



TAIEX

Main characteristics and implementation in Iceland

Gyða Einarsdóttir

Lokaverkefni til MA-gráðu í alþjóðasamskiptum

Félagsvísindasvið



HÁSKÓLI ÍSLANDS

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Ritgerð þessi er lokaverkefni til MA-gráðu í alþjóðasamskiptum og er óheimilt að afrita ritgerðina á nokkurn hátt nema með leyfi rétthafa.

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Útdráttur

Markmið þessarar ritgerðar er að varpa ljósi á hvað TAIEX (Technical Assistance and Information Exchange Instrument) er og fjalla um innleiðingu þess á Íslandi. TAIEX er eitt þeirra úrræða sem standa umsóknarríkjum Evrópusambandsins (ESB) til boða til að aðstoða þau við að mæta þeim kröfum sem ætlast er til að búið sé að uppfylla þegar gengið er í Evrópusambandið. Aðstoðin er aðgengileg meðan á umsóknarferlinu stendur og er hluti af fjölþegaáætlunum IPA (Instrument for Pre-accession Assistance Multi-beneficiary Programmes). Nokkur umræða hefur verið um þetta tæki í tengslum við svokallað aðlögunarferli. Takmörkuð þekking er hins vegar til staðar á Íslandi á TAIEX og er ritgerðinni ætlað að bæta þar úr. Í henni er TAIEX lýst, hugmyndafræðinni sem það er sprottið úr, tilgangi þess og hvernig það hefur verið innleitt. Einnig er fjallað um innleiðingu þess á Íslandi. Þá er gerð grein fyrir því umhverfi sem ríkir á Íslandi í stjórnámálum og innan stjórnsýslunnar, sem TAIEX er nú hluti af, og umsóknarferli Íslendinga hingað til. Verkefnið er „skrifborðsrannsókn“ (secondary research) sem felur í sér greiningu á birtu efni, svo sem fræðiritum, skýrslum, lögum og reglum.

Abstract

The goal of this dissertation is to explore what TAIEX (Technical Assistance and Information Exchange Instrument) is and address its implementation in Iceland. TAIEX is one of the means of assistance made available to applicant countries by the EU to help them meet the demands of accession. The assistance is available for the duration of the accession process and is a part of the IPA (Instrument for Pre-accession Assistance) Multi-beneficiary Programmes (MBP). There has been some debate on whether or not to accept pre-accession assistance in Iceland, TAIEX included. There is limited knowledge of TAIEX in Iceland and a need to improve that. This dissertation is intended to do that. This development project is described, including the ideology it is derived from. Finally, its implementation in Iceland is described along with a description of the political and administrative environment TAIEX is now a part of, and the accession process so far. The dissertation is a secondary research that includes analysis of previously published literature.

Preface

This dissertation is the conclusion to a Masters degree in International Relations at the Faculty of Social Science of the University of Iceland and is 30 ECTS credits. It is a secondary research, intended to describe the EUs' Technical Assistance and Information Exchange Instrument (TAIEX) and its implementation in Iceland. What is TAIEX? How and why was it founded and how has it evolved over the years? How have other countries benefited from TAIEX assistance? How will it be adapted as part of the EU accession process in Iceland?

The dissertation was written under the guidance of Ambassador Högni S. Kristjánsson, Director at the Directorate for External Trade and Economic Affairs at the Ministry for Foreign Affairs in Iceland and Ómar H. Kristmundsson, professor of Political Science at the University of Iceland. To both I would like to express gratitude for their assistance and guidance. Also I would like to thank Elva Ellertsdóttir and Baldur Þórhallsson for their advice and support during these years studying International Relations.

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1. Introduction

Iceland applied to become a member of the European Union (EU) in July of 2009. Since then it has become clear that the public administration must adjust to new requirements and procedures appended to the accession talks. A large group of people from within the administration and the Icelandic negotiating groups is now mapping, through the screening process, Iceland's interests, gaps in legislation, which institutional reforms are necessary and other issues that must be addressed regarding pending negotiations with the European Union. Simultaneously another smaller group is trying to figure out how Iceland can, with minimal cost to the taxpayers and in the least amount of time, meet the requirements of this process. The EU has presented Iceland with several options of assistance available to the administration during the pre-accession phase.

The European Union's enlargement policy has developed in such a way that the demands of candidate countries (CC) and potential candidate countries (PCC) to align with the *Acquis communautaire* (*acquis*) before accession have become stricter than before. To meet the needs of the CC and the PCC the Union has developed over the years tools and means to assist them in this process and now all assistance is under the Instrument for Pre-accession Assistance (IPA). One of those tools is the Technical Assistance and Information Exchange Instrument (TAIEX), a programme managed by the EU to help CC and PCC get access to expert advice from all over Europe with no expenses for the beneficiary. In Iceland the demands made are not as onerous as for the other candidate countries. This is due to Iceland's long time participation in the European Economic Area (EEA) Agreement, the Schengen Area and other European cooperation. Hence, it is not assumed that the accession process will take a long time.

The application is not unanimously supported in Iceland and while one of the two political parties in government leads the application process, the other one opposes it. Those who oppose accession have also taken a stand against accepting financial assistance from the EU and this has complicated the pre-accession assistance process in Iceland. In order to assess if Iceland should accept assistance from the EU we must first understand what it entails and what can be gained from it. To reach this understanding we must look at the means

available and the experience of other countries and compare these findings with Icelandic reality.

The main goal of this dissertation is to describe TAIEX and its implementation in Iceland. To do so, there are a few preliminary questions that need to be answered as well:

- What is TAIEX?
- How have other countries benefited from TAIEX assistance?
- What domestic elements influence TAIEX application in Iceland?

The objective is to have, at the end of this dissertation, an overview of TAIEX that can be informative to those who have no previous knowledge of the subject and that the readers can base their opinion on whether accepting TAIEX assistance provides any added value to the workings of the Icelandic Public Administration. Also there should be an understanding of why TAIEX functions are to some extent different in Iceland than in other beneficiary countries.

In this dissertation the question of whether or not Iceland should join the EU is not under consideration. Iceland has applied for accession and it is assumed that by doing so there was an expression of will to join the EU and a commitment to go through with the negotiation process all the way to the national referendum. Another assumption is that while negotiating, every attempt will be made by the Icelandic Public Administration, to be well informed of all things relevant to making the best possible case for Iceland. Hence it is assumed that gathering information and making it easily accessible is beneficial.

The dissertation is based on secondary research (also referred to as a “desk research”). There is much available literature on TAIEX and its functions but little data containing evaluation of the experience others have had with it. The bulk of literature concerning TAIEX is in the form of documentation, administrative documents, archival records and formal studies and evaluations conducted by the EC for their own use rather than academic purposes. There is some academic literature when it comes to the political situation in Iceland and the Public Administration. There is minimal formal data on the current government in Iceland and therefore the media must be relied upon as the main source of information in that field. Gathering data this way has the benefits of being

unobtrusive and exact while on the downside there is always the risk of bias, both when it comes to selecting data and reporting it.¹ There is of course always the chance of the media being biased and not accurate but I hope to avoid this by not referring to anything from the media I do not know to be true from other reliable sources.

Since TAIEX is not a very well known entity in Iceland, even after it became available to the country, it is not surprising that there is no domestic literature on the subject. In addition it is difficult to argue that an important topic has been overlooked since until now it has barely been relevant to Iceland. It is an important topic to explore since there is no academic literature available on this subject.

This analysis has traces of both positivism and phenomenology. The main thread in the dissertation is TAIEX and it will be described through its workings. However, it is impossible to come to any conclusion of whether TAIEX can be beneficial for Iceland without putting its workings in a social context. The methodology will be based on qualitative methods since, in the end, it does not matter what TAIEX can do in itself, it always comes down to the people. TAIEX is a tool to be used to help solve problems but not the solution itself. So it is how the tool is used that is the issue at hand. My experience while working within the Icelandic Public Administration confirms the design needs to be flexible and additional data may have to be collected on the basis of lessons learned throughout the review.²

The structure of the dissertation is as follows: Chapter two contains some basic description of EU enlargement for a reference knowledge base. Actors of the enlargement process will be introduced, as well as a detailed overview of EU pre-accession assistance. The reason for this detailed description lies in the fact that TAIEX has a unique status in Iceland and will be in some ways taking over some of the tasks usually assigned to other kinds of assistance within the IPA framework. In chapter three the tools of technical assistance are presented and special focus given to TAIEX in an attempt to answer the first preliminary

¹ Yin, Robert. 2009.

² Taylor, Steven J. and Bogdan, Robert. 1998.

question; What is TAIEX? TAIEX beneficiaries and their experience with TAIEX are in the forefront of chapter four where an attempt will be made to answer the second preliminary question; How have other countries benefited from TAIEX assistance?

Chapter five gives an overview of the domestic background TAIEX is up against in Iceland. The situation is complex so the overview will only scrape the surface, but it is necessary for context purposes and to answer the last preliminary question: What domestic elements influence TAIEX application in Iceland? In the final chapter the contents of this dissertation will be summarized and brought together in order to describe TAIEX's main characteristics and its implementation in Iceland. Lastly, there will be reflections and recommendations.

1 EU Enlargement

When the European Economic Community was founded in 1957 the member states were 6 and their population was less than 200 million. For over 50 years the European integration has deepened simultaneously with the enlargement of the Community, which is now called the European Union. Today the population is closer to 500 million living in 27 member countries. The values the EU is based on are the cornerstone of its continuous and so far successful enlargement. Peace, freedom, democracy and the rule of law has from the start been the foundation of the European Community.

Since the evolution of the European Community of 6 to the European Union of 27 was not anticipated from the start, adjustments have had to be made along the way. Mistakes have been made along with successes during the integration of states into the union. The question of how big the EU can get, before it stops living up to its commitments towards its Member States, has been debated but not yet answered. In June 2006, EU leaders agreed that, even though it would not be a precondition for membership, future enlargement would take the union's capacity to absorb new members in to consideration in future enlargement.³ Currently the EU is negotiating with a number of states who have applied for membership and others have shown interest in seeking candidacy. A great deal of attention has been put into the enlargement process to ensure the best result for all parties involved.⁴ Not all countries can aspire to become members as is shown in the conditions set for application in the Treaty of the European Union:

Article 2

The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail.⁵

³ European Union. 2010.

⁴ European Commission. 2010b.

⁵ Treaty on European Union. 2010.

In addition, article 49 of the Treaty states that: "Any European State which respects the values referred to in Article 2 and is committed to promoting them may apply to become a member of the Union."⁶ The application process takes time and commitment on behalf of the country applying as well as from the Union. Becoming a member of the European Union is a voluntary process. However, it must be mutually beneficial for both the applicant state and the EU. When the EU adds members, its position on the global stage is strengthened and the countries enter the EU in hope of political and economic stability. The same methodology applies for all applicants today but their progress and speed of accession is based on the countries' own merits.⁷

The end of the communist regimes in Central and Eastern European Countries (CEECs) created an opportunity for these countries to confirm their independence and re-join their neighbours in the western part of the continent. This included applying for membership in western organisations such as the NATO, the Council of Europe and what was then the European Community.⁸ It was sensed throughout the European Community that these political and economic changes taking place in the vicinity would have implications and likely lead to enlargement of the Community.⁹ Therefore, preparations for enlargement began almost as soon as the Berlin Wall fell in 1989. In May 2004 the EU grew from having 15 Member States to 25 and in 2007 two more were added. This fifth enlargement of the EU, from 15 to 27, has been called the 'Eastern enlargement' even though the new members also included two small countries in the Mediterranean.

Even though East Germany only became a member through being a part of the Federal Republic, German reunification represented the first accession of a former communist country into the European Community. The Member States realised that the enlargement process would consist of various steps and take considerable time.¹⁰ Every time a new member enters the EU it changes the geopolitical context of the continent. Hence, enlargement is first and foremost a

6 Treaty on European Union. 2010.

7 Verger, Myriam. 2010.

8 Verdun, Amy and Croci, Osvaldo. 2005.

9 Avery, Graham and Cameron, Fraser. 1998.

10 Verdun, Amy and Croci, Osvaldo. 2005.

foreign policy action even though it is mainly reached through domestic politics rather than with traditional foreign policy instruments.¹¹ Though the EU has been criticized for not having a long-term strategic vision of Europe, it has made significant contributions in the shaping of the post-Cold War order in Europe. Prosperity, democracy and security has been spread to the former communist countries by the mere prospect of enlargement. Through this the EU has, not to everyone's liking, been influencing domestic and foreign policies of countries aspiring to join the Union and thus setting the norms of behavior for the countries.¹²

The first steps to ease relations between the newly democratic countries and the European Community were the 'Europe Agreements'. They were intended to make trade among the countries of East and West run smoother. In 1993 the Heads of State and Government of the then twelve Member States (MS) met at the Copenhagen summit and set the terms for the enlargement process.¹³ Before negotiations start the applicant country must meet a core of criteria. These are often referred to as the Copenhagen Criteria. It was set out in 1993 by the European Council and states that a candidate country (CC) must fulfil three conditions. First, its institutions must be stable and guarantee democracy, human rights and respect for and protection of minorities. Second, the country must have a functioning market economy, as well as the ability to cope with the pressure of competition and the market forces at work within the Union. And lastly, the country must have the ability to assume the obligations of membership, in particular adherence to the objectives of political, economic and monetary union.¹⁴ An amendment was made to this in Madrid in 1995 to clarify that a candidate country must also be able to put the EU rules and procedures into effect.¹⁵ This means that a candidate country must have the capacity to adapt its administrative and judicial structures so as to transpose, implement and enforce EU laws.

11 Hill, Christopher & Smith, Michael. 2005.

12 Hill, Christopher & Smith, Michael. 2005.

13 Verdun, Amy and Croci, Osvaldo. 2005.

14 European Council. 1993.

15 European Council. 1995.

For the EU's part, it must ensure that its institutions and decision-making processes remain effective and accountable when new members are integrated. It has to keep the ability to implement common policies in all areas and be in the position to continue financing them without putting sustainability at risk. All conditions must be met before a country can move forward. If all goes well this should bring simultaneous benefits to the EU and the members to be.¹⁶

In all cases, the countries who have applied for membership have already had a strong bilateral relationship with the EU before handing in their application, though the application itself is considered to be the official starting point of the accession process. The application is submitted to the Council and based on the European Commission's formal opinion a decision is made whether or not to start negotiations - this decision must be unanimous. Presently there are four Candidate Countries apart from Iceland; Croatia and Turkey have been negotiating since 1995, the Former Yugoslav Republic of Macedonia has not yet started negotiations and in December 2010 Montenegro was given candidacy status. The other Western Balkan countries are all potential candidates and have been promised the prospect of EU membership when they are ready.¹⁷

1.1 Actors of the enlargement process

The actors of the enlargement process are many and all have their roles to play. The candidate country is the lead, so to speak. The European Commission (EC) is an intermediary between the CC and the EU and communicates to the CC the EU's expectations and vice versa. The EC provides reports, draft positions and information presented formally as well as informally. The Commission is divided into several departments classified according to the policy they deal with. The departments are known as Directorate Generals (DGs) and each MS has one director heading a DG. The Directorate General for Enlargement (DG ELARG) is responsible for the overall coordination of the enlargement process and seeks expertise in the sectoral DGs, so-called line DGs. All Member States have their roles that could be described as opposing lead since the CC is ultimately negotiating with them. Their voices are heard through the Council of the European Union (Council) where they negotiate and sign the accession treaty

¹⁶ European Commission. 2010b.

¹⁷ European Commission. 2010b.

once a consensus is reached. They also provide assistance to the candidate country throughout the accession process through various means.

The Council has a special enlargement working group (COELA) where reports, draft positions and information are discussed. Once the MS agree decisions are sent onwards to the Committee of Permanent Representatives, ambassador level (Coreper II) where decisions are scrutinised and guidelines, options and other solutions are suggested, if it is thought necessary. The penultimate stage of the process is the Accession Conference which acts as the forum or platform for the accession negotiations. The official opening and provisional closing of chapters once requirements are filled take place there. Accession Conferences are chaired by the country which currently holds the EU presidency, and the CC participates. Finally, the European Parliament gives its assent after negotiations are finalised.¹⁸

1.2 The Accession Process

Applying to be a member of the European Union is straightforward. What has to be done in the wake of submitting the application is another matter. For most countries aspiring to become a part of the European Union many changes have to be made on all levels of administration and infrastructure. This process can be difficult and costly. In order to get as much done in as little time possible, CCs, as well as Potential Candidate Countries (PCC), have sought guidance from states who are already members. The purpose of pre-accession assistance is to support countries in their transition from Potential Candidates to Candidate status and finally to membership of the European Union.

There are a number of issues the members to be must become acquainted with and knowledge of these issues exists solely within the EU, whether in the member states or the EU institutions. There are matters such as Accession Criteria in all their forms (political, economic, administrative and judicial) and preparation for the programming, management and implementation of EU Cohesion, Structural and Rural development funds after accession.¹⁹ There are a number of agreements, partnerships, co-financing from international finance

¹⁸ Larsson, Helén. 2009.

¹⁹ European Commission. 2008c.

institutions, as well as participation in EU programmes, agencies and committees. There is the National Programme for the adoption of the *acquis*, progress reports, political dialogue and the topic of this dissertation; Pre-accession assistance.²⁰

Cooperation through the EU has been largely based on the members agreeing to guidelines, implemented through legislation, that they find advantageous. When a country applies to become a member of the EU it usually implies that the country in question desires the perquisites of membership. So when a country has become a formal candidate country it starts to align its legislation with the one of the EU. Regular Progress Reports are made and the stage of preparedness is evaluated by the EC and when it has reached a predefined point, it is suggested that screening should start. Since Iceland is a long time member of the EEA agreement, its legislation is very well aligned with the EU. Screening is an in-depth analysis of the *acquis*, the EU laws with which the applicant must comply. The CC receives explanations of each area of legislation, known as chapters, of the *acquis* and possible problem areas are identified jointly. The chapters are 35 in total and should cover all areas of EU and national legislation. Following this a screening report is drawn up. A negotiating position from each candidate country is formed based on the interest of the country and submitted. The Council then finalises the common position of the EU's member countries.²¹

Pre-accession financial aid is provided for Candidate Countries to assist them in preparing and introducing necessary political, economic and institutional reforms and to get them in line with EU standards. The reforms are intended to improve the lives of the citizens in the beneficiary countries. The assistance is aimed at supporting economic reform, leading to economic growth and better employment prospects. Protection of the environment and measures against crime, drugs and illegal immigration are, among other things, expected by-products of the assistance. Pre-accession assistance encourages regional co-operation and contributes to sustainable development and poverty reduction.²²

20 European Commission. 2010b.

21 European Commission. 2010b.

22 European Commission. 2010b.

1.2.1 Changes that accompany the accession process

As for the EU, the changes in the geopolitical environment in the wake of the collapse of communist regimes demanded the broadening of the security agenda. Issues such as transnational organised crime, the acquisition of force projection capabilities needed to be addressed as well as preparations for pandemics of natural causes or human agency. This security dilemma facing the MS was an incentive to provide technical and financial assistance to the regions undergoing transformations that were both economic and political in nature. The idea is that tackling inequality and deficient democracies as the roots of potential violent conflict or other threats will increase security in the region.²³ The MS also shared a sense of responsibility for the regions safety and a belief that enlargement could help in achieving that. However there is always a strong possibility that enlargement may have negative effects, on both the members and the ones aspiring to become one.

The EU has been criticized for overreacting to this possible side effect of enlargement and placing too strong a pressure on the candidate states to converge to EU norms and that internal agenda has dominated the relations of the EU towards its applicants.²⁴ However, it is always ultimately up to the applicants what changes they make. If they find that the cost of accession is too high, they don't have to join the EU and any changes made, can be reversed.

1.3 EU Pre-Accession Assistance

Pre-accession assistance is available to all countries that have applied to the EU. It is by no means mandatory but so far, all current candidate countries and potential candidate countries, as well as the countries that joined the EU in 2004 and 2007, have accepted the assistance and found it extremely useful. It does lighten the financial burden of accession and it prepares the administration for future participation within the EU framework.

Until the early 1990s the EC had only dealt with development aid programmes but not pre-accession assistance. Because of this, the first instruments of pre-accession assistance, like the Phare (Pologne et Hongrie Assistance à la

²³ Kirchner, Emil & Sperling. James 2007.

²⁴ Hill, Christopher & Smith, Michael 2005 & Zielonka, Jan 1998 & Smith, Karen E. 2008.

Restructuration Économique) programme, were centrally planned and implemented and based on the same principles and experiences as development aid.²⁵ The Phare programme was designed to assist Candidate Countries in creating institution building measures as well as measures designed to promote economic and social cohesion. These included associated investments and cross-border co-operation (CBC).²⁶

In pre-accession, investment can be in anything from environmental protection, support to small and medium enterprises (SMEs), education and employment. Cross-border cooperation is intended to reduce the negative effects of national borders and contribute to European economic and social integration. CBC prepares the CCs in terms of balancing structural and infrastructural disparities along common borders and for adopting genuine co-operation on joint or complimentary activities. A typical example of this is cross-border networking of SMEs.²⁷ This is considered very important, especially in the W-Balkans. Over the years, Phare developed and changed and people were always looking for ways to better accommodate the needs of the beneficiary countries. However, the EU was criticized for not doing enough or managing the assistance in a way that too large amounts went straight back into EU or MS pockets.²⁸

In the beginning, experts from the private sector were hired and investments were made in the office equipment necessary for project management. After a while it became apparent that large-scale investment was needed to secure the readiness of the CCs, since their needs exceeded their budgetary resources. Experience also showed that the know-how the private sector provided wasn't sufficient and, as a result, a decision was made, in hindsight not considered a very good one, to limit the recruitment of experts to MS officials only.²⁹ This was the birth of twinning, a tool still used today to help with the organising of expert assistance from a MS to a beneficiary country. In due time the lesson was

25 Mändmets, Renaldo, 2009 & Dinan, Desmond. 1999.

26 European Commission. 2010b & European Commission. 2008d.

27 MWH Consortium. 2009.

28 Zielonka, Jan. 1998.

29 Mändmets, Renaldo. 2009.

learned that both MS officials' experience and the private sector's was necessary and today both are options.³⁰

Over the years, other instruments were developed and until the year 2006 the main instruments were Phare, ISPA, SAPARD, the Turkish pre-accession instrument, and the financial instrument for the Western Balkans, CARDS. All instruments had distinct tasks and different DGs were in charge of each one.³¹ The Phare programme was under the auspice of DG Enlargement. DG Regional Policy (DG REGIO) handled the Instrument for Structural Policies for Pre-Accession (ISPA) programme, which dealt with large-scale environment and transport investment support in candidate countries. The Special Accession Programme for Agriculture and Rural Development (SAPARD) supported agricultural and rural development in Candidate Countries and was therefore under the auspice of DG Agriculture and Rural Development (DG AGRI).³² SAPARD and ISPA were created as pre-structural funds and their main goal was to prepare the acceding countries for the implementation of Structural Funds. Similar instruments were not created for the European Regional Development Fund (ERDF) or the European Social Fund (ESF). This impacted negatively on acceding countries' absorption capacity after accession and they could not utilise all the funds intended to them. They did not have the knowledge and experience to make the most of their participation in ESF in the first years of accession.³³

The relationship between Turkey and the EU dates back a decades and during their intermittent negotiations Turkey has received pre-accession assistance through special instruments which are similar to those mentioned above, similar to the Community Assistance for Reconstruction, Development and Stabilisation (CARDS) programme applied especially to the Western Balkan countries. Its objectives and mechanisms are underpinned by the Stabilisation and Association Process, which is the EU policy framework for these countries.³⁴

30 Mändmets, Renaldo. 2009.

31 European Commission. 2010b.

32 European Commission. 2010b & European Commission. 2008d.

33 Mändmets, Renaldo. 2009.

34 European Commission. 2010b & European Commission. 2008d.

1.4 Instrument for Pre-Accession Assistance

A renewed consensus on the enlargement strategy, based on consolidation, conditionality and communication, has been reached within the EU.³⁵ On January first 2007 all previous instruments for pre-accession assistance were merged into the Instrument for Pre-accession Assistance (IPA). All pre-2007 programmes and projects under the former instruments should be gradually completed by the end of 2010. IPA combines all the tasks previously assigned to the other instruments which can take the following five forms:

- Investment, procurement, contracts or subsidies (e.g. for building of hospitals);
- Administrative cooperation, involving experts sent from Member States (Twinning and TAIEX, see more in chapter 3);
- Action by the Community acting in the interest of the beneficiary country;
- Measures to support the implementation process and management of the [IPA] programmes;
- Budget support (granted exceptionally and subject to supervision).³⁶

The pace of the accession process and that of reform established through EU funding are closely related since the financial assistance under IPA is accession driven. Priorities are identified through cooperation between the beneficiary country and the EU and all actions undertaken under IPA stem from that.³⁷

1.4.1 Five Components

Assistance to Candidate Countries is based on European partnerships and intended to support participation in stabilisation and the accession process. It assists in the progressive alignment with the *acquis* and endorses social, economic and territorial development. In addition it prepares for the implementation of Structural, Cohesion and Rural development Funds upon accession. These funds allow the EU to grant financial assistance to resolve structural, economic and social problems. The national and regional authorities prepare the programmes they have, in cooperation with local companies and civil

³⁵ Verger, Myriam. 2010.

³⁶ European Commission. 2010b.

³⁷ European Commission. 2010b.

society, identified as priorities. IPA assistance is programmed and implemented according to five components:

- (a) Transition Assistance and Institution Building;
- (b) Cross-border Cooperation;
- (c) Regional Development;
- (d) Human Resources Development;
- (e) Rural Development.³⁸

Component I, usually referred to as the TAIB component (Transition Assistance and Institution Building Component), has a wide scope. It is intended to help the strengthening of democratic institutions, the development of civil society and to promote and protect human rights and fundamental freedoms. It should corroborate in the enhancement of administrative and judicial capacity, speed economic reforms and support reconciliation and reconstruction where applicable. Also within it, there is an emphasis on economic and social development, particularly in PCC.³⁹ Examples of this are projects such as strengthening the police directorate in integrated border management, criminal intelligence and the fight against drugs in Montenegro⁴⁰ and strengthening the central and local level capacities for environmental management in the former Yugoslav Republic of Macedonia (fYRoM).⁴¹

The TAIB component is "essentially *acquis* related and institution building in case of Candidate Countries but fulfils the role of a catch-all component for the Potential Candidate Countries".⁴² The tools used in the TAIB component are various:

38 European Council. 2006.

39 European Commission. 2010b.

40 Standard Summary Project Fiche – IPA centralised programmes. 2009.

41 Project Fiche 3.6. 2008.

42 European Commission. 2008c.

1. Administrative cooperation measures, concerning the tax and customs administrations of EU MS cooperating with one another to share information to detect and reduce tax fraud.
2. Twinning, providing technical and administrative assistance from the MS to the CC and PCC, see further explanations in chapter 3.2
3. Technical assistance, TAIEX, see further explanations in chapter 3.3
4. Investment in regulatory infrastructure, cooperation with International Finance Institutions (IFI), co-funded with the beneficiaries
5. Grant schemes, projects co-funded by the beneficiaries
6. Project preparation facilities, to reinforce administrative capacity providing technical assistance in the context of EU accession and the management of IPA. This includes assistance to the National IPA Coordinator (see further description below) and relevant ministries and training administrative personnel in the management and monitoring of components III and IV.
7. Implementation of finance facilities in cooperation with International Finance Institutions (IFI). An example of this is a programme built to financially assist eight IPA beneficiary countries to promote investments in energy efficiency and renewable energy generation in order to improve the energy performance of the building and industry sectors offering opportunities for the highest savings in energy and reduction in CO2 emissions.⁴³
8. Participation in Community programmes and agencies can entail costs and the IPA programme can be used to meet part of the cost. For example, if Croatia would like to participate in the Framework Programme of Fundamental Rights and Justice with a total financial contribution of the programme being 200.000€, the national budget would contribute 30.000 but IPA would cover the rest.⁴⁴

The second component, Cross-Border Cooperation, as the name suggests, should provide assistance in cross-border, transnational and interregional cooperation among multiple candidate countries and/or between a single candidate country and Member States of the EU. The goals are good neighbourly relations as well as fostering stability, security and prosperity in the interest of all concerned.⁴⁵ This also prepares future EU members in implementing the Structural Funds' Territorial Cooperation objective and enhances the economic and social development of border areas.⁴⁶ Component II is jointly under the

43 Financing proposal of the Energy Efficiency Finance Facility. 2007.

44 IPA 2008-Croatia – Project Fiche. 2008.

45 European Council. 2006.

46 Ballette, Giannantonio. 2010.

responsibility of DG Enlargement and DG Regional Development.⁴⁷ This component has no relevance in Iceland since it has no borders shared with any other European country.

The third and fourth components are the precursors of the Structural and Cohesion Funds, the third for the European Regional Development Fund and the fourth of the European Social Fund. An example of a project funded by the ERDF under the Regional Development Component is a programme in Denmark designed to support innovation and knowledge with a focus on human resources, innovation, use of new technology and entrepreneurship. Another revolves around regional development in Bulgaria, designed to reduce the socio-economic differences between Bulgaria and other EU MS, improve living conditions in Bulgaria, stimulate investment and develop tourism potential in the country. Projects sponsored by the ESF under the human Resources Development Component are designed to prevent and combat unemployment, developing human resources and promote integration into the labour market. The fifth component is the precursor of the Agricultural and Rural Development Fund. The goal in this category is to contribute to the structural reform in the agricultural sector and to the development of rural areas.

Components III, IV and V are multi-annual operational programmes prepared by the national authorities. These components are only available to Candidate Countries. Since they are designed to mirror the EU funds, they require the relevant management structures to be in place. Similar measures can be implemented through component I for potential candidates ⁴⁸ and since Iceland will only use the first component this also applies for Iceland.

1.4.2 Policy and programming framework for delivering pre-accession assistance within the IPA

It is not enough to have a political framework in place to successfully implement pre-accession assistance. It has to be connected to a budgetary process. This is what the Multi-Annual Indicative Framework (MIF) for the Instrument for Pre-accession Assistance is for. It is written by the EC in accordance with the IPA Regulation where it says in article 5 that the Commission shall annually present

⁴⁷ European Commission. 2010b.

⁴⁸ Ballette, Giannantonio. 2010.

its intended financial allocations to be proposed for the three forthcoming years to the European Parliament and the Council.⁴⁹ The MIFF is based on a rolling three-year programming cycle, for the years N, N+1 and N+2, presented in the last quarter of year N-2. The MIFF is a part of the so-called enlargement package, representing the final translation of the political priorities set out in the package itself.⁵⁰ The enlargement package sets the overall strategic framework for the pre-accession process within which the IPA must operate.⁵¹ The Accession and European Partnerships, the annual progress reports and the enlargement strategy paper make up the basis for the overall political priorities for pre-accession.⁵²

The regulation regarding IPA states that assistance shall be provided on the basis of Multi-Annual Indicative Planning Documents (MIPD) established for the beneficiary countries by the EC.

The priorities stated in the MIPD should be derived from a consolidated operational assessment over the period concerned of the challenges, needs and relative importance of the priorities translated from the European and Accession Partnerships (AP), National Programme for the Adoption of the Acquis, Enlargement package/Progress Reports, negotiation framework, Stabilisation and Association Agreements as well as the country's national plans and sectoral strategies where they are compatible with the pre-accession objectives.⁵³

To ensure the engagement and involvement of the country concerned the national authorities are consulted before the MIPD is submitted and the same goes for civil society and other stakeholders where it is considered appropriate. The MIPD shall take into account the propositions cited in the MIFF and present indicative allocations for the main priorities within each component and maintain a three year perspective.⁵⁴ The MIPD is to be prepared in the year N-1 of the

49 European Council. 2006.

50 Commission of the European Communities. 2008.

51 European Commission. 2008c.

52 Commission of the European Communities. 2008.

53 European Commission. 2008c.

54 European Council. 2006.

three year programming cycle of the MIFF. It is reviewed annually and submitted as often to the IPA Committee for opinion.⁵⁵

All the MS have representatives in the IPA Committee, but it is chaired by a representative of the Commission. Its task is to assist the Commission in coordinating and ensuring coherence between the different components of the IPA assistance.⁵⁶ The implementation of pre-accession assistance is supervised by numerous DGs on behalf of the Commission as well as by the European Commission's Delegations in the beneficiary countries. A monitoring system has been established for this purpose and it includes joint monitoring committees between the Commission and the beneficiary countries. Implementation of financial assistance programmes are discussed there based on monitoring and evaluation reports and subsequently corrective actions are agreed upon *quantum satis*.⁵⁷

1.4.3 Implementation

Implementation can take different forms. When the Commission or its Delegations handle all tendering and contracting, it is referred to as centralised management. Decentralised management on the other hand is when the beneficiary country handles them. A distinction is also made between shared and joint management. Shared management applies to CBC programmes between a beneficiary country and its MS neighbour, where the EU Member State manages the programme. Joint management, however, is when implementation is delegated to International Organisations (IOs). To increase ownership by and responsibility of beneficiary countries decentralised management is preferred whenever possible.

For decentralised management to be undertaken there are clear requirements to be met. Structures and authorities must be put in place by the beneficiary country and accreditation must be monitored.⁵⁸ In the Commission Regulation (EC) No 718/2007 the functions and responsibilities of all parties concerned in the

55 European Commission. 2008c.

56 European Commission. 2007.

57 European Commission. 2010b.

58 Ballette, Giannantonio. 2010.

implementation of IPA programmes are stated clearly.⁵⁹ For these structures to be put in place requires a lot of time and commitment on behalf of the candidate country. In the case of Iceland it was predicted that the accession period would be of such a short duration that it would not be cost effective to implement them.

In the case of centralised management the structure within the beneficiary country is less complicated. A National IPA Coordinator (NIPAC) shall be designated by the beneficiary country to act as its representative towards the Commission, ideally a high ranking official in the state administration. His or her role is key to the general accession process as well as EU pre-accession assistance under IPA, and he is responsible for the coordination between the beneficiary country's participation in relevant cross-border programmes.^{60 61} This does not exclude other actors if the beneficiary country chooses to appoint them; it only states that the NIPAC will represent the country towards the Commission. In the event of decentralised management the roles the CC has to appoint to according to the regulation are many more. However, should management be centralised, the role of the NIPAC becomes even bigger. This means that instead of appointing more officials to the various roles stipulated in the regulation, the NIPAC is responsible for pre-accession assistance within the CC.⁶²

1.4.4 National Programme (NP)

National authorities in each candidate country prepare an Annual National Programme where priorities are stated. The National Programme is the basis of work done in the country in the name of pre-accession assistance. It states what projects should be undertaken and a step by step guide for their programming, including a precise budget. The fact that the beneficiary countries prepare the NP instead of the Commission ensures their ownership of the programmes installed in each country. The foundations of the NP are project ideas that come from entities within all levels of the administration of the beneficiary country. The ideas chosen by officials after consultation with the Commission are developed further into so-called Project Fiches (PF) that are a detailed description of all the steps needed to be taken in each project. All the Project Fiches combined are then put

59 European Commission. 2007.

60 Ballette, Giannantonio. 2010.

61 European Commission. 2007.

62 European Commission. 2007.

together and collectively form the National Programme. The Commission is consulted while the NP is being prepared and when finished, approves the final version.⁶³ The NP is then presented to the IPA Committee for opinion.⁶⁴

Implementation is usually in the hands of the national authorities since decentralised management is considered desirable. In the cases where the national authorities have not been empowered yet, the EC delegations within the beneficiary country implement the programmes⁶⁵ or in some cases the EC Head Quarters (HQ) handles the implementation, as in the case of Iceland. DG Enlargement is responsible for activities under Component I and overall co-ordination of pre-accession assistance, and therefore represents the Commission towards the beneficiary country regarding the NP.⁶⁶

1.4.5 Financing

The financial envelope for IPA in 2007-2013, contains 11,5 billion € (current prices in Dec. 2010). Of this Iceland receives 28M€ or 0,24% of the total budget. Turkey on the other hand gets about 50% of all IPA capital. To view these numbers from another point of view, Turkey gets 9,9 Euros per capita but Iceland gets 87,5 Euros per capita.⁶⁷ (See table 1) Comparison between Iceland and other countries is very difficult for a number of reasons; different environment and situation as well as different amounts. This is further specified in chapter 4. Iceland receives a small amount in comparison to the other countries and thus projects funded by IPA are of a different nature.⁶⁸

⁶³ European Commission. 2010b.

⁶⁴ European Commission. 2008c.

⁶⁵ Ballette, Giannantonio. 2010.

⁶⁶ European Commission. 2010b.

⁶⁷ Bothorel, Alain. 2010.

⁶⁸ Milinović, Sanja. 2010.

Financial allocations to IPA beneficiaries per capita

Country	Population (million)	Average IPA aid pre capita (2007-2013) (Euro)
Croatia	4,5	34
fYRoM	2	44,5
Albania	3,6	23,6
Bosnia & Herzegovina	4	23,6
Montenegro	0,6	56
Serbia	7,6	26,2
Kosovo	1,8	48,3
<i>Western Balkans:</i>	<i>24,1</i>	<i>36,6</i>
Turkey	70	9,9
Iceland	0,32	87,5

Table 1

69

1.4.6 IPA in Iceland

Over the last forty years, Iceland and the EU have been cooperating extensively across a broad range of areas. Due to Iceland's participation in European cooperation there have been meetings on a regular basis between Iceland and the EU at the executive political level as well as bilateral meetings between Icelandic parliamentarians and members of the European Parliament. In addition to this Icelandic officials have steadily been strengthening their ties with their

⁶⁹ Bothorel, Alain. 2010.

European colleagues. Since the social and economic development of Iceland is so well aligned with EU legislation, IPA financial support for Iceland will be exclusively implemented under the TAIB Component, through centralised management by the EC. The financial assistance to Iceland will be channelled through three main tools: a National Programme, multi-beneficiary programmes and a National Programme.

Iceland is a high income, developed country that has transposed and implemented a significant part of the *acquis*. Therefore, EU assistance for the years 2011-2013 will focus on the adoption and implementation of the *acquis* chapters not or partially covered by the EEA or Schengen agreements. The divergences identified by the EU are particularly fisheries, agriculture and rural development, environment, free movement of capital, financial services, customs union, taxation, statistics, food safety, veterinary and phytosanitary policy, regional policy and coordination of structural instruments and financial control. Assistance should be targeted at supporting a wide range of institution-building measures. Iceland's ownership is ensured by involvement in the identification of projects, programming, implementation and monitoring of the EU assistance. The Commission Opinion on Iceland's application for membership, issued on 24 February 2010, is the primary source for the assessment and identification of needs for assistance. Independent advice has been sought from specialists and their evaluations have added to the needs assessment. The Icelandic government and relevant stakeholders have also been consulted. All in all, Iceland has been assigned 28M€ over the next three years.⁷⁰

1.4.6.1 *Structural Bodies and current activities regarding EU assistance in Iceland*

The Ministry for Foreign Affairs has the overall responsibility for cooperation with the EU and European integration. Other ministries are responsible for the verification of compatibility of new legislation implemented through the EEA agreement.⁷¹ It is customary for the MFA to direct other ministries regarding EU legislation and is therefore the most obvious choice of venue for EU negotiations and assistance related matters. For this reason, the NIPAC was appointed from within the Foreign Service and is, as mentioned before, responsible for all things

⁷⁰ European Commission. 2010a.

⁷¹ Ministry for Foreign Affairs. 2010b.

related to EU assistance in Iceland. See picture 1 for a graphic explanation of the structure of IPA in Iceland. As can be seen from the picture the government is ultimately responsible but the NIPAC has a coordinating role and interacts with the EU on IPA related issues.

All suggestions for projects to be supported by IPA or included in the NP for Iceland are handled by the so called IPA support group, headed by the PMO. In the support group there are representatives from all the cross-sectoral ministries; the MFA, PMO and the Ministry for Finance. In addition the TAIEX officer from the MFA is present during meetings and the group has gotten advice from the academia. TAIEX affairs are all directed through the MFA where the TAIEX officer, reporting to the NIPAC, is in charge of coordination and quality control over TAIEX applications sent from Iceland.

The IPA structure in Iceland

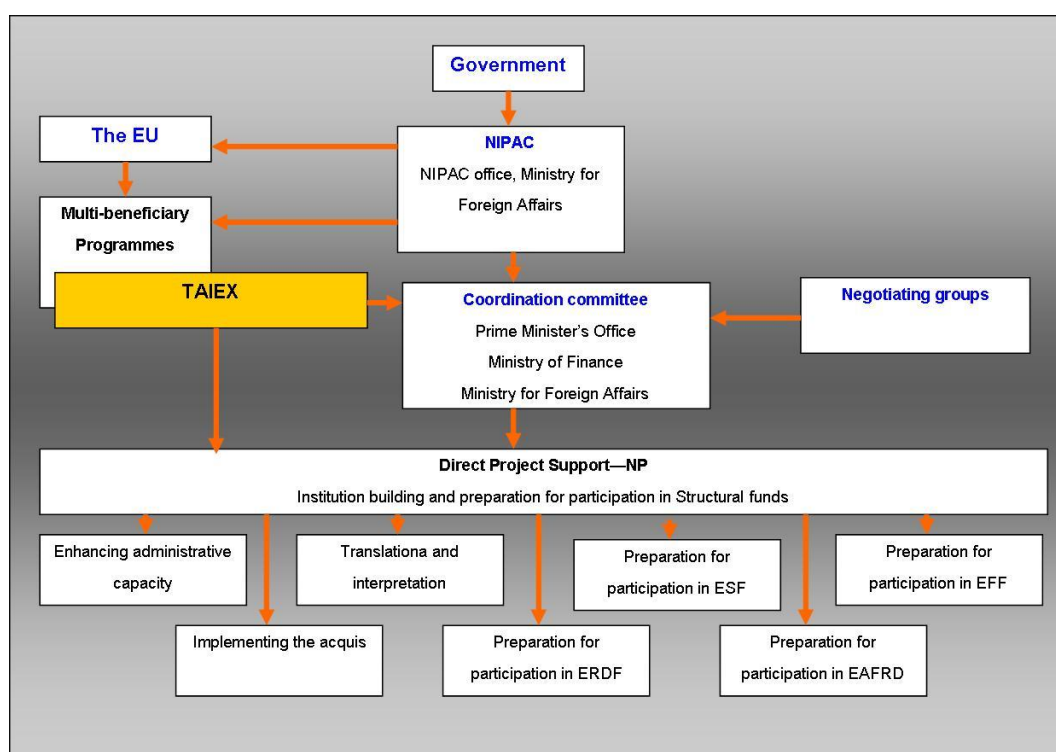


Figure 1

72

It is for Iceland to construct a National Programme where, through the choice of projects, its priority is stated. See picture 1, IPA support to Iceland for clarification of Iceland's role vs. the one of the EU when it comes to implementing pre-accession assistance. Those who hope to become beneficiaries of IPA assistance through participation in the NP must submit their ideas to the so called IPA support group, where they are taken into consideration. The ideas presented are evaluated against a set of criteria established by the Icelandic Ministerial Committee on European Affairs and the funds available for the period in question. IPA assistance in Iceland is divided into two groups. On one hand there are the projects that have immediate relevance and are considered helpful for the negotiation process. On the other hand are projects that have to do with changes to the institutional structures directly associated with accession. The latter group is only to be addressed after the national referendum on EU accession in case the Icelandic people vote to join.

IPA support to Iceland

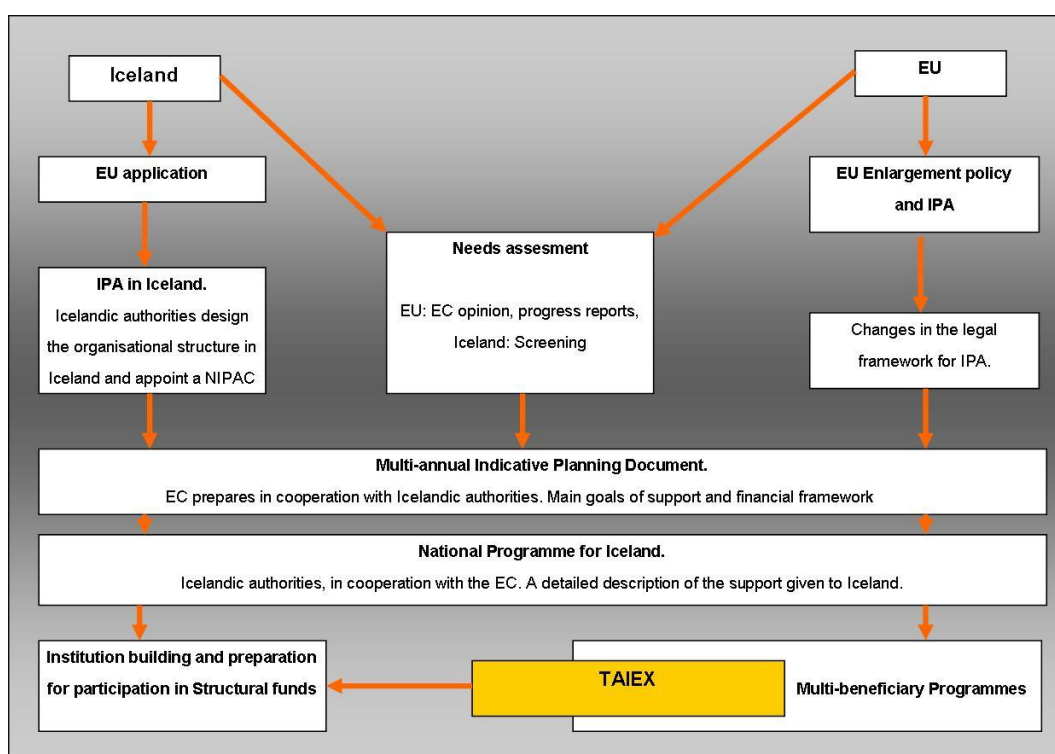


Figure 2 ⁷³

⁷³ Figure 2 - Gyða Einarisdóttir

The IPA assistance for Iceland became available when an amendment to the Council Regulation 1085/2006, establishing the IPA, entered into force on 14 July 2010. Soon after, the NIPAC was appointed, and preparations for the setting-up of the support group commenced. In the summer of 2010 the ministries in Iceland were informed of the impending assistance. Ideas were sent to the support group from all levels of the administration. However, there seems to have been a misunderstanding within the government because not all ministers were eager to accept the support.⁷⁴ The ministers opposing the assistance have asked of their ministerial staff, as well as the staff of the institutions answering to the ministries, not to apply for any EU assistance, whether it be under the NP or TAIEX. The ministers in question were heading the Ministry of Finance, Ministry of Fisheries and Agriculture and the recently created Ministry of Interior.⁷⁵ When looking at the list of areas identified by the EU as a priority for assistance it is clear those are key ministries in this context. This reluctance put the whole process of creating a NP for Iceland to a halt.

For a few months it was unclear whether or not Iceland would make a NP but there has been constructed a mediation that allows for preparation for Iceland's NP to continue. The mediation entails that the NP will only cover specific projects in predefined fields, and that there are no projects in the NP that require institutional changes. The creation or improvement of statistics in various fields are typical of this, e.g. in agriculture, business and health. Also, as a part of the mediation, any TAIEX applications connected to the ministries in question are directed through the negotiation groups or the negotiation committee. The ministries and institutions in question have never formally applied for assistance and do not have to if they don't wish to.

74 Fréttablaðið. 2010b.

75 Fréttablaðið. 2010b.

2 Technical Assistance

For Iceland, being so well aligned with the EU legislation and a long time participant in European cooperation, the biggest challenge of EU accession is having the capacity and the knowhow to participate further in the European Union. That is where technical assistance comes in to the picture.

The institutional and administrative capacity of beneficiary countries needs to be reinforced if they are to be able to fully adopt, implement and comply with the Community *acquis*. In view of the increased emphasis on economic and social cohesion, identifying weaknesses at all levels is crucial to the accession process. In order to make sure the changes that need to be made are permanent, it is not enough to have advisors to come in and give instructions, capacity must be established in the candidate country. There must be a transfer of knowhow to the CC from the Member States of the EU, where the expertise lies. Among the things that need to be developed in the CC are structures, strategies, human resources and management skills. To strengthen the country's economic, social, regulatory and administrative capacity, the local capacity must be sufficient for the tasks at hand. The transfer of know-how is primarily provided through the tools of TAIEX, Twinning and SIGMA.⁷⁶

2.1 SIGMA

SIGMA is the Technical Assistance instrument for public administrative reform, public procurement, public sector ethics and anti-corruption initiatives, external and internal financial control; in other words: horizontal areas of public management. It is primarily financed by the European Community, but the OECD is a partner in this initiative. It supports IPA and the European Neighbourhood and Partnership Instrument (ENPI) in public administration reforms.⁷⁷

2.2 Twinning

The Twinning project was launched in 1998 and has since then been one of the principal tools of Institutional Building Accession assistance. Twinning has been used within the Phare programme and the CARDS programme to the benefit of

⁷⁶ European Commission. 2010b.

⁷⁷ European Commission. 2010b.

CCs and PCCs. In addition, it has been launched by EuropeAid in the so called MEDA countries (Egypt, Morocco, Jordan and Tunisia) and in TACIS Countries (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan). Today it has a special role within the IPA programmes, ENPI and the EU Neighbourhood Policy.⁷⁸ The operation of Twinning is dependent on the participation of the MSs and each contributes according to its capacity.

The essence of Twinning projects is a partnership programme between administrations and revolves around the secondment of experts from one MS to a CC or PCC. The experts, known as Resident Twinning Advisors (RTA) and the beneficiary country both sign a detailed contract that specifies the expectations of the collaboration and there are project leaders from both sides. The RTAs are assigned to a corresponding Ministry in the beneficiary country and made available for a period of at least a year to work on the specific project agreed upon.⁷⁹ To support the RTA in his work sometimes additional short-term expertise, training, translation, interpreting services and specialised IT assistance may be needed and is provided for.

Based on needs assessment by the CC and the Commission, the Twinning projects are designed to deliver specific results on implementing areas of the *acquis* and are usually included in the IPA National Programme. Twinning provides technical and administrative assistance, but no less importantly helps to build relationships between current and future MS.⁸⁰ Twinning is a heavy instrument and puts a burden on the host so using it takes dedication and preparation.⁸¹ Twinning will not be made available for Iceland because it takes so long to prepare for and as has been numerously stated, the EC does not expect Iceland to spend that much time on the accession process.

2.2.1 Twinning light

Since not all problems need a long term RTA solution, Twinning light was created. It has the same objectives as Twinning and the same structure.

78 European Commission. 2008b.

79 Timm, Nelli. 2010.

80 European Commission. 2010b.

81 Jutte, Jeroen. 2009.

However, it is more flexible and can provide civil servants' expertise for assignments of up to six months. Extensions are possible but limited and these experts do not necessarily reside in the beneficiary countries.⁸² In Twinning it is possible to involve experts from more than one country, but in Twinning light the expertise can only come from one country since that simplifies the logistical part of the project and keeps it flexible and light.⁸³ The total cost of one Twinning light project cannot exceed 250000€. Twinning light will be made available for Iceland and handling of all Twinning light applications is in the hands of the NIPAC.

2.3 The Technical Assistance and Information Exchange Instrument (TAIEX)

TAIEX is one of the tools of the IPA multi-beneficiary programmes and, as such, funded by it, but is not a part of the National Programme. It is intended to support the NP and assist in well-defined issues not complex enough to demand a Project Fiche in the National Programme or if one of the projects in the NP turns out to be incomplete and additional support is needed. MBP are designed so that many parties from various countries can benefit from the same programme and this is why there is no special financial allocation under TAIEX for each specific country. TAIEX is centrally managed and is handled by the Institution Building Unit (IBU) within DG Enlargement in close cooperation with the unit within the same Directorate General responsible for the country in question.⁸⁴ Implementation is centralised and in the hands of the EC which is responsible for efficient management of the programme. The logistical organisation of TAIEX events is however in the hands of an external service provider, selected through the process of tendering.⁸⁵ The current service provider is the German Agency for Technical Cooperation (GTZ).⁸⁶

The main priority axes of TAIEX are defined within the scope of the Multi-Beneficiary MIPD which reflects the EU assistance overarching objectives. The first one tackling cross-border problems and the second one, obtaining efficiencies through a Multi-Beneficiary approach. The Multi-Beneficiary approach is intended to assist PCCs and CCs in mutual cooperation in fields of common

82 European Commission. 2010b.

83 Timm, Nelli. 2010.

84 European Commission. 2010c.

85 European Commission. 2008a.

86 European Commission. 2010c.

interest on their way towards EU membership.⁸⁷ MBP are intended to provide EU financial aid for projects that require collaboration between several beneficiaries like networks of experts or civil servants or to tackle needs or problems of a cross-border nature. This can include cooperation with international financial institutions, civil society dialogue and development and education actions.

The People to people programme (P2P) is an example of this. The EC supports visits to EU institutions and bodies to exchange experience, knowhow and good practices between beneficiaries, EU and Member States civil society organisations (CSOs). Several events are planned per year and each event has a specific topic, e.g. the role of civil society in developing organic agriculture. It was designed to bring about positive change in the Western Balkans, but Iceland has also access to the programme. Some events are open to all beneficiaries and some are single country events. A similar programme is being designed for the local authorities.⁸⁸

TAIEX is both demand driven and strategy driven since applications for TAIEX assistance come from the beneficiary institutions of the Candidate Countries, but requests are addressed in accordance with the priorities identified by the Commission.⁸⁹ Since it is intended to bring added value to the National Programme, all TAIEX assistance must be for the adoption, application and enforcement of the *acquis*. TAIEX has been available since 1996 and steadily increasing its activities, it now organises about 1600 events per year.⁹⁰ It was originally set up as a follow-up to the Commission's white paper on the preparation of the associated countries for integration into the internal market. Since then its mission has been broadened to provide short term institution building assistance in all areas of the EU to support the transposition, application, and enforcement of the *acquis*.⁹¹ TAIEX assistance is a part of the pre-accession strategy and screening process for acceding countries. TAIEX provides targeted

87 European Commission. 2008a.

88 European Commission. 2010e.

89 European Commission. 2010b.

90 Lys, André. 2009.

91 European Commission. 2008a.

and quickly mobilised assistance on preparations for the implementation of the *acquis*, including strengthening the institutional and legislative capacity.⁹²

TAIEX activities are implemented within the MSs as well as in IPA and ENPI beneficiary countries⁹³ as long as the projects are in accordance with previously identified priorities. Private Citizens and individual companies cannot receive direct support through TAIEX. The main beneficiaries are:

- Civil servants working in public administrations at national and sub-national level and in associations of local authorities
- Civil servants working in Parliaments and Legislative Councils
- The Judiciary and Law Enforcement authorities
- Professional and commercial associations representing social partners, as well as representatives of trade unions and employers' associations.⁹⁴

2.3.1 Types of assistance

The main benefits of TAIEX are the nature of its mobilisation and how direct its applications are. This is possible through the policy of getting expertise from within the EU, so most experts involved in TAIEX events are public-sector officials from the Member States. Usually, the experts are practitioners in the field, working for an institution corresponding to the beneficiary institution. In some cases representatives from the EC and other EU institutions are involved as well.⁹⁵ According to the feedback of previous beneficiaries, this peer-to-peer approach has been very well received.⁹⁶

A TAIEX activity can be a seminar or a workshop that can either, be thematic and relate to the *acquis* in substance or, it may be practical and deal with infrastructure and the enforcement of the *acquis*. TAIEX covers the costs of conference venues and technical equipment in the case of seminars and workshops, and even costs of coffee and lunch breaks. Travel and hotel costs, daily subsistence allowance (DSA) and financial compensation for the experts,

92 Lys, André. 2009.

93 European Commission. 2008a.

94 European Commission. 2010c.

95 Jutte, Jeroen. 2009.

96 European Commission. 2008a.

whether they come to speak in seminars or for face to face consultation, and interpretation is always included when deemed necessary. The expert missions are designed to provide an opportunity to discuss draft legislation, present examples of best practice or lend other specific assistance relating to the approximation and implementation of EU legislation.

It is also possible for a limited number of officials from the beneficiary country to visit MS administrations and obtain first-hand experience of administrative procedures and infrastructure and see examples of best practices. In the case of study visits, travel and accommodation of participants is paid for and they get a daily subsistence allowance. In addition there is always the possibility of getting a peer-based assessment mission to the beneficiary country where the purpose is to identify needs and provide a gap analysis or elaborate strategy for technical assistance in a given sector.⁹⁷ All TAIEX events are subject to *ex ante* evaluation, as well as interim and if deemed relevant, *ex-post* evaluation⁹⁸ by participants and experts and the evaluation is followed by a report to summarise the activity and assess its results.⁹⁹ A typical TAIEX activity takes from 1- 10 days.

The TAIEX initiative has proven its value and is considered to perform well overall.¹⁰⁰ Activities within TAIEX are relevant, many outputs are delivered, and the speedy mobilisation and handling of administrative details is appreciated by all parties. It has proven to be a very important instrument in the accession process.¹⁰¹ TAIEX was not intended to stand alone; it compliments other instruments, and is complemented by them. Because of its flexibility it has been able to address needs that could not be met under the National Programmes of IPA and its predecessors and thus it has an important niche. Its flexible organisation can also be viewed negatively; for example, since it is demand driven there is no coherent long-term strategy¹⁰², but that is what the National Programme is for. There is no room for investments under the TAIEX instrument.¹⁰³ The TAIEX budget is fixed but not allocated specifically for each

97 European Commission. 2010a.

98 European Commission. 2008a.

99 European Commission. 2010d.

100 MWH Consortium. 2007.

101 MWH Consortium. 2007.

102 MWH Consortium. 2007.

103 European Commission. 2008a.

country.¹⁰⁴ This highlights the emphasis put on the demand driven nature of the instrument and that the projects are chosen on the basis of their own merit.

2.3.2 Financial allocations

To better understand the difference in size and scope between TAIEX and other pre-accession assistance instruments, it is good to compare the allocations for different countries' annual programmes (IPA NP, see table 2) and the total allocation for TAIEX (see table 3). In tables 2 and 3, all allocations (in Millions€) intended for the TAIB Component of the IPA for the year 2009 are broken down as follows:

104 European Commission. 2008c.

Financial allocations for Component I 2009, Country Allocations

Country	Annual programme	Nuclear Safety	Tempus	Budget support	Total
Albania	69,86	0,50	1,00	-	71,36
Bosnia & Herzegovina	80,50	1,00	2,40	-	83,90
Croatia	44,60	1,00	-	-	45,60
fYRoM	37,06	0,50	1,75	-	39,31
Kosovo	103,60	0,30	2,20	-	29,83
Montenegro	28,43	0,20	1,20	-	29,83
Serbia	70,55	5,00	7,00	100,00	182,55
Turkey	204,55	-	-	-	204,55
Total	639,15	8,50	15,55	100,00	763,20

Table 2 105

Financial allocations for Component I 2009, Multi-Beneficiary Allocations

Programme	Total
Multi-beneficiary programme I	19,30
Multi-beneficiary programme II	168,50
Support to the operational budget of the Office of the High Representative in Bosnia & Herzegovina	5,93
Contribution to the Energy Community budget	2,94
TAIEX	9,00
Information and Communication	9,00
Monitoring	6,00
Evaluating and Audit	3,20
Total	223,87

Table 3 106

105 Table 2 - European Commission. 2010 & Gyða Einarsdóttir. 2011.f.

¹⁰⁶ Table 2 - European Commission. 2010 & Gyða Einarsdóttir. 2011.f.

2.3.3 TAIEX in Iceland

All TAIEX matters in Iceland are handled by the National IPA Coordinator since he is responsible for all IPA assistance in Iceland and communications with the EC regarding that. The NIPAC currently has a staff of one and both he and his staff member work at the Ministry for Foreign Affairs. The NIPAC office is responsible for overall quality control of the TAIEX applications and advises potential beneficiaries regarding the substance of the applications.

The Institution Building Unit (IBU) of the Directorate General for Enlargement of the European Commission is the Contracting Authority for TAIEX. Very soon after the Council Regulation amendment, mentioned earlier, entered into force in July 2010, the TAIEX unit for Iceland was created within the IBU. As soon as that was in place, potential beneficiaries from Iceland could start to apply for assistance. TAIEX became the first, formal, accessible means of assistance to Iceland in the process of applying and negotiating for EU accession and will be available at least for the duration of the negotiation process. Until TAIEX became available, Iceland had had to rely on the good will of neighbouring countries and having to pay for all expert advice. Estonia, for instance sent a delegation of experts to Iceland in April 2010 to instruct Icelandic public officials on the workings of the EU Structural Funds. When, on the other hand, experts needed to learn about the management of the European Fisheries Fund in Denmark, the ministries involved paid fares and accommodation for their representatives.¹⁰⁷

The EC has identified gaps where the Icelandic legislation is not aligned with the EU's through the Commission's opinion on Iceland's membership application, independent expert advice after peer assessment, screening process, progress reports and the MIPD. In table 4 all the chapters of the *acquis* are listed and the ones identified as areas with substantial gaps are written in red. TAIEX is nevertheless a demand driven instrument and this evaluation of needs is just for reference. Ultimately, the beneficiaries identify their needs and apply for assistance where they deem necessary.

107 Ævar Rafn Björnsson. 2011.

Chapters of the *acquis* – gap analysis, Iceland and EU legislation

1) Free movement of goods 2) Freedom of movement for workers 3) Right of establishment and freedom to provide services 4) Free movement of capital 5) Public procurement 6) Company law 7) Intellectual property law 8) Competition policy 9) Financial services 10) Information society and media 11) Agriculture and rural development 12) Food safety, veterinary and phytosanitary policy	13) Fisheries 14) Transport policy 15) Energy 16) Taxation 17) Economic and monetary policy 18) Statistics 19) Social policy and employment 20) Enterprise and industrial policy 21) Trans-European Networks 22) Regional policy and coordination of structural instruments 23) Judiciary and fundamental rights	24) Justice, freedom and security 25) Science and research 26) Education and culture 27) Environment 28) Consumer and health protection 29) Customs union 30) External relations 31) Foreign, security, defence policy 32) Financial control 33) Financial + budgetary provisions 34) Institutions 35) Other issues
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Table 4

108

Advice has been sought from independent specialists on where Iceland should focus when applying for assistance. Experts on Environmental issues, fisheries, agriculture, rural development, regional policy, structural funds, customs, taxation, financial supervision, food safety, veterinary and phytosanitary policy. All things considered they have recommended over 100 potential events to be organized and supported by TAIEX in addition to numerous suggestions for project ideas to be included in the NP.¹⁰⁹ Icelandic officials should therefore not have any problems in identifying the areas in most need of assistance.

As has been established, the NIPAC is responsible for the overall coordination of pre-accession assistance. He is expected to ensure that all TAIEX applications from Iceland are in agreement with the goals of the assistance and in correspondence to the accession process in Iceland. The applications the NIPAC does not see as relevant to the negotiation or accession process will not be

108 Table 4 - Timm, Nelli. 2010.

109 Goldenman, G and others. 2010.

forwarded to the IBU. If the NIPAC is confident the application should be supported, he sends it to the IBU with his recommendation. The application is then reviewed at the IBU and consultation from within the EC sought. If the application is approved it is executed within a matter of weeks. This is explained further in picture 3; the TAIEX process in Iceland.

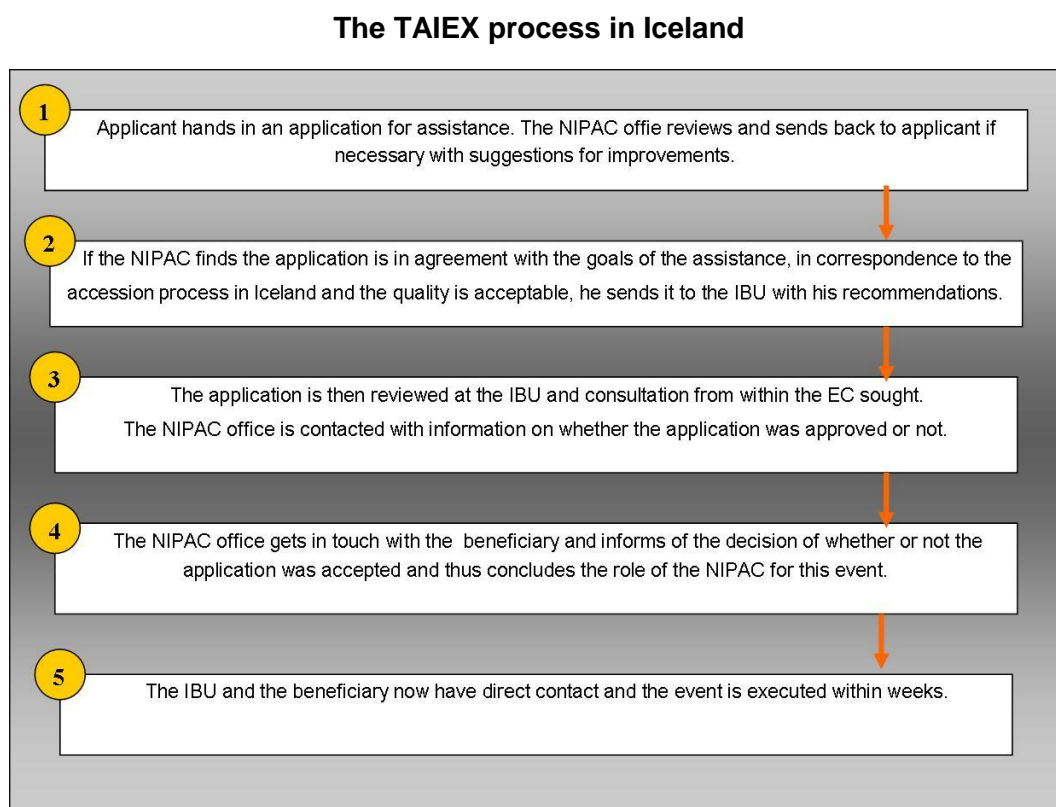


Figure 3 110

As mentioned before, the accession process for Iceland is intended to take less time than in other candidate countries. This means that not all means of assistance available to other CCs will be available or recommended to Iceland. In many cases where Twinning or Twinning light would have been used to obtain the desired goals a special addition has been made to TAIEX regarding Iceland. This is the so called Medium Term Assistance (MTA) where an expert can be made available, to those who are eligible for other TAIEX assistance, for a longer period of time than regular TAIEX events. The MTA experts will be available for up to 120 working days that can be dispersed over time, up to one year. The expert would not reside in Iceland and differs in that way from regular RTA. The

organisation of MTA is lighter than that of Twinning or even Twinning light and requires less time from the expert as well as the administrative unit receiving the assistance.¹¹¹

2.3.3.1 *Examples of TAIEX assistance in Iceland*

- A seminar on the EU Charter of Fundamental Rights. An analysis of to what extent the charter of Fundamental Rights may provide for additional protection of human rights in Iceland through the implementation of EU legislation.
- Support to Statistics Iceland in developing and implementing the INTRASTAT system, and a study visit to Denmark and Estonia.
- A study visit for the negotiation team on regional policy and municipal affairs to learn about the NUTS system and statistics
- Preparation for the making of an IPA National Programme for Iceland. A study visit for the NIPAC and coordination committee to learn about IPA and Multi-beneficiary programmes, and later a workshop for IPA NP beneficiaries to learn how to prepare project fiches.

111 Timm, Nelli. 2010.

3 TAIEX beneficiaries

In order to better understand how TAIEX can benefit Iceland it is not enough only to read about the design and intended results. The experience others have had with TAIEX is necessary to get a better idea of its workings. There are, however, a few reservations to this comparison. One being that in most countries, TAIEX is intended to support other means of assistance, especially the National Programmes of the beneficiaries, but in Iceland there has been, as mentioned before, a delay in the implementation of the National Programme. As a result of the delay, as well as from the speed of the accessibility of TAIEX for Iceland, TAIEX was implemented before any other assistance became available. Another provision is that in Iceland, because of its intended short accession period, there has been a slight amendment made to TAIEX allowing for the Medium Term Assistance. The last thing to distinguish TAIEX assistance in Iceland and other beneficiaries is the fact that in Iceland all TAIEX applications go through the NIPAC office (see figure 3) instead of straight from potential beneficiaries to the EC.

Since TAIEX is intended to support other means of pre-accession assistance and not independently cover whole areas or sectors, it is hard to evaluate its impact. In all countries but Iceland, the TAIEX beneficiaries apply directly for assistance without the intervention of the public administration. The assistance is centralised and each applicant is responsible for his or her application and project. The public officials or politicians of each country do therefore not have any more than a general impression of how TAIEX is benefiting their country or individual administrative bodies. In Iceland this is not the case. All TAIEX applications go through the NIPAC office at the Ministry for Foreign Affairs where they are evaluated (see figure 3). The evaluation is both based on content, whether the purpose of the application is in agreement with the EU application process, and whether the quality of the application is sufficient. This is done to ensure cohesion in the granting of assistance to the Icelandic Public Administration.

3.1 Beneficiaries

TAIEX beneficiaries include representatives of both public and private sectors. As long as they have a role to play when it comes to transposition, implementation and enforcement of EU legislation, they can apply. Mostly the beneficiaries are from all levels of public administration and the parliament, members of the judiciary and law enforcement. Also representatives of social partners, trade unions and employers associations can apply for assistance as well as interpreters, revisers and translators of legislative texts. TAIEX is available to the above mentioned groups from the following countries: Croatia, Iceland, Turkey, former Yugoslav Republic of Macedonia and Montenegro. Albania, Bosnia and Herzegovina, Serbia and Kosovo. The Turkish Cypriot community in the northern part of Cyprus. Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia, Ukraine and Russia. Essentially, all of the closest neighbours of the EU, except for Norway, can apply for TAIEX assistance.¹¹² It has also been available to Romania and Bulgaria even though they are now members of the EU.¹¹³

TAIEX supports a wide variety of activities but this is not the venue for an exhaustive list. However a few examples can be mentioned. TAIEX has assisted people working towards equal opportunities and non-discrimination. It has supported environmental protection, transport, energy and good governance, focusing especially on fight against corruption. Freedom, security and justice is another area assisted by TAIEX. The thing all TAIEX supported events have in common are that they are related to one of the various chapters of the *acquis*.¹¹⁴

Iceland is in a unique position when compared to other Candidate countries and Potential Candidate Countries. Despite the financial crisis Iceland is in today, it is by any standard richer than other candidate countries with a GDP of 38,035 USD in the year 2009.¹¹⁵ The other CCs also suffer from the legacies of regional conflict, ethnic division and under-development in ways Iceland has not had to

¹¹² European Commission. 2010d.

¹¹³ European Commission. 2009.

¹¹⁴ European Commission. 2008a.

¹¹⁵ Statistics Iceland. 2011.

contend with for a long time. In addition, they have often specific weaknesses of governments and in the field of law and order due to recent conflict in the area. The severity of their problems make EU and NATO membership that much more appealing and in all the countries apart from Serbia there is a clear majority of public opinion in favour of the EU. The EU uses the lure of accession as leverage when encouraging the countries to change their ways towards a more European standard in most areas of society.¹¹⁶

The EU has been criticised for taking advantage of the increasing difficulty in dealing with technical issues at the national level in these countries and exploiting it for their own strategy for integration.¹¹⁷ This policy of conditionality does not have the same effect in Iceland since the urgency of accession is not as great and therefore the EU does not have as strong an incentive to offer in Iceland.¹¹⁸ Iceland's relations with the EU are much closer and on a more equal basis than those of the other CCs and PCCs. Iceland's geopolitical situation is one that made it a participant in the Cold War but there was never conflict anywhere near it.¹¹⁹

One of the most important attributes in the uniqueness of the EU in world politics is its capacity to finance its own policy decisions. In addition to this, the EU possesses a larger pool of independent legal/institutional, technical and financial resources than any other regional organisation.¹²⁰ IPA is a recent instrument and replaces many tools developed and applied over many years in different countries making any comparison between years and countries difficult. TAIEX has however been in constant use. The overall impact of TAIEX is hard to assess since, even though there is someone in the CCs and PCCs administrations responsible for it, the beneficiaries apply themselves for assistance. The overall impact on the administration or the accession process as a whole is uncertain.¹²¹

¹¹⁶ Hill, Christopher & Smith, Michael. 2005.

¹¹⁷ Hill, Christopher & Smith, Michael. 2005.

¹¹⁸ Bailes, Alyson, J.K. & Jóhanna María Þórdísardóttir. 2009.

¹¹⁹ Bailes, Alyson, J.K. & Jóhanna María Þórdísardóttir. 2009.

¹²⁰ Hill, Christopher & Smith, Michael. 2005.

¹²¹ Milinović, Sanja. 2010.

3.2 Estonia and pre-accession assistance

Each new Member State's path to accession is unique; a recent example, widely considered a success with regard to pre-accession assistance, is Estonia. For Estonia, accession to the EU was not a goal in itself, but a means to guaranteeing the country's stability, security and economic growth, improving the welfare of the population and raising the overall standard of living. People also wanted to, once again, be part of Europe.¹²² When negotiations started it became clear that the process would require a great effort from Estonia's small public administration. In Estonia 700 people dealt with EU related matters on a daily basis and resources were limited.¹²³

There was much to learn and difficult changes within the administration had to be made.. Sometimes people had to work for 12-15 hours a day and on weekends. It was trying at times and sometimes relations with the EU were not optimal but the Estonian officials reminded themselves that they were the ones that had applied and not the other way around. They were driven and inspired by the prospect of European integration and did not want to be left out of the EU enlargement. The Estonian government was not unanimously behind the application to begin with but there was a change in attitude in 1996 when there was no longer just the expressed wish to join but a sincere longing to participate in the Union. With this change in attitude, efforts were increasingly exerted towards accession.¹²⁴

Estonia encountered many problems during the course of the negotiations. Mostly they were rooted in general lack of resources resulting from being a small country. In some sectors there was only one expert in Estonia for the entire EU field of activity. Poor language skills often resulted in experts not being able to communicate with their EU colleagues on equal footing. The lack of translators for the *acquis* was also acutely felt. In many important fields there was insufficient administrative capacity to implement the EU standards and requirements. There was little experience in dealing with large cross-sectoral projects such as the negotiations with the EU and accession. Overall, administrative capacity was

¹²² Rannu, Karin. 2009.

¹²³ Rannu, Karin. 2009.

¹²⁴ Sillaste-Elling, Kyllike. 2009.

Estonia's greatest stumbling block.¹²⁵ Lack of academic research and opinion polling made the negotiations and the formations of Estonia's positions more difficult. Other hindrances were manifested in politicians' apathetic attitude towards EU issues, sporadic ill-informed criticism of the media and low public opinion regarding EU accession. Those hindrances were eventually overcome and Estonia was able to obtain good results at the accession negotiations.¹²⁶

During the various phases of negotiations it was crucial for Estonia to find good experts for consultation. Emphasis was also placed on good relations with the EC and as one official said: "If our arguments held and we were interpreting the regulations correctly, our proposals and solutions were accepted".¹²⁷ The EC proved to be for the Estonians a partner that needed to be won over, but could be trusted and as a rule provided assistance and sound advice.¹²⁸ After the negotiations, Estonia had a European legal system and a modern and efficient administration.¹²⁹

Estonia was included in the Phare aid programme in 1991 in the wake of diplomatic recognition by the European Community the same year. The following year, Estonia and the European Community signed an agreement on Trade and Economic Cooperation. The European Community was a major contributor to an international fund that was created in June 1992 as collateral for the Estonian currency. This became the basis for financial and monetary co-operation between Estonia and the European Community.

At this time, the Estonian government and companies lacked emergency reserves for trading on the world market. Because of this, donor states, along with the European Community, allocated emergency grain, fuel, fodder and other humanitarian aid to Estonia.¹³⁰ In Estonia there is also a long list of projects that

¹²⁵ Rannu, Karin. 2009.

¹²⁶ Rannu, Karin. 2009.

¹²⁷ Mändmets, Renaldo. 2009.

¹²⁸ Mändmets, Renaldo. 2009.

¹²⁹ Rannu, Karin. 2009.

¹³⁰ Kull, Clyde. 2009.

Phare was a major contributor to. The creation of a system for EU Structural Funds, a system for direct payments in agriculture, increased efficiency of the environmental sector, better integration of non-Estonians and the reorganisation and development of vocational education are only a few things on a long list of changes expedited through the use of the Phare programme. Technical assistance was allocated to Estonia through the Phare programme framework for the implementation of privatisation, civil service reform and the development of small- and medium sized enterprises, agriculture, banking and other fields of activity.¹³¹

In addition, ISPA helped in the renovation of major roads in Estonia and many cities improved the effectiveness of their water and waste water systems. Through the SAPARD programme investment went into agricultural machinery and, among other things, the development of rural tourism and rural enterprise in various regions. ISPA and SAPARD, the pre-structural funds, provided the opportunity to test implementation systems and procedures and simultaneously taught Estonian beneficiaries how to compile project applications and implement them.¹³² During the years 1992-2004, Estonia was allocated about 571M€ from the EU budget for assistance and support, divided between various programmes. This is roughly the same amount as the Estonian total budget in 1995.¹³³ TAIEEX was never a main instrument in EU pre-accession assistance in Estonia but contributed to other projects.

Estonia would have been able to accede to the EU without pre-accession assistance. It is, however, the estimation of the officials participating in the process that it would have taken longer time, with more complications and lower administrative capacity. In Estonia the EU Delegation played a big role in supervising, approving and monitoring projects under the pre-accession assistance as well as guiding the Estonian officials when needed. It is widely considered that the use of pre-structural funds before accession was in every

¹³¹ Kull, Clyde. 2009.

¹³² Mändmets, Renaldo. 2009.

¹³³ Mändmets, Renaldo. 2009.

way justified and helped immensely in absorption capacity after accession.¹³⁴ TAIEX has been very beneficial to Estonia's accession process, mostly because of its flexibility and in the way it complements well medium and long term assistance projects. Since the tools for TAIEX are available through the internet, the application process is very simple and does not place a burden on the Estonian administration.¹³⁵

3.3 EU experience

When TAIEX was set up it was designed to provide short-term, demand driven assistance for partner countries to support the process of transposing, implementing and reinforcing the *acquis*. As such, TAIEX has been an important instrument in supporting the accession process for both the beneficiary countries as well as the DGs who greatly appreciate it as well. TAIEX does not have a specific mandate to strengthen institutional structures but compliments, and is complemented by, several other institution and capacity building instruments. Originally intended to support internal market legislation, TAIEX has now extended its scope to all areas of the *acquis*.

Due to the underlying philosophy of TAIEX and its centralised structure, it is difficult to place a coherent strategy on it over a long period of time. Areas for annual funding or centrally programmed activities were not always aligned with country or sectoral priorities. TAIEX is implemented largely in parallel with other instruments and the national programmes (Phare or IPA). Consultation with the relevant DG and Commission staff is intended to avoid overlap, e.g. when there is given different assistance to the same programme causing the overall assistance to be less cohesive. In many instances that has not been enough and in retrospect it was unclear why particular activities have been supported, rather than others. In addition, NIPACs or the corresponding office, who are mandated interlocutors for donor funding, have received limited information about the planning and execution of TAIEX programmes.¹³⁶

TAIEX has made an important contribution to the efficiency of the accession process as well as on managing the legal translation and transposition process of the beneficiary countries. TAIEX has been especially important when it comes

¹³⁴ Mändmets, Renaldo. 2009.

¹³⁵ Kiisverk, Kati. 2011.

¹³⁶ MWH Consortium. 2007.

to translation. Even though potential sustainability is not a determining factor in approval of requests, there has been a good sustainability of translation and transposition outputs. Also, the contacts established between the CCs and BCCs on the one hand and the MSs on the other hand has been very valuable. Through Peer-Reviews, TAIEX has helped to focus the programming effort for Phare national funds.¹³⁷ This has also been the case in Iceland when it comes to IPA NP.

Capacity- and institution building is ultimately based on the skills and knowledge of the people working within the administration. The principal effects of TAIEX have been the individuals who have gained enhanced skills and understanding. This transfer of knowledge, from peer-to-peer, from one administration to another, has had variable results depending on the extent to which the TAIEX intervention has addressed. Since TAIEX is ultimately demand driven its effects always depend on whether the beneficiary is accepting assistance for a project or an event that is within a priority area which was also supported by internal resources for dissemination.

¹³⁷ MWH Consortium. 2007.

4 TAIEX implementation in Iceland

TAIEX does not operate independently in Iceland. It is within the context of a complex political and administrative environment that needs to be considered when TAIEX's possibilities for Iceland are examined. The smallness of Icelandic society and hence, its public administration, are significant factors as well as the political environment.

4.1 Political environment

Iceland is a republic with a parliamentary form of government. The government holds most of the executive power. After elections the parliamentary leaders of the political parties that gained the most votes usually form the cabinet of ministers by the authority of the president. Most often the ministers sit in Althingi, the legislative body, and have a right to vote in parliament. The ministers operate as agents of the government and the parliamentary majority and must act accordingly. The ministers are also heads of the public administration¹³⁸ and each heads a ministry for which he or she is responsible. The cabinet does not generally make mutual decisions and the ministers are very independent but inform the cabinet of their intentions and actions on bigger issues.¹³⁹ This arrangement is in line with classical theories of bureaucracy that assume that the unity of command is the prerequisite of effective management.¹⁴⁰ This nevertheless makes the handling of cross-sectoral issues complicated. Coordinating ministries have traditionally been the Prime Minister's Office and the Ministry for Finance but globalisation¹⁴¹ and now the application to join the EU has placed the Ministry for Foreign Affairs in a situation where its assignment overlaps with the tasks of other ministries.

Since the outcomes of the elections rarely give a one party majority¹⁴² the government is a composition of more than one party. This requires the political

¹³⁸ Gunnar Helgi Kristinsson. 2006.

¹³⁹ Gunnar Helgi Kristinsson. 2006.

¹⁴⁰ Gunnar Helgi Kristinsson. 2006.

¹⁴¹ Gunnar Helgi Kristinsson. 2006.

¹⁴² Gunnar Helgi Kristinsson and Indriði H. Indriðason. 2007.

parties to form a treaty to coordinate the functions of the government.¹⁴³ Traditionally these treaties are rather short and not very precise and this, along with the fact that Prime Ministers in Iceland have relatively little power, might suggest, according to Gunnar Helgi Kristinsson and Indriði Indriðason, that political parties in Iceland are more inclined to rule than to stay committed to their policies. This little inclination to negotiate on policies combined with the ministers independence make the division of the ministries between the ruling political parties a key element of the formation of government.¹⁴⁴

Iceland has for a long time considered itself to be one of the Nordic countries, geographically as well as ideologically, and shares many similarities with the Scandinavian nations and states. However there are a few areas in which Iceland stands out. One of those is the close ties between the government and different interest groups and the weight of the signals from user groups and stakeholders. Due to the size of the Icelandic public administration, or notably the lack of it, and the capacity problems that arise from that, there is a great reliance of information from interest groups.¹⁴⁵ This is especially true in the Ministry of Fisheries and Agriculture, which is somewhat reliant on the Farmers Association of Iceland for information and advice. An example of this is that the latter has been responsible for statistics in the field of agriculture and not Statistics Iceland.¹⁴⁶ This affects the ministers in the day to day workings of their ministries and influences their policies and decisions. Iceland is a small, export-dependent economy and according to Ingebritsen, those are the circumstances leading sectors gain great influence over the government and become critical to foreign economic policymaking.¹⁴⁷

4.1.1 Foreign policy

Iceland has only been responsible for its foreign policy since 1944 and during that time it has slowly been increasing its capacity in that area. For reasons that may be attributed to size or geopolitical position, Iceland has historically been reserved when it comes to international cooperation. Its foreign policy has been

¹⁴³ Gunnar Helgi Kristinsson and Indriði H. Indriðason. 2007.

¹⁴⁴ Gunnar Helgi Kristinsson and Indriði H. Indriðason. 2007.

¹⁴⁵ Baldur Thorhallsson. 2005.

¹⁴⁶ Farmers Association of Iceland. 2010.

¹⁴⁷ Ingebritsen, Christine. 1998.

guided mostly by financial gain and security but less by idealism and pursued mostly by bilateral relations with neighbouring states. Though Iceland did join most of the international organisations created after the Second World War, it did not seek an active role within them, contrary to the other Nordic states. The civil service was for a long time characterized by this and did not develop much capacity to deal with matters related to IOs.¹⁴⁸

Since the mid-1990s there has been a shift of prioritisation and changes in perceptions and preferences can be perceived within a large part of the political elite.¹⁴⁹ This is partially caused by external pressure and a change in the international political environment that now places greater demands on small states.¹⁵⁰ Iceland is now taking on increased responsibilities and has extended the activities of its foreign service¹⁵¹ and currently has over twenty embassies and missions to International Organisations. Despite this, the extent to which Iceland shall increase its scope internationally is very controversial in Iceland and there are two opposite camps when it comes to Iceland's international approach. On one hand there are those who believe that Iceland has duties towards the outside world and has the capacity to fulfill them and then those who disagree and perceive international cooperation as a means to gain rather than give.¹⁵² Every step taken towards further participation in the international arena is criticized and politicians are reluctant to oppose these views.

A defining aspect of Iceland's foreign policy for decades was the country's alliance with the United States (US). The two countries formed a mutually beneficial agreement that, along with participation in NATO, formed the defence policy of Iceland and in turn allowed the USA to have an army base in Iceland all through the Cold War. The army base proved to be lucrative for Iceland and many politicians tried in vain to keep it in Iceland long after the US lost interest and eventually the base was closed after a unilateral decision by the US in 2006.¹⁵³

¹⁴⁸ Baldur Thorhallsson. 2005.

¹⁴⁹ Baldur Thorhallsson. 2006.

¹⁵⁰ Baldur Thorhallsson. 2006.

¹⁵¹ Baldur Thorhallsson. 2006.

¹⁵² Baldur Thorhallsson. 2006 & Eiríkur Bergmann. 2003.

¹⁵³ Eiríkur Bergmann Einarsson. 2007.

Despite its strong alliance with the USA during the cold war, Icelanders have always regarded themselves as European and like to align themselves with the Nordic countries.

This identity of Iceland is evident in the country's participation in European organisations such as being founding members of the Council of Europe and joining EFTA 40 years ago. Iceland is also a part of the Schengen agreement and thus shares its borders with most of the EU's member states. Iceland also shares the EU Internal Market through the EEA agreement. In addition Iceland has fully participated in the European educational- and cultural programmes since 1992, despite the programmes professed policy of creating a European solidarity intended to strengthen EU infrastructures.¹⁵⁴ Iceland's biggest partner in trade, both when it comes to import and export, is Europe. Iceland is far from being self-sustainable as can be seen by a recent research on food security, showing that Iceland manufactures about 60% of all food consumed in Iceland and a large portion of that may be manufactured here but the ingredients are imported, e.g. coffee. For the most part, food and raw material for food production is imported from the MS of the EU.¹⁵⁵ This makes Iceland very dependent on Europe and the country's single biggest matter of interest is keeping those relations good.¹⁵⁶

Of all European cooperation Iceland has been involved in, the EEA agreement has been the most influential on Icelandic society. Even though it was far from being undisputed at the time of signing, it is today by most considered to have been highly beneficial for Iceland and no one would seriously suggest rescinding it.¹⁵⁷ At the time of its signing the EFTA states were the EU's most important market and the agreement therefore mutually beneficial and the EFTA states were given access to the decision-making process. The EFTA countries have ways of influencing EU law associated with the inner market through committees in the EC and informal routes¹⁵⁸. There is no formal connection to the European Parliament or the Council which makes it very hard to get any changes through on an already formulated legislation. Since the new EU treaties were

¹⁵⁴ Guðmundur Hálfðanarson. 2004.

¹⁵⁵ Orri Jóhannsson. 2010.

¹⁵⁶ Eiríkur Bergmann. 2003.

¹⁵⁷ Eiríkur Bergmann. 2003.

¹⁵⁸ Jóhanna Jónsdóttir. 2009 & Baldur Thorhallsson. 2005.

implemented, the EC has less influence in the composition of new laws and this affects the EFTA countries' ability to influence EU law. Even though the EU shall seek consultation from the EFTA countries regarding Internal Market law, there is less interest to do so as the EU gets bigger and EFTA smaller and there are even examples of the EU having forgotten to do so.¹⁵⁹

It was clear from the start that it was the EFTA countries that had to adjust to the EU and not the other way around. At the time of signing the agreement it was known that some of the EFTA countries were heading towards EU membership. Since then there have been changes in the infrastructure of the union making it harder for the EFTA countries to influence legislation.¹⁶⁰ The EEA agreement constitutes constant revision and upgrades of Icelandic laws since Iceland implements a large portion of all EU regulation. This affects most areas of Icelandic society but, unlike EU citizens, Icelandic citizens have no say in the matter. In addition to that the Icelandic government sometimes implements EU law, not because it has to, but because it serves its business interests to coordinate Icelandic and EU law.¹⁶¹

In Iceland the conviction that sovereignty is the nations' as a whole rather than of the individuals is prevailing. This entails that it cannot be shared with other countries or IOs. The fear of losing sovereignty has moulded Icelandic politics and politicians regard it their duty to guard the country's independence. Despite this the legislative authority of Althingi has been repeatedly limited by signings of international treaties. It is impossible for politicians to admit to this decrease of sovereignty. The signing of the EEA agreement is a good example of this since after signing it, Iceland has had to introduce a large quantity of EU regulations without formal discussions in Althingi or any input or influence from Icelandic authorities.¹⁶²

¹⁵⁹ Eiríkur Bergmann. 2003.

¹⁶⁰ Eiríkur Bergmann. 2003 & Einar Benediktsson. 2003.

¹⁶¹ Eiríkur Bergmann. 2003.

¹⁶² Ólafur Þ. Stephensen. 1996.

4.1.2 Current government

The last elections in Iceland were held following the so called 'pots and pans revolution' that arose from the collapse of the Icelandic banking system in late 2008. After the election it was clear that the Social Democrats and the Left-Green Movement (LGM) had majority in the parliament and would form the next government. The Social Democrats had placed great emphasis on applying for the European Union during their campaign but the LGM was against it. It, however, came to be a part of the treaty formed between the two parties that the government headed by the Social Democrats would apply to join the Union and that the nation would vote on the agreement in a referendum.¹⁶³

A resolution was put before the parliament and put to vote after lengthy discussions. One of the ministers for the LGM voted against it along with some parliamentarians from the same party but the resolution was passed¹⁶⁴. This is not unprecedented in Iceland but there are examples of a Prime Minister declaring that if a minister should vote against the government in parliament it would equal a resignation from that government. It is up to the government how much leeway it gives its ministers¹⁶⁵ and ministers are free to vote according to their conscience, rather than a pre-approved party policy. The government is nevertheless ultimately responsible for the actions of all ministers since they act as its agents.¹⁶⁶

Historically, it is very rare that conflict arises between the legislative and the executive power in Iceland. If it occurs it is usually when there is disunity within the political parties that are in government.¹⁶⁷ How the parties in government divide the ministries between themselves is usually an indicator of how the ministry in question will be run and ministers mostly stay out of each other's way. Public display of disunity amongst ministers is more common in Iceland than in other neighbour states and there are no examples in Northern Europe of mutual decision making in the government playing such a limited role. Hierarchy within

¹⁶³ Svandís Svavarsdóttir. 2010.

¹⁶⁴ Alþingi. 2009.

¹⁶⁵ Gunnar Helgi Kristinsson. 2006.

¹⁶⁶ Gunnar Helgi Kristinsson. 2006.

¹⁶⁷ Gunnar Helgi Kristinsson. 2010.

the government is when one minister is responsible for horizontal issues, e.g. Minister of Finance.¹⁶⁸ The EU accession process is putting the Minister for Foreign Affairs in an unconventional situation since he or she now requires input from all ministries to be able to fulfil his responsibilities. When a minister from the Social Democrats was appointed the Minister for Foreign Affairs it was clear what foreign policy would be pursued. The Minister for Foreign Affairs should now have, because of the horizontal nature of the EU application process, hierarchal dominance over other ministers but this status is resisted by many of the LGM ministers and that can cause problems for the process.¹⁶⁹

4.1.3 Iceland's application to join the EU

After the collapse of the banking system in Iceland the whole society was in a state of commotion and a window of opportunity presented itself for the Social Democrats to make some changes they perceived necessary, like applying for EU accession. Until that time Icelandic politicians had been very reluctant to press for greater involvement in European integration, mostly owing to the intensive debate that inevitably would follow such discussion. The reactions to potential EU membership has always been fierce and based on nationalism and the fear of losing sovereignty.¹⁷⁰

There are, however, individuals within all parties that agree with this policy and the parliament decided to apply for EU membership on July 16th 2009. The following day an application was sent to Brussels and the wheels were set in motion for negotiations. The Foreign Affairs Committee had prepared a report which should act as a roadmap for the accession talks. All work concerning the negotiation is based on this report.¹⁷¹ The commission sent a questionnaire with about 2500 questions to the Icelandic Government. People from all ministries and multiple agencies contributed to the answers that in the end totalled of over 10000 pages, including annexes and attachments and were delivered six weeks later. Following this the EC wrote an opinion recommending the opening of accession negotiations with Iceland. On June 17th 2010 the European Council

¹⁶⁸ Gunnar Helgi Kristinsson. 2010.

¹⁶⁹ Gunnar Helgi Kristinsson. 2010.

¹⁷⁰ Baldur Thorhallsson. 2006 & Guðmundur Hálfðanarson. 2007.

¹⁷¹ Ministry for Foreign Affairs. 2010c.

decided to do just that and currently preparations for negotiations are well on their way.¹⁷²

A Negotiation committee has been established and is headed by the chief negotiator. In addition to him there are seventeen other members and eleven of them also head negotiation teams that cover all aspects of the negotiations.¹⁷³ Members of interest groups have representatives within the negotiation groups as well as members of the administration and the academia. The Minister for Foreign Affairs is responsible for the process but he must consult with other ministers and the parliament on all decisions material to the process.¹⁷⁴ According to the majority opinion expressed in the report prepared in preparation to the resolution to apply for EU membership it is clearly stated that the negotiation teams should employ foreign advisors possessing extensive expertise of negotiations and the EU.¹⁷⁵

4.1.4 Opinions regarding the EU

The question whether Iceland's interests would be better served as a member of the EU or not and what effect accession would have on the national economy can only be answered through negotiations. Until recently, discussion relating to joining the EU has been clouded by Iceland's perceived threat of the EU fisheries policy.¹⁷⁶ There are additional three major issues regarding accession that cause feuds. Sovereignty being one, another being agriculture, and lastly the potential perceived financial cost or gain from membership.¹⁷⁷ In most countries that have applied to join the EU it has been the political elite that have pushed for membership, trying to persuade a reluctant public. In Iceland, however, the opposite has been the case. For a long time polls suggested that there was will amongst the electorate to apply for membership but the elected politicians resisted. This could be referred to as a long standing elite-electorate gap.¹⁷⁸ There are some indications that this may be reversing now but due to other

¹⁷² Ministry for Foreign Affairs. 2010d.

¹⁷³ Ministry for Foreign Affairs. 2010d.

¹⁷⁴ Ministry for Foreign Affairs. 2010a.

¹⁷⁵ Ministry for Foreign Affairs. 2010c.

¹⁷⁶ Guðmundur Hálfðanarson. 2007.

¹⁷⁷ Eiríkur Bergmann. 2003.

¹⁷⁸ Stommer, Meike. 2008.

variables, like the ongoing Icesave dispute between Iceland and The Netherlands and Britain, which influence the voters' opinion. It is therefore difficult to say if the gap still exists but has been turned around or whether the gap that existed is being corrected.

Since there has never, until now, been any serious discussion about the pros and cons of EU membership there has been a lack of information about the subject. Hence, the majority of voters have little to base their opinions on and must rely on the political leaders to tell them what the issues are and to answers to the questions raised. In this environment it is hard to realise what information is reliable and what not. This is all in an environment of general distrust towards politicians due to the financial crisis Iceland finds itself in. Individual interests have effect on public opinion but fear plays a big role as well. On the one side there is the fear of isolation and repeated mistakes that might lead to another collapse. On the other hand there is the fear of losing all say in national matters and becoming an insignificant partner in a project that might be too complicated or expensive to handle properly.¹⁷⁹ The movements most aligned to the left and to the right have in common their emphasis on keeping sovereignty intact and full control over the natural marine resources surrounding Iceland.¹⁸⁰

Those who are pro-EU are, most commonly where this has been researched, more likely to be young, educated and prosperous and view the EU as an exciting opportunity. On the other hand, the anti-EU coalitions have typically in northern Europe been comprised of residents of rural areas who work in traditional sectors, religious fundamentalists, urban leftists, older members of each society, workers in industries sheltered from international competition and those employed in the public sector.¹⁸¹ Pragmatism is likely the most viable explanation for the positive attitude towards accession.¹⁸² The biggest single reason, so far, given by the supporters of EU accession is that the national currency is very weak and gaining access to the Euro might be necessary for

¹⁷⁹ Stommer, Meike. 2008.

¹⁸⁰ Guðmundur Hálfðanarson. 2007.

¹⁸¹ Ingebritsen, Christine. 1998.

¹⁸² Stommer, Meike. 2008.

Iceland.¹⁸³ The opposition has suggested taking up the Euro without joining the EU or even taking up the dollar or the Norwegian crown¹⁸⁴ but these ideas have not a large following, neither in Iceland nor with the operators of these currencies.

The EEA agreement has, as stated before, been advantageous for Iceland. There is, however, a slight democratic deficit when it comes to the agreement on the side of the EFTA countries. According to the agreement Iceland could refuse to implement EU laws it opposes, but that could *de facto* rescind the agreement, and not just for Iceland but for all involved. Having seen the good that came from the EEA agreement, the pro-EU coalition would like to take the partnership a step further and correct this democratic deficit by participating in the composition of the law and not just receiving it.¹⁸⁵ There are legal indications that there would be a formal loss of sovereignty (*de jure*) by joining the EU. On the other hand it can equally be stated that actual (*de facto*) sovereignty might be gained by more involvement in the EU since Iceland has never denied implementing EU law or abiding by rulings of the EFTA court even though they are not legally binding.¹⁸⁶ This interpretation of sovereignty is adamantly rejected by the EU opposition.¹⁸⁷

According to Christine Ingebritsen, the leading sectors of nations control the political discourse. Iceland has been the most hostile of the Nordic countries towards the European project so far. A major factor in that might be that the leading sector of Iceland for decades, the fishing industry, is very opposed to accession. The sector is very well represented in Icelandic politics and has been consulted directly in the formation of government policy repeatedly. Iceland is very protective of its national resources and anything posing a risk to that is viewed sceptically to say the least.¹⁸⁸ Iceland has been, and in many ways was, successful in managing fisheries and in addition, fishing is closely related to national identity. Having been in control of the fishing grounds has been credited to being the root of all prosperity in Iceland. The fishing industry has enormous

¹⁸³ Eiríkur Bergmann Einarsson. 2007.

¹⁸⁴ Björn Bjarnason. 2009.

¹⁸⁵ Eiríkur Bergmann. 2003.

¹⁸⁶ Jóhanna Jónsdóttir. 2009.

¹⁸⁷ Björn Bjarnason. 2009.

¹⁸⁸ Ingebritsen, Christine. 1998.

nationalistic value and risking anything related to fisheries would be synonymous to risking the Icelandic way of life.¹⁸⁹ This is also partially true for agriculture. Agriculture is not a part of the EEA agreement and is probably the sector that would have to change considerably with EU accession.

4.2 Icelandic Public Administration

Since Iceland applied to join the EU it has become clear that the public administration must adjust to new requirements and procedures at the same time it is attending to the administrative duties of running the country and trying to solve the financial crisis. The added load of preparing for and negotiating with the EU, at the same time as preparing for potential accession puts a strain on the administration at a time when it is under-staffed and under-funded, is felt by most by the personnel involved. The state administration is comprised of ten ministries and numerous agencies. The ministries are headed by ministers, who are, as stated before, usually also elected members of the parliament.¹⁹⁰ Despite a steady increase in personnel during the last decades, a few ministries are still under-staffed. The capacity of these ministries to deal with increased and complex administrative tasks, for instance relating to international treaties, is limited. Under-staffed ministries limit the options of specialisation within separate sectors and access to necessary specialisation and the opportunity to transfer personnel between assignments according to need.¹⁹¹

Icelandic Public Administration is very small compared to most administrations Iceland compares itself with. Therefore it is unrealistic to assume that preparations for policymaking and legislation can always be as thorough as in the neighbouring countries. This does not change the fact that the administration is intended a role similar to more powerful agencies in more populated countries. The public and businesses make the same demands of the administration as elsewhere and expect service, security and guarding of their interests. In addition to this, globalisation places more demands on public administrations and the tasks are more complicated than before and all is happening in a very dynamic international atmosphere. The smallness can though also be an asset for the

¹⁸⁹ Stommer, Meike. 2008 & Guðmundur Hálfðanarson. 2007.

¹⁹⁰ Ministry for Foreign Affairs. 2010b.

¹⁹¹ Starfshópur forsætisráðuneytisins. 2010.

administration since it can be more flexible and offer quicker responses. Those traits are characteristic of the Icelandic administration.¹⁹²

Despite its smallness, the Icelandic Public Administration has steadily been increasing its capacity and due to the EEA and Schengen agreements the expertise within the Ministry for Foreign Affairs has been increasing as well. The Icelandic Foreign Service has nearly doubled in size, in terms of personnel, in the last decade and its ability to produce detailed reports on Iceland's status and policy choices has changed fundamentally.¹⁹³ This does, however, not change the fact that Icelandic external administrative capacity, in comparison with that of its neighbouring states, is still very limited.¹⁹⁴ Due to low capacity, the Icelandic few administrative units have a broader scope of matters than their counterparts in the other Nordic Countries. From the personnel point of view, that leads to more contact, higher participation and affectedness than in larger and more specialized civil services.¹⁹⁵ All ministries have had to specialise officials in handling of European matters, both through the EEA and Schengen, and the requirement of experts' knowledge in EU affairs has led to hiring of young, highly qualified people. As a result, the EEA membership led to a swift internationalization of the small Icelandic administration.¹⁹⁶

4.2.1 Europeanisation

European integration is an adaptation as a result of interaction. Iceland has been can be considered at least partially integrated into the EU. The general experience of Icelandic officials is that the overall consequences of the European integration has been more positive than with their Nordic counterparts. The EEA agreement puts less a burden upon the member states than EU membership. An important difference lies in that a country with full membership has access to all the EU's bodies, whereas participation by the EEA countries is primarily restricted to participation in preparatory and implementation committees connected with the Commission system.¹⁹⁷ Another difference lies in local aspects. Departments in

¹⁹² Starfshópur forsætisráðuneytisins. 2010.

¹⁹³ Baldur Thorhallsson. 2004.

¹⁹⁴ Baldur Thorhallsson. 2006.

¹⁹⁵ Baldur Thorhallsson. 2005.

¹⁹⁶ Baldur Thorhallsson. 2005.

¹⁹⁷ Baldur Thorhallsson. 2005.

the EU member states need to be in more contact with the political leadership than departments in the EEA states. The EEA decision-making framework does not include ministers. Consequently, the handling of European affairs is more in the hands of civil servants and there is very limited direct political interference.¹⁹⁸

There is no particular standard in the organization and structural development of the public administration with regard to EU matters. How countries respond to demands, responsibilities and opportunities are mostly in their own hands. European integration is nevertheless a demanding task that puts pressure on the service capacity of the public administration. No radical changes have been made in the structural configuration of the public administration in Iceland following European integration; it can rather be described as a gradual adaptation.¹⁹⁹ The main characteristics of a small administration, dealing with the decision-making system of the EU, are prioritisation, informality, flexibility and autonomy of officials.²⁰⁰

4.2.2 Political influence

Icelandic public administration is comprised of many small units. The requirement for cooperation and coordination is thus great and crossing traditional institutional divisions is necessary. The present structure, where each minister has considerable independence when it comes to policy- and decision-making within his or hers ministry, causes difficulties when it comes to ministerial cooperation on issues crossing more than one ministry. This is generally referred to as 'ministerial walls' and might reduce the will to cooperate among the ministries' personnel.²⁰¹ This also leads to less cohesion in the handling of cases or individual issues in Iceland compared to other states in Western Europe. Politicians have also historically, interfered in the daily work of the administration, with the exception of EEA matters, to a greater extent than their colleagues in neighbouring countries.²⁰² In the Special Investigation Commission report there are numerous occurrences mentioned where ministers interfered with matters

¹⁹⁸ Baldur Thorhallsson. 2005.

¹⁹⁹ Baldur Thorhallsson. 2005.

²⁰⁰ Baldur Thorhallsson. 2000.

²⁰¹ Starfshópur forsætisráðuneytisins. 2010.

²⁰² Baldur Thorhallsson. 2005.

that either were in a professional process or matters that should be brought to an end based on a professional viewpoint.²⁰³

There have been many instances where ministers have resented professional independence and that they tend to see the institutions under the auspices of the ministries they head as an extension of the ministries and for the employees of these institutions to obey political powers. The biggest defects of Icelandic Public Administration are lack of initiative, avoidance of responsibility and a general lack of discipline and principles. The effects of long time political recruitments are lack of professional procedures, and general co-dependence with the politicians and the financial sector.²⁰⁴ All this combined created distrust and suspicion in the administration as a whole during the time leading to the collapse of the banks.²⁰⁵ There are some indicators that some of the same factors can be identified now in connection with the EU application process. Even though the IPA and TAIEX matters have in other CCSs and BCCs been handled on these early stages of implementation by public officials, it has become a political matter in Iceland. This development has caused delays and the need to adapt the proceedings of the assistance to personal opinions of politicians rather than professional viewpoints.

There is a lack of clarity concerning the authorities' procedures that can be traced to lack of discipline and structure.²⁰⁶ There is very little strategic thinking and planning on all levels of administration in Iceland, no real connection between intent and policy on the one hand and financing it on the other. One depiction this is very little cooperation between ministries and this must be changed irrespective of possible EU membership.²⁰⁷ This can lead to endangerment of continuum and puts interests and decisions at risk. Public Administration should not be too dependent on individuals exercising their executive power.²⁰⁸ An example of this is when, after a change of ministers in the newly founded Ministry

²⁰³ Starfshópur forsætisráðuneytisins. 2010.

²⁰⁴ Rannsóknarnefnd Alþingis. 2010.

²⁰⁵ Rannsóknarnefnd Alþingis. 2010.

²⁰⁶ Starfshópur forsætisráðuneytisins. 2010.

²⁰⁷ Pearson, Norman. 2010.

²⁰⁸ Starfshópur forsætisráðuneytisins. 2010.

of the Interior, the new minister decided to retract the suggestions for IPA assistance already handed in by his predecessors.²⁰⁹

In administrative law, an unwritten rule has been honoured, that states that the decisions and actions of the authorities should be so substantive and clear that if a private party should receive them he would immediately understand them and his legal status.²¹⁰ This has not been the case in many matters and is especially true for issues related to the EU application. For example, when it comes to IPA and TAIEX matters the ministers of each ministry make decisions on whether or not to accept assistance based on nothing more than their political opinion. There are no written arguments or otherwise stated grounds and no written instructions to the administration.²¹¹ It is of course inevitable that some political decision-making should pertain to other laws than professional decisions, in the context of competition for votes and power it will not always be professionally rational. One of the different embodiments of the lack of professional discussion and cohesive political leadership can be misleading policy-making.²¹²

²⁰⁹ Fréttablaðið. 2010.

²¹⁰ Starfshópur forsætisráðuneytisins. 2010.

²¹¹ Sigurgeir Þorgeirsson. 2011.

²¹² Starfshópur forsætisráðuneytisins. 2010.

5 Summary and discussion

For most countries, alignment with the EU, and getting familiarized with its structures and actors requires great effort. In addition, many of the applicant countries are dealing with political instability, and have limited administrative capacity. As the EU grew it became apparent that if the Union was to survive enlargement, the new member states needed to be as well prepared as possible. The EU decided that it was worth the expenditure to assist future members of the Union. IPA assistance, especially the National Programme, is generally granted to help with long-term and strategic projects, such as building infrastructure and fundamental changes in capacity. As such, it requires extensive planning, coordination and multi-annual national programming, which leads to a certain inflexibility.

TAIEX was created as one of many tools used to support the countries applying for accession to the EU. It was designed to respond to needs that required less planning and more flexibility, often to support the larger projects under the National Programmes. TAIEX is demand driven; it is not based on any formal needs assessment, and is applied directly by the beneficiaries. The beneficiaries are from all levels of public administration and can receive assistance whenever they need to increase their understanding or capacity on EU related matters, whether it be by receiving an expert visit, having a seminar on a specific subject or going on a study visit to one of the Member States to witness best practice in the relevant field.

All the neighboring countries of the EU, except for Norway, can apply for TAIEX assistance and so can some of the newly admitted members of the Union. It is highly beneficial for the candidate countries of the EU to have this available during their accession processes. It seems there is a general agreement on the benefits of TAIEX. Since Iceland shares very few common denominators with the other CC all comparison between it and the other countries is difficult. Iceland is a long time partner in European cooperation through NATO, EFTA, the European Council and the Nordic Council, and having been a member of the EEA has had years to align its legislation with the EU. Even the organisation of TAIEX is

different in Iceland since the NIPAC is directly involved in the application process while in the other countries; beneficiaries apply directly from the EC.

There is, however, always something to be learned from the experience of others and Estonia is a country Iceland can easily identify itself with. Though it is now a member, it was for years a recipient of EU pre-accession assistance having to contend with some of the same obstacles as Iceland is now. Their small administration struggled with the immensity of the project that EU accession is. However, when the Estonian government became invested and provided motivation and leadership, it became possible for the administration to move forward. In the end, Estonia's administrative capacities were significantly increased, partially thanks to TAIEX. The EU has had a good experience with TAIEX and it is generally believed that the application of TAIEX can smooth and speed the accession process.

Iceland has always considered itself a part of Europe country and has participated in various European political forums. However, Iceland's foreign policy for a long time was that of a reluctant partner, who participated in the hopes of financial gain or security at a low price. There has been a slow shift of priorities in Icelandic foreign policy and today it takes an effort to convince the government to accept financial support. A key element of Icelandic politics is the appointment of ministers, how the parties in government divide the ministries amongst themselves, for that is the clearest indicator of policy in each area. The Social Democrats have for a long time believed that Iceland's interests are best served within the EU and as soon as they were in the position to appoint a Minister for Foreign Affairs from within their ranks it was clear that an application to join was likely to follow. At the same time, the Left-Green Movement has always been opposed to further alignment with Europe and it was known that many of its members would exercise all their powers to prevent accession.

Due to the political situation in Iceland, where the two parties in government have conflicting ideas of whether or not to go through with the EU application, it is not possible to make a National Programme based primarily on the needs of Iceland. The needs are based on an evaluation of where the biggest gaps lie between the Icelandic legislation and the *acquis*. The areas in most need of support in Iceland are ones not covered by the EEA agreement but to a large extent, under the

auspices of anti-EU ministers who have, so far, not shown political will to cooperate in this area. This means that areas that would normally be a part of the National Programme and receive substantial financial support must now rely solely on TAIEX for all their needs for assistance.

By increased participation in the European project that automatically comes with the application to join the EU, the traditional division of labor within the Foreign Service and other branches of the administration must be reconsidered. The same should apply to the division of powers within the government and this must call for increased cooperation of the ministers. The Icelandic public administration is already under the influence of Europeanisation and history has shown that it is highly adaptable. The size of the public administration may become a factor in the application process as a whole but should not pose any imminent trouble for the implementation of TAIEX or any other pre-accession assistance, but it is too early to determine. Since the aim of TAIEX is peer based exchange of experience but not the donation of grants it could be seen as a compromise between those who support accepting assistance and those who don't.

TAIEX will not increase manpower within the Icelandic administration, but it can help in training the ones already working there and increase their personal professionalism. Since TAIEX became available to Iceland, the people implementing it, as well as the ones who could benefit from the assistance, have been realizing its potential. Icelandic officials, in all levels of the administration, now have access to leading experts in Europe on everything relating to the *acquis*, without any expenses for the Icelandic people. We are still learning how to use TAIEX and in what way it can benefit them and its reputation is spreading. So far, it has been well received and I predict that within three years time it will be hard to find a person from within the administration who will not have benefitted from TAIEX, directly or indirectly.

It would be highly beneficial for the administration, both in terms of institutional memory and capacity building to develop an operational set of measures when it comes to TAIEX. For this, each participant would participate in the evaluation of each event and give the administration feedback on their part in the execution of the event. This way a database could be created and later research of this

phenomenon would be made easier and knowledge within the administration increased. After all, the administration's purpose is to serve and that can always be improved. Since TAIEX is new and so are most of the issues it is designed to manage, there is no useful comparison yet. A systematic record of the process and its implementation could be kept to ease the implementation of future assistance in Iceland.

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Glossary of Acronyms

AP	Accession Partnership
<i>Acquis</i>	Acquis Communautaire
CC	Candidate country
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CBC	Cross-Border Cooperation
CEEC	Central and Eastern European Countries
COELA	Council Enlargement Group
Coreper II	Committee of Permanent Representatives, ambassador level
Council	Council of the European Union
CSOs	Member States civil society organisations
DG	Directorate General
DG ELARG	Directorate General for Enlargement
DSA	Daily subsistence allowance
EC	European Commission
ENPI	European Neighbourhood and Partnership Instrument
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
fYRoM	Former Yugoslav Republic of Macedonia
GTZ	German Agency for Technical Cooperation
HQ	Head Quarters
IBU	Institution Building Unit
IFI	International Finance Institutions
IO	International Organisation
IPA	Instrument for Pre-accession Assistance
ISPA	Instrument for Structural Policies for Pre-Accession
LGM	Left-Green Movement
MBP	Multi-Beneficiary Programme
MEDA	Egypt, Morocco, Jordan and Tunisia
MIFF	Multi-Annual Indicative Framework
MIPD	Multi-Annual Indicative Planning Documents
MS	Member States
MTA	Medium Term Assistance
M€	Millions Euros
NP	National Programme
NIPAC	National IPA Coordinator
OSCE	Organisation for Security and Cooperation in Europe
PCC	Potential candidate country

Phare	Pologne et Hongrie Assistance à la Restructuration Economique
PF	Project Fiche
RTA	Resident Twinning Advisors
SAPARD	Special Accession Programme for Agriculture and Rural Development
SME	Small and Medium-Size Enterprise
TA	Technical Assistance
TACIS	Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan
TAIB	Transition Assistance and Institution Building Component of the IPA
TAIEX	The Technical Assistance and Information Exchange Instrument
US	United States of America