



INSTITUTIONAL CHANGE DURING THE EU ACCESSION PROCESS

INTRODUCING A NEW DATASET

László Bruszt and Ludvig Lundstedt

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László Bruszt and Ludvig Lundstedt

Abstract

The Eastward enlargement of the European Union (EU) represents one of the greatest social and economic transformations in modern times. To become a member of the EU a candidate country must transpose and implement over 80,000 pages of legislation, covering more than 30 policy fields. By that, the EU aims to bring a candidate country's economic and political system in line with other EU member states. The institutional change mandated by the EU extends both to general areas of the state, such as the judiciary and the state bureaucracy, but also to several dozens of regulatory fields. An obstacle to the deeper study of the factors that could explain cross-country and cross-policy area variation in the outcomes and the effects of such a large-scale institutional change has been the lack of comprehensive data on the reforms connected to the enlargement. To overcome this problem, we have created a unique dataset that relies on the yearly progress reports published by the Commission. Our database quantifies the candidate countries' progress to fulfill EU requirements in 16 different policy fields covering all the key areas of EU-mandated institutional transformation within the economy and the state. In this paper, we describe the method of our data collection, provide examples for our results from three key institutional fields and offer full access to the codebook of our research.

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1. Introduction

The Eastward enlargement of the European Union (EU) represents one of the greatest social and economic transformations in modern times. To become a member of the EU, a candidate country must transpose and implement over 80,000 pages of legislation, covering more than 30 policy fields. By that, the EU aims to bring a country's economic and political system in line with other EU member states. The institutional change mandated by the EU extends both to general areas of the state, such as the judiciary and the state bureaucracy, but also to several dozens of regulatory fields.

While the 2004 enlargement is often depicted as a success story, the successive enlargement rounds have often been slower and more cumbersome. Nevertheless, variations in the paths of reform taken, both across countries and sectors, have also been documented in the literature (Schimmelfennig/Sedelmeier 2005; Vachudova 2005).

How can these differences in the reform processes be explained? Why is institutional change faster in some areas of the state and slower in others? What is the right sequencing of institutional change? What lessons can be drawn from the outcomes of simultaneous institutional transformations in 18 Central and Eastern European Countries (CEECs)? Which role do EU strategies play in fostering institutional change, and how does pre-existing variation in terms of economic, social and political legacies play in? What are the effects of the EU-induced institutional changes on various economic and social outcomes in these countries?

An obstacle to empirically answer these questions has been the lack of comprehensive data on the reforms connected to the enlargement. To overcome this problem, we have created a unique dataset¹ that relies on the yearly 'progress reports' published by the Commission. Our database quantifies the candidate countries' progress to fulfill EU requirements in 16 different policy fields covering all the key areas of EU-mandated institutional transformation within the economy and the state.²

The rest of the paper proceeds as follows: in section 2., we position our new dataset among other indexes that have been used in the scholarly community to measure EU-compatible reforms in Central and Eastern Europe (CEE). Section 3. and 4. provide a detailed description of the sources of the coding and the operationalization of the variables we wanted to measure based on the progress reports. In parts 5. and 6., we describe the institutional areas covered by this research and the strategy of coding. In part 7. we give examples in the form of descriptive accounts for our results from three key institutional fields. In the appendix we provide the full codebook for the dataset.

1 The dataset has been compiled in the framework of the research project that has received funding from the *European Union's Seventh Framework Program* for research, technological development and demonstration under grant agreement no 320115 (Bruszt 2016).

2 The progress reports are sometimes referred to as 'monitoring reports' or 'regular reports'. However, in order to be consistent we use 'progress reports' throughout the text.

2. Alternative approaches to quantifying convergence with EU requirements

Two indexes commonly used in the literature are the transposition of the *acquis communautaire* (*acquis*) and the infringement procedures that have been brought against the member states by the Commission (for an overview of the literature, see Mastenbroek 2005).

The average transposition deficit for EU member states is 0.7 percent, with the largest deficit being recorded for Italy (1.6 percent) and the smallest deficit for Hungary (0.1 percent). However, data on transposition suffers from several weaknesses. First, transposition data is based on the member states' own reports to the Commission; no independent body that evaluates transposition in the member states exists today. This is problematic since member states have a palpable incentive to underreport their transposition deficit. Second, transposition only refers to the incorporation of EU legislation into national law. We are, therefore, left in the dark with regards to how well these measures are applied on the ground.

Infringement procedures go one step further than transposition indicators since they are based on the Commission's review of the transposition and application of EU legislation in the member states. In 2014, the Commission opened 839 infringement procedures by letter of formal notice, of which 13 were sent to the Netherlands, whereas 53 infringement procedures were launched against Belgium (European Commission 2015). It is very likely that the Commission underestimates the true extent of non-compliance. This is, however, not necessarily a problem if one is interested in the relative compliance deficit and no systematic country bias exists. Unfortunately, there are reasons to believe that this is not the case. Due to limited resources the Commission is dependent on information regarding non-compliance from third parties (Falkner et al. 2005: 19–20). Thus, if countries differ in their ability to detect non-compliance, the infringement data will be biased in favor of weaker countries. Furthermore, both the infringement and transposition data is only collected for countries that are already member states. Therefore, no such data exists for the countries of Central and Eastern Europe while taking part in the accession process.

Others have applied more elaborate measures to quantify convergence with EU requirements. The process of becoming a member state of the EU is divided into different stages: the application for membership, negotiations, and the closing of *acquis* chapters. If a country accepts the invitation to apply for EU membership, the European Council decides – on the basis of a recommendation from the Commission – whether to grant the applicant country candidate status or not. At the same time, the Commission draws up an opinion document that assesses the candidate country's level of compliance with EU requirements. If the country is believed to meet the accession criteria, negotiations between the EU and the candidate country are opened. The focus of the accession negotiations is on the adoption and implementation of EU rules and regulations, whereby each chapter of the *acquis* – with each covering a specific policy area – is closed individually, concurrently with the accession country meeting the specific criteria of that chapter. When the country is deemed to have successfully implemented the *acquis*, the accession process ends and the country becomes a member of the EU.

Gray (2009) uses different stages of the accession process to measure the effect of these stages on the perception of default risk in post-communist countries.³ She codes the 'EU variable' by adding 1 for each new stage in the accession process that a country has reached. Thus, the variable coefficient represents the added effect of each new stage towards membership. For example, if country *x* moves from an applicant to a candidate country, the 'EU variable' changes its value from 1 to 2. Likewise, when the same country reaches the third stage of the accession process the variable takes a value of 3, and so on.

The dataset collected by Gray (2009) is based on the assumption that each of the stages in the accession process signals a higher level of convergence with EU requirements. While this is likely to be true, it only provides an aggregate understanding of compliance. As such, the measure hides the substantial variation that exists across different countries within the same stage of the accession. Linked to this, although the data renders cross-national comparison possible, it does not provide information on the substantial variation that exists across sectors. Furthermore, the closing of a negotiation chapter is a political decision that is not only based on the country meeting the institutional requirements or not. Thus, the dataset is of limited value for the analysis of EU-induced institutional change.

Hille and Knill (2006) introduce an alternative way to measure convergence with EU requirements. Their index provides data for 13 accession countries between 1999 and 2003.⁴ Hille and Knill (2006) make use of the progress reports published by the Commission on a yearly basis (see below for a detailed description of the progress reports). To extract information from the reports, Hille and Knill apply a computerized word-in-context method, quantifying progress and/or regress based on the text. The method measures the frequency, intensity and directionality of words closely connected to or mentioned in the same context as sentences related to the *acquis*, accession partnership priorities, or specific policy areas (2006: 541).

More specifically, the word groups identified by Hille and Knill are coded with regard to direction (approval or criticism) and strength (strong, medium and weak). For example, a word group that contains the adverbs *very*, *strongly*, *urgently*, etc., or adjectives such as *substantial*, *serious*, *major*, *important*, etc. are considered to be strong. Weak statements include *work has begun*, *limited*, *partially*, etc., whereas medium statements fall in between. Accordingly, statements of weak criticisms are coded as -1, medium as -2, and strong as -3. Conversely, statements of approval are coded as 1 for weak, 2 for medium, and 3 for strong. The index is then created by summing up the points for each country on a yearly basis.

We build and expand the approach employed by Hille and Knill (2006); as such, we aim to overcome some of its limitations. First and foremost, Hille and Knill's way of measuring provides a broad-brush picture of institutional compliance at the time of accession. Therefore, it does not allow for an analysis of institutional change within and across various policy fields. We try to overcome this weakness by coding the different *acquis* chapters separately. In so doing we opted for a manual coding procedure instead of a computer algorithm to extract data. The progress reports contain multiple dimensions within most of the institutional

3 The countries are: Albania, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Poland, Romania, Russia, Slovakia, Slovenia and Ukraine.

4 The countries are: Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey.

arenas that would have been difficult to access through a computerized procedure. The aim was to extract data not only across different sectors but also within them, distinguishing between the different institutional aspects of reform. A manual coding procedure simplified the process of coding the different chapters and the dimensions within them.

Furthermore, to fully comprehend and code a progress report for a specific year, it is essential that one has knowledge about the previous reports. Often references are made to earlier reports - information that needs to be taken into account for the coding to be accurate. Although machine-learning tools today are extremely powerful, such a complex algorithm is difficult to write.

3. The source of the data: EU progress reports

The dataset described in this paper covers economic reforms in 18 CEECs during their accession to the EU.⁵ In 1997 the Council gave the Commission the task to monitor the CEECs' progress towards accession. The outcome of this exercise was synthesized in the annual progress reports, which were intended to work as a mechanism to help the accession countries align their legislation with the *acquis* (European Council 1997: 3). Legislative alignment was defined as the extent and quality of the transposition of EU legislation into national law. However, alignment in general was understood more broadly than simply as legislative alignment: it also included the creation of essential institutional conditions for the implementation of EU-conform regulations on the ground. Hence, in the progress reports the Commission also assessed each candidate country's ability to implement the *acquis* (European Commission 1998: 1).

A systematic assessment of the candidate countries' administrative capacity takes place in the framework of the Commission's Regular Reports. Such an assessment is also an integral part of accession negotiations in each individual chapter of the acquis. Such an assessment presupposes a clear view of the main administrative structures that are required to implement the various chapters of the acquis, of the main functions that each of these structures must fulfill, and the basic characteristics these structures must have to duly fulfill their functions.

(European Commission 2005: 7)

An assessment of institution building in any meaningful way presupposes a clear knowledge of what one is assessing. To this end, the Commission worked out several indicators to measure different aspects of institution building (cf. European Commission 2005). Although the exact requirements for the different chapters vary, it is possible to identify four categories that were of special concern to the Commission. The first category concerns the transposition of substantial legislation. For any institution building to be meaningful, the candidate countries will first have to transpose EU legislation into national legislation. Thus, this dimension is equivalent to the transposition measure described in the subsequent section.

5 The countries included in the dataset are: Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, FYROM Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, and Turkey.

The three other categories capture what Mann (1984, 1986) has defined as the ‘infrastructural power of the state’, i.e. the state’s ability to implement its decisions throughout the realm. For institutions to be effective, actors must be motivated to follow the rules. In such cases, the motivation to comply with prescribed behavior is fostered by altering the incentive structure facing actors. Although each actor takes an independent decision of whether to adopt the behavioral prescriptions or not, their decision will be informed by their belief that sanctions will be severe enough in the case of shirking (Greif 2006: 36–37). With that, the infrastructural power of the state aims to motivate actors to follow the rules:

[t]he state can assess and tax our income and wealth at source, without our consent; [\dots] it stores and can recall immediately a massive amount of information about all of us; it can enforce its will within the day almost anywhere in its domain; its influence on the economy is enormous; it even directly provides the subsistence of most of us. (Mann 1984: 189)

The importance attached to infrastructural power represents a clear break with the neoclassical idea of the state as an enemy of the market (cf. Krueger 1974: 301–303). It instead echoes the Weberian notion that bureaucratic organization is technically superior to any other form of organization in coping with the complexity of society (Weber 1978: 972–973).

To build infrastructural power it is essential to understand the dual nature of organizations. On the one hand, they are *part of* the institutional framework because they constitute their enforcement mechanism, and, on the other hand, they are institutions, structuring the behavior of their members (Greif 2006: 50). Consider a situation in which the supervisory authority is provided information regarding the potential wrongdoing in one of the legal entities under its jurisdiction. The decision to impose fines on the malfeasant is part of the enforcement mechanism of the institution whose rules have been violated. At the same time the decisions to investigate potential wrongdoing, to impose a fine, the size of the fine and so forth are all governed by the institutional infrastructure of the organization.

The subsequent three categories concern the following: the procedural laws governing supervisory authorities (the organization as an institution), and the infrastructural power of the state (the ability to enforce substantial legislation). The exact ramification of these terms differ across the *acquis* chapters, but it usually implies the foundation of an enforcement agency, which is independent from political and private influence, and has been endowed with sufficient enforcement power to properly execute its duties.

Resources can be divided into three distinct but interrelated categories: budgetary, human, and physical resources.⁶ The three categories are interrelated in the sense that the effectiveness of one resource category is dependent on the other resources available. For example, the size of the budget will affect the quality of human and physical resources of the supervisory agency; likewise, the effectiveness of the software depends on the expertise of the staff. Thus, for an organization charged with enforcement to be effective it must have sufficient budgetary, human and physical resources at its disposal.

6 (1) Budgetary resources refer to the general budget of the organization; (2) human resources are composed of both the quantity and quality of staff available to the organization; and (3) physical resources are the premises available to the organization, and also its computers, software, etc.

Last but not least, the Commission was concerned with the actual performance of the supervisory authority in specific regulatory fields. To evaluate this, the Commission developed certain criteria for assessing progress towards EU requirements that could also include indicators of the frequency of inspections, the number of fines imposed, and so on. The behavior of the supervisory authority is a good indicator for the effectiveness of the organization as an institution, i.e. for whether the rules and resources are sufficient to induce the correct behavior among supervisors. Thus, it is now possible to distinguish between four institutional dimensions:

1. *The substantial content of the rule.* This dimension refers to the transposition of rules. In the context of this research project, we ask the question if the legislation in place is in line with EU requirements.
2. *The organization(s).* A prerequisite for factual enforcement is that the necessary organizations are in place. Again, in the context of this research project this refers to progress in setting up the regulatory agency or agencies required by the EU.
3. *The resources.* For an organization to be able to enforce the rules it must be able to monitor the actors concerned. For this reason, it needs to be endowed with the necessary resources. This dimension can refer to human, budgetary as well as physical resources.
4. *The enforcer's behavior.* This dimension captures the enforcement of the rules, i.e. if the rules are applied in a consistent manner so that predictability of rules can be ensured (see descriptive statistics on this dimension in Section 7.).

A possible critique directed against the progress reports is a potential political bias, i.e. that the reports might tend to shy away from criticizing countries because of political or other reasons. Although this is conceivable, it is difficult to find anything in the data that points in the direction of a systematic under- or overvaluation of one or more of the candidate countries. Furthermore, the progress reports are vulnerable to much of the same critique that has been directed to many of the other operationalizations of institutional capacity, namely that the measure is based on subjective assessments rather than objective criteria. However, this is only partly true, for the evaluations made by the country experts are based on criteria worked out by the Commission.⁷ Although this does not go all the way to meeting the requirement of objective indicators, it does at least provide a systematic assessment which enables cross-country and cross-sector comparisons.

4. Operationalization

In order to transform the information contained in the progress reports content analysis has been applied. It is admittedly an indirect method to gather data about institutional reform, but, albeit its imperfections, it provides an opportunity for gathering meaningful data, both across countries and across as well as within

⁷ The country experts had to evaluate each sector within a country in accordance with the standards laid down in the Guide to Main Administrative Criteria (European Commission 2005).

sectors. To this end, a codebook has been constructed to facilitate the coding process (see appendix), aiming to capture the institutional dimensions discussed above. For each dimension a scale between 1 and 4 has been introduced. It ranges from: *No or Severe Deficiencies in the Conformity with EU Requirements* to *Full Conformity with EU Requirements*. Codes of 1 and 2 capture states where substantial further efforts are needed to reach EU requirements, codes 3 and 4 indicate stages where little or no reform is needed to be in compliance with EU legislation.

Based on the progress reports, each country receives a code between 1 and 4 on a yearly basis, resulting in a total of 150 observations for each dimension. The years that are coded do not correspond across countries, because the candidate countries took part in the accession process at different points in time. Roughly speaking, two groups can be distinguished: on the one hand, the countries that became candidate countries in the late 1990s and were granted membership in the early to mid-2000s; on the other hand, countries that embarked on the road to accession in the mid-2000s and are still in the process of joining the EU.⁸

The area of competition policy provides an illustrative example for the coding. The EU required the accession countries - in addition to the transposition of the relevant parts of the *acquis* - to set up a national competition authority that is “vested with necessary powers enabling it to investigate anti-competitive practices, and the powers to order the termination of such practices, including the rights to impose sufficient deterrent sanctions” (European Commission 2005: 8).

In its evaluation of the Czech Republic the Commission finds that the country’s competition authority generally has well-qualified staff to perform its duties (European Commission 1999a: 66). Evaluating the progress in the same policy field in Romania in 2002, the Commission still finds problems on all four above-mentioned dimensions. The competition authorities are still not empowered “to oppose legislation restricting competition” (European Commission 2002: 67) and the existing regulations do not yet make a rule that “legislation on competition takes precedence over legislation on businesses and legislation under which state aid is provided”. While the necessary organizations to enforce EU competition rules, i.e. the Competition Office and the Competition Council, are in place they still “require further strengthening in terms of human resources and training” (European Commission 2002: 67). Finally, the Commission finds significant problems in the behavior of the enforcer:

Application of the state aid rules is not comprehensive and numerous state aid measures are not notified to the competition authorities. The Competition Council should take a firmer and more pro-active approach to ensure the effective application and enforcement of the state aid rules, including non-notified aid, and the alignment of existing aid schemes and legislation under which authorities at various levels grant aid. (European Commission 2002: 67)

⁸ Croatia and Turkey are notable exceptions to these broad groups. Croatia became a candidate country in 2005 and joined the EU on the 1 January 2013. Turkey became a candidate country as early as 1998, but has still not joined the Union.

For some years missing values are recorded. In these cases, a description of how the missing values have been dealt with is warranted. For cases where information is lacking but coding exists for the previous year, the coding has been extrapolated to the following year. Considering, for example, a case in which the year of 1997 has been coded as a 1, but no information for 1998 can be retrieved, 1998 would be coded based on the 1997 coding. If, however, no coding exists for the previous year, but for the subsequent year, the code would be extrapolated back in time.⁹

5. The institutional areas covered by our research

The dataset is coded based on 16 different chapters of the *acquis*. This is less than the chapters covered in the *acquis* but we have chosen to limit ourselves based on the relevance of the different chapters with regard to our research. More specifically, we have focused on chapters that evaluate progress within the general state institutions (the judiciary and the state bureaucracy) and in key economic regulatory areas. We have detailed quantification of progress towards EU requirements on five broad areas covered by the annual reports (see the codebook in the appendix):

5.1. Progress in general state capacities

Judiciary. In this chapter the focus is on capacities to maintain the rule of law, uphold basic economic and political freedoms, and prevent the corruption of the state; i.e. faculties that are subsumed under the label of ‘market-preserving state capacities’ in the political economy literature (North/Weingast 1989).

Public Administration. In this chapter the stress is on the development of an impartial, trustworthy and efficient public bureaucracy. The requirements for such administrative state capacities include civil service reforms in conformity with EU rules and well-staffed, budgeted state bureaucracies with civil servants selected and promoted on a depoliticized and meritocratic basis.

5.2. Establishing a domestic market order

Competition. In this chapter the stress is on EU-conform regulations of anti-trust, merger and state aid.

Public Procurement. EU-conform measures for public procurement, aimed at preventing, among other things, the misuse of power asymmetries and discrimination of non-domestic actors.

5.3. State capacities linked to defending the integrity of the Single European Market

Member states and aspiring members were obliged to build up encompassing domestic institutional capacities to monitor domestic state and non-state actors in the economy and prevent them from discriminatory practices that could constrain the free movement of goods, capital and services. This required the creation of state units that could act as local guardians of the EU within the nation states.

⁹ Please note that these rules only apply if no information is to be found. Often it is the case that coding for a specific year can be derived from the information in other progress reports.

Free movement of capital. Here, requirements focused on setting up new legal and administrative infrastructure in all areas where previous practices or sectorial policies relied on capital movement restrictions.

Free movement of goods. Mandatory EU measures included the creation of autonomous institutions for standardization, accreditation, conformity assessment, metrology and market surveillance.

Free movement of services. Aspiring member states were obliged to build up the administrative capacity to continuously screen administrative or legal rules existing or under preparation as to their compatibility with market freedoms as interpreted by the European Court of Justice.

5.4. General economic criteria for membership

Functioning market economy. This area includes the elements of the so-called Washington consensus, such as privatization, liberalization of prices, and trade and economic stabilization, but it also contains institutional requirements for the functioning of the financial market. Originally, the functioning of the judiciary, the key institution of the market-preserving state (see above), also belonged here.

The capacity to cope with competitive pressure and market forces within the Union. This includes a veritable hotchpotch of policy requirements:

- The existence of a functioning market economy, with a sufficient degree of macroeconomic stability for economic agents to make decisions in a climate of stability and predictability;
- A sufficient amount, at appropriate costs, of human and physical capital, including infrastructure, education and research, and future developments in this field;
- The extent to which government policy and legislation influence competitiveness through trade policy, competition policy, state aids, support for small and medium-sized enterprises (SMEs);
- The degree and pace of trade integration a country achieves with the Union before enlargement; and
- The proportion of small firms.

5.5. Specific policy areas

We have also coded those chapters that were either of strategic importance from the perspective of domestic economic policy making, such as monetary policy, or those in which EU regulatory requirements are most extensive and expensive, i.e. impose large costs for implementation.

Monetary policy. The *acquis* that is related to economic and monetary policy requires accession countries to set up an independent central bank.

Energy policy. The energy policy chapter requires the transposition of the energy *acquis*, the establishment of competent authorities with the responsibility to monitor the application of the *acquis*, as well as abolishment subsidies and other price-fixing instruments.

In addition, a number of sub-sectors have also been coded:

- *Security of supply.* The establishment of a crisis body to coordinate crisis measures at the national level; in addition, a stockholding body or entity to maintain and manage the compulsory stock of oil.
- *Energy efficiency.* The establishment of enforcement agencies to uphold directives on energy labelling and minimum efficiency standards. In addition, a body with the aim to promote energy efficiency and renewable energy.
- *Nuclear safety.* The establishment of a nuclear regulatory authority, possessing the adequate resources and powers to grant licenses and regulate the location, design, construction, commissioning, operation or decommissioning of nuclear installations.

Environmental Regulations. Horizontal measures consist of two dimensions: organizations and resources. The supervisory authority has the overall responsibility for the implementation of EU law. In addition, a number of sub-sectors are coded: air quality, waste management, water quality, nature protection, industrial pollution control and risk management, chemicals and GMO, and noise.

Enterprise and industry. The enterprise and industry dimension refers to taxation and other administrative barriers for businesses and investors.

Employment and social affairs. Employment and social affairs measures progress in the following three dimensions:

- *Labor law.* This dimension regulates the insolvency directive and the posting of workers' directive; it requires the establishment of an independent guarantee institution for workers in case of their employer's insolvency.
- *Health and safety at work.* The *acquis* requires the establishment of enforcement agencies with the competencies needed to ensure control and the information leading to improved working conditions, as well as services for health and hygiene, first aid, fire prevention, training, promotion and research.
- *Anti-discrimination and equality at work.* The establishment of a body responsible for the equal treatment of all persons without discrimination of the grounds of sex, race, and so on.

Food safety, veterinary and phytosanitary policy. Veterinary and phytosanitary policies aim to facilitate internal and external trade in the veterinary, plant health and animal nutrition sectors, and at the same time safeguarding public and animal health as well as animal welfare and meeting consumer expectations.

6. The coding

For data collection a codebook has been constructed that aims to capture, wherever possible, the four institutional dimensions discussed above. For each dimensions a scale has been introduced that ranges from *Severe deficiencies in the conformity with EU requirements* to *Full conformity with EU requirements*, whereby the grading of the scale differs depending on the chapter and dimension but is usually organized along a four-grade scale. Grades 1 and 2 capture situations in which the accession country's reforms are not in line with EU requirements, whereas grades 3 and 4 capture situations in which the country is nearly in full compliance or in full compliance with EU requirements.¹⁰

The coders, all of them doctoral students dealing with European integration did the coding using the *Atlas.ti* software. This enabled us to create a higher degree of inter-coder reliability. Two coders coded each chapter simultaneously and independent from each other. In cases of disagreements between coders a third coder was brought in to make the final judgment. The use of the *Atlas.ti* software has the advantage of increasing the transparency of the coding process since it allows the researcher to take a look at the coding and see on which basis a country has received a certain score, which increases the inter-subjectivity of the data.

Table 1: The monitoring periods analyzed in the research

| COUNTRY | START DATE | END DATE |
|----------------------|------------|----------|
| ALBANIA | 2005 | 2013 |
| BOSNIA & HERZEGOVINA | 2005 | 2013 |
| BULGARIA | 1997 | 2006 |
| CROATIA | 2005 | 2013 |
| CZECH REPUBLIC | 1997 | 2003 |
| ESTONIA | 1997 | 2003 |
| HUNGARY | 1997 | 2003 |
| KOSOVO | 2005 | 2013 |
| LATVIA | 1997 | 2003 |
| LITHUANIA | 1997 | 2003 |
| FYROM MACEDONIA | 2007 | 2013 |
| MONTENEGRO | 2005 | 2013 |
| POLAND | 1997 | 2003 |
| ROMANIA | 1997 | 2006 |
| SERBIA | 2005 | 2013 |

¹⁰ For example, in 1999 Poland was graded 2 for the legislative state aid dimension, which is part of the Union's competition policy. The European Commission writes "[i]n the area of State aid, Poland has undertaken to align its State aid award provisions with the *acquis* by way of adopting a comprehensive law on State aid. However, the adoption of this law is still pending which gives rise to concerns" (European Commission 1999b: 33). In 2003, for the same dimensions, the Commission concludes that recent amendments to the state aid legislation have brought the rules into closer conformity with EU requirements, and that the country now satisfies the basic requirements of EU norms (European Commission 2003: 27); an evaluation gave Poland a score of 3 for this dimension.

| | | |
|----------|------|------|
| SLOVAKIA | 1997 | 2003 |
| SLOVENIA | 1997 | 2003 |
| TURKEY | 1998 | 2013 |

Note: For Romania and Bulgaria, for some sectors the last year of monitoring is 2005. For Montenegro the year of 2010 is missing. For Serbia the year of 2011 is missing.

Source: Authors.

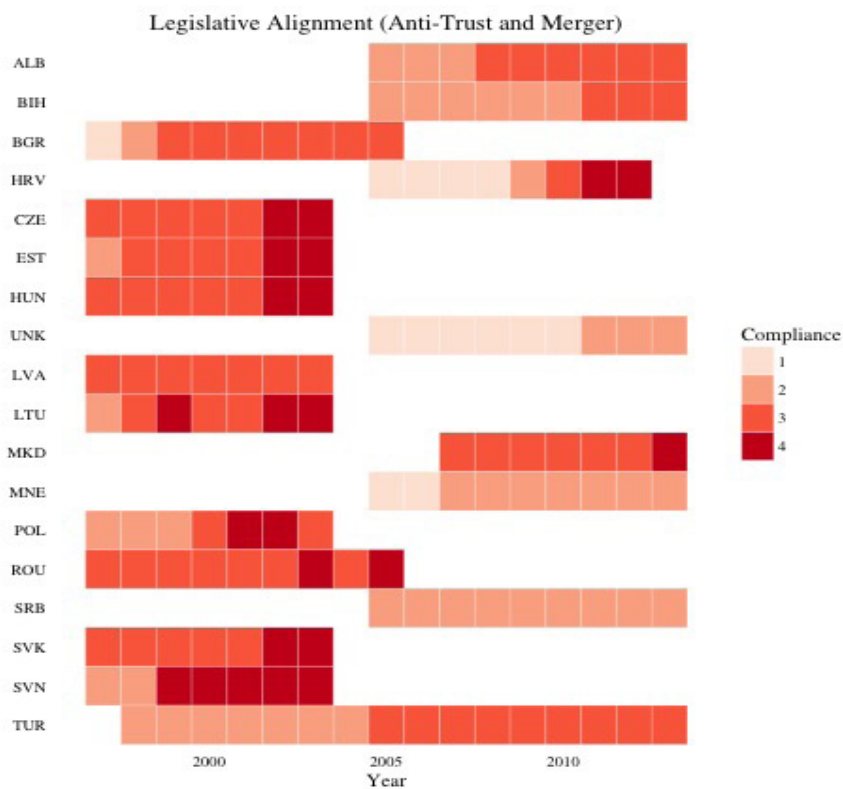
7. Institutional convergence to EU norms: examples from three institutional arenas

Measures of compliance:

From 4 = Full compliance with EU norms to 1 = EU-conform institutional change has not started yet

7.1. Competition

Figure 1: Legislative Alignment (Anti-Trust and Merger)



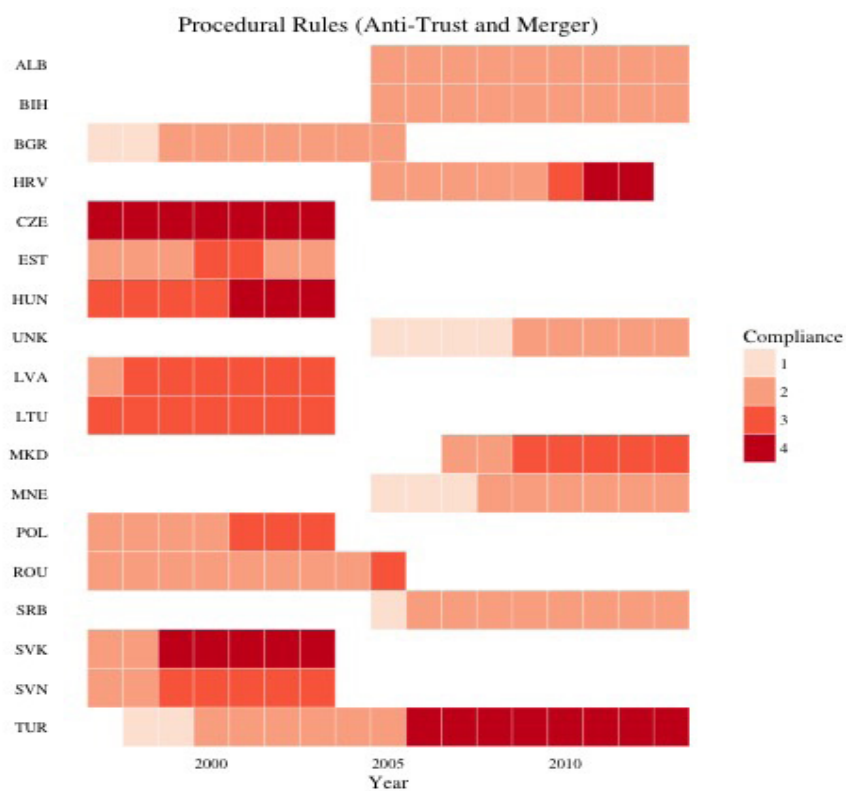


Figure 6: Resource (State-Aid)



Figure 7: Enforcement (Anti-Trust and Merger)

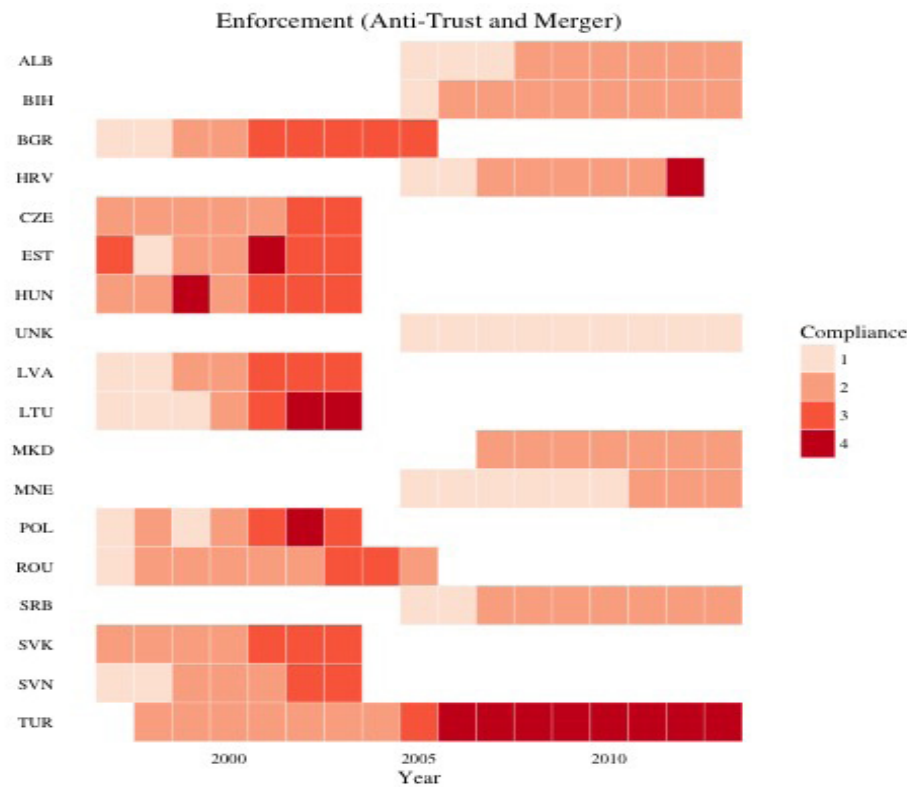


Figure 12: Politicization

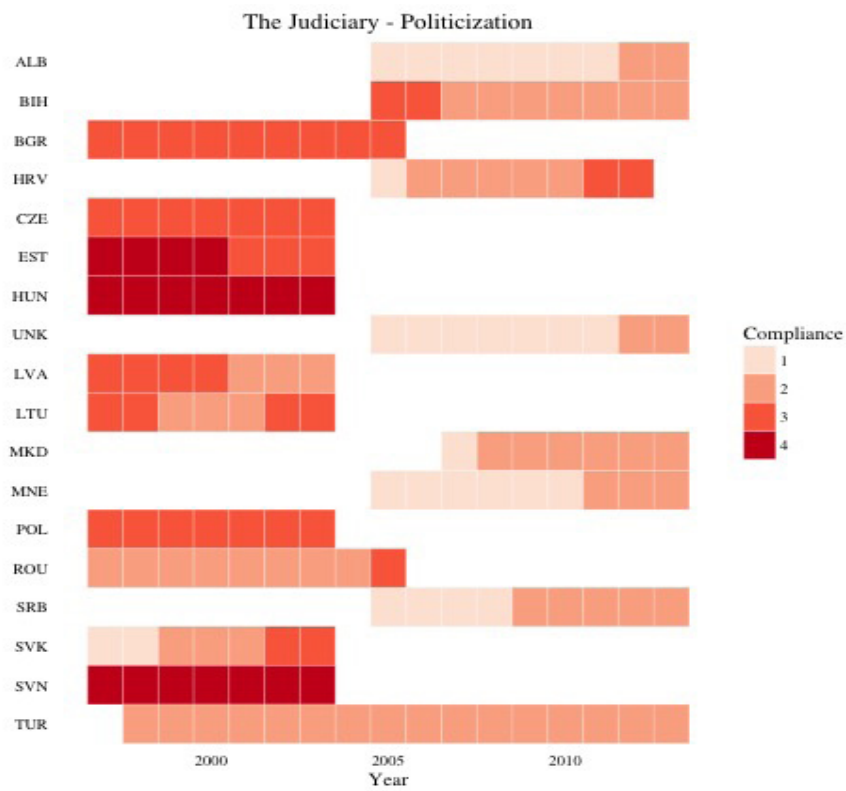


Figure 13: Resources



7.3. Public Administration

Figure 14: Legislative Alignment

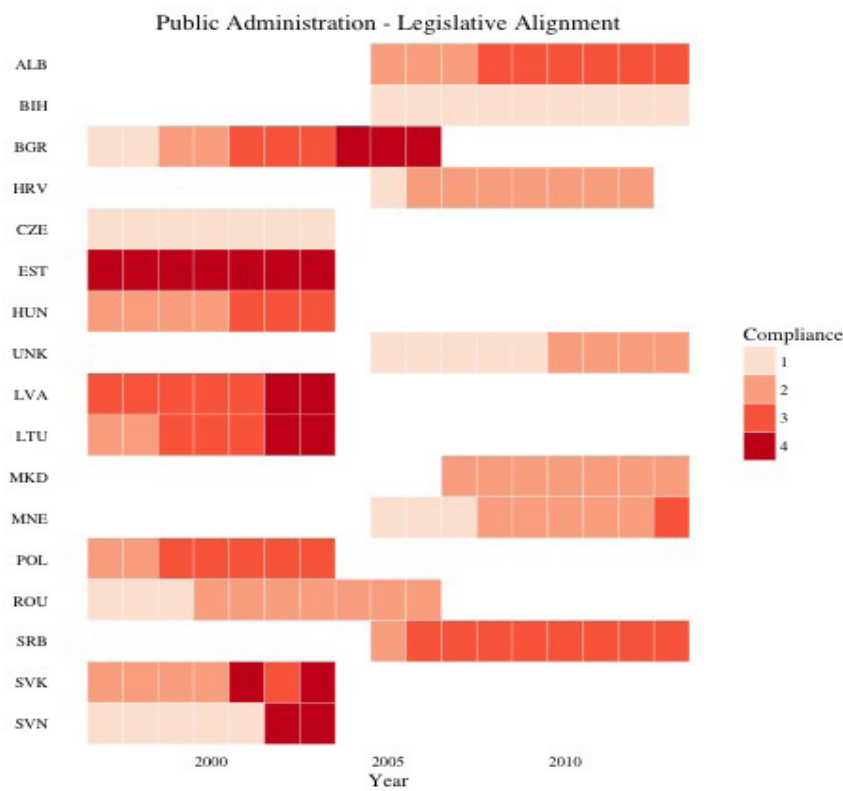


Figure 15: Administrative Capacity

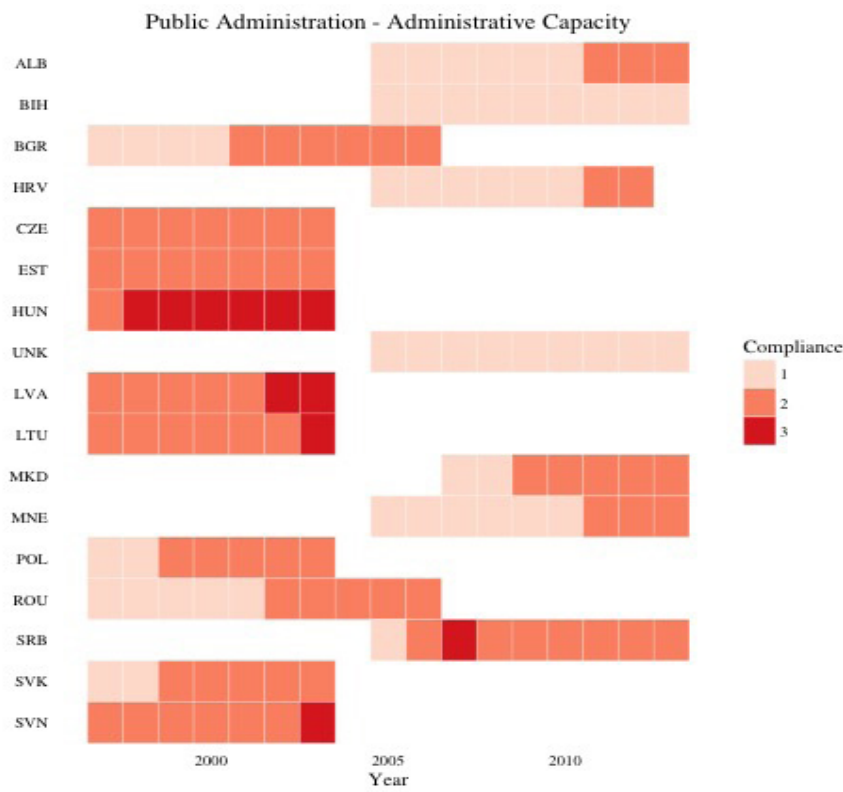


Figure 16: Independence

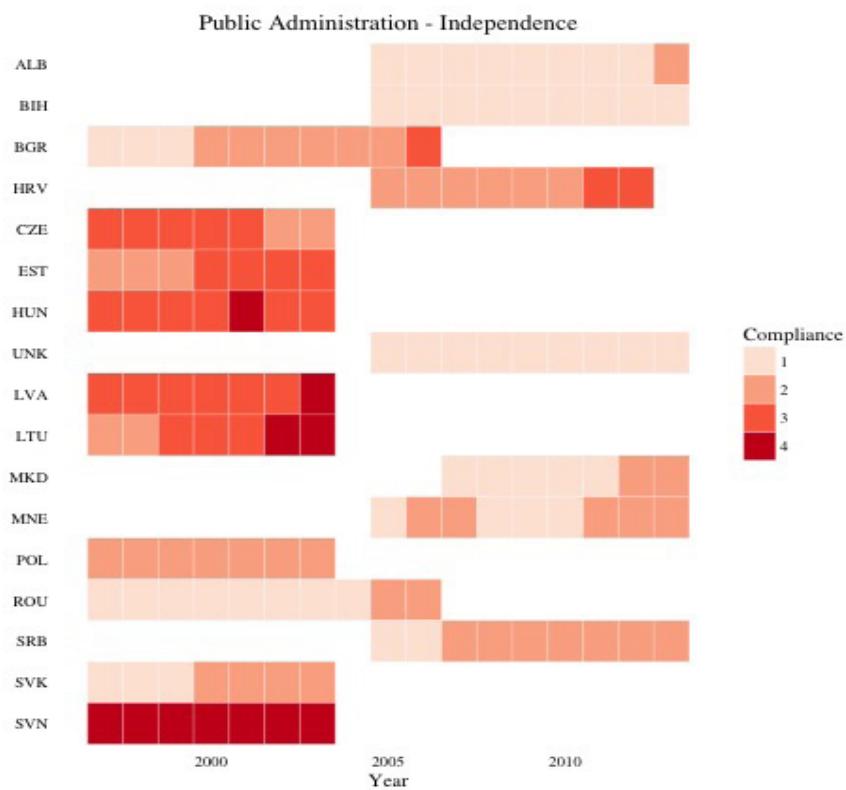


Figure 17: Training

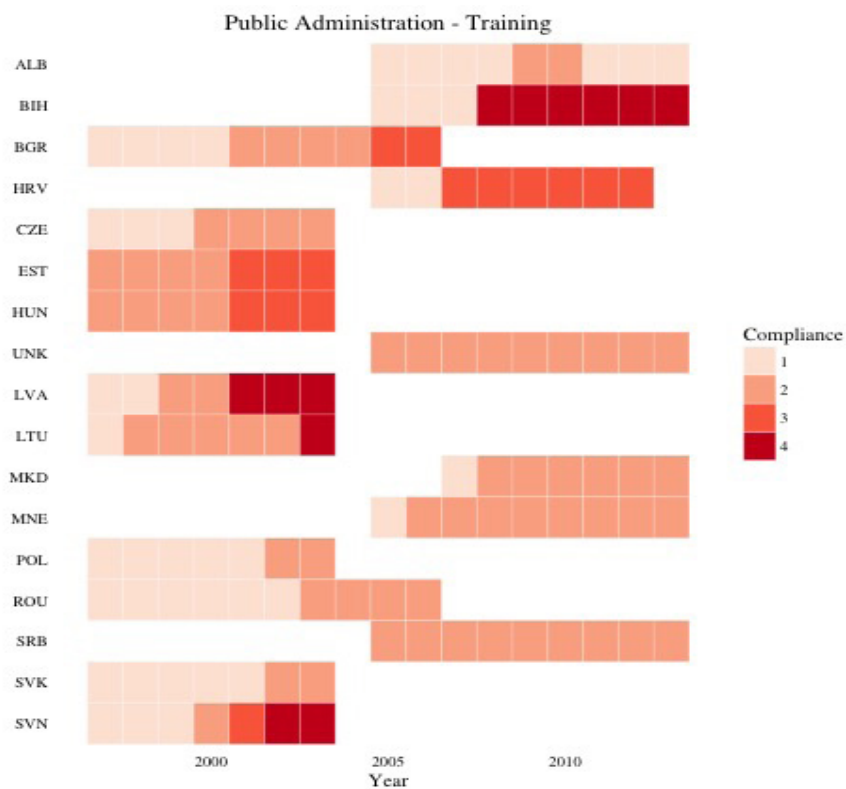
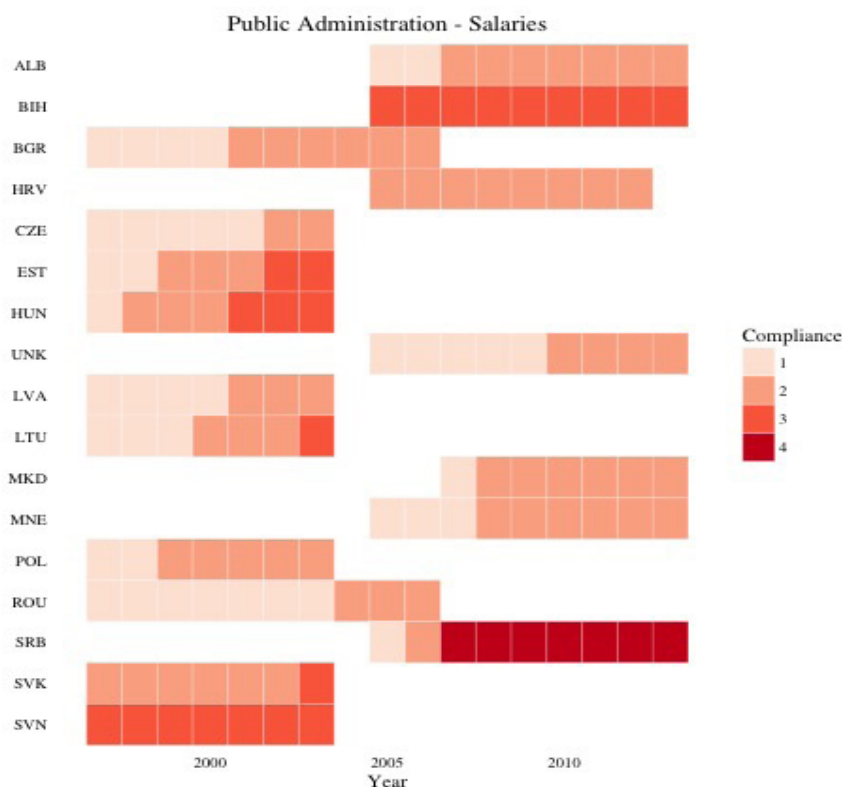


Figure 18: Salaries



Source for all Figures: Authors.

8. Conclusion

In this paper we have argued for the need to collect better data that measures accession countries' compliance with EU norms. We present a new dataset that covers all CEECs that took part in the 2004 and 2007 enlargement, plus the countries that are currently taking part in accession process. The dataset is based on evaluations of the Commission's country experts in the annual progress reports. For each country we have coded different dimensions of 16 *acquis* chapters.

One of the dataset's main advantages is its focus on the legislative aspect of institutions, while also including procedures, resources and enforcement. Thus, it allows us to gain insights into different dimension of institutions, into how these dimensions relate to each other as well as into economic outcomes. This represents a clear shift from many other datasets out there, which focus mainly on the legislative aspect of institutions.

Another advantage of the dataset is that it allows us to study institutional variation, both across sectors and over time. It is evident from the data collected that institutional quality differs greatly between different sectors of the economy. In some areas reforms have been more cumbersome than in others - but why is this? The second contribution of this paper is the time dimension, which allows us to study pathways of reform in different countries across sectors and over time.

Our dataset sheds new light on the effects of the EU on institutional change during accession and provides a basis for opening new avenues for exploring post-enlargement ‘backsliding’. First, the database allows for the identification of various patterns of institutional change across countries and policy fields. It permits seeing great variation not only in the outcomes, but also in the starting points and paths taken. Besides allowing for better identification of the structure of institutional change under the EU’s regime of sanctioning and monitoring, our data serves to explore variation in the EU’s degree of toleration of gaps between EU requirements and actual changes on the ground.

As the examples presented above clearly demonstrate, in key institutional arenas like the judiciary, the public administration or the regulation of competition, several of the new members are still way below the EU’s institutional or behavioral requirements. Such deviations from EU norms are highest in areas that were thought to be crucial for the working of democracy and the market in new member states, such as the politicization of the judiciary or the independence of the public administration. Similarly, in the policy field of competition the procedural or the enforcement aspects of EU regulatory institutions are way ‘below the line’ in several of the new member states at the time of the last monitoring report before they became members of the EU.

These findings question, or at least put in a new light, the emerging scholarly debate on post-accession ‘backsliding’. Our database allows for differentiation between ‘proper backsliding’, ‘consolidated non-compliance’, whereby countries that were non-compliant already at the time of accession have stayed on the same institutional path, and ‘institutional upgrading’, denoting institutional change that meets EU standards after accession.

9. Appendix: the codebook

9.1. Competition Policy

Legislative Alignment (Anti-trust and Merger)¹¹

1. Not in conformity with EU norms
 - a. There is no legislation regulating anti-trust in merger in place.

OR

 - b. Severe deficiencies in the alignment of anti-trust and merger legislation.
2. Weak conformity with EU norms
 - a. Deficiencies in the alignment of anti-trust and merger legislation.
3. Good conformity with EU norms
 - a. Anti-trust and merger legislation is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.
4. Full conformity with EU norms
 - a. Anti-trust and merger legislation is fully in line with EU requirement.

Legislative Alignment (State-Aid)¹²

1. Not in conformity with EU norms
 - a. There is no legislation regulating state-aid in place.

OR

 - b. Severe deficiencies in the alignment of state-aid legislation.
2. Weak conformity with EU norms
 - a. Deficiencies in the alignment of state-aid legislation.
3. Good conformity with EU norms
 - a. State-aid legislation is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.
4. Full conformity with EU norms
 - a. State-aid legislation is fully in line with EU requirements.

Procedural Rules¹³ (Anti-trust and Merger)

1. Not in conformity with EU norms
 - a. A national anti-trust and merger authority is not established.

OR

 - b. The national anti-trust and merger authority is not operational.

AND/OR

11 Anti-trust and merger legislation includes legislation that regulates competition, cartels, abuse of dominant (market) position, market concentration and restrictive practices.

12 State-aid legislation includes legislation that regulates any form of advantage conferred on a selective basis to undertakings by national public authorities.

13 A national competition authority must be established. The procedural rules require the authority to be vested with the necessary powers and competencies enabling it to investigate anti-competitive practices. Furthermore, it must be able to operate independent from government and business interference.

- c. Severe deficiencies in the procedural rules governing the national anti-trust and merger authority.
- 2. Weak conformity with EU norms
 - a. A national anti-trust and merger authority is established and operational.
 - AND**
 - b. Deficiencies in the procedural rules governing the national anti-trust and merger authority.
- 3. Good conformity with EU norms
 - a. A national anti-trust and merger authority is established and operational.
 - AND**
 - b. The procedural rules governing the national anti-trust and merger authority are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.
- 4. Full conformity with EU norms
 - a. A national anti-trust and merger authority is established and operational.
 - AND**
 - b. The procedural rules governing the national anti-trust and merger authority are fully in line with EU requirements.

Procedural Rules¹⁴ (State-Aid)

- 1. Not in conformity with EU norms
 - a. A national state-aid authority is not established.
 - OR**
 - b. The national state-aid authority is not operational.
 - AND/OR**
 - c. Severe deficiencies in the procedural rules governing the national state-aid authority.
- 2. Weak conformity with EU norms
 - a. A national state-aid authority is established and operational.
 - AND**
 - b. Deficiencies in the procedural rules governing the national state-aid authority.
- 3. Good conformity with EU norms
 - a. A national state-aid authority is established and operational.
 - AND**
 - b. The procedural rules governing the national state-aid authority are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.
- 4. Full conformity with EU norms
 - a. A national state-aid authority is established and operational.
 - AND**
 - b. The procedural rules governing the national state-aid authority are fully in line with EU requirements.

14 A national state aid monitoring authority must be established. The procedural rules should ensure that the national state aid monitoring authority receives all necessary information from the aid-granting bodies, and are endowed with the necessary power to effectively control all existing and new aid. In addition, the authority should also create a comprehensive authority, covering all direct and indirect aid granted by various institutions at central, regional and local government levels.

Resources¹⁵ (Anti-trust and Merger)

1. Not in conformity with EU norms
 - a. A national anti-trust and merger authority is not established.
 - OR**
 - b. The national anti-trust and merger authority is not operational.
 - OR**
 - c. The national anti-trust and merger authority suffers from a severe lack of resources.
2. Weak conformity with EU norms
 - a. The national anti-trust and merger authority suffers from a lack of resources.
3. Good conformity with EU norms
 - a. The resources allocated to the national anti-trust and merger authority are generally sufficient to render proper implementation and enforcement of anti-trust and merger policy possible.
4. Full conformity with EU norms
 - a. The resources allocated to the national anti-trust and merger authority are generally sufficient to render proper implementation and enforcement of anti-trust and merger policy possible.

Resource Dimension (State-Aid)¹⁶

1. Not in conformity with EU norms
 - a. A national state-aid authority is not established.
 - OR**
 - b. The national state-aid authority is not operational.
 - OR**
 - c. The national state-aid authority suffers from a severe lack of resources.
2. Weak conformity with EU norms
 - a. The national state-aid authority suffers from a lack of resources.
3. Good conformity with EU norms
 - a. The resources allocated to the national state-aid authority are generally sufficient to render proper implementation and enforcement of state-aid policy possible.
4. Full conformity with EU norms
 - a. The resources allocated to the national state-aid authority are generally sufficient to render proper implementation and enforcement of state-aid policy possible.

Enforcement (Anti-trust and Merger)

1. Not in conformity with EU norms
 - a. A national anti-trust and merger authority is not established.
 - OR**
 - b. The national anti-trust and merger authority is not operational.
 - OR**

¹⁵ Resources refer to the number and quality of staff, physical resources (ICT and buildings), and budgetary resources.

¹⁶ Resources refer to the number and quality of staff, physical resources (ICT and buildings), and budgetary resources.

- c. Severe deficiencies in the enforcement of anti-trust and merger policy.
- 2. Weak conformity with EU norms
 - a. Deficiencies in the enforcement of anti-trust and merger policy.
- 3. Good conformity with EU norms
 - a. The enforcement of anti-trust and merger policy is generally satisfactory, but further improvements are needed to fully align with EU requirements.
- 4. Full conformity with EU norms
 - a. The enforcement of anti-trust and merger policy is fully in line with EU requirements.

Enforcement (State-Aid)

- 1. Not in conformity with EU norms
 - a. A national state-aid authority is not established.

OR

 - b. The national state-aid authority is not operational.

OR

 - c. Severe deficiencies in the enforcement of state-aid policy.
- 2. Weak conformity with EU norms
 - a. Deficiencies in the enforcement of state-aid policy.
- 3. Good conformity with EU norms
 - a. The enforcement of state-aid policy is generally satisfactory, but further improvements are needed to fully align with EU requirements.
- 4. Full conformity with EU norms
 - a. The enforcement of state-aid policy is fully in line with EU requirements.

9.2. Economic and Monetary Policy

Central Bank Independence

- 1. Not in conformity with EU norms
 - a. Legislation that guarantees central bank independence is not in place.
- 2. Good conformity with EU norms
 - a. Legislation that guarantees central bank independence is largely in line with EU requirements, i.e., only minor adjustments are needed.
- 3. Full conformity with EU norms
 - a. Legislation that guarantees central bank independence is in line with EU requirements.

9.3. Energy

Legislative Alignment¹⁷

- 1. Not in conformity with EU norms
 - a. There is no legislation regulating energy policy in place.

OR

¹⁷ The EU's horizontal energy legislation aims to secure the functioning of the internal market.

- b. Severe deficiencies in the alignment of horizontal energy legislation.
- 2. Weak conformity with EU norms
 - a. Deficiencies in the alignment of horizontal energy legislation.
- 3. Good conformity with EU norms
 - a. Horizontal energy legislation is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.
- 4. Full conformity with EU norms
 - a. Horizontal energy legislation is fully in line with EU requirements.

Internal Market Procedure¹⁸

- 1. Not in conformity with EU norms
 - a. An internal energy market authority is not established.

OR

 - b. The national internal energy market authority is not operational.

AND/OR

 - c. Severe deficiencies in the procedural rules governing the national internal energy market authority.
- 2. Weak conformity with EU norms
 - a. An internal energy market authority is established and operational.

AND

 - b. Deficiencies in the procedural rules governing the national internal energy market authority.
- 3. Good conformity with EU norms
 - a. An internal energy market authority is established and operational.

AND

 - b. The procedural rules governing the national internal energy market authority are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.
- 4. Full conformity with EU norms
 - a. An internal energy market authority is established and operational.

AND

 - b. The procedural rules governing the national internal energy market authority are fully in line with EU requirements.

Security of Supply Procedures¹⁹

- 1. Not in conformity with EU norms
 - a. The necessary organizations are not established.

AND

 - b. The necessary organizations are not operational.

AND/OR

 - c. Severe deficiencies in the procedural rules governing the organizations of security of supply.

¹⁸ The internal energy market authority is responsible for the equal and fair application of the internal market for electricity.

¹⁹ The procedures for security of supply require two bodies to be established. First, a crisis body needs to be established to co-ordinate and implement crisis measures. Second, a stockholding body that maintains and manages compulsory stocks.

2. Weak conformity with EU norms

- a. The necessary organizations are established and operational.

AND

- b. Deficiencies in the procedural rules governing the organizations of security of supply.

3. Good conformity with EU norms

- a. The necessary organizations are established and operational.

AND

- b. The procedural rules governing the organizations of security of supply are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.

4. Full conformity with EU norms

- a. The necessary organizations are established and operational.

AND

- b. The procedural rules governing the organizations of security of supply are fully in line with EU requirements.

Energy Efficiency Procedures²⁰

1. Not in conformity with EU norms

- a. An enforcement agency is not established.

OR

- b. The enforcement agency is not operational.

AND/OR

- c. Severe deficiencies in the procedural rules governing the enforcement agency.

2. Weak conformity with EU norms

- a. An enforcement agency is established and operational.

AND

- b. Deficiencies in the procedural rules governing the enforcement agency.

3. Good conformity with EU norms

- a. An enforcement agency is established and operational.

AND

- b. The procedural rules governing the enforcement agency are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.

4. Full conformity with EU norms

- a. An enforcement agency is established and operational.

AND

- b. The procedural rules governing the enforcement agency are fully in line with EU requirements.

Nuclear Safety Procedures²¹

1. Not in conformity with EU norms

²⁰ A national enforcement agency must be established. The agency is responsible for ensuring that the directives on energy labeling and minimum efficiency standards are being implemented.

²¹ An independent nuclear safety authority is established. It should be given the powers and competencies to grant licenses and to regulate the location, design, construction, commissioning, operation and decommissioning of nuclear installations.

a. A nuclear safety authority is not established.

OR

b. The nuclear safety authority is not operational.

AND/OR

c. Severe deficiencies in the procedural rules governing the nuclear safety authority.

2. Weak conformity with EU norms

a. A nuclear safety authority is established and operational.

AND

b. Deficiencies in the procedural rules governing the nuclear safety authority.

3. Good conformity with EU norms

a. A nuclear safety authority is established and operational.

AND

b. The procedural rules governing the nuclear safety authority are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.

4. Full conformity with EU norms

a. A nuclear safety authority is established and operational.

AND

b. The procedural rules governing the nuclear safety authority are fully in line with EU requirements.

9.4. Environment

Procedural Rules²²

1. Not in conformity with EU norms

a. A national environmental authority is not established.

OR

b. The national environmental authority is not operational.

AND/OR

c. Severe deficiencies in the procedural rules governing the national environmental authority.

2. Weak conformity with EU norms

a. A national environmental authority is established and operational.

AND

b. Deficiencies in the procedural rules governing the national environmental authority.

3. Good conformity with EU norms

a. A national environmental authority is established and operational.

AND

b. The procedural rules governing the national environmental authority are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.

4. Full conformity with EU norms

a. A national environmental authority is established and operational.

AND

²² The *acquis* requires establishment of a national environmental authority that assumes the overall responsibility for the implementation of EU legislation. The authority should have the necessary powers and competencies to monitor and enforce EU legislation.

- b. The procedural rules governing the national environmental authority are fully in line with EU requirements.

Resources²³

1. Not in conformity with EU norms
 - a. A national environmental authority is not established.

OR

 - b. The national environmental authority is not operational.

OR

 - c. The national environmental authority suffers from a severe lack of resources.
2. Weak conformity with EU norms
 - a. The national environmental authority suffers from a lack of resources.
3. Good conformity with EU norms
 - a. The resources allocated to the national environmental authority are generally sufficient to render proper implementation and enforcement of environmental policy possible.
4. Full conformity with EU norms
 - a. The resources allocated to the national environmental authority are generally sufficient to render proper implementation and enforcement of environmental policy possible.

Air Quality (Legislative Alignment)

1. Not in conformity with EU norms
 - a. There is no legislation regulating air quality in place.

OR

 - b. Severe deficiencies in the alignment of air quality legislation.
2. Weak conformity with EU norms
 - a. Deficiencies in the alignment of air quality legislation.
3. Good conformity with EU norms
 - a. Air quality legislation is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.
4. Full conformity with EU norms
 - a. Air quality legislation is fully in line with EU requirements.

Waste Management (Legislative Alignment)

1. Not in conformity with EU norms
 - a. There is no legislation regulating waste management in place.

OR

 - b. Severe deficiencies in the alignment of waste management legislation.
2. Weak conformity with EU norms
 - a. Deficiencies in the alignment of waste management legislation.
3. Good conformity with EU norms
 - a. Waste management legislation is generally in line with EU requirements, but further alignment is

²³ Resources refer to the number and quality of staff, physical resources (ICT and buildings), and budgetary resources.

needed to fully comply with EU requirements.

4. Full conformity with EU norms

- a. Waste management legislation is fully in line with EU requirements.

Water Quality (Legislative Alignment)

1. Not in conformity with EU norms

- a. There is no legislation regulating water quality in place.

OR

- b. Severe deficiencies in the alignment of water quality legislation.

2. Weak conformity with EU norms

- a. Deficiencies in the alignment of water quality legislation.

3. Good conformity with EU norms

- a. Water quality legislation is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.

4. Full conformity with EU norms

- a. Water quality legislation is fully in line with EU requirements.

Nature Protection (Legislative Alignment)

1. Not in conformity with EU norms

- a. There is no legislation regulating nature protection in place.

OR

- b. Severe deficiencies in the alignment of nature protection legislation.

2. Weak conformity with EU norms

- a. Deficiencies in the alignment of nature protection legislation.

3. Good conformity with EU norms

- a. Nature protection legislation is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.

4. Full conformity with EU norms

- a. Nature protection legislation is fully in line with EU requirements.

Industrial Pollution Control and Risk Management (Legislative Alignment)

1. Not in conformity with EU norms

- a. There is no legislation regulating industrial pollution control and risk management in place.

OR

- b. Severe deficiencies in the alignment of industrial pollution control and risk management legislation.

2. Weak conformity with EU norms

- a. Deficiencies in the alignment of industrial pollution control and risk management legislation.

3. Good conformity with EU norms

- a. Industrial pollution control and risk management legislation is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.

4. Full conformity with EU norms

- a. Industrial pollution control and risk management legislation is fully in line with EU requirements.

Chemicals and GMOs (Legislative Alignment)

1. Not in conformity with EU norms
 - a. There is no legislation regulating chemicals and GMOs in place.

OR

 - b. Severe deficiencies in the alignment of chemicals and GMOs legislation.
2. Weak conformity with EU norms
 - a. Deficiencies in the alignment of chemicals and GMOs legislation.
3. Good conformity with EU norms
 - a. Chemicals and GMOs legislation is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.
4. Full conformity with EU norms
 - a. Chemicals and GMOs legislation is fully in line with EU requirements.

Noise (Legislative Alignment)

1. Not in conformity with EU norms
 - a. There is no legislation regulating noise in place.

OR

 - b. Severe deficiencies in the alignment of noise legislation.
2. Weak conformity with EU norms
 - a. Deficiencies in the alignment of noise legislation.
3. Good conformity with EU norms
 - a. Noise legislation is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.
4. Full conformity with EU norms
 - a. Noise legislation is fully in line with EU requirements.

9.5. Free Movement of Capital***Capital Movements and Payments***

1. Not in conformity with EU norms
 - a. Significant restrictions on capital movements are in place.
2. Weak conformity with EU norms
 - a. Restrictions on capital movements are in place.
3. Good conformity with EU norms
 - a. Capital movements are generally considered to be free, only minor restrictions remain.
4. Full conformity with EU norms
 - a. Capital movements are fully liberalized.

9.6. Money Laundering

Legislative Alignment

1. Not in conformity with EU norms
 - a. There is no legislation regulating money laundering in place.

OR

 - b. Severe deficiencies in the alignment of money laundering legislation.
2. Weak conformity with EU norms
 - a. Deficiencies in the alignment of money laundering legislation.
3. Good conformity with EU norms
 - a. Money laundering legislation is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.
4. Full conformity with EU norms
 - a. Money laundering legislation is fully in line with EU requirements.

Procedural Rules²⁴

1. Not in conformity with EU norms
 - a. A financial intelligence unit is not established.

OR

 - b. The financial intelligence unit is not operational.

AND/OR

 - c. Severe deficiencies in the procedural rules governing the financial intelligence unit.
2. Weak conformity with EU norms
 - a. A financial intelligence unit is established and operational.

AND

 - b. Deficiencies in the procedural rules governing the financial intelligence unit.
3. Good conformity with EU norms
 - a. A financial intelligence unit is established and operational.

AND

 - b. The procedural rules governing the financial intelligence unit are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.
4. Full conformity with EU norms
 - a. A financial intelligence unit is established and operational.

AND

 - b. The procedural rules governing the financial intelligence unit are fully in line with EU requirements.

Enforcement

1. Not in conformity with EU norms
 - a. A financial intelligence unit is not established.

²⁴ The procedural rules require the establishment of an independent financial intelligence unit with the authority and competencies to meet the anti-money laundering obligations.

OR

b. The financial intelligence unit is not operational.

OR

c. Severe deficiencies in the enforcement of anti-money laundering policy.

2. Weak conformity with EU norms

a. Deficiencies in the enforcement of anti-money laundering policy.

3. Good conformity with EU norms

a. The enforcement of anti-money laundering policy is generally satisfactory, but further improvements are needed to fully align with EU requirements.

4. Full conformity with EU norms

a. The enforcement of anti-money laundering policy is fully in line with EU requirements.

9.6. Free Movement of Goods

9.6.1. Horizontal Measures

Independence

1. Not in conformity with EU norms

a. Separation of the regulatory, standardization, accreditation, and conformity assessment functions is not established.

2. Full conformity with EU norms

a. Separation of the regulatory, standardization, accreditation, and conformity assessment functions is established.

9.6.2. Standardization

Procedural Rules²⁵

1. Not in conformity with EU norms

a. A standardization institute is not established.

OR

b. The standardization institute is not operational.

AND/OR

c. Severe deficiencies in the procedural rules governing the standardization institute.

2. Weak conformity with EU norms

a. A standardization institute is established and operational.

AND

b. Deficiencies in the procedural rules governing the standardization institute.

3. Good conformity with EU norms

25 The establishment of a standardization institute with the following procedural requirements: (1) independence (preferably a private body, not dominated by public authorities); (2) decision-making process is consensus-driven; (3) all interests are represented; (4) participation is voluntary; (5) the work of the institute is accessible to the public.

a. A standardization institute is established and operational.

AND

b. The procedural rules governing the standardization institute are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.

4. Full conformity with EU norms

a. A standardization institute is established and operational.

AND

b. The procedural rules governing the standardization institute are fully in line with EU requirements.

Resources²⁶

1. Not in conformity with EU norms

a. A standardization institute is not established.

OR

b. The standardization institute is not operational.

OR

c. The standardization institute suffers from a severe lack of resources.

2. Weak conformity with EU norms

a. The standardization institute suffers from a lack of resources.

3. Good conformity with EU norms

a. The resources allocated to the standardization institute are generally sufficient to ensure proper compatibility of products and services throughout the single market.

4. Full conformity with EU norms

a. The resources allocated to the standardization institute are generally sufficient to ensure proper compatibility of products and services throughout the single market.

Membership in CEN (European Committee for Standardization)

1. Not in conformity with EU norms

a. The standardization institute is not a member of CEN.

2. Good conformity with EU norms

a. The standardization institute is an affiliate member of CEN.

3. Full conformity with EU norms

a. The standardization institute is a full member of CEN.

Membership in CENELEC (European Committee for Electrotechnical Standardization)

1. Not in conformity with EU norms

a. The standardization institute is not a member of CENELEC.

2. Good conformity with EU norms

a. The standardization institute is an affiliate member of CENELEC.

3. Full conformity with EU norms

a. The standardization institute is a full member of CENELEC.

²⁶ Resources refer to the number and quality of staff, physical resources (ICT and buildings), and budgetary resources.

9.6.3. Accreditation

Procedural Rules²⁷

1. Not in conformity with EU norms
 - a. An accreditation institute is not established.

OR

 - b. The accreditation institute is not operational.

AND/OR

 - c. Severe deficiencies in the procedural rules governing the accreditation institute.
2. Weak conformity with EU norms
 - a. An accreditation institute is established and operational.

AND

 - b. Deficiencies in the procedural rules governing the accreditation institute.
3. Good conformity with EU norms
 - a. An accreditation institute is established and operational.

AND

 - b. The procedural rules governing the accreditation institute are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.
4. Full conformity with EU norms
 - a. An accreditation institute is established and operational.

AND

 - b. The procedural rules governing the accreditation institute are fully in line with EU requirements.

Resources²⁸

1. Not in conformity with EU norms
 - a. An accreditation institute is not established.

OR

 - b. The accreditation institute is not operational.

OR

 - c. The accreditation institute suffers from a severe lack of resources.
2. Weak conformity with EU norms
 - a. The accreditation institute suffers from a lack of resources.
3. Good conformity with EU norms
 - a. The resources allocated to the accreditation institute are generally sufficient to accredit conformity assessment bodies.
4. Full conformity with EU norms
 - a. The resources allocated to the accreditation institute are generally sufficient to accredit conformity assessment bodies.

27 Procedural structures in line with EU requirements contain the following features: (1) an accreditation institute should be set up under the aegis of the public authorities in order to ensure its complete independence from commercial interests and standards; (2) the accreditation institute should be non-profit; (3) a clear distinction between accreditation and conformity assessment is made.

28 Resources refer to the number and quality of staff, physical resources (ICT and buildings), and budgetary resources.

Membership in EA (European Cooperation for Accreditation)

1. Not in conformity with EU norms
 - a. The accreditation institute is not a member of EA.
2. Good conformity with EU norms
 - a. The accreditation institute is an affiliate member of EA.
3. Full conformity with EU norms
 - a. The accreditation institute is a full member of EA.

9.6.4. Conformity Assessment***Procedural Rules²⁹***

1. Not in conformity with EU norms
 - a. Conformity assessment bodies are not established.

OR

 - b. The conformity assessment bodies are not operational.

AND/OR

 - c. Severe deficiencies in the procedural rules governing conformity assessment bodies.
2. Weak conformity with EU norms
 - a. The conformity assessment bodies are established and operational.

AND

 - b. Deficiencies in the procedural rules governing conformity assessment bodies.
3. Good conformity with EU norms
 - a. The conformity assessment bodies are established and operational.

AND

 - b. The procedural rules governing conformity assessment bodies are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.
4. Full conformity with EU norms
 - a. The conformity assessment bodies are established and operational.

AND

 - b. The procedural rules governing conformity assessment bodies are fully in line with EU requirements.

9.7. Metrology***Procedural Rules³⁰***

1. Not in conformity with EU norms
 - a. A meteorology authority is not established.

29 Procedural structures in line with EU requirements contain the following features: (1) conformity assessment bodies are impartial and independent; (2) conformity assessment bodies are required to provide relevant information to market surveillance authorities; (3) a national authority responsible for designation and notification in place.

30 Refers to the procedures regulating the legal use for measuring instruments. Legal meteorology is done by public authorities.

OR

- b. The meteorology authority is not operational.

AND/OR

- c. Severe deficiencies in the procedural rules governing the meteorology authority.

2. Weak conformity with EU norms

- a. A meteorology authority is established and operational.

AND

- b. Deficiencies in the procedural rules governing the meteorology authority.

3. Good conformity with EU norms

- a. A meteorology authority is established and operational.

AND

- b. The procedural rules governing the meteorology authority are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.

4. Full conformity with EU norms

- a. A meteorology authority is established and operational.

AND

- b. The procedural rules governing the meteorology authority are fully in line with EU requirements.

Resources³¹

1. Not in conformity with EU norms

- a. A meteorology authority is not established.

OR

- b. The meteorology authority is not operational.

OR

- c. The meteorology authority suffers from a severe lack of resources.

2. Weak conformity with EU norms

- a. The meteorology authority suffers from a lack of resources.

3. Good conformity with EU norms

- a. The resources allocated to the meteorology authority are generally sufficient to regulate the measurement instruments for legal use.

4. Full conformity with EU norms

- a. The resources allocated to the meteorology authority are generally sufficient to regulate the measurement instruments for legal use.

*9.8. Market Surveillance***Procedural Rules³²**

1. Not in conformity with EU norms

31 Resources refer to the number and quality of staff, physical resources (ICT and buildings), and budgetary resources.

32 Procedural structures in line with EU requirements contain the following features: (1) responsible authorities are put in place; (2) the authorities are independent and impartial; (3) the authorities respect the principle of proportionality; (4) the authorities are clearly separated from notified bodies.

a. A market surveillance authority is not established.

OR

b. The market surveillance authority is not operational.

AND/OR

c. Severe deficiencies in the procedural rules governing the market surveillance authority.

2. Weak conformity with EU norms

a. A market surveillance authority is established and operational.

AND

b. Deficiencies in the procedural rules governing the market surveillance authority.

3. Good conformity with EU norms

a. A market surveillance authority is established and operational.

AND

b. The procedural rules governing the market surveillance authority are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.

4. Full conformity with EU norms

a. A market surveillance authority is established and operational.

AND

b. The procedural rules governing the market surveillance authority are fully in line with EU requirements.

Resources³³

1. Not in conformity with EU norms

a. A market surveillance authority is not established.

OR

b. The market surveillance authority is not operational.

OR

c. The market surveillance authority suffers from a severe lack of resources.

2. Weak conformity with EU norms

a. The market surveillance authority suffers from a lack of resources.

3. Good conformity with EU norms

a. The resources allocated to the market surveillance authority are generally sufficient to perform its market surveillance activities.

4. Full conformity with EU norms

a. The resources allocated to the market surveillance authority are generally sufficient to perform its market surveillance activities.

9.9. Free Movement of Services

Legislative Alignment (Banking)

1. Not in conformity with EU norms

³³ Resources refer to the number and quality of staff, physical resources (ICT and buildings), and budgetary resources.

- a. There is no legislation regulating banking in place.
- OR**
- b. Severe deficiencies in the alignment of banking legislation.
- 2. Weak conformity with EU norms
 - a. Deficiencies in the alignment of banking legislation.
- 3. Good conformity with EU norms
 - a. Banking legislation is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.
- 4. Full conformity with EU norms
 - a. Banking legislation is fully in line with EU requirements.

Procedural Rules³⁴ (Banking)

- 1. Not in conformity with EU norms
 - a. A banking supervisory authority is not established.
 - OR**
 - b. The banking supervisory authority is not operational.
 - AND/OR**
 - c. Severe deficiencies in the procedural rules governing the banking supervisory authority.
- 2. Weak conformity with EU norms
 - a. A banking supervisory authority is established and operational.
 - AND**
 - b. Deficiencies in the procedural rules governing the banking supervisory authority.
- 3. Good conformity with EU norms
 - a. A banking supervisory authority is established and operational.
 - AND**
 - b. The procedural rules governing the banking supervisory authority are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.
- 4. Full conformity with EU norms
 - a. A banking supervisory authority is established and operational.
 - AND**
 - b. The procedural rules governing the banking supervisory authority are fully in line with EU requirements.

Resources³⁵ (Banking)

- 1. Not in conformity with EU norms
 - a. A banking supervisory authority is not established.
 - OR**
 - b. The banking supervisory authority is not operational.
 - OR**

³⁴ The procedural dimension refers to the independence of the banking supervisory authority, its powers, such as administrative sanctions for market abuse, oversight and investigative powers.

³⁵ Resources refer to the number and quality of staff, physical resources (ICT and buildings), and budgetary resources.

- c. The banking supervisory authority suffers from a severe lack of resources.
- 2. Weak conformity with EU norms
 - a. The banking supervisory authority suffers from a lack of resources.
- 3. Good conformity with EU norms
 - a. The resources allocated to the banking supervisory authority are generally sufficient to render proper implementation and enforcement of banking policy possible.
- 4. Full conformity with EU norms
 - a. The resources allocated to the banking supervisory authority are generally sufficient to render proper implementation and enforcement of banking policy possible.

Legislative Alignment (Insurance)

- 1. Not in conformity with EU norms
 - a. There is no legislation regulating insurance in place.

OR

 - b. Severe deficiencies in the alignment of insurance legislation.
- 2. Weak conformity with EU norms
 - a. Deficiencies in the alignment of insurance legislation.
- 3. Good conformity with EU norms
 - a. Insurance legislation is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.
- 4. Full conformity with EU norms
 - a. Insurance legislation is fully in line with EU requirements.

Procedural Rules³⁶ (Insurance)

- 1. Not in conformity with EU norms
 - a. An insurance supervisory authority is not established.

OR

 - b. The insurance supervisory authority is not operational.

AND/OR

 - c. Severe deficiencies in the procedural rules governing the insurance supervisory authority.
- 2. Weak conformity with EU norms
 - a. An insurance supervisory authority is established and operational.

AND

 - b. Deficiencies in the procedural rules governing the insurance supervisory authority.
- 3. Good conformity with EU norms
 - a. An insurance supervisory authority is established and operational.

AND

 - b. The procedural rules governing the insurance supervisory authority are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.

³⁶ The procedural dimension refers to the independence of the insurance authority, its powers, such as administrative sanctions for market abuse, oversight and investigative powers

4. Full conformity with EU norms

- a. An insurance supervisory authority is established and operational.

AND

- b. The procedural rules governing the insurance supervisory authority are fully in line with EU requirements.

Resources³⁷ (Insurance)

1. Not in conformity with EU norms

- a. An insurance supervisory authority is not established.

OR

- b. The insurance supervisory authority is not operational.

OR

- c. The insurance supervisory authority suffers from a severe lack of resources.

2. Weak conformity with EU norms

- a. The insurance supervisory authority suffers from a lack of resources.

3. Good conformity with EU norms

- a. The resources allocated to the insurance supervisory authority are generally sufficient to render proper implementation and enforcement of insurance policy possible.

4. Full conformity with EU norms

- a. The resources allocated to the insurance supervisory authority are generally sufficient to render proper implementation and enforcement of insurance policy possible.

Legislative Alignment (Securities)

1. Not in conformity with EU norms

- a. There is no legislation regulating insurance in place.

OR

- b. Severe deficiencies in the alignment of insurance legislation.

2. Weak conformity with EU norms

- a. Deficiencies in the alignment of insurance legislation.

3. Good conformity with EU norms

- a. Insurance legislation is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.

4. Full conformity with EU norms

- a. Insurance legislation is fully in line with EU requirements.

Procedural Rules³⁸ (Securities)

1. Not in conformity with EU norms

- a. A securities supervisory authority is not established.

37 Resources refer to the number and quality of staff, physical resources (ICT and buildings), and budgetary resources.

38 The procedural dimension refers to the independence of the authority, its powers, such as administrative sanctions for market abuse, oversight and investigative powers.

OR

- b. The securities supervisory authority is not operational.

AND/OR

- c. Severe deficiencies in the procedural rules governing the securities supervisory authority.

2. Weak conformity with EU norms

- a. A securities supervisory authority is established and operational.

AND

- b. Deficiencies in the procedural rules governing the securities supervisory authority.

3. Good conformity with EU norms

- a. A securities supervisory authority is established and operational.

AND

- b. The procedural rules governing the securities supervisory authority are generally in line with EU requirements, but some further improvements are needed to fully align with EU requirements.

4. Full conformity with EU norms

- a. A securities supervisory authority is established and operational.

AND

- b. The procedural rules governing the insurance supervisory authority are fully in line with EU requirements.

Resources (Securities)

1. Not in conformity with EU norms

- a. A securities supervisory authority is not established.

OR

- b. The securities supervisory authority is not operational.

OR

- c. The securities supervisory authority suffers from a severe lack of resources.

2. Weak conformity with EU norms

- a. The securities supervisory authority suffers from a lack of resources.

3. Good conformity with EU norms

- a. The resources allocated to the securities supervisory authority are generally sufficient to render proper implementation and enforcement of securities policy possible.

4. Full conformity with EU norms

- a. The resources allocated to the securities supervisory authority are generally sufficient to render proper implementation and enforcement of securities policy possible.

*9.10. The Judiciary***Constitution³⁹**

1. Not in conformity with EU norms

- a. There is no Supreme Court (Constitutional Court).

39 Important features of a Supreme Court (Constitutional Court) endowed with the necessary powers are: (1) the possibility of citizens to refer complaints to the Court; and (2) the parliament and/or the executive are not able to overturn decisions made by the Supreme Court (Constitutional Court).

OR

- b. Severe deficiencies in the Supreme Court's (Constitutional Court) powers to monitor and exercise constitutional control over the executive and the legislative.
- 2. Weak conformity with EU norms
 - a. Deficiencies in the Supreme Court's (Constitutional Court) powers to monitor and exercise constitutional control over the executive and the legislative.
- 3. Good conformity with EU norms
 - a. The Supreme Court (Constitutional Court) is generally endowed with the necessary powers to monitor and exercise constitutional control over the executive and the legislative, but some further strengthening is needed to be fully in line with EU requirements.

OR

- b. The Supreme Court (Constitutional Court) is fully endowed with the necessary powers to monitor and exercise constitutional control over the executive and the legislative, but the Supreme Court (Constitutional Court) does not make fully use of its powers.
- 4. Full conformity with EU norms
 - a. The Supreme Court (Constitutional Court) is fully endowed with the necessary powers to monitor and exercise constitutional control over the executive and the legislative.

AND

- b. The Supreme Court (Constitutional Court) make fully use of its powers.

Legal Procedures⁴⁰

- 1. Not in conformity with EU norms
 - a. Severe deficiencies in the legal procedure.
- 2. Weak conformity with EU norms
 - a. Deficiencies in the legal procedure.
- 3. Good conformity with EU norms
 - a. The legal procedure is generally in line with EU requirements, but some further improvements are needed to be fully in line with EU requirements.
- 4. Full conformity with EU norms
 - a. The legal procedure is fully in line with EU requirements.

Behavior

- 1. Not in conformity with EU norms
 - a. Courts are severely overloaded with work and court procedures are characterized by unjustified delays.
- 2. Weak conformity with EU norms
 - a. Courts are overloaded with work and court procedures are characterized by unjustified delays.
- 3. Good conformity with EU norms

40 This dimension refers to the legal process which includes three different concepts: (1) access to courts (e.g. the right to appeal); (2) the court procedure (e.g. legal certainty, which in turn includes a unified interpretation of the law by the courts, the requirement of justification for judicial decisions, and an evenly handled procedure); and (3) the enforcement of judicial decisions.

- a. The workload of the courts is generally satisfactory; but a minor backlog still persists.
- 4. Full conformity with EU norms
 - a. The workload of the courts is satisfactory.

Politicization⁴¹

- 1. Not in conformity with EU norms
 - a. Severe deficiencies in the safeguards guaranteeing the courts' independence from political pressure.
- 2. Weak conformity with EU norms
 - a. Deficiencies in the safeguards guaranteeing the courts' independence from political pressure.
- 3. Good conformity with EU norms
 - a. Safeguards, to guarantee judicial independence, in line with EU requirements are generally in place, but minor strengthening is needed.
- 4. Full conformity with EU norms
 - a. Safeguards, to guarantee judicial independence, in line with EU requirements are in place.

Resources⁴²

- 1. Not in conformity with EU norms
 - a. The court system suffers from a severe lack of resources.
- 2. Weak conformity with EU norms
 - a. The court system suffers from a lack of resources.
- 3. Good conformity with EU norms
 - a. The resources allocated to the court system are generally satisfactory, but some further improvements are needed to fully align with EU requirements.
- 4. Full conformity with EU norms
 - a. The resources allocated to the court system are generally sufficient to execute its functions properly.

9.11. Public Administration

Legislative Alignment

- 1. Not in conformity with EU norms
 - a. A civil service law in line with EU requirements is not in place.
- OR**
- b. Severe deficiencies in the civil service law.
- 2. Weak conformity with EU norms
 - a. Deficiencies in the civil service law.
- 3. Good conformity with EU norms
 - a. The civil service law is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.
- 4. Full conformity with EU norms

⁴¹ Judicial independence (or politicization) refers to appointment, promotion and remuneration.

⁴² Resources refer to the number and quality of staff, physical resources (ICT and buildings), and budgetary resources.

- a. The civil service law is fully in line with EU requirements.

Administrative Capacity⁴³

1. Not in conformity with EU norms
 - a. Severe deficiencies in the administrative capacity.
2. Weak conformity with EU norms
 - a. Deficiencies in the administrative capacity.
3. Good conformity with EU norms
 - a. The necessary administrative capacity is generally in place, but further efforts are needed to fully comply with EU requirements.
4. Full conformity with EU norms
 - a. Administrative capacity is fully in line with EU requirements.

Independence

1. Not in conformity with EU norms
 - a. Severe deficiencies with the independence of the public administration.
2. Weak conformity with EU norms
 - a. Deficiencies with the independence of the public administration.
3. Good conformity with EU norms
 - a. The public administration is generally considered independent, but further efforts are needed to fully guarantee the independence of the public administration.
4. Full conformity with EU norms
 - a. Public administration is considered fully independent.

Training

1. Not in conformity with EU norms
 - a. Severe deficiencies in the training of civil servants.
2. Weak conformity with EU norms
 - a. Deficiencies in the training of civil servants.
3. Good conformity with EU norms
 - a. Training of civil servants is generally considered good, but further efforts are needed to comply with EU requirements.
4. Full conformity with EU norms
 - a. Training of civil servants is fully in line with EU requirements.

Salaries

1. Not in conformity with EU norms
 - a. Civil servants are severely underpaid.

43 The notion of administrative capacities is often taken as meaning that there is sufficient professionalism in the civil service and that a coherent institutional or organizational set of administrative structures exists. This includes dimensions such as performance evaluation, recruitment, promotion, employment protection etc. but it can also be referred to as the career structure of the civil service.

2. Weak conformity with EU norms
 - a. Civil servants are underpaid.
3. Good conformity with EU norms
 - a. Remuneration of civil servants is generally considered good, but further efforts are still needed to comply with EU requirements.
4. Full conformity with EU norms
 - a. Remuneration of civil servants are fully in line with EU requirements.

9.12. The Capacity to Cope with Competitive Pressure and Market Forces

Education⁴⁴

1. Not in conformity with EU norms
 - a. Severe deficiencies in the educational system.
2. Weak conformity with EU norms
 - a. Deficiencies in the educational system.
3. Good conformity with EU norms
 - a. The educational system is generally in line with EU requirements, but further improvements are needed to fully align with EU requirements.
4. Full conformity with EU norms
 - a. The educational system is fully in line with EU requirements.

Infrastructure

1. Not in conformity with EU norms
 - a. Severe infrastructural deficiencies.
2. Weak conformity with EU norms
 - a. Infrastructural deficiencies.
3. Good conformity with EU norms
 - a. The infrastructure is generally in line with EU requirements, but further improvements are needed to fully align with EU requirements.
4. Full conformity with EU norms
 - a. The infrastructure is fully in line with EU requirements.

Labor Market⁴⁵

1. Not in conformity with EU norms
 - a. Severe deficiencies in labor market policies.
2. Weak conformity with EU norms
 - a. Deficiencies in labor market policies.
3. Good conformity with EU norms

⁴⁴ This dimension refers to the educational system's capacity to respond to the need of the economy.

⁴⁵ In the labor market dimension an overall judgment of the countries' labor market is made. This includes several dimensions of the labor market: (1) harmonization of labor market legislation, (2) non-wage costs of employment, (3) worker mobility, (4) labor market fragmentation, and (5) exit and entry to the labor market.

- a. Labor market policies are generally in line with EU requirements, but further improvements are needed to fully align with EU requirements.
- 4. Full conformity with EU norms
 - a. Labor market policies are fully in line with EU requirements.

Economic integration⁴⁶

- 1. Not in conformity with EU norms
 - a. Economic integration is severely underdeveloped.
- 2. Weak conformity with EU norms
 - a. Economic integration is underdeveloped.
- 3. Good conformity with EU norms
 - a. Economic integration is generally good, but further integration is still preferable.
- 4. Full conformity with EU norms
 - a. Economic integration is good.

9.13. The Existence of a Functioning Market Economy

Liberalization of Trade and Prices

- 1. Not in conformity with EU norms
 - a. Trade and prices are not liberalized.
- 2. Weak conformity with EU norms
 - a. The liberalization of trade and prices has begun, but no prospect of completion in the short term.
- 3. Good conformity with EU norms
 - a. The liberalization of trade and prices will be completed in the short term.
- 4. Full conformity with EU norms
 - a. The liberalization of trade and prices is completed

Consensus on Economic Policy⁴⁷

- 1. Not in conformity with EU norms
 - a. There is no general political consensus on the elementary legal basis underlying economic activity, and on the general direction of economic policy.
 - 2. Average conformity with EU norms
 - a. There is a consensus among political parties on the elementary legal basis underlying economic activity, and on the general direction of economic policy.
- AND**
- b. There is still resistance among important stakeholders against the legal basis underlying economic activity, and the general direction of economic policy.
 - 3. Full conformity with EU norms
 - a. There is a strong consensus on the elementary legal basis underlying economic activity, and on the general direction of economic policy.

⁴⁶ The economic integration dimension refers to both the volume (percentage of exports and imports to EU of total trade) and scope (the number of product categories exported to the EU).

⁴⁷ This refers to consensus among political parties and other stakeholders.

Macroeconomic Stability

1. Not in conformity with EU norms
 - a. Severe deficiencies in macroeconomic stability.
2. Weak conformity with EU norms
 - a. Deficiencies in macroeconomic stability.
3. Good conformity with EU norms
 - a. Macroeconomic stability is generally in line with EU requirements, but further improvements are needed to fully align with EU requirements.
4. Full conformity with EU norms
 - a. Macroeconomic stability is fully in line with EU requirements.

Privatization

1. Not in conformity with EU norms
 - a. Severe deficiencies in the privatization of small, medium and large enterprises.
2. Weak conformity with EU norms
 - a. Deficiencies in the privatization of small, medium and large enterprises.
3. Good conformity with EU norms
 - a. The privatization of small, medium and large enterprises is generally in line with EU requirements, but further improvements are needed to fully align with EU requirements.
4. Full conformity with EU norms
 - a. The privatization of small, medium and large state owned enterprises is fully in line with EU requirements.

The Judiciary

1. Not in conformity with EU norms
 - a. Severe deficiencies in the judiciary system's capacity to enforce property rights and contracts.
2. Weak conformity with EU norms
 - a. Deficiencies in the judiciary system's capacity to enforce property rights and contracts.
3. Good conformity with EU norms
 - a. The judiciary system's capacity to enforce property rights and contracts is generally in line with EU requirements, but further improvements are needed to fully align with EU requirements.
4. Full conformity with EU norms
 - a. The judiciary system's capacity to enforce property rights and contracts is fully in line with EU requirements.

The Financial Market⁴⁸

1. Not in conformity with EU norms
 - a. Severe deficiencies in the financial market's capacity to exert its financial intermediation role in an appropriate way.
2. Weak conformity with EU norms

48 This refers to privatization of financial intermediaries and efficient bank supervision.

- a. Deficiencies in the financial market's capacity hindering it to exert its financial intermediation role in an appropriate way.
- 3. Good conformity with EU norms
 - a. The financial market generally has the capacity to exert its financial intermediary role, but further improvements are needed to fully align with EU requirements.
- 4. Full conformity with EU norms
 - a. The financial market fully possesses the capacity to exert its financial intermediary role according to EU requirements.

9.13. Public Procurement

Legislative Alignment⁴⁹

- 1. Not in conformity with EU norms
 - a. There is no legislation regulating public procurement in place.

OR

 - b. Severe deficiencies in the alignment of public procurement legislation.
- 2. Weak conformity with EU norms
 - a. Deficiencies in public procurement legislation.
- 3. Good conformity with EU norms
 - a. Public procurement legislation is generally in line with EU requirements, but further alignment is needed to fully comply with EU requirements.
- 4. Full conformity with EU norms
 - a. Public procurement legislation is fully in line with EU requirements.

Resources⁵⁰

- 1. Not in conformity with EU norms
 - a. A public procurement authority is not established.

OR

 - b. The public procurement authority is not operational.

OR

 - c. The public procurement authority suffers from a severe lack of resources.
- 2. Weak conformity with EU norms
 - a. The public procurement authority suffers from a lack of resources.
- 3. Good conformity with EU norms
 - a. The resources allocated to the public procurement authority are generally sufficient to render proper implementation and enforcement of public procurement policy possible.
- 4. Full conformity with EU norms
 - a. The resources allocated to the public procurement authority are generally sufficient to render proper implementation and enforcement of public procurement policy possible.

49 The public procurement *acquis* aims to ensure a procurement procedure in accordance with the EC Treaty. As such, it should be seen as a complementary part to the free movement of goods, persons, capital and services

50 Resources refer to the number and quality of staff, physical resources (ICT and buildings), and budgetary resources.

Behavior

1. Not in conformity with EU norms
 - a. Severe deficiencies in the functioning of monitoring.
2. Weak conformity with EU norms
 - a. Deficiencies in the functioning of monitoring.
3. Good conformity with EU norms
 - a. The monitoring mechanism is generally functioning well, but some further strengthening is needed to full comply with EU requirements.
4. Full conformity with EU norms
 - a. The functioning of the monitoring mechanism is fully in line with EU requirements.

*9.14. Enterprise and Industrial Policy***Business Environment⁵¹**

1. Not in conformity with EU norms
 - a. Severe deficiencies in the business environment.
2. Weak conformity with EU norms
 - a. Deficiencies in the business environment.
3. Good conformity with EU norms
 - a. The business environment is largely in line with EU standards, only minor improvements are required.
4. Full conformity with EU norms
 - a. The business environment is in line with EU requirements.

*9.15. Employment and Social Policy***Labor Law**

1. Not in conformity with EU norms
 - a. Severe deficiencies in the labor law.
2. Weak conformity with EU norms
 - a. Deficiencies in the labor law.
3. Good conformity with EU norms
 - a. The labor law is largely in line with EU requirements; only minor improvements are needed.
4. Full conformity with EU norms
 - a. The labor law is in line with EU requirements.

Health and Safety at Work

1. Not in conformity with EU norms
 - a. Severe deficiencies in the health and safety at work legislation.
2. Weak conformity with EU norms
 - a. Deficiencies in the health and safety at work legislation.

51 The business environment refers to taxation and other administrative barriers for businesses and investors.

3. Good conformity with EU norms
 - a. The health and safety at work legislation is largely in line with EU requirements; only minor improvements are needed.
4. Full conformity with EU norms
 - a. The health and safety at work dimension is in line with EU requirements.

Anti-Discrimination and Equality at Work

1. Not in conformity with EU norms
 - a. Severe deficiencies in the anti-discrimination and equality at work legislation.
2. Weak conformity with EU norms
 - a. Deficiencies in the anti-discrimination and equality at work legislation.
3. Good conformity with EU norms
 - a. The anti-discrimination and equality at work legislation is largely in line with EU requirements, only minor improvements are required.
4. Full conformity with EU norms
 - a. The anti-discrimination and equality at work legislation is in line with EU requirements.

9.15. Foodstuff

Veterinary and Phytosanitary Area

1. Not in conformity with EU norms
 - a. Severe deficiencies in the veterinary and phytosanitary area.
2. Weak conformity with EU norms
 - a. Deficiencies in the in the veterinary and phytosanitary area.
3. Good conformity with EU norms
 - a. The veterinary and phytosanitary area is largely in line with EU requirements; only minor improvements are required.
4. Full conformity with EU norms
 - a. The veterinary and phytosanitary area is in line with EU requirements.

The Agricultural Sector

1. Not in conformity with EU norms
 - a. Severe deficiencies in the agricultural sector.
2. Weak conformity with EU norms
 - a. Deficiencies in the in the agricultural sector.
3. Good conformity with EU norms
 - a. The agricultural sector is largely in line with EU requirements; only minor improvements are required.
4. Full conformity with EU norms
 - a. The agricultural sector is in line with EU requirements.

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“Maximizing the integration capacity of the European Union: Lessons of and prospects for enlargement and beyond”

The ‘big bang enlargement’ of the European Union (EU) has nurtured vivid debates among both academics and practitioners about the consequences of ‘an ever larger Union’ for the EU’s integration capacity. The research project MAXCAP will start with a critical analysis of the effects of the 2004-2007 enlargement on stability, democracy and prosperity of candidate countries, on the one hand, and the EU’s institutions, on the other. We will then investigate how the EU can maximize its integration capacity for current and future enlargements. Featuring a nine-partner consortium of academic, policy, dissemination and management excellence, MAXCAP will create new and strengthen existing links within and between the academic and the policy world on matters relating to the current and future enlargement of the EU.