

BREAKING THE IMPASSE: EXPLOITING NEW OPPORTUNITIES TO STRENGTHEN EU – WESTERN BALKANS RELATIONS

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This discussion paper argues that successful economic and democratic transformation of the Western Balkans depends not only on a more coherent political engagement of the EU and its member states with the region, but also on a more effective use of the full range of tools within the enlargement policy toolbox. The revised methodology for accession negotiations and the recently announced Economic and Investment Plan (EIP) have the potential to revive the region's sluggish EU integration process. For these instruments to succeed, it would be essential to show that they help drive the process forward. This will only be the case if negotiations with Albania and North Macedonia are launched, i.e. the first Inter-governmental Conferences (IGCs) are held during the German presidency of the Council of the EU. In this way, the EU and its member states will show their actual commitment to the process and also likely incentivise the other countries in the region to speed up their domestic transformation processes in view of EU accession.

I. Recognise the risks associated with the widening of the democratic and economic convergence gap between the EU and the Western Balkans

With the endorsement of the revised accession methodology, the first half of 2020 promised to bring much needed boost to the EU-Western Balkans relations. However, the COVID-19 pandemic has created and is still creating devastating consequences for the economic and democratic consolidation of the Western Balkans. While countries that are strongly dependent on external sources of income, such as Montenegro and Albania, are likely to take the hardest hit¹; the entire region will likely see a sharp decline in economic growth next year.² This means that the already large socio-economic gap between the Western Balkans and the EU stands to widen due to the coronavirus crisis.³ In a similar vein, the pandemic is amplifying democratic structural weaknesses in these countries, particularly in terms of institutional checks and balances linked to dysfunctional national parliaments and judiciary.⁴ As revealed by the latest annual reports of the European Commission for the Western Balkan countries, with the To enhance political dialogue and thus strengthen the relationship between the EU and the Western Balkans, the Commission and the member states should expand

the scope and purpose of the Inter-governmental conferences (IGCs). Since the EU accession process concerns all segments of society, the IGCs should turn into a comprehensive platform for political exchange, including also members of the parliament, civil society and business community in the Balkan countries. Widening the currently narrow executive focus of negotiations by making the process more inclusive is likely to contribute to the sustainability of reforms post-accession through greater transparency and accountability. At the same time, greater public scrutiny of the negotiations would induce greater accountability and responsibility for the achieved results, or the lack of – both from the member states and the countries of the region. exception of North Macedonia and Albania, all of the other aspirants in the region have barely made any progress on the “fundamentals”, i.e. the functioning of the judiciary, fight against corruption and organised crime, freedom of expression, and public administration reform. According to the Commission's evaluations, neither the region's ‘frontrunners’ (Montenegro and Serbia) nor its ‘laggards’ (Bosnia-Herzegovina and Kosovo) have recorded tangible reform results over the past years. Such circumstances call for more effective use of the EU's existing and announced resources, which the following parts address.

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¹ “EBRD revises down economic forecasts amid continuing coronavirus uncertainty”, 1 October 2020 <https://www.ebrd.com/news/2020/ebrd-revises-down-economic-forecasts-amid-continuing-coronavirus-uncertainty.html>

² Current forecasts predict Serbia's fall of GDP by 2,5% in 2020; 5,5% for North Macedonia; 8% for Albania, 12% for Montenegro; 7,5% for Kosovo; and 6,5% for Bosnia and Herzegovina, based on IMF projections from October 2020. The World Bank projects the region's GDP 4,8% drop in 2020. <https://bit.ly/3g7zdhP>

³ In 2019, the average GDP PPP of the six Western Balkan countries has been 3 times smaller than the EU-28 average.

⁴ Think for Europe, “The Western Balkans and COVID-19: effects on good governance and rule of law”, June 2020, available at: <https://www.thinkforeurope.org/news/the-western-balkans-and-the-covid-19-effects-on-good-governance-rule-of-law-and-civil-society>

II. Induce political commitment by expanding the scope and purpose of the Intergovernmental conferences

The Commission's communication on the revised accession methodology, endorsed by the member states, recognises the questions of trust and "political steer" by both the member states and the six Western Balkan countries as one of the main stumbling blocks for the accession process.⁵ Indeed, the genuine commitment of the region's political leaders to EU integration is indispensable for progress in the fundamentals. However, it seems untenable to try to motivate the region's leaders to engage in reforms that might cost them their own power and privileges. This is all the more so if the prospect of EU membership – a potentially powerful incentive – is a constantly moving target and seems beyond reach.⁶ The broad societal support from the Western Balkans as well as the EU's commitment are needed to ensure the sustainability of the reforms.



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In line with the proposals in the revised methodology, the Commission and member states should prepare a detailed annual action plan for each country of the region.⁷ Inclusive discussions within the IGCs could help to identify the main obstacles in the process and those responsible for making headway – both on the side of the member states and of the candidates. The responsible actors should always be clearly named (and shamed). EU officials should be more outspoken and consistent in their public statements about the situation in the region.⁸ Such an approach would add to the transparency and accountability of the enlargement process, and consequently provide it with more dynamism, motivation, and positive competition.

In addition to holding Western Balkan governments accountable, the EU and its Member States ought to define the meaning of 'clear and objective' accession criteria, which have become elusive as member states' actions contradict the principle of not exploiting bilateral issues with EU aspirants during the accession process. Until this year, North Macedonia was stuck in a limbo for more than a decade because of a name dispute with Greece. New demands from Sofia could again obstruct its EU path in the future.⁹ Similarly, Kosovo's perennial *status quo* on visa liberalisation, despite the fact that it has fulfilled all required conditions, as indicated by the European Commission, offers a further example of how EU capitals interfere with established accession criteria. These obstacles are detrimental to the EU's credibility and of the accession process.

⁵ European Commission, "Enhancing the accession process - A credible EU perspective for the Western Balkans", 5 February 2020, p. 3 https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/enlargement-methodology_en.pdf

⁶ Think for Europe, "Recognise the benefits of integrating the Balkans in the EU", 6 March 2020 <https://www.thinkforeurope.org/news/to-recognise-the-benefits-of-integrating-the-rest-of-the-balkans-into-the-eu>

⁷ European Commission, op.cit., p. 4.

⁸ The recent interview of the Ambassador of Germany to Serbia in the daily newspaper "Blic" is a good-practice example in that respect, as it makes clear and unambiguous to the reader what the EU and Germany expect from the Serbia's political leadership and what consequences do positive and negative outcomes entail. Interview available at: <https://www.blic.rs/vesti/politika/nadam-se-brzom-kraju-pregovora-u-briselu-ekskluzivno-za-blic-ambasador-sib-o/xqfjbx6>

⁹ While Sofia is stalling the beginning of the talks with North Macedonia due to its demand for the country to accept that the two share the same history, Athens succeeded in convincing other Member State to include its demands regarding the protection of property rights of the Greek minority in Albania as part of the 15 pre-conditions Albania must meet before the first and second inter-governmental conferences.

III. Design the Roadmaps for the “fundamentals” in inclusive and evidence-based way

The revised methodology announces the introduction of roadmaps for the functioning of democratic institutions and public administration reform (PAR), in addition to the roadmap for the rule of law chapters in the accession process. While the inclusion of the former two areas as new elements of the fundamentals’ cluster is an opportunity to strengthen the EU conditionality on issues of democratic governance, their operationalisation in view of supporting democratisation processes will be a challenge due to the lack of common EU rules in this area. With this in mind, the new roadmaps should be carefully prepared and communicated with an input from the member states and the civil society of the region.

The new roadmaps on the functioning of democratic institutions have the potential to deal with some of the pressing needs of the region, such as improving parliamentary control and oversight, as well as the system of checks and balances. This approach would have a multiplier effect on the current reform efforts on public administration and rule of law. These roadmaps should also give a prominent role to parliamentary debates in the EU accession framework. To that end, greater engagement and socialisation with other member states’ national parliaments, including committees on EU affairs, is likely to be beneficial.

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In the field of public administration reform (PAR), the European Commission has a track record of monitoring the candidates’ cooperation with other initiatives, such as SIGMA, although this area is not regulated at the EU level. Given that the Western Balkan countries have already been subject to regional monitoring and benchmarking on PAR, the roadmaps for this policy area should be used to stimulate regional competition. These roadmaps at the same time should assist the candidate countries to transform their own policymaking systems, but also to assist them in adapting to the supranational arena of EU decision-making. For this purpose, PAR roadmaps should also have a strong socialisation dimension, through which the public servants of the Balkan aspirants will engage with their counterparts in the EU member states and at the EU level.

The roadmaps for Chapters 23 and 24 are likely to be similar to the ongoing negotiations. Yet, since these roadmaps will contain opening, interim and closing benchmarks, they are likely to carry the bulk of the fundamentals’ cluster. The benchmarks in this area should be clearly defined and agreed upon among the member states, should be measurable and lastly, well communicated.¹⁰ Finally, the success of these roadmaps will be much higher if the countries are engaged in the accession negotiations, once again pointing to the need to hold the first IGCs with Albania and North Macedonia.

IV. Ensure that the Economic and Investment Plan works for the people (and not the corrupt elites)

The Economic and Investment Plan (EIP), announced together with the Commission’s Enlargement package in October 2020, has the potential to help reinvigorate the economic prospects of the region and boost its democratic performance. The Plan promises to give a “human face” to the enlargement process, demonstrating to the citizens of the Western Balkans the concrete and tangible benefits of European integration. It also aims to provide clearer reform incentives to the region’s political leadership, instilling a much-needed rule of law culture through economic development and thus deterring investments from other global actors, which often come without strings attached to good governance.

To meet its objectives, the Plan should not trade off the need to address growing socio-economic vulnerabilities in the region with the employment of an effective rule of law conditionality as both efforts should be simultaneously pursued. This will be particularly challenging given the state of corruption and government accountability in the region, but also the lack of effective mechanisms to protect the EU budget from potential misuse, both in the Western Balkan countries and the member states. The EU should thus take full advantage of the cooperation between the European Public Prosecutor’s Office and its counterparts in the Western Balkans, as explicitly mentioned also in the EIP. To avoid political interference and corruption getting in the way of a sound management and allocation of EU funds, the Commission must establish effective auditing procedures and work closely with the state auditing institutions in the region. The EU must embed these accountability procedures also in its Instrument for Pre-Accession assistance (IPA II). Greater transparency of funds allocation and project implementation is required both from the European Commission and the six Western Balkan countries.

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¹⁰ Think for Europe, “Effective benchmarking for concrete rule of law reforms in the Western Balkans”, October 2019, <https://www.thinkforeurope.org/wp-content/uploads/2020/04/Effective-benchmarking-for-concrete-rule-of-law-reforms-in-the-Western-Balkans.pdf>

To ensure progress on good governance and the rule of law, it is imperative that the EU continues to strengthen the auditing and transparency regimes of Western Balkan countries by building sustainable domestic institutional capacities rather than focus on ad-hoc training programs for civil servants. This approach would enable independent institutions and members of the civil society to monitor and evaluate the effectiveness and the sustainability of the policies implemented under the IPA III framework. It is also in the interest of the EU taxpayer that enlargement policy is effective and allocated funds meet their stated objectives instead of contributing furthering corruption.

Finally, the Plan's allocated funds do not seem to match all its stated ambitions and expectations. For the region to close its socio-economic convergence gap with the EU, more robust financial injections are needed, given the mentioned economic convergence gap between the region and the EU, but will be difficult to secure in times of COVID-19 crisis. As a result, the region is expected to remain susceptible to investments from foreign actors, China being the most notable one. Such developments will continue to merely satisfy the demands of domestic political elites in the short and mid-term, to the detriment of long-term democratic consolidation in the region.

V. Involve the Western Balkans in the upcoming EU initiatives

The future of the EU-Balkans relations will rely in the new post-COVID-19 reality on finding better ways to incentivise Balkan and EU countries to politically commit to the enlargement dossier, as well as on a smart use of the instruments available in the enlargement toolkit. Turning a blind eye to the failures of the region's political elites and only timidly endorsing the progressive elements of the Western Balkans society is unlikely to bring the region closer to the EU. Although there can be no substitute for the evident lack of political commitment on both sides, the measures envisaged by the revised accession methodology and the EIP could induce a more effective and credible enlargement process, as this policy brief has outlined. In addition, the newly introduced instruments should be linked as far as possible to the ongoing processes of rule of law review in the EU member states, since the developments in the rule of law within the EU reflect directly on the EU's appetite to expand to the Western Balkans. Doing so would contribute to the Balkans' acceptance of the 'new' criteria, which previously were not a formal part of the accession process. It could also contribute to building the rule of law *acquis* in the Union.

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Ultimately, the EU should take advantage of the upcoming Conference on the Future of Europe initiative to involve citizens and political leaders of the Western Balkans, on a consultative basis. Being active observers would help the region to build capacity for EU membership, while fostering a sense of togetherness and partnership between the two sides. Moreover, given the high degree of EU-Balkans interdependence, if the Conferences were to lead to fundamental change in the EU's setup, the countries of the region should get a chance to have a say in the exercise.¹¹ Including the Western Balkans in this endeavour is complementary to the EU's enlargement policy toolbox and the involvement of the region in other EU flagship initiatives, such as the Green Deal will prove beneficial. The COVID context makes the two even more interdependent and only with more tied relationship can they get out of the existing crises stronger.

¹¹ See M. Lazarevic, C. Stratulat, "Conference on the Future of Europe: is the EU still serious about the Balkans?" CEP, EPC, October 2020 <https://cep.org.rs/wp-content/uploads/2020/10/The-Conference-on-the-Future-of-Europe.pdf>

