EU ACCESSION: NORMS AND INCENTIVES

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EU Accession: Norms and Incentives

Introduction

The European Union is one of the most successful examples in recent times of the peaceful regional expansion of prosperity and stability through institutional structures and shared resources. The EU has supported a process of governance and economic development across the European continent which now encompasses 27 member countries and over 500 million people. This process - from collaboration on coal and steel post-World War II to the most recent expansion of the Union into Eastern Europe and the negotiations on accession for the Croatia and Turkey - has been based on a hybrid system of supranationalism and inter-governmentalism that has facilitated the unification of rules, the standardization of laws and the harmonization of behavior. It has allowed for “pooled” or networked sovereignty; the development of a single market for the exchange of goods, services, capital and labor; and strategic cooperation across a variety of domains from foreign policy to defense to agriculture and monetary policy. EU accession is a process of alignment through which acceptance of the acquis communautaire (the body of EU law) in aspiring states leads to the reorganization of an entire corpus of political, social, economic and cultural relationships, with the Commission and the Council explicitly negotiating, agreeing upon, refereeing and monitoring these linkages.

These technical and political changes - largely generated through accession conditionality - are accompanied by a process of “Europeanization” by which all EU countries come to adopt European norms and values, transferred through many different routes including declaratory policies and documents, small-scale projects, and socialization between governments. In combination, the transformation that the concept and process of Europe has brought about is extraordinary - indeed in many ways it can be argued that the EU accession process has overcome the aid complex and its inefficient parallel systems and short-term projectized approaches which can often prevent exactly these successful outcomes in developing countries today. That is not to suggest, however, that the project of European enlargement is a single monolith, or has been equally successful in all EU accession countries. In certain contexts it has generated real and important reforms, while in others, positive institutional change has been far less clear. Moreover, problems with the process remain, and moving forward the EU will itself need to adapt to new realities and changing dynamics in order to ensure that future enlargement is as successful as past accession.

Incentives for Reform

The idea of being part of “Europe”, and reunification with European allies, have been important motivating factors for European enlargement, particularly to the East. The EU model has been attractive to aspiring countries in economic and political transition specifically for a number of reasons including the fragility of institutions in these countries and the burdens of simultaneous transformations of the state, economy and society. Successful rule adoption of the acquis may be the result of three different models of external governance either individually or in combination: i) rationalist cost-benefit calculations, through which external financial and institutional incentives lead to change; ii) constructivist social learning, through which actors are motivated by internal identities, values and norms and adopt EU rules when persuaded of their appropriateness; and iii) lesson-drawing, through which EU rules are taken-on

without external incentives provided by the EU, as a result of domestic dissatisfaction with the status quo (the process can move issues up a government’s domestic agenda simply by attracting more political attention to it). These models can reinforce each other- for example, the applications during the Mediterranean enlargements of the 1980s resulted both from hopes for material benefits and also from the desire to be part of Europe again after regime changes.

This confluence of incentives can lead to varying reform trajectories and results. Some accession countries “adapt-by-anticipation”- Spain in the 1980s is a good example, as were the countries of East Central Europe in the early 1990s when governments made some selective adaption for EU membership before the EU had even delineated clear accession criteria, or recognized these countries as potential candidates. Other countries use the EU rules as leverage, leading to non-uniform changes within each political system - the behavior of Romania and Bulgaria indicates the extent to which the EU is useful to policy-makers pushing a reform agenda in different ways. While the level of preparedness of these countries for European accession was mixed (and the body of EU laws have expanded greatly) the acquis communautaire has provided an important basis for change and set of targets. Finally, some accession states find bureaucratization of the political process provides the key stimulus for change- as targeting the civil service for capacity development allows for the evolution of rules and processes. Lithuania has been particularly successful in this regard, for example, and now has a strategy in place for civil service reform which is integrated into the strategic management plans of the government, defines specific measures, identifies linkages and sets a timetable for reform actions.

Indeed, in all candidate countries reform tends to become institutionalized- so that by the time negotiations for EU membership actually begin considerable resources are invested in the process, in turn reinforcing incentives and preventing reversal. The Commission acts as an external referee, with a set of monitoring instruments including Accession Partnerships and Regular Reports to keep track of the changes that do take place, with the partnership documents outlining the policy priorities on an annual basis, and the Regular Reports tracking progress. With a clear and detailed definition of what it means to be part of the EU, potential member countries can focus on implementing specific reforms that transform their own domestic institutions, matching their national capacity for, and understanding of, governance with current EU member states. Moreover, non-negotiable benchmarks tend to expose entrenched elites, who may remain wedded to existing dysfunctional policies or organizations, thus quickly losing their veto on change. These targets also produce the simultaneous consent and alignment of both the elite and the

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5 See also; Vachudova, M. Europe Undivided: Democracy, Leverage and Integration after Communism (Oxford: Oxford University Press, 2005) for explanation of ‘passive’ versus ‘active’ European leverage.
8 Meyer-Sahlin, J-H. “Sustainability of Civil Service Reforms in Central and Eastern Europe Five Years After EU Accession” Sigma Paper No.44, p.17-18
people to set goals, while generating new elites who must align themselves to this goal through democratic processes.9

**Overcoming the “Aid Complex”**

An interesting way to measure the success of the EU accession process is vis-à-vis the delivery of aid that has evolved as the primary means by which to provide developmental assistance and spur governance reform in other developing countries since World War II. The “aid complex” that has developed as part of bilateral and multilateral support to these states tends to rely on project-based approaches that create parallel systems and use contracting modalities that reduce the cost-efficiency of activities. Development strategies are often based on existing knowledge and tools rather than innovative approaches; contextual knowledge and understanding of local assets is frequently absent; coordination mechanisms can be insufficient and brittle; and financial support is often not aligned with national government goals or priorities. As a result the outcome of international aid efforts is sub-optimal. In contrast, the EU model has proven relatively successful because it is based upon:

i) **A Variety of Tools.** Rather than relying on a prescribed number of delivery mechanisms based on one-way conditionality and financial aid, the EU has a number of very specific, targeted accession tools that can help to address institutional issues by providing a framework for reform.10 The breadth of assistance is impressive, as laid out in the Copenhagen Criteria and includes technical and financial support for the stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; economic conditionality to provide for the existence of a functioning market economy and the capacity to cope with competitive market forces within the Union; and legal harmonization through acceptance of the *aquis*, including the ability to take on the obligations of membership of the political, economic and monetary union.11 It is in this overarching framework that the EU model is both most effective and most attractive to aspiring members, although accession itself is not the only reward that the EU offers—preferential trade agreements, financial assistance and policy-specific benefits such as the lifting of visa requirements also allow the EU to spur reform in a variety of ways at different levels.

ii) **Aid Harmonization and Alignment.** The majority of EU financial aid to accession countries is now harmonized within the Instrument for Pre-Accession Assistance (IPA). The Programme of Community aid to the countries of Central and Eastern Europe (PHARE), the Instrument for Structural Policy for Pre-Accession (ISPA), the Pre-Accession Agricultural Instrument (SAPARD), and the Community Assistance for Reconstruction, Development and Stabilization (CARDS) and other pre-accession instruments were pulled into the IPA in 2007, with the effect that the IPA now has a budget of €11.5 billion for 2007 to 2013 across five key components: institution-building; cross-border cooperation; regional development; human resources development; and rural development.12 Unlike traditional aid which is often based on annual donor budgeting processes, the IPA the Multi-annual Indicative Financial Framework (MIFF) establishes the financial allocation between countries and components over a three-year period.

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10 Interview with Heather Grabbe, December 2009
11 These obligations are known as the Copenhagen Criteria- created by the Copenhagen European Council in 1993 and strengthened by the Madrid European Council in 1995. The criteria require that a state has the institutions to preserve democratic governance and human rights, has a functioning market economy, and accepts the obligations and intent of the EU.
Thereafter, the Multi-annual Indicative Planning Document (MIPD) establishes strategies for each country for the IPA components, based on the priorities set in accession partnership and the regular reports from the concerned candidate country, ensuring predictability and co-ownership. The rules of participation and origin for implementing different programs are also relatively flexible, allowing for adaptation to context, and committees seek to ensure coherence among spending programs to avoid duplication of resources.

iii) Targeted Technical Assistance. The EU provides targeted technical assistance that generates rather than substitutes for capacity within accession countries. The twinning tool, for example, allows beneficiary countries to explore the administrative models and systems of existing EU states. Prospective EU members have found increased success with repeated and frequent use of this instrument, allowing them to fine-tune the matching of Resident Twinning Advisors (RTAs) with an appropriate counterpart agency and work through implementation of the reform of the target institution or process. These 12-month partnerships are supplemented by a range of supporting activities, including “other specialists, training events, and awareness-raising visits.”

This closes the gap between promises made before and during the accession negotiation process, and actual implementation on the ground, yielding close contacts that are otherwise rare in technical assistance operations. Indeed, because it involves such close and careful cooperation between states, twinning creates lasting bonds between countries that contributes to future diplomatic and technical relationships. The assistance also helps acceding states prepare legal frameworks–thus the deliverable of the assistance itself (rule of law structures) can also be used as leverage during the negotiation phase, in some sense empowering the accession states. More than 1100 twinning projects have been implemented to date, illustrating a breadth of activity and demand for specific services and skills in candidate countries that moves beyond traditional technical assistance modalities.

iv) Reform Over Time. The accession process provides a defined set of rules and timeframe for meeting goals over the long-term which allows for clear communication and decision-making with and within pre-accession countries. Support is provided directly for government systems in relation to these parameters, in turn bolstering the credibility and legitimacy of the national governments themselves. Regional inequalities are addressed specifically through structural and cohesion funds based on clear allocation criteria and bottom-up application processes to promote solidarity and support integration, which creates further buy-in into the process. Moreover, the EU has placed significant emphasis on learning from previous experience, and is now adapting and refining the process of enlargement based on the rounds of accession to date (through the creation of the IPA as explained above, for example) and as part of the ongoing evolution of EU law, rules and processes in response to globalization.

13 See EU Twinning web site, http://ec.europa.eu/enlargement/how-does-it-work/technical-assistance/twinning_en.htm. Tempus and Erasmus Mundus programs (for Universities and SMEs) have also been used to create capacity with great effect.
Results

Political change within candidate countries may stem from many sources, including internal dynamics, making it difficult to attribute successful change to the concept of Europe or specific EU tools (particularly in those former Soviet candidate countries where change has been a constant since the dissolution of the USSR). The European Commission (EC) also leaves some discretion to domestic actors and institutions in the sequencing and terms of reform which has led to a variety of outcomes in those countries that have accessed to the EU, again making cross-country measurements difficult. Moreover, accession, when viewed broadly, is a slow process, and it is unclear that the results of the process in more recently-admitted European states are as yet identifiable in their entirety. Arguably, however, the enlargement process has largely resulted in the kind of political and economic change that accession countries both want and need to improve governance outcomes. This has been shown in terms of:

i) *A Reduction in Conflict.* EU accession is implicitly a peace-building process at its core. As Robert Cooper has pointed out: “The EU…represents security through transparency and transparency through interdependence”. The external incentives that are provided for accession countries act as a means through which to- at least in part- overcome divisions, generate a common vision, support shared norms, and develop systems and rules that allow for disagreements to be handled inside, rather than outside the political economy realm. Judt, among many others has argued that the very existence of the EU “renders the idea (of conflict between members) somehow absurd”. In practice, tools such as the structural and cohesion funds, as outlined above, also address geographical inequalities and allow for additional resources to be targeted to previously excluded populations. In the Balkans, where violent conflict proved devastating during the 1990s, the prospects of EU accession processes have generated significant shared interest in a non-violent, European future. In the 1990s, the EUs Royaumont Process supported regional cooperation across civil society- journalism, education, culture and science- and established inter-governmental relations within the Stability Pact for South East Europe. The Stabilization and Association Process (SAP), initiated in early 2000s and constituting the current official EU policy framework for the Western Balkans, places- inter alia- an explicit emphasis on regional cooperation, the return of refugees and cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) as part of a post-conflict approach. The Gallup Balkan Monitor indicates that the populations of Bosnia and Herzegovina, Croatia, Kosovo and Serbia see as crucial the role that the EU accession process plays in terms of settling disputes with neighboring countries, and a significantly increased sense of a “Balkan identity” as opposed to national identities. Indeed, a further poll recently found that in the Western Balkans over 70% of the populations would vote for EU accession.

ii) *Economic Development.* Economic activity has been shown to improve significantly in new EU states through access to the common market and the trade and business links this creates with other members of the EU. Growth rates for new members in the years after accession are a direct reflection of their incorporation into the community. In these years, Estonia grew 11.1%, Latvia

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17 Interview with Heather Grabbe, December 2009
20 Arguably, the one exception to the process of “EU peace-building” is Cyprus, which entered the EU in 2004 as a divided island. That said, the EU is continuing significant efforts to resolve the conflict and with the potential of Turkish accession, the supranational EU framework will ensure European unity.
grew 10.5% and Slovakia grew 7.6%, for example. Some research shows that participation in the accession process itself is enough to stimulate fundamental changes in the economic options available to candidate countries. Even monitoring processes can be catalytic- transition report updates, issued by the European Bank of Reconstruction and Development, track the progress of emerging eastern European countries, and the act of issuing these reports has been found to positively influence the increase in foreign direct investment in candidate countries.\textsuperscript{24}

\textbf{iii) The Facilitation of Domestic Politics.} More indirectly, feedback from the EC, when handled correctly and presented in the spirit of cooperation within domestic political arenas, has been carefully studied and used to speed along reforms. Estonia’s accession experience, for example, has reflected this, with the accommodating response of Estonian officials seen as more sustainable than political interactions with their previous benefactor (the Soviet Union) because of shared norms. Most Estonians “associate the EU strongly with democracy, freedom and market economy.”\textsuperscript{25} Equally, in generating an idea of European citizenship, the accession process has generated overlapping identities that can be mutually reinforcing of domestic political unity. In Spain, the accession process was important to ensure inclusivity, consolidate citizenship and account for the complementarity of identities in a country with difficult nationalist issues. In Catalonia, for example, the membership of national (Catalan), state (Spanish) and supra-state (European Union) institutional frameworks are now seen as manageable, desirable and simultaneous identities rather than mutually exclusive categories.\textsuperscript{26}

\textbf{iv) Balancing the idea of European states, markets and civil societies.} While the direct impact of accession tools is important, the complete impact of the EU on aspiring member-states requires a more nuanced understanding of the process. Europeanization and accession have often been separate, if closely connected processes- Radaelli understands Europeanization as “a set of processes through which the EU political, social and economic dynamics become part of the logic of domestic discourse, identities, political structures and public policies”.\textsuperscript{27} The process of internalizing what it means to be European, comparing standards and behaviors to European norms, and realizing European goals has been a hugely important part of changing the political and economic discourse in accession countries, both at the policymaking level and among citizens in a way that has spurred reform and ensured effective use of the more tangible instruments put in place for integration into Europe. At the same time, the process of accession can itself create new partnerships that transform networks, relationships and societies in candidate countries. Ireland’s experience is illustrative- during the 1990s Dublin mapped its assets- such as an educated labor force and administrative structures- and thought carefully about how to combine those assets in new ways to spur change, which was in part responsible for the growth experienced during that decade.\textsuperscript{28} The Irish government also used structural funds as catalysts to engineer partnerships between communities, local government and businesses that lead to significant dynamism and

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\textsuperscript{23} EU Business, \textit{EU sees two years of enlargement as success}, 15 August 2006, \url{http://www.eubusiness.com/East_Europe/060430164635.ardlu2i7}.
\textsuperscript{24} Alan Bevan, Saul Estrin and Heather Grabbe, \textit{The Impact of EU Accession Prospects on FDI Inflows to Central and Eastern Europe}, Economic and Social Research Council policy paper 06/01, 2001, 6.
\textsuperscript{25} Raik, K. ‘EU Accession of Central and Eastern European Countries: Democracy and Integration as Conflicting Logics’, \textit{East European Politics and Societies}, Vol. 18, No. 4, 21.
\textsuperscript{26} Linz, J. and Stepan, A. \textit{Problems of Democratic Transition and Consolidation: Southern Europe, South America and Post-Communist Europe}, (Baltimore, Johns Hopkins Press, 1996) p.103. Survey’s in the 1980s showed Catalans as 82% proud to be Catalan; 73% proud to be Spanish and 83% in favor of the European Community.
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creativity at the local level, allowing new policies, initiatives and opportunities to emerge over time.\textsuperscript{29}

**Issues and Blockages**

The effects of the EU accession process can clearly be significant. Equally, however, there is room to question the extent of success of the process and the causal relationship between accession and reform. Asymmetrical interdependence between the EU and aspiring member states is created by EU dictation of the rights of entry to the Union, which can lead to anecdotal evidence of accession “success”, sometimes without analysis of what the impact of the accession process actually was or what this means. This is a problem based in part on the fact that accession is often seen by the EU as a technical endeavor rather than a both a “hard” and a “soft” process to change mentalities as well as rules. Indeed, administrative reform can be too “supply-driven”, without sufficient account taken for political-economy issues, change management and absorption capacities of national administrations. Experience seems to warn against hurried delegation of the EU budget, for example, prior to the creation of sufficient financial and contracting capacity in accession countries. The accession process can also be blunt rather than precise, without sufficient room for national innovation or diverse approaches, and it continues to suffer from some uncertainty among pre-accession countries about rules, demands, timings and standards. It can also at times be held back by the multiplicity of institutional templates, inconsistencies in advice and complexity of actor constellations.\textsuperscript{30} These problems are sometimes exacerbated by a lack of clear messaging to candidate countries that the EU truly wants them within the union, which in turn reduces the ability and will for reform.\textsuperscript{31}

The accession process can also create huge, complex bureaucracies in aspiring EU member states, all with their own incentives, mandates and, often, competing interests. Some observers point to the creation of entire fields of government as a result of reviewing the extensive 31 chapters of the *acquis* during the negotiation phase.\textsuperscript{32} These bureaucracies do not always function effectively over the long-term- the Support for Improvement in Governance and Management in Central and Eastern European Countries (SIGMA) initiative, for example, which assesses the alignment of public administration, attempts to ensure that projects aimed at developing civil service capacity have a sustained impact beyond the date of accession by aligning reforms with principles of European public administration.\textsuperscript{33} Current literature indicates, however, that adding this step of framing reforms within the context of shared principles does not guarantee sustained impact, and divergence from these principles frequently occurs.\textsuperscript{34}

A further, central lesson, as with all conditionality processes, is the importance of credibility. Hungary, for example had the capacity and political will to meet its promises, so accession proved successful. Poland had the capability to implement the *acquis* but the political will was less apparent, while Bulgaria had the political will but lacked the capacity to enforce European law, and as a result the process met with less

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\textsuperscript{29} Interview with Mary Robinson, former President of Ireland
\textsuperscript{31} A point referred to several times at a recent Wilton Park meeting on EU enlargement in the Western Balkans (Zagreb, Croatia,November 17th-20th 2009)
\textsuperscript{33} Meyer-Sahling, J.H. “Sustainability Of Civil Service Reforms In Central And Eastern Europe Five Years After EU Accession” *SIGMA, Paper No. 44*, (April 2009) pp. 78-79.
\textsuperscript{34} Ibid, p.76
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success.\textsuperscript{35} Judicial reform in Romania was effective, but arguably only because the EU had a capable justice minister with which to work during the accession process- without a counterpart of this sort, the process would have been significantly more difficult.\textsuperscript{36} The EU needs to become better at both developing and ensuring the capacity and willingness to reform within candidate countries. This is critical even before accession negotiations begin- as with much development aid, it is difficult for the EU to sanction bad behavior once funding is committed. The downside of the fact that the process also takes on its own self-perpetuating dynamic is that if countries are admitted into the EU when not fully prepared this brings into question the overall credibility of the process itself.\textsuperscript{37} Indeed, appetite for further expansion of the EU has somewhat declined in recent years as a result of these kind of issues after the previous round of enlargement to the East.

\textit{Translating Successes}

From a development perspective, there is a question as to whether the lessons from the EU experience can themselves now be recognized, understood and incorporated into approaches beyond the European context, where state and market-building efforts may be more problematic and regional synergies and rules more difficult to generate. A starting point will be to begin by focusing on cooperation around a limited number of shared issues (as the European Steel and Coal Community was used as a pragmatic solution to the conflict between Germany and France, for example) and then expanding the sphere of cooperation outwards. While not easy, this process is certainly taking place in contextualized ways- the Central Asian Regional Economic Cooperation (CAREC) Program, for instance, has established itself as a significant institution for regional cooperation in Central Asia, by adopting a gradual strategy for integration, encouraging ownership by member countries and using substantial financial and human resources support from external organizations.\textsuperscript{38} More broadly, the issue is not how the EU model can be replicated elsewhere, which it cannot, but rather how best, within a given context, to negotiate rules around and set standards within specific domains that can then be explicitly agreed upon, refereed and monitored effectively by an external body. Other implications include the way in which a single framework can be articulated and agreed upon to set a reform agenda which can be monitored and adjusted over time; the value of having standards and goals that are in the public domain and which the public can discuss and mobilize around, and judge their leaders on progress towards these goals; and the value of specific types of technical assistance including the use of twinning and other knowledge sharing mechanisms. Finally, the concept of pooled and networked sovereignty, providing a framework which both aggregates functions upwards to a supra-national or inter-national level, and delegates functions closer to the people through the principle of subsidiarity, may be a useful precedent and model for rethinking the questions of which function should be performed at which level of governance.

\textsuperscript{35} Grabbe, H. \textit{The EU's Transformative Power: Europeanization Through Conditionality in Central Eastern Europe} (Basingstoke: Palgrave, 2006), p.204

\textsuperscript{36} Interview with Heather Grabbe, December 2009

\textsuperscript{37} The literature is somewhat mixed on this point. Philip Levitz and Grigore Pop-Eleches, for example, argue in 'Why No Backsliding? The European Union's Impact on Democracy and Governance Before and After Accession' \textit{Comparative Political Studies} 43(4) (p.457-85) that there is no backlash against reforms after EU accession. They do admit, however, that reforms do slow down after countries enter the EU. Milada Anna Vachudova examines Bulgaria and Romania and goes further in claiming that 'strict enforcement was limited to the adoption- and not the implementation- of the acquis and reform of the public administration leaves much room for improvement'. See Vachudova, M. 'Corruption and Compliance in the EU's Post-Communist Members and Candidates' in the \textit{Journal of Common Market Studies}, (Vol. 47, 2009), p.43

\textsuperscript{38} See \url{http://www.adb.org/carec/}
Conclusions

The EU accession process has been truly remarkable in its scale and scope. The nature of the changes it has brought about across such a diverse set of countries, cultures and people through incentives, normative pressure, conditionality and knowledge sharing is unmatched in modern times. The process has worked best where goals have been clear, policy has been detailed, advice consistent, mechanisms adaptable, and financing predictable. Moreover, an emphasis on design and a focus on learning from experience have ensured that accession, in a technical sense, has continued to evolve and adapt to changing realities. Even where change cannot be specifically attributed to ‘accession policies’, EU norms, procedures and ways of thinking have often pervaded accession-country governments, stimulating change and providing mental models for reform. While there is little doubt that problems with the process remain- including uncertainty over parameters, inconsistency in advice, the unsustainable nature of reforms and the creation of unwieldy bureaucracies- the EU has managed to some degree to move beyond many of the issues that continue to plague development efforts elsewhere around the globe.