EU ENLARGEMENT POLICY IN THE WESTERN BALKANS. INSTRUMENTS FOR PRE-ACCESION ASSISTANCE

(POLÍTICA DE AMPLIACIÓN DE LA UE EN LOS BALCANES OCCIDENTALES. INSTRUMENTOS DE AYUDA A LA PREADHESIÓN)

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ASP Albanian State Police  
CARDS Community Assistance for Reconstruction, Development and Stabilisation  
CEFTA: Central European Free Trade Agreement  
DIS Decentralised Implementation System  
DMS Decentralised Management System  
ECRAN Environment and Climate Regional Accession Network  
ECSC European Coal and Steal Community  
ELARG Directorate-General for Enlargement  
EU: European Union  
GDP: Gross Domestic Product  
IFIs International Financial Institutions  
IMPRES Improvement of Preschool Education in Serbia  
IPA: Instrument for Pre-Accession Assistance  
ISPA Instrument for Structural Policies for Pre-Accession  
ReSPA Regional School for Public Administration  
SAA: Stabilisation and Association Agreement  
SAP: Stabilisation and Association Process  
SAPARD Special Accession Programme for Agricultural and Rural Development  
SEETO South-East Europe Transport Observatory  
TAIEX Technical Assistance and Information Exchange Instrument  
TEU Treaty on the European Union  
UK: United Kingdom  
WBIF Western Balkans Investment Framework
1. ABSTRACT

This essay focuses on the enlargement policy in the Western Balkans, its strategic importance and the challenges for the coming future.

It starts with a general overview about the policy itself, looking at the requisites to join the EU, the procedure to carry out by EU institutions and Member States, and the current situation in terms of accession negotiations.

A special focus is given to the Western Balkan countries, not only as individual countries, but also as a region, analysing their path towards the EU, as well as the main objectives for the coming years. Furthermore, the social opinion about enlargements is taken into consideration as a key element within the whole process of integration, together with other EU instruments and measures.

The EU, by providing financial support to candidate countries, is helping them in their “accession journey”. That is why, this essay also analyses the instrument for pre-accession assistance with a description of the current situation in each of the countries and the main projects carried out under this assistance.

Keywords: Enlargement policy, European Union, Western Balkans, Pre-Accession assistance

RESUMEN

Este trabajo se centra en la política de ampliación en los Balcanes Occidentales, su importancia estratégica y los retos previstos para el futuro cercano.

Empieza con una visión general sobre la política en sí misma, haciendo un recorrido por los requisitos para unirse a la UE, el procedimiento a llevar a cabo por las instituciones europeas y los Estados Miembros, así como la situación actual en cuanto al estado de las negociaciones de adhesión.

Se centra especialmente en los Balcanes Occidentales, no sólo a nivel de países individuales sino también como región, analizando su recorrido hacia la UE y los objetivos para los próximos años. Además, la opinión social sobre las ampliaciones tiene una especial relevancia, junto con otros instrumentos y medidas de la UE, como elementos clave en el proceso de integración.
La Unión Europea presta servicio a los países candidatos a través de ayuda financiera. En este trabajo se analiza el instrumento de ayuda de preadhesión, haciendo un recorrido por la situación actual y los principales proyectos en cada uno de los países.

**Palabras clave:** Política de ampliación, Unión Europea, Balcanes Occidentales, Ayuda a la Preadhesión
2. INTRODUCTION

Since the very beginning of the EU, with its first treaty of accession, the belonging to the group has been a highly-coveted opportunity for many countries in Europe. The enlargement policy means a chance both for acceding countries and the EU itself, as it is a source of richness and offers the perfect environment to develop a bigger and well-established Union.

The EU is currently in a difficult situation, but even now, there are some countries hoping to become members. The enlargement policy tries to create a stronger union, working hard to provide candidate countries with enough support, by helping and boosting their economies to make the adhesion possible. Therefore, the importance of the topic for the future of the group, and the future of Europe can be clearly seen. The EU faces a huge challenge in the integration and acceptance of those countries, widening the group in several angles and spreading the European values.

The enlargement process is not easy at all, it involves several institutions and national governments which must act jointly. It also requires big efforts which should be made by enlargement countries to meet EU requirements and access the EU.

Due to its strategic extent in the unification and integration of a bigger and stronger Europe, this policy is currently focusing on the Western Balkans as one of the main challenges in the coming future. For this reason, this region deserves a special attention in this essay, broadening a huge range of possibilities for the future of Europe and enhancing its diversity and economic outreach.

The enlargement policy, and especially the accession process of the Western Balkans, plays a relevant role within the EU external action. It is not only an up-to date European issue, but also a challenging topic which is strongly related to the future of the EU and its international dimension. It is also strongly related to the European dream of those we call “foundation fathers”, it is a topic of uniting people, cultures and improving relationships with neighbour countries, it is a topic which encompasses society, financing, education and development. That is the reason why this work addresses this topic, being aware of its relevance in the current and future Europe.
3. GOALS

The main goal of this project is to analyse the European enlargement policy, focusing on the Western Balkans and their strategic relevance for the European Union and its coming future.

To develop a proper analysis, it is of the utmost importance explaining first, the policy of enlargement itself, what are the objectives and how it is essential for the EU and its citizens. As we will see in the development of this research, the complexity of the process goes from exhaustive accession criteria to a specific set of steps in which EU institutions, as well as Member countries, are actively involved.

It is also needed a general overview of the current situation, making a difference among countries with different candidate status.

The focus on the Western Balkans is explained through a series of data, starting in the Thessaloniki Agenda for the Western Balkans. Furthermore, it is essential to analyse the reasons why these countries are strategically relevant for the EU and how is the EU going to manage this enlargement challenge, by developing regional cooperation and good neighbourly relationships.

Moreover, we should not forget the social component of the enlargement policy, social support has been considered as fundamental when achieving integration and successful enlargements. That is why, in this research, we analyse the evolution of public support for enlargements over the years and the impact of these results in the enlargement policy.

Focusing again on the issue here, the EU provides support to candidate countries which require additional efforts to reach EU standards in terms of governance, education or environmental issues, among others. We analyse the instrument for this pre-accession assistance, focusing on each of the Western Balkan countries and making a brief review of the main projects developed under this assistance, including multi-country projects.
4. DESCRIPTION OF THE METHODOLOGY

To develop a proper analysis of the topic we start with general aspects of the policy itself, moving down to specific ideas, trying to make it easier to follow the structure from an objective perspective.

Firstly, we would analyse the enlargement policy, its importance and what steps should follow a candidate country to join the EU. Then, we will focus on the Western Balkan countries, explaining their path towards the EU and how is the situation nowadays. After this, we would focus again in the Instrument for pre-accession assistance and how it works in each Balkan country.

The methodology followed in this research has been orderly and professional.

The research process followed when developing this research consists of several steps which have been taken from the book “Research Methodology: Methods and Techniques” (Kothari, 2004):

a) Formulating the research problem: in this step, the aim is to identify the topic, analysing the potential possibilities and ideas which could allow us to develop a proper research project.

b) Literature review: in this step, an intensive literature review should be done to acquire acquaintance with the topic. Most of the sources come from official information provided by the European Commission and other EU institutions, apart from reports and papers conducted by relevant authors, experts in that field.

c) Development of working hypotheses. Here, it is of the utmost importance to define specific hypotheses to guide the project and determine the area of research.

d) Data collection and analysis: collecting all the useful information, the next step is to analyse these data, taking into consideration the hypotheses we have defined in the previous step.

Apart from this, some of the information is shown by figures and tables, as a way of making it more visual and easy to read.
5. ENLARGEMENT POLICY

5.1. GENERAL ASPECTS

The European Enlargement policy is one of the most relevant policies within the EU. Currently, with the stringent economic, social and political situation the EU is facing, this policy is considered of the utmost strategic importance, especially when it comes to maintaining good neighbourly relations and reinforcing cooperation between member countries and those who expect to join the Union.

The European Commission oversees its proper development, by working together with the governments of each country as well as other EU institutions. (European Commission, 2016b)

The EU perspective on enlargements has changed over the years. At the very beginnings of the current EU, when the European Coal and Steel Community (ECSC) was created, the EU was opened to the accession of new countries; but it was not actively encouraging them to join the Community. On the contrary, years later, the EU became aware of the strategic importance of enlargement, both for the acceding countries and the EU itself, introducing the issue into the EU policies and creating the Directorate General for Enlargement. (Balfour et al., 2015)

Currently, the European Enlargement policy tries to reinforce the values and the international position of the EU in the world. That is why, this policy is based on assuring good enlargement negotiations and supporting candidate countries, providing them with resources, in an attempt to make their path towards the EU easier and quicker. (European Commission, 2015b)

It seems to be clear why countries could want to access the EU, even if it is not an easy nor fast process. Due to the current globalised world, it is essential to be part of supranational organisations like the EU, even more, when it comes to small countries or those whose geographical location is worse in terms of trading. Being part of the Union, as one of the leaders of the world’s trading
power, means a competitive advantage for all those countries in their trade relations.

Access to the internal market is critical for every country, it means getting access to a bigger number of potential consumers and, at the same time, taking advantage of the increasing competitiveness of their companies and the greater opportunities for young people to study or work abroad. The several enlargements have contributed to eliminate barriers, developing a bigger and stronger internal market.

As it is seen in Table 1, in 2015 Intra- EU trade represents a higher proportion for most countries, except Malta and the United Kingdom, than extra- EU trade. Nevertheless, this proportion varies significantly from one country to another, Slovakia represents the top intra-EU exports with 86 percent of its total trade and the UK with only 44 percent.

Figure 5.1.1. Intra-EU and Extra-EU trade in 2015.

Source: (Eurostat, 2017)

Nevertheless, by being part of the EU, a country not only benefits from the single market but also from several additional advantages. As a consequence of their
membership, countries experiment economic growth and an improvement in life quality, infrastructures, technology access or services.

The Enlargement policy plays a key role in such a variety of aspects, but especially when it comes to peace, free movement of people, improving the quality of life and economy, its importance is much more visible. The EU is considered to be the most successful peace project in modern history, extending peace across Europe through the EU enlargements and even more since the last accession of Croatia in July 2013 anchored the stability in the Western Balkans, a region with a very recent history of war. (European Commission, n.d.-a)

As a result of the enlargements, the Schengen Area has increased its field of action, benefiting the free movement of goods and people.

Countries joining the EU and their citizens must adapt themselves to EU standards in areas such as environmental protection, food quality or pollution levels. This results in a significant improvement in the quality of life in those countries. (European Commission, n.d.-b)

Moreover, the EU is essential for guaranteeing citizen’s safety. Organised crime and terrorism are currently the main concerns. Enlargement negotiations are helping cooperation in the field of fighting terrorism and increasing border security. Regarding nuclear safety, thanks to the enlargements, some nuclear reactors have been closed as they were declared dangerous. In addition, information flow and control in case of emergency are quicker and quicker with each adhesion. (European Commission- Directorate General for Enlargement, 2009)

The bigger the European Union is, the bigger is the number of people benefited. This policy is about uniting a continent, making it stronger, safer and increasing trade and growth opportunities.

In addition, this policy is of the utmost relevance for the development and progress in the EU. In fact, the EU becomes stronger and reinforces its international position in the world with each new accession. Many of the greatest advances in the EU have been developed after important enlargements. The foundation of the Single Market took place after the enlargements in the 1980s, the Euro as a common currency, as well as strides in
foreign and security policy, were introduced after Austria, Sweden and Finland became member states in the 1990s, and after the 2004 accessions, climate change and competitiveness became a matter of concern for the EU. (European Commission-Directorate General for Enlargement, 2009)

5.2 LEGAL REQUIREMENTS

The EU, through the article 49 of the Treaty on The European Union (TEU), establishes that every country which respects and is committed to promoting the values of the EU, may apply to become a member of the Union. “Respect for human dignity, freedom, democracy, equality, the rule of law and respects for human rights, including minorities”, are these values, which are set out in Article 2 of the same treaty, and represent the basis of the Union. (European Commission, 2015b)

Apart from respecting and promoting such values, the European Council established in 1993 some criteria which candidate countries should fulfil to access the EU, known as “Copenhagen Criteria”. These criteria were created when the EU considered opening membership access to Central and East Europe countries. It was the first time the EU addressed the accession of such many countries, all of them with different economic and political backgrounds, most of them very far away from EU levels. They realised that for assuring good enlargement and integration process, it was essential to establish some criteria as pre-requisites to join the EU.

The “Copenhagen Criteria” are divided in three (European Commission, 2015b)

1. Political criteria: every country must have stable democratic institutions to guarantee the respect and promotion of the values, as well as assuring an effective fight against corruption and organised crime.
2. Economic criteria: every country must develop a market-based economy and demonstrate enough capacity to face internal competence and pressures both from outside the EU and internal ones.
3. Legislative criteria: every country must be committed to apply EU legislation and be able to manage it in practice.
Above all, it is important to assure that the EU can continue its performance as usual with the new adhesions, in other words, the stability of the former member states cannot be altered by the adhesion of the new ones.

5.3. PROCEDURE

The procedure to carry out in case of enlargement is also regulated in article 49 of the treaty.

It is important to monitor the accession process carefully to guarantee a successful adhesion. The EU has to be sure that new members could manage membership responsibilities and that they will be able to play their role as member states properly. That is why, the accession process is divided into different stages, involving several EU institutions and every Member State in the decision.

The steps are the following ones, described by the European Commission, (2011; n.d.-c):

1. The potential candidate applies for accession with an official application to the country which chairs the Council of the EU at that moment.

2. The European Commission judges and evaluates the situation of the country and transmits its results to the Council.

3. Taking into account the Commission’s opinion, the governments of the EU member states through the Council of the European Union decides unanimously if the candidate country may be considered as an official candidate and therefore, opening accession negotiations. Moreover, the Council is responsible for establishing if the country needs to meet some requirements before starting negotiations.

4. The European Commission investigates thoroughly the candidate country by a process called “screening”. It elaborates a report ("screening report") informing about the weaknesses the country has to overcome to fulfil specific EU requirements “(also known as the acquis, French for “that which has been agreed”)(European Commission-Directorate General for Enlargement, 2011)
By this report, the Commission also establishes which conditions should be met first or if there is any new area in which negotiations should be opened.

5. The acquis consists of 35 chapters, including the most important policy areas and its benchmarks to provide guidance on the process.

<table>
<thead>
<tr>
<th>Chapters of the acquis</th>
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<td>3. Right of establishment and freedom to provide services</td>
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<td>4. Free movement of capital</td>
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<td>5. Public procurement</td>
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<tr>
<td>8. Competition policy</td>
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<tr>
<td>10. Information society and media</td>
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<tr>
<td>11. Agriculture and rural development</td>
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<tr>
<td>12. Food safety, veterinary and phytosanitary policy</td>
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<td>13. Fisheries</td>
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<td>14. Transport policy</td>
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<td>15. Energy</td>
</tr>
<tr>
<td>16. Taxation</td>
</tr>
<tr>
<td>17. Economic and monetary policy</td>
</tr>
<tr>
<td>18. Other issues</td>
</tr>
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</table>

Source: (European Commission-Directorate General for Enlargement, 2011)

During this period and in order to align with EU standards, candidate countries usually have to make relevant reforms and changes in their economic, legal and political structure, so the EU provides countries with financial aid through the Instrument for pre-accession assistant to help them reaching economic standards.

6. During the negotiation process, the Commission oversees the advancement of the candidate country through several progress reports and annual strategy papers, including feedback and recommendations on where a special focus is needed.

7. Once all the requirements have been met, it is time to sign an accession treaty. The Council, the European Commission and the European Parliament must give their approval to this treaty, and afterwards, it must be signed by all EU Member States and the candidate country. Since that moment, the candidate
country becomes an “accessing state”, benefiting from several privileges such as commenting on EU actions or proposals but without voting. (European Commission-Directorate General for Enlargement, 2011)

8. The accession treaty must be ratified by every single member state, according to their own constitutional laws. Once it is completely ratified, the candidate country becomes officially a Member State.

The whole process is a long path and involves several decisions. Each country is in a different situation and has different backgrounds. That is why the speed of the process is not something fixed, it depends on how quickly the country implements the required measures and how is the situation for the EU and the country itself at the moment of the accession.

5.4. CURRENT SITUATION: CANDIDATE COUNTRIES AND POTENTIAL CANDIDATES.

The very last accession of Croatia in 2013 makes this country the most recent Member State. At the moment, 27 countries are part of the EU, considering the UK as a non-member state anymore. Currently, the enlargement policy is focused on the Western Balkans and Turkey, but every single country has its own speed and they are at different stages in the enlargement process.

Two different statuses when talking about countries joining the EU can be distinguished(European Commission, 2016a):

- Candidate countries: those countries which have started negotiations. Albania, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey. Each of them follows its own path towards the EU, the status of accession negotiations and candidate status are outlined below.
Table 5.4.1. Current status of candidate countries

<table>
<thead>
<tr>
<th>CANDIDATE STATUS</th>
<th>ACCESSION NEGOTIATIONS</th>
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<tbody>
<tr>
<td>Albania</td>
<td>2014</td>
</tr>
<tr>
<td>The former Yugoslav Republic of Macedonia</td>
<td>2005</td>
</tr>
<tr>
<td>Montenegro</td>
<td>2010</td>
</tr>
<tr>
<td>Serbia</td>
<td>2012</td>
</tr>
<tr>
<td>Turkey</td>
<td>1997</td>
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Source: own source with data provided by (European Court of Auditors, 2016)

- Potential candidates: they could have the possibility to join the EU when they are ready. Bosnia and Herzegovina and Kosovo are currently in that position.

The main objectives of this policy for the coming future are focused on:

- Consolidating stability in the Western Balkans and Turkey by promoting a democratic change.
- Boosting socio-economic development in neighbours’ areas to achieve a sustainable and intelligent growth for the year 2020.

6. THE ENLARGEMENT PROCESS IN THE WESTERN BALKANS

6.1. GENERAL OVERVIEW ON THE WESTERN BALKAN’S SITUATION IN COMPARISON TO THE EU

The Western Balkans is the name given by the EU to referred to the countries of south-east Europe which are not EU Member States. Currently, they are: Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo. (Ministry of Economy, n.d.)

These countries’ situation is still far away from EU standards in general. That is why, in order to better understand the EU actions and how the assistance to the enlargement process is distributed, we are going to make a general overview about how these countries are when comparing to the EU in different aspects.
6.1.1. Population

How important are these countries in terms of population for the EU? All the enlargement countries of the Western Balkans implied over 18 million inhabitants in 2015, which means only a 3.5 % of the total EU population. Most of the Balkan countries are small both in length and population. Montenegro is the one with the smallest population (around 622 thousand) while Bosnia and Herzegovina represents the largest one with 3819 inhabitants. (Eurostat, 2016)

Nevertheless, when it comes to population density, Kosovo is leading the ranking (165.8 inhabitants per km$^2$) exceeding even the EU average. By contrast, Montenegro maintains at the lowest position, being the country with less population per square kilometre (45.0). (Eurostat, 2016)

The structure of population is especially important when making policies and analysing the demographic conditions of a country. If we analyse the population according to gender, the female sex slightly prevails with 51.2 % of the total EU population. In Serbia, Montenegro and Bosnia and Herzegovina remains a similar proportion, while in the other Balkan countries, the male population is higher. (Eurostat, 2016)

In terms of age structure, the EU characterises by an ageing population. Birth rates are low and life expectancy is more and more high over the years. In the enlargement countries, the situation is more or less the same, however, Kosovo is the country with the youngest population, with a percentage of 28.1 % of people under 15 years, in contrast with the average of the EU where young population represents only 15 % of the total. (Eurostat, 2016) This fact, makes it necessary to adapt public services and allocate resources in a different way for each country. For instance, Kosovo would need a higher investment in education while other countries with more elderly people would need extra pension services.

6.1.2. Living conditions

The income distribution differs from one country to another, inequality of income is higher in the Western Balkans than it is in the EU countries. According to the Gini
coefficient, which measures how incomes of the population differ from the average, Macedonia and Serbia are the countries with a higher level of income inequality, reporting coefficients of 35.2 and 38.2 respectively, while Montenegro represents the lowest one (26.2), even lower than the EU average (30.9). (Eurostat, 2016)

Social protection is also relevant in EU policies. Social expenditure is mainly composed by social protection benefits but it also includes administration costs. The EU spent around 27.5 % of its GDP to social protection benefits. This amount is lower in all of the enlargement countries, for instance Kosovo’s expenditure represented only 7% of the GDP. The evolution of these expenditures has been positive both for the EU and for the Balkan countries. The EU reported an increase in social protection expenditure of 3.2 percentage points from 2004 to 2012, and Serbia 7.8 points from 2004 to 2013. This increase could be linked to the pensions, as expenditure in pensions has increased significantly in the EU (data no available for Western Balkan countries) (Eurostat, 2016)

6.1.3. Education and Training

Education and training are especially relevant in the EU acquis, the Western Balkan countries have to reach specific standards in this field. How is the situation nowadays for these countries in the field of education?

The number of pupils enrolled is not as important as the continuity of these pupils in the education system. In 2015, in the EU around 12.4 % of men and 9.5 % of women left school in the lower secondary education. The EU has established a specific goal in this sense, the Europe 2020 Strategy aims to reduce the number of early leavers to 10% by 2020. Regarding the Western Balkans, Serbia and Montenegro reported lower rates but on the contrary, the other ones exceeded the EU average. (Eurostat, 2016)

Another important indicator about how is the education system in a country is by measuring the proportion of people who have completed upper secondary education (ISCED level 3). The EU average here is 82.7 %, with a growing tendency. In comparison to this, most of the Western Balkans reported a higher percentage, except from Albania (no available data for Kosovo), and all of them have followed an increasing tendency as well. (Eurostat, 2016)
Figure 6.1.3.1. Proportion of people (20-24 years) who have completed upper secondary education in 2015

![Proportion of people (20-24 years) who have completed upper secondary education in 2015](image)

Public expenditure on education is also a relevant factor to consider when analysing educational systems. The EU spent on average around 5.3% of its GDP on education in 2013. However, this amount is lower in all the Western Balkans where data is available, being Albania the one with less expenditure (3.3%). (Eurostat, 2016) This data is especially relevant if we consider that Albania was also the enlargement country with the lowest percentage of people who had completed upper secondary education, which could be an indicator of specific needs in the country.

6.1.4. Labour market

How is the labour market in these countries? Are they competitive enough to face internal competitiveness in the EU?

Regarding activity rates, which measures the active people (employed and unemployed) in relation to the total population, the Western Balkans have reported lower
rates than EU average. In that sense, Kosovo was in the last position with a percentage of only 42.8%. In addition, these activity rates have been even lower for women both in the EU and the Balkans, but the difference between both sexes are particularly significant in the enlargement countries. This fact reflects the existing gender inequality and the difficulties for women to access the labour market. Kosovo is again the country which recorded the biggest gender gap with a difference of 44.7 percentage points between male and female activity rates while Montenegro recorded the lowest difference (12.8 points) in 2015. (Eurostat, 2016)

Another indicator of the labour market situation is employment rate, which measures the employed people in relation to the total population. Increasing employment rates have been a priority for EU countries during last years as it is reflected in the objectives of the Europe 2020 Strategy, so it is also a priority for enlargement countries as well. Employment rates were in 2015 much lower in the Western Balkans than in the EU, but they have experienced an increase since 2005, except from Albania which has shown a fall since that year. (Eurostat, 2016)

In relation to employment rates, is essential to address unemployment rates as well, as they measure the unemployed people in relation to the total active population. Unemployment rates are higher in the Western Balkan countries than in the EU, with a huge difference in Kosovo (the country with the highest rate 32.9%), Bosnia and Herzegovina, and Macedonia. (Eurostat, 2016)

Youth unemployment (between 15 and 24 years) is also a matter of concern for the EU and the enlargement countries. In the following figure, it can be seen the youth unemployment rates in the year 2015 in the EU and in all of the enlargement countries (we would not take into consideration the data from Turkey as it is not a subject of study). According to this figure, all the Western Balkans have high youth unemployment rates, moving away from the EU rate. We can also appreciate that except from Macedonia and Montenegro, female youth unemployment represents a higher proportion in all the countries, while in the EU-28 the situation is reversed.(Eurostat, 2016)
Economic activities are also different in the EU and the Balkans. The services sector employs the largest proportion of people in the EU, but the importance of this sector in the Western Balkans’ employment is not as relevant as it is in the EU, especially in Albania where employment rates in services are the lowest. Nevertheless, employment is evolving towards a more service-based structure in the last years. (Eurostat, 2016)

6.1.5. Economy and finance

To analyse the economy of a country, the main indicator is the Gross Domestic product (GDP) which measures the total market value of goods and services in a determined period of time. GDP for the year 2015 in the EU was € 14.693 billion and the one in all the Western Balkans was € 76.7 billion, representing a small share in the total EU GDP. The highest GDP belongs to Serbia (€ 34 billion) and the lowest to Montenegro (€ 3.6 billion). (Eurostat, 2016)

Nonetheless, if we consider GDP per capita in the different countries and current prices, Montenegro showed the highest amount in 2015 (5800 €) while Kosovo remained in the last position with an amount of 3100 €. These data are far away from the EU GDP per capita, which rose to 28 800 € in the same year.(Eurostat, 2016)
6.1.6 Corruption

Corruption is another issue of concern for the EU. Fighting against it is one of the priorities in the EU acquis for the enlargement countries’ accession. Corruption levels in the Western Balkans are quite high. In the following figure, it can be seen a comparison among corruption index in all of the Western Balkans. Albania and Kosovo, are the ones leading the list with very high positions in the corruption perception index 2015, more or less at the same level than countries such as Egypt or Ethiopia. By contrast, Montenegro reported the lowest levels of corruption during that year, with the 60th position in the ranking. (European Court of Auditors, 2016) As a way of comparing, the first position in the ranking is for Denmark, followed by Finland and Sweden in the second and third position. (Transparency International, 2016a)

Figure 6.1.6.1. Corruption perception index in the Western Balkans

Source: European Court of Auditors, based on Transparency International’s corruption perception index (2010-2015).

Source: (European Court of Auditors, 2016)

1 Transparency International develops an annual corruption perception index which measures the perceived corruption of the public sector in 176 countries around the world.
6.1.7. Technology

Technology and communications play a relevant role in today’s society. The development of a country is strongly related with its degree of technological and scientific progress. EU policies try to integrate new digital technologies as a way of improving competitiveness and the quality of life for its citizens also in the Western Balkan countries as enlargement countries.

How can the technological process be measured?

The use of technological devices such as mobile phones and computers, as well as Internet access for everyone, is a good indicator of the development of a region in terms of technology. Between 2005 and 2015, the number of mobile phone subscriptions has rapidly increased in the Western Balkans. Albania and Montenegro even exceeded the EU average in 2015, but the other ones remained below, with Kosovo in the last position. (Eurostat, 2016)

When we analyse the number of households with access to a computer, the data available for the Western Balkans show that they are still far below from the EU average (82% in 2015) and regarding internet access, the situation is pretty much the same. The following figure depicts the proportion of households with Internet access in 2010 and 2015. As it can be appreciated, all the Balkan countries were below the EU-28 average both in 2010 and 2015. Macedonia, together with Montenegro were the countries with more Internet access in 2015, and for the countries where data is available, the evolution since 2010 has been much quicker in these countries than in the EU, showing significant progress in terms of communications technology. (Eurostat, 2016)
Innovation and research and development (R&D) are also essential for business and progress within a country. That is why, it is also important to analyse the expenditure on this field. The Western Balkans reported low levels in comparison to the EU, Serbia is at the top destining only 0.30 % of its GDP to R&D while the EU average was set in 2.03% in 2014. The Europe 2020 Strategy has as one of its targets the increase of this expenditure to 3.00 % by the year 2020.(Eurostat, 2016)

6.1.8. Transport

A competitive economy is not possible without a consisting and efficient transport system, both for passengers and freight, so it is also a relevant aspect to consider in the integration process of the Western Balkans. How is the transport situation nowadays in these countries?

These countries, as they are not especially large, do not have extensive motorway networks, in fact, quite the opposite, and regarding road network, Serbia counts on the largest one with around 45 thousand km. (Eurostat, 2016)These data have also evolved in the last years, and since 2005, the extension of motorway and road networks has grown quicker in the Western Balkans than in the EU, which is a good indicator of progress in this area.
When it comes to motorisation rates, in other words, the number of cars per 1000 inhabitants, the Western Balkans remain again below the EU average. Montenegro leads the ranking with an amount of 283 while in the EU it is around 491. (Eurostat, 2016)

Freight transport is essential for the economic development of a country or a region. Most of freight transport is by road and rail. Road transport was the main mean of transport, especially for Montenegro and the former Yugoslav Republic of Macedonia. Rail transport is especially important in Serbia, although it has also a relevant share of its transport on inland waterways, thanks to the Danube. (Eurostat, 2016)

6.1.9. Environment

Environment protection and sustainability are on the top of EU priorities for the present and the coming future, as it is reflected in the Europe 2020 Strategy. The focus on this field was given to greenhouse gas emissions and renewables energies.

All the Western Balkans except from Kosovo are part of the Kyoto Protocol, which aims to reduce greenhouse gas emissions internationally. The EU has reduced significantly its emissions during the last decade, especially since 2010, and Montenegro has followed the same trend, recording in 2013 lower emissions levels than ten years before. (Eurostat, 2016)

The necessity of reducing reliance on fossil fuels results in an undeniable interest on boosting renewable energies. Hydropower is one of the main sources of electricity supply in the whole region, and it is especially relevant in Albania, Montenegro and Serbia. Wind energy, modern biogas or solar energy systems are increasingly taking their place in the field of renewable energies. (Asmelash, 2016)

Another relevant issue in terms of environment protection is waste management. Large amounts of waste are generated everyday by households, so it is of the utmost importance to develop an efficient waste management system as well as introducing recycling systems. Montenegro deals with the highest amount of waste per person, exceeding the EU average. By contrast, Kosovo recorded the lowest figures and has experimented the most significant decrease in waste since 2010. (Eurostat, 2016)
6.2. WESTERN BALKAN’S PATH TOWARDS THE EU. BACKGROUNDS.

For the Western Balkans, the whole process of accession started in 2000, when a process called “Stabilisation and Association Process (SAP) was created. SAP established three main common objectives: to achieve stabilisation and a successful transition to a market-based economy, to promote regional cooperation, and to bring over the possibility of accessing the EU. It establishes stabilisation and association agreements (SAA) with each country. Since April 2016, when the SAA with Kosovo entered into force, all the countries in the Western Balkans benefited from this kind of agreements. (De Munter, 2017) Thanks to the SAP, the EU provides those countries with contractual relationships, trade concessions and economic and financial assistance. ((European Commission-Directorate General for Enlargement, 2011)

But, what were the reasons for the Western Balkans to finally apply for membership?

First of all, geographical reasons. The Western Balkans are surrounded by EU countries, so it seems clear why they are interested in strengthening relationships with their neighbours and trying to access the EU. Additionally, the instability of the region and the recent period of wars as a consequence of the Yugoslavia’s split, made it necessary to consolidate stability in the area. For this purpose, the EU seemed to be the perfect partner to achieve it. (European Commission-Directorate General for Enlargement, 2009)

As another relevant ground for applying, as we have seen before, organised crime levels and corruption in these countries were extremely high, so the EU could help to reduce it, improving, at the same time, the development of the region. (European Commission-Directorate General for Enlargement, 2009)

In December 2002, the Copenhagen European Council determined the Western Balkans as potential candidates. What were the reasons for the EU to consider them as candidates?

The main reason was the relevance of those countries in the unification of Europe. With their collaboration in the stability of the region, they could help in creating a larger and more stable Union.
Nevertheless, it was not until June 2003, when the EU confirmed its advocacy to the western Balkans to become Member States. The Thessaloniki EU-Western Balkans summit introduced the “Thessaloniki Agenda” and addressed pre-accession assistance issues for those countries and its implementation.

The Thessaloniki Agenda established regional cooperation as a key element in the integration process. Nonetheless, in recent years it has been hampered to address due to territorial issues and the refugees’ situation. The path towards the EU is not easy at all for the Western Balkans, the process is taking so much time due to the poor conditions of these countries in terms of economy, corruption, quality of life or society. The president of the European Commission, Jean-Claude Juncker, said in 2014, that “he expected any new accession during his five-year mandatory”, reflecting with these words that there is still much to be done, and the support of the EU is more needed than ever. (Balfour et al., 2015) In addition, it is also an opportunity for the European Commission to develop long-term objectives not only in each of the countries individually, but also in all of them as a region. (European Court of Auditors, 2016)

Since the accession of Croatia to the EU, the integration of the Western Balkans has become a priority for EU enlargements. It has meant an open door for other Balkan countries. The EU established a “Europeanisation” strategy for those countries, trying to come closer and promote European values in the society, broadening EU influence. In this context, Serbia is currently considered as crucial and pivotal to the region’s integration thanks to its geographical location but also the strategic importance of some countries such as Slovenia, Bulgaria or Romania, strengthening and providing a strong influence on the Western Balkans countries, acting as catalysts in the integration process. “A member state is the best stabilizer and advocate of its neighbour as prospective member”, so that is why it is so important to keep coherence in the enlargement policy, taking into consideration this influence when making decisions and reinforcing relationships with neighbours. It is essential to linked enlargement and neighbourhood policy to ensure successful integration and achieve desired results. (Biscevic et al., 2009)

In the strategy paper 2016 of the European Commission, this importance is also stressed. Cooperation with candidate countries is so relevant for the future of the EU and its security. The role of the Western Balkans and Turkey when facing migration crisis, with the flow of increasing refugees crossing borders, has been and it is still being
essential for the EU. Cooperation with these countries is helping the EU to deal with one of the most important challenges it has ever addressed.

Odile Perrot (2010), in his essay about the perspective of the Western Balkans in the EU, suggests three proposals for promoting cooperation and good neighbourhood relationships.

Firstly, he established that the perspective of uniting Europe must be reinforced by member states. They should act as one single force, contributing to achieving an image of unity as a key factor to develop the Balkans region integration. This “European Unity” is also a useful instrument to avoid controversial disputes about enlargement issues, as this is usually used for political goings-on which make stronger the barriers to integration instead of breaking down them. Moreover, the social opinion and support are vital for this process, a unified Europe is more likely to receive new countries and integrate them successfully than a divided one.

Secondly, it is essential to promote initiatives that encourage long-lasting people engagement with those countries. Exchange Programmes are fundamental at this point. Students and professionals can be benefited from this cooperation while a strong link among countries is created. Education, as the basis for the future, and the labour market, as the engine of the business environment, can take advantage of this diversity and exchange of knowledge. To do so, it is needed to provide high-quality education and suitable facilities and conditions to develop such programmes.

Finally, Odil Perrot tackles the issue of establishing a free trade area in the Western Balkan countries. It could be a way of approaching these countries to the functioning of the EU, boosting progress and cooperation within its countries, as well as the Benelux did during its time.

This idea would lead in a common labour market which could benefit a law unification, bringing it over to the EU legislation and standards. This proposal was already mentioned in the Thessaloniki Agenda and since then, some advances have been made in this path.
In 2006, some countries from South Eastern Europe joined the “Central European Free Trade Agreement” (CEFTA), facilitating trade operations and accession to EU institutions. This served as training and a previous step to EU accession and makes the EU the main trade partner for this region. As it can be seen in Table 2 and 3, the EU is the main export and import partner for CEFTA. Since 2010, exports and imports between the EU and the area have increased, contributing to improve trade development in the region. Moreover, the Intra-CEFTA trade represents, after the EU, the second highest proportion of the whole imports and exports.

Figure 6.2.1. Exports CEFTA 2016

![Exports 2016](image)

Source: (CEFTA, 2016)

Figure 6.2.2. Imports CEFTA 2016

![Imports 2016](image)

Source: (CEFTA, 2016)

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2 In 2006, Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia and the United Nations Interim Administration Mission in Kosovo (UNMIK) signed CEFTA.
Another indicator of successful cooperation in these countries was the South-East Europe (SEE) 2020 Strategy. It was adopted in 2012 in Tirana by the governments in the Western Balkans area. It reflects the determination of national governments to effectively approach to the required growth levels which are necessary to join the EU and facilitate integration. It is a clear example of cooperation, which helps Balkan countries to achieve desired levels of socio-economic growth, as it covers the aspects the EU requires. As it is explained in a report from the Regional Cooperation Council Report (2013), the SEE 2020 Strategy focuses on:

- Integrated growth by boosting trade at a regional level and transparency in policies.
- Smart growth by investing in innovation and thinking ahead in terms of development.
- Sustainable growth: it means improving business competitiveness and boosting sustainable business as well.
- Inclusive growth: including people in the development of the area and integrating social policies.
- Governance for growth: the aim is to enable institutions and public administration to support all this growth by facing corruption and assuring law enforcement.

6.3 SOCIAL OPINION ON ENLARGEMENT

Enlargement process is not only an economic or trade matter, but it is also a social one. Above all, it involves people, citizens both from the EU and the candidate countries. It is essential for the enlargements to have social support, as it is the basis for achieving a successful integration process.

The last economic crisis has had a negative influence on the enlargement policy in the Western Balkans. Reforms and the capacity to implement measures have suffered a severe blow, restricting the EU capacity building, as well as the social opinion on the eastern enlargement, which has become more and more reticent. This effect is called as “enlargement fatigue”, affecting the enlargement process in a negative way and making the accession of Balkan countries more complex. (Brennan, 2015)
This “enlargement fatigue” has also been influenced by the increasing immigration from eastern countries, which has contributed to generating more Euroscepticism among EU population. In addition, corruption and crime levels, poverty and poor living conditions in the Western Balkans, only have worsened public perceptions of these countries. (Kmezić, 2015)

This impact in social opinion can be demonstrated analysing the support for future enlargements over the years. In Figure 1, it can be seen that public opinion in 2012 about future enlargements tended to be against. The average of the whole EU was 52 percent against and 38 percent in favour. Most support came from Poland with 69 percent of votes in favour and the less supportive country was Austria with 72 percent of votes against. Rather curiously, in potential and candidate countries there were not so much support neither and Iceland had an overall negative vision, which could be an indicator of the later reticence to join the EU. As to clarify, it is important to take into consideration that these data refer to the upcoming accession of Croatia as well as the possibility of Turkey and the Western Balkan countries to join the EU. (Toshkov, Kortenska, Dimitrova, & Fagan, 2014)
Nevertheless, support for future enlargements in 2002 was pretty different. (Figure 6.3.2). While EU average in 2012 is 52 percent against, in 2002 it was only 45. Only France and Ireland took a stand against and in almost every country, support for enlargements has decreased to a greater or lesser degree. Comparing these data, we can appreciate that the support has dropped significantly since then and this is irrevocably related with “enlargement fatigue”. Lack of confidence and disappointment to EU’s enlargement make it necessary to boost social consciousness and public support more than ever. (Toshkov et al., 2014)
Apart from this, there are also substantial differences in opinion depending on which countries are willing to access. A survey from Eurobarometer in 2006 asked about support for enlargements but focusing on different countries. Surveyed people were asked the question “for each of the following countries, would you be in favour or against it becoming part of the EU in the future?” and the results were quite varying. Old member states (EU15) opted for Switzerland or Norway at the top to become members while Turkey and Albania remained as the less popular ones. (Toshkov et al., 2014)

It is true that, apart from this, it is difficult to analyse the real public support for enlargement, as it depends very much on the circumstances and it can change dramatically from one day to another. Moreover, it also differs per country and many people do not have information enough to express an opinion about the topic. However, without taking into account these facts, there is no doubt that the tendency towards enlargement support has declined over the years, making people more hostile when it comes to future enlargements. (Toshkov et al., 2014)
7. PRE-ACCESSION ASSISTANCE

7.1. GENERAL ASPECTS

Integration and accessing process is not easy at all. Candidate countries need support to perform and implement all the measures and policies the EU requires in the shortest timeframe possible.

Since 2007, all the EU support has been provided by a single instrument, the Instrument for Pre-Accession Assistance (IPA). It was created as a replacement of the previous instruments: Phare Programme, ISPA\(^3\), SAPARD\(^4\), The Turkey Programme, and CARDS\(^5\), with the aim of maximising resources and increasing adaptability to specific needs of each country, providing at the same time a real benefit for their citizens. (European Commission-Directorate General for Enlargement, 2009)

As it is mentioned before, there are two different statuses when acceding the EU, therefore, the needs and of course the help required is not the same for each of them. IPA helps candidate countries to reach EU standards and implement measures, and potential candidate countries to be progressively closer to EU institutions, legislation and values.

IPA’s efforts are focused on the three pillars of the enlargement process, which are the most important to assure a successful integration:

- The rule of law is the principal one which requires priority attention. It is strongly related to EU values and it is essential for assuring a stable business environment in which entrepreneurship and investments are encouraged. Relating the rule of law, it is especially relevant to promote an effective judicial reform as well as facing corruption and crime. (European Commission, 2015a) These two last issues are particularly relevant in the accession process of these countries, as the EU has been for years the main driving force in the development and implementation of anti-corruption measures. (Transparency International, 2016b)

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\(^3\) Instrument for Structural Policies for Pre-Accession. Its main goal was to boost socio-economic cohesion in applicant countries.

\(^4\) Special Accession Programme for Agricultural and Rural Development.

\(^5\) Community Assistance for Reconstruction, Development and Stabilisation.
Competitiveness and economic governance. As a requisite for joining the EU, candidate countries should develop a functioning market economy. To do so, increasing competitiveness and economic governance is essential to provide solid foundations to the development of a strong economy. (European Commission, 2015a)

A Strong Public administration reform is needed to support economic growth and to provide citizens with quality public services. (European Commission, 2015a) Furthermore, IPA assistance covers public finance management with support in quality training in several areas such as tax collection, external audits or statistics. (European Court of Auditors, 2016)

These three pillars are interconnected and it is needed to enhance reforms in all of them for creating a strong market economy. But even more important, it is to harmonise political priorities and assistance programmes, matching objectives and interests of both sides. With the aim of dealing with the three main pillars and covering all the fields where assistance could be needed, IPA provides different types of assistance:

- **Financial aid**: investment or subsidies with the aim of reinforcing institutions, creating new ones, training the staff or improving infrastructures.

- **Expertise**: candidate countries can participate in educational programmes so they can acquire experience in how to manage the funds they will receive, and establish a first contact with EU policies.

- **Cooperation**: as one of the basis to achieve integration, the EU tries to reinforce and promote cooperation with Member States, international organisations and neighbour countries. Providing advice by “twinning arrangements”\(^6\) and workshops to develop administrative cooperation. Moreover, regional programmes are focused on integration as one of the main IPA’s objectives. It is seen as a way of supporting reconciliation and reconstruction after a period of conflicts in the region. (European Court of Auditors, 2016)

\(^6\) “A twinning is the coming together of two communities seeking, in this way, to take action with a European perspective and with the aim of facing their problems and developing between themselves closer and closer ties of friendship”. http://www.twinning.org/en/page/a-quick-overview#WP-RKtLYjIU
• Citizens awareness: enlargement negotiations involve huge social, economic and political changes, so it is essential that citizens rely on the EU, understanding the process and the necessary changes involved in it. That is why, the EU also provides help with organisations which promote citizen awareness such as consumer associations. (European Commission-Directorate General for Enlargement, 2011)

IPA is also beneficial in terms of increasing the potential investments in the region, attracting new investors and benefiting in that way the growth of the area. (European Commission-Directorate General for Enlargement, 2009)

Regarding IPA funds management, the EU establishes three different ways of management, which are used in each country depending on their specific characteristics:

  Directly by the Commission: this kind of management is usually employed at the beginning of the accession process, until national authorities are able to manage them. Only in case of cross-border cooperation programmes, the implementation is delegated to the Member States.

  Indirectly by external authorised entities, such as international organisations or EU agencies, or even by the countries themselves. This kind of management is known as “Decentralised Management System (DMS)” This system is perfect for beneficiary countries as it is a way of learning how to manage EU funds as future members. Croatia in its implementation used this method, as well as the former Yugoslav Republic of Macedonia and Turkey are doing nowadays. (European Commission, 2015a)

  Sharing management tasks, delegating their implementation to the Member States. For instance, in case of cross-border cooperation programmes.
7.2. IPA I AND IPA II

IPA is divided into two (IPA and IPA II), corresponding to the different time periods in which IPA assistance is applied.

For its first period (from 2007 to 2013) IPA’s available funds were 11.5 billion, divided into different programmes and components. (pdf accession)

IPA (2007-2013) consists of five different components, the first two are available for both candidate and potential candidate countries while the other three, as they require strong and competent institutions, are only offered to candidate countries. They are: Transition assistance and general capacity-building, Cross-border Cooperation, Regional development, Human resources development and Rural development. (European Commission-Directorate General for Enlargement, 2009)

Relating allocations of IPA I funds in the Western Balkans, in table 7.2.1 can be seen the proportion corresponding to each country. Serbia, with 27% of funds is the one which receives the higher amount, while Montenegro only represents 5 percent of the total budget. Multi-country programmes receive also a substantial part of the funds with a 23 percent of the total.

Table 7.2.1. IPA I allocations to the Western Balkans (2007-2013)

<table>
<thead>
<tr>
<th>Country</th>
<th>Allocations in million euros</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serbia</td>
<td>1,385</td>
<td>27%</td>
</tr>
<tr>
<td>Multi-beneficiary programmes</td>
<td>1,150</td>
<td>23%</td>
</tr>
<tr>
<td>Kosovo</td>
<td>636</td>
<td>12%</td>
</tr>
<tr>
<td>the former Yugoslav Republic of Macedonia</td>
<td>615</td>
<td>12%</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>572</td>
<td>11%</td>
</tr>
<tr>
<td>Albania</td>
<td>529</td>
<td>10%</td>
</tr>
<tr>
<td>Montenegro</td>
<td>236</td>
<td>5%</td>
</tr>
</tbody>
</table>

Note: Percentages rounded up.
Source: European Commission, 31 December 2015.
IPA II is the one corresponding to the present time. It goes from 2014 to 2020. During this period, the focus of this instrument is mainly a strategic one. It is based on addressing the specific needs of each country and it introduces sectors, priorities and special emphasis on both regional and international cooperation as relevant concerns. The main objective of IPA II is to reach EU objectives for 2020, which are increasing growth but focusing on sustainability and integration.

Regarding this period, IPA II budget for supporting the adaptation and development of these countries is 11.7 billion EUR, a little bit bigger than the one of the previous period.

IPA II introduces different key elements to help to assure a proper design and implementation of the aids:

- **Indicative Country Strategy Papers**: they are specific planning documents designed exclusively for each country. They establish objectives for the 7 years and the priority sectors where improvements are most needed. They also provide information about expected results and include benchmarks that help oversee how is the process progressing.

- **Indicative Multi-Country Strategy Paper**: they are designed to bring support to specific reforms and deal with regional and territorial cooperation, including cross-border cooperation.

With the aim of reaching the objectives set out in the Strategy Papers, it is needed to develop specific activities according to each of them, which are detailed in the Annual or Multi-Annual action programmes. The main ones are the Country Action Programmes with the support of Multi-Country ones, but there are also specific programmes for cross-border cooperation and rural development.

IPA also enables a better monitoring and evaluation, by comparing benchmarks with achieved results, making it easier to keep track of the process. Annual reports are published to inform about obtained achievements.

There are also additional EU instruments that support in some way the accessing countries. Some of them are the European Instrument for Democracy and Human Rights,
the Instrument for Stability, and the Common Foreign Security Policy actions. Furthermore, potential and candidate countries also have access to several EU programmes, for instance, Erasmus Mundus. (European Commission, 2015a)

The European Investment Bank can also provide financial assistance, but always assuring certain coherence with other EU ways of support.

IPA is essential for the future, by helping neighbour countries and potential candidates, the EU is spreading its values and its way of acting, benefiting everyone from an atmosphere of stability and prosperity

7.3 ALBANIA

Figure 7.3.1. General data Albania

<table>
<thead>
<tr>
<th>Capital</th>
<th>Tirana</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>3.2 million</td>
</tr>
<tr>
<td>Area (Km2)</td>
<td>28.750</td>
</tr>
<tr>
<td>Major languages</td>
<td>Albanian</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>77.9 years</td>
</tr>
<tr>
<td>GDP (Mill. €)</td>
<td>10.267</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>3.600</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>17.1</td>
</tr>
</tbody>
</table>

Own source: data based on BBC and The World Bank

Since 2006, Albania has a Stabilisation and Association Agreement with the EU and in 2009, the country officially applied for membership. Nevertheless, it was not until June 2014 when Albania obtained its candidate status as a “reward” for its efforts in implementing reforms to improve governance and strengthen both the rule of law and infrastructures in the country. (European Commission, 2014a)

The country has developed several programmes in an attempt to prove that it is strongly interested and capable of managing EU requirements. However, the country still requires bigger efforts in improving infrastructures and the rule of law. Taking into consideration that Albania was under a dictatorship until the year 1991 (European Court of Auditors, 2016), its public administration system still requires a strong reform to create a more effective and sustainable business environment, as well as establishing quality education, matching it with labour market requirements. Of the utmost importance is also
the fight against corruption, human beings traffic and women’s labour integration. (European Commission, 2014a, 2015a))

IPA assistance has been crucial in the implementation of these reforms, contributing to several projects. The whole IPA II budget for the period (2014-2020) has been fixed in € 649.4 million. By 2014, the number of resources destined to Albania’s assistance rise to 216 million euros in different sectors, turning the EU into the first donor to Albania. In the following table, the allocations of IPA funds are detailed more specifically per policy areas and sectors.

### Table 7.3.1 Indicative allocations (million €) in Albania- per policy areas and sectors.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Reforms in preparation for Union membership</td>
<td>78.7</td>
<td>59.9</td>
<td>12.7</td>
<td>74.9</td>
<td>94.3</td>
<td>328.5</td>
<td>* (**)</td>
</tr>
<tr>
<td>Democracy and governance</td>
<td>157.2</td>
<td></td>
<td></td>
<td></td>
<td>56.3</td>
<td>223.5</td>
<td></td>
</tr>
<tr>
<td>Rule of law and fundamental rights</td>
<td></td>
<td>69.0</td>
<td>28.0</td>
<td>97.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Socio-economic and Regional development</td>
<td>0</td>
<td>18.0</td>
<td>50.0</td>
<td>0</td>
<td>100.0</td>
<td>168.0</td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>34.0</td>
<td></td>
<td></td>
<td></td>
<td>34.0</td>
<td>68.0</td>
<td>66%</td>
</tr>
<tr>
<td>Transport</td>
<td>18.0</td>
<td></td>
<td></td>
<td></td>
<td>38.0</td>
<td>56.0</td>
<td>27%</td>
</tr>
<tr>
<td>Energy</td>
<td>0.0</td>
<td></td>
<td></td>
<td></td>
<td>0.0</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td>Competitiveness and innovation</td>
<td></td>
<td>16.0</td>
<td>28.0</td>
<td>44.0</td>
<td></td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>c. Employment, social policies, education, promotion of gender equality, and human resources development</td>
<td>5.6</td>
<td>0</td>
<td>14.0</td>
<td>0</td>
<td>50.0</td>
<td>69.0</td>
<td></td>
</tr>
<tr>
<td>Education, employment and social policies</td>
<td>19.0</td>
<td></td>
<td></td>
<td></td>
<td>30.0</td>
<td>60.0</td>
<td></td>
</tr>
<tr>
<td>d. Agriculture and rural development</td>
<td>0</td>
<td>9.0</td>
<td>13.0</td>
<td>18.0</td>
<td>52.0</td>
<td>92.0</td>
<td></td>
</tr>
<tr>
<td>Agriculture and rural development</td>
<td>46.0</td>
<td></td>
<td></td>
<td></td>
<td>52.0</td>
<td>92.0</td>
<td>26%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>83.7</td>
<td>86.0</td>
<td>80.7</td>
<td>92.0</td>
<td>296.3</td>
<td>649.4</td>
<td></td>
</tr>
</tbody>
</table>

25% Any possible differences in figures displayed in policy areas and sectors compared to the annual totals are the effect of rounding to one decimal.

Source: (European Commission, 2014a)

Some examples of these projects are:

Regarding the rule of law and fundamental rights, there are two important projects in Albania:
• “PAMECA IV Assistance mission”

This project was designed to bolster law enforcement in the country. It consisted of fifteen professional police officers and prosecutors, working together with the Albanian State Police (ASP) to enhance general capacities in the whole legal system as well as contributing to the reform in ASP law.

Thanks to PAMECA, the main problems in that sector were identified and action plans were designed to improve general performance. Some of those plans were, for instance, offering training and instruction to the police force or anti-drugs projects such as the decommissioning of the marijuana producing centre in Lazarat in 2014.

PAMECA was also relevant with its contribution to the agreement on strategic cooperation with Europol. (European Commission, 2015a)

• “EURALIUS III: Technical Assistance for the Justice System”

This project started in 2010 with a total budget of 2.3 million euros and the aim of consolidating and modernising the justice system in the country. Boosting transparency and fighting against corruption have been the main priorities, considered as key instruments not only for improving the whole system, but also for reinforcing people’s confidence in national authorities and institutions. (Euralius, 2017; European Commission, 2013)

Regarding rural development, the EU under IPA funds developed a project to improve access in rural areas in the country. Due to the mountainous landscape that characterises the country, many people are isolated in rural areas and agriculture still persists as the main economic activity. That is why the EU destined an amount of € 51 million to improve the country’s road network. Thanks to this, rural development was increased as new business and job opportunities appeared from people in rural areas. (European Commission, 2015d)

As a result of the previous project, the number of children accessing the education system has also increased. Access to health and social services has benefited the population, contributing to the development of the country and the region itself.
7.4 THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

Figure 7.4.1. General data The Former Yugoslav Republic of Macedonia

<table>
<thead>
<tr>
<th>Capital</th>
<th>Skopje</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>2.1 million</td>
</tr>
<tr>
<td>Area (Km²)</td>
<td>25.713</td>
</tr>
<tr>
<td>Major languages</td>
<td>Macedonian, Albanian</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>75.5 years</td>
</tr>
<tr>
<td>GDP (Mill. €)</td>
<td>9,862</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>4,757</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>26.1</td>
</tr>
</tbody>
</table>

Own source: data based on BBC and The World Bank

The Former Yugoslav Republic of Macedonia established an SAA with the EU in 2004. Later, in 2005 it was granted the status of candidate country. Since then, the country has enjoyed IPA assistance from the EU, which has been and is still being crucial for the development of the region. Finally, in 2009, accession negotiations were opened for the country. (European Commission, 2016g)

IPA II funds destined to Macedonia were set in €664.2 million, the specific allocations of the whole budget can be consulted in the following table:

Table 7.4.1. Indicative allocation (million €) in the former Yugoslav Republic of Macedonia- per policy areas and sectors

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Reforms in preparation for Union membership</td>
<td>39.7</td>
<td>17.9</td>
<td>38.6</td>
<td>26.9</td>
<td>85.8</td>
<td>265.9</td>
<td></td>
</tr>
<tr>
<td>Democracy and governance</td>
<td>66.1</td>
<td></td>
<td>58.8</td>
<td></td>
<td>122.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rule of law and fundamental rights</td>
<td>54.0</td>
<td>34.0</td>
<td>20.0</td>
<td>83.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Socio-economic and Regional development</td>
<td>45.0</td>
<td>39.7</td>
<td>38.0</td>
<td>41.4</td>
<td>135.1</td>
<td>198.8</td>
<td></td>
</tr>
<tr>
<td>Environment and climate action</td>
<td>61.0</td>
<td>51.6</td>
<td>112.9</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>26.4</td>
<td>38.5</td>
<td>112.9</td>
<td>60%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitiveness and innovation</td>
<td>46.0</td>
<td>27.0</td>
<td>112.9</td>
<td>60%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Employment, social policies, education, promotion of gender equality, and human resources development</td>
<td>14.0</td>
<td>17.0</td>
<td>13.0</td>
<td>6.0</td>
<td>26.2</td>
<td>53.2</td>
<td></td>
</tr>
<tr>
<td>Education, employment and social policies</td>
<td>14.0</td>
<td>24.2</td>
<td>53.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Agriculture and rural development</td>
<td>5.0</td>
<td>15.3</td>
<td>11.0</td>
<td>106.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture and rural development</td>
<td>5.0</td>
<td>54.6</td>
<td>106.3</td>
<td>50%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>55.7</td>
<td>58.9</td>
<td>91.6</td>
<td>94.9</td>
<td>303.1</td>
<td>664.2</td>
<td></td>
</tr>
</tbody>
</table>

* Any possible differences in figures displayed in policy areas and sectors compared to the annual totals are the effect of rounding to one decimal.

Source: (European Commission, 2014f)
For this country, the IPA assistance consists of:

- Annual programme which covers “democracy and governance, rule of law and fundamental rights, competitiveness and innovation”, with an EU contribution of €52.7 million in the year 2014.

- Multi-annual programme which covers the execution of Sector Operational Programmes, dedicated to several areas such as environment protection, climate or transport, with a budget of €81 million.

- The Rural development programme fall back on a budget of €60 million for the period between 2014 and 2020.

Nevertheless, the country experiments a huge problem with financial assistance and its management. Macedonia is under a decentralised implementation system (DIS) when managing EU funds. However, institutions are not capable enough to manage assistance funds, giving raise to the emergence of several structural problems and a great risk of losing funds in the assistance programmes. In addition, the country is facing several scrambles with Greece due to the disagreements about using the name “Macedonia” for naming the country, which is an additional barrier to achieve full integration. (De Munter, 2017)

Several programmes have been developed in the former Yugoslav Republic of Macedonia, according to the main needs and the priority aspects in which assistance was more needed. Some of these examples are:

Regarding the rule of law and the administrative capacitive there are two important programmes:

- “Strengthening the capacity of the Custom Administration”

This project is financially supported by the EU with an amount of € 2428301.25. It is based on supporting software development for customs administration, helping with the process of integrating and implementing it in the procedure, as well as providing the needed hardware to do it. This software is used as an instrument for achieving customs transparency. (European Commission, 2015a)
• “Terrestrial Trunked Radio (TETRA)”

Improving communications and police action along the country is considered crucial to increase security levels in Macedonia. TETRA is a programme created in collaboration with the Ministry of Interior of the former Yugoslav Republic of Macedonia, whose main goal is to develop a secure digital radio system for the police force. With a total cost of € 5 million, it has helped to increase effectiveness in police operations, contributing at the same time to develop a better general police assistance in the country. (European Commission, 2013) As a result of this programme, Macedonia is now more capable of combating illegal activities, which means a positive impact on the country, making it more attractive for investments and tourism.

Regarding competitiveness and innovation, it is of the utmost importance to encourage companies to be more skilled and efficient. That is why IPA developed projects such as the one called “Turn Around Management & Business Advisory Services (TAM/BAS). With this project, the EU helps companies by providing know-how and consulting services to achieve a significant growth in the market. Furthermore, the project focuses on promoting women’s involvement in business as well as providing companies with an international perspective for aligning EU vision in this field. (European Commission, 2015d)

7.5. MONTENEGRO

Figure 7.5.1. General data Montenegro

<table>
<thead>
<tr>
<th>Capital</th>
<th>Podgorica</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>633,000</td>
</tr>
<tr>
<td>Area (Km²)</td>
<td>13,812</td>
</tr>
<tr>
<td>Major languages</td>
<td>Serbian, Montenegrin</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>76.5 years</td>
</tr>
<tr>
<td>GDP (Mill. €)</td>
<td>3,625</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>5,825</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>17.5</td>
</tr>
</tbody>
</table>

Own source: data based on BBC, The World Bank and Eurostat

Montenegro was declared independent from Serbia in the year 2006. After this, in 2008, it applied for joining the EU. Since this moment, the country has made effective
progress and several efforts in preparing for the management of IPA funds. These efforts were finally taken into consideration in 2012, when the EU decided to start accession negotiations with Montenegro. (European Commission, 2016c)

IPA assistance was introduced in the country with some key priorities on which special focus was needed. Strengthening civil society, as well as the rule of law, have been the main destinations of IPA funds during the last years. The European Commission established specific key priorities such as reforming the judiciary system and enhancing border control which are needed to keep on with enlargement negotiations. (European Commission, 2014d; European Court of Auditors, 2016)

The total budget for this country under IPA II is €270.5 million, divided into different amounts for each year. (European Commission, 2014d) In 2014, the annual budget was €39.6 million, divided in €35.7 million to the action programme and the rest to the Civil Society Facility and Regional Housing Programme. The total distribution of IPA funds for the whole period can be seen in the table below:

Table 7.5.1. Indicative allocations (million €) in Montenegro-per policy areas and sectors

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Reform in preparation for Union membership</td>
<td>15.8</td>
<td>15.8</td>
<td>12.8</td>
<td>13.3</td>
<td>38.5</td>
<td>99.2</td>
<td></td>
</tr>
<tr>
<td>Democracy and governance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rule of law and fundamental rights</td>
<td>31.6</td>
<td></td>
<td>20.7</td>
<td>52.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Socio-economic and Regional development</td>
<td>14.8</td>
<td>8.4</td>
<td>14.8</td>
<td>13.3</td>
<td>39.4</td>
<td>90.8</td>
<td></td>
</tr>
<tr>
<td>Environment and climate action</td>
<td>18.8</td>
<td></td>
<td>18.7</td>
<td>37.5</td>
<td>80%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>35.2</td>
<td></td>
<td>11.5</td>
<td>32.1</td>
<td>60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitiveness and innovation</td>
<td>12.3</td>
<td></td>
<td>8.9</td>
<td>21.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Employment, social policies, education, promotion of gender equality, and human resources development</td>
<td>3.8</td>
<td>4.0</td>
<td>3.9</td>
<td>4.0</td>
<td>12.8</td>
<td>28.1</td>
<td></td>
</tr>
<tr>
<td>Education, employment and social policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Agriculture and rural development</td>
<td>2.5</td>
<td>7.4</td>
<td>5.9</td>
<td>8.9</td>
<td>25.7</td>
<td>52.4</td>
<td></td>
</tr>
<tr>
<td>Agriculture and rural development</td>
<td>2.5</td>
<td></td>
<td>2.7</td>
<td>22.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>38.5</td>
<td>35.6</td>
<td>37.5</td>
<td>39.6</td>
<td>118.5</td>
<td>270.5</td>
<td></td>
</tr>
</tbody>
</table>

Source: (European Commission, 2014d)

EU support to local governments is especially important in Montenegro. Lack of knowledge and experience about how to properly implement EU funds, can lead to inefficiency and management problems in the country. The EU tries to improve this
situation by providing advice and training to local governments, covering different projects and different areas. (European Commission, 2015d)

One project developed in Montenegro regarding regional cooperation and competitiveness and innovation is:

- “Marubi: A cooperative model for tourist promotion”

This project, with a total budget of €423,504, aims to boost the development of a cross-border area in the country, called Shkodra-Ulcinj, by promoting tourism in the area and developing this industry as a potential source of income.

It is seen as a clear example of cross-border cooperation, resulting in an economic and social benefit for the region and for the European community. Using innovative procedures and improving life in local communities, providing them with a substantial and long-lasting industry in which they can rely on.

There are also some other relevant projects related to social policies, focused not only on underprivileged groups of people but also in the whole population. Some of them are described below.

- Projects to improve developing areas and quality of life

IPA funds are intended to projects aiming to ensure good quality of life levels especially in developing areas. This kind of programmes includes different activities going from infrastructure reforms to facilities enhancement. Some examples could be road building in municipalities of Andrijevica, constructing fire stations such as the one in Berane or Savnik, or programmes to improve waste handling. (European Commission, 2013)

- Gender Equality Programme

Gender equality is one of the main EU concerns, included as a requisite for joining the Union. Nevertheless, political and economic power has been and it is still being lower for women than it is for the opposite sex, especially in Montenegro. For this reason, the EU bearded the 90% of the total cost of
the project, trying to avoid this kind of inequalities. “Gender Equality Programme” focuses on the relevance of including women in the socio-economic and political environment, empowering their integration in the labour system as well as supporting gender equality policies and reducing cases of domestic violence. Furthermore, the programme tends to foster entrepreneurship among women and active involvement in electoral participation. (European Commission, 2013)

7.6 SERBIA

Figure 7.6.1. General data Serbia

<table>
<thead>
<tr>
<th>Capital</th>
<th>Belgrade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>7114 million</td>
</tr>
<tr>
<td>Area (Km2)</td>
<td>88,361</td>
</tr>
<tr>
<td>Major languages</td>
<td>Serbian</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>75.3 years</td>
</tr>
<tr>
<td>GDP (Mill. €)</td>
<td>34,115</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>4,821</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>17.6</td>
</tr>
</tbody>
</table>

Own source: data based on BBC and The World Bank

After the Thessaloniki European Council summit, Serbia started relations with the EU. In 2008, the EU established a European Partnership with this country and in 2009, it officially applied for membership. Since then, Serbia has benefited from pre-accession assistance. (European Commission, 2016e)

After the “EU-facilitated Belgrade-Pristina dialogue” which meant a substantial progress in the relationship Kosovo-Serbia, the EU decided to open accession negotiations in 2014. (De Munter, 2017)

To guarantee an effective application of IPA funds, the Indicative Strategy Paper for the years 2014-2020 was developed. The European Commission examined and identified those sectors in which financial assistance was more needed for the development of the country and it established an amount of € 1508 million for that period. Specific allocations per sector are described in the next table:
The chosen method used to manage assistance funds was the decentralised implementation system. (DIS). However, the European Commission detected serious weaknesses in audit authorities and administrative institutions which restrained the IPA management system. This has lead in some difficulties when making payments which have resulted in the postponement of some projects in the country. (European Court of Auditors, 2016)

During the year 2014, there were huge floods that devastated the country, so a significant amount of funds was destined to reconstruction programmes. Several programmes were designed to provide assistance in the floods. The EU send help through humanitarian aid and a civil protection team, spending over €1 million in humanitarian action.

The European Commission destined €30 million of IPA funds to an “EU flood relief assistance programme”. It was basically a reconstruction project which offered also economic grants for the affected people.
With the aim of preventing such disasters and improving the capacity building of the country in a long-term time perspective. €72 million were also intended, as an investment in the future.

Improving educational levels as well as quality teaching and learning systems is another priority for the EU accession. It is important to increase schooling rates and promote quality learning to reach EU standards in terms of education. One of the programmes executed thanks to the IPA funds and strongly related to this purpose is:

- “Improvement of Preschool Education in Serbia (IMPRES)”

This project is developed by the EU, together with the Ministry of Education, Science and Technological Development of Serbia. It is focused on improving schooling levels in the country, especially in marginalised areas and children at risk of social exclusion (Roma children, disabled children or those who live in rural areas).

The aim is to reform and improve quality standards of preschool education through project activities and increasing parents’ involvement in the educational community. The EU has destined € 3.75 million of IPA funds to this project, achieving significant results. In the period between February 2011 and April 2014, 1,700 children participated in preschool activities with the aim of including them into the schooling system and reducing poverty levels as well as social exclusion. (European Commission, 2013; European Union, 2011)

Regarding competitiveness and innovation, some projects have been developed to improve these two competencies in current businesses along the country.

IPA destined a significant amount of € 8.4 million to a programme focused on improving Innovation in Serbia. The programme boosts investment in research and development while fostering entrepreneurship in the business environment. By financing innovative projects, the EU is contributing to the successful technological progress in the country. Thanks to this support, in Belgrade, a start-up called “Strawberry Energy” has developed an innovative idea, a transportable solar charger “Strawberry Tree Mini” (European Commission, 2013) and the country has evolved towards the largest
destination of investment in Central and East Europe, around 90% of foreign investment in Serbia come from European companies. (European Commission, 2015c)

7.7. BOSNIA AND HERZEGOVINA

Figure 7.7.1. General data Bosnia and Herzegovina

<table>
<thead>
<tr>
<th>Capital</th>
<th>Sarajevo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>3.7 million</td>
</tr>
<tr>
<td>Area (Km²)</td>
<td>51.129</td>
</tr>
<tr>
<td>Major languages</td>
<td>Bosnian, Croatian and Serbian</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>75.4 years</td>
</tr>
<tr>
<td>GDP (Mill. €)</td>
<td>14.647</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>3.792</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>27.9</td>
</tr>
</tbody>
</table>

Own source: data based on BBC and The World Bank

Bosnia and Herzegovina is currently a potential candidate to join the EU, since June 2003 in the Thessaloniki European Council summit. In 2008, the EU signed an SAA with the country but it didn’t enter into force until 2015 due to several difficulties in law implementation about Human Rights legislation. Since then, the country has made substantial progress, although the European Commission has decided that it is not prepared enough to be a candidate country. Nevertheless, it receives IPA assistance to improve the development of the region and try to approach EU’s candidate country position. (De Munter, 2017)

The Indicative Strategy Paper for this country only covers until 2017. The lack of willingness regarding political representatives to move forward on the implementation of programmes and strategies, have created several disagreements. Only 4 sectors, where agreement has been reached and suitable structures existed, are covered in the strategy paper. The IPA II funds destined to the period between 2014 and 2017 are € 165.8 million. (European Commission, 2014b) See more detailed allocations in the following table.
Table 7.7.1. Indicative allocation (million €) in Bosnia and Herzegovina— per policy areas and sectors

<table>
<thead>
<tr>
<th>Bosnia and Herzegovina</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Total 2014-2017</th>
<th>Of which planned change relevant (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Reforms in preparation for Union membership</td>
<td>11</td>
<td>17</td>
<td>18</td>
<td>18</td>
<td>64</td>
<td>0</td>
</tr>
<tr>
<td>Democracy and governance</td>
<td>27</td>
<td></td>
<td></td>
<td></td>
<td>27</td>
<td>100%</td>
</tr>
<tr>
<td>Rule of law and fundamental rights</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
<td>33</td>
<td>100%</td>
</tr>
<tr>
<td>b. Socio-economic and Regional development</td>
<td>24.3</td>
<td>13.7</td>
<td>13.7</td>
<td>13.7</td>
<td>63.0</td>
<td>0</td>
</tr>
<tr>
<td>Competitiveness and innovation, local development strategies</td>
<td>43.8</td>
<td>63.8</td>
<td></td>
<td></td>
<td>107.6</td>
<td>100%</td>
</tr>
<tr>
<td>c. Employment, social policies, education, research and innovation, promotion of gender equality, and human resources development</td>
<td>28</td>
<td>31</td>
<td>38</td>
<td>38</td>
<td>135</td>
<td>0</td>
</tr>
<tr>
<td>Education, employment and social policies</td>
<td>38</td>
<td>38</td>
<td></td>
<td></td>
<td>76</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>38.7</td>
<td>55.7</td>
<td>42.7</td>
<td>45.7</td>
<td>165.8</td>
<td>0</td>
</tr>
</tbody>
</table>

1 For 2014, subject to needs assessments, indicative EUR 15 million will be dedicated to floods recovery and reconstruction
2 In addition, EUR 14 million for both 2015 and 2016, and EUR 12 million for 2017 are indicative allocated to the Regional Housing Programme, which is implemented within the framework of the IPA multi-country programme.

Source: (European Commission, 2014b)

In the aftermath of the war between 1991-1995, the country was devastated. That explains why governance is so decentralised, making the whole system so ineffective. Moreover, it is difficult to maintain the fight against corruption in the country, due to the fragmentation of the judicial system. All these events impact in a negative way in the economic growth and attraction of foreign investment. (European Commission, 2014b)

The main concern to the European Commission was about citizens, so almost all the funds were focused on improving the socio-economic situation in the country. In this sense, it is needed to reinforce respect for human rights as well as gender equality, especially woman’s rights, as Bosnia and Herzegovina is one of the central focus for women trafficking. (European Commission, 2014b)

Bosnia and Herzegovina was also heated by hard floods in 2014. In that situation, the EU destined € 42 million of IPA funds to mitigate the devastating effects of the floods. Later, at the end of 2014, the EU destined an extra amount of €41 million to the same purpose.

One of the programmes that the EU implemented was: “Floods Recovery Programme”
With a total budget of € 43.52 million, the EU contributed with € 42.24 million of them. The main goal of this project was to restructure people’s lives and reform infrastructures and housing, with a special focus on the most vulnerable social groups.

Another example of these programmes, but leaving aside the floods focus, is one aimed to boost local democracy. It is essential to achieve it at a local level to enjoy it at a national one. The EU destined € 4 million to reform public and local administration. It enhances cooperation and partnerships by establishing a competition between civil society organisations to achieve local funding. (PDF report 2013)

Regarding competitiveness and social development, one of the projects to improve these sections was focused on tourism, the EU destined some funds in 2012 to boost the development of tourism in the National Park Sutjeska, which is considered a wildlife protection area, being located, furthermore, in a cross-border area. Thanks to this initiative, the industry of tourism was reinforced in the country, broadening opportunities to create new enterprises and encouraging investment in the region. Not to mention the preservation of a landscape which has a priceless value for every European. (European Commission, 2013)

7.8 KOSOVO

Figure 7.8.1. General data Kosovo

<table>
<thead>
<tr>
<th>Capital</th>
<th>Pristina</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>1.77 million</td>
</tr>
<tr>
<td>Area (Km2)</td>
<td>10.887</td>
</tr>
<tr>
<td>Major languages</td>
<td>Albanian, Serbian</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>76.5 years</td>
</tr>
<tr>
<td>GDP (Mill. €)</td>
<td>5.6</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>3100</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>32.9</td>
</tr>
</tbody>
</table>

Own source: data based on BBC and The World Bank

Kosovo has currently the status of potential candidate. This country is particularly strange because of its recent establishment as an independent country. It was declared independent in February 2008 by almost every European State except for Cyprus, Greece, Romania, Slovakia and Spain. Moreover, in the Western Balkans region, also Serbia and
Bosnia and Herzegovina recognise Kosovo as an independent country. After the rapprochement between Belgrade and Pristina in 2013, with the Brussels agreement between Serbia and Kosovo, the EU considered starting negotiations about a Stabilisation and Association Agreement, which was finally signed in 2015, thanks to the Kosovo’s positive attitude towards the EU. (De Munter, 2017)

In 2014, IPA assistance was firstly introduced in the country. This assistance has been crucial for Kosovo to align with EU legislation and standards and it is essential to achieve the status of candidate country in the future.

The European Commission intended an IPA II budget of € 645.5 million (20014-2020) to enhance the region, focusing on different sectors. For the year 2014, the budget was € 66.05 million. More specific allocations of IPA funds for the whole period can be seen in the table below:

Table 7.8.1. Indicative allocation (million €) in Kosovo- per policy areas and sectors

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Reforms in preparation for EU approximation</td>
<td>37.3</td>
<td>34.0</td>
<td>31.0</td>
<td>35.3</td>
<td>99.1</td>
<td>236.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Democracy and governance</td>
<td>64.4</td>
<td>40.0</td>
<td>110.4</td>
<td>53.1</td>
<td>126.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Role of law and fundamental rights</td>
<td>73.1</td>
<td>55.1</td>
<td>126.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Socio-economic and Regional development</td>
<td>18.0</td>
<td>37.9</td>
<td>33.0</td>
<td>30.0</td>
<td>114.1</td>
<td>235.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td>48</td>
<td>54</td>
<td>190.0</td>
<td>80%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitiveness and innovation</td>
<td>74.9</td>
<td>60.1</td>
<td>135.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Employment, social policies, education, promotion of gender equality, and human resources development</td>
<td>14.5</td>
<td>7.0</td>
<td>10.0</td>
<td>16.7</td>
<td>40.0</td>
<td>94.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment, social policies, education, promotion of gender equality, and human resources development</td>
<td>48.2</td>
<td>45.0</td>
<td>94.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Agriculture and rural development</td>
<td>12.0</td>
<td>7.0</td>
<td>14.7</td>
<td>10.0</td>
<td>26.0</td>
<td>79.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture and rural development</td>
<td>43.7</td>
<td>56.0</td>
<td>79.7</td>
<td>20%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>83.8</td>
<td>65.0</td>
<td>85.7</td>
<td>91.5</td>
<td>235.3</td>
<td>440.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Any possible differences in figures displayed in policy areas and sectors compared to the annual totals are the effect of rounding to one decimal.

Source: (European Commission, 2014c)

A significant amount of this budget is destined to Cross-Border Cooperation Programmes. Currently, these programmes are being developed with the former Yugoslav Republic of Macedonia, Albania and Montenegro.
Other programmes are more specific, focusing on several EU policies which are stressed in the EU acquis:

- “EU-Community Stabilisation Programme Phase II (EU-CSP II)
  With a budget of €3 million, its main objective is to reinforce sustainability in a socio-economic context while assuring a successful integration of minorities. To do so, the EU-CSP II tries to boost job creation and employability of citizens.
  Thanks to this project, around 800 jobs were created in selected areas.

The EU implemented a project more related with environment and climate action. It tries to decrease air pollution levels by monitoring air quality with specific equipment, allowing for better air conditions. By this way, the project is helping Kosovo to reach EU standards regarding environmental protection.

Another important issue in Kosovo is the protection of minorities. The EU has granted special importance to this issue, as the country hosts a relevant number of people belonging to minorities such as Egyptian, Ashkall and Roma. In the year 2012, the “Osterode camp” in Mitrovica, which was strongly contaminated with lead, was closed. As a result of this, several families belonging to these minorities were left homeless. The EU destined some funds to resettle families, constructing new housing and carrying out reconstruction projects. Moreover, this programme also helped the integration of those people in the labour market, boosting initiatives to generate incomes and growth and providing education and training for young people. Thanks to it, living conditions of people living there improved significantly since the assistance was destined. (European Commission, 2013; European Union, 2015)

When it comes to education and improving public administration, there is an important programme called “Young Cells Scheme”. This programme is based on postgraduate scholarships, which aim to offer Kosovo students the possibility to undertake postgraduate courses in European Universities, as a way of improving professional capacity in Kosovo public administration. Several students are benefited from these scholarships, taking advantage of expertise from prestigious universities and returning this knowledge to their country, as they have to work for the Kosovo civil service a minimum of 3 years after the end of the scholarship. (European Commission,
By this way, Kosovo is not only increasing the quality of its public administration, but also addressing one of the main concerns in the country, the high levels of youth unemployment (around 30% in 2013) (ISIG, 2015)

7.9. MULTI-COUNTRY

Multi-country programmes are designed to help national country programmes in achieving results and implementing measures. Under the IPA II assistance, priorities are set down and attention is focused on issues where assistance is more needed. Multi-country programmes defined common priorities and complement national ones through 4 multi-country channels: horizontal, regional structures and networks, regional investment and territorial cooperation. (European Commission, 2016d)

7.9.1. Horizontal support

Through this channel, the EU tries to train and provide information and technical assistance for the national institutions. Countries can benefit from the know-how of the EU while improving its civil society. This assistance is provided by two main instruments:

- TAIEX (Technical Assistance and Information Exchange Instrument): through this instrument, the European commission organise several seminars on EU policies, helping acceding countries to understand EU legislation and comply with its requirements, taking advantage of the knowledge and expertise of professionals from old countries. But TAIEX not only helps candidate countries but also EU’s eastern and southern neighbours. (European Commission, 2013)

In a period of 5 years, between 2010 and 2015, this instrument was responsible for organising around 11000 activities including workshops, study visits or expert missions. Activities are designed to cover all the priorities set out in IPA such as the rule of law, fundamental rights or consumer protection. In 2015, TAIEX paid special attention to gender equality among these countries by promoting women participation in most of its activities. (European Commission, 2016f)
• Twinning: it is based on institutional cooperation between the EU and the beneficiary countries. By peer to peer activities it tries to strengthen law enforcement and preparing countries for the fulfilment of the EU “acquis”. Partner countries from the East and South neighbourhood policy can also benefit from twinning programmes. (European Commission, 2016h)

Twinning projects are attributed to a specific Member State. When a beneficiary country establishes that a twinning project could be beneficial for them, all the Member States can present their proposals and a committee decides which country is the most skilled to develop the project. The country with most awarded twinning projects within enlargement countries in 2015 was Spain with seven projects in the Western Balkans and Turkey. (European Commission, 2016f)

IPA II funds are also dedicated to address educational needs. Through “Erasmus + “, students from all over Europe have the possibility to study or internship abroad, improving not only their language skills but also integrating themselves into a different culture. Furthermore, Erasmus+ benefits businesses and universities in the same way, taking advantage of the increasing diversity and the exchange of knowledge. This programme can benefit enlargement countries as well, by training and supporting youngsters and universities, aligning EU standards in terms of Education and language learning. IPA II, through Erasmus + will provide funding for the development of mobility programmes in the Western Balkans. (European Commission, 2014g)

7.9.2. Regional structures and networks

It focuses on regional cooperation and networking to help countries align with EU requirements. There are different instruments and initiatives that promote this cooperation, some examples are:

• Central European Free Trade Agreement (CEFTA), which was explained before.

• The South-East Europe Transport Observatory (SEETO) is also an important support instrument in terms of regional transport. It aims to
promote cooperation to improve communication and transport networks in
the Western Balkans by not only focusing on infrastructures development
but also on collateral issues that affect the transport system as a whole and
help Western Balkans to meet EU transport acquis. (South East Europe
Observatory, 2015)

- Environment and Climate Regional Accession Network (ECRAN) is
  based on supporting beneficiary countries with experience and information
  in terms of environment protection and climate action. ECRAN helps
  candidate countries to implement laws and measures to align with EU
  environmental acquis. (ECRAN, n.d.)

- Regional School for Public Administration (ReSPA) tries to promote
  regional cooperation to reform and strengthen the public administration in
  the Western Balkans. It is based on conferences and other kind of activities
  to enable exchange of information between the countries and the
  EU. (Regional School of Public Administration, 2012). IPA funds
  allocated to this organisation are around € 1.2 million per year. (European
  Court of Auditors, 2016)

- Regional Rural Development Standing Working Group (SWG) is a
  platform which was founded in 2005 to promote cooperation for
  sustainable and rural development in the countries of the Western
  Balkans. (SWG, n.d.)

**7.9.3. Regional investment support**

Through this assistance, the EU tries to boost socio-economic
development in the region, including programmes dealing with topics such as
competitiveness environment protection or human resources. To provide this
assistance, the EU relies on several instruments such as the Western Balkans
Investment Framework (WBIF), the Western Balkan Enterprise Development and
Innovation Facility, the European Fund for Southeast Europe or the Regional
Housing Programme (refugees)
• WBIF: This instrument provides financial aid for strategic investments in the Western Balkan countries, trying to increase them and contributing to the economic development of the region. It joins resources from IPA, International Financial Institutions (IFIs) and national governments of the region in an attempt to offer a more effective assistance. The WBIF has received a budget of €250 million since its creation in 2009 and it has assisted around 150 investment projects (European Commission, 2015a, 2015d) One example of these kind of projects is the “Ionian-Adriatic pipeline project”, which focuses on providing technical assistance to develop a gas pipeline between Albania and Croatia. (European Court of Auditors, 2016)

• The Western Balkan Enterprise Development and Innovation Facility is the initiative to provide financial support to SMEs in the Western Balkans while boosting the development of the region. This programme acts through local financial intermediaries to which provides funding and support services. (European Investment Fund, 2016)

• European Fund for Southeast Europe is one of the main instrument for micro-SME assistance. The aim is to generate growth, contributing to the creation of new job opportunities and improving incomes of small entrepreneurs. (European Fund for Southeast Europe, 2014)

• Regional Housing Programme is a common project to help in the redistribution of displaced refugees and vulnerable people living in Bosnia, Croatia, Montenegro and Serbia, resulting from the war and conflicts in the region. With the EU as the main donor, the main objective is to provide housing and effective solutions to these people. (Regional Housing Programme, 2017)
7.9.4. Territorial cooperation:

The main goal with this assistance is to promote good relationships with neighbours and stability in the whole region, but especially in border areas. By cross-border initiatives and regional cooperation, the EU also aims to enhance local development and progress in these areas.

Thanks to all this support in the 4 multi-country channels, IPA assistance can develop several multi-country projects, which have been very successful. Some examples can be read hereunder:

- Fighting organised crime

  It is a matter of concern worldwide, but it is especially relevant in the Western Balkan countries. Demonstrating an effective fight against organised crime is one of the main requisites to join the EU and multi-country cooperation is essential to face it. This project started in 2011, it is based on enhancing cooperation in terms of investigation, resources and facilitating exchange of information among police forces. One of the most successful operation under this project was the one called “Šetač” (the walker), which tried to dismantle the drug mafia in the region. (European Commission, 2013) Moreover, it is especially relevant in the fight against corruption, the role of the media and civil society in promoting public awareness and the necessity to reduce crime and corruption levels, so the EU is also responsible for encouraging public prosecution in this field. (European Court of Auditors, 2016)

- Fighting cybercrime

  Currently, as the technology is taking great strides, cybercrime has become one of the main priorities in terms of defence and security in the EU. Fighting this kind of crime is essential for enlargement countries to strengthen their law enforcement and security. Cooperation in this matter is essential for achieving results. Thanks to the collaboration between national forces in the region, it was possible to prosecute an organised group responsible for huge credit card frauds, operating in Serbia and Montenegro, and a famous hacker group from Croatia, which was thought to be responsible for internet and computer attacks on governments devices. (European Commission, 2015d)
• Project SIMPLE (Strengthening the Identity of Minority People Leads to Equality)

In this case, the main goal is to develop unity and social cohesion in the Adriatic countries. Institutions from Albania, Croatia, Montenegro, Italy and Slovenia are joined to promote European values and create a more peaceful environment for every citizen. Minorities are especially relevant in these countries, with a high number of people who suffered exclusion. That is why this project is also focused on them, trying to avoid discrimination and enabling citizens with the same rights, by promoting multi-cultural approaches and diversity in terms of education, employment and languages. In addition, SIMPLE project is focused on developing awareness campaigns to create a sense of tolerance within the community. IPA funds took over the 85% of SIMPLE’s total cost, an amount of € 907,916.30. (European Commission, n.d.-d)
9. CONCLUSIONS

The enlargement process is not an easy project, it involves several measures which require specific actions and the coordination and cooperation among countries from the EU and outside.

The EU is facing a huge challenge with the Western Balkans’ enlargement, taking into consideration the current crisis which is hampering the stability of the Union, it is more challenging than ever to enlarge the community.

In this essay, we have seen that supporting public opinion on enlargements is currently more relevant than ever, since the recent economic and social factors have influenced the impact on how people consider EU enlargements. The accession process could not be effective without the support from citizens, as they are the main driver to achieve integration.

In my opinion, the process will take place for all the Western Balkans, but it is going to take time. Many improvements are still needed in these countries and the stabilisation in the whole region has to be more effective. National authorities and institutions should take an active part in this process, enabling the implementation of EU assistance and cooperating in the resolution of initiatives.

As we have seen in the development of this work, the Western Balkans do not reach the economic and social conditions which prevail in the EU, but they are on the right track, improving social conditions and reinforcing the rule of law. The role of new technologies, as well as education, are of the utmost importance in achieving future results, modernising the public administration and training qualified youngsters as an investment in the future of the region and in the future of the EU as a whole.

Regarding IPA assistance, the European Court of Auditors (2016) concluded that, so far, it has been effective in strengthening administrative capacity, despite the inconveniences in some countries due to weak capacity to implement EU funds through the decentralised implementation system. A special mention should be addressed to Bosnia and Herzegovina, where the situation is pretty unstable and the strategy papers of IPA assistance have to be rewrite this year for the period 2017-2020.
Fight against corruption and organised crime is also a relevant issue to tackle in the candidate countries. Current efforts are not enough and EU institutions should pay special attention in prosecuting and fighting it. In this context, it is of the utmost importance to coordinate political actions between the EU and the national governments to better target available resources to the areas where it is really needed.

Regional cooperation has been and it is still being essential in the development of these countries and the stabilisation of the region. By enhancing this cooperation and good neighbourly relationships, the EU is also boosting the socio-economic development, bringing in the opportunity of a sustainable growth and reducing disputes in the region.
10.BIBLIOGRAPHY


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