

THE ROLE OF EXTERNAL TOOLS IN ENHANCING DEMOCRATIZATION: A
COMPARATIVE STUDY OF EU'S ASSISTANCE TO THE WESTERN BALKANS
1994-2016

by

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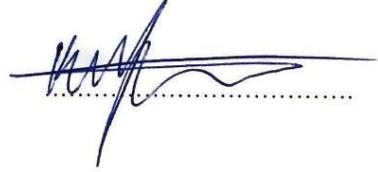
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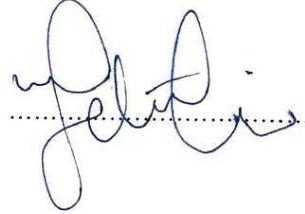
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ABSTRACT

THE ROLE OF EXTERNAL TOOLS IN ENHANCING DEMOCRATIZATION: A COMPARATIVE STUDY OF EU'S ASSISTANCE TO THE WESTERN BALKANS 1994-2016

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Thesis Supervisor: Prof. Meltem Müftüler-Baç

Keywords: European Union, Western Balkan Six, Democracy, Democracy Assistance

This study aims to analyze the role of the EU's democracy assistance in enhancing democracy in the countries of the Western Balkan Six. The study employs mixed methodology techniques. In the first part, quantitative analysis is used to discern the relationship between the democracy assistance and democratization, using V-Dem Electoral Index as the primary measure of democracy. For the statistical analysis, I compiled the European Commission's aid aggregated dataset for the years 1994-2016, as the EU does not offer any comprehensive data of funds. In the qualitative analysis, process tracing is used to understand the casual mechanisms behind the democratization process in Serbia and Former Yugoslav Republic of Macedonia (FYROM). The study concludes that the EU has given priority to securing stability over the consolidation of democratic regimes, weakening the role of democracy aid. I use the term stabilitocracy to refer to the regime of the WB6 and their relationship with the EU.

ÖZET

DIŞ ARAÇLARIN DEMOKRATİKLEŞMENİN GELİŞMESİNDEKİ ROLÜ: AB’NİN BATI BALKAN ÜLKELERİNE YÖNELİK YARDIMININ KARŞILAŞTIRMALI ÇALIŞMASI 1994-2016

ADEA GAFURI

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Anahtar Kelimeler: Avrupa Birliği, Batı Balkan Altı, Demokrasi, Demokrasi Yardımı

Bu çalışma AB’nin demokrasi yardımının 6 Batı Balkan ülkesindeki demokrasi seviyesinin artmasındaki rolünü incelemeyi hedeflemektedir. Bu çalışma karışık bir metodoloji tekniği uygulamaktadır. İlk kısımda, demokrasi yardımı ile demokratikleşme arasındaki ilişkiyi demokrasinin ana ölçütü olarak V-Dem Seçim Endeksini kullanarak ortaya çıkarmak amacıyla niceliksel bir analiz yapılmıştır. Bu istatistiksel analiz için Avrupa Birliği fonlar konusunda herhangi bir kapsamlı veri sunmadığı için Avrupa Komisyonu’nun 1994-2016 yılları arasına ait kümelenmiş veri setini derledim. Niteliksel analiz için ise Sırbistan ve Makedonya’daki demokratikleşme süreçlerinin arkasındaki rastlantısal mekanizmaları anlamak için süreç izleme yöntemi kullanılmıştır. Bu çalışmanın vardığı sonuç AB’nin önceliği demokratik rejimlerin sağlamlaştırılmasından ziyade istikrarın devamına verdiği ve dolayısıyla demokrasi yardımının rolünü güçsüzleştirdiği yönündedir. 6 Batı Balkan ülkesinin rejimlerine ve onların AB ile olan ilişkilerine değinirken ‘istikraroksi’ terimini kullanıyorum.

To the loving memory of my grandparents, Husein Gafuri & Riza Kryeziu

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CHAPTER 1

INTRODUCTION

The Western Balkans Six (WB6)- Albania, Bosnia and Herzegovina (BiH), Montenegro, Kosovo, Macedonia, and Serbia have had the prospect of joining the European Union for nearly two decades. Beginning in 1990, following the dissolution of Yugoslavia, the EU started channeling financial aid for humanitarian assistance, conflict prevention, democracy, rule of law etc. Despite the EU's multiannual financial assistance programs, various instruments targeting democratization reforms, the region is largely dominated by illiberal democratic practices, high levels of corruption, weak democratic institutions and political clientelism and patronage as the main forms of governance (Bieber & Kmezić, 2017). After almost three decades of EU's democracy assistance, countries of the Western Balkans are still not considered consolidated democracies.

The existing literature depicts extensively EU as a foreign policy actor, European Union's conditionality, EU's transformative power, EU's normative power, EU's state-building measures and conflict prevention, but only a few scholars focus on EU's democracy promotion in third-party countries (Manner 2002; Anastasakis, 2008; Noutcheva, 2009; Bieber, 2011; Noutcheva and Aydin-Düzgüt 2012; Börzel, 2011; Grimm & Mathis 2017; Börzel and Grimm 2018). Besides, the European Union is the second most important foreign donor worldwide after the US (OECD 2013). The purpose of this study is to assess the EU's role in promoting democracy in the EU candidate countries, and to ask, 'Does democracy

assistance enhance the level of democracy?’ Also, to unravel the causal mechanism behind this relationship. Democracy assistance is defined as the financial assistance by the external actors, in this study the European Union, that targets the advancement of democracy.

The latest research on the impact of the foreign aid in Western Balkan countries conducted by Grimm and Mathis (2017) for the years of 1994-2010 demonstrates that EU Commission’s aid in the WB6 does not have a significant impact on the democracy level. Their statistical analysis encompass the very first steps of EU involvement in democracy promotion capturing - the period after the dissolution of Yugoslavia, the violent conflicts in the region, the first bilateral and regional initiatives by the EU, the beginning of the democratic transition phase, and lastly the start of the EU prospective for membership. Nevertheless, during the period 2010 – 2016 the Western Balkan Six have experienced evidently a democratic backslide. The region has confronted economic recession, secessionist movements, high levels of corruption, several wiretapping scandals, worsening of bilateral disputes, and democratic recession. Therefore, drawing from Grimm and Mathis (2017) findings, I seek to extend their analysis for the years 1994-2016 and provide an in-depth analysis of the relationship between EU Commission democracy assistance to the Western Balkans and its success in the countries of the WB6.

CHAPTER 2

CONCEPTUAL FRAMEWORK

2.1. Democratization as a process: Internally or Externally driven?

For a long period of time, external factors were not accounted for the genesis or for the perpetuation of democracy. Most of the literature, traditionally, relied on two explanations. Macro-explanations which mainly accounted for factors including country's level of development, class structures, economic growth (Lipset 1959; Diamond 1999; Moore 1966; O'Donnell 1973). On the other hand, micro-explanations that underscored the role of elite groups, civil society, civic culture, and the impact of constitutional design (O'Donnell & Schmitter 1992; Putnam 1993; Muller and Seligson 1994; Ingelhart & Welzel 2005; Linz & Valenzuela 1994; Lijphart 1977; Powell 1982). Democracy assistance by third states, or donor countries in terms of financial aid they provide, coined as 'internationalization of democracy' became a focus for research after the 1990s.

Scholars of democratization have proposed various ways of conceptualizing and measuring democracy. The scholarly literature on the notion of democracy is vast, yet, democracy is a fluid concept and has changed over time. And so, it is widely accepted that there is no straightforward and utterly correct way of measuring democracy. To mention only a few, scholars like Linz and Stepan (1996), Diamond (1999) and Merkel (2004) have demonstrated that democracy is characterized by the level of development of political institutions, the role of the civil society, free and fair elections and the extent of an independent judiciary. O'Donnell (1998) has introduced two types of accountability in democracies: vertical and horizontal. Vertical accountability refers to the transparency and

accountability of leaders with their voters or citizens; and horizontal accountability refers to the internal mechanisms including executive, legislative and judiciary. More contemporary approaches include scholars like Levitsky and Way (2010) who assert that the level of the playing field is an important feature of democracy. Competition is at the core of the democratic principles and it is undermined by the level of resource disparities (access to resources), unequal access to media and unequal access to state institutions (Levitsky & Way 2010). Important to note, these scholars account mainly for the internal factors, leaving aside the importance of external parties on the democratization processes.

The first theoretical approaches analyzing the role of external actors started with the democratic transitions between the years of 1974- 1989 that took place in Southern Europe and Latin America. The findings purported that external actors do not have a significant impact, or only a marginal one, in the democratization processes (Diamond, Linz and Lipset 1989; O'Donnell, Schmitter and Whitehead 1986; Linz and Stepan 1996). For example, Philip C. Schmitter (1986) distinguishing work 'Transitions from the Authoritarian Rule' on the South European countries, illustrates how domestic forces and strategies explain the transition to democracy, while external factors are noticeably insignificant.

After the 1990s, democratic transitions that took place in the Central and Eastern Europe and Africa revealed a wide involvement of international actors in the domestic processes of change. The involvement of great powers in promoting democratic reforms and free market - the US, UK, France, Germany and Japan and the international organizations including the United Nations, Council of Europe, World Bank, OSCE, and several other non-governmental organizations, showed that external actors, indeed, played a key role in the democratization of these countries (Baracani & Di Quirico, 2005). Moreover, this period saw the emergence of normative and utility-based explanations for external democracy promotion. For instance, 'democratic peace theory' purports that democracies should not only promote democratic principles for normative reasons but also for advancing their strategic interests aboard. Countries promote democratic reforms in third-party countries for reasons including to pursue their own benefits - trade, security, the collective interest; to ensure international peace through mutually benefiting agreements, and for the benefiting of recipient countries (Czempiel, 1996, p.120-1; Schraeder, 2003, p.31). Further, scholars, like Levitsky and Way (2006) present a novel way to explore the influence of international actors

in promoting democratization through leverage and linkage to the West. They do not focus on the direct state- to- state or multilateral institutional programs, but in economic, social and transnational ties in the West. As a consequence, gradually, the scholarly community came to embrace the significance of external parties in the democratization processes (Schmitter 1996; Whitehead 1996). Hitherto, the field of external democratization encompasses scientific disciplines including international relations, European integration, conflict studies.

Starting in the early 2000s, the scholarly debates have questioned the traditional beliefs that the transition from authoritarian rule to liberal democracy is linear (Carothers 2002; Diamond 2008; Zakaria 1997). Hence, many scholars diverted their attention to the emergence of mixed, illiberal, hybrid regimes or the so-called 'grey zones' which combined characteristics of democratic regimes and autocratic rule (Diamond 2002; Carothers 2002). Levitsky and Way (2002) have identified some of these regimes as 'Competitive authoritarian.' To put it simply, regimes where the democratic institutions are in place, they are viewed as the primary channels to gaining power, yet corruption, civil liberties violation, fraud, and other political violations restrict the level of playing field in favor of the political elites in power. To understand the democratic, backslide in the Western Balkan countries, some scholars argue that these countries have entered a phase of competitive authoritarianism (Vangelov, 2017). Yet, this approach excludes the role of the European Union in fostering democratic institutions. In the recent years, the notion that seems to describe best the type of regime in the Western Balkan is coined as 'stabilitocracy' by several scholars (Primatarova and Deimeli, 2012; Pavlovići, 2016; Bieber, 2017). The term refers to regimes like the Western Balkans, which are subject to the EU's political conditionality, reform and aim for EU membership. Yet these regimes pursue stability over democratic consolidation, while they claim the support toward EU reforms and initiatives. Similar to competitive authoritarian regimes, some democratic institutions are in place, yet they are dominated with clientelist and patronage structures, tight control of media, and unstable regimes which produce ongoing domestic and regional disputes that hinder the establishment of democratic principles and rule of law. The notion of stabilitocracy in the WB6 will be further discussed in later chapters.

Following these developments, scholars of 'the internationalization of democracy' have examined democracy promotion mainly by studying the instruments of the donors

(Burnell 2000; Carothers 1999; Diamond 2003; Schraeder 2002;; Jünemann & Knodt 2007; Schimmelfennig & Scholtz 2008; Magen, et al 2009; Risse & Börzel 2009), the legitimacy and the normative justifications of democracy assistance (Hanisch 1996; Ikenberry 2000), the success and the efficacy of the democratization tools (Schimmelfennig & Scholtz 2008; Schimmelfennig 2006; Richter 2009) and as a general empiric-analytical phenomena (Whitehead 1986; O'Donnell et al 1986; Diamond 1991; Carothers 1999; Burnell 2000).

To date, no general theory of democracy promotion by external parties exists (Merkel 2009). Scholars like Dunning (2004) Goldsmith (2001a, 2001b) Heckelman (2010) argue that there is a positive effect of aid on the democratization process. While, Altunbas and Thornton (2014) assert that financial aid has a positive impact on democratization, but a weak one. Scoot and Steele (2005) contend that the U.S National Endowment for Democracy grants had no impact on democracy. Later, they disapprove of their own findings and demonstrate that the US Agency for Internal Development (USAID) democracy assistance has a positive impact on the democratization of third countries. By the same token, Finkel et. al (2017) establish further that USAID has a positive impact on governance and democracy assistance. Similarly, Kalyvitis and Vlachaki (2010) assert that more democracy aid is linked with higher political freedoms, although not for a consistent period of time.

The existing literature on democracy promotion generally focuses on the United States aid as the primary donor or ODA funds at a highly aggregated level (Grimm and Mathis 2017). Moreover, many existing studies rely solely on qualitative case studies in particular countries or regions that do not provide a systematic comparative assessment to understand the impact of these programs globally (Finkel et. al 2007). The European Union is the second most important foreign donor worldwide after the US (OECD 2013). Very few existing studies focus on the European Union's democracy assistance in recipient countries. A small number of studies underscore the impact of European Unions' democracy assistance (Carey 2007, Reinsberg, 2015). The Western Balkan Six - Albania, Bosnia and Herzegovina (BiH), Montenegro, Kosovo, Macedonia, and Serbia are among the few countries where the EU not only pledges financial assistance but also, intervenes heavily in the establishment of democratic institutions and the rule of law. The EU has promoted democratic institutions and pledged financial assistance for almost three decades, yet, the WB6 countries are still not considered consolidated democracies. Assessing EU's democracy assistance in the Western

Balkans can yield new theoretical insights and allow for greater understanding of the dynamics between donor's democracy assistance and recipient's democracy level.

As discussed above, democracy is a deeply disputed notion in itself, similarly, the democracy aid cannot be easily conceptualized as it comes in different forms. Neither, the EU has provided any specific definition. The Copenhagen criteria which enlist democracy as one of the main pillars discussed more extensively in later chapters, does not offer any precise definition (Grabbe 2006; Kochenov 2004). Nevertheless, the EU has attempted several times to define democracy in its own terms (Meyer- Resende & Wisniewska 2009). In the Programming Guide for Strategy Papers by the European Commission, provides a definition of the model of democracy:

‘Developing and consolidating democracy reaches much further than just electoral processes or establishing or reinforcing democratic (governmental or semi-governmental) institutions. In order for democratic change to be sustainable, a democratic culture needs to develop, firmly anchored within a functioning civil society and rooted in people’s minds. In most cases, this is a long-term process. Moreover, democracy is a contested concept. Different definitions and theories emphasize different aspects of democracy. For the purposes of mainstreaming “democracy” into the Community’s development cooperation and external assistance, the understanding of democracy should be that of a system of political governance whose decision-making power is subject to the controlling influence of citizens who are considered political equals. A democratic political system is inclusive, participatory, representative, accountable, transparent and responsive to citizens’ aspirations and expectations. Democracy cannot be considered as an all-or-nothing affair. It is a question of the degree to which citizens exercise control over political decision-making and are treated as equals.’

(European Commission, 2008, p.4)

Having said that, Merkel (2004) notion of ‘embedded democracy’ falls close to the EU’s model of democracy promotion (Grimm and Mathis, 2017). Merkel’s definition goes beyond democratic electoralism and includes five sub-regimes of liberal democracy: a democratic electoral regime, political rights, civil rights, horizontal accountability, and the effective power to govern (Merkel, 2004, p.36). Further, he distinguishes between two elements of ‘embedded democracies’: the internal – the interdependence/independence of partial regimes that ensure the normative and functional existence of a democracy, and the external – the enabling conditions that secure the system from outer and inner turbulences in liberal constitutional democracies. The rings of the external democracy include socio-economic conditions, the civil society, statehood, regional and international integration.

Using Merkel's model of democracy Grimm and Mathis (2017) distinguish between EU's direct and indirect democracy promotion approaches. Direct democratic approach encompasses EU's direct influence in five core partial regimes of democracy, namely the 'democratization assistance' the aid that targets democracy and good governance and the rule of law. While the indirect approach or 'the development assistance' targets the outer rings such as socio-economic development and regional cooperation (Merkel, 2004; Carothers, 2009). Following Merkel's categorization, I classify 'Democracy aid' which includes EU funds that target democratic governance and rule of law and 'Development aid' funds allocated for areas including security, socio-economic development, regional cooperation and other (Grimm and Mathis, 2017).

2.2. The European Union and Democracy Assistance

The European Union's democracy promotion can be separated into two approaches: top-down and bottom-up. Democracy assistance targets either the civil society, non-governmental actors or the state structures (Carothers 2009). Some scholars argue that the EU prioritizes the top-down approach, allocating funds to ministries and government structures and to a lesser extent to the civil society and non-state actors (Grimm & Mathis, 2015). The EU uses its financial programmes and instruments, and in some instances it utilizes diplomatic mechanisms including sanctions, trade and investment incentives (European Council of Minister 2006, p.4) In general, the EU strategy to democracy promotion encompasses a wide range of instruments, however, there is no precise definition or a distinguishing pattern of EU's promotion of democracy. In this thesis, the focus will be to assess EU's promotion of democracy in candidate countries, more precisely the Western Balkan Six.

A common point that Europeanization scholars agree, is that European Union's main guiding principles include the promotion of democracy, human rights and the rule of law (Jünemann & Knodt, 2007; Risse & Borzel, 2009). The EU foreign policy in the scientific discourse has been coined as 'civilian power' (Duchene 1972) 'post-modern state' (Cooper 2000) 'normative power' (Manner 2002), 'Venus' (Kagan 2002), 'soft power' (Nye 2004), 'transformative power Europe' (Grabbe 2006). Yet, to discern the peculiarities of EU's relation with the WB6 we must consider that the Western Balkan Six is bound to the EU

conditionality. The WB6 aspire for the EU membership, and so, they must act in accordance with EU *acquis communautaire* which is non-negotiable. As a result, the WB6 countries bargaining power is lower compared to the EU, they have the leverage to comply to EU demands because they benefit more through certain access to the common market, as well as financial and technical assistance, what Moravcsik (2002) coins as ‘asymmetrical interdependence.’ The scope of this thesis will not delve into the debates of the EU’s incentives as a foreign actor, however, considering that the relationship between the candidate countries and the EU is tied to EU’s conditionality, normative-based explanations serve more useful to explain EU’s tools of democracy assistance - financial assistance, regional frameworks, bilateral agreements - with the Western Balkan countries.

Baracani and Di Quirico (2005) maintain that there are five types of distinct effects from the relationship between recipients and external factors: contagion, socialization, embedding, conditionality, and control. The EU’s relationship with the Western Balkans falls between ‘conditionality’ and ‘embedding’. Conditionality refers to linking of awarding assistance in return for fulfilling specific conditions, it is the EU’s core strategy to encourage candidates countries to abide by its EU laws and rules (Schimmelfennig 2003). Embedding refers to democracy anchoring in the international domain where the country is located – which is close to EU’s definition of democracy promotion in candidate countries, which will be discussed more extensively in later chapters (Merkel 2004). To emphasize, ‘embedding’ and ‘conditionality’ are useful in understanding the relationship between the European Union and the Western Balkan countries, in particular with regard to European Union’s democratic assistance in these countries.

2.3. Theoretical Framework

The Europeanization scholars have shown that the more credible the EU’s commitments are the more effective conditionality bargaining is (Ibid.) Schimmelfennig and Sedelmeier (2004) distinguish between two main contexts of conditionality: democratic conditionality and *acquis* conditionality. The EU enforces a ‘carrot and stick’ approach, as a result, the relationship between the EU and potential candidate/candidate countries is highly asymmetrical (Baldwin *et al.*, 1997; Schimmelfennig, 2001; Moravcsik, and Vachudova, 2003). When target governments meet the EU demands, the EU offers ‘carrots’ - the prospect

of membership, conversely, when target governments defect they are punished with "sticks"-cutting off financial aid and impeding the integration process. In any case, from an economic point of view, candidate countries benefit largely from the EU through their access to the common market.

During the accession negotiations period, non-member countries ought to accept rules and transpose them into domestic law. The adoption of democratic conditionality arguably depends on two factors: the credibility of EU's incentives for membership and domestic political costs in target governments (Schimmelfennig, 2005). On the other hand, in the context of *acquis* conditionality, the success of in the EU accession depends mostly whether the EU sets credible membership perspective (Schimmelfennig and Sedelmeier 2005; Jacoby 2004; Guillén and Palier, 2004). The main findings have concluded that when the EU makes credible commitments by offering the membership perspective, the compliance to the EU's democratic reform is high (Levistky and Way, 2005, p. 21; Wolf and Wurm, 2011, p. 80) despite the high domestic costs of compliance (Schimmelfennig and Scholtz, 2008; Vachudova, 2014) and EU's internal crisis (Bieber, 2011; Richter, 2012). Similarly, Börzel and Grimm (2018) emphasize that to effectively promote democracy, one must acknowledge the conflicting goals of different objectives and parties involved (such as different regional or international organizations). For instance, when NATO's priority of securing stability in the region is given primacy over pursuing democratic reforms. In other words, it is crucial to facilitate a credible commitment to encourage democratic reforms.

Following this logic, the European Union has consistently provided credible commitments through yearly financial assistance, regional frameworks for cooperation among the WB6 and with the EU, bilateral agreements with each country, these incentives should have helped to improve the level of democracy over the years. For instance, the Thessaloniki Summit in 2003, endorsed new instruments to further relations between the EU and the Western Balkan countries, opening the accession perspective for future membership; for the first time, the democracy assistance became tied to the accession conditionality. Thus, drawing from the above-mentioned theories, in 2003 we should observe an increase in compliance with the democratization reforms in this year. Additionally, all countries have made progress towards EU membership at various levels. At this stage, every country has

entered into force the Stabilization Association Negotiation Agreement, with Kosovo being the last country in 2016. In 2014, the EU launched ‘The Berlin Process’ a comprehensive network for regional cooperation. Moreover, Montenegro commenced the accession negotiation in 2012 and Serbia opened accession negotiation in 2014, while both countries have opened and closed several *acquis* chapters – all these instances should provide strong incentives for furthering democratic reforms and higher compliance to the EU demands. Therefore, considering the increase of direct democracy promotion and the increased number of EU initiatives in the region, I expect a positive relationship between EU’s democracy promotion and the WB6 democracy level.

Hypothesis: The European Commission’s democracy assistance enhances the level of democracy in the Western Balkan Six.

2.4. Research Design

The purpose of this research is to assess the success of the European Union endeavor in furthering democratization reforms in the Western Balkans. This study addresses ‘Does democracy assistance enhance the level of democracy? Democracy assistance is defined as the financial assistance by the external actors, in this study the European Union, that targets the advancement of democracy and the rule of law.

This research employs combined methods strategy by using both quantitative and qualitative techniques for the analysis. The first part of the study will utilize regression analysis to assess whether democracy assistance influences the level of democracy for the years 1994-2016 controlling for other factors, it will be discussed later more extensively. In the second part, I analyze two case studies to gain a deeper understanding of EU aid and the success of democratic reforms in the countries of the Western Balkans. Also, considering that the first part encompasses only 132 observations, which affects directly the levels of confidence and the margins of error in the statistical analysis, the qualitative research part is useful to elucidate on the causal mechanisms more thoroughly. Important to note, the purpose of using combined methods strategy is not to affirm the theory derived from the quantitative research, rather analyze in-depth the mechanisms and measure the success of the external actors in promoting democratic reforms in third-party countries. Moreover, combining methods increases the internal validity – by measuring democracy assistance’s effect on the

democracy aid through different instruments and methods. Also, allowing for greater generalizability – using the findings from these six countries, to draw parallelism with countries that are subject to democracy assistance, in particular, those countries subject to an international or supranational organization such as the EU.

This research aims to comparatively analyze six very similar countries; hence it utilizes Most Similar System Design (MSSD). The study covers EU's financial assistance only in the Western Balkan Six - Albania, Bosnia and Herzegovina (BiH), Montenegro, Kosovo, Macedonia, and Serbia. I choose these countries primarily because they all aspire for the EU membership, and so, are exposed to the same mechanisms and financial instruments by the European Union, at different levels. Moreover, the Western Balkan Six are located in South Eastern Europe, they share similar political systems: they have multi-party parliamentary democratic systems, under proportional representation and supposedly have an independent judiciary, legislative and executive branches. Also, they share similar history, culture, and languages. Apart from Albania the other five were part of the Socialist Republic of Federal Yugoslavia until 1990. As demonstrated, these countries share many similar features, but they vary in their democracy level and the accession stage in the European Union. However, countries that score higher in democracy indices are higher on the EU accession stage (i.e. Montenegro, Serbia). And so, presumably, countries that are higher on EU's accession stage benefit more from the EU funds as their relationship with the EU institutions intensifies as they prepare for further integration. Conversely, if their accession process is slower they benefit lesser from EU funds. Thereof, the European Union's level of assistance tied to the EU conditionality can be a significant indicator that explains the variation in the democracy level in these countries specifically.

In the qualitative part, I use process tracing to shed light on the causal mechanisms behind the democratization patterns and the role of EU's credibility in the WB6. Among these six cases, I choose the case of Serbia and Macedonia to analyze in-depth the role of European Union in initiating democratic reforms through financial aid. The reason why I chose these countries is that both Serbia and Macedonia are the longest recipients of the EU democracy aid in the region and have been among the first countries in the WB6 to implement the EU reforms and to aspire for the EU membership. Considering that the EU intervened and influenced greatly both countries, since the onset of their democratic transition process,

I expect to observe the impact of the democracy aid in the democratization reforms more evidently than compared to other WB6. In other words, the relationship between democracy assistance, EU’s credibility and democratization level should be most apparent in these cases. In addition, Serbia is among the highest at the accession stage, while Macedonia is only a candidate country - middle level. This variation enables the understanding of the role of different actors such as veto players throughout the accession process and in enhancing the democracy level.

Table 1: Countries of the WB6 categorized by their accession progress in the EU membership.

Low - Potential candidate countries	Medium - Candidate Countries	High - Acquis Negotiations
Bosnia and Hercegovina	Macedonia	Montenegro
Kosovo	Albania	Serbia

Source: Author

First Level Variables

The first part of the research will include cross-section and time- series analysis for the years of 1994-2016. It includes 132 observations. The European Commission does not provide a comprehensive data set of financial assistance aggregated by sectors that receive funding. I meticulously compiled the data- set by extracting the information from annual progress reports, regional and country strategic papers and multi-annual indicative planning documents. The EU provides a detailed account for the latest financial assistance IPA I & II (2007-2013; 2004-2020), yet, for the previous programs the data is less transparent, and numbers appear arbitrarily in different documents issued by the EU institutions. To assure for higher levels of reliability, I extracted the numbers from the latest EU reports and confirmed some of the data with the EU delegation offices and their representatives in the countries of the Western Balkans. However, there are still be some gaps due to the discrepancy between data figures in the EU documents.

The dependent variable is the level of democracy. Varieties of Democracy – The Electoral Democracy index is utilized to discern for the variation of democracy scores for the respective years. Electoral Democracy index is a macro-level index that captures the core

values of electoral democracies at the highest level of abstraction and measures - the electoral competition, the level of freedom of political and civil society, the fairness of elections, the freedom of association and expression. The aggregation of the formula includes the five-way multiplication of the above-mentioned indices, it is largely based on Dahl's proposed sub-components (Coppedge et al, 2017). This index is also useful because it coalesces with the European Commission's fundamental values for democratic reform in the candidate countries, as stated in the EU progress reports. These include the promotion of free and fair elections, transparency, and accountability of representatives in the parliament, the engagement of the civil society in decision-making framework, freedom of media and speech. Second, for robustness check, I include V-Dem Liberal Democracy Index. This index measures the protection of civil liberties by the constitution, the rule of law, the independence of the judiciary, the effectiveness of the checks and balances. Similar to Grimm and Mathis (2017), to check for robustness I use Polity IV which captures, the regime authority ranging -10 to +10 (consolidated democracy). It includes several components such as the executive recruitment, changes in institutions of governing body, political competition and constraint of the executive (The Polity Project, 2016). Lastly, I use Freedom House, to account for a more detailed variation in the Freedom House scale, a combined index ranging from 2 to 14 will be utilized for the analysis (see Knack 2004). Transforming the Freedom House index into a combined index will allow accounting for smaller variations over the years.

The Independent Variables

The European Commission's financial assistance on the component of democracy and rule of law is the main independent variable. The EU has utilized several different instruments for each time-period, as shown below. Each financial instrument has different goals toward stabilizing the region. Yet, the common aim of these tools is channeled toward democracy promotion and reforms. Even though, democratization aid may not have been the primary focus of EU. The data from the EU Commission's financial assistance for the years of 1994-2010 is used similar to Grimm and Mathis (2017), additionally, this study includes IPA funds for the years 2010-2016. Extending the data for six more years will provide with a more comprehensive understanding of EU's overall assistance for all the years, considering that the EU has intensified aid in these specific six years. The original data is in EUR. For the statistical analysis, the numbers are converted into USD dollars, drawn from the annual

exchange rates of the Statistical Data Warehouse of the European Central Bank for the year 2013 (Grimm and Mathis 2017).

Table 2: European Union Instruments for the Western Financial Balkans Aid.

Pre-accession Assistance	Full Name	Time Period	Main objectives	Means
ECHO	European Community Humanitarian Office	1994	Humanitarian assistance and disaster relief	Grants
PHARE	Pologne et Hongrie: Aid a Restructuration Economique/ Programme of Community Aid to the Countries of Central and Eastern Europe	1994-2006	Economic reconstruction, pre-accession assistance: institution-building & economic and social cohesion	Grants and loans
OBNOVA	European Commission's Reconstructing Programme	1996-2000	Reconstruction	Grants and loans
CARDS	Community Assistance for Reconstruction and Development to the Western Balkans	2000-2006	Stabilization, economic reforms, regional cooperation in line with SAA	Grants and loans
EIDHR	European Initiative for Democracy and Human Rights	1994-2006	Promotion of democracy and human rights	Grants
	European Initiative for Democracy and Human Rights	2006	Promotion of democracy and human rights, civil society promotion	
IPA	IPA I	2007-2013	Pre-accession assistance: political, economic and institutional reforms (across all sectors)	Grants
	IPA II	2014-2020	Pre-accession assistance: political, economic and institutional reforms (across all sectors)	

Source: I updated and extended the summary of the programs provided by Grimm & Mathis (2015) and extracted the data from European Commission's official website ("Instruments of Pre-accession," 2016).

To account for other factors that influence the democratization process I include several control variables. Acknowledging that importance of the parsimony of the research, like Grimm and Mathis (2017) I include only the relevant control variables.

Control Variables

Development Assistance: To account for the effect of the democratization aid and the indirect impact of EU's assistance in other sectors, I control for the effect of development assistance. Development assistance includes EU funding to other sectors such as humanitarian assistance, socio-economic development, regional cooperation and security (Grimm & Mathis, 2017). In other words, any other of type of the financial aid that does not target democratic reform is included in this section. Similar with the democracy assistance

data, the original values are in EUR, the annual exchange rates of the Statistical Data Warehouse of the European Central Bank for the year 2013, are used for converting the data into USD dollars.

Accession Perspective: To account for the effect of the European Union's political conditionality on the democratization process, I include the accession perspective based on Grimm and Mathis (2017) conceptualization. Thessaloniki Summit in 2003, marked the official date of the opening of accession perspective for the Western Balkan countries. In the analysis, the accession perspective is a dummy variable and takes the value of '0' before the 2003 and '1' for the period after. Additionally, I include the interaction of accession perspective with democracy assistance, to check whether the democracy assistance conditional on the accession prospect enhanced the democracy levels.

Lastly, to control for socioeconomic factors, which presumably affect the democracy level purported by many scholars (Lipset, 1959), GDP per capita is included. GDP per capita is drawn from the World Bank World Development Indicator. To account for declining of scales, GDP per capita is used as a logarithmic variable, using the formula $\log(\text{gdp_capita}/\text{pop})+1$.

Second Stage Variables

The second part focuses on analyzing the EU's role in enhancing democratization reforms in the WB6 through process tracing method. The statistical analysis part is useful to elucidate the effect of democracy assistance in each country respectively and the overall effect in the region. Also, it will serve as a guide for the qualitative analysis, to pinpoint the important points in time where we can see the effect of democracy level and democracy aid, for further analysis. In the second part, the focus is to analyze thoroughly the effectiveness of EU's role in advancing democracy reforms and how the milestones in the accession process are linked to these two components. As indicated above, the overall goal of the EU assistance is to ensure support and encourage the government of the WB6 to comply with the EU standards and reforms. This part is crucial to understand closely the overall mechanism – the EU democracy aid and its effect on the democracy level.

To trace the democratization process I analyze these countries democracy assistance since the start of the EU's democracy assistance programs. Further, to unravel the mechanisms behind the democratization process, European Commission's yearly evaluation of the political criteria, the pace of the accession process, the press releases of political elites of the WB6 and EU leaders are evaluated.

The European Commission publishes yearly *Progress Reports* evaluating the progress mainly on the political criteria, economic development, regional and international obligations, and compliance with the European standards. The European Commission's progress reports provide detailed accounts of the level of the political criteria and the funds. Additionally, the European Commission publishes *Multi-annual indicative reports* for each country, explicitly indicating the goals, the strategic objectives and the allocation of funds per sector. Hence, the focus is to assess the political criteria, democratic reforms and its components and the interactions between domestic and external actors.

As mentioned, these countries are similar across many variables (MSSD). The key difference between Macedonia and Serbia is their accession stage in the EU. Hence, analyzing the democratic consolidation process in Serbia and in Macedonia related to their accession to the EU can provide new theoretical insights about their path trajectories. Moreover, each country's path in the accession process is unique, despite the vast similarities these countries have, the focus is to analyze thoroughly the obstacles such as political crisis, bilateral disputes, veto players, as well as milestones and achievements in the EU accession process. Particular importance is given to the EU's commitment to prioritizing the establishment of democratic reforms. The process tracing analysis is crucial to discern the underlying mechanisms of the democratization processes.

Table 3: Key dates for accession processes to the EU.

Key Dates		
	Serbia	Former Yugoslav Republic of Macedonia (FYROM)
The Start of Negotiation of the Stabilization Association Agreement (SAA)	2005	2000
The signing of SAA	2008	2001
The Official Membership Application	2009	2004
The European Commission Recommend Granting Candidacy Status	2011	2005
Candidacy Status Granted	2012	2005
Negotiation Open	2013	xxx
Opening of Acquis Chapters	2015,2016,2017	xxx

Source: Author

CHAPTER 3

THE EVOLUTION OF THE EU'S RELATIONS WITH THE WESTERN BALKAN SIX (WB6)

3.1. The European Union's Enlargement Policy and Political Conditionality

The enlargement policy is one of the most successful policies of the European Union (Nugent 2017). It is set specifically for aspiring countries who want to become members of the EU. The EU has certain conditions for membership; in other words, countries may join the EU only if applicant countries comply with and fulfill the legal basis set for joining the EU. The first condition stipulated in the Article 49 is to be a 'European' country. Additionally, the Copenhagen European Council in 1993, for the first time set 'The Copenhagen criteria' as the main political conditions sine qua non for accessing the European Union (Fact Sheets on the European Union, 2018). Following different waves of enlargement, not only new members experienced transformation in political and economic spheres prior to entering the EU, but also the EU institutions underwent reforms and structural changes (Belloni 2009). While, the EU enlargement policy focuses on all applicant member countries; the scope of this thesis covers only the EU's policy toward The Western Balkans Six (WB6) namely Albania, Bosnia and Herzegovina (BiH), Montenegro, Kosovo, Macedonia, and Serbia.

The legal basis of the enlargement processes are stated in the Article 49 of the Treaty of the European Union (TFEU) and Article 2 as the EU's founding values. As stated in Article 49, "Any European State which respects the values referred to in Article 2 and is committed to promoting them may apply to become a member of the Union" (The Lisbon Treaty, 2009). The European Council Copenhagen Summit in 1993, identified three key conditions for

membership to the European Community: a country must be a consolidated democracy with regard to the rule of law, minority rights and human rights; it must have a stable functioning market economy and have the ability to cope with pressures on the EU market; lastly, it must have the ability to take on the legal obligations deriving from *acquis* communities (Copenhagen Criteria, 1993). Furthermore, the chapters of the *acquis*, which form the basis of accession negotiations are divided into 35 chapters. The process of joining the EU consists mainly of three stages: candidate for membership, the start of accession negotiations and completion of *acquis* chapters (European Neighbourhood Policy and Enlargement Negotiations, 2016). The European Council must vote unanimously for the approval of each phase of the negotiations, while the European Commission reports on each country and their progress on accession criteria. Lastly, when all chapters are closed, and the applicant country is supposedly ready for membership the European Parliament must give consent and together with the European Council unanimity vote sign the accession treaty (Munter, 2018). All countries in WB6 have made progress towards EU membership at various levels. The European Commission has started accession negotiations and the opening of chapters with Serbia and Montenegro, whilst Macedonia and Albania are only official candidates; and lastly, Kosovo and BiH are potential candidate countries (European Neighbourhood Policy and Enlargement Negotiations, 2016). Negotiation processes are long and complex and usually last for years.

The European Union applies political conditionality in agreements with external countries. The EU conditions become more stringent when third countries try to increase their institutional ties with the European Union (Schimmelfennig and Sedelemeier 2008, p.89). Between the EU and potential candidate/candidate countries, conditionality is a bargaining strategy; the EU provides external incentives, including financial and technical assistance to a target government, in return, the target government must meet EU's requirements (Schimmelfenning and Sedelmeier 2004, p.662). For the most part, potential candidate/candidate countries receive financial and technical assistance to incorporate EU demands with priority, into their national agendas. Targeted governments when successfully coincide with the conditions of EU, supposedly, get closer to accessing the European Union. Indeed, conditionality is a mechanism that not only promotes the European Union's values and norms, it is an attempt to 'Europeanize' non-member countries prior to accessing the EU.

The impact of Europeanization in the context of democratic conditionality is measured by the endorsement of democratic and human rights norms. Positive evaluation of ‘The Copenhagen criteria’- the basic political conditions generally paves the way toward the opening of accession negotiations. In other words, once a country successfully endorses democratic principles and human rights norms, it progresses to another stage of adopting further EU rules and transposing EU laws – the *acquis communautaire/ acquis conditionality* (Schimmelfenning 2008).

However, since 2007, the Enlargement policy is in its own demise because the EU itself is caught up in its own existential crisis. The Eurozone Crisis, Migration crisis, Brexit, and the rise of right-wing populism and Euroscepticism have brought to surface the lack of unity between EU member states in time of crisis and the ‘European’ identity crisis (Nugent 2017). Differentiated integration, which means countries can choose whether they want to integrate into specific policy areas, has also contributed to the alteration of EU’s relations with third countries. Moreover, throughout the years the EU has learned lessons from previous enlargements and has added new conditions for membership. Some scholars argue that the EU conditionality in the Western Balkans is very specific and the threshold is very high for WB6 (Keil 2013). Moreover, the president of the European Commission Jean Claude- Juncker, stated in a press conference in 2014 that there will not be any enlargement in the next five years (European Commission: Press Release, 2014). His speech echoed pessimism in the WB6, and a shortcoming by the EU to offer credible commitments for membership perspective at least. Yet, despite the internal crisis in the EU, the EU remains the most significant external actor in the Western Balkans, at least for now. The EU’s role in promoting democracy and furthering democratic reforms is crucial for the countries of the Western Balkans.

3.2. The European Union’s instruments in the WB6

There is a vast literature on the EU’s role in the Western Balkans. Including, the EU’s role in state building processes, the political conditionality and the failure of democratic institutions in the WB6 (Anastasakis, 2008; Noutcheva, 2009; Bieber, 2011; Noutcheva and Aydin-Düzgüt 2011; Börzel, 2011; Keil, 2013; Vachudova, 2014). Some scholars argue that

the role of the European Union is essential to promote democratization and stabilization in the WB6, but the current approach is not appropriate to achieve this goal (Keil 2013). Scholars like Chandler (2010) argue that the EU's interventionist approach is not appropriate; he demonstrates that whether EU intervenes directly or indirectly it leads to illiberal practices and democratic deficit when elected leaders are put under pressure to comply to the EU's political conditionality. Previous qualitative studies demonstrate that despite European Commission's democracy supporting initiatives and Commission's reports on policy drafting, adoption and implementation, none of the Commission's proposals are implemented at the domestic level in the recipient countries. These findings reflect on the interplay between European Commission, recipient countries, and states officials. Democracy aid is only a 'soft' policy that is easily attenuated, between donors and partners countries (Grimm and Mathis, 2017). Given that the EU has intensified the number of programs to foster development and democratization in the WB6.

The EU's approach toward the Western Balkans is presented as a special framework that focuses on three key goals: stabilizing the countries politically and economically, fostering regional cooperation and preparing the WB6 for EU integration and ensuring security and peace in the region (Keil 2013). Additionally, the EU offers economic and financial assistance, trade concessions, assistance in energy, transport and most importantly stabilization and association agreements with each WB6 (European Neighbourhood Policy And Enlargement Negotiations, 2016). The European Union has offices and Special representatives in each country. To emphasize, the EU focuses extensively on regional projects that connect countries of WB6 with each other and with the EU members in the above-mentioned domains. The WB6 integration into the EU has proven to be among the most difficult cases by far.

The European Union has provided assistance through various financial programs for the Western Balkans since the breakup of Yugoslavia. The EU has operationalized several different programs such as: the European Community Humanitarian Office (ECHO) 1994, Pologne et Hongrie: Aid à Restructuration Economique (PHARE) 1992- 2006, The European Commission's Reconstructing Program (OBNOVA) 1996-2000, Community Assistance for Reconstruction and Development to the Western Balkans (CARDS) 2000-2006, Pre-Accession Assistance I (IPA I) 2007 – 2013, Pre- Accession Assistance II (IPA II) 2014-

2020 (Grimm and Mathis 2015). These are the main frameworks for the respective years, other mechanisms have been into place as well including the Western Balkans Investment Fund (WBIF), European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD) etc. Each of these financial instruments have had different goals toward stabilizing the region. The European Union has not prioritized democratization assistance over development assistance (Ibid.)

Following the dissolution of Yugoslavia, the European Union provided immediate humanitarian and disaster relief assistance through the Humanitarian Aid Office of the European Commission (ECHO). All the successor countries of Yugoslavia and Albania included benefited from ECHO from 1991 to 2000, through three main mediums: emergency aid, food aid and aid for the refugees and displaced people (European Parliament: Factsheet, 2004). At that time, the EU worked closely with other international organizations including UN agencies to provide humanitarian aid.

From the year 1992 until 2006 the Western Balkan countries received financial assistance from the program named 'Poland and Hungary: Assistance and Restructuring their Economies' (PHARE). The primary goal of this program was to assist the region in economic development and eventually provide humanitarian assistance (European Parliament: Briefing No 33, 1998). Moreover, it allocated assistance in other sectors including agriculture and public administration to support compliance with the *acquis communautaire*. The European Community declared for the first time the initiative to promote democracy in the Western Balkans in 1996 (European Council, 2000).

As a response to the failure of EU's non- involvement in halting the Kosovo conflict in 1999, and the consequences and turbulences this war brought to the region, the EU established the Stability Pact for South Eastern Europe. The main goals of this pact include conflict prevention and inter-regional cooperation in the Western Balkans. This framework targeted three sectors: democratization and human rights, economic development, regional cooperation and security issues (Stability Pact, 2005). For the first the time, the European Union presented the EU membership perspective and the responsibility toward long-term stability in the region. It marked EU's political commitment to the South-eastern European countries (Grimm & Mathis, 2015). By 2008, the Regional Cooperation Council (RCC)

replaced the Stability Pact and became under the control of the WB states. To date, the EU continues to provide funding and support to the RCC.

Additionally, the European Council and the heads of governments of the Western Balkans launched The Stabilization and Association Process (SAP) at the Zagreb Summit in 1999. SAP offered positive incentives for more compliance with democratic principles and economic reform. It was the first agreement to link WB countries with the EU integration process (Grimm & Mathis, 2015). SAP includes contractual relationships such as the Stabilization and Association Agreements, trade relations, financial assistance, regional cooperation and good neighborly relations ("Stabilization and Association,"2016). According to Keil and Arkan (2014) compared to the previous enlargements, SAP differs in two ways. First, each country is evaluated based on their individual progress; and second, SAP highlights democratization and market integration and issues like reconciliation, post-conflict development, and good governance. Importantly, regional cooperation is one of the priorities of SAP.¹ To date, SAP remains 'key' to the EU's policy toward the Western Balkans and their integration into the EU.

Starting in 2000, ECHO and PHARE coalesced under a single framework namely, the Community Assistance for Reconstruction, Development, and Stability in the Balkans (CARDS). Besides economic and political support, CARDS focused on assisting 'the creating of an institutional and legislative framework to underpin democracy' (European Council, 2000). Five chief areas of CARDS are: justice and home affairs, administrative capacity- building, democratic institutions, economic and social development, natural and environmental resources (European Commission, 2003). CARDS and SAP developed a transparent and organized policy for the Western Balkans.

Lastly, an important instrument of the EU's policy toward WB6 is the Instrument for Pre-accession Assistance (IPA). CARDS merged with IPA. IPA funds are EU financial tools that started in 2007, to support reforms for the EU enlargement countries. IPA I (2007-2013) covers five channels: transition and institution building, regional development, cross-border development, human resources and rural development. IPA II (2014-2020) is a successor of IPA I, which differs only slightly from IPA I in regard to its strategic focus. IPA II prioritizes

¹ Also, it is defined in the process of the International Criminal Tribunal for the former Yugoslavia (ICTY).

Country Action programs for IPA II Recipient countries, which are included in Annual or Multi-Annual Action Programs ('Instrument for Pre-Accession Assistance,' 2016). Moreover, Multi-Country Action Programs and Cross-Border Cooperation Programs are channeled to foster regional and territorial cooperation across WB6. Therefore, IPA II covers mainly these sectors: democracy and governance, rule of law and fundamental Rights, competitiveness and innovation, agriculture, environment, education and employment policies, and regional cooperation ("Overview – Instrument for Pre- Accession," 2016). On top of IPA funds, the EU in cooperation with other frameworks such as WBIF, EBIF, and EBRD provide further assistance for regional projects to connect the region via transport, energy, and people.²

Lastly, ten years after the Thessaloniki Summit, German Chancellor Angela Merkel and Foreign Minister Frank-Walter Steinmeier, jointly with the EU institutions launched a diplomatic initiative to foster cooperation at the regional level in the Western Balkan Six, namely The Berlin Process in 2014("Foreign Minister Steinmeier," 2014). The agenda of this initiative focuses on furthering regional cooperation through connectivity agenda, development of transport infrastructure, energy network, empowerment of the civil society, and ultimately the free movement of people, goods, and services within the region. Some political analysts view this process with high skepticism noting that the EU is creating an internal union rather than integrating Western Balkans into the EU or as a substitute for EU integration. The importance of the Berlin Process lies in the fact that this is another mechanism that provides funding for WB6 government projects, however, this framework focuses on a lesser extent in strengthening democratic institutions and more in connectivity projects at the regional level.

² IPA I for the period (2007-2013) covered a budget of € 11.5, IPA II for the period (2014-2020) concluded a budget of € 11.7 billion. On top of IPA funds, EU pledged a sum of €1 billion for 2014-2020 period.

CHAPTER 4

MAIN FINDINGS

4.1. The Model and Data Analysis

Since my goal is to replicate and extend the study of Grimm and Mathis (2017), I follow the exact steps they take in their statistical analysis to account for the possible factors that enhance the level of democracy. The unit of analysis is state- year. This part will focus to assess the relationship between democracy assistance and democracy level. I use three types of regressions with different variables specifications (1) to account for a linear relationship between variables, based on USD per capita for the year 2016, (2) the regression based on log-transformed variables and (3) regression coefficient based on a quadratic relationship. Furthermore, I use the Hausman Test to check for endogeneity, which also, suggests that the random effects model is more efficient for this study (for details see Appendix). Thus, I use the random-effects model to perform all regression analysis.

The allocation of the European Commission's funds and the implementation of intended programs via democracy aid is a lengthy process and can take several years. For the analysis, I use time lags from one to four years to assess the effect of democracy aid over time. Following, Scott and Steele (2015) and Grimm and Mathis (2017), I utilized two- year lag structure to interpret the regression results and use lagged aid variables in the regression analysis to establish that democracy assistance precedes democracy level. Important to note, other years do not differ much from the two-year lagged regression results. In the appendix, I provide an extended version of the regression results including the time lags for each respective year. The result reports from V-Dem indices, Polity IV and the Freedom House

are consistent, not entirely unified, I only interpret V-dem Electoral Democracy Index results, more detailed accounts can be found in the appendix.

The formula that captures the relationship that I test is: $y = a + b_1 \text{ Democracy assistance per capita (dema_pc)}_{t-2} + b_2 \text{ Development assistance per capita (Deva_pc)}_{t-2} + b_3 \text{ GDP per capita (loggdp)}_{t-2} + b_4 \text{ Accession Perspective (accp)}_{t-2} + b_5 (\text{Accession Perspective} * \text{Democracy assistance})_{t-2} + e$

Democracy (V-dem/Freedom House) $_t = a + b_1 \text{ Democracy assistance per capita (dema_pc)}_{t-2} + b_2 \text{ Development assistance per capita (Deva_pc)}_{t-2} + b_3 \text{ GDP per capita (loggdp)}_{t-2} + b_4 \text{ Accession Perspective (accp)}_{t-2} + b_5 (\text{Accession Perspective} * \text{Democracy assistance})_{t-2} + e$

Figure 1: The Association of Democracy Assistance with the Electoral Democracy Index scores for each country

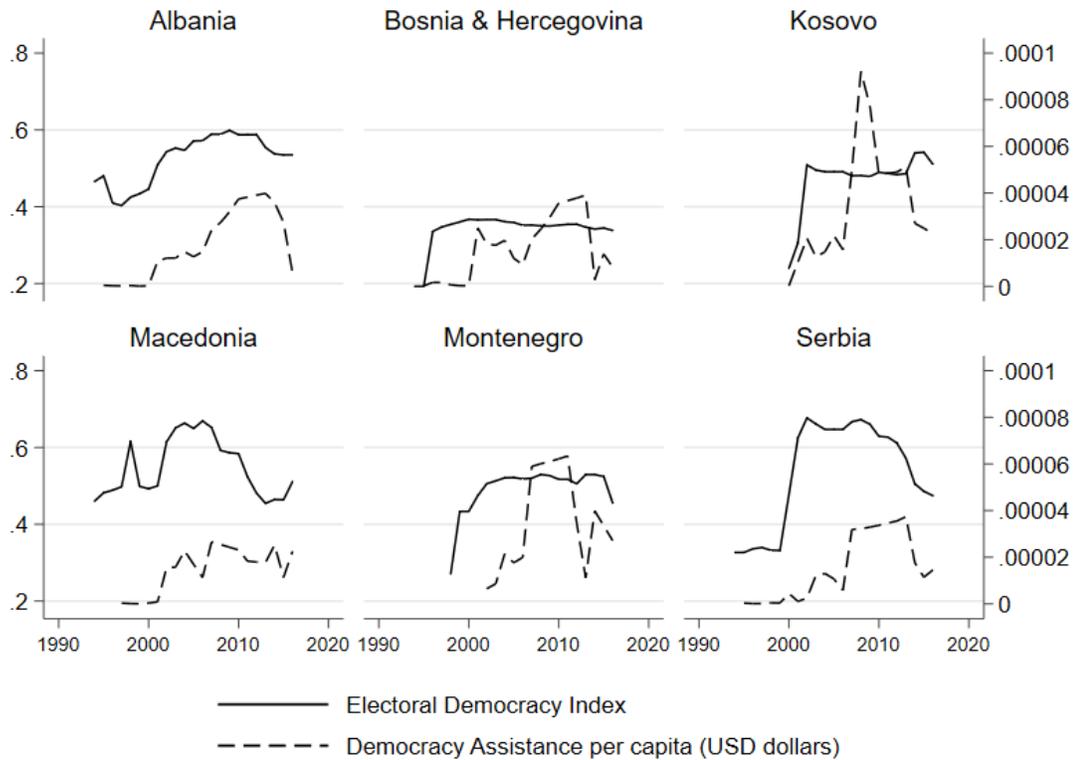


Figure 2: The Association of Democracy Assistance with the Electoral Democracy Index scores for the overall region.

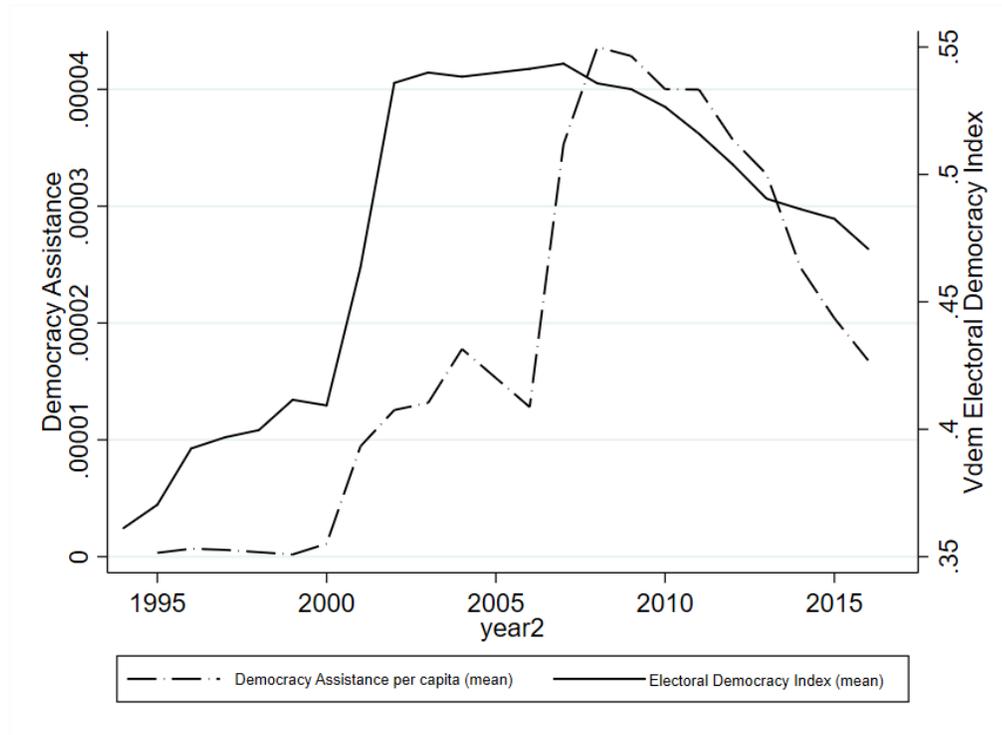
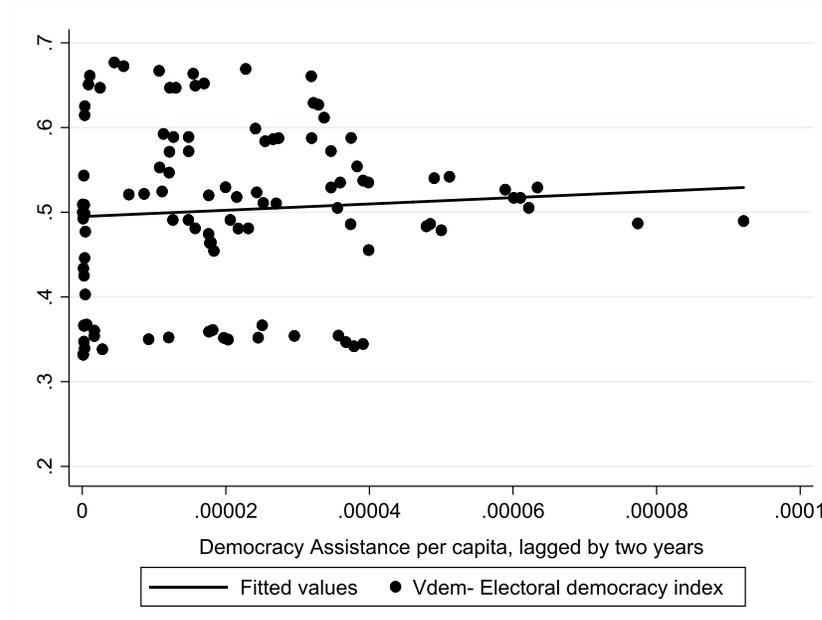


Figure 1 reports the democratization trend in each country for the years of 1994-2016. Although some countries have experienced democratic backslide, a positive relationship is generally evident. Moreover, after the year of 2000, it is apparent that the European Commission’s democracy aid has intensified, and countries have received different levels of democracy aid across the years. Also, starting in 2007, IPA I & II (2007-16) funds have pledged slightly less money compared to CARDS program (2000-2006). One can easily argue that EU’s commitment toward democracy consolidation has lessened over time. On the other hand, after the year of 2008, a slight democratic regress trend can be observed in Macedonia, Montenegro, and Serbia. Figure 2 which illustrates the democratization trend and democracy aid for the overall region, shows after the year 2008, a gradual democratic backslide trend is evident in the overall region. Possibly, the democratic downturn of 2008 is related to Europe’s economic crisis that affected the entire globe. However, this trend is not corrected after 2008, and it continues for other preceding years. While, a positive relationship between democracy assistance and democracy level can be observed in Figure 1, in several

countries including Macedonia, Serbia, and Albania, Figure 2 shows that democratic backslide precedes the decline of European Commission’s democracy aid. Thus, from the descriptive statistics, we cannot conclude for an overall general pattern between these two variables.

Figure 3: The Association of Democracy Assistance with the Electoral Democracy Index scores for the overall region, illustrated with scatterplot.



4.2. Findings

The presented theory in this study presumes that the European Union’s democracy promotion via financial instruments enhances the level of democracy and that EU’s commitment matter to the countries of the Western Balkans. From the scatterplot, we do not observe an evident positive relationship between democratization and democracy assistance. While from the fitted values, a slightly positive relationship can be observed, however not a strong one. In the first model, from the bivariate regression, we observe a positive, but an insignificant relationship between democracy assistance and democracy level in the V-Dem Electoral Democracy Index. The second model demonstrates that adding the development assistance does not change the results much and shows that development assistance does not impact the democratization level significantly. Moreover, in model 3, I control for the log GDP, it appears that GDP is negatively affecting the democratization process. The accession perspective, which indicates the period before and after the commencement of accession

perspective in 2003, displays a weakly but significant positive relationship at the 0.05 significance level, only in model 4. In the last model, the interaction variable is added, which accounts for the period before and after accession perspective and democratization process, conditional on the democracy assistance, it is not significant and makes apparent that none of the variables positively influences the democratization processes. Nonetheless, the overall fit of the variation explained is extremely poor, less than 1% (0.000338%). As data shows, after controlling for other variables, the European Commission’s democracy assistance does not seem to have a significant positive influence on the democracy level of the Western Balkan countries. These findings provide little support to the first presented hypothesis and fail to reject the null hypothesis.

Compared to Grimm and Mathis (2017) study on European Commission’s democracy aid in the Western Balkans, the results are similar, which weakens further the assumed relationship between democracy aid and democratization. Yet, this extended version captures a larger period of democracy backslides, especially for the last six years evidently for almost every country in the WB6. From the Nations in Transit (2016) report, the countries of the WB6 have experienced progress in democracy scores from 2004- 2010 period, followed by a six-year consecutive decline, which has brought the overall democracy average to the same level as that of 2004.

Table 4: Association of Democracy assistance with democracy scores in V-Dem Index: Regression based on Linear Model Specification.

Independent Variables	(1)	(2)	(3)	(4)	(5)
Democracy Assistance	521.0 (391.6)	559.9 (448.3)	922.6 (531.7)	289.8 (570.4)	507.5 (2678.2)
Development Assistance		30.79 (172.0)	67.50 (172.9)	123.0 (180.2)	-147.5 (243.4)
Log(GDP_capita)			-7.955 (6.486)	-6.222 (5.583)	1.099 (4.040)
Accession Perspective				0.0398* (0.0193)	0.0447 (0.0323)
Accession Perspective x					-997.6

Democracy Assistance					(2754.9)
_cons	0.492*** (0.0365)	0.491*** (0.0385)	0.500*** (0.0464)	0.481*** (0.0281)	0.483*** (0.0246)
<i>Observations</i>	105	105	105	105	105
R ² within	0.0179	0.0184	0.0371	0.0789	0.0511
R ² between	0.00500	0.00337	0.000341	0.00790	0.0354
R ² overall	0.000338	0.00190	0.0221	0.0197	0.0569
Sigma_u	0.0854	0.0877	0.107	0.0513	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

As a robustness check, cases in the table 2 regression with logarithmically transformed variables are presented. Logarithmic transformation of variables is useful to account for a non-linear relationship, and for declining of scales between the variables of interest. Compared to the linear regression results, the table reports the same results. Yet, the log of democracy assistance remains insignificant for the model 6 to 9. Moreover, controlling for other variables does not change the significance level of democracy assistance. The log of development assistance appears to be negatively associated with democracy level in the model 9 when controlling for the log of GDP, accession perspective and the interaction of accession perspective with the log of democracy assistance. Additionally, the European Union’s accession perspective after 2003, does not seem to be a strong incentive for countries of the WB6 to democratize further. Lastly, the EU’s democracy assistance after the accession perspective in 2003, even if intensified, does not produce any positive significant effect on the democracy level.

Table 5: Association of Democracy assistance with democracy scores in V-Dem Index: Regression based on Log- Transformed Variables.

Independent Variables	(6)	(7)	(8)	(9)
Democracy Assistance	521.0 (391.6)	559.9 (448.3)	922.6 (531.7)	507.5 (2678.2)
Development Assistance		30.79 (172.0)	67.50 (172.9)	-147.5 (243.4)
Log(GDP_capita)			-7.955 (6.486)	1.099 (4.040)
Accession Perspective				0.0447 (0.0323)

Accession Perspective x Democracy Assistance				-997.6 (2754.9)
_cons	0.492*** (0.0365)	0.491*** (0.0385)	0.500*** (0.0464)	0.483*** (0.0246)
<i>Observations</i>	105	105	105	105
R ² within	0.0179	0.0184	0.0371	0.0511
R ² between	0.00500	0.00337	0.000341	0.0354
R ² overall	0.000338	0.00190	0.0221	0.0569
Sigma_u	0.0854	0.0877	0.107	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

In table 3, regression results based on quadratic variables are displayed. The quadratic model is useful to fix for a possible decrease in scales. Given that, a change in democracy aid in capita amounts may have a greater impact at lower levels than at higher levels (Clemens et al., 2012). The regression demonstrates a weak, but a significant positive relationship between the European Commission's democracy assistance and democratization across models 9 to 11. However, in the last model, it is apparent that controlling for other independent factors, the democracy assistance effect is not positively significant. On the other hand, the model 11 demonstrates that development assistance has a negative impact with the significance level at 95%. Lastly, the results in model 13, are similar with linear and log-based models, indicating that there is no systematic relationship between democracy aid and democracy levels in the Western Balkans. The overall r-squared is higher than in the linear and logarithmic based models and explains 0.0246 % of the variation.

Table 6: Association of Democracy assistance with democracy scores in V-Dem Index: Regression based on Quadratic- Transformed Variable.

Independent Variables	(10)	(11)	(12)	(13)
Democracy Assistance	1932.1* (866.5)	1992.6* (984.3)	2637.9* (1064.8)	181.4 (2769.8)
Democracy Assistance ²	-23420485.5 (12867107.3)	-23727242.9 (13215380.5)	-26083353.2* (13150194.1)	-284457.2 (27405004.9)
Development Assistance		-46.29 (410.0)	109.6 (417.9)	-752.1 (593.5)
Development Assistance ²		386863.0 (1088098.6)	69526.6 (1095416.0)	1808852.7 (1615638.5)

Log(GDP_capita)			-9.926 (6.781)	2.420 (4.224)
Accession Perspective				0.0390 (0.0448)
Accession Perspective x Democracy Assistance				-911.5 (3189.4)
_cons	0.482*** (0.0369)	0.481*** (0.0478)	0.488*** (0.0639)	0.500*** (0.0292)
<i>Observations</i>	105	105	105	105
R ² within	0.0500	0.0538	0.0769	0.0411
R ² between	0.0183	0.0173	0.000658	0.0478
R ² overall	0.00246	0.00830	0.0245	0.160
Sigma_u	0.0854	0.107	0.150	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

The regression reports indicate that we fail to reject the null hypothesis. Suggesting that while a generally positive relationship holds between democracy aid and democratization levels, it is not a significant relationship. By the same token, the findings stipulate that European Commission's democracy aid has not enhanced the scores of V-Dem Electoral Democracy index, which captures elements of electoral competition, the freedom civil society, the freedom of expression and association - which coalesce with the fundamental political criteria of the European Commission.

Important to note, other V-dem indices, Polity IV, and Freedom House index show similar but not exact same results (see Appendix for details). For Polity IV, the number of observations is only 85 much lower compared to other indices which is 105. In Polity IV, the values of Bosnia & Hercegovina are missing for the entire period, to compare the regression results with V-dem Index I dropped BiH scores and then the results are similar, which explains why the results for Polity IV are different in the table below (see Appendix for details).

For the regression analysis with Freedom House Index scores, similar to Grimm & Mathis (2017) findings, democracy assistance has a positive impact on the democratization however it is not significant. On the other hand, the development assistance has a negative influence in the democratization level at 0.01 significance level. Furthermore, the log of GDP and the accession perspective enhance the democratization level with the significance level at 95%. The results from Freedom House differ from V-dem Electoral and Liberal

Democracy Indices because they measure different components. The Freedom House Index has its weaknesses as it focuses solely on political rights and civil liberties; while V-dem indices are aggregates of several components which coalesce more with norms and values that EU promotes in the countries of the Western Balkans. Also, the Freedom house does not capture very well the democratic decline in these countries. In the table below the results with the four indices are presented, the Polity IV Index has only 85 observations due to the lack of values for BiH, which affects the results as stated above.

Table 7: Association of Democracy assistance with democracy scores in V-Dem Electoral Index, Freedom House, Polity IV, V-Dem Liberal Index Regress based on Linear Model.

	(1) Vdem-Electoral	(2) FreedomHouse	(3) PolityIV	(4) Vdem-Liberal
Democracy Assistance	507.5 (2678.2)	8966.9 (45530.0)	206028.6* (85346.0)	440.5 (2477.1)
Development Assistance	-147.5 (243.4)	-11960.2** (4137.8)	10022.4 (6002.6)	-318.2 (225.1)
Log(GDP_capit a)	1.099 (4.040)	167.6* (68.68)	56.15 (95.01)	3.178 (3.737)
Accession Perspective	0.0447 (0.0323)	1.249* (0.549)	4.151*** (0.810)	0.0320 (0.0298)
Accession Perspective x Democracy Assistance	-997.6 (2754.9)	-26677.5 (46834.3)	-202347.1* (86804.4)	-1011.9 (2548.1)
_cons	0.483*** (0.0246)	8.633*** (0.419)	3.887*** (0.603)	0.374*** (0.0228)
<i>N</i>	105	105	85	105
r2_w	0.0511	0.169	0.389	0.0244
r2_o	0.0354	0.232	0.379	0.0516
r2_b	0.0569	0.460	0.348	0.211
sigma_u	0	0	0	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

In overall, the findings strengthen the arguments of several authors who argue that democracy aid does not enhance democratization significantly (Knack, 2004; Grimm & Mathis, 2017) also the scholarly work of Altunbaş and Thornton (2014) who report finding a weak but significant relationship between democracy promotion and democratization.

Moreover, the results support the argument of Gross and Grimm (2013) who demonstrate that the European Commission's democracy aid to encourage democratization reforms remains rather as a soft policy tool. The authors demonstrate through a case study on Croatia's public administration programs, that the interplay of domestic and external actors in democratization processes weakens the desired goals of the European Commission, in the first place. The EU democracy promotion projects are almost always revised and reframed, even when the EU has a much higher leverage in negotiation tables compared to the Western Balkan leaders. The democratic principles are compromised with stability at the domestic level and socio-economic improvement, losing the efficiency of democracy assistance.

Furthermore, despite the European Union's several initiatives, regional frameworks, and promotion of democratic reform, the Western Balkan has experienced a democratic recession. In the past few years, the downward spiral of democracy backslide has resulted in a region dominated by corruption incidents, assaults on the civil society, electoral fraud, ethnic tensions, and undemocratic leaders. As a result, none of the Western Balkan countries can be considered a consolidated democracy. This being the case also in countries that are furthest in accession criteria – Serbia and Montenegro - implies that despite the advancement on the EU accession stage, such as, the opening and closing of the chapters, democratic norms are not being established. Possible explanations of the democratic backslide in the WB6, include the EU's inability to promote democratic reforms through harmonization; EU's lack of credibility to promote democratic reforms, or perhaps the high level of corrupt leaders and fragile democratic institutions in the Western Balkan Six that impede the proper distribution of EU funds.

Another dynamic illustrated is the EU's opaque and conflicting approaches toward democracy promotion. As mentioned earlier, the EU promotes democracy through direct approaches – that target the core institutions for enhancing democratic reform and rule of law, and indirect approaches- that focus on enhancing socioeconomic conditions. The conflicting policy goals of the EU through these two channels has brought an impasse whether the EU primarily is aiming to establish consolidated democracies or secure stability coined as 'Stabilitocracy' in the literature of Europeanization. Some scholars argue that EU policy goals reflect more toward stability than democratization, which explains why the

region is dominated with informal power structures, weak democratic institutions, political clientelism, and patronage as the main forms of governance (Bieber & Kmezić, 2017).

To sum, not only these countries have not progressed in the democratization reforms while receiving democratization aid, but also have experienced democracy recession while enhancing on the EU criteria. The European Commission's attempts to promote democratization reforms through financial instruments have not been successful. Thereof, a closer analysis of progress reports and the components of political criteria is required to understand more in-depth the causal mechanisms behind democratization processes, and EU's overall role through financial programs to consolidate democracy in the WB6, which will be done in the next stage with the process tracing technique illustrated by the cases of Serbia and FYROM.

CHAPTER 5

WHAT LIES BEHIND THE DEMOCRACY ASSISTANCE AND DEMOCRATIZATION?

The Case of Serbia And Former Yugoslav Republic Of Macedonia

To understand the causal mechanisms behind the democratization of the Western Balkans, the role of the European Union in encouraging political reforms and democratization in the region is important to be assessed.

The countries of the Western Balkans Six have never been consolidated democracies so far. In the recent years, the notion that seems to describe best the type of regime in the Western Balkan is coined as 'stabilitocracy' by several scholars, a novel term that explains these regimes in particular (Primatarova and Deimeli, 2012; Pavlovići, 2016; Kmezić & Bieber, 2017). In other words, regimes that insist on securing stability, claim the support to the EU initiated reforms, political elites who use pro-European rhetoric and voice the support for the EU accession. While at the domestic level they are dominated with clientelist and patronage structures, tight control of media, and ultimately unstable regimes which produce ongoing domestic and regional disputes that hinder the establishment of democratic principles and rule of law. As mentioned earlier, 'stabilitocracy' is a rather novel term, but it falls close to the characteristics of competitive authoritarianism purported by Levitsky and Way (2002). The line between the state and the ruling party are blurred; the level of playing field is highly skewed and maintained in favor of the incumbent; opponents face many obstacles enabling them to participate in the political activities freely (Levitsky and Way, 2002). In other words, democratic institutions are in place but are highly manipulated by the incumbent party and informal institution. Yet, a key difference is that the EU provides

support to maintain these ‘stable’ regimes in return for the false promise of stability, which undermines EU’s credibility to promote democratic consolidation.

Over the last decades, democracies that are not consolidated or stand close to both ends of the “democratic – autocratic” spectrum have been confined as ‘grey zones’. To distinguish, for the type of ‘illiberalism’ that is occurring in countries including Hungary, Poland, Russia, Turkey – stabilitocracy refers the regimes characterized with some authoritarian features; countries that receive the EU’s support and assistance (non- EU members) and are encouraged to follow the path/reforms toward membership, different from the above-mentioned countries. Simply put, political elites use the support of the international community to strengthen their role at the domestic level and this practice certainly does not enhance the level of democracy.

The rise of ‘stabilitocracies’ in the Western Balkans dates back to the 1990s when the governments in the Western Balkan countries received endorsements and democracy assistance from foreign actors in exchange for stability (Bieber 2018). In the immediate years after the dissolution of Yugoslavia, the competitive authoritarian regimes dominated the WB6 (Pavlovići, 2016; Bieber 2017; Vangelov 2017). Beginning in 2000, with the onset of prospect for membership, the idea for democratic reform and the shift away from illiberal practices began. Yet, abandoning illiberal practices and internalizing democratic reforms proved difficult, the new democratic elites failed to break away the corrupt and clientelistic habits of the past. Later, the 2008 international economic crisis hit the region of the WB6 hard; and there were lingering consequences for the entire EU as well. The EU became more concerned with the issues arising within the Union, the results of referenda in the Netherlands and France on the EU constitution demonstrated divisions inside the union and resulted in EU’s shift of focus, while the enlargement process became of secondary importance (Bieber, 2018). Additionally, with the rise of the economic crisis in Greece, Spain and later in Slovenia, and democratic backsliding in Hungary, the hope for adding new members in the Union faded. This was affirmed by The European Commissioner, Jean Claude Juncker, who stated that the EU must focus on the existing 28 members and said: "In the next five years, no new members will be joining us in the European Union" (European Commission:Press Release, 2014, para.59). These events coincided with the increasing question marks both within and outside of the EU about its transformative power. This crisis weakened EU’s power to offer credible

membership prospect and to encourage these countries to abide to EU rules and norms. Eventually, it was too costly for the WB6 political elites to comply by EU reforms without the hope for EU membership.

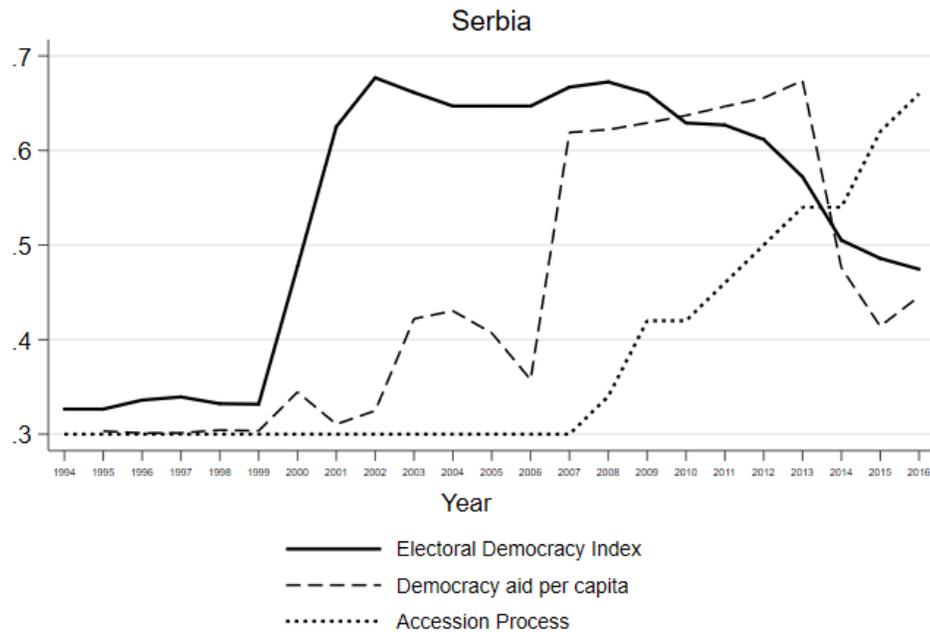
All countries of the Western Balkans have preceded in EU criteria despite the democratic backslide occurring in each country. Drawing from Schimmelfennig and Scholtz (2008) argument, in the WB6, those countries where the EU maintained the most credible commitments proceeded the most in accession stages. For instance, Serbia and Montenegro have preceded fastest and the most in the accession processes. Yet, Milo Đukanović - Montenegro's president has remained in power for three decades and is known as the “eternal president”; Aleksandar Vučić a nationalist and conservative leader, who enjoys control of all branches of government - executive, judiciary and legislative also known as “single man ruler in Serbia.” Nonetheless, European leaders consider Vučić - in the words of Austria’s foreign minister – Sebastian Kurz “an anchor of stability in the region” (The Economist, 2016). It is this reflex of valuing strongmen in power and the stability they bring, over democracy that leads to questions about the EU’s ability to act as a credible actor. As a result, the EU’s emphasis and anchor on stability, has weakened the effectiveness of democracy assistance in encouraging reforms with regards to almost all facets of political criteria.

The EU has prioritized geopolitical considerations, ensuring stability at the regional level (ensuring that bilateral disputes are not exacerbated) or other external matters (such as managing the refugee crisis through the Balkan route) over the establishment of liberal democratic principles (Giandomenico 2009; Vangelov 2017; Kmezić & Bieber 2017). However, one could argue easily that the key source of instability is the lack of democracy. Democracy assistance has remained as a ‘soft policy’ tool. While the EU has provided support to these regimes, its credibility to promote democratic values and reforms via democracy aid has weakened. Furthermore, democracy backsliding in some EU countries and candidates has intensified in the past decade but the EU has not used to ‘sticks’ even when faced with evidence and scandals such as Savamala accident in Serbia and wiretapping scandal in Macedonia (European Western Balkans, 2017), elaborated further below. To demonstrate, why the EU’s democracy aid has not enhanced the democracy level in the countries of the WB6, the rest of this chapter focuses on the cases of Serbia and Macedonia

which illustrate the power of the EU’s credibility in preceding in the accession process and encouraging democratic reforms at the domestic level.

5.1. The Case of Serbia

Figure 4: The Association of Democracy Assistance with the Electoral Democracy Index and Accession Process into the EU.

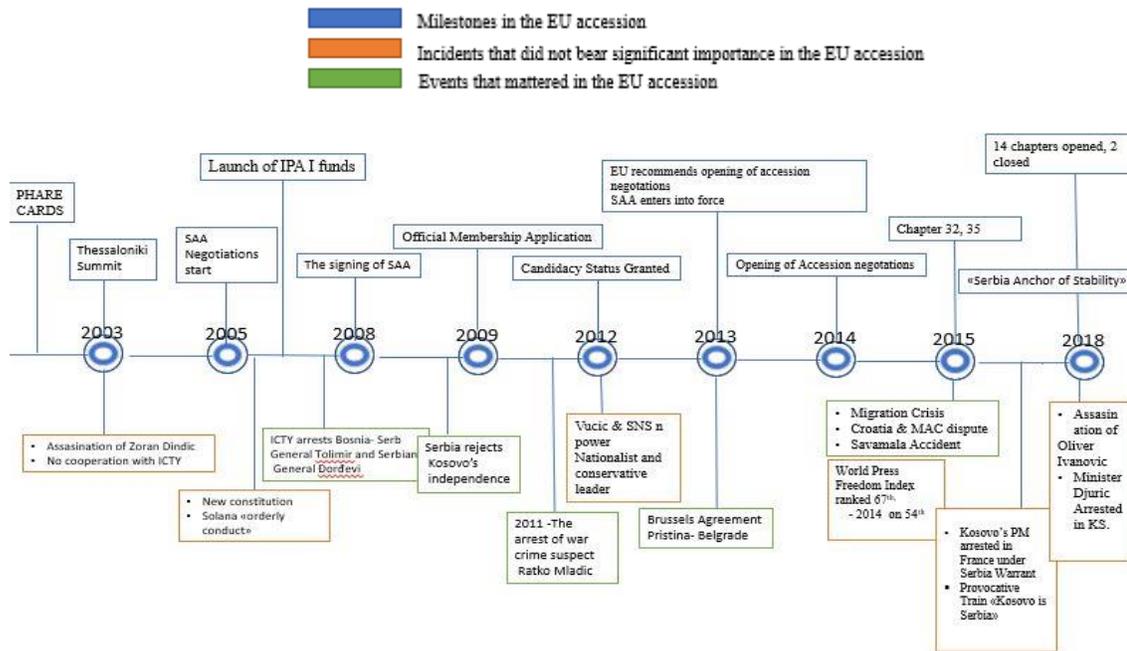


Graphs by cntry

An analysis of Serbia demonstrates that the EU has made credible commitments to the prospect of membership with Serbia progressing rapidly in fulfilling EU criteria. However, to date, Serbia remains a stabilitocracy, a moderate form of authoritarianism, dominated by populist political parties and political elites that seem to accept the EU reforms and democracy but pursue policies that subvert the establishment of liberal democracy ((Pavlović, 2016; Bieber 2017). In this section, through process tracing, I show how the EU has focused largely on the stability of the region and the political elites at WB6 have instrumentalized internal incidents to increase the leverage in the EU negotiation and to overlook democracy and rule of law. As the graph delineates, after the year 2008, Serbia has proceeded at rapid pace in the EU accession process, while experiencing serious democratic

backslide. Serbia has proceeded in the accession process mainly thanks to its cooperation with ICTY, Brussels Agreement, while the evaluation of democracy has remained of secondary importance. In other words, because the EU has prioritized stability, democracy assistance has not played any significant role in the enhancement of democracy.

Figure 5: Timeline: Main milestones and incidents during the EU accession process (Source:Author)



After the outburst of violent conflicts in 1990, Serbia³ underwent political change with the overthrow of Slobodan Milošević in 2000. This period sparked hope for democratic transition, economic development and eventual EU integration (Cohen and Lampe 2011; Keil 2013). Serbia's democratic transition phase seemingly brought political leaders with pro-European values, a center-right nationalist was elected president, Vojislav Koštunica, and a center-left leader became prime-minister, Zoran Đinđić (Subotić, 2010). The European Union had been allocating funds to Serbia for several sectors through programs such as OBNOVA and PHARE. Nonetheless, with the intensification of violent actions and war initiated by Milošević, the EU and the international community posed long-lasting economic

³ After the dissolution of the Socialist Federative Republic of Yugoslavia (SFRY), Serbia together with Montenegro were part of the Federal Republic of Yugoslavia from 1992-2003, the name changed to the State of Serbia and Montenegro (SCG) for the period of 2003-2006 (Džinić, 2011).

sanctions. As mentioned earlier, even during Milošević regime the EU has offered democracy assistance. To some, Serbia under Milošević regime was considered competitive authoritarianism and only with the fall of the Milošević, the transition started taking root (McFaul, 2005; Levitsky and Way, 2002; Bieber, 2017). As discussed earlier, democratic transition is not a linear path and Serbia has never been a consolidated democracy. Further, the EU practices emphasized stability through funds for regional cooperation, which were not as successful as demonstrated by the outburst of violence and the war that broke out during the 1990s.

The period after the overthrow of Milosevic, turned out to be more difficult than expected. The committed war crimes, the unfinished criminal prosecutions and the ill-practices in the public administration from the past regime were left for the new transitioning government to deal with. Additionally, The International Criminal Tribunal for the Former Yugoslavia (ICTY) urged the Serbian government to investigate war crimes of the 1994 and 1999 wars and to cooperate in the arrest of the perpetrators of war at The Hague tribunal. Prosecutor of the ICTY, Serge Brammertz, stated “In 1993, the hurdles to arresting and trying most of the individuals wanted by the Tribunal seemed impossible to overcome” (United Nations ICTY, n.d.). Following ICTY requests to help with the investigation of fugitives and find evidence for the committed war-crimes, the country was divided between the conservatist and the reformists (Subotić, 2010). The Prime Minister Đinđić, in 2001, a pro-European leader, encouraged the investigation and extradition of war criminals following the ICTY's request. However, the president-elect Koštunica opposed this decision and was reluctant to accept any demand from ICTY, in particular, related to the arrest of Milošević. Important to note, Milošević was not the only war criminal wanted by ICTY, other major figures include Radovan Karadžić and Ratko Mladić (Subotić, 2010). Đinđić bypassed Koštunica's decision and ordered the arrest of Milošević in Belgrade, accused of corruption and abuse of power. A couple of months later Milošević got transferred to the Hague for trial appointed by ICTY. Following these events, Đinđić leadership ended tragically, in 2003 he was assassinated from the Serbian paramilitary unit “The Red Berets” with the motto “Stop The Hague.” Đinđić murder marked a focal point in Serbian political arena, as Koštunica's took the reigns of power, the empowerment of the Democratic Party of Serbia (DSS) along with the ultranationalist Serbian Radical Party (SRS) marked a shift from Western and

European values toward the return of Milošević – practices and nationalist discourse (Subotić, 2010, pp.600-603). Also, The European Commission paid special importance to the cooperation with ICTY in the Stabilization Association Report “ Cooperation with the International Criminal Tribunal for former Yugoslavia (ICTY), FRY's international obligation, both as a UN Member State and as a signatory of the Dayton / Paris Agreements, remains insufficient” (2002, p.16). As a result, the international community, including the EU, placed enormous importance on Serbia's co-operation with the ICTY, which was ultimately instrumentalized and used as a leverage in the process of the EU accession membership. Ensuring domestic stability became EU's main goal, while the democratic principles and rule of law were left secondary.

Furthermore, in 2003, the EU- Western Balkans Thessaloniki Summit affirmed officially the launch of the perspective for integration into the EU for all the Western Balkan countries, with the hope to foster the Western sentiments and promote the European values and norms across the region. The EU democratization framework for Serbia, captured reforms in sectors including constitutional reforms, public administration action plans, parliamentary and election integrity, independence of the judiciary, executive and legislative and transparency. Despite democracy assistance, the Commission highlighted that Serbia must cooperate with ICTY, arrest and extradite indictees (Serbia and Montenegro 2005 Progress Report, 2005). For several years, Serbia shied away from the cooperation with ICTY, which stalled the EU process. The Serbian government altered its strategy in 2005, by allowing the EU to proceed with a feasibility study on the Stabilization Association Agreement, an important step for the EU membership. In return, Serbia started cooperating more closely with ICTY, by returning indictees, however, there was less discussion about the establishment of democratic principles and enforcement of the rule of law. The more that the cooperation with international community intensified, the more that issues of democratic consolidation, rule of law, human rights were overlooked. It seemed that the EU wanted “stability” as the only game in town.

In 2005, the negotiations for signing the Stabilization Association Agreement commenced, however, they were interrupted due to the Serbian lack of cooperation with ICTY. The EU advocacy director of Human Rights claimed, “The EU should not accept anything less than Serbia's full cooperation with The Hague.” (Human Rights Watch, 2007,

para.2). Moreover, in 2006, the EU highly appraised the new Serbian constitution. Whilst, the new constitution enabled the parliament to restrict the guaranteed rights in extraordinary times; also, it increased the government's control over the courts, the judiciary and the local municipalities. Additionally, under the legal clauses of the new constitution, it was impossible to recognize Kosovo as an independent country (International Crisis Group, 2006). Subotić (2010) argues that the new constitutions opened the door to authoritarianism. Yet, Javier Solana, the EU High Representative for the Common Foreign and Security Policy, applauded Serbia's practice and noted "orderly conduct." (Press Release S296/06, 2006) Only in 2007, the negotiations continued after Serbia started cooperating with the ICTY and allowed the arrest of the Bosnia- Serb General Tolimir and Serbian General Đorđević. That year, Serbia was rewarded with the commencement of the Stabilization Association Agreement and a year later its signing in Luxembourg, an important milestone for the EU integration. Javier Solana, the EU foreign policy chief stated, "The signing of the Stabilization and Association Agreement with Serbia is a powerful signal to the people of Serbia that their future lies in Europe" (Statement by Javier Solana, 2008, para.1). Also, The Serbian Foreign Minister, Vuk Jeremić declared "This is a great historical moment. This pact sets Serbia on the irreversible path towards EU membership." (Mock, 2008, para.2). Nonetheless, these developments gave the message to the WB leaders that the fulfillment of political criteria democracy, rule of law, free and fair election, human rights violations were not crucial for the enhancement in the accession prospect. The Dutch Minister Maxime Verhagen claimed that Serbia can become an EU candidate only if cooperates with the ICTY to find fugitives like Mladic. He stressed, "Otherwise it will never be possible, Mladic must be on the place to the U.N. war crime tribunal in the Hague before further steps in the EU accession process are taken" (Reuters, 2008, para.15). On the same footing, the EU began to put great pressure on Serbia to recognize Kosovo as a country before the region became unstable with the announcement of Kosovo's independence in 2008. In the words of Subotić "The tradeoff Europe – for The Hague became Europe- for Kosovo" (Subotić, 2010, p.60). As Serbia's cooperation with ICTY was improving, and Kosovo gained independence – an unacceptable fact for Serbia, Serbia's stability became a top priority for the EU. Securing peace in the region served also EU's geopolitical interests; setting aside the fact that

democratic institutions were not taking root besides the ongoing democracy aid and the launch of IPA 2007 funds.

Despite these positive beginnings, until 2008, the process of accession remained very slow. As the cooperation between Serbia and ICTY improved, after 2008 the process became smoother and faster, despite the democratic backslide that started the same year and it still continues today. Regardless of EU's pressure, Serbia immediately rejected Kosovo's independence, and the political arena in Serbia became divided into pro-European and national loyalists who opposed EU accession. Furthermore, as stated in the European Commission's progress reports (2008)

“Overall, there was little legislative output over the full year as government and parliament work were widely affected by divisions between political parties on key policy issues. Further efforts need to be taken to ensure the independence, accountability, and efficiency of the judicial system. Corruption remains widespread and constitutes a serious problem”

(“Key findings of the progress reports, "2008, para. 14).

Nonetheless, Serbia's success was mainly thanks the new government willingness to cooperate with the ICTY, as the progress report delineated “The Council, however, decided that the implementation of the Interim Agreement and the ratification of the SAA are subject to Serbia fully cooperating with the International Criminal Tribunal for the former Yugoslavia (ICTY)” (“Key findings of the progress reports, "2008, para. 15).

Furthermore, thanks to the few successful reforms achieved in the political criteria, that year the roadmap for visa travel regime was presented; in 2009 the EU issued a visa-free travel regime and Serbia submitted its official application for EU membership. The following year, the trade agreement between EU and Serbia entered into force. In 2010, the Council of the EU requested the European Commission opinion on the readiness for candidacy. A year later, Ratko Mladic the most eminent Bosnian war suspect was captured in a village of northern Serbia (BBC, 2011). After 16 years on the run, being found in Serbia raised doubts to whether Serbia has been reluctant to seize Mladic. Following the arrest of Mladic, the European Commissioner for Enlargement, Stefan Fuele, stated “Justice has been served, and a great obstacle on the Serbian road to the European Union has been removed” (Reuters, 2011, para.2). A year later, the European Commission recommended Serbia as a

candidate country for the EU membership, which in 2012 resulted in EU granting Serbia the official candidate title. Cooperation with ICTY and the arrest of Mladic, was strongly emphasized in the EU progress report (2012) as an achievement in meeting the political criteria.

The year of 2012 saw the rise of Aleksander Vučić as prime minister and the Serbian Progressive Party (SNS), a moderate wing of Serbian Radical Party (SRP) which held an extremist, nationalist and populist agenda (Bieber, 2017).

Vučić was a former minister of information during the Milošević regime, the period of the genocide and ethnic cleansing of Kosovar -Albanians, later he became defense minister and remained in the opposition as he climbed to a degree of leadership for twelve years. Since he came to power he has tightened control over the executive and judiciary, security services, and all media outlets. “Serbia is the country with the worst violations of media freedoms in the Western Balkan region” stated the president of the European Federation of Journalists (Erer, 2018, para. 4). Moreover, in 2015 the World Press Freedom Index ranked Serbia in 67th position, while in 2014 it was on 54th place. Despite the evidence, the European Commissioner noted: “If there is proof and evidence [of press freedom violations], I will be the first to follow it up” (Balkan Insights, 2015, para.5). While the chancellor Merkel has claimed that she is impressed with the success of Serbia implementation of reforms (The Federal Government, 2018) and Austrian chancellor said, “Serbia is anchor of stability.” Many political analysts called Vučić unhesitantly ‘Europe’s favorite autocrat’ (The Economist, 2016; Erer, 2018). The EU has turned a deaf ear into the illiberal practices, human rights violations and the democratic backslide taking root in Serbia.

Among the EU-stated accession criteria for Serbia, the EU strictly imposed criteria on the improvement of relations with neighboring countries, emphasizing the normalization of relations with Kosovo and recognizing Kosovo as an independent state as one of the requirements for membership (The European Commission, 2016). In 2013, the Serbian prime minister Ivica Dacic met with Kosovo’s Prime minister Hashim Thaci, where they signed the “First Agreement of Principles Governing the normalization of relations” known as Brussels Agreements and endorsed the execution of the plan. The President of the European Council, Herman Van Rompuy, stated: "The agreement today is historic and marks

an important moment in the relationship between Serbia and Kosovo as well as in their relations with the European Union." (European Commission Press Release, 2013, para.2). Kosovo's Prime minister, Hashim Thaci, declared to the press: "The signing of this agreement marks the recognition of Kosovo's sovereignty and territorial integrity." (The New York Times, 2013, para. 7). While, The Serbian Prime Minister, Aleksandar Vučić stated "This is a big achievement for the whole of Serbia and it means there are no longer any obstacles, nothing stands on Serbia's way towards Europe," (BBC, 2015, para. 13). Four days later, acknowledging this pivotal accomplishment, the European Commission recommended the start of the accession negotiations with the Republic of Serbia, and the opening of accession negotiations with Kosovo. Furthermore, only a couple of months later, Serbia's Stabilization Association Agreement entered into force. Lastly, in December of 2013, the European Commission announced that the accession negotiations are officially open. In the European Commission report, the EU acknowledged highly the success of the dialogue Belgrade-Pristina "The recommendations to open negotiations for EU membership with Serbia and to open negotiations for an SAA with Kosovo mark a decisive break with the past and a common step towards a European future. The report on Serbia underlines that Serbia has met the key priority of taking steps towards a visible and sustainable improvement of relations with Kosovo" (European Commission Press Release, 2013, para.5). The reinvigorating of reforms in areas such as the rule of law, the independence of institutions and media freedom did not emerge as of primary importance (Ibid). Although promising, to date the agreement has not been implemented, the relation between the two countries have not improved, the bilateral disputes have worsened.

Moreover, the Brussels Agreement which marks a milestone in the improving of Serbia- Kosovo relations in 2013, stated 15 points - two most important include the establishment of Association of Serb majority municipalities and the withdrawal of Serbian structures in the Northern part of Kosovo (Brussels Agreement, 2013). Until 2015, several other agreements were signed, however, the implementation has been stalled. After 2015, the bilateral disputes between the two countries have intensified. In January 2017, Kosovo's prime minister Ramush Haradinaj was arrested in France, summoned by the Serbian government for charges of war crimes committed (Balkan Insight, 2017). Additionally, a few days later, a provocative train departed from Belgrade headed to the northern part of Kosovo,

with the sign "Kosovo is Serbia" and other symbols containing hate and nationalist speech (BBC, 2017). This was further intensified by the rhetoric of Serbian President Nikolic accusing Kosovo of seeking war, while the Kosovo government deployed police forces at the border to prevent the train to cross (BBC, 2017). Further, the train was stopped by Vučić, he claimed " we stopped the train to show that we want peace. We sent a train, not a tank" (BBC, 2017a, para.12). The presidential elections took place only a few months later, and Vučić was running for president to shift the gears from the prime minister's post, stopping of the train made Vučić to be perceived as a leader who protects the peace and stability in the region, in the eyes of the EU at least. While, he was seeking to extend his powers from the prime minister and through the presidential post, which he gained in 2017 (Balkan Insight, 2017). The EU foreign policy chief, Federica Mogherini, stated: "The developments over the past days underline the need for increased commitment and engagement by the two sides through the dialogue," (Salem, 2017, para.8). While the attention to the serious democratic backslides in both countries was avoided, providing stability and the false promise of improving bilateral relations between the two countries had been given priority, once again. A month later, Serbia opened Chapter 20 – Enterprise and Industrial Policy – and Chapter 26 – Education and Culture (Milestones in EU – SERBIA Relations,2018). The European Commissioner, Johannes Hahn, "The results produced are impressive. Progress in the area of education and entrepreneurial policy is good, Serbia is moving towards normalization of ties with Kosovo with a clear European perspective (The Delegation of the EU to Serbia, 2017). While the democracy levels and the freedom of the press in Serbia had been deteriorating for almost a decade (Nations in Transit, 2016). To many, Vučić's regime is considered a soft version of an autocratic rule (Error 2018).

Moreover, in 2015, due to the migration crisis, the dispute between Croatia and Serbia came to a flare. Serbia geographically connects the path from the East to the European Union member countries, its location comprises the main refugee route reaching to the European Union borders. Due to Hungary's blockade of the border, refugees used the Serbian route to get to the Croatian border – the closest EU member state after Hungary. The Croatian government showed discontent with the unprecedented number of refugees crossing from Serbia. The row escalated quickly between Serbia and Croatia, where Croatia blocked the Serbian border and Serbia embargoed Croatian imports which eventually turned into a "trade

war.” (BBC, 2015). However, Serbia’s good treatment of refugees and in handling the refugee crisis did not go unnoticed by EU officials, an EU diplomat asserted “The feeling amongst foreign ambassadors is that Serbia is displaying European values that some would say some EU member states are not displaying. This does Serbia’s EU aspirations no harm (Maddowall, 2015, para.13). The migration crisis further boosted Vucic's role as a stabilizer in the region. Hence, the Serbian PM is an Europhile in the eyes of the EU, despite the illiberal practices (Djokic, 2015, para.5; Eror, 2018).

To make matters worse, the Savamala incident in Serbia demonstrated the failure of the rule of law and the judicial system in 2016. A group of masked men vandalized and demolished a whole site in the Savamala district in Belgrade and threatened the lives of people and bystanders in that area, state police and municipal police remained silent and did not appear during the accident. Later the city authorities cleared the space without carrying a proper investigation. This incident sparked protest in Belgrade with mottos "Masks have fallen, you won't get away with this" indicating that people are tired of the governing system and the political environment in Serbia (Pointpulse, 2015, para.21).

Furthermore, that same year, Serbia withdrew its entire embassy from Macedonia, claiming "offensive intelligence activities against Serbia" and condemning Macedonia's support over Kosovo membership in UNESCO (Aljazeera, 2017, para.1). Later in December, the minister of defense Vulin asserted that Serbia is preparing for war. Similarly, Kosovo's prime minister claimed that "not a single Serb shall remain in Kosovo.” Nationalist rhetoric enhanced and was used to increase nationalist sentiments and the leader’s popularity at home, for both sides. In early 2018, the assassination of Serb politician – Oliver Ivanovic in northern Kosovo marked another failure of the Brussels Agreement and confirmed once again the bilateral disputes are worsening. Lastly, the dramatic arrest by the police of Kosovo, of Serbian minister Djuric who entered without permission, is considered by many political analysts and scholars an “orchestrated scenario” that benefits certain politicians at both countries (Gadzo, 2018). These instances demonstrate that EU’s approach to ensuring stability failed.

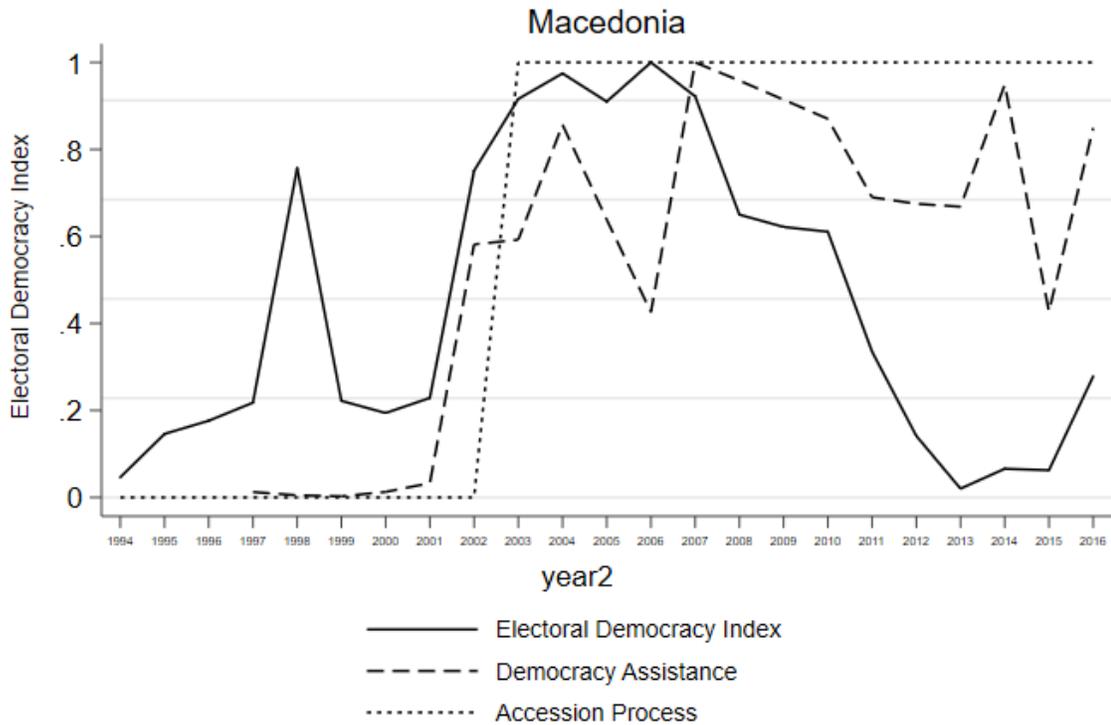
Despite the political tensions inside Serbia, Vucic’s pragmatic populism and the bilateral disputes with neighboring countries Serbia proceeded fast in EU accession criteria.

After the accession negotiation started, in 2015 Serbia opened the very first acquis chapters namely Chapter 32 - Financial Control and Chapter 35 - other issues; in 2016, Chapter 23 – Judiciary and Fundamental Rights, Chapter 24 – Justice, freedom and security, Chapter 5 – Public Procurement, Chapter 25- Science and Research (opened and provisionally closed); in 2017, Chapter 20- Enterprise and Industrial policy, Chapter 26 – Education and culture (opened and provisionally closed), Chapter 7 – Intellectual property law, Chapter 29- Customs Unions, Chapter 6 – Company law, Chapter 30- External Relations. In total, 12 chapters have been opened, two of them have been provisionally closed. While in this same period, several incidents and democratic backslide occurred.

Overall, the democracy assistance has not played an important role because EU's democracy assistance has not been credible, it has remained as a soft policy tool. The main reason why Serbia and other WB6 are unstable is due to the lack of democracy. The EU has not used the "carrot and stick" during the democratic recession periods. As Vachudova (2010) explains the EU's external democratization tools are effective only if political elites at home are committed to reform. While the EU has focused intensively on providing a secure stability, it has overlooked the democratic backslide and the necessary reforms to progress in democratization. Further, the political elites in the WB6 have instrumentalized the bilateral disputes, at times by fueling these disputes, only to demonstrate that they are ready to solve them to divert the compliance to democratic reforms. They have demonstrated their commitment to stability, what the EU has settled for. As a result, the region remains dominated by bilateral disputes that need to be solved. It is much costlier for the domestic audiences to apply democratic reforms than to settle down for stability if the EU's commitment to pursue democratic reforms and to use the 'carrot' and 'stick' approach is not efficient. Serbia presents a case where the EU has maintained credible commitments for membership, yet not enough credible initiatives to encourage democratization reforms, which has made democracy aid inefficient.

5.2. The Case of Former Yugoslav Republic of Macedonia (FYROM)

Figure 6: The Association of Democracy Assistance with the Electoral Democracy Index and Accession Process into the EU.

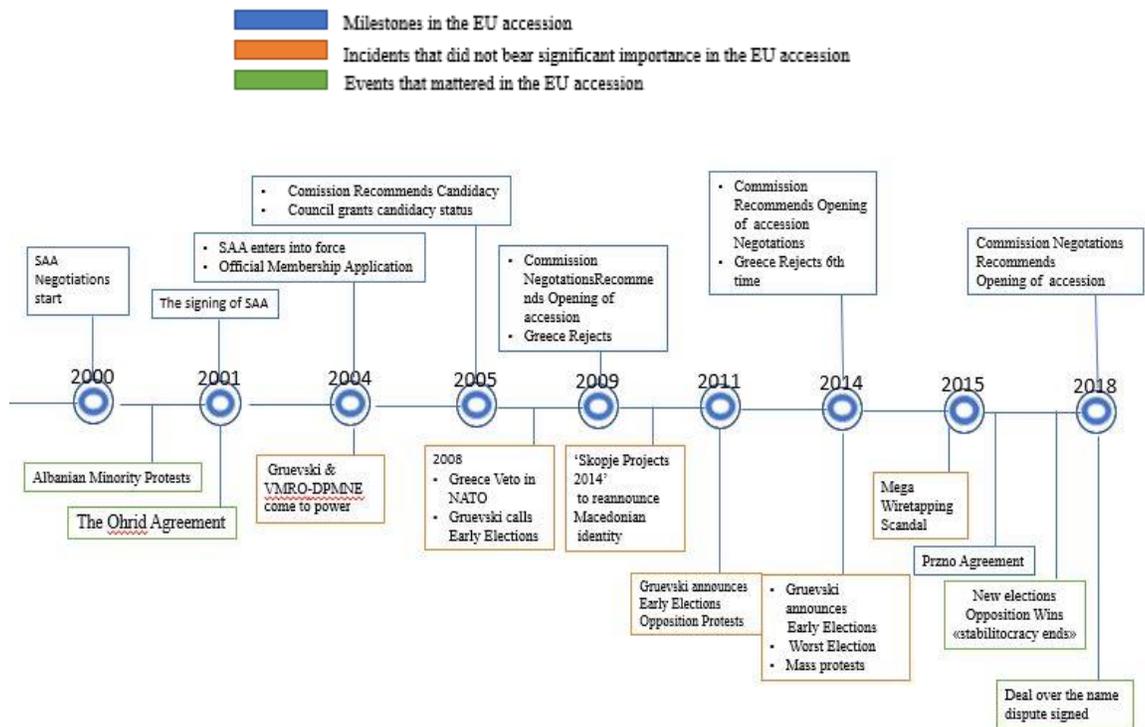


Graphs by cntry

The analysis of Macedonia reveals a case the EU failed to successfully consolidate democratic institutions for over a decade and the EU accession process was very slow. While it was among the first countries after the fall of Yugoslavia to follow the democratization reforms, the phase after the year of 2000, was stalled due to internal and external incidents, elaborated below. The argument is that FYROM's failure to open the accession negotiations for the period of 2005-2018 is due to EU individual member states vetoing Macedonia's accession process, which weakened the EU's credibility to offer membership perspective. Additionally, the EU has pledged democracy assistance, but as in the case of Serbia, the EU has prioritized ensuring stability internally and externally, making democratic reforms of less importance. In other words, the EU has offered the prospect for membership despite the

democratic rollback. By circumventing EU criteria's, these shortcomings have deepened the political crisis and have led the political elites to advance their autocratic and populist tendencies. Yet, Macedonia is the first country in the WB6 to end stabilitocracy, the EU- led Przno Agreement was among the factors that contributed to the end of political crisis. Demonstrating that when the EU prioritizes democratization, it has successful results. As some scholars argue, the lack of reforms and the lack of EU commitment are symbiotic (Schimmelfennig and Sedelmeier 2005; Jacoby 2004; Guillén and Palier, 2004; Bieber 2017).

Figure 7: Timeline: Main milestones and incidents during the EU accession process (Source:Author)



Macedonia became independent following the collapse of the Yugoslavian state in 1992. It was among the very first states (second to Slovenia) claiming its support to the Western political structures and follow the EU norms. The year 1992 marks Macedonia's evolution into a modern state and the start of a prospect for EU and NATO membership. In 1992, Skopje sent a representative to Brussels, and three years later full diplomatic relations commenced, the process was delayed due to FYROM name dispute with Greece, discussed

further later in the chapter. It has been argued that the democratization phase which started in 1991 was steady and promising (Karadzowski and Artur Adamczyk, 2014).

These developments created the illusion that FYROM's path toward democracy consolidation is undoubtful, yet the foundation set out in the 1991 Constitution was the basis of the internal and external conflict that occurred after 2000. The first Constitutions in 1991, defined Macedonia as the modern state of 'Macedonian's excluding other minority groups Albanians, Turks, Serbs, Roma and Muslims (Bieber, 2004). Since then, the Albanian minority constituting around 25% of Macedonia population opposed the Constitution and asserted for greater rights, such as including the Albanian language as one of the official languages in higher education services, the Public Administration, and Police. Moreover, under this constitution, the country was named 'the Republic of Macedonia' which sparked dissatisfaction especially by Greece (as cited in Shtërbani, 2018; Pop-Angelov, 2010, p.1). The name dispute with Greece and the inter-ethnic division's conflicts exacerbated only a couple of years later.

Additionally, in 1995, EU signed the Interim Accord according to which the country was eligible to apply for membership to the international organization under the name the Former Yugoslav Republic of Macedonia - FYROM (Shtërbani, 2018). Important to note, Greece endorsed the agreement as well. Only a year later, talks on closer cooperation for trade, transport, connectivity began between FYROM and EU. Also, FYROM was included in the PHARE program - EU's assistance program (Shtërbani, 2018, p.104). The President of the Council Robin Cook stated, "The former Yugoslav Republic of Macedonia globally complies with democratic principles" (European Commission: Press Release, 1995, para.17). In 1999, the European Commission announced the Stabilization and Association Process with the countries of the WB6 including Croatia. In 2001, FYROM was the first country out of the WB6, to sign the Stabilization Association Agreement (European Commission: Press Release, 2001). The signing of SAA marked an important step toward closer relations with the EU and potential accession perspective before any other country in the WB6. Important to note, in the press release it was emphasized that regional stability and the integration of minority constitute the basis of SAA. Consolidation of democracy and rule of law were not included as priorities of SAA, despite the democracy aid flows of funds pledged to FYROM (Ibid).

A few months after the signing of SAA, massive riots initiated by the Albanian minority brought to the surface the lack of unity between ethnic groups, inside the country. These events marked the stalling of the democratization process. In February 2001, FYROM signed an agreement on the official demarcation of the borders with Yugoslavia (Bideleux and Jeffries, 2007, p.426). The deal initially sparked a clash between Macedonian patrols and Albanian refugees fleeing the Kosovo- Serbian war, which worsened the tension between Macedonians and Albanians living in Macedonia. The International community fearing another outburst of violence in the region, NATO, EU, and the USA called all actors involved for conflict resolution (Petroska-Beska, 2001). The clashes did not turn into a massive violent conflict, yet it left the country deeply divided (Ethnobarometer, 2001).

In May 2001, the Macedonian President Boris Trajkovski visited Washington to gain the support of the US President George W. Bush, to form a grand coalition by including all parties in the government. Following this meeting, the government was formed comprising of two Macedonian major parties VMRO-DPMNE and the Social Democratic Union of Macedonia (SDSM), and two of the ethnic Albanian parties' ethnic Albanian parties, the Party for Democratic Prosperity (PDP) and the Democratic Party of Albanians (DPA) (Bideleux and Jeffries, 2007, p. 432).

Considering that the region was very fragile, having experienced then Bosnian war in 1995 and Kosovo War of Independence in 1999, the rotating presidency of the EU at the time, the Swedish presidency proposed tightening of relations with the EU as an alternative to halting the conflict. In this regard, the EU used the accession prospective as a conflict resolution tool, in exchange for stability. They attempted to encourage the Macedonian government to comply with the demands of the Albanian minority. After long periods of negotiations between Brussels and Skopje, the negotiations parties signed the proposed "The Ohrid Agreement" in 2001. This marked a success story for the EU, considering the EU's failure in handling previous violent conflict in the WB6 region, it became "the EU legacy" (Giandomenico, 2009). In the words of Sahlin (2007) 'very special case of comparatively successful conflict prevention and crisis management – for the EU definitely a huge investment' (as cited in Giandomenico, 2009, p.94; Sahlin, 2007, pp.103-104).

The Agreement presented a framework for constitutional and legislative reform (including the Albanian minority in state structures) and the dissolution of the Albanian National Liberation Army (Bieber, 2005; p.2) Eventually, The Ohrid Agreement became an instrument for further policy implementation. In short, Macedonia's compliance with the agreement was highly rewarded by the EU, and the EU almost provided certain shortcuts by disregarding other required criteria, only to preserve the agreement carried out by the EU. The Ohrid Agreement focused mainly on ensuring stability in FYROM by expanding the rights of minorities, democratic consolidation and the rule of law were secondary.

However, compared to the Albanian minority, most Macedonians did not show support to the agreement (UNDP 2003, p. 42; Finn 2001). Furthermore, the division between these two groups was later instrumentalized by IMRO-DPA coalition party in power, to prolong the period of EU reforms until the general election of 2002 (Friedman 2003). And so, some scholars argue that the agreement has deepened the division and led to further segregation of society (Zhelyazkova 2003). The issue of the Albanian minority is an ongoing issue to date.

After the signing of the Ohrid Agreement, the EU intensified its initiatives - it opened the European Agency for Reconstruction to foster the implementation of CARDS funds. Additionally, it initiated Proxima - a policy mission and EUPAT - the police advisory mission. Later these missions were replaced by CARDS and IPA agendas (Giandomenico, 2009, p.95) These initiatives were primarily connected to the Ohrid Agreement, while the EU was trying to intensify its effort to keep the region stable. By the time, the EU started intervening heavily in the political and institutional matters of the country. For instance, the EU pressured the Macedonian politicians to endorse the proposed law on giving the Albanian populated communes to the Albanian leaders for governance, to increase the effectiveness of local structures. Their pressure eventually led to the increase the rights of the minorities, yet it became the main focus of attention for the EU, leaving little room for other issues to be discussed such as reforms in public administration and rule of law.

To put it briefly, after 2001, the EU's relations with FYROM are characterized with the conflict prevention and management tools. In the words of the former French minister, Douste Blazy "It's more necessary than ever to confirm that these countries' futures lie in the

EU, so it makes an essential contribution to stability" (as cited in Giandomenico,2009, pp.109-110; Press Conference, 2005). The key way to measure success was the level of implementation of the Ohrid Framework Agreement, the inclusion of minorities and the securement of stability. Reforms in democratic institutions remained of no paramount importance.

In 2004, at the European Council Summit, FYROM filed the official application for membership. That same year, Thessaloniki Summit confirmed the WB6 prospect for EU membership. In 2005, the European Commission announced that FYROM is eligible to become a candidate member. Within a month, the European Commission's opinion was confirmed by the European Council in Brussels and FYROM became an official candidate. The candidacy was awarded thanks to FYROM success in applying the Ohrid Agreement and the Interim Agreement. Important to mention, some progress in the Copenhagen criteria was noticeable, however, by 2005, FYROM had not completed successfully the required reforms in public administration, elections, parliament and other sectors (Giandomenico, 2009). The granting of candidacy for Macedonia demonstrated that the enlargement policy was replaced with EU's foreign - reaching its goals through the promise of EU membership. The Enlargement Commissioner Olli Rehn quoted "The EU will have to be engaged in the Balkans, whether we like it or not. It is much more effective and cheaper to keep these countries on track by offering them the accession process than to run international protectorates and military occupation in the region" (European Commission: Press Release, 2006, p.5). Additionally, in the conclusion of the Council of EU it was explicitly stated that "The European Council decides to grant candidate country status to the former Yugoslav Republic of Macedonia, taking into account, in particular, the substantial progress made in completing the legislative framework related to the Ohrid Framework Agreement" (Presidency Conclusions, 2006, para.23).

This ensured that the path toward membership required stable regimes, but not necessarily consolidated democracies. Indeed, this approach weakened the EU's credibility in encouraging democratic reforms through programs like CARDS. The EU exchanged its largest carrot – the accession prospect – for the promise of stability; this practice which became a norm eventually and highly instrumentalized by political elites in FYROM later on.

In the general elections of 2004, Nikola Gruevski the leader of the Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity (VMRO-DPMNE) in coalition with the Democratic Party of Albanians (DPA) and several other minor parties, formed the executive of FYROM. Gruevski, a nationalist and a moderate conservative, promised to fight against corruption, to further FYROM in the EU accession perspective, and enhance neoliberalist economic reforms (Vangelov, 2017). The election practices of 2004 were considered free and fair, yet were highly criticized by internal actors (Røseth, 2006). VMRO-DPMNE won 45 seats out of 120 in parliament; from the Albanian parties the Democratic Union for Integration (DUI) won 17 seats and Democratic Party of Albanians (DPA) won 11 seats (Election Guide, 2006). VMRO-DPMNE and DPA formed a coalition government. However, this practice violated the norm that the Albanian party that wins most of the seats should be part of the governing body. This practice further weakened the legitimacy of the new government, as a breach of the power-sharing agreement and hindered the process of democratization (Karajkov, 2006). Some argue that VMRO-DPMNE formed a pro-business league of leaders (Spaskovska 2014).

The crisis heightened in 2008, with the events of NATO's Bucharest Summit. Macedonia's application for membership to NATO was vetoed by Greece over the name-dispute (Peshkopia, 2015, p.199). The Greek Prime Minister, Costas Karamanlis declared "Skopje will be able to become a member of NATO only provided that the name dispute has been resolved (France24, 2008, para.11). Joining EU and NATO has been one of the key goals that united Macedonians and Albanians in FYROM (Vangelov, 2017). A year later, Greece vetoed the opening of accession negotiations between EU and FYROM. The Greek representative stated, "The name issue must be solved before we can even think of opening accession negotiations with Skopje," (RadioFreeEurope, 2009, para.4). The European-Atlantic treaty, for Macedonians, meant a closer relationship with Greece in the resolution of the name dispute; while for Albanians Euro-Atlantic membership mattered more than anything (Peshkopia, 2015, p. 197; Gromes, 2009, p. 26). FYROM accused Greece of violating the Interim Agreement of 1995, that inhibits Greece to use its veto power in international agreements. The FYROM foreign ministry released a statement in 2006 "Macedonia has filed an application with the registrar of the Court to bring Greece into compliance with its legal obligations under the Interim Accord of September 13, 1995.

Article 11 of the 1995 accord obliges Greece not to object to Macedonia's application to join NATO," (France24, 2008, para. 2). The name dispute dates back to 1991 but escalated to this extent only with the use of the veto by Greece.

In response to the Greek veto, Gruevski called for an early election in 2008. Gruevski claimed "The renaissance has just begun. We need a victory, but not just a victory, we require a triumph. We are moving on, the renaissance continues" (Idividi, 2008, para.4). In 2008, VMRO-DPMNE' won more than 50% of the seats in the parliament. Yet, the international observers evaluated the elections as the worst in the history of FYROM (Auer, 2008; OSCE, 2008; Freedom House, 2009). OSCE reported organized violence and injury among the incidents in the election day. This time VMRO-DPMNE' entered the coalition with DUI as their junior partner – the largest Albanian party, only because DPA removed itself from the coalition with VMRO-DPMNE.

A year later, the EU suggested the opening of accession negotiations which was immediately rejected by Greece. FYROM referred the issue to the International court of justice in 2011, the court ruled that Greece's blockade was illegal. However, the court's ruling did not change the Athens approach toward Skopje, Greece maintained that the EU accession process will continue only if FYROM changes its name. In 2012, the European Council announced that FYROM process to the EU depends on the fulfillment of the EU reforms, ensuring good neighborly relations and mediating the name dispute with the intervention of the UN. A year later, several names were introduced such as "The Constitutional Republic of Macedonia", "The Northern Republic of Macedonia", "New Republic of Macedonia", "Independent Republic of Macedonia" however Greece opposed them, also Bulgaria opposed some of them (Spiegel Online, 2008).

The name dispute between Macedonia and Greece, helped president Gruevski and VMRO-DPMNE strengthen his role in FYROM. He used this conflict to strengthen his power and popularity at home. After Greece's blockade in NATO and EU membership, Gruevski initiated the project "Skopje 2014" which aimed to stress the nation's historical connection with the 'Macedon' – the ancient Greek king. The execution of the project included placing the monumental statues of Aleskander III and Philip II of Macedon, and some other figures that belong to Greece's history in the capital center of Skopje. Moreover,

the airport got the name "Aleksander III of Macedon" and a massive statue was placed in one of the halls. Following these events, Greece blamed FYROM for the appropriation of historical figures. A Macedonian TV journalist, "it's damaging the inter-ethnic relations, it's not reflecting the multi-cultural society that Macedonia is. [...] because Alexander the Great is famous because he enlarged the Hellenic culture. We are Slavs who are not Hellenic at all." (Al Jazeera, 2014). While Greek political leaders were outraged with Gruevski's initiation of the project, a Greek representative stated, "While Greece is pursuing a solution consistently and in a constructive spirit, [Macedonian Prime Minister Nikola] Gruevski is making provocations to avoid reality, undercutting his fellow citizens' European future," (Balkan Insight, 2011, para.6)

By 2014, the opening of accession negotiations were stalled again due to Greek veto over the name dispute. The EU's credibility in the region weakened massively throughout this period. This not only sparked dissatisfaction between Greece and Bulgaria but was also highly condemned by the Albanian minority. "Skopje Projects" further influenced the nationalist feelings that led to deeper inter-ethnic division within the country and exacerbated foreign relations with Greece and Bulgaria (Vangeli, 2011; Graan, 2013: 161; Vangelov, 2017). Macedonia's Balkan Investigative Reporting Network cited "The whole process is symbolic of the reign of Gruevski," (as cited in Foreign Policy, 2016). By 2017, Macedonia was blocked by Greece to open the accession negotiations with the EU for six times, and sometimes Bulgaria vetoed the process as well.

Hence, FYROM's relations with Bulgaria were not as smooth either. The Bulgarian linguists claim that the Macedonian language is only a variation of Bulgarian, it is not a distinct language. Additionally, they claim that the ethnicity of people residing in FYROM is Bulgarian. Countries have tried several times to resolve the bilateral dispute by signing agreements, however, in 2008, Bulgaria backed Greece in blocking FYROM's entry into NATO, worsening relations between them. The European Commissioner for Enlargement and Neighborhood policy emphasized: "Good neighborly relations are an essential part of the country's progress towards European integration" (European Commission: Press Release, 2014, para.4). These instances led to the EU's support to Gruevski's 'stabilitocracy' offering financial aid and accession perspective, in return for the internal and external stability. This aided him to tighten his autocratic grip.

The democratic backsliding and the turn to the authoritarian practices took deeper roots in 2011 (Vangelov, 2017). Nikola Gruevski announced early elections once again in 2011. In these elections, VMRO- DPMNE won 56 of the seats and unexpectedly the opposition received 42 seats (World Elections: Macedonia 2011). Shortly before the elections occurred, the electoral legal laws were altered, which was highly criticized by ODIHR in the Election reports of 2011, Additionally, ODIHR raised concerns over the misuse of state resources for political campaign and partisan purposes, due to the lack of separation between state and party structures (Election Observation Mission,2011). Moreover, Gruevski's political party was accused of destructive behavior toward his opponents, he used intimidation, threats, and harassment to oppress his opponents. Incidents such as the arrest of the minister of Interior Ljube Boškoski immediately after the general elections for illegal election campaign; or Morslav Sipovic charged for fraud and embezzlement (Macedonia Executive Summary, 2013). Another bizarre incident occurred in 2012, a group of unidentified security personnel forcibly removed the Macedonian opposition from parliament, amid the adaptation of the state budget for 2013 (Čašule, 2012). Following these events, the opposition party SDSM led by Zoran Zaev waged mass protests in Skopje, boycotted the parliament, and claimed to boycott the local election of 2013 (World Elections, 2014).

In the midst of the internal political crisis and the deadlock in the EU accession process in 2014, Gruevski called for early elections along with the 2014 presidential elections. This time, he won 61 seats. ODIHR criticized harshly the elections claiming that the press was highly censored and led by VPMNO (International Election Observation Mission,2014). Furthermore, the leader of the main opposition party SDSM Zoran Zaev rejected the election results and accused Gruevski and Gruevski's political party of "abusing the entire state system", saying there were "threats and blackmails and massive buying of voters" (Al Jazeera, 2014, para.4). Further, he quoted "Macedonia today is not a free society. There is no free expression of the will of the people. It's a dictatorship in which the voter and the citizens are being controlled" (Euroactiv, 2014, para.9). Later that year in 2014, Macedonian and Albanian people took over the streets protesting, academician, students, NGO activities supported the protests widely.

The abuse of state institutions became most apparent with the mega wiretapping scandal released in 2015. The scandal revealed conversations between top political elites, including Gruevski himself - abusing the public office, employing electoral fraud, blackmail, large-scale graft, the arrest of political opponents, extortion, financial crimes, corruption. In response to this, mass protest to end Gruevski's regime erupted. This period marked the deepest political crisis since 2001. In July the EU brokered a deal with the political parties, which included the implementation of urgent reforms in the public administration, rule of law and freedom of expression. The former Macedonian ambassador in Brussels, Nano Ruzin quoted "For the first time since the fall of Communism, the EU is facing a situation in which the prime minister of an EU candidate country must abdicate because of indications for criminal and political wrongdoings" (Deutsche Welle, 2016, para.3). Earlier Gruevski was praised by the EU leaders for dedication to reforms and interruption the inter-ethnic conflict, while in 2016 progress reports cited serious backsliding in democracy, rule of law and media freedom (The former Yugoslav Republic of Macedonia 2016 Report, 2016). The European Commission Hahn warned FYROM that if reforms are not followed, it will be the first country that the EU will withdraw the candidacy title (Deutsche Welle, 2016).

With the political crisis, opposition's boycott of the parliament and the wiretapping scandal, The European commission interfered by presenting Przno Agreement – an agreement to end the political polarization in the country. In July 2015, the leaders of four main political parties agreed to sign the agreement (Przno Agreement, 2015). Commissioner Hahn stated “In our report, we stated that the Commission is prepared to extend its recommendation to open accession negotiations [...] conditional on the continued implementation of the June/July political agreement and substantial implementation of the Urgent Reform priorities (MIA, 2016). The political crisis deteriorated with President Ivanov's decision to pardon those people who were charged, under the investigations of the wiretapping scandal; as he declared “I have decided to revoke the remaining pardons that I had granted" (Deutsche Welle, 2016, para.2). This was met with violent protests and counter protests. The protesters demanded the resignation of PM Gurevksi and the cancelation of election, while the counter group supported (OSCE/ODIHR Final Report, 2016).

The roadmap delineated in Przno Agreement, ended as a condition for the start of the accession negotiations. Among the key point stated in the Przno Agreement the agreement on

the ‘transitional phase’ until the new elections scheduled for 2016, under EU and other international partners monitoring (Ibid). Hence, due to the political crisis and the allegations against Gruevski, early elections were scheduled for 2016. Even under international community’s monitoring, the elections were far from ‘fair’ and ‘credible’ (Bliznakovski, 2017). VMRO-DPMNE gained 51 out of 120 seats, while SDSM obtained 49 seats. However, Gruevski failed to form a coalition government, hence SDSM claimed the mandate to form the government. The transfer of power to the opposition was met with several political incidents, yet it remarked a victory and end to political crisis. After 11 years of VMRO-DPMNE power, the Social Democratic Union of Macedonia (SDSM) led by Zoran Zaev, in coalition with the Albanian Democratic Union for Integration (DUI) won the general elections. Zoran Zaev a pro-European leader asserted the commitment to further FYROM’s accession process to NATO and EU. In 2018, negotiations on the name dispute came to an agreement endorsed by Zoran Zaev and the Greek prime minister Alex Tsipras, ending a 25-year old dispute (The Guardian, 2018). And finally, in the progress reports of 2018, acknowledging the fight against corruption, the improvement of reforms in public administration and on the judicial system, the EU announced that in 2019 Skopje will begin the accession negotiation process (European Commission: Press Release, 2018; "EU to open accession," 2018). Bieber (2018) asserted “Out of the Western Balkan countries, the only country to break the cycle of stabilitocracy is Macedonia” (2018, para.9).

Overall, Macedonia presents a case where EU’s efforts were not successful for two main reasons. First, the EU was unable to put forth credible commitment for membership due to the veto power of the EU individual members Greece and Bulgaria, which denied the opening of accession negotiations for Macedonia for a decade. Second, the EU desperately prioritized securing stability, it even offered the membership perspective in 2005 only to ensure a stable country. To the political elites of Macedonia, such as Gurevski who held power for 11 years, an autocrat and populist leader, EU’s support served to deepen his power and move away from democratic principles. To illustrate, in media freedom domain, in 2007 Macedonia ranked 36th on the Press Freedom Index, close to Japan who ranked 37th and USA 48th. While in 2014 it ranked up at 123rd place just a little before Afghanistan 128th (Reporters Without Borders 2014). It changed for 87 positions, showing a major decline in one of the pivotal components of democracy. Previously, in the progress reports, the fulfillment of

political criteria such as the consolidation of democratic institutions and rule of law have always been cited, yet in practice, EU has not successfully promoted these values. Yet, EU's interference to establish democratic reforms such as the Przno Agreement, aided with the protests against the semi-autocratic government, demonstrated that EU's credibility matter when pushing reforms and change, in particular with democratic institutions. Macedonia is the first country to break from 'stabilitocracy' while the future remains yet to be seen.

Table 8: Most Similar System Design: The case of Serbia and FYROM

Serbia	FYROM
Part of Ex - Yugoslavia	Part of Ex - Yugoslavia
Similar Socio- Economic Conditions (i.e. GDP per capita - 5,348.29 USD (2016)	Similar Socio- Economic Conditions (i.e. GDP per capita - 5,237.15 USD (2016)
Credible EU Membership	No Credible EU Membership
Stabilitocracy	Stabilitocracy
	EU initiated Przno Agreement

To sum, the political criteria stated in the Copenhagen criteria have been replaced by stability concerns. In the Serbian Case, the issue of Serbia's non-cooperation with the International Criminal Tribunal of Yugoslavia (ICTY), The Brussels Agreement between Pristina- Belgrade, Serbia's approach toward the migration crisis, and the resolve of self-created incidents with neighboring countries have been the main criteria for the EU, to evaluate the success of Serbia in the accession. Improving these areas has been given primacy over the political criteria set by the EU. The EU has offered democracy assistance in exchange for stability in the region.

In the analysis of Macedonia, the prevalence of inter-ethnic conflict, the compliance to the Ohrid Agreement and the name- dispute with Greece and Bulgaria were the main focus of attention for the EU. Further, FYROM lacked the accession prospect due to Greek veto over the name-dispute for a decade. Consequently, it was too costly for the populist elites in FYROM to comply to EU's

democratization reforms while the membership prospect was not a plausible option. FYROM presents a case where the EU failed to offer credible membership prospect which weakened further the role of democracy aid programs. Similar to Serbia's case, the EU emphasized securing stability as the principal goal. Both these cases provide empirical evidence that the EU has not given priority to democratization reforms, despite the ongoing programs of assistance to democracy. However, EU's efforts with Przno Agreement in FYROM present a successful case with the end of 'stabilitocracy', an agreement that focuses directly on components of democracy such as the level of playing field – electoral competitions, elections and parliament. It ended political crisis that plagued the country for many years. This showed that when EU intervenes directly and prioritizes the establishment of democratic institution and implementation of reforms, democratic institutions take root.

CHAPTER 6

DISCUSSION AND CONCLUSION

In this thesis, I conducted a comparative study to understand the relationship between democracy assistance and the democracy level. The research employed a combined methods strategy by using both quantitative and qualitative techniques for the analysis. I choose combined method strategy to understand in-depth the causal mechanisms and the process patterns and to fill the gaps that each method has when utilized individually. At the beginning I underlined, that the there is no well-established theory explaining the relationship between the democracy aid and the democratization processes; then I reasoned that EU is the second most important donor worldwide; and, the Western Balkan Six have been recipient to EU aid for the longest period, apart from the EU members and Turkey. Further, drawing from European Enlargement and democracy assistance literature and from a rational perspective, I test the hypothesis that EU's democracy aid enhances the level of democratization in the WB6.

In the first part of the study, I replicated and extended the study by Grimm and Mathis (2017). The findings from the statistical analysis reject the hypothesis displaying no significant positive relationship between democratization and democracy aid, controlling for other factors. To measure the democracy level, I utilized the V-Dem Electoral Index, V-dem Liberal Index, Polity IV and Freedom House. The results are not entirely unified, but this is evident given that the indices measure various components of democracy (see Appendix for details). Moreover, the findings are in line with other indices such as Nations in Transit

(2016), who report that the region has experienced a serious democracy rollback throughout these years., which has brought the overall democracy average to the same level as that of 2004. Also, with the arguments of several authors who demonstrate that democracy aid does not enhance democratization significantly (Knack, 2004; Grimm & Mathis, 2017; Altunbaş and Thornton (2014).

To further unravel the mechanisms behind the democratization processes and the EU's, the second part traces the process of accession and democratization in Serbia and FYROM. From the analysis, I purport that the main reason why the democracy assistance has proved inefficient is due to the EU's lack of credible and consistent commitments to provide an impetus for the WB6, to foster democratic reforms. To understand better the relationship between the EU and the WB6, I use a slightly novel term 'stabilitocracy' which refers to the type of regimes that WB government have turned to – regimes dominated by illiberal practices with undemocratic political elites who use the European rhetoric and give the false promise to secure stability only to bypass the consolidation of democratic principles.

Employing Most Similar System Design (MSSD) approach I traced the process of the democratic consolidation process of Serbia and Macedonia related to their accession to the EU. I argued that Serbia and FYROM are similar in many aspects, at least for the variables under study, a key difference is their level in the accession process. In the case of FYROM, the role of veto players has hindered the power of the EU to provide credible commitments for membership prospect, which has blocked FYROM integration process for a decade. Serbia is among the most successful countries in WB6 in the accession stage mainly because the EU has provided membership perspective. Despite these developments, both countries have experienced a serious democratic backslide and have displayed tendencies toward authoritarian rule. This demonstrates that democracy assistance has not played any role because It has not been given primacy throughout the EU accession process. Serbia has proceeded in the accession process while experiencing democracy rollback and FYROM has received democracy assistance and EU's support despite illiberal democratic practices in place. The EU's 'carrot' and 'stick' approach has not been put to work. The conflicting goals of the EU have hindered the effectiveness of democracy aid. Only when the EU prioritizes democratic reforms for the accession process, such as the Pržno agreement in FYROM,

democratic institutions are consolidated. Hence, FYROM is the first country where 'stabilitocracy' ended.

Moreover, these findings coincide with the empirical realities in the other countries of the Western Balkan Six. Choosing other countries to trace their accession process and democracy funds would display similar patterns. Nations in Transit (2016) reports, state that in the past six years the leaders of the WB6, have turned the EU's support into a personal advantage, by using EU's assistance to enhance their individual interests and strengthen their role at the domestic level.

Montenegro's Prime Minister Milo Đukanović has successfully managed to open several acquis chapters and preceded in the EU accession process faster than any other country in the WB6, despite corruption allegations and being the sole prime minister in power since 1991. On the other hand, Transparency International reports (2016) note that Albania - an EU candidate member country and a recipient of EU aid programs for almost three decades, is among the most corrupted countries in Europe, dealing with massive organized crime issues. While, Kosovo and BiH, among countries where EU has intervened most heavily, both suffer endemic corruption, political violence, political polarization, and a failed judiciary system. These instances not only raise to question of the linkage of democratization with democracy aid but the entire EU accession process.

Possible other explanations, that we can account for, may be that the EU is itself caught up in its own internal crisis - the rise of right-wing populism, the evident democratic recession taking root in the Central Eastern European countries (The WB6 neighbor) and the global democratic backslide trend (Diamond 2015). However, this study brings us a step closer to understand the complex dynamics of democracy and aid. A further step of this study is to trace the European Union's democracy assistance in ten of the Central Eastern European countries (CEEC) prior to 2004, the year they became official members of the EU, and compare their experience with the Western Balkans, extending the time frame and the number of countries. Another possible extension of this study is to analyze European Union's specific programs such as in Public Administration, Rule of Law, Transitional Justice etc.

First, to assess the relation between democracy aid and democracy level I meticulously compiled the data as the European Union does not provide a comprehensive

table of funds for the years 1994-2016. For the aid programs, I extracted the information mostly from the annual progress reports, regional and country strategic papers and multi-annual indicative planning documents. Important to mention, programs such as PHARE, CARDS, and IPA are non-homogenous in nature and there were changes in the statistical sectorial classification over the year. Following Grimm and Mathis (2017) classification I aggregated the data into democracy aid and development aid. Nonetheless, gaps in the data exist, considering also that the funds are not always 100% implemented as in the period of allocation. Amounts of funds which are not implemented for different reasons are in between 5 and 10 % of the overall allocation (Hockley, 2018). Hence, the data is not 100% accurate, but 5-10% changes in values would not change the results significantly.

Another limitation of the study, since I focus solely on the EU as the main donor and its influence in the WB6, the findings may overestimate the influence of the EU, the incentives of democratization with the WB6 introducing the omitted variable bias. Second, one may argue that findings are confined only to countries with the membership perspective, not for the non-candidate countries. However, when it comes to breadth vs. depth dilemma, for the scientific research it is crucial to plunge deeper on the issue under scrutiny, to be able to understand the causality behind the mechanisms analyzed. Even more so for such complex issues as democratization. Besides, the relationship between the EU and the WB6 is important to be assessed, considering the increasing number of ties between the two. If we do not observe a consistent positive relationship between the variables under study in this case – where the donor and the recipient are interconnected in many levels, it is unlikely that such a relationship can be observed in cases where the interaction is lower and less consistent.

Hence, this study has several political implications. First and foremost, for donors who pledge democracy aid; donors must recognize the conflicting goals and prioritize accordingly. In unstable regimes, ensuring stability may be crucial in the short term. However, investing in the establishment of democratic institutions, rule of law and human rights may enhance the stability of a regime for a longer haul. Second, as many authors argue, external assistance is a dynamic between domestic and foreign actors (Grimm & Leininger, 2012). External actors, such as the EU, are the driving force who encourage reforms and provide technical assistance, yet, the domestic actors are in charge to implement and ensure the effectiveness of these programs. Hence, domestic stakeholders' preferences,

strategic interests, short-term and long-term goals should be taken into account and should be aligned with the EU's objectives in promoting democratization reforms.

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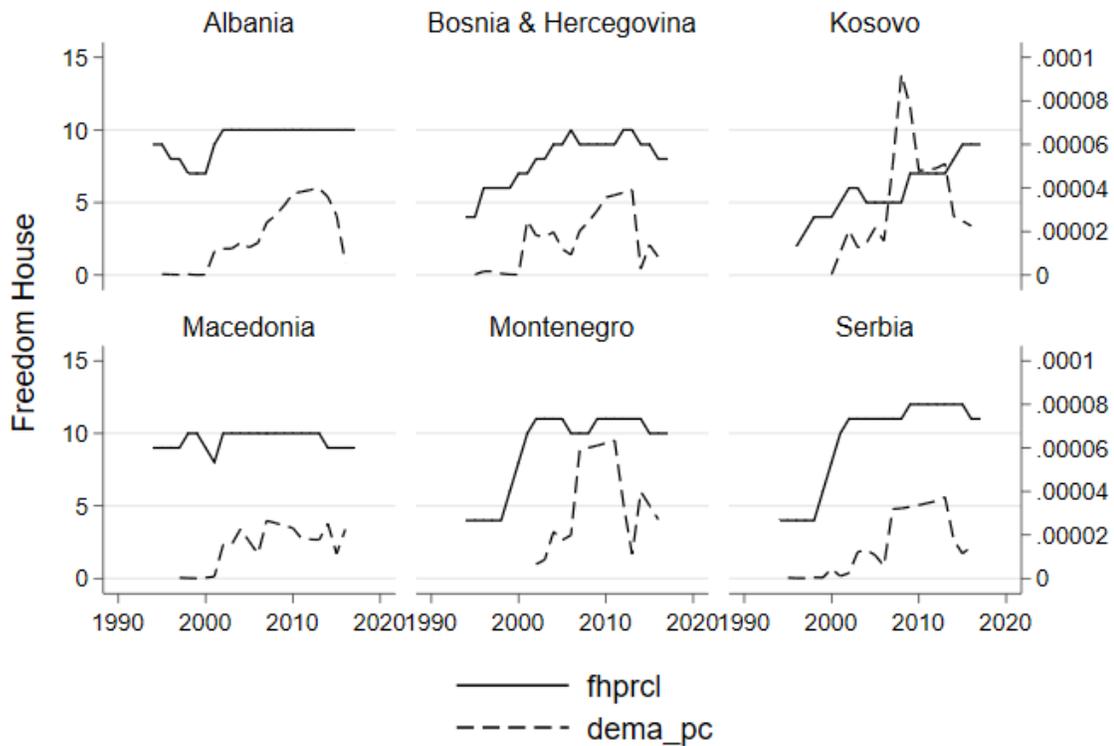
APPENDIX

Table 1: Summary Statistics of the Main Variables

Variable	Obs	Mean	Std. Dev.	Min	Max
Democracy (vdem)	128	.4850503	.1095141	.1926504	.6768776
Democracy Assistance dema_pc	117	.0000211	.0000183	6.52e-08	.0000921
Development Assistance deva_pc	119	.0000297	.0000508	1.40e-06	.0003955
GDP per capita gdp_pc	125	3469.666	1817.713	318.02	7378.345

Figures in USD Dollars (2013)

Table 2: The Association of Democracy Assistance with *Freedom House Index* scores for each country.



Graphs by cntry

Hausman Test

Table 3: Hausman Test with **V-dem Electoral Democracy** Index

Coefficients					
	(b)	(B)	(b-B)	sqrt(diag(V_b	V_B))
	fixed	random	Difference	S.E.	
dema_pc					
L2.	1007.381	922.5736	84.80773	134.2301	
deva_pc					
L2.	80.43767	67.49831	12.93936	29.23916	
loggdp					
L2.	-9.819991	-7.955434	-1.864557	2.96079	

b = consistent under Ho and Ha; obtained from xtreg
 B = inconsistent under Ha, efficient under Ho; obtained from xtreg
 Test: Ho: difference in coefficients not systematic

$$\chi^2(3) = (b-B)'[(V_b-V_B)^{-1}](b-B)$$

$$= 0.47$$
 Prob>chi2 = 0.9253

Table 4: Hausman Test with **Freedom House Democracy** Index

Coefficients ----				
	(b)	(B)	(b-B)	sqrt(diag(V_b
	fixed	random	Difference	S.E.
dema_pc				
L2.	48155.97	18032.85	30123.13	.
deva_pc				
L2.	-1282.927	-8443.184	7160.257	.
loggdp				
L2.	-164.6706	111.5155	-276.1861	108.1024

b = consistent under Ho and Ha; obtained from xtreg
 B = inconsistent under Ha, efficient under Ho; obtained from xtreg
 Test: Ho: difference in coefficients not systematic

$$\chi^2(3) = (b-B)'[(V_b-V_B)^{-1}](b-B)$$

$$= -34.32 \quad \chi^2 < 0 \implies \text{model fitted on these}$$
 data fails to meet the asymptotic
 assumptions of the Hausman test;
 see suest for a generalized test

Table 5: Hausman Test with **Polity IV** Index

Coefficients				
	(b)	(B)	(b-B)	sqrt(diag(V b-V B))
	fixed	random	Difference	S.E.
dema_pc				
L2.	71031.11	64546.95	6484.161	9794.902
deva_pc				
L2.	7419.82	6477.326	942.4935	2009.828
loggdg				
L2.	-39.82162	32.687	-72.50862	205.9216

b = consistent under Ho and Ha; obtained from xtreg
 B = inconsistent under Ha, efficient under Ho; obtained from xtreg
 Test: Ho: difference in coefficients not systematic
 $\chi^2(3) = (b-B)'[(V_b-V_B)^{-1}](b-B)$
 $= 0.80$
 Prob>chi2 = 0.8486

Different Lag- Structures with V-Dem Electoral Democracy Index (Linear Models)

Table 6: Bivariate Regression. Association of V-Dem Electoral Democracy Index scores with Democracy Assistance.

	(1)	(2)	(3)	(4)
	vdem	vdem	vdem	vdem
L.dema_pc	1186.1** (405.8)			
L2.dema_pc		521.0 (391.6)		
L3.dema_pc			84.72 (377.9)	
L4.dema_pc				-378.5 (359.5)
_cons	0.473*** (0.0361)	0.492*** (0.0365)	0.506*** (0.0374)	0.520*** (0.0388)
<i>Observations</i>	111	105	99	93

Standard errors in parentheses
 * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 7: Multivariate Regression (Democracy Assistance, Development Assistance)

	(1)	(2)	(3)	(4)
	vdem	vdem	vdem	vdem
L.dema_pc	787.8 (458.6)			
L.deva_pc	-320.9 (176.5)			
L2.dema_pc		559.9 (448.3)		
L2.deva_pc		30.79 (172.0)		
L3.dema_pc			51.14 (436.8)	
L3.deva_pc			-25.91 (165.9)	
L4.dema_pc				-507.0 (412.9)
L4.deva_pc				-97.55 (152.4)
_cons	0.490*** (0.0384)	0.491*** (0.0385)	0.507*** (0.0391)	0.526*** (0.0398)
<i>Observations</i>	110	105	99	93

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 8: Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP)

	(1) vdem	(2) vdem	(3) vdem	(4) vdem
L.dema_pc	1083.7* (541.3)			
L.deva_pc	-289.6 (178.0)			
L.loggdp	-6.502 (6.536)			
L2.dema_pc		922.6 (531.7)		
L2.deva_pc		67.50 (172.9)		
L2.loggdp		-7.955 (6.486)		
L3.dema_pc			353.3 (528.8)	
L3.deva_pc			5.128 (167.5)	
L3.loggdp			-6.531 (6.646)	
L4.dema_pc				-348.2 (535.4)
L4.deva_pc				-83.17 (154.8)
L4.loggdp				-3.143 (6.875)
_cons	0.499*** (0.0467)	0.500*** (0.0464)	0.515*** (0.0469)	0.529*** (0.0455)
<i>N</i>	110	105	99	93

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 9: Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective)

	(1) vdem	(2) vdem	(3) vdem	(4) vdem
L.dema_pc	-820.6 (933.9)			
L.deva_pc	-441.9 (420.5)			
L.loggdp	1.380 (3.914)			
L.accp	0.0748* (0.0335)			
0bL.(accp *dema_pc)	3535.7 (2550.8)			
1L.(accp*dem a_pc)	302.7 (933.7)			
L2.dema_pc		-788.7 (761.4)		
L2.deva_pc		-241.9 (240.2)		
L2.loggdp		0.843 (4.021)		
L2.accp		0.0710 (0.0363)		
0bL2.(accp*de ma_pc)		4498.5* (2092.5)		
1L2.(accp*de ma_pc)		428.3 (749.9)		
L3.dema_pc			-1074.5 (746.3)	
L3.deva_pc			-328.6 (241.0)	
L3.loggdp			1.801 (4.323)	
L3.accp			0.0530 (0.0416)	
0bL3.(accp*de ma_pc)			4130.3 (2228.3)	
1L3.(accp*de ma_pc)			463.2 (739.3)	
L4.dema_pc				-1092.6

L4.deva_pc				(795.9)
				-458.0
				(245.4)
L4.loggdp				2.930
				(4.834)
L4.accp				0.00808
				(0.0476)
0bL4(accp*de				2736.9
ma_pc)				(2499.6)
1L4.				593.7
(accp*dema_p				(778.2)
c)				
_cons	0.461***	0.455***	0.476***	0.512***
	(0.0293)	(0.0264)	(0.0298)	(0.0333)
<i>N</i>	109	105	99	93

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Robustness Tests with Polity IV Data, Freedom House Index and V-Dem Liberal Democracy Index

Table 10: Association with **Polity Index** scores, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Linear Regression Model.

	(1)	(2)	(3)	(4)	(5)
	polityIV	polityIV	polityIV	polityIV	polityIV
L2.dema_pc	59574.5***	66819.2***	64546.9***	11681.7	205999.7*
	(14841.2)	(16388.8)	(18929.9)	(18133.8)	(84824.6)
L2.deva_pc		6765.0	6477.3	9511.5	10011.4
		(6722.9)	(6841.2)	(6124.5)	(5965.5)
L2.loggdp			32.69	48.83	56.76
			(169.6)	(96.87)	(94.36)
L2.accp				3.297***	4.133***
				(0.732)	(0.797)
1L2.accp#c					-202000.1*
L2.dema_pc					(86247.7)
_cons	6.147***	5.801***	5.777***	4.523***	3.887***
	(0.676)	(0.828)	(0.804)	(0.550)	(0.600)

<i>N</i>	86	86	86	86	86
r2_w	0.163	0.175	0.174	0.353	0.395
r2_o	0.155	0.164	0.168	0.337	0.380
r2_b	0.135	0.154	0.185	0.278	0.319
sigma_u	1.145	1.381	1.231	0	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 11: Association with **Polity Index** scores, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Logarithmic Variable Specification.

	(1)	(2)	(3)	(4)
	polityIV	polityIV	polityIV	polityIV
L2.logdema	59574.5*** (14841.2)	66819.2*** (16388.8)	64546.9*** (18929.9)	205999.7* (84824.6)
L2.logdeva		6765.0 (6722.9)	6477.3 (6841.2)	10011.4 (5965.5)
L2.loggdp			32.69 (169.6)	56.76 (94.36)
L2.accp				4.133*** (0.797)
1L2.accp#c L2.logdema				-202000.1* (86247.7)
_cons	6.147*** (0.676)	5.801*** (0.828)	5.777*** (0.804)	3.887*** (0.600)
<i>N</i>	86	86	86	86
r2_w	0.163	0.175	0.174	0.395
r2_o	0.155	0.164	0.168	0.380
r2_b	0.135	0.154	0.185	0.319
sigma_u	1.145	1.381	1.231	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 12: Association with **Polity IV Index** scores, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Quadratic Variable Specification.

	(1)	(2)	(3)	(4)
	polityIV	polityIV	polityIV	polityIV
L2.dema_pc	174675.3*** (32730.4)	198404.8*** (34701.4)	206643.5*** (38186.7)	210091.3* (85477.2)
L2.dema2	- 1.79146e+09** * (462939333.2)	- 1.88560e+09** * (462077386.9)	- 2.03657e+09** * (491933600.0)	-648011058.8 (682053502.0)
L2.deva_pc		30936.2 (18934.9)	41795.4* (19184.2)	35187.6 (18867.7)
L2.deva2		-57112645.0 (47118340.8)	-87519420.2 (48887158.7)	-67093070.8 (48246461.5)
L2.loggdp			-13.13 (104.8)	-0.892 (101.8)
L2.accp				3.270** (1.147)
1L2.accp#c L2.dema_pc				-140581.6 (98584.2)
_cons	5.184*** (0.706)	4.088*** (0.893)	3.897*** (0.699)	3.361*** (0.701)
N	86	86	86	86
r2_w	0.291	0.319	0.310	0.397
r2_o	0.283	0.329	0.335	0.399
r2_b	0.253	0.372	0.447	0.401
sigma_u	1.167	1.049	0	0

Table 13: Association with **V-Dem Liberal Democracy** Index scores, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Linear Regression Model.

	(1)	(2)	(3)	(4)	(5)
	vdemL	vdemL	vdemL	vdemL	vdemL
L2.dema_pc	689.4 (410.5)	624.8 (470.5)	917.7 (551.4)	478.2 (594.2)	440.5 (2477.1)
L2.deva_pc		-40.01 (181.9)	-0.789 (183.0)	60.64 (187.3)	-318.2 (225.1)
L2.loggdp			-5.598 (6.162)	-5.982 (5.948)	3.178 (3.737)
L2.accp				0.0331 (0.0200)	0.0320 (0.0298)
0bL2.accp# coL2.dema_ pc					0 (.)
1L2.accp#c L2.dema_pc					-1011.9 (2548.1)
_cons	0.367*** (0.0309)	0.369*** (0.0271)	0.375*** (0.0324)	0.361*** (0.0306)	0.374*** (0.0228)
<i>N</i>	105	105	105	105	105
r2_w	0.0293	0.0287	0.0452	0.0732	0.0244
r2_o	0.00618	0.00990	0.0000980	0.00245	0.0516
r2_b	0.0123	0.00360	0.123	0.134	0.211
sigma_u	0.0704	0.0541	0.0674	0.0586	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 14: Association with **V-Dem Liberal Democracy** Index scores, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Logarithmic Variable Specifications.

	(1)	(2)	(3)	(4)
	vdemL	vdemL	vdemL	vdemL
L2.logdema	689.4 (410.5)	624.8 (470.5)	917.7 (551.4)	440.5 (2477.1)
L2.logdeva		-40.01 (181.9)	-0.789 (183.0)	-318.2 (225.1)
L2.loggdp			-5.598 (6.162)	3.178 (3.737)
L2.accp				0.0320 (0.0298)
0bL2.accp# coL2.logde ma				0 (.)
1L2.accp#c L2.logdema				-1011.9 (2548.1)
_cons	0.367*** (0.0309)	0.369*** (0.0271)	0.375*** (0.0324)	0.374*** (0.0228)
<i>N</i>	105	105	105	105
r2_w	0.0293	0.0287	0.0452	0.0244
r2_o	0.00618	0.00990	0.0000980	0.0516
r2_b	0.0123	0.00360	0.123	0.211
sigma_u	0.0704	0.0541	0.0674	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 15: Association with **V-Dem Liberal Democracy** Index scores, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Quadratic Variable Specifications.

	(1)	(2)	(3)	(4)
	vdemL	vdemL	vdemL	vdemL
L2.dema_pc	1781.3 (918.4)	1577.3 (1049.9)	2079.0 (1130.4)	63.89 (2544.4)
L2.dema2	-18096716.4 (13632549.6)	-16777194.0 (14121437.0)	-18489880.0 (14082758.4)	-2833874.3 (25174556.9)
L2.deva_pc		-260.3 (435.9)	-124.3 (446.3)	-1111.5* (545.2)
L2.deva2		800768.4 (1159682.8)	529861.4 (1172449.1)	2376413.7 (1484144.4)
L2.loggdp			-7.179 (6.643)	4.911 (3.880)
L2.accp				0.0219 (0.0411)
1L2.accp#c L2.dema_pc				-755.8 (2929.8)
_cons	0.359*** (0.0315)	0.367*** (0.0348)	0.371*** (0.0412)	0.396*** (0.0269)
<i>N</i>	105	105	105	105
r2_w	0.0457	0.0497	0.0684	0.0227
r2_o	0.0186	0.0293	0.00113	0.0765
r2_b	0.00497	0.000762	0.0939	0.364

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 16: Association with **Freedom House** Index scores, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Linear Model.

	(1)	(2)	(3)	(4)	(5)
	fhprcl	fhprcl	fhprcl	fhprcl	fhprcl
L2.dema_pc	42389.4*** (7461.6)	37304.6*** (8644.4)	18032.8 (10447.1)	-16329.5 (11965.7)	8950.5 (44654.3)
L2.deva_pc		-3255.8 (3345.6)	-8443.2* (3728.4)	-12325.4** (4002.4)	-12034.2** (4045.4)
L2.loggdp			111.5 (78.04)	157.2* (64.37)	159.3* (64.67)
L2.accp				1.130* (0.459)	1.281* (0.527)
1L2.accp*d ema_pc					-26961.7 (45872.0)
_cons	8.194*** (0.636)	8.403*** (0.516)	8.747*** (0.350)	8.754*** (0.362)	8.641*** (0.410)
<i>N</i>	111	110	110	110	110
r2_w	0.246	0.247	0.189	0.160	0.172
r2_o	0.0503	0.0729	0.152	0.230	0.233
r2_b	0.107	0.0669	0.133	0.487	0.464
sigma_u	1.465	1.032	0.363	0	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 17: Association with **Freedom House** Index scores, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Logarithmic Variable Specification.

	(1)	(2)	(3)	(4)
	fhprcl	fhprcl	fhprcl	fhprcl
L2.logdema	42389.4*** (7461.6)	37304.6*** (8644.4)	18032.8 (10447.1)	8950.5 (44654.3)
L2.logdeva		-3255.8 (3345.6)	-8443.2* (3728.4)	-12034.2** (4045.4)
L2.loggdp			111.5 (78.04)	159.3* (64.67)
L2.accp				1.281* (0.527)
0bL2.accp# coL2.logdema				0 (.)
1L2.accp#c L2.logdema				-26961.7 (45872.0)
_cons	8.194*** (0.636)	8.403*** (0.516)	8.747*** (0.350)	8.641*** (0.410)
<i>N</i>	111	110	110	110
r2_w	0.246	0.247	0.189	0.172
r2_o	0.0503	0.0729	0.152	0.233
r2_b	0.107	0.0669	0.133	0.464
sigma_u	1.465	1.032	0.363	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 18: Association with **Freedom House** Index scores, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Quadratic Variable Specification.

	(1)	(2)	(3)	(4)
	fhprcl	fhprcl	fhprcl	fhprcl
L2.dema_pc	99411.8*** (15483.6)	84441.1*** (19609.5)	81892.3*** (20412.3)	17482.2 (44495.0)
L2.dema2	- 940986644.4** *	- 934342641.4** *	- 904027760.1** *	-861643661.1* (432753433.7)
L2.deva_pc		-13804.1 (8024.1)	-14012.9 (8145.7)	-29533.7** (9404.8)
L2.deva2		29960217.2 (21625271.5)	32353205.5 (21595926.4)	53635230.7* (25683304.4)
L2.loggdp			53.16 (88.39)	196.1** (65.60)
L2.accp				0.196 (0.700)
1L2.accp#c L2.dema_pc				24122.2 (50909.3)
_cons	7.741*** (0.641)	8.379*** (0.448)	8.279*** (0.466)	9.115*** (0.467)
N	111	110	110	110
r2_w	0.349	0.348	0.344	0.208
r2_o	0.134	0.190	0.205	0.295
r2_b	0.0523	0.00141	0.0292	0.611
sigma_u	1.469	0.464	0.576	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Comparing V-dem Electoral Index, Polity IV, Freedom House & V-Dem Liberal Index

Table 19: Association with Democracy, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Linear Model.

	(1)	(2)	(3)	(4)
	vdem	fhprcl	polityIV	vdemL
L2.dema_pc	507.5 (2678.2)	8966.9 (45530.0)	206028.6* (85346.0)	440.5 (2477.1)
L2.deva_pc	-147.5 (243.4)	-11960.2** (4137.8)	10022.4 (6002.6)	-318.2 (225.1)
L2.loggdp	1.099 (4.040)	167.6* (68.68)	56.15 (95.01)	3.178 (3.737)
L2.accp	0.0447 (0.0323)	1.249* (0.549)	4.151*** (0.810)	0.0320 (0.0298)
1L2.accp#c L2.dema_pc	-997.6 (2754.9)	-26677.5 (46834.3)	-202347.1* (86804.4)	-1011.9 (2548.1)
_cons	0.483*** (0.0246)	8.633*** (0.419)	3.887*** (0.603)	0.374*** (0.0228)
<i>N</i>	105	105	85	105
r2_w	0.0511	0.169	0.389	0.0244
r2_o	0.0354	0.232	0.379	0.0516
r2_b	0.0569	0.460	0.348	0.211
sigma_u	0	0	0	0

Standard errors in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 20: Considering that **Polity IV** values for Bosnia & Hercegovina are missing, to compare V-dem Electoral Democracy Index with Polity IV I dropped all observations for BiH, and the results are as follows:

	(1) vdem	(2) polityIV
L2.dema_pc	4979.9 (2709.8)	206028.6* (85346.0)
L2.deva_pc	-113.9 (190.6)	10022.4 (6002.6)
L2.loggdp	-4.095 (3.017)	56.15 (95.01)
L2.accp	0.0805** (0.0257)	4.151*** (0.810)
1L2.accp#c L2.dema_pc	-5850.5* (2756.1)	-202347.1* (86804.4)
_cons	0.508*** (0.0192)	3.887*** (0.603)
<i>N</i>	85	85

Standard errors in parentheses
 * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Regression with variables based on EUR specification

Table 21: Association with Democracy, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Linear Regression Model in EUR.

	(1)	(2)	(3)	(4)	(5)
	vdem	vdem	vdem	vdem	vdem
L2.dema_pc_euro	687.4 (516.7)	738.7 (591.4)	1216.8 (701.5)	381.9 (752.5)	669.7 (3533.6)
L2.deva_pc_euro		40.63 (227.0)	89.07 (228.2)	162.2 (237.8)	-194.6 (321.1)
L2.loggdp_eur			-10.45 (8.519)	-8.164 (7.333)	1.444 (5.308)
L2.accp				0.0398* (0.0193)	0.0447 (0.0323)
1L2.accp*dema_pc_euro					-1316.2 (3634.8)
_cons	0.492*** (0.0365)	0.491*** (0.0385)	0.500*** (0.0464)	0.481*** (0.0281)	0.483*** (0.0246)
<i>N</i>	105	105	105	105	105
r2_w	0.0179	0.0184	0.0370	0.0789	0.0511
r2_o	0.00500	0.00337	0.000339	0.00792	0.0354
r2_b	0.000338	0.00190	0.0221	0.0197	0.0569
sigma_u	0.0854	0.0877	0.107	0.0513	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 22: Association with Democracy, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Logarithmic Variable Specifications in EUR.

	(1)	(2)	(3)	(4)
	vdem	vdem	vdem	vdem
L2.log_dem a_eur	687.4 (516.7)	738.7 (591.4)	1216.8 (701.5)	669.7 (3533.6)
L2.log_dev a_eur		40.63 (227.0)	89.07 (228.2)	-194.6 (321.1)
L2.loggdp_ eur			-10.45 (8.519)	1.444 (5.308)
L2.accp				0.0447 (0.0323)
1L2.accp * log_dema_e ur				-1316.2 (3634.8)
_cons	0.492*** (0.0365)	0.491*** (0.0385)	0.500*** (0.0464)	0.483*** (0.0246)
<i>Observations</i>	105	105	105	105
r2_w	0.0179	0.0184	0.0370	0.0511
r2_o	0.00500	0.00337	0.000339	0.0354
r2_b	0.000338	0.00190	0.0221	0.0569
sigma_u	0.0854	0.0877	0.107	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 23: Association with Democracy, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Quadratic Variable Specifications in EUR.

	(1) vdem	(2) vdem	(3) vdem	(4) vdem
L2.dema_pc_euro	2549.2*	2629.0*	3394.7*	509.5
	(1143.2)	(1298.7)	(1409.4)	(2072.9)
L2.dema2_eur	-40769783.9	-41303773.7	-44937701.7	205051421.3
	(22398815.2)	(23005094.9)	(23057842.2)	(196819462.4)
L2.deva_pc_euro		-61.06	121.1	166.3
		(540.9)	(554.8)	(581.6)
L2.deva2_eur		673382.6	177910.1	162376.2
		(1894032.1)	(1920283.0)	(2001927.3)
L2.loggdp_eur			-11.78	-7.493
			(8.634)	(7.538)
L2.accp				0.0485
				(0.0291)
1L2.accp#c L2.dema2_eur				-211179274.6
				(179280165.0)
_cons	0.482***	0.481***	0.488***	0.472***
	(0.0369)	(0.0478)	(0.0481)	(0.0314)
<i>N</i>	105	105	105	105
r2_w	0.0500	0.0538	0.0764	0.106
r2_o	0.0183	0.0173	0.00109	0.00496
r2_b	0.00246	0.00830	0.0252	0.0674
sigma_u	0.0854	0.107	0.107	0.0513

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Capturing Change in V-Dem Elecotral Democracy Index by using ‘change in V-dem from previous year’ as a control variable

Table 24: Association with Democracy, Multivariate Regression (V-Dem Index lagged by one year, Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Linear Regression Model.

	(1) vdem	(2) vdem	(3) vdem	(4) vdem	(5) vdem
L.vdem	0.890*** (0.0373)	0.895*** (0.0395)	0.935*** (0.0339)	0.946*** (0.0344)	0.949*** (0.0345)
L2.dema_pc	-405.0* (193.7)	-156.5 (203.3)	-81.28 (218.5)	99.23 (249.1)	-885.1 (912.9)
L2.deva_pc		290.4*** (82.86)	303.7*** (82.88)	280.8*** (83.83)	270.6** (84.22)
L2.loggdp			-1.125 (1.378)	-0.935 (1.376)	-1.028 (1.377)
L2.accp				-0.0145 (0.00979)	-0.0207 (0.0112)
1L2.accp#c L2.dema_pc					1054.0 (940.6)
_cons	0.0670*** (0.0189)	0.0517* (0.0211)	0.0315 (0.0182)	0.0327 (0.0181)	0.0357 (0.0183)
N	105	105	105	105	105
r2_w	0.740	0.767	0.768	0.769	0.767
r2_o	0.870	0.885	0.886	0.888	0.889
r2_b	0.981	0.989	0.991	0.992	0.993

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 25: Association with Democracy, Multivariate Regression (V-Dem Index lagged by one year, Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Logarithmic Variable Specifications.

	(1) vdem	(2) vdem	(3) vdem	(4) vdem
L.vdem	0.890*** (0.0373)	0.895*** (0.0395)	0.935*** (0.0339)	0.949*** (0.0345)
L2.logdema	-405.0* (193.7)	-156.5 (203.3)	-81.28 (218.5)	-885.1 (912.9)
L2.logdeva		290.4*** (82.86)	303.7*** (82.88)	270.6** (84.22)
L2.loggdp			-1.125 (1.378)	-1.028 (1.377)
L2.accp				-0.0207 (0.0112)
1L2.accp#c L2.logdema				1054.0 (940.6)
_cons	0.0670*** (0.0189)	0.0517* (0.0211)	0.0315 (0.0182)	0.0357 (0.0183)
<i>N</i>	105	105	105	105
r2_w	0.740	0.767	0.768	0.767
r2_o	0.870	0.885	0.886	0.889
r2_b	0.981	0.989	0.991	0.993
sigma_u	0.00502	0.00893	0	0

Standard errors in parentheses
 * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 26: Association with Democracy, Multivariate Regression (V-Dem Index lagged by one year, Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Quadratic Variable Specifications.

	(1)	(2)	(3)	(4)
	vdem	vdem	vdem	vdem
L.vdem	0.909*** (0.0377)	0.950*** (0.0310)	0.949*** (0.0312)	0.954*** (0.0316)
L2.dema_pc	-1390.4** (478.2)	-1545.1*** (450.5)	-1602.5*** (475.2)	-1539.1 (860.5)
L2.dema2	15548949.9* (6928165.3)	16893675.9** (6207899.4)	17058212.9** (6248502.0)	10981728.6 (8503123.3)
L2.deva_pc		-438.6* (172.2)	-460.8* (181.9)	-486.2** (184.2)
L2.deva2		2164869.4*** (476478.1)	2217812.7*** (497008.7)	2259270.8*** (501034.1)
L2.loggdp			0.511 (1.295)	0.621 (1.311)
L2.accp				-0.0153 (0.0140)
1L2.accp#c				514.7
L2.dema_pc				(989.8)
_cons	0.0659*** (0.0186)	0.0526** (0.0169)	0.0535** (0.0171)	0.0551** (0.0173)
N	105	105	105	105
r2_w	0.745	0.799	0.799	0.800
r2_o	0.877	0.908	0.908	0.909
r2_b	0.987	0.997	0.997	0.997
sigma_u	0.00511	0	0	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Capturing Change in V-Dem Electoral Democracy Index by using ‘change in V-dem from previous year’ as the Dependent variable

Table 27: Association with Change in Democracy from the previous year, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Linear Regression Model.

	(1)	(2)	(3)	(4)
	change_democ	change_democ	change_democ	change_democ
L2.dema_pc	-464.1* (193.7)	-203.1 (198.3)	-91.30 (221.3)	-960.4 (917.1)
L2.deva_pc		332.7*** (81.80)	340.9*** (81.57)	293.2*** (83.34)
L2.loggdp			-1.314 (1.393)	-1.143 (1.383)
L2.accp				-0.0242* (0.0110)
1L2.accp#c L2.dema_pc				1165.0 (943.3)
_cons	0.0130* (0.00555)	-0.00114 (0.00676)	-0.00109 (0.00624)	0.0115 (0.00844)
<i>N</i>	105	105	105	105
r2_w	0.0889	0.202	0.203	0.232
r2_o	0.0528	0.186	0.193	0.231
r2_b	0.0966	0.0135	0.193	0.317
sigma_u	0	0.00490	0	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 28: Association with Change in Democracy from the previous year, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Logarithmic Variable Specifications.

	(1)	(2)	(3)	(4)
	change_democ	change_democ	change_democ	change_democ
L2.logdema	-464.1* (193.7)	-203.1 (198.3)	-91.30 (221.3)	-960.4 (917.1)

L2.logdeva		332.7*** (81.80)	340.9*** (81.57)	293.2*** (83.34)
L2.loggdp			-1.314 (1.393)	-1.143 (1.383)
L2.accp				-0.0242* (0.0110)
1L2.accp#c				1165.0
L2.logdema				(943.3)
<hr/>				
_cons	0.0130* (0.00555)	-0.00114 (0.00676)	-0.00109 (0.00624)	0.0115 (0.00844)
<hr/>				
N	105	105	105	105
r2_w	0.0889	0.202	0.203	0.232
r2_o	0.0528	0.186	0.193	0.231
r2_b	0.0966	0.0135	0.193	0.317
sigma_u	0	0.00490	0	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 29: Association with Change in Democracy from the previous year, Multivariate Regression (Democracy Assistance, Development Assistance, Log of GDP, EU accession Perspective) based on Quadratic Variable Specifications.

	(1)	(2)	(3)	(4)
	change_democ	change_democ	change_democ	change_democ
L2.dema_pc	-1719.4*** (471.9)	-1682.9*** (445.8)	-1727.9*** (472.7)	-1195.4 (646.0)
L2.dema2	20021008.8** (6908753.1)	18668854.9** (6157985.9)	18813180.4** (6205239.0)	12950932.6 (7637467.7)
L2.deva_pc		-424.5* (173.4)	-441.2* (183.0)	-575.3 (356.3)
L2.deva2		2192691.4*** (479952.7)	2233204.1*** (501018.6)	3358982.5 (2857698.6)
L2.loggdp			0.388 (1.304)	0.720 (1.422)
L2.accp				-0.0162 (0.0115)
0bL2.accp# cL2.change_ _democ				-0.0867 (0.0928)
1L2.accp#c L2.change_ democ				-0.0323 (0.201)
_cons	0.0235*** (0.00646)	0.0287*** (0.00814)	0.0291*** (0.00828)	0.0353*** (0.00994)
N	105	105	105	104
r2_w	0.135	0.346	0.347	0.153
r2_o	0.125	0.359	0.359	0.155
r2_b	0.000131	0.774	0.829	0.384
sigma_u	0	0	0	0

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$