, Kosovo) will be limited to the first and second component (Transition Assistance, Institution Building and Regional/Cross-Border Co-operation)²⁰⁹. The rationale of three separate components tackling Regional, Rural and Human Development is that candidate countries will be confronted with exactly this situation in the Community's agricultural and cohesion policy after accession.

As the current enlargement process has shown, the early familiarisation with this complex system has importance for the proper implementation and management of structural funds after accession, and mastering it requires an intensive and sustained learning process. Candidate countries will thus be given the opportunity to "practise" the Community's rural and cohesion policies by applying rules as closely as possible to the structural and rural development funds before accession.

III.4. EU COHESION POLICY AND TURKEY

With over 70 million inhabitants, a rapidly growing population and a territory that covers almost 800 square kilometers, the accession of Turkey to the EU would represent an expansion on the scale of that of the 10 new member states combined, both in demographic and territorial terms²¹⁰. In addition to its size, there is an important difference in economic terms between the eastern and western part of Turkey. The possible entry of Turkey to the European Union, given present economic conditions, would sharpen the existing imbalances within the EU between the richer and poorer regions.

²⁰⁸ *ibid*

²⁰⁹ *ibid*

²¹⁰ Teresa Reeves, Turkish Regional Policy on the Road to the EU, Turkish Policy, Quarterly, http://www.turkishpolicy.com/default.asp?show=fall_2005_reeves ; Access on 14.3.2006

As a main economic indicator, Turkey's GDP per head is 28,5% of the EU25 average²¹¹ which is much lower than the Objective 1 criteria. Turkey has a wide range of financing needs, including improving physical and human capital, but also meeting EU technical rules and standards and restructuring the agricultural sector. The major needs are in transport, telecommunications, energy and environmental sectors, as well as education, training and R&D²¹².

In terms of decentralization, Turkey is still in its early stages of this process given political reasons. Traditionally Turkey has a centralized system of government and this centralization is reflected in its administrative structures. Attempts towards regionalization have been opposed in the past for they might undermine national territorial integrity²¹³. Both public institutions and civil society

Economic and political stability is tried to be established especially thanks to the integration process with the EU. Particularly in the recent years the reform and transformation process has been accelerated with the driving force of EU candidacy status gained in 1999. Since the beginning of accession negotiations in 2005 Turkey had a big step forward in harmonising with the EU acquis as well as reforming its institutions.

III.4.1. TURKEY'S FINANCIAL COOPERATION WITH THE EU

The financial aid comes from the European Union with a political decision. The amount of grants and loans provided to Turkey has often changed parallel to the relations of Turkey with the European Union. Especially Turkey-Greece relations have shaped the amount of loans and grants provided to Turkey by the EU²¹⁴. The historical data show

²¹¹ Issues Arising from Turkey's membership perspective, COM (2004) 656 final, 6.10.2004, Commission staff working document

²¹² *ibid*

²¹³ Teresa Reeves, Turkish Regional Policy on the Road to the EU, Turkish Policy, Quarterly, http://www.turkishpolicy.com/default.asp?show=fall_2005_reeves ; Access on 14.3.2006

²¹⁴ See Table 7

that the since the beginning of the association relationship, for more than 40 years there is a wide difference between the financial assistance committed and paid²¹⁵. Furthermore, the amount of financial assistance data is not comparable at all with previous enlargements. Financial assistance provided to Turkey by the EU was not significant even after the establishment of the Customs Union with the EU²¹⁶.

Within the scope of the Euro-Mediterranean Partnership which is called the Barcelona process that was started in 1995, the EU decided to support economic, political, social and cultural cooperation between the EU and the Mediterranean countries. Being a Mediterranean country, Turkey used the loans and grants provided to the Mediterranean countries within the context of MEDA programme which is the financial instrument of the Euro-Mediterranean Partnership.

After the Helsinki Summit where Turkey was recognized as a candidate country grants have been provided not under the MEDA programme but a new pre-accession financial assistance programme for Turkey was established²¹⁷. Also a “pre-accession” focus was established within the financial assistance programme following the conclusions of the Helsinki European Council.

With Turkey’s candidate status, a pre-accession instrument was dedicated to assist Turkey which is the pre-accession financial assistance programme for Turkey adopted by the Council in December 2001²¹⁸. The procedures for programming and implementing of this programme are similar to those of the Phare programme. The support provided by the pre-accession financial assistance programme like other pre-accession instruments of the EU, is focused on the Accession Partnership priorities which are intended to help Turkey meet the criteria for membership.

²¹⁵ Gülsüm Yazgankıran, The Economic Impact of the Fifth Enlargement On the CEECs and Turkey, Hazine Dergisi, 2003-Sayı 16

²¹⁶ *ibid*

²¹⁷ Council Regulation (EC) No 2500/2001 of 17 December 2001 concerning pre-accession financial assistance for Turkey and amending Regulations (EEC) No 3906/89, (EC) No 1267/1999, (EC) No 1268/1999 and (EC) No 555/2000

Similarly to the Phare programme, this programme provides support for institution building, investment to strengthen the regulatory infrastructure needed to ensure compliance with the *acquis*, and investment in economic and social cohesion²¹⁹. This support comprises co-financing for technical assistance, twinning and investment-support projects, to assist Turkey to adopt the *acquis* and strengthen the institutions necessary for implementing and enforcing the *acquis*. The pre-accession financial assistance programme is also intended to assist Turkey develop the mechanisms and institutions to promote economic and social cohesion; it is supported by a limited number of measures (investment and grant schemes) with a regional or thematic focus.

To bring the management of financial assistance into line with practice in other candidate countries, the Commission asked the Turkish Government to create new management structures for EC financial assistance. On 18 July 2001 Turkey adopted a circular²²⁰ entrusting the tasks of “National Aid Co-ordinator” to the Minister of State and Deputy Prime Minister responsible for EU Affairs and that of “National Authorising Officer” to the Minister of State responsible for the Economy. “The National Fund” would be established and directed by the Under-secretariat of the Treasury, and the “Central Financing and Contracting Unit (CFCU)” which is responsible for all contracting under the EC financial assistance would be established. Training programmes for staff were being developed. As regards the programming of aid, 2001 has been a transition year for the financial assistance to Turkey since Accession Partnership and National Programme were published and the assistance was brought into line with the priorities of these two documents. Consequently, Decentralized Implementation System was accredited in Turkey in 2003²²¹.

The pre-accession financial assistance programme to Turkey supports to fulfil accession partnership requirements. Despite constraints of the aid programme, Turkey succeeded managing the funds adequately and prepared high quality projects during the candidacy

²¹⁸ *ibid*

²¹⁹ <http://europa.eu/scadplus/leg/en/lvb/e40111.htm>; Access on 9.6.2006

²²⁰ 2001, Regular Report on Turkey’s Progress Towards Accession, 13.11.2001
SEC(2001) 1756

process. With the experience gained in pre-accession funds, Turkey will achieve better performance in the absorption of funds in the coming period. The financial assistance programme to Turkey will function under the Instrument for Pre-Accession during the new financial perspective of the EU.

III.4.2. TURKEY'S COHESION TO THE EU

In its National Plan for the Adoption of the Acquis, Turkey has committed itself to institutional changes that will contribute to alignment with EU regional policy. Turkey has already complied with the requirement on territorial organization with the establishment of 26 NUTS II²²² regions and with the requirement on programming capacity with the preparation of a preliminary National Development Plan (pNDP)²²³. The pNDP was prepared as a multi-annual programming exercise for the 2004-2006 period to provide the framework for EU financial assistance spending on economic and social cohesion.

In terms of the institutional framework and administrative capacity regarding her harmonization with the EU cohesion policy, Turkey will have to define clear tasks and responsibilities of all the bodies and institutions that will be involved in the preparation and implementation of structural funds and the Cohesion Fund. Once they are prepared and they have to ensure appropriate administrative capacity and an effective coordination between different public units.

Furthermore, there is a need to provide information on the co-financing capacity as well as on the level of the public or other expenditure for structural actions²²⁴. In addition, Turkey is expected to ensure the implementation of the partnership principle at the different stages of programming, financing, monitoring and evaluation of assistance and

²²¹ 2004 Regular Report on Turkey's progress towards accession, 6.10.2004, SEC(2004) 1201

²²² For statistical purposes regions in Europe are divided into NUTS (Nomenclature of territorial units for statistics) levels I, II and III. Where Turkey is concerned, provinces correspond to NUTS III whereas a new NUTS level II was created in 2002 when Turkey grouped the 81 provinces into 26 NUTS II regions for statistical purposes only.

²²³ For Preliminary National Development Plan, see www.dpt.gov.tr

²²⁴ Teresa Reeves, Turkish Regional Policy on the Road to the EU, Turkish Policy, Quarterly, http://www.turkishpolicy.com/default.asp?show=fall_2005_reeves ; Access on 14.3.2006

to comply with the specific monitoring and evaluation requirements, in particular as regards the ex-ante evaluation of the development plan.

The implications of Turkish accession for EU structural policies are likely to be substantial, given the size and the economic features of the country. It is however extremely difficult at this stage to evaluate these implications, as economic developments are uncertain and any quantitative assessments would be highly speculative²²⁵.

The issue of Turkey's membership in the EU remains controversial, and the arguments for and against are not only economic. Nevertheless, the potential economic impact of Turkish membership plays an important role. Presently € 1.050 million has been committed to Turkey for 2004-2006 period under existing pre-accession programmes²²⁶, whereas the preparations for the IPA for the 2007-2013 period continue.

Regarding the economic load that Turkey might bring to the EU, in practical terms, it makes sense to distinguish between the current flows of funds (pre-accession) and longer-term payments after Turkey may become eligible for participating in member programmes (post-accession). The implementation system as well as the financial volumes involved differs substantially between the two phases²²⁷.

The budgetary figures proposed by the Commission are highly controversial. According to Derviş, Gros, Öztrak and Işık²²⁸ Turkey will enter the EU by 2015. For other commentators, it is unlikely that Turkey will enter the Union by the next financial perspective. Schultz discusses that Turkey will have very limited influence on the

²²⁵ Issues Arising from Turkey's membership perspective, COM (2004) 656 final, 6.10.2004, Commission staff working document

²²⁶ Council Regulation (EC) No 2500/2001 of 17 December 2001 concerning pre-accession financial assistance for Turkey and amending Regulations (EEC) No 3906/89, (EC) No 1267/1999, (EC) No 1268/1999 and (EC) No 555/2000

²²⁷ Siegfried Schultz, The EU's Medium-term financial perspective and Turkey's potential slice of the cake, Intereconomics, November/December 2005

□ Derviş, Kemal; Gros, Daniel; Öztarak, Faik and Işık, Yusuf in cooperation with Fırat Bayar (2004). Turkey and the EU Budget, Prospects and Issues, EU-Turkey Working Papers, No. 6/August 2004

following financial framework, which will run until 2020²²⁹. To this view, full integration may not take place before the negotiations on the framework for 2021-2027²³⁰.

Nevertheless Turkey needs to further improve its capacity to manage and use funds effectively over time. In order to facilitate full implementation, Turkey will need to take further measures to ensure sound financial control.

The EU Commission has indicated the level of financial assistance for Turkey until 2006. This facilitated multi-annual planning in areas where it takes more than one year to address the objectives. With the experience gained in the past, Turkey can produce more and manage effectively projects financed by the EU. However, this would only accelerate the process and not solve the Turkey's cohesion problem alone.

III.5. TURKEY'S DEGREE OF HARMONIZATION REGARDING EU REGIONAL POLICY

On October 3rd 2005, Turkey began accession negotiations with the EU²³¹. In the negotiating framework of Turkey, it was stated Turkey's accession could have substantial financial consequences and that the negotiations could only be concluded after the establishment of the financial framework for the period from 2014 together with possible consequential financial reforms²³². The negotiating framework added that any arrangements should ensure that the financial burdens are fairly shared between all member states²³³. With this statement the EU declared that it was not ready to absorb a country of Turkey's size within the next financial framework since Turkey's possible membership could have important implications on the financial agenda of the Union.

²²⁹ Siegfried Schultz, The EU's Medium-term financial perspective and Turkey's potential slice of the cake, Intereconomics, November/December 2005

²³⁰ *ibid*

²³¹ Communication from the Commission to the Council and the European Parliament Recommendation of the European Commission on Turkey's progress towards accession, 6.10.2004 COM(2004) 656 final

²³² Negotiating framework, Luxembourg, 3 October 2005, <http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

²³³ *ibid*

In 2004, in the Commission's recommendation on Turkey about opening of the negotiations, it was reaffirmed that the EU financial and technical assistance to Turkey's preparations will continue until 2006²³⁴. Since the Commission has proposed to Council to create a new pre-accession instrument (IPA), from which Turkey would benefit from 2007 onwards, in the context of the next financial perspective, the Commission would propose an increase in the amounts to be allocated to Turkey.

In the same document it was stated that, progress in the negotiations will depend not only on Turkey's convergence with the EU. The EU would also need to prepare itself because, as stated by the European Council of June 1993, the Union's capacity to absorb new members, while maintaining the momentum of European integration, was already expressed as an important consideration in the general interest of both the Union and the candidate countries²³⁵. In any event, the EU will define its financial perspective for the period from 2014 before the financial implications of certain negotiating chapters could be tackled.

III.5.1. ACCESSION PARTNERSHIPS AND NATIONAL PROGRAMMES OF TURKEY

In the first Accession Partnership of Turkey in 2001 the need to prepare a NUTS classification in accordance with Community rules, to adopt a strategy for the development of an effective regional policy and to start introducing regional policy criteria in the selection of projects in Turkey's planning process were listed in the Regional policy and coordination of structural instruments chapter's short term priorities. The medium term priority was stated as to develop a national policy for economic and social cohesion with a view to diminishing internal disparities including

²³⁴ Communication from the Commission to the Council and the European Parliament Recommendation of the European Commission on Turkey's progress towards accession, 6.10.2004 COM(2004) 656 final

²³⁵ Negotiating framework, Luxembourg, 3 October 2005, <http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

multi-annual budgeting procedures and establishing structures for monitoring appraisal and evaluation²³⁶.

In the second Accession Partnership dated 2003, as short term priority; the need to start to develop a national policy for economic and social cohesion aimed at reducing regional disparities through a national development plan was expressed. Additionally, the establishment of regional development plans at NUTS 2 level, to adopt a legislative framework that would facilitate the implementation of the *acquis* was mentioned. Besides statements related to strengthening the administrative structures for managing regional development were repeated. Medium term priority was to set up regional branches at NUTS 2 level to implement regional development plans²³⁷.

In the last Accession Partnership published in 2005, the need to continue to develop the strategic framework for economic and social cohesion as well as to establish the necessary legislative and administrative framework to absorb EU pre-accession funds was raised²³⁸. For medium term priorities, it was asked to continue to strengthen the administrative capacity for the implementation of regional policy at both central and regional level.

In response to the Accession Partnerships, Turkey's first NPAA of 2001 the medium term priority of Regional Policies was to establish a system similar to the EU's "Nomenclature of Territorial Units for Statistics" (NUTS) and determine target regions accordingly²³⁹. In 2003 priority was the establishment of a legislative and administrative framework and necessary mechanisms for the programming, implementation, monitoring and evaluation of regional programmes consistent with "Community Standards"²⁴⁰. The issue of developing a national policy for economic and social

²³⁶ Accession partnership with Turkey 2001, <http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

²³⁷ Accession partnership with Turkey 2003, <http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

²³⁸ Accession partnership with Turkey 2005, <http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

²³⁹ NPAA 2001, <http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

²⁴⁰ NPAA 2003, <http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

cohesion aimed at reducing regional disparities through a National Development Plan, and the establishment of regional plans at NUTS 2 level, were raised in the NPAA. In addition, adoption of a legislative framework that would facilitate the implementation of the acquis, establishment of a multi-annual budgeting procedures setting out priority criteria for public investment in the regions and strengthening the administrative structures for managing regional development were given as priorities of the NPAA. The medium term priority was to set up regional branches at NUTS 2 level to implement regional development plans.

III.5.2. REGIONAL POLICY IN REGULAR REPORTS OF TURKEY

Regular Reports constitute also an important data for the progress achieved during the past years. In **2005** regular report on Turkey, concerning the Community assistance, it is stated that Turkey needs to further improve its capacity to manage and use these funds effectively²⁴¹. It is also encouraged in the report to establish the necessary institutions needed for the implementation of the IPA (Instrument for Pre-Accession Assistance), which is scheduled to come into force in 2007. According to the report Turkey should also make further progress towards extended decentralisation. Report states that this would necessitate paying close attention to good governance, and the introduction of an adequate system of Public Internal Financial Control. In order to avoid absorption capacity limitations in the coming years, the need for an improvement in strategic planning is announced as a must in the report. Another announcement was on the need to improve the staffing and the institutional anchoring of the Turkish implementing agency (CFCU), as well as the coordination among the ministries involved in programming and implementation. The report recalled the linkage between project financing and progress made in the harmonisation with the corresponding elements of the acquis.

²⁴¹ Turkey 2005 Progress Report, 9 November 2005
SEC (2005) 1426, <http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

Concerning the 22nd chapter of the acquis which used to be the regional policy and coordination of structural actions some progress in establishing the legislative framework for the decentralisation of Turkey's public administration has been reported in 2005 report²⁴². According to the report, there has also been further progress in the introduction of financial control provisions and in the statistics relevant for regional policy. It is also told that the framework legislation needed to implement the acquis, in the areas of public procurement, environment, and multi-annual budgeting was not in place yet. It is added that the institutional framework, particularly in relation to strategy, inter-ministerial coordination and dedicated regional structures was not adequate, also the administrative capacity for the design and implementation of programmes and projects was weak.

In the same report, the need to give an urgent attention to the strategy issues, readiness of the responsible entities, namely Ministries and agencies, establishment and/or reinforcement of relevant corresponding structures, capacity to present and implement programmes and projects as well as staffing in the light of the planned EU Instrument for Pre-accession Assistance was underlined. The establishment and early accreditation of managing and paying authorities for the implementation of the planned EU Instrument for Pre-accession Assistance were addressed as a matter of priority. It was finally recalled that those steps must have been taken urgently, if the bodies concerned were to be accredited in time to implement the new instrument from 2007.

In **2004** Regular Report, regarding 21st chapter on regional policy and coordination of structural instruments, it was repeated that Turkey still had to align itself with the EU in the field of regional policy and the use of structural instruments²⁴³. Considerable efforts were still necessary to develop sufficient capacity to implement regional policy at central and regional level, and the necessary institutions needed to be created and endowed with adequate human and financial resources.

²⁴² *ibid*

In **2003** report, some progress had been made in laying the foundation for the implementation of regional policy in line with EC structural policies, in particular as regards territorial organisation and the preparation of a National Development Plan²⁴⁴. Considerable efforts were still necessary to develop sufficient capacity to implement regional policy at central and regional level, and the necessary institutions needed to be created and endowed with adequate human and financial resources.

In **2002**, it was recalled that the provisional NUTS map should be used for regional development purposes, in particular at NUTS 2 level, for regional statistics, inter-provincial co-ordination, preparation for integrated regional development plans, regional breakdown of public investment, and the definition of priority areas for regional subsidies, in accordance with EC competition rules²⁴⁵. In **2001**, it was expressed that while a regional policy existed in Turkey, preparations for implementing structural policies have not been really started²⁴⁶. According to the report Turkey needed to develop the structures necessary for the implementation of the structural funds. In **2000** no particular developments were reported²⁴⁷.

In **1999**, under the Regional policy and cohesion heading, it was affirmed that contrary to the other candidate countries, Turkey had already been implementing a regional policy for a number of years²⁴⁸. However, this policy had been carried out within the framework of a centralised planning system. Besides in **1998** which was the first progress report, it was declared that Turkey's development lagged well behind the Community average, and it was therefore essential for both sides to implement an

²⁴³ 2004 Regular Report on Turkey's progress towards accession,
<http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

²⁴⁴ 2003 Regular Report on Turkey's progress towards accession,
<http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

²⁴⁵ 2002 Regular Report on Turkey's progress towards accession,
<http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

²⁴⁶ 2001 Regular Report on Turkey's progress towards accession,
<http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

²⁴⁷ 2000 Regular Report on Turkey's progress towards accession,
<http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

²⁴⁸ 1999 Regular Report on Turkey's progress towards accession,
<http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

effective structural policy²⁴⁹. At the beginning it was affirmed by the Commission officials that Turkey had an administrative structure in charge of regional development policy, but the lack of information from the Turkish authorities at that stage reduced the possibility to assess its performance or the compatibility of its instruments with Community policies.

III.5.3. FURTHER STEPS FOR TURKEY REGARDING THE EU COHESION POLICY

Although Turkey has made a recovery in economy and structural reforms during the last couple of years, there still exists a considerable gap between the main economic and social indicators between Turkey and the EU. This means that, if Turkey joins the EU after the negotiation process, there will be a convergence process between Turkey and the other members, which will most probably not terminate in the short run.

On the other hand, Turkey is already on its way to align itself with the EU cohesion policy. Here, the level of pre-accession financial assistance provided by the EU to Turkey will be a limiting factor on the pace of Turkey's structural operations to a certain extent. Therefore, if the EU provides financial aid to Turkey similar to the level it had for the other candidates, the speed of convergence will increase gradually.

Taking into account that there are 26 NUTS II level regions in Turkey and the fact that just a few regional development programmes covering only a small part of the current regions have been started, it is clear that more allocation should be made for the economic and social cohesion programmes in Turkey. Additionally, in terms of several economic and social indicators like the level of unemployment, rate of labour participation, education of labour force, investment in R&D, infrastructure and etc. there is still a long way to go in the pre-accession process.

²⁴⁹ 1998 Regular Report on Turkey's progress towards accession,
<http://ec.europa.eu/comm/enlargement/turkey/docs.htm> ; Access on 15.5.2006

Within this context, Turkey needs to take the necessary measures on a concrete basis addressing these issues. Within this framework, the competitiveness of enterprises should be enhanced, the human resources should be developed and the level of employment should be increased. Also the existing infrastructure should be further developed and a special attention should be paid to environment to enable sustainable development. A better infrastructure would no doubt encourage an increase in the economic activities and also be an incentive for receiving more foreign direct investment which is very limited for Turkey at the moment. Supporting the SMEs which constitute 99% of the total enterprises in Turkey and the local initiatives would also reinforce a balanced growth.

Moreover, aligning with the EU cohesion policy may also contribute the development of bilateral relations not only from an economic point of view but also from a political view. Enhanced cooperation between Turkey and Bulgaria as well as Greece in the context of Cross Border Cooperation may also facilitate the better mutual understanding and possible solutions to existing problems.

CONCLUSION

In every financial perspective of the EU, various reforms have been brought to the agenda. Simplification was the main component of these reforms, however additionality and partnership principles were the most important components incorporated in the cohesion policy. These two concepts implied the integration of the member states to the decision-making and project preparation as well as project financing. Nevertheless, in the coming period, the European Union will have to make further effort for the economic development of the new member states besides strengthening of the existing cohesion mechanisms.

In this direction, Turkey's position among former candidates represent a major experiment. According to the negotiating framework designed for Turkey by the EU, it is

not likely that Turkey can join the EU before 2014 financial perspective. Some scholars admit that it may take more time than expected. Nevertheless, Turkey has achieved an important step in the pre-accession process. Despite the various ups and downs in the relations, the EU and Turkey will move forward towards Turkey's full membership which will be a "win-win" situation not only for Turkey, but also for the whole Europe. The accession negotiations can be difficult for both parties but at the end Turkey will have internationally accepted norms and standards in all the areas covered by the EU acquis. Cohesion policy can play an important role here and may facilitate this process.

It should also be added that the accession process is voluntary. In the case of Turkey, using membership conditionality for a policy influence requires political will. The voluntary cooperation is crucial because the EU's coercive power is relatively limited. The value of the conditionality relies entirely on the willingness of a country to join and to a country's political aims of integration.

CONCLUSION

Two of the most common concepts used in debates about EU enlargement and European integration are “Europeanization” and “conditionality”. In the dissertation the term Europeanization has been described in the framework of EU cohesion policy objectives. It has also been underlined that both pre-accession instruments and structural funding play an important role in the cohesion of candidate and member states.

In the context of EU enlargement, conditionality has been described as the principal mechanism of Europeanization. The use of the EU conditionality instruments assumes that there is a power asymmetry between the EU that is setting the conditions and the candidates that comply. The conditionality and the financial aid characterized the latest EU enlargement and this was major reason behind the policy change and institution building in the CEECs.

The cohesion policy has central importance and function regarding Europeanization of the candidate countries. Firstly, by cohesion policy the EU disburses an important amount of aid to the candidate countries in the pre-accession period. Secondly, it serves as a tool for the transformation of the institutional capacities in the candidate countries. EU, together with the candidate country set the agenda of the pre-accession. Beside the pre-accession aid within the cohesion policy, EU assumes conditions to the country in question. Consequently, the political authorities in the candidate states focus their efforts to fulfil the required criteria and use the funds toward the objective of integration.

Nevertheless, the dissertation has argued that the EU's influence is potentially important, but it was not fully used in Central and Eastern Europe on cohesion policy. Through the accession process, the EU could directly affect policy, institutional development, and the capacity of the state. It could also stimulate important changes simply by moving an issue up the government's decision agenda.

However, the EU's influence was constrained, by inconsistency and uncertainty in cohesion policy. These two constraints were largely the result of the structure of the cohesion policy which did not contain “hard acquis” and EU's accession policies as well as the EU's nature as a large body that has to overcome bargaining processes among its members. Thus it has been evident that the EU could not use its potential in full since its agenda on the alignment on cohesion policy was quite uncertain. Nonetheless, the fifth enlargement process has been a learning process for the Commission and the CEECs.

In this dissertation, the evolution of EU cohesion policy, pre-accession funds and the future cohesion policy has been detailed. The importance of the accession driven assistance has been stressed and the capacity building within the candidate states has been elaborated. It is likely that there will be problems concerning the shift from the pre-accession to the structural funds.

Within this context, apart from the CEECs, Turkey is a good example as a prospect EU member. Turkey is on its way to align itself with the EU cohesion policy. Notwithstanding, the level of pre-accession financial assistance provided by the EU to Turkey in the new financial perspective will determine the pace of Turkey's speed of convergence. In conclusion, adequate implementation of the acquis and the pursuit of economic and social cohesion can be succeeded only with strong commitment to the process.

TABLE 1. The Allocations per country for Phare, ISPA and Sapard in 2000, 2001, 2002, 2003

FINANCIAL OVERVIEW

The allocations per country for Phare, ISPA and Sapard in 2000, 2001, 2002, 2003

	PHARE	PHARE	PHARE	PHARE	SAPARD	SAPARD	SAPARD	SAPARD	ISPA	ISPA	ISPA	ISPA	TOTAL	TOTAL	TOTAL	TOTAL
	2000	2001	2002	2003	2000	2001	2002	2003	2000	2001	2002	2003	2000	2001	2002	2003
€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Bulgaria	150,6	185,30	122,9	99	53	54,10	55,6	56	104	106,80	104,6	113	307,6	346,20	283,1	268
Czech Republic	101,5	86,60	108,2	95	22,4	22,90	23,5	24	70	66,90	80,5	76	193,9	176,40	212,2	195
Estonia	33,5	29,30	33,4	40	12,3	12,60	12,9	13	28,2	29,90	30,4	31	74,0	71,80	76,7	84
Hungary	119,8	109,85	130,7	107	38,7	39,50	40,6	41	88	90,80	94,1	96	246,5	240,15	265,4	244
Latvia	34,8	36,20	36,3	46	22,2	22,70	23,3	24	46,7	48,10	46,5	54	103,7	107,00	106,1	124
Lithuania	87,1	106,20	147,6	67	30,3	30,90	31,8	32	52,2	50,50	61,2	53	169,6	187,60	240,6	152
Poland	484,4	468,45	451,7	403	171,5	175,10	179,9	182	307	406,60	362,8	378	962,9	1.050,15	994,4	963
Romania	260,3	289,14	278,5	272	153,2	156,30	160,6	162	239,2	245,60	256,6	261	652,7	691,04	695,7	695
Slovakia	78,8	80,50	79,1	57	18,6	19,00	19,5	20	42,5	48,10	54,1	51	139,9	147,60	152,7	128
Slovenia	33,4	28,45	41,9	38	6,4	6,60	6,8	7	19,6	16,00	16,6	15	59,4	51,05	65,3	60
Other15**	185,1	221,09	268,7	476												476
Total	1569,2	1641	1699,0	1699,0	528,9	**539,6	**554,5	561	997,4	1109,3	1107,4	1128	3095,5	3289,9	3092,2	3389

2000*Commission decision 1999/495/EC of 20 July 1999 on the indicative allocation of the NNU1 Community financial contribution to pre-accession measures for agriculture and rural developments (OJ L 226 of 27

August 1999 p.23); for the year 2000, numbers for Countries are rounded, but the total of committed appropriations amounts to €528,9 millions as mentioned for the total.

2000**Multi-country and horizontal programmes

2001*Horizontal, regional and part of the nuclear safety programmes.

2001** Total of commitments following annual financing agreement 2001; the figures presented for each beneficiary country have been rounded.

2002*Horizontal, regional and part of the nuclear safety programmes.

2002** Total of commitments following annual financing agreement 2002; the figures presented for each beneficiary country have been rounded.

TABLE 2. 2004-2006 allocations and 2004 payments (million €, at current prices)

Country	Cohesion Fund 2004-2006	Cohesion Fund, Payments in 2004	Structural Funds, Payments in 2004	Structural Funds 2004-2006
CZ	936.05	67.16	98.64	1685.14
EE	309.03	23.87	22.66	386.03
CY	53.95		2.80	59.49
LV	515.43	23.34	36.99	648.85
LT	608.17	18.06	58.48	929.59
HU	1112.67	36.08	124.55	2094.69
MT	21.94		5.63	66.81
PL	4178.60	223.15	497.48	8631.11
SI	188.71	7.64	13.70	267.60
SK	570.50	38.97	61.19	1186.88
Total	8495.06	438.27	922.13	15956.14

TABLE 3. EU Pre-Accession Assistance 2000-2006 Commitment Appropriations:

PRE-ACCESSION ASSISTANCE							Million €
	2000	2001	2002	2003	2004	2005	2006
ISPA	1040	1040	1040	1040	1040	1040	1040
SAPARD	520	520	520	520	520	520	520
PHARE	1560	1560	1560	1560	1560	1560	1560
TOTAL	3120	3120	3120	3120	3120	3120	3120

TABLE 4. Pre-Accession Aid For Turkey 2000-2006:

PRE-ACCESSION AID FOR TURKEY 2000-2006								
Million €								
	2000	2001	2002	2003	2004	2005	2006	TOTAL
	209*	219	126	144	250** (commitment)	300*** (commitment)	500 (commitment)	1.748
* 20 million € MEDA Earthquake assistance has been included.								
**payments: 236 million €								
***.payments: 276 million €								

TABLE 5. Phare funds committed in the period 1990-2001²⁵⁰ (€ million)²⁵¹:

1990	1991	1992	1993	1994	1995
475.3	769.7	979.6	966.1	946.1	1,114.0

1996	1997	1998	1999	2000	2001²⁵²
1,207.8	1,135.1	1,153.9	1,481.7	1,651.5	1,635.4

The situation with regard to implementation may be summarised as follows²⁵³:

Total commitments 1990-2001:	€ 13,516.2 million
Total value of contracts signed 1990-2001:	€ 10,155.1 million (thus 75.1% of all commitments have been contracted)

²⁵⁰ In year 2001, Albania, Bosnia-Herzegovina and the Former Yugoslav Republic of Macedonia did not receive funds from Phare programmes as in the previous years.

²⁵¹ Phare Annual Report 2001

²⁵² The Phare contribution to the European Training Foundation (€ 7.6 million) and accounting adjustments of € 7.7 million are not included in this figure.

²⁵³ Total payments under signed contracts 1990-2001: € 8,687.3 million (thus 64.3% of all committed funds have been paid and 85.5% of all contracted funds have been paid)

TABLE 6. Total Phare funding by country, 1990-2002, in € million²⁵⁴:

Partner Country	Commitments²⁵⁵	Contracts²⁵⁶	Payments
Bulgaria	1,309.70	1,004.15	827.62
Czech Republic	766.96	587.80	490.48
Estonia	285.80	215.66	195.00
Hungary	1,316.95	1,060.64	968.68
Latvia	354.56	266.34	249.00
Lithuania	672.71	380.09	330.36
Poland	3,420.43	2,477.37	2,009.49
Romania	2,007.04	1,426.40	1,084.56
Slovakia	593.71	430.81	343.57
Slovenia	295.95	215.43	195.73
Czechoslovakia	230.49	231.82	228.88
East Germany	34.49	28.86	28.86
Multi-country programmes	2,711.18	2,164.11	1,706.64
Total	13,999.97	10,489.48	8,748.87

²⁵⁴ Phare Annual Report 2002

²⁵⁵ Amounts committed or pre-committed in Brussels headquarters

²⁵⁶ Amounts Contracted or paid by Brussels headquarters and as reported by the Local Authorities via Perseus

TABLE 7. EU Financial Aid for Turkey Before the Customs Union (1964-1995)²⁵⁷

Million €			
Source	Period	Grant	
		Commitmen	Payment
1st Financial Protocol	1964-1969	175	175
2nd Financial Protocol	1971-1977	195	195
Additional Protocol	1971-1977	47	47
3rd Financial Protocol	1979-1982	220	220
Special Cooperation Fund	1980-1982	75	75
4th Financial Protocol	1982-1986	375	-
Administrative Cooperation Fund	1993-1995	3	3
Assistance for Gulf Crisis	1991	-	-
TOTAL:		1.090	715

TABLE 8. EU Financial Aid for Turkey After the Customs Union (1996-1999)²⁵⁸

Millon €			
Source	Period	Grant	
		Commitment	Payment
Aid from the EU budget	1996-2000	375	Could not be used due to Greek veto
MEDA I	1995-1999	376	35
Administrative Cooperation Fund	1996-2000	3	3
Other (Combating drugs, AIDS, environment, civil society projects)	1992-1999	14	14
TOTAL:		768	52

²⁵⁷ Undersecretariat for EU Affairs²⁵⁸ Undersecretariat for EU Affairs

REFERENCES

Papers

- Bache, Ian (n.a.), "Europeanization: A Governance Approach", *University of Sheffield*
- Bailey, David; De Propis, Lisa (2004). "A bridge too far? EU Pre-Accession Aid and Capacity Building in the Candidate Countries", *JCMS* 2004, Volume 42. Number 1. pp.77-98
- Barysch, Katinka (2005) "The Economics of Turkish Accession", *Centre for European Reform* July 2005
- Bergs, Rolf (2001). "EU Regional and Cohesion Policy and Economic Integration of the Accession Countries", *Social Science Research Network Electronic Paper Collection*: September 2001
- Börzel, Tanja A.(2002). "Pace-Setting Foot-Dragging, and Fence Sitting: Member State Responses to Europeanization", *JCMS* 2002, Volume 40. Number 2. pp.193-214.
- Derviş, Kemal; Gros, Daniel; Öztrak, Faik and Işık, Yusuf in cooperation with Fırat Bayar(2004). "Turkey and the EU Budget, Prospects and Issues", *EU-Turkey Working Papers*, No. 6/August 2004
- Hughes, James; Sasse, Gwendolyn and Gordon Claire (2003). "EU Enlargement and Power Asymmetries: Conditionality and the Commission's Role in Regionalization in Central and Eastern Europe", *LSE Working Paper*, 49/03
- Jonas Eriksson, Bengt O. Karlsson and Daniel Tarschys (Eds) (2005). "From Policy Takers to Policy Makers, Adapting EU cohesion policy to the needs of the new member states", *SIEPS*, September
- Mayhew, Alan (2000). "Enlargement of the European Union: An analysis of the negotiations with the Central and Eastern European Candidate Countries", *Sussex European Institute Working Paper* No.39
- Mayhew, Alan (2003). "The financial and budgetary impact of enlargement and accession" *Sussex European Institute Working Paper* No.39

- Mayhew, Alan (2004). "The Financial Framework of the European Union, 2007-2013: New Policies? New Money?", *Sussex European Institute Working Paper* No.78
- Rosenfeld, Martin T.W. (2003) "Institutional Aspects of Regional Policy: the Impact of Centralized vs. Decentralised Responsibilities in the Field of Regional Policy on Economic Efficiency and Interregional Cohesion", 27-30 August 2003: *Congress of the European Regional Science Association (ERSA)*
- Sasse, Gwendolyn (2003). "How Deep is the Wider Europe: The Europeanization of Subnational Governance in Central and Eastern Europe", *Workshop: Implications of enlargement for the rule of law and constitutionalism in post communist legal orders*, EUI, Florence
- Schultz, Siegfried (2005). "The EU's Medium-term Financial Perspective and Turkey's Potential Slice of the Cake", *Intereconomics*, November/December 2005
- Silke N., Haarich and Jaime del Castillo, Hermosa, (2004). "Development of Evaluation Systems-Evaluation Capacity Building in the Framework of the New Challenges of EU Structural Policy", *ERSA Conference*, 24-25 August 2004
- Vink, Maarten (2003). "What is Europeanization? And other questions on a new research agenda", *paper for the second YEN Research Meeting on Europeanization*, Leiden University
- Tarschys, Daniel (2003). "Reinventing Cohesion, The Future of European Structural Policy", *SIEPS*, Report No.17, September
- Tondl, Gabrielle (n.a.). "EU Regional Policy in the Southern Periphery: Lessons for the Future"
- Yazgankıran, Gülsüm (2003). The Economic Impact of the Fifth Enlargement On the CEECs and Turkey, *Hazine Dergisi*, Sayı 16

Books

- Armstrong, Harvey W. (1995). The Role and Evolution of European Community Regional Policy, *The European Union and the Regions*, Barry Jones and Michael Keating (Eds), Clarendon Press, Oxford,

- Balme, Richard (1997). Regional Policy and European Governance; *The Political Economy of Regionalism*; Keating, Michael and Loughlin, John (Eds.), Frank Cass Ed.
- Featherstone, Kevin; Radaelli, Claudio (2002). (Eds) *The Politics of Europeanization*, Oxford: Oxford University, Press
- Grabbe, Heather (2002). Europeanization Goes East: Power and Uncertainty in the EU Accession Process in *The Politics of Europeanization*, Featherstone, Kevin; Radaelli Claudio (Eds), 2003, *Oxford Univesity Press*
- Grabbe, Heather (2006). *The EU's Transformative Power: Europeanization through Conditionality in Central and Eastern Europe*, Palgrave Macmillan, New York
- Hooghe, Liesbet (1996). (Ed.), Reconciling EU-Wide Policy and National Diversity. *Cohesion Policy and European Integration: Building Multi-level Governance*, Oxford University Press
- Hughes, James; Sasse, Gwendolyn; Gordon, Claire (2004). (Ed.), *Europeanization and Regionalization in the Enlargement to Central and Eastern Europe*, Palgrave Macmillan
- Keating, Michael, Europeanism and Regionalism (1995). *The European Union and the Regions*, Barry Jones and Michael Keating (Eds), Clarendon Press, Oxford
- Keating, Michael (1998). Is there a regional government in Europe? - *Regions in Europe*, Le Gales, Patrick and Lequesne, Christian (Ed.), Routledge, London
- Marks, Gary (1997). An Actor-Centred Approach to Multi-Level Governance, *The Regional Dimension of the European Union*, Charlie Jeffery (Ed), Frank Cass, London, Portland
- Marks, Gary (1996). Exploring and Explaining Variation in EU Cohesion Policy, *Cohesion Policy and European Integration: Building Multi-level Governance*, Hooghe, Liesbet (Ed.), Oxford University Press
- Nanetti, Rafaella Y. (1996). EU Cohesion and Territorial Restructuring in the Member States. *Cohesion Policy and European Integration: Building Multi-level Governance*, Hooghe, Liesbet (Ed.), Oxford University Press
- Nas, Çiğdem; Akman, M. Sait; Dartan, Muzaffer; Kabaalioglu, Haluk (2005). (Eds.), *Europeanisation of South-Eastern Europe, Domestic Impacts of the Accession*

Process, Publication of the Marmara University European Community Institute on behalf of Turkish University Association for European Community Studies

Rhodes, R.A.W.; Bache, Ian; George, Stephen (1996). Policy Networks and Policy-Making in the European Union: A Critical Appraisal, *Cohesion Policy and European Integration*, Hooghe, Liesbet (Ed), Oxford University Press,

Rumford, Chris (2000). *European Cohesion?: Contradictions in EU integration*, Macmillan Pres, Ltd, New York, St. Martin's Pres

Schimmelfennig, Frank and Sedelmeier, Ulrich (2005); *The Europeanization of Central and Eastern Europe*, Cornell University Press,

Wishlade, Fiona(1996). EU Cohesion Policy, Facts, Figures and Issues. Liesbet Hooghe (Ed.), *Cohesion Policy and European Integration: Building Multi-level Governance*. Oxford University Press

Reports

A Guide to Accession Negotiations with the European Union (2005), Economic Development Foundation, IKV Publications No.184, İstanbul

An Agenda for a Growing Report, The Sapir Report (2004), André Sapir (Ed); Oxford University Press

A new partnership for cohesion, convergence, competitiveness, cooperation, third report on economic and social cohesion (2004), Third Report on Economic and Social Cohesion, European Commission

European Parliament resolution on the progress made by each of the candidate countries towards accession (2002). Bulletin Quotidien Europe

Conclusions of the Regular Reports, 1998-2002 (2002). Bulletin Quotidien Europe

Council Regulation (EC) No 1268/1999 of 21 June 1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period

Council Regulation (EC) No.622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships

Council Regulation (EC) No. 1266/1999 of 21 June 1999 on coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation (EEC) No. 3906/89

Council Regulation (EC) No. 2257/2004 of December 2004 amending Regulations (EEC) No. 3906/89 (EC) No 1267/1999, (EC) No. 1268/1999 and (EC) No.2666/2000, to take into account of Croatia's candidate status

Council Regulation (EC) No. 1267/1999 of June 1999 establishing an Instrument for Structural Policies for Pre-Accession

Issues Arising from Turkey's membership perspective, COM (2004) 656 final, Commission staff working document, 6.10.2004

On the Instruments for External Assistance under the Future Financial Perspective 2007-2013, COM (2004) 626 final, Communication from the Commission to the Council and the European Parliament, 29.9.2004

Reeves, Teresa, Turkish Regional Policy on the Road to the EU, Turkish Policy, Quarterly, http://www.turkishpolicy.com/default.asp?show=fall_2005_reeves ; Access on 14.3.2006

Report from the Commission, 2004 report on Phare, Pre-Accession and Transition Instruments, 23.12.2005 COM (2005) 701 final

Report from the Commission to the European Parliament and the Council, General Report on Pre-Accession Assistance, (Phare-Isipa-Sapard) in 2003, 02.05.2005, COM (2005) 178 final

Report from the Commission General Report on Pre-Accession Assistance (Phare- ISPA-Sapard) in 2002, 5.1.2004, COM (2003) 844 final

Report from the Commission General Report on Pre-Accession Assistance (Phare- ISPA-Sapard) in 2001, 4.6.2003, COM (2003) 329 final

Report from the Commission General Report on Pre-Accession Assistance (Phare- ISPA-Sapard) in 2000, 9.1.2003, COM (2002) 781 final

The Enlargement Process and the three pre-accession instruments: Phare, ISPA, Sapard, Proceedings of the conference organised by DG Enlargement and the Permanent Representations of Sweden and Austria to the European Union (2001)

Towards the Enlarged Union, COM (2002) 700 final, Strategy Paper and Report of the European Commission on the progress towards accession by each of the candidate countries, 9.10.2002

Working for the Regions (2004). European Communities