

The effects of EU CARDS on Administrative Capacity in the Western Balkans

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Abstract

The research paper analyses the effects of the EU's pre-accession instrument CARDS on administrative capacity in the Western Balkans, focusing in particular on the experiences of authorities in Croatia. It builds on existing research in the field of Europeanisation, as well as rational choice and sociological institutionalism. The project's original contribution takes the form of an in-depth case study of the EU candidate country of Croatia, based on semi-structured interviews with senior policy-makers working on the EU CARDS instrument, as well as with other key policy-makers, stakeholders and experts. The analysis will also draw on desk research of policy and other grey literature, as well as studies by Croatian academics. A key aim is to propose a conceptual framework for appraising capacity in the state sector. A method of achieving this is to disaggregate into component elements, for instance: human resources, administrative structures and systems and procedures. The essay will argue that EU pre-accession assistance exerts a positive role as a learning process, however its effects on administrative capacity tend to be seasonal or particular to islands of excellence in the public sector and rarely become commonplace. Based on findings and lessons learned from previous enlargement instruments the paper will examine the possibility of a retreat in the capacities of the public sector after accession, if emphasis is not applied in making the effects of the pre-accession instruments durable and part of the game rules. Increasing the stakes for the candidate state with regard to pre-accession financial assistance seems to be a reasonable remedy. However the tokenistic level of support, the uncoordinated nature of EU interventions with the enlargement strategy and the SAP, and the distractive addition of non-EU conditions in the enlargement process may work as setbacks.

Introduction

This paper analyses the relationship between pre-accession assistance in the form of Cards¹ and administrative capacity using the current changes in the Croatian administration as a case study. Problems in defining and measuring administrative capacity in the public sector as well as establishing a link between assistance and capacity are discussed. The paper adopts a conceptual framework for the study of administrative capacity in Croatia. It will argue that a study of the effects of pre-accession assistance on a candidate country's administration falls under the rubric of Europeanisation, of which pre-accession assistance is a mechanism (Grabbe 2003). Two variants of Europeanisation, namely rational choice and sociological institutionalism can be readily employed to elucidate the effects of the process in Croatia, given that these two strands of thought are reconcilable, as Börzel and Risse have noted (2003). Each approach brings its own strengths to this study, which will be shown in practice. A discussion follows, focusing on of the context of SAP, Cards and Croatian accession and the main actors involved in the pre-accession assistance. Progress in administrative capacity building is presented, followed by an analysis of developments in purpose-built structures for EU funds. The paper concludes that pre-accession assistance has succeeded in initiating a learning process. Nevertheless, positive results are often short-lived or pertaining to islands of excellence in the public sector as in the cases of the Central State Office for Development Strategy and Coordination of EU Funds (CODEF) and the Central Financing and Contracting Agency (CFCA). Finally an agenda for further research is presented.

In the past decade, the CEEC became the focus of a rich academic debate on issues of transition, democratisation, and enlargement while in a Southeast Europe under the fog of war, the research agenda was kept to a minimum. Relative little of interdisciplinary nature has been written on the transformative impact of the EU in Southeast Europe. As a result, Enlargement-induced institutional reforms in the countries of the region remain understudied. Nevertheless, studies of EU enlargement and pre-accession political conditionality in CEE were keen to point to the potential effects of the enlargement process on the candidate countries.

The enlargement as a whole, has been portrayed as a successful case of EU's external governance and dubbed "EU's most successful foreign policy" (Schimmelfennig 2008). On the other hand, Europeanisation research has also been concerned with the study of public administration in the members states (Esmark 2008) and candidate countries (Goetz 2001; Dimitrova 2002; Malovà and Haughton 2002) or a common European space of administration (Olsen 2003). However a large part of research has been attached to big events, preferring a foreign policy view of developments, centered on the CEECs, emphasized the Europeanisation of national executives and legislative

¹ Pre-accession assistance is used here in general terms. Cards was not a pre-accession assistance instrument in a strict sense, especially in the early years of its implementation however the promise of membership of the Western Balkans in 2003 strengthened the pre-accession element.

bodies against the more incremental and intricate institutional change that is taking place during the enlargement process and focused on pre-accession conditionality downplaying a priori the role of pre-accession financial assistance. As a result pre-accession financial assistance was not popular a field of investigation, with the exception of accounts which remained outside the notion of Europeanisation (Bailey and De Propis 2004; Tulmets 2005). Gradually with the help of a recent public administration turn in EU studies (Trondal 2007), there is a shift towards expanding the research agenda to cover issues of Europeanisation in the field of public administration, not least, the Europeanisation of administration in the candidate countries.

Before going into more detail about administrative capacity and EU funding to the Western Balkans it should be noted that this paper follows the definition of Europeanisation given by Börzel (2002), as a two way process both top-down and bottom-up; the first one emphasizes the evolution of European institutions as a set of new norms, rules and practices while the second, refers to the impact of these new institutions on political structures and processes of the member states. Borzel stresses the idea of institutional misfit between the EU and the member state hence creating adaptation pressures -a necessary but not sufficient condition for policy change-. The application of the concept of Europeanisation in the context of Enlargement is now widely spread, but the bottom-up dynamics are significantly curtailed because of the barrier of non-membership. Nevertheless, a candidate country may have some limited opportunity to influence policy developments in the EU by forging alliances with member states, which will ensure that the candidate's interests are heard in the EU decision-making bodies.

Defining and operationalising the term administrative capacity is a problematic task. A common definition of administrative capacity sees it as the ability of the administration to perform appropriate tasks, effectively, efficiently and sustainably (Grindle and Hilderbrand 1995). Similarly, capacity building refers to 'improvements in the ability of public sector organizations, either singly or in cooperation with other organizations, to perform appropriate tasks (Grindle and Hilderbrand 1995). Although the authors do not identify what these tasks are, assigning this role to necessity, history and situation, it is plausible to apply this definition in the context of pre-accession assistance-induced administrative capacity building. The EU Commission definition of institution building refers to the development of structures and systems, human resources and management skills needed to implement the *acquis* (Dimitrova 2002). A further distinction into sectoral capacities and horizontal capacities is used by the EU with the latter being used as a synonym of public administration reform and the first being related to individual chapters of the *acquis*. According to a study of administrative capacity in the context of the structural funds, the measurement of capacity starts with a distinction between structure, human resources, systems and tools (Netherlands Economic Institute 2002). Consequently, the definition of administrative capacity in this essay is the possession of all those tangible and intangible resources, including human resources, skills, structures, systems and tools that enable a public organisation to perform

its required functions in an effective, efficient and sustainable yet simultaneously transparent and accountable manner.

In that sense sustainability would be tantamount to a duration of the instruments outcomes to outlive the programming period e.g. sustainable structures, trained staff that is retained by departments, organizations or agencies; effectiveness would be linked to setting up the institutional structures, performing the training, improving the human resources or hiring qualified staff, investing in ICT and e-government; while efficiency would mean that improvements in the part of the administration subject to pre-accession interventions will not result in weakening other parts (in the Pareto-efficiency sense) and observe an optimal input-output ratio.

Administrative capacity is a critical element of a country's ability to take the obligations of membership. In the Balkan member states of Bulgaria and Romania, weak administrative capacity accounted for a suboptimal management and implementation of the structural funds and a subsequent loss of funding (European Commission 2008; Hope and Troeb 2008). The lessons not learned in Bulgaria and Romania increased the stakes from pre-accession assistance in the Western Balkan countries especially with regard to the potential effects on administrative capacity.

In the Western Balkans, the EU characterizes the pre-accession financial assistance as an inherent part of the Enlargement process, with the aim of serving the goals of the SAP and the accession process thus performing a similar role to that of Phare towards the Europe Agreements in the enlargement to the CEEC-10. This assistance has provided a channel of communication between the candidate states and the EU. Although each instrument is pursuing its own objectives, which are outlined in the relevant regulation, they introduce EU systems, tools and procedures, prepare structures, and they improve skills and human resources while in parallel they exercise a central role in the EU discourse in candidate and potential candidate countries. Thus, they perform a threefold function as a) messengers of Europeanisation, b) forerunners of the Structural Funds and c) channels of communication between the candidate countries and the EU. Therefore pre-accession assistance is not only viewed as an instrument of enlargement governance, but also coexists with policy-relevant parameters at candidate country as well as at EU level. In that respect, the politics of the EU pre-accession assistance are mutatis mutandis not radically different than those in the other fields of EU policies and are to an extent subject to the rules of EU governance.

Notwithstanding the additional complexity of the pre-accession environment, rational choice institutionalism (Tsebelis 2002; Shepsle 2006), can be employed to provide an account of the course of actions related to the setup, and running of pre-accession assistance. Besides, using this logic should offer useful insights on the strategic choices of institutional and collective actors involved in the process which is spanning in several policy arenas. In addition, enabling and disabling factors of administrative capacity building should be sought at these various arenas. We will show if empirical evidence supports these assertions. On the other hand sociological (constructivist) institutionalism

is a suitable instrument of looking at the Croatian administrative culture, prevailing rules and norms which can be conducive or not to administrative capacity building. Furthermore a relevant study should be able to draw on the theory of public administration in order to identify and discuss concepts and enabling or disabling factors at the Croatian national administration.

Cards objectives in the context of the SAP and EU policy for the Western Balkans

The EU's intervention in the Western Balkans has known three broad phases: a) the period from the beginning of the Yugoslav crisis until the Dayton/Paris accord in December 1995; b) the Regional approach from 1996 until the Kosovo crisis of 1998-1999 and finally c) the Stabilisation and Association Process (SAP) 1999-present. Generally in the first period EU's presence was weak and reactive, in the second the EU showed a more committed stance but without concrete outcomes and in the third the EU adopted a more active engagement with the region, launched the SAP and offered the prospect of membership. These phases correspond to stages of top-down Europeanisation of the Western-Balkan.

The SAP is the EU's policy framework for the Western Balkans and a part of the enlargement process. Its three main aims are stabilization and transition to the market economy, regional cooperation and EU accession. The process offers to each country a partnership based on three elements: trade concessions (Autonomous Trade Preferences), economic and financial assistance (CARDS, IPA) and contractual relationships (Stabilization and Association Agreements). The SAP promotes capacity building in the countries of the region to conform to European standards, including the *acquis communautaire*. The EU has also liberalised a large part of its trade with the SEE countries. Moreover the autonomous trade measures, which were extended until 2010 have increased the volume of EU trade with the region. The SAAs also foresee trade liberalisation measures apart from political dialogue, legal harmonisation and co-operation in other areas. Besides, the EU has encouraged the conclusion of a Central European Free Trade Area (CEFTA)² to cover all Balkan countries; with support from the Commission the CEFTA entered into force in July 2007 (European Commission 2007).

The SAP's built-in conditionality is obvious in the requirements for satisfaction of numerable economic and political obligations before the conclusion of a SAA, which are similar to Europe Agreements but offer a less intense form of association while they stress regional cooperation (Phinnemore 2003). This rigorous conditionality is centred on issues of democratization, human rights, rule of law, free elections, early stages of economic reform, good neighbourly relations and

² Based on an amended version of the CEFTA agreement of the CEE countries in the 1990s.

compliance with the Dayton agreements and the ICTY. The European Commission considers that “the effectiveness of conditionality in driving reforms depends on maintaining a credible prospect of eventual integration into the Union[...], to help the [candidate] countries to overcome crisis, state weaknesses and challenges to democracy” (European Commission 2007).

Nevertheless, critics still consider the SAP a differentiated approach among candidate countries, which is evident in the “selective bilateralism”, dictated by EU’s conditionality (Bartlett and Samardzija 2000; Kotios 2001). In addition the SAP has been accused of putting the relationship of tutelage and the process of external regulation and relationship management before the ultimate goal of accession and in many cases as an end in itself (Chandler 2006). Thus, while the EU has not been reluctant to intervene in the Balkans, “its initial concern was not enlargement per se but the ability to exercise power without taking on the overt responsibilities of empire” and its reply to the dilemma “Enlargement or empire” has been an “Empire in Denial” through the emphasis on partnership, ownership, good governance and civil society-building. According to Chandler the SAP establishes unequal partnerships by promoting “one size fits all” institution-building, by demanding economic sacrifices which only make sense in the prospect of membership, and by creating and funding “virtual civil societies” and donor-based NGOs isolated from broader constituency.

The EU argues that the regional approach is a cornerstone of its policy to the Western Balkans, but disparate levels of development, economic and political progress among the countries of the region, account for the bilateral nature of pre-accession ties with the Union. This is reflected on the different stages of the contractual relations of each state with the EU, although recently all of the Western Balkan countries have moved towards a SAA. The status of the Western Balkan countries as potential candidates was first recognized in the European Council of Feira in 19-20 June 2000, reaffirmed in the EU - Western Balkans summit in November 2000, and reiterated in the Thessaloniki European Council and EU-WB Summit in 2003. The Thessaloniki agenda set important priorities in support of closer relations with the EU, and together with the SAP continues to provide the framework of EU policy to the region. A part of this agenda are the European Partnerships, which are modelled on the pre-accession process and show particular actions required in order to achieve progress in the road map of the SAP. The partnerships determine short and medium term priorities for each stage of the pre-accession process, to which the countries reply with national action plans depending on each country’s stage of development. Each partnership should be incorporated completely in the internal policy agenda including the legislative, budgetary and administrative planning. The partnerships were the foundation of the Cards assistance to the Western Balkans; however the European Commission proposed revisions to give higher priority to governance issues, state-building and socio-economic and administrative reform from an earlier stage, which will be reflected in the IPA programming (2007). Moreover, the notion that the impact of assistance is not limited to the sector directly supported is prominent in the EU’s rationale.

Table 1 provides information on the progress of the Western Balkan countries in the accession process.

Table 1 SAP status, Accession status, past EU assistance and IPA assistance in the Western Balkan countries. Source: European Commission, various DG Enlargement documents.

COUNTRY	SAP STATUS	EU ACCESSION	EU ASSISTANCE	IPA
Albania	SAA: signed on 12 June 2006 pending ratification. Interim agreement on trade and trade-related measures entered into force in December 2006.	Potential candidate (Thessaloniki 2003).	CARDS allocation 2000-6: €315.5 million.	Multi-annual Indicative Planning Document 2007-2009 (MIPD) adopted in May 2007. Multi-annual Indicative Financial Framework (MIFF) ³ 2008-10 of €245.1 million.
Bosnia and Herzegovina	SAA: initialled on 4 December 2007. Signature contingent to sufficient progress in key priorities.	Potential candidate.	1991-2000: €2 billion through ECHO, Phare, Obnova. CARDS allocation 2000-6: €502.8 million.	MIPD 2007-9 adopted in June 2007. MIFF 2008-10 contains €269.9 million.
Croatia	SAA: signed on 29 October 2001. Entered into force on 1 February 2005. In the meantime from 1 March 2002 to 2005 Interim Agreement on trade and trade-related measures was applied.	Application: 21 February 2003 Candidate status: 18 June 2004 Opening of negotiations: 3 October 2005.	Fully eligible for CARDS until 2005 (€278.8 million allocated 2000-2004) but since then only for the regional component due to pre-accession (2005-6 €245 million from Phare, ISPA, SAPARD).	MIPD 2007-9 adopted in June 2007. MIFF 2008-10: €451.4 million.
Former Yugoslav Republic of Macedonia	SAA: signed on 9 April 2001. Entered into force April 2004.	Application: 22 March 2004. Candidate status: 16 December 2005.	Eligible for assistance since 1996. EU assistance has amounted to more than €870 million since 1992 through ECHO, Phare, Obnova, emergency response. CARDS allocation 2000-6: €298.2.	MIPD 2007-9 adopted in April 2007. MIFF 2008-10: €244.3 million.
Serbia	SAA: Expected mid-2008 depending on compliance with ICTY.	Potential candidate.	CARDS allocation 2000-6 (including Montenegro and Kosovo) €2559.8 million.	MIPD 2007-9 adopted in June 2007. MIFF 2008-10: €584.4 million.

³ All data for MIFF 2008-10 are a result of own calculations based on MIFF 2008-10 adopted on 8 November 2006 revised where appropriate according to the most recent Commission proposal for the envelope for Kosovo in 2008, which is included in the MIFF 2009-11 (06.11.2007).

Montenegro	SAA: signed on 15 October 2007. Ratification pending. Interim agreement will enter into force on 1 January 2008.	Potential candidate.	N/A	MIPD 2007-9 adopted in June 2007. MIFF 2008-10 €99.9 million.
Kosovo under UNSCR 1244	No contractual relations. SAp Tracking Mechanism for Kosovo (STM) established in 2002.	N/A	€1.8 billion in total EU assistance to date. Since 1999 €1.1 billion through CARDS included above under Serbia.	MIPD 2007-9 adopted in June 2007. MIFF 2008-10: €258.1 million.

Cards

The Community Assistance for Reconstruction Development and Stabilisation (Cards) was launched as the main financial instrument to support the SAP. The legal basis of the Cards programme is to be found in Council's Regulation 2666/2000. There it is foreseen that Community assistance should be expanded and redirected to address the EU's objectives in the region and most importantly to accommodate the SAp. One of the first aims named in Article 2 is: "the creation of an institutional and legislative framework to underpin democracy, the rule of law and human and minority rights, reconciliation and the consolidation of civil society, the independence of the media and the strengthening of legality and of measures to combat organized crime". For each country a strategic framework - provided in the Country Strategy Paper- multiannual indicative programmes and annual action plans, constitute the basis of programming. The programme covers a broad range of sectors such as justice and home affairs, economic and social development, environment customs, transport and energy and finally, administrative capacity building which is the topic of this study.

Nominally, the CARDS programme began in 2000, but it was in 2001 that it became operative under its own principles, as in the first two years assistance was streamlined towards the large backlog of actions from PHARE and OBNOVA. In its early years it served the immediate goal of reconstruction later it shifted its focus, to capacity building and home and judicial affairs. The programme has also undergone a major shift in its focus. In the first years, eminent problems of reconstruction and stabilization of democracy were prioritized, but in later years -depending of course on the country or entity- as the emergency situation subsided institution building and justice and home affairs have come to the fore.

Furthermore the programme has undergone two major evaluations, both submitted in 2004; the first dealt with implementation of assistance under the Cards regulation based on the DAC criteria of relevance, effectiveness, efficiency, impact and sustainability while the second assessed assistance under the European Agency for Reconstruction (EAR) and recommend about its future (CARDS Evaluation 2004; European Commission 2004).

Cards differs from Phare in some respects: it contains a regional component and has a dual management system -and that system has both its merits and weaknesses-, management is partly deconcentrated in the form of EAR (now defunct European Agency for Reconstruction, responsible for FYROM, Serbia, Montenegro and Kosovo) or exercised by the EU delegations in the other national capitals. It was not a pre-accession instrument in a strict sense and its role in Croatia was reduced, the only WB country with prospects of membership in the near future, through the restricted eligibility to the regional cooperation scheme after the award of the candidate status. Moreover Cards was perceived as pushing high intensity institution building -whereby the aid provider becomes sufficiently engaged with local institutional actors, to identify specific obstacles to reform and develop solutions adapted to local circumstances- (Chandler 2006). Exemplified by the Phare twinning programmes, high intensity institution building under Cards was seen as bypassing accountability in pursuing a top-down external regulation of internal affairs.

On the other hand, many of the Phare's weaknesses manifested themselves in Cards too. The lack of strategic guidance and support to public administration, understaffed and untrained bureaucracy that hindered the implementation of the programme, a prevailing pattern of centralization, lack of ownership and top-down approach quickly worked to undermine many of Cards's innovative elements. The regional component, not only was meagrely funded but suffered from the low level of institutionalisation and motivation for regional initiatives (CARDS Evaluation 2004). Furthermore the Cards institution building programme was seen as broad and horizontal and thus not pursuing any specific goals in a pre-accession context, failing to reconfirm EU's commitments (European Stability Initiative 2005; Bushati 2007). It would not be irrelevant at all to attribute some of the obstacles institution building in the Western Balkans had to face, to the prevalent practices of state capture and the seasonal character of public administration.

Croatian responses

Croatia has experienced fundamental political, social and economic changes since it declared independence from the SFRY in 1991. These correspond to three broad phases: a) from 1991 to 1995 war mobilization and state-building were the dominant trait b) from 1996 until the death of Franjo Tuđman in 1999 the country kept on a path of autocratic rule, return to traditionalism and international isolation and c) from 2000 momentum for European integration culminated in the candidate status in 2004 and the candidate status in 2005 (Goldstein 1999; Vlahudin 2004). For a comparative presentation of these developments with those of EU policy and the Western Balkans see table 1 and figure 1.

The Croatian administrative system is based on the Austrian model to which the socialist administrations added the centralised control of the party. This has in a sense facilitated the

country's harmonisation with EU's norms in the administrative sphere. According to OECD/SIGMA (SIGMA 2004) this legalistic bureaucratic culture may be a mixed blessing as it could provide a basis for promoting reliability in the public sector, but formal legal procedures may delay reform efforts. In addition, the process of achieving administrative development based on the traditional Weberian model has been portrayed as desirable by some scholars. For Koprić a well-documented, impartial, ethical, professional and efficient public administration should be sought first and reforms following the new public management and good governance should follow. He also proposes as an intermediate path the implementation of "minimising reforms" to narrow the public sphere and expand the scope for private initiative (in Petričić 2007). However during the first period of transition there was a tendency towards re-establishing national administrative traditions, a situation which is to some extent valid until today. In recent years Croatia has become an increasingly successful candidate for accession to the EU, which is estimated to happen around 2011. Despite the recent progress Croatia was seen as an outcast during the 1990s. The country's first president, Tuđman followed a policy of state building based on hard-line nationalist views, which inevitably meant that the country was deeply involved in the Yugoslav wars as one of the main belligerents. In the field of public administration war-time Croatian governments followed a discriminatory policy and constitutional and many rights of representation of minority groups in the administration were suspended (Koppa 1994).

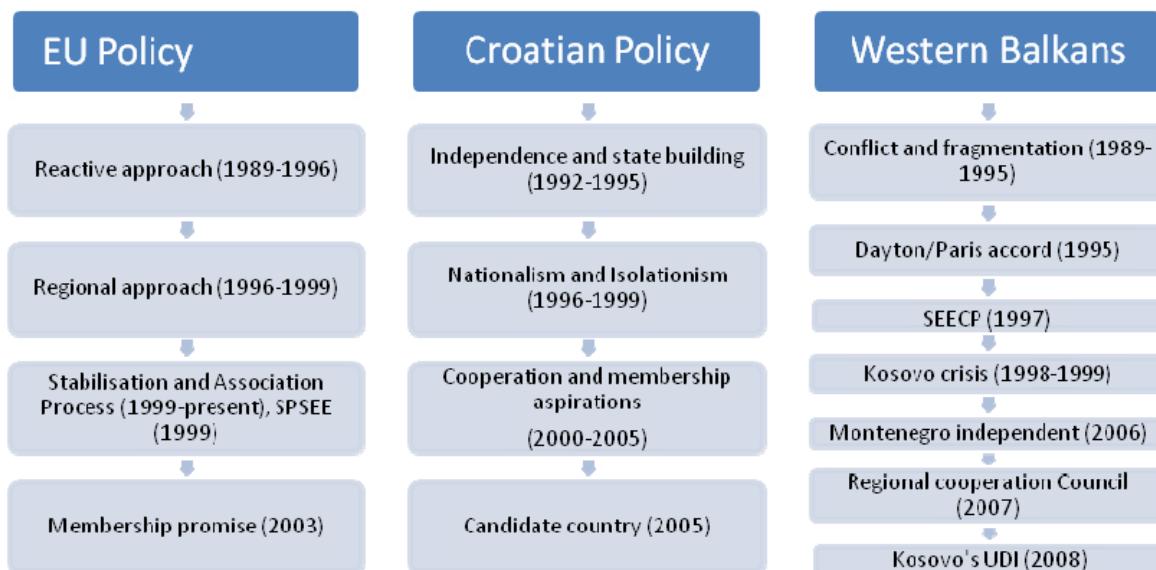


Figure 1 Main phases of EU and Croatian policy and major developments in the Western Balkans

The death of Tuđman in 1999 marked the end of the era of violent state-building and signified Croatia's commitment to the European integration, and improvements in the field of human rights and rule of law. It has been recognized that "the smoothness of transitions after the collapse of the coalition in 2002 and after the elections 2003 suggests that respect for democratic institutions in

the ‘new’ post-SFRY and post-Tudjman era has taken root” (SIGMA 2004). Following acknowledgement of compliance with the ICTY, the country gained candidate status in 2004 and entered a new period of wide-ranging reforms to comply with EU membership criteria. Changes in the system of government included the abolishment of the previous semi-presidential system and one of the two chambers of the parliament (SIGMA 2004). The legal framework for the organization of the state administration is provided by the constitution (last amendment 2001) according to which holders of public powers are responsible to the parliament and access to civil service is open for all citizens (Article 44). Organisation operation and decision-making are regulated by law except for internal organisation of ministries which is in government’s authority. The first substantial step towards public administration reform came in the form of a Croatian Government Action plan in 2000, which aimed at preventing further expansion of public administration, decentralization and strengthening local and regional self-government, horizontal decentralization delegating some public administration affairs to independent non-governmental organizations (Vidačak 2004).



Figure 2 Paths of political-administrative reform and compliance with the EU.

The CARDS programme had been instrumental in public administration reform in Croatia. Petričušić suggests that unlike other cases where funds granted by the CARDS programme were not utilised due to administrative incapacity, numerous programmes have been implemented under CARDS aimed at increasing administrative capacity (Petričušić 2007). A task force on Public Administration

reform was set up and worked closely with the CARDS PAR and civil service reform project centered on the Ministry of Justice, Administration and Local Self-government, the Ministry of European Integration and the Ministry of Finance were the three potential reform drivers. The CARDS PAR project has been targeted at developing the foundation for public administration reform through the development of draft legislation for a new Law on the Civil Service.

As the OECD/SIGMA report notes, in fact only the Ministry for European Integration had sufficient staff to take up the task. Finally one of the most important institutional outcomes of the CARDS programme was the government's decision to downsize the Ministry of Justice and create an Office of Administration responsive to the Prime Minister in 2004, to assume overall responsibility for driving and coordination PAR, thus acknowledging perhaps the complexity of coordination of public administration reform between three ministries. However the European Commission's 2006 Croatia progress report emphasized that the administrative and management capacity of institutions in charge of public administration reform in Croatia, particularly the Central Office for Administration is not yet sufficient. The SIGMA report criticized what it called "many strategic documents, but no strategy" and the "very fragmented system" which is due to the multiplicity of structures of the policy-making and coordination process.

Two explanation attempts

The preferences and strategic choices of the domestic and external actors involved in the pre-accession assistance decision and policy making, management and implementation can be parsimoniously explained by a rational choice approach. These actors include the government either as a whole or as sectoral ministries and specialist government agencies with functions related to the management and implementation of the funding, the parliament, the European Commission and the European Commission Delegation, the public administration, neighboring countries, regional, local and civil society actors and capacity builders (consultants, twinnings and seconded national experts). As one of the mechanisms of Europeanisation (Grabbe 2003), pre-accession assistance creates opportunities and constraints for domestic and external actors, thus it is possible to see their preferences under the light of reform stimuli emanating from Cards. These preferences are shaped by calculations of cost (calculus approach) from each individual or collective actor. The number of veto players is also critical, as multiple veto players, institutional or factual would generally erect more barriers to Cards-induced reform as they strive to defend the status quo against an unwanted outcome⁴ (Tsebelis 2002). In addition each actor's choices are bounded by informational asymmetries which are often used to the advantage of the more informed actors.

⁴ Tsebelis notes that the effect of multiple veto players is policy stability and empowerment of judiciary and bureaucracy but in a case such as Croatia this is likely to lead to institutional inertia and lack of reform.

The Croatian government's choice with regard to some of the Cards's outcomes has been one of half-way compliance. A relevant example is that of a National Strategy for Regional Development (NSRD) which was initiated under the Cards 2002 programme 'Strategy and Capacity Building for Regional Development' to be finalized in 2005 (Budak, Alibegović et al. 2004). It was expected that this strategy would bring the country in line with the principles of EU Regional policy and would put local actors at the heart of the development effort in their region following a holistic, coordinated and inclusive approach (Fröhlich 2006). However as yet it has not been officially approved as it is currently still in consultation phase (NPIEU 2008). The adoption of this strategy would assign a larger role to local and regional stakeholders and change the rules on national regional development funding. The government preferred to delay the process to a future time because it considered that the cost of forsaking the practice of ad hoc regional support to political constituencies and weakening its gatekeeping role with regard to the funds allocated to regions outweighed the benefits from reform.

The government ministries will often have a coordinating, beneficiary or implementing role. Administrative capacities are different between different ministries. Moreover, their interpretation of the government's agenda can be liberal, minimalistic or static dependent on a sectoral bias. For instance a ministry of Employment would emphasize the role of human resources in institutional capacity building while a ministry of Justice when assigned a coordinating role in administrative capacity building is likely to adopt a more legalistic, rule-based approach (Eriksen 2007). Besides, a ministry may remain uninvolved in the pre-accession assistance if it judges the adaptations necessary too costly (e.g. in terms of resources to be allocated, novelty of procedures) and the gains rather limited (e.g. low volume of support). In Croatia, interministerial coordination is often absent and although this situation increases the autonomy of individual ministries it is often detrimental to the success and sustainability of pre-accession projects.

The public administration is neither a homogeneous actor nor it has clearly articulated choices. Politicisation of the civil service would ensure direct control on bureaucratic procedures, while a rigid hierachic and centralized system would suppress any scope for initiatives stemming from lower ranks. High staff turnover weakens administrative capacities of departments and agencies dealing with pre-accession assistance while the overly bureaucratic tasks involved in the process would make public service employees unwilling to become involved.

The Croatian parliament (Sabor) is an institutional veto player which can vote or reject legislative proposals not least with regard to pre-accession assistance and its outcomes.

The European Commission and the European Commission Delegation exerts an important role in the management of implementation assistance. Its own administrative capacities are important especially if it is noted that it faced staffing issues in the beginning of Cards implementation (CARDS Evaluation 2004). Under the centralized system of Cards, the Commission (through the delegation) holds the management of the assistance (veto and agenda setting powers) while when

moving to a Decentralised Implementation System (DIS) it still holds an *ex ante* control (veto player). In 2005-2006 the Commission blocked the funding of pre-accession assistance to Croatia because of the weaknesses of the DIS (European Commission 2005). The European Commission is perceived as a unitary actor; although strategic choices are common, differences of interpretation may surface especially between (and within) directorates general or between the European Commission and the European Commission Delegation. The lack of a clear voice can only add to the confusion about what needs to be done in terms of administrative capacity building.

The application of the conditionality principle on behalf of the Commission, is a mixed blessing and not always administratively efficient. For instance, the EU's identification with the ICTY conditionality may have resulted in successful persecution of war crimes suspects but the leverage had implications on pre-accession assistance and administrative progress. On the other hand the rewards for compliance with the ICTY may have gone beyond what is justified by the current level of progress in administrative reform and undermine the strength and credibility of conditionality in this field.

The Croatian counties (21 *zupanije*-NUTS III level), which constitute a regional tier of self-government are administratively weak and lack responsibilities to shape their own development policy. The results of twinning and technical assistance have not been evenly diffused across the country. Interventions tend to be centered on the capital enhancing administrative capacities of the national administration. This may be an intended outcome based on a centralized approach to capacity building. In addition the core counties and central administration have benefited from the gatekeeping role of the national government with regard to pre-accession support⁵. Exceptions to this rule are counties which can use their ties to EU member states (Istria, Varazdin, Medimurje) and their subnational representation offices in Brussels⁶, in order to voice their concerns and empower their position (javno.com 2008; Croatian Regions Office 2009). As a matter of fact cross-border cooperation has been most successful in the counties of Istria, Medimurje and Varazdin. NUTS II level regions have recently been created for statistical purposes but they do not constitute a regional level of governance (European Commission 2008).

⁵ Similar with Bache, I. (1998). The Politics of European Union Regional Policy: Multi-Level Governance or Flexible Gatekeeping? Sheffield, Sheffield Academic Press.

⁶ In 2007 the Istrian county established an office in Brussels. This was followed by a Croatian Regions Office established under the initiative of the Varazdin County Development agency representing the counties: Dubrovacko-neretvanska, Primorsko-goranska, sisacko-moslavacka, varazdin, vukovarsko-srijemska, Zagrebacka; the cities of Bjelovar, Delnice, Karlovac, Koprivnica, Rijeka and the Varazdin County development agency as well as the Visnjian development agency.

Many EU member states take an interest in the pre-accession process in Croatia. Italian support and technical assistance would have an impact on administrative capacity in the county of Istria. Slovenia would likely voice its position on the territorial dispute with Croatia in the EU organs. Netherlands and Britain have followed a stringent approach on the ICTY conditionality. Besides, Croatia can use regional alliances with EU member states in order to exert an influence on EU decision making and gain information on policy developments and courses of action with regard to EU pre-accession assistance.

The IFIs present in Croatia (World Bank, IMF, OECD, EBRD etc.) pursue their own agenda and conditionality. Ideally, communication between them and the EU would ensure a division of labour, synergies and collaboration between their interventions. However as Croatia is in advanced stages of the pre-accession process their conditionality loses ground vis-à-vis that of the EU in view of the overarching goal of accession.

On the other hand a sociological institutionalist approach could emphasise facilitating factors and obstacles to administrative capacity within the capacities of the Croatian public administration bodies, departments or agencies, and explain the intricate effects of the pre-accession instrument especially those related with learning and socialization. National political culture and administrative culture and traditions should be taken into account by both approaches.

The twimmers, seconded national experts, consultants and capacity builders in general are an important group of actors even in the sense of the rational choice approach although with not clearly defined common preferences. They are likely to be reproducing ideas, norms and prescriptions for capacity building they have gained during their formal and empirical training. However it is debatable to suggest that transnational socialization takes place among these experts and that it is likely contribute to convergence of opinion with regard to perceptions of problem areas. Defining such groups as epistemic communities should depend on further empirical research. Besides, foreign capacity builders are often dealt with caution from their interlocutors in the Croatian public administration. In a number of occasions Technical Assistance was used as a substitute of staff. Finally, foreign experts tend to be based in core areas (Zagreb) and therefore there is a lack of expert advice in the counties. Besides, they may be often unaware of regional variations and they may have weak knowledge of the local circumstances beyond the capital.

Similarly another group which could benefit from transnational networking can be found within the Croatian public administration, especially in government agencies which have been set up for the purpose of overseeing reform in a sector (CSOA) or those entrusted with strategic programming, coordinating (CODEF), managing and implementing, and contracting (CFCU) pre-accession assistance interventions. It can be argued that frequent contacts between Croatian officials in these bodies and European Commission officials or EU experts could lead to the development of a set of values, rules, norms, an administrative culture, and bonds of trust among these officials based on a common definition of administrative concepts and courses of action and more

importantly a logic of appropriateness (Börzel and Risse 2003), a persuasion about a common ideational set on what needs to be done in terms of building administrative capacity. Lewis has explained how a similar mechanism works in the case of COREPER (2003), while Martens analysed a similar process in National Regulatory Agencies (2005), and Trondal and Jeppesen at EU agencies (2008).

In Croatia, some 250 central administration staff are involved in the management of EU funds, 100 of which on a daily basis (Dvorni and Frkić 2008). Within that number, a handful of higher ranking officials participate in the accession negotiations of relevant chapters as national representatives. However, the existence of supranational socialization forces between the Croatian and EU officials is highly debatable especially as Croatia is not yet a member of the EU and the two sides find themselves defending opposite positions in the negotiation process. Furthermore, in the Croatian context, the emergence of such an epistemic community with a mindset conducive to reform and administrative capacity building can be seriously undermined by the continuous staff turnover and the rampant politicization of the civil service.

Nevertheless, a learning aspect of this socialization process is evident among Croatian officials. Leonardi (2005), stressed the positive role of the structural funds and pre-accession assistance for learning. This is definitely important in terms of the success of pre-accession assistance in strengthening administrative capacity building. Thus, a consensus on the definition and policy prescriptions for administrative capacity building can take place. Familiarisation with EU systems and procedures, acquiring skills and expertise from twinning and technical assistance could growingly become a characteristic of this group of officials. However, even if the Croatian administration manages to tame the turnover rate (and recent reforms for more competitive remunerations in the CFCU are in this direction) there are still many other obstacles to overcome such as the lack of inter-institutional coordination which inhibits spillovers and the spread of sufficient administrative capacities. Again there are varying interpretations of this as the view from Zagreb is that the limited size of pre-accession assistance does not justify engaging the wider public sector in the system of EU assistance since it would lead to suboptimal resource allocation (Dvorni and Frkić 2008).

Consequently, the learning effects of pre-accession assistance are particular to some nascent areas of excellence in the public administration. What still remains to be proven is if the decision to create these specialist agencies -directly influenced by the pre-accession assistance instruments- had a net benefit for the public administration and did not lead to a depletion of capacities of their parent institutions: CODEF was previously a subdivision of the Ministry of Foreign Affairs and European Integration, CSOA was detached from the Ministry of Justice. In the case that inter-institutional coordination has been strong and contacts with the parent institution intense the question is if the chances for learning and diffusion of administrative capacities were higher as a

part of a bigger institution even at the cost of bureaucratic and procedural delays this would entail in the everyday administrative process.

Conclusion

Research on Europeanisation has dealt with Enlargement-induced transformation in the candidate countries. However until recently the focus was on CEEC rather than the SEEC and was often bypassing the role of financial assistance in bringing about reform in the candidate countries. This essay has tried to identify the link between Europeanisation research and the study of the effects of pre-accession instruments particularly in the field of administrative capacity. In doing so it used Börzel's inclusive definition of Europeanisation and provided a working definition of administrative capacity as a starting point for conceptualization. It proposed a two-fold approach to the study of Cards induced Europeanisation in administrative capacity. The first part employs rational choice institutionalism focusing on the actors involved in this process, while the second follows the logic of sociological institutionalism in explaining the role of social, cultural and normative aspects particular to public organizations in institution building.

Moreover the paper provided an overview of the Europeanisation of the Western Balkans, which has known three phases so far: denial, acceptance and engagement. Based on relevant literature, it has approached the SAP critically stressing its strong points as well as its inconsistencies both in its own right and in comparison with the general strengths and weaknesses of Cards. Subsequently, the context of the main case study of Croatia was presented, especially with regard to the country's efforts to leave behind an era of nationalism and isolation in exchange for closer integration with the EU. Furthermore the essay discusses developments in Croatia, which came as direct or indirect outcome of pre-accession assistance. This discussion is done in an exploratory sense in order to disclose the merits of each of the two lines of argumentation, namely rational choice and sociological institutionalism.

Finally the discussion conveyed two main messages: the first pertains to the realization of the multiplicity of actors involved in Cards and their different agendas and the critical role of some of them (agenda setters, veto players) in administrative capacity building, while the latter stresses the role of Cards in initiating a learning process of administrative capacity building. In addition claims made here are corroborated by the literature, which stresses the detrimental effects high staff turnover rates and politicization for the public administration in Croatia.

In conclusion, the conceptual framework proposed in this study could be applied to the study of administrative capacity in the Western Balkans, not only in Croatia. However further research should build on the operationalisation of terms and ways of measuring the performance in the various components of administrative capacity and discuss methodological implications of this. A study of administrative capacity in the Western Balkans could also draw on the theory of public

administration and organization theory as well as the political science research in the fields of corruption, politicization and other malpractices.

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