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Policy brief on



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co-ordination arrangements
in AA/DCFTA implementing
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Georgia, Moldova, Ukraine

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INTRODUCTION

This policy brief was initially drafted to serve as a basis for discussions in Public Administration Reform Panel, EaP I multilateral track seminar on “Effective co-ordination of European integration issues to ensure implementation of the Association Agreement and Deep and Comprehensive Free Trade Agreement” held in Tallinn in early November 2015. Following the seminar, the draft document was thoroughly reviewed by country representatives; then, based on this review and on the seminar discussions, chapter authors developed recommendations for each country.

This policy brief aims to outline key characteristics of the European integration processes in Georgia, Moldova, and Ukraine. Specific aspects of each country’s system are described, strong points and challenges for all three countries are highlighted, and recommendations to develop the system further are provided.

The co-ordination system of European integration (EI) in each country is indeed specific. In Georgia and Ukraine, co-ordination is closely linked with the Government Office, however, in Ukraine the links are stronger than in Georgia, as the former has established a separate post of State Minister for European and Euro-Atlantic Integration, whose office co-ordinates EI issues. In Moldova, by contrast, co-ordination is the responsibility of the Ministry of Foreign Affairs and European Integration. There are also other differences: in Georgia and Moldova, transposition of the *acquis* is the responsibility of the Ministry of Justice, while in Ukraine, the Government Office takes the lead.

However, from the seminar discussions, several common characteristics and challenges emerged:

- DCFTA implementation will be responsibility of each country’s ministry of Economy. In one hand, they are experts on the topics and can drive the agenda, on the other hand, it adds one additional layer to the system and increases fragmentation of the co-ordination. Since countries are now only at the beginning of the implementation process, it will only be possible to assess how the systems are functioning after a period of two to three years.
- Lot of emphasis, rightly, has put on involving non-governmental stakeholders in the planning and monitoring processes. Such involvement is crucial to sustaining and increasing support in society for the reforms necessary for full DCFTA implementation and thus for moving into the next phases of European integration.
- Fragmentation of the planning framework and linking European integration planning with the broader domestic agenda still remain as the key challenges. Similarly challenging is ensuring financial sustainability of reform, both concerning costing the reforms and aligning budget planning with policy planning.
- Attracting and motivating staff to ensure quality policy outcomes is one of the most crucial challenges. In a public service context marked by rather low salaries and high workloads, it is difficult to decrease high staff turnover and retain expertise in a very demanding and specific area such as European integration.

The functioning of EI co-ordination largely determines the success of the countries in implementing the AA and DCFTA. There are also many good practices in each country that are useful to neighbouring states—and it is precisely the exchange of such practices that this policy brief hopes to encourage.

BIOGRAPHICAL NOTE

GERT ANTUSU currently serves as Estonian Ambassador to Belgium, Luxembourg and Switzerland. He has spent most of his career dealing with the European Union issues. He was Estonia's Deputy Permanent Representative to the European Union in 2008-12 and the Director for European Affairs at the Government Office in 2004-08. Having started his work at the EU Secretariat of the Government Office in 1997 he was intimately involved in Estonia's preparations for EU membership throughout the whole process. This also included training Estonian civil servants in EU matters, teaching students in EU-related fields at various Estonian universities, appearing regularly in the media and also sharing the Estonian experiences of EU integration with the administrations in Croatia, Georgia and Ukraine.

KEIT KASEMETS holds a MA degree on Political Science from University of Tartu. He has worked as an EU Director and Strategy Director in the Government Office of Estonia co-ordinating Estonian preparations for the EU accession, developing post-EU accession co-ordination structures in Estonia and has been responsible for planning and co-ordinating Government policies. He worked in OECD/SIGMA for 3, 5 years contributing to governance reforms in EU Enlargement and Neighbourhood countries through analysis and practical advice, including leading the development of the Principles of Public Administration. He has working experience in all AA/DCFTA countries. Since 2016, he fulfils the duties of the Deputy Secretary General of the Ministry of Economy and Communications in Estonia being responsible for the Internal Market issues and preparing the Ministry for upcoming Estonian EU Presidency.

KLAUDIJUS MANIOKAS holds a doctorate in the field of Social Sciences from the University of Vilnius. Having spent more than 10 years dealing with the Lithuania's accession to the EU in the public sector, he is currently Chairman of the Board of the consulting firm European Social, Legal, and Economic Projects (ESTEP) based in Vilnius, Lithuania. Since 2004 he has led ESTEP in different consultancy assignments focused on public sector investment and efficiency and EU matters in particular. He has been consulting the governments of the Eastern Partnership and Western Balkans on the matters of the EU affairs management for the last ten years.

ALEXEI SEKAREV holds a Ph.D. from Shevchenko University of Kiev. He has been engaged in academic research on transition economies in Eastern Europe, including as an Alexander-von-Humboldt research fellow. As team leader of several EU-funded projects, he has been rendering policy advice to governments of Eastern Partnership countries on domestic reforms related to negotiating and implementing Association Agreements including deep and comprehensive free trade areas. Since 2011 he has been contributing to research projects of the Estonian Centre for Eastern Partnership and since 2012 works as Team Leader of the EU-funded Eastern Partnership Territorial Cooperation Support Programme (EaPTC).

CO-ORDINATION OF EUROPEAN INTEGRATION IN GEORGIA

Alexei Sekarev

1. SYSTEM OF EUROPEAN INTEGRATION CO-ORDINATION

FUNCTIONS	INSTITUTION(S) RESPONSIBLE
Overall daily co-ordination of European integration	Office of the State Minister of Georgia for European and Euro-Atlantic Integration (OSMEI), European Integration Coordination Department
Planning of EI, including costing of reforms	Government Commission on European Integration (GCEI), OSMEI (acting as secretariat to GCEI)
Monitoring country's preparations for AA implementation and overall EI process	OSMEI EI Coordination Department
Co-ordinating transposition of the <i>acquis</i>	Ministry of Justice (EU Law Department)
Co-ordinating EU assistance	OSMEI (EU assistance coordination department), Administration of the Government (Unit for coordination with donors)
Co-ordinating dialogue with EU (preparing sub-committee meetings)	MFA, OSMEI, Ministry of Economy and Sustainable Development (MoESD)

- Mandate and capacity of EI co-ordination body in fulfilling key functions:

At the AA/DCFTA negotiation stage, Georgia established a so-called Coordination Cluster to organise the government's work on the negotiation and subsequent implementation of the agreements. Strongly supported by the EU Comprehensive Institution Building (CIB) programme, the government of Georgia (GoG) has identified the key institutions significantly involved in the process and grouped them in three clusters according to the specific role performed:

- Cluster 1: Negotiation and preparation of the DCFTA
- Cluster 2: Association Agreement general coordination and issues pertaining to the Visa Liberalisation Action Plan (VLAP)
- Cluster 3: Oversight and monitoring

With the ratification and subsequent start of AA/DCFTA implementation, the **Coordination Cluster** has been strengthened to concentrate on coordinating the work of the government, monitoring progress towards the objectives set forth in the Association Agenda (AAg) and the government's own annual action plans, and reporting the results to the EU-Georgia institutional framework (the association bodies provided for in articles 403-413 of the Agreement).

The Coordination Cluster comprises the Government Commission on EU Integration (GCEI), the Office of

the State Minister of Georgia for European and Euro-Atlantic Integration (OSMEI), the Ministry of Foreign Affairs (MFA), the Ministry of Economy and Sustainable Development (MoESD) and Administration of the Government (AoG). While the GCEI carries out general political oversight of the AA/DCFTA implementation process, the OSMEI administratively performs the main coordination, monitoring and reporting functions, and also acts as a secretariat to the GCEI. A more detailed description of the main institutions and their functions is given below.

Government Commission of Georgia on EU Integration (GCEI): Created in 2004, the GCEI is chaired by the Prime Minister of Georgia. Its main functions include coordinating line ministries' activities in the area of European integration process, supporting implementation of the Association Agreement and the AAg, discussing ongoing implementation processes including harmonisation of national legislation with that of the EU, and addressing implementation of decisions taken within the EU-Georgia institutional framework.

Office of the State Minister of Georgia for European and Euro-Atlantic Integration (OSMEI), coordinates the AA/DCFTA/AAg-related activities of the government, including policy development and implementation, through the European Integration Coordination Department. This includes cooperation under the Eastern Partnership multilateral framework as well as the Mobility Partnership. As secretariat to the GCEI, the Office puts together annual GoG Action Plans on AAg implementation (with the most recent approved by GoG Decree No. 59 of 26.01.2015) and annual reports.¹ OSMEI participates in the meetings of EU-Georgia Association bodies, specifically in order jointly to define medium- and short-term AAg priorities; it also participates in any ongoing negotiations with the EU. An important OSMEI function is to coordinate elaboration, monitoring and implementation of EU assistance programmes and projects through intensive consultations with line ministries and other government bodies. The Office actively cooperates with the Public Advisory Council on Georgia's EU integration and conducts dialogue with the Civil Society National Platform. Finally, OSMEI has been tasked to develop and implement the Communication and Information Strategy of the GoG in the sphere of EU integration for the period 2014-2017.

Ministry of Foreign Affairs (MFA) is responsible for the overall implementation of Georgia's foreign policy toward European integration and leads political dialogue both with the EU as a whole as well as bilaterally with Member States). It takes the lead in preparation for meetings of the EU-Georgia Association Council and carries out the relevant intra-government coordination tasks, including via the GCEI. These functions in the MFA are mainly carried out by its European Integration Department, supported by the Press and Information Department and the Translation Bureau.

Ministry of Trade and Sustainable Development (MoESD) is the central body for coordinating the DCFTA part of the Association Agreement. A multi-annual Action Plan to implement the DCFTA, based on the Association Agenda, was approved on 29.07.2014 at a meeting of the GCEI. The mechanism for DCFTA-related coordination is based on the Government Decree No. 186 of 07.02.2014, which vested MoESD with the authority to monitor DCFTA implementation, coordinate the activities of the line ministries, review the action plan, and report on its implementation. The Ministry intends to establish a DCFTA Advisory Council with the participation of civil society, business community and other relevant stakeholders. The annual action plan on AA/DCFTA implementation 2015 and the most recent government report 2014 include trade-related activities as an integral part.

Administration of the Government (AoG), in its Department for Political Analysis, Strategic Planning and Coordination, maintains a Unit for Coordination with Donors charged with returning the leadership in role in coordination with donors to the government while also aligning donors' assistance (including from the EU) with national policies and strategies. This is a novelty in the EI Coordination Cluster, and the main policy/ management approaches here are still under development. The AoG, together with the Ministry of Finance (MoF), has developed and launched an on-line database of donor projects (which is still in its testing phase). The database² is a tool for programming and monitoring donor assistance while at the same time serving as an instrument through which the MoF can link EU and other donors' assistance to programming of national resources for (often costly) EI-related reforms.

¹Both documents are available on <http://eu-nato.gov.ge/en/eu/association-agreement>.

²The database is available under the Aid Information Management System (eAIMS) at <http://eaims.fas.ge/>.

2. INTER-MINISTERIAL CO-ORDINATION

The authority of OSMEI rests on GoG Decree No. 133 of 31.12.2004. The Office performs mostly technical functions related to planning, monitoring, and reporting of the AAg implementation process, as described above. Policy and budgeting issues are brought to GCEI meetings by the respective ministries, while the implementing institutions carry out case-by-case planning, impact assessments and cost estimates. Typically, these functions are performed with EU assistance (see section 3 for more details).

- The role of the Ministry of Justice (MoJ)

Under the MoJ Statute of 30.12.2013,³ the EU Law Department of the Ministry performs legal expertise of draft acts prepared by AA/DCFTA implementing institutions for approximation or harmonisation with EU legislation, as stipulated by the Agreements. It also examines national legislation for compliance with EU regulations, directives, and decisions, signalling the need for amendments to the MoJ Department of Legal Drafting whenever necessary. The EU Law Department analyses EU legislation (including judgements of the European Court of Justice) and develops methods for the harmonisation of national legislation. It also coordinates MoJ activities to meet commitments under AA/DCFTA, drafts MoJ harmonisation action plans, and prepares MoJ reports to GCEI/OSMEI in the sphere of the Ministry's competence.

- Organisation of EI issues in ministries

The OSMEI liaises regularly with international cooperation or EU departments in ministries and state agencies in charge of specific measures stipulated in the AAg and in national annual plans. The subject matter of such liaising is planning, monitoring and reporting on progress towards those measures. Further down, tasks are delegated to policy development and/or legal departments depending on the content of the measure. The authority of international cooperation or EU departments to coordinate within a ministry rests on that ministry's obligation to report to OSMEI and GCEI, which is normally supervised by a deputy minister. The institutional strength of such departments differs strongly from one ministry to another, whereas some of the government bodies underwent internal consolidation on the basis of institutional reform plans (IRPs) in the CIB framework. Crosscutting issues such as IRP, which involve horizontal coordination among several ministries at the level of deputy ministers and departments, are usually a challenge for the government, as are the coordination of AAg-related legal drafting across several institutions. In addition, staff motivation and turnover, capacity building on EI and RIA, and the use of modern communication tools are all typical challenges to AA/DCFTA implementation.

- Role of the Parliament in EI process

The Parliament of Georgia, before the adoption of agreements-related legal acts, carries out legal review of the drafts prepared by the GoG and received not just from MoJ but also from other institutions with the right of legislative initiative. The Committee for European Integration has the task of ensuring that new/amended legislation complies with the EU acquis. It liaises with other sector committees of the Parliament on relevant legislation. The Committee also supervises implementation of GoG annual plans related to the AAg and is the main contact point for the European Parliament in the framework of the EU-Georgia Parliamentary Association Committee (Art. 410-411 of the AA). The European Integration Committee was established in 2004. It is currently comprised of 15 MPs and has 10 staff members.

³Government Decree No. 389.

3. ARRANGEMENTS FOR AA/DCFTA IMPLEMENTATION

- Overall EI planning and planning of DCFTA commitments, including transposition of *acquis*

As mentioned, OSMEI—as the main institution within the Georgian EI Coordination Cluster is tasked with composing annual action plans on AA/DCFTA implementation as a result of an coordination exercise. The 2015 National Action Plan of AA Implementation was approved by GoG Decree No. 59 of 26.01.2015. Altogether, it contains some 656 activities or measures, which are very different from one another in scope, nature, timeline and complexity. The action plan is a technical document summarising activities to be performed by various government institutions rather than a coherent policy programme. Despite recent improvements on the quality and comprehensiveness of annual planning, many of the measures are descriptive and/or constitute merely an intention of a public institution (e.g. “Improve human resource management”). In such cases any meaningful monitoring and analysis would be unrealistic.

Regarding DCFTA, as mentioned, on 29.07.2014 the GCEI adopted a multi-annual Action Plan to be coordinated and supervised by the MoESD. As the document itself could not be found online, the respective actions of implementing institutions remain unclear in the medium run. The content of national DCFTA-related reforms can be assumed on the basis of the Association Agenda, decisions of the EU-Georgia Association Committee and Sub-committee on trade issues, and the GoG National Action Plan. Similarly, it is not possible to assess the quality of DCFTA-related medium-term policy planning, given the additional mismatch in the timelines of OSMEI- and MoESD-operated action plans. The MoESD nevertheless observes the annual planning and reporting cycle established for the whole government.

Strengthening Georgian trade-related regulatory institutions has been the focus of Cluster 1 of the CIB programme at the negotiation stage, notably the National Service for Food Safety, Veterinary and Plant Protection (NFA), Georgian Accreditation Centre (GAC), and the National Agency for Standards, Technical Regulations and Metrology (GEOSTM). Achievements under the CIB support comprise approximation to three EU New Approach Directives in the area of free movement of goods and technical regulations (June 2013), adoption of amendments to the Food Safety, Veterinary and Plant Protection Code to bring it into compliance with the EU requirements, and finally steps to institutionally strengthen the NFA. The national strategic framework in trade-related areas is mostly in place, and the respective strategies have been prepared for DCFTA implementation.⁴ The institutional setup was enhanced by establishing related bodies, as codified in the relevant legal framework.⁵

- Linkage of the EI plan with overall government work and budget planning

Georgia can look back at a long history of embedding reform actions jointly agreed on with the EU into national policies. Some milestones of this history include the decision of Parliament in 1998 to require that every approved new piece of legislation had to undergo a legal review of its compliance with the EU *acquis*., as well as the government’s 2004 approval of the first national programme of legislative harmonisation with the EU, which it and instructed the line ministries to incorporate into their action plans. Nevertheless, the country’s progress under the PCA has been modest, due partly to the softness of the PCA commitments as well as to the lack of clear, jointly (with the EU) approved benchmarks by which to measure progress. More importantly, however, Georgian authorities took the time to develop an understanding of the benefits of the integration

⁴ Comprehensive Strategy in Food Safety, Veterinary and Phyto-sanitary and Legislative Approximation Programme (October 2010); Governmental Strategy in Standardization, Accreditation, Conformity Assessment, Technical Regulation and Metrology and related Programme on Legislative Reform and Adoption of Technical Regulations (August 2010), Market Surveillance Strategy for Industrial Products (December 2011). SME Development Strategy is being developed currently jointly by MoESD and OECD, expected to be finalised in September 2015.

⁵ Technical and Construction Supervision Agency (September 2012) under MoESD; Competition Agency under the Competition Law (approved in March 2014); Innovation and Technology Agency (February 2014); Entrepreneurship Development Agency (Enterprise Georgia, March 2014) under the MoESD.

- (i) with the EU, including the respective domestic measures in their own policy agendas. However, typical weaknesses in the following two capacity areas has hampered overall progress:
- (ii) the capacity of the main coordination body to ensure coherent actions of different government agencies in complex fields of legislative and administrative reforms, for example in quality infrastructure, intellectual property rights, and sanitary & phyto-sanitary standards.
the capacity of the respective line ministries and government agencies to realise the implications of the country's commitments towards the EU for the activities of their own institutions, the complexity of the necessary respective reform steps, and the capability of including those steps in realistic action plans.

An important lesson learned from the pre-AA/DCFTA period was however that once the policy rationale was given and well understood, the government demonstrated its ability both to develop and coordinate needed domestic decisions within the given deadlines. The extension of the GSP+ trade regime as well as visa facilitation/ liberalisation have been good examples of the rapid introduction of respective legal and administrative measures into both national legislation and practice.

In this sense the AA/DCFTA clearly drives the policy agenda in the medium and even long run, i.e., the period until the agreement is implemented in its essential elements. This clarity is supported on the organisational side by the internal coordination run by the Coordination Cluster, with is a workable institutional mechanism and a developed, agreements-driven technical framework to implement national policies. The Association Agenda and strong support from the EU together offer practical guidance for the planning, coordination and monitoring of concrete reform measures.

4. CONCLUSIONS

The remaining challenges to Georgia's EI coordination system can be summarised as follows:

- Strengthening medium-term policy horizon in all sectors of the agreements

A strategic approach to the implementation of the agreements implies at a minimum that the OSMEI, together with other Coordination Cluster institutions, (i) adopts a medium-term (multi-annual) planning approach to respective policies; (ii) applies impact assessments and other policy analysis & development tools; and (iii) introduces monitoring benchmarks to measure the progress on actions foreseen in the Association Agenda as well as on joint decisions taken within the AA/DCFTA institutional framework.

Georgia's strategic planning of the AA/DCFTA reform agenda also needs due prioritisation and sequencing, which would be based on national development requirements, existing policy commitments, and available reasonable resources & capacities. In this sense Georgian multi-annual and annual plans for AA/DCFTA implementation should be screened to ensure that their timelines and prioritisations are sound. .

In the medium-term perspective, Georgia needs to pay more attention to less developed (in the sense of policy planning and EU alignment) DCFTA areas. These include: competition protection, government procurement, and enterprise policy, where the first reform steps were initiated in 2013-14. This also refers to the regulatory framework in company law, establishment, movement of capital, and current payments, all of which need to be screened for compliance with AA/DCFTA.

- Stronger alignment with EU medium-term documents on assistance to Georgia [Single Support Framework (SSF) to 2017]

The Association Agenda is a technical document listing AA/DCFTA related policy measures for the medium term, while the SSF highlights EU support to those measures over the same period. Within the EU-Georgia institutional framework, these documents need to be used for medium-term policy planning as described above, while the annual action plans need to be prioritised so as to avoid non-verifiable policy declarations. Furthermore, coordination and monitoring processes need to be codified and institutionalised, as otherwise government AA implementation plans run the risk of becoming non-operational.

Modern information tools also need to be applied, such as regularly updated databases, common work area(s), and on-line monitoring.

- Capitalising on recent improvements in coordination mechanism

The OSMEI has managed visibly to strengthen its institutional position in recent years. On the one hand, the government has increased the Office's staffing and budget to respond to the growing need for relevant services during the negotiation and subsequent implementation of the AA/DCFTA. On the other, as mentioned, the Office has been part of the Institutional Reform Plan (IRP, dated 31.01.2012) for the AA Coordination, Visa and Migration Issues Cluster supported by the EU through the Comprehensive Institution Building (CIB) programme. In particular, the Office has improved the timeliness and visibility of AA/DCFTA-related annual government action plans and reports, and made steps to enhance the ownership of related EU assistance.

- Public outreach on EU-driven reforms and benefits

Historically, the advantage of a thorough public information and communication campaign on EU-Georgia cooperation has been rather underestimated. Previously, broad public support for European integration policies failed to appear. With the tangible results of the Eastern Partnership (visa facilitation and possible liberalisation, free trade and political association with the EU, education and cooperation opportunities via EU-funded programmes, etc.), Georgian citizens became more motivated and open towards Europe. These developments, as well as the depth and complexity of the EU integration policies under the AA/DCFTA, call for a new comprehensive effort in public information and communication.

GCEI and the OSMEI, tasked with improving the visibility of Georgia's European integration and reform processes, will probably need to adjust the existing GoG Communication and Information Strategy in the sphere of EU Integration for 2014-17, so that it captures not only all target groups, but also the main opinion leaders (media, civil society organisations, various professional communities). This should be done through realistic short-term action plans.

CO-ORDINATION OF EUROPEAN INTEGRATION IN MOLDOVA

Gert Antsu

1. SYSTEM OF EUROPEAN INTEGRATION CO-ORDINATION

FUNCTIONS	INSTITUTION(S) RESPONSIBLE
Overall daily co-ordination of European integration	Ministry of Foreign Affairs and European Integration, Ministry of Economy ⁶
Planning of EI, including costing of reforms	Ministry of Foreign Affairs and European Integration, Ministry of Economy
Monitoring country's preparations for AA implementation and overall EI process	Ministry of Foreign Affairs and European Integration, Ministry of Economy
Co-ordinating transposition of the <i>acquis</i>	Ministry of Justice
Co-ordinating EU assistance	State Chancellery
Co-ordinating dialogue with EU (preparing sub-committee meetings)	Ministry of Foreign Affairs and European Integration, Ministry of Economy, Ministry of Justice, Ministry of Internal Affairs

- Mandate and capacity of EI co-ordination body in fulfilling key functions:

A particular feature of the Moldovan system of EU coordination is its decentralised setup. Different tasks that are sometimes fulfilled by a single actor in some countries are here scattered among various institutions (see the table above). There are certain areas of overlap among different coordinating authorities (MFAEI, Ministry of Economy, State Chancellery, Ministry of Justice), with the result that people at different institutions are not always certain regarding the division of tasks.

The main bulk of political coordination lies with the Ministry of Foreign Affairs and European Integration (MFAEI). At the same time the primary coordination of the fulfilling of Moldova's responsibilities under the Deep and Comprehensive Free Trade Agreement (DCFTA) is left to the Ministry of Economy, though the MFAEI retains a general coordinating role. MFAEI coordinated the development of the draft legislative programme for implementation of the AA for 2015-2016 (Parliament decision No. 146 of 9 July 2015). At the same time, the National Approximation Centre under the Ministry of Justice has continued to coordinate the development of the annual approximation action plans of the Government⁷ and to evaluate

⁶ Overall daily co-ordination, planning and monitoring of the EI is coordinated by the MFAIE (the whole process). ME coordinates, plans and monitors the activities of the other national authorities on DCFTA issues, but remains under the general coordination, planning and monitoring of the MFAEI.

⁷These plans appeared in 2007, before the signature of AA in 2014. They include not only the acts to be approximated according to the AA, but also other acts the line public authorities intend to approximate to EU law.

the level of approximation of draft legal acts to EU law. In addition, the State Chancellery coordinates the overall work by the Government, a large part of which is related to European integration. The State Chancellery also coordinates foreign assistance.

In general, we can see that all the necessary structures to coordinate the legislative and administrative tasks required by the AA/DCFTA are in place. However, given the fact that the AA only entered into force provisionally a year ago—and that since then, parliamentary elections have been held and a short-lived minority government has been followed by another with only a tiny parliamentary majority—the coordination system thus remains relatively untested regarding the approximation of legislation. As most of the big politically difficult reforms are still in the pipeline, the true capacity of the coordination system to force them through will only be seen in the future.

- Main coordinating bodies

The main coordinating function is fulfilled by the **Directorate General for European Integration of the Ministry of Foreign Affairs and European Integration (DGEI)**. The coordinating role of the MFAEI is enhanced by the fact that its minister also holds the rank of deputy prime minister. This makes it easier to demand that other ministries report to it from other ministries. Its tasks include coordinating the work on implementation of the AA, including on harmonisation of legislation, by taking the lead in compiling the National Action Plan detailing the necessary reforms to be undertaken in the next three years, and reporting to the Government on its implementation. It is also the secretariat of the Government Committee on European Integration (composed of the members of the Government, i.e. the prime minister and other ministers, and a few other officials such as the governor of the National Bank and the deputy minister of the MFAEI). However, its grip is less direct on the tasks listed in the DCFTA, as the primary coordination of this field lies with the Ministry of Economy. In case of conflicts between ministries, the MFAEI tries to resolve issues by convening ad hoc meetings between involved parties or by bringing the matter to the attention of the Government Committee on European Integration. For the areas under the DCFTA, the MoE is also involved as primary coordinator. It furthermore provides European integration-related advice to the prime minister.

The **Ministry of Economy** is responsible for the coordination of the transposition and implementation of the EU acquis set out in the DCFTA, thereby fulfilling the typical tasks of a central coordinator. It has established a new European economic policy coordination and DCFTA department within its General International Economic Cooperation Directorate for this coordinating task. It also participates in the work of all sectoral working groups that deal with transposition and implementation, which report quarterly to the MFAEI on progress achieved. In case of problems, the MoE convenes ad hoc meetings on an appropriate level. The coordinating role of the MoE, like that of the MFAEI, is enhanced by the rank of deputy prime minister of its minister. The MoE also sees itself as being better staffed than most other ministries.

The **State Chancellery** used to be a purely technical administrative body, but since 2009 it has increasingly taken on coordinating functions even if its coordination capacity needs to be significantly improved. It coordinates the overall work of the Government (including national plans), reporting to the Prime Minister on a quarterly basis. In this task its role somewhat overlaps with that of the MFAEI, as there are two parallel plans. It could be argued that integrating the EU and domestic work programmes would simplify the planning and monitoring processes.

The Chancellery is also responsible for the overall coordination of foreign assistance. It collects requests for assistance from line institutions and prepares the meetings of the Inter-ministerial Committee for Strategic Planning. Moreover, the State Chancellery is also in charge of central public administration reform, the first phase of which has already been finished; a broader strategy is now being prepared. Overall, civil service reform is crucial for upgrading the level of the civil service something truly really needed in order to achieve success on the path to European integration.

2. INTER-MINISTERIAL CO-ORDINATION

- Institutionalised co-ordination

The highest political coordination structure is the **Government Committee on European Integration**, which brings together the members of the Government and a few other officials such as the governor of the National Bank and the deputy minister of the MFAEI, whose ministry prepares the meetings of the Committee. It discusses plans for European integration, as well as progress achieved. It also attempts to solve those interministerial conflicts that have not been resolved on the technical level. Apparently, it has been meeting rather less frequently during the recent time of political turbulence.

In contrast to many other countries involved in the EU integration process, there is no permanent coordinating body on the senior civil servant level in Moldova. This means that all conflict resolution takes place on an ad hoc basis, involving only those institutions that are directly concerned with a given issue. While similar bodies elsewhere usually serve as useful vehicles for spreading integration-related information among different institutions, in Moldova this also has to be done bilaterally. This body could also help to create an *esprit de corps* among the people and institutions involved. In the Moldovan case the MFAEI has tried fulfil this role by organising topical ‘retreats’ for civil servants involved in EU integration, thus creating informal contacts and helping to build mutual trust. However, institutionalising cooperation among civil servants managing the integration process in different institutions can be recommended for the future.

- Legal Harmonisation and the Ministry of Justice

The National Approximation Centre under the Ministry of Justice has an important role to play in Moldova’s EU integration. It compiles annual approximation action plans for the Government and evaluates draft laws regarding their compatibility with EU legislation. The Approximation Centre often has to convince ministries to include certain obligations in their legislative plans (this job is often left to the main EU coordinators in many other countries). Regardless, the Centre still sees itself as having a more technical rather than coordinating role. It checks whether the correlation tables attached to drafts are correct while providing methodological assistance to ministries, including on the quality of drafting. The Centre’s counterparts within ministries are usually (but not always) legal departments.

The Ministry of Justice reports on progress to the State Chancellery, which then seeks to get those lagging behind to deliver on their obligations. It also provides information on progress to the MFAEI.

MFAEI coordinated the development of the draft Legislative programme for the implementation of the AA in 2015 – 2016 (Parliament decision No. 146 of 9 July 2015).

- Organisation of European Integration in Ministries

Ministries have set up coordination structures to perform the function usually fulfilled by international relations and/or European integration departments. Their main task is to coordinate the actions required by the AA/DCFTA within their respective ministries. This includes compiling the NAP and monitoring its implementation in the other departments. Meanwhile, legal harmonisation and the setting of the legislative agenda is usually supervised by legal departments. Correlation of their tasks is ensured as part of internal coordination of the activities of a given ministry, i.e., departments responsible for European integration ensure that the legal approximation section of the NAP is put on the agenda of the departments that perform the relevant drafting and publicity tasks.

Both the coordinating units and the ministries in general are facing shortages of staff as well as high staff turnover as public sector salaries are very low. This hinders effective training programs, since the most qualified people are the most likely to leave public service.

- Role of the Parliament in the European Integration Process

The parliament has an important role in Moldova's EU integration, as it has to adopt all the necessary laws required by the AA/DCFTA. The situation is made more complicated by the country's recent political instability. During the short-lived minority government, the coalition had to work hard to obtain the necessary votes to get its laws passed; the subsequent coalition held 51 seats in the parliament and thus its legislative agenda always remained politically vulnerable. There is no 'fast track' for EU-related legislation, although this possibility has been discussed.

The legislative programme for implementation of the AA for 2015 – 2016 was approved this summer (Parliament decision No. 146 of 9 July 2015).

Parliament's a committee of foreign affairs and European integration has powers similar to those of other committees; however, at the time of writing regular hearings on progress in European integration had still not been implemented. The main reason is the fragility of recent governments and the lack of support for a European path on the part of the relatively strong opposition.

At the same time, there are no institutionalised specialised practices for cooperation between the Government and the Parliament on European integration issues. As there is no coordinating body on the senior civil service level, there is no specialised forum for the parliament to be involved in the European integration process. Having the parliament fully on board, thus creating mutual trust, is seen as a major advantage in those Central and Eastern Europe Countries (CEECs) that managed to involve also parliaments.

3. ARRANGEMENTS FOR AA/DCFTA IMPLEMENTATION

- Overall EI planning and planning of DCFTA commitments, including transposition of the acquis

The planning document for taking over the commitments included in the AA/DCFTA is the National Action Plan⁸ (NAP). The first plan was adopted by the Government on 7 October 2014 and updated on 12 October 2015. NAP covers tasks foreseen for 2014 – 2016. As with similar documents elsewhere, the plan lists obligations, planned domestic actions, institutions responsible, and deadlines for presenting draft acts or administrative actions.

Implementation monitoring of the NAP is done using an electronic online database (developed with Estonian assistance). It is hoped that this reduces the reporting burden on ministries, as everything can now be done within a single document. The database has been operational since March 2015.

However, there are also annual approximation action plans adopted by the Government and developed by the National Approximation Centre under the Ministry of Justice, as well as the regular action plan of the Government, developed by the State Chancellery. Annual approximation action plans should normally be aligned with the NAP, but should not be limited to it. At the same time, the main priorities of NAP are also reflected in the action plan of the Government.

After the first NAP in 2014, the MFAEI produced the first progress report for the Government Committee on European Integration the following year. On an everyday basis, the Ministry of Economy monitors the work of other ministries in fulfilling their obligations under the DCFTA (as stipulated in the NAP), while the MFAEI keeps tabs on overall progress. These two ministries call ad hoc meetings to resolve disputes in their relevant areas (if it falls under the DCFTA, then MoE has primary responsibility).

- Linkage of the EI plan with overall government work and budget planning

The National Action Plan is based on the AA and the Association Agenda. The actions included in it are by definition an important subject for financing. However, as the financial means available to the Moldovan government are very limited, available resources are always less than the country's needs. To alleviate the problem, a substantial part of activities in this field is financed by foreign donors (both EU and bilateral assistance). The rest is marked as "within the limits of budgetary resources", i.e., financed from the normal operating budget of the ministry.

⁸ <http://dcfta.md/eng/national-action-plan>

4. CONCLUSIONS AND RECOMMENDATIONS

Moldova's main European integration challenges ultimately do not truly stem from its EU coordination institutional setup. Rather, it is the lack of political stability and the resulting short-lived governments, the inconsistent political will to undertake difficult reforms, the widespread nature of corruption, and the widespread low administrative capacity that pose the largest obstacles. Addressing these issues would dramatically smooth Moldova's path towards Europe; however, this remains outside the scope of the current analysis.

The real capacity of the institutions coordinating European integration in Moldova will be more thoroughly tested when the Government gets to the more difficult reforms, as these inevitably need extra effort both at the political and administrative levels. It remains to be seen whether the divided responsibilities between the MFAEI and the MoE will enable the administration to carry out reforms and meet the deadlines foreseen in the AA and CDFTA. As the cost of reforms is immediate and the benefits will only be seen in the long term, it is often difficult to make the necessary hard choices—a difficulty that can only be resolved with much more active participation on the part of the coordinators than is usual in preparing for an Association Council or other, more political events. It is highly likely that the country would benefit from a more centralised system of coordination.

As further EU integration means taking domestic rather than foreign policy steps, it is not clear whether the MFAEI would be best placed to push through the necessary reforms to the line ministries. While at the moment the MFAEI's role as the mediator of foreign pressure for reforms is useful and gives it credibility, for long-term success the drive for reforms should emanate from the centre of the government rather than come primarily from abroad.

Hiring, training, and retaining capable civil servants constitutes a major challenge for Moldova. It is very difficult to see how the EU *acquis* could be transposed into domestic legislation without a cadre of qualified professionals. While the country has taken steps in the right direction, further efforts are necessary including a thorough reform of the civil service.

While the government certainly should improve its cooperation with Parliament on European integration-related matters, one has to acknowledge that any such improvements depend on political developments in the country, especially the size of the coalition's parliamentary majority. However, given the logical presumption that the political environment will not improve overnight, ways should be found to improve cooperation even within the current context.

CO-ORDINATION OF EUROPEAN INTEGRATION IN UKRAINE

Klaudijus Maniokas

Ukraine announced its ambition to join the EU as early as 1996. On 11 June 1998, then-president Leonid Kuchma signed Decree No. 615 approving Ukraine's integration into the EU strategy and re-stating the objective of EU membership a policy that was last updated in September 2011. The first detailed Integration of Ukraine into the EU Programme was approved on 14 September 2000. Currently, there is no renewal of this political strategy planned; accordingly, the country's current basic guidelines for integration are the AA/DCFTA agreement and the EU-Ukraine Association Agenda.

1. SYSTEM OF EUROPEAN INTEGRATION CO-ORDINATION

FUNCTIONS	INSTITUTION(S) RESPONSIBLE
Overall daily co-ordination of European integration	Government Office for EU Integration
Planning of EI, including costing of reforms	Government Office for EU Integration
Monitoring country's preparations for AA implementation and overall EI process	Government Office for EU Integration
Co-ordinating transposition of the <i>acquis</i>	Government Office for EU Integration
Co-ordinating EU assistance	Ministry of Economic Development and Trade
Co-ordinating dialogue with EU (preparing sub-committee meetings)	Government Office for EU Integration, relevant ministries

- Mandate and capacity of EI co-ordination body in fulfilling key functions:

Preparing for AA / DCFTA implementation, the Ukrainian government set up **the Government Office for EU Integration (GOEI) in the Chancellery of the Government**. The Office is headed by a Deputy Minister (Director) and has a mandate to coordinate and monitor AA implementation, ensure expertise of legal drafts to be approved by the Council of Ministers, coordinate activities on preparing for Association Council and Committee meetings, and ensure implementation of their decisions. GOEI has the authority to draft the prime minister's instructions and to provide expert opinion for Cabinet decisions, regulations, and draft laws. In April 2015 it had 24 employees.

Vice-ministers responsible for European integration have been designated in each relevant ministry. In each ministry, coordination functions are usually handled by departments of international cooperation. A European integration and coordination mechanism was also developed, providing for three main blocks of interdependent institutional functions:

- 1) The Cabinet of Ministers, the prime minister, and the deputy prime minister for European integration;
- 2) The Government Office for EU Integration, the Association Council, and the Committee Secretariat;
- 3) ministries, vice ministers of European integration, and other responsible managers of relevant institutions.

The GOEI's primary counterparts at the Government level are **the Ministry of Justice** and **Ministry of Foreign Affairs**. It coordinates EI activities in 54 other line ministries and agencies, which are responsible for sectoral policies and which also ensure coordination in their respective areas, such as energy, transport, security, etc. Formerly, the Ministry of Justice was the main centre of competence in coordinating legal harmonisation and in ensuring compliance with the EU law, but its functions and some human resources have been partially transferred to the GOEI. Interaction with the MFA is focused on implementation of the Visa Liberalisation Action Plan (VLAP) and the AA chapters on political dialogue, justice, freedom, and security.

The **Presidential Administration** oversees the overall progress of reforms.

Responsibility of planning the implementation of the Association Agreement lies with two units of the GOEI, specifically those for the strategic planning for and harmonisation of Ukrainian legislation with the EU acquis. Meanwhile, the European Integration and Multilateral Cooperation Department of the Ministry of Economic Development and Trade is responsible for the coordination of implementation of the DCFTA. This department currently employs some 20 staff members, but a reduction is foreseen.

Although the GOEI is the main coordinating body, it will take time fully to establish this role both legally and institutionally. For example, the establishment of the GOEI as the compliance unit has recently met with some resistance in the Council of Ministers. The GOEI also clearly lacks the staff and capacity to deliver on all of its assigned functions, though to be fair it has made considerable progress recently.

2. INTER-MINISTERIAL COORDINATION (INCLUDING ASSOCIATION INSTITUTIONS)

The main inter-ministerial body for coordination, including on EI matters, is the Cabinet of Ministers. Ministers enjoy considerable autonomy. A special post of vice-prime minister for European Integration was supposed to be a backbone of the coordination system, but it remains to be filled—and is unlikely to be in the near future, due to coalition politics.

Another coordinating body is the National Reform Council (NRC). The NRC is a forum for all stakeholders, including the president, parliament, the cabinet of ministers, and civil society thereby reflecting the semi-presidential nature of Ukraine's political system.

At the beginning of 2015, responsibility for the coordination of the legal approximation process was transferred from the Ministry of Justice to the GOEI.⁹ Within line ministries, this function is assigned to international cooperation units.

Coordination is also characterized by a certain institutional rivalry between the GOEI and the Ministry of Foreign Affairs, a common feature of many EU affairs coordination systems. The GOEI, however, has accumulated most of coordination functions to itself, building a role that will be hard to contest in the future.

- Association institutions

Association institutions might become important for coordination. There are several association institutions provided for in the AA (articles 461-470): 1) the Association Council; 2) the Association Committee; 3) specific committees, sub-committees and other institutions; 4) the Parliamentary Association Committee; 4) the Civil Society Platform.

The first EU-Ukraine Association Council meeting was held on 15 December 2014, with a Ukrainian delegation consisting of cabinet ministers led by the prime minister

First Parliamentary Association Committee meeting was held on 24-25 February 2015, with the Ukrainian side led by the speaker of the Verkhovna Rada. .

For its part, the first Association Committee meeting took place in the second quarter of 2015. The Association Committee will consist of seven subcommittees: 1) trade and investment; 2) financial, economic affairs, and statistics; 3) business, competition, and regulation; 4) transport, energy, nuclear cooperation, and the environment; 5) customs and territorial cooperation; 6) fundamental rights and security; and 7) science & technology, education, culture & public health, information society, and media. Various senior civil servants represent Ukraine in the Association Committee, but the coordination is increasingly centralized under the GOEI.

Also, according to the EU-Ukraine Association Agreement, article 460, an EU-Ukraine Summit takes place once a year, in which Kyiv is represented by the president.

It is still too early to assess the functioning of the association institutions. However, it can be stated that so far, these institutions are dominated by a sectoral approach. On the other hand, Ukraine's uniqueness is that a special group of support has been formed on its behalf within the European Commission a group that ostensibly aims to support the reform planning and implementation in Ukraine (according to the EU-Ukrainian European Reform Agenda), but in reality is gravitating towards the coordination of EU assistance.

⁹ As regards compliance checking, the process of the transfer has not been completed.

- The role of the Parliament

The **Parliament** (Verkhovna Rada) has a standing Committee for European Integration. Its main function is rather narrowly focused on issues of legal harmonisation. It formally must provide opinions on draft bills. In October 2015 there was a backlog of around 1800 draft bills submitted by MPs for assessment of their conformity with the EU acquis. In the first quarter of 2015 the Committee received about 900 such draft laws for consideration. About 250 legislative initiatives concern amendments to the Tax Code of Ukraine, while about 100 concern the Budget Code. More than a thousand draft laws address sectoral and economic development issues. However, only 11% of submitted draft laws have been passed by the Rada and signed by the president since January 2015. AA-related laws therefore have to compete with an enormous amount of sectoral policy drafts.

The EI Committee includes 12 members, representing factions of the Petro Poroshenko Bloc, the People's Front, and Samopomich [Self Reliance] as well as the opposition Radical Party. It is comprised of three: (1) on the approximation of Ukrainian legislation to EU law, conformity with Ukraine's obligations in the Council of Europe, and assessment of conformity of draft bills with obligations under international law, (2) on economic and sectoral co-operation and the EU-Ukraine DCFTA, and (3) on regional and cross-border co-operation between Ukraine and EU member states.

The EI Committee's Secretariat includes 10 experts. They cooperate with the GOEI regarding legal expertise on compatibility with the EU acquis.

The Committee is also starting to develop other functions of the "classical" EI committees, including parliamentary scrutiny of Government activities in the EI area; however, such functions are all at the initial stage.

3. ARRANGEMENTS FOR AA/DCFTA IMPLEMENTATION

The main tools for EI coordination are action plans aimed at implementing the Association Agreement and Agenda.

The EU-Ukraine Association Agreement was signed in Brussels on 27 June 2014. On 11 December 2014, the Rada (in Resolution No. 26-VIII) approved the Operational Programme 2015-2016 of the Cabinet of Ministers of Ukraine. The programme identifies areas in which reforms are necessary to implement the Association Agreement. On 5 March 2015 Ukraine's Cabinet of Ministers adopted an action plan for the implementation of the program.

In March 2015, an agreement was reached on a new EU-Ukraine Association Agenda. The agenda has a list of short-term priorities, which will be used primarily to support today's ongoing reforms (Constitutional questions, public administration, anti-corruption initiatives, deregulating procurement mechanisms, judicial affairs, electora matters, taxation, and auditing).

On 17 September 2014, the Ukrainian Cabinet of Ministers (Resolution Nr.847-r) approved the EU-Ukraine Association Agreement Implementation Action Plan for the years 2014-2017. It contains 488 measures grouped under seven main parts. The Action Plan provides for the implementation of measures for each period, while identifying the responsible authorities.

Under this action plan, for the majority of measures the implementing authority is the Ministry of Justice of Ukraine (125). Other key implementing authorities include: Ministry of Finance (91), Ministry of Infrastructure (80), Ministry of Foreign Affairs (73), Ministry of Agriculture (38), Ministry of Social Affairs (31), the Ministry of Internal Affairs (31), Ministry of Education (20), Regional Development Ministry (18), Ministry of Defence (17), Mnistry of Economic Development and Trade (17), and others.

It should be noted that this document is not a true action plan: it is not easy to monitor and assess progress made, since the measures provided for are too broad or procedural in nature, and not expressed in terms of specific products or results. Its primary strong point is the institutional division of responsibilities.

It is planned that the AA / DCFTA implementation report will be prepared four times a year. The first such report has already been published in February 2015.

For the actual planning of the implementation of the Association Agreement, Ukraine chose an approach based on individual transposition of EU legislation using methodological guidelines developed by the Ukrainian Government Office for EU Integration. Transposition plans of ministries and other authorities must be approved by the Cabinet of Ministers of Ukraine. In 2014-2017, the transposition of 180 EU legal acts is planned.

The Ukrainian Cabinet of Ministers has already approved more than 30 per cent of the planned transposition plans. It is reported that in three areas transposition has reached 100 per cent: 1) public health, 2) employment, social policy and equal opportunities, and 3) agriculture.

Unlike Georgia and Moldova, Ukraine does not have a separate plan for the implementation of the DCFTA, though it does provide for the Ministry of Economic Development and Trade to play a special coordinatory role.

The GOEI still does not plan to release any individual (special) written information on progress in the implementation of the Association Agreement to the European Commission. EU Member States and institutions will instead be informed about such progress during meetings of the association institutions and through the European Commission's support group for Ukraine.

Ukraine needs to transpose and implement 350 EU legal acts, 180 of which need to be done byl the end

of 2017. The conformity assessment of Ukraine's national legislation with EU law is performed by the GOEI. It has a specific unit for this function employing five staff members (lawyers), all of them previous employees of the State Department of the Harmonisation of EU Law in the Ministry of Justice. While there is no doubt about their professionalism, their number should be at least doubled, especially in view of the ambition to examine not only laws, but also the entire legislative flow of the Government.

The GOEI has developed methodological guidelines for the transposition of EU legislation into national law. They provide for the possibility to plan an impact assessment of a given act. The Office is also responsible for an impact assessment with regard to harmonization of a given law.

While the institutional memory has now mostly been lost, the above-mentioned MoJ Harmonisation Department has experimented with impact assessment before. In 2007-2010, in co-operation with UEPLAC IV (EU technical assistance project) the department carried out an impact assessment of the EU Low Voltage Directive and of the Ukrainian road transport sector. The relevant methodology was prepared and training sessions held.

Until the end of 2013, Ukraine transposed 2366 pieces of EU legislation in 28 fields. Most (368) legislation was in the field of environmental protection, 302 - transport, 272 - food safety and quality, 215 - public/human, animal and plant health; communication and telecommunications - 157; agriculture - at least 95; procurement - 11; free movement of people - 10; free movement of services - 4. All of them are published in the Ministry of Justice website. However, after the abolition of the Harmonisation Department, EU legislation is no longer being systematically applied in Ukraine.

Since 1 January 2016 (i.e. from the planned entry into force of the DCFTA) to further inclusion of DCFTA issues in the implementation system is expected.

4. CONCLUSIONS AND RECOMMENDATIONS

The current system of the coordination of the EU affairs has begun to function and needs time (several annual cycles) for consolidation. The Office of EI still need time to develop its capacities and status within the government and line ministries and institutions, but this is not a matter of its mandate. **Gradual allocation of more resources to the Office** and stability of its status are necessary therefore.

The same could be said about the Ukrainian public administration. Salaries are the key issue. They have to be raised for all those who are able to perform their work properly, and it has to be tied to the performance accordingly.

Implementation of the Association Agreement is not about coordination. It is about **sectoral capacities in the line ministries, and about the policy-making and legislative capacities of the Government of the Government.** They have to be strengthened, but this will take time, and the policy-making agenda is overburdened already.

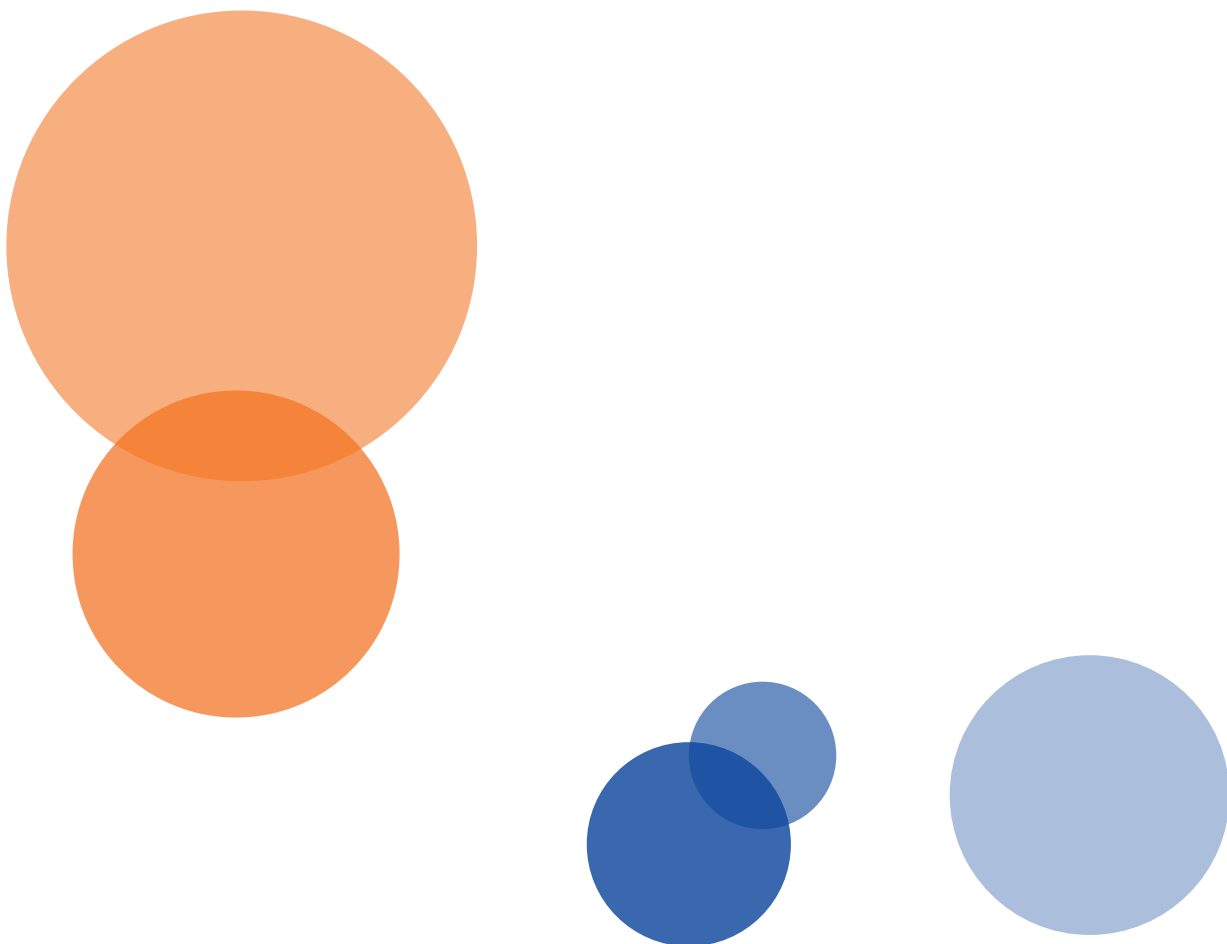
Implementation of the AA might make this agenda even heavier. Thus the set of priorities has to be narrowed down, and this requires strong leadership not just from the prime minister and his team, but from of all ministers and agency heads.

Acquis transposition during a time of crisis is clearly secondary to major work in **strengthening the state, especially institutions and the rule of law.** However, if addressed properly (that is, from a policy perspective rather than one of mechanical implementation), transposition issues could create better awareness about the direction of reforms and their fiscal and socio-economic implications in the policy areas covered by EU law, thus raising overall administrative capacity for an eventual post-crisis situation in Ukraine.

A second priority of the *acquis* implementation is the economic development through attraction of EU investment and promotion of Ukrainian exports.

The GOEI performs all but one of the classical functions related to European integration that is, coordination of the EU assistance. In the current context, it would be better if the Office acquires this function. While it would take time for it Office to develop the proper capacities, it does not seem that Ministry of Economy has developed much in this regard over a relatively long period. **Transfer of this function to the Office, provided that the Office is further strengthened, would better link EU coordination to domestic priorities,** provided that the Office takes a broad (developmental) view of those priorities instead of an approach solely derived from the text of the AA/DCFTA.

Strengthening of the Rada's European Integration Committee is also necessary in order to move it towards the full functions of the "classical" European integration committee, especially regarding the key role of governmental oversight.



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