

International Conference
**NAVIGATING COMPLEXITY AND CHANGE
IN THE BALKANS**

University of New York Tirana
Turkish-German University
Ibn Haldun University

Istanbul, Türkiye
December 5-6, 2024

BOOK OF PROCEEDINGS

ISBN Print: 9789928478573

ISBN Online: 9789928478580



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PREPARED BY:	International Journal of Balkan Studies (IJBS)
PUBLISHER:	UNYT PRESS
ISBN Print:	9789928478573
ISBN Online:	9789928478580
PRINTED BY:	University of New York Tirana
CIRCULATION:	Printed and online
PLACE OF PUBLICATION:	Tirana, Albania
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FOREWORD

The International Conference “Navigating Complexity and Change in the Balkans” was a two-day scientific event, organized by the University of New York Tirana (UNYT) Albania - Institute of European and Balkan Studies (European Research Centre), in cooperation with Turkish - German University and Ibn Haldun University, Türkiye. It was held in Istanbul, at the Turkish - German University, on 5-6 December 2024.

The conference explored and analysed the multifaceted dimensions of the Balkans in these turbulent times and tried to address the complexities of the region’s current geopolitical landscape and its implications for both local and global actors. The Balkans have long been a region of significant geopolitical interest, often serving as a crossroads of cultural, political and economic interactions. In recent years, the region has faced a period of heightened geopolitical uncertainty, influenced by various global and regional dynamics. Thus, the Balkans remain at the forefront of these changes as the world grapples with shifting power balances, emerging conflicts and economic transformations.

This event brought together scholars, academics, policymakers and analysts from universities and institutions in the Western Balkans, Turkey, and Albania, who have contributed research on the conference's topic and its related areas. The conference featured five thematic panels, which focused on areas of geopolitics and international relations, security, politics, law and economics.

The papers presented in the conference are compiled in this ‘Book of Proceedings’. They offer valuable insights and scientific contributions on the topic. We hope you will find them stimulating, interesting and informative!

Sincerely,

Assoc. Prof. Mirela Bogdani
Editor-in-Chief of IJBS
Director of the Institute of European and Balkan Studies

TABLE OF CONTENT

1. Dr. Rudina Duraj

The Erosion of Social Cohesion: Analysing the Forces that led to Yugoslavia's Dissolution.....7

3. Gülten Akgül

The Balkans in British Travel Narratives: A Geopolitical Perspective from Mark Mazower and Mary Edith Durham.....18

4. Haşim Koç, Phd Cand.

Croatia's Role in the EU Enlargement Process towards Western Balkans: An Analysis of Zagreb Declaration of 6th May 2020.....35

5. Assoc. Prof. Hasan Ulusoy

Transcending the Negative Impacts of Identity Politics in the Conduct of Inter-state Relations to foster a Culture of Living Together for a Common Future of Peace, Stability, and Prosperity in the Balkans.....42

6. Assoc. Prof. Ilir Kalemaj

Serbia-Kosovo Security Dilemma: From Dismemberment of Yugoslavia till today.....50

7. Assoc. Prof. Nurlana Mustafayeva

The Role of Education in the Cooperation between the Republic of Azerbaijan and the Balkan Countries: Current Situation and Goals.....67

8. As. Prof. Sümeyye Kaya Uyar & Yasin Çetin

The Gulf Effect in the Balkans after the Bosnian War.....80

9. Assoc. Prof. Mirela Bogdani

“Passengers of the same Train”: The Western Balkans, two Decades after commencing the EU Journey.....93

10. Dr. Dominic Heinz

Trust and Transparency in the Balkans: Key for navigating through Complexity and Change?.....106

11. Andrea Mazellu, Dr. Cand.

Strengthening the Rule of Law and Fight Against Corruption in the Western Balkans: Conditionalities for EU Accession.....122

12. Megi Gjoni, Dr. Cand.

All in the same Boat to Brussels: Political and Democratic State of the WB towards EU integration.....134

13. Assoc. Prof. Ines Nurja & Gerta Jakupi, MSc & Deni Tabaku

The Legal Migration Impact on the Unemployment Rate in the Western Balkan Countries...142

14. Ceyhun Elgin & Kerem Cantekin

Balancing Act: The Political Economy of Euro Adoption in the Balkans.....151

15. As. Prof. Ahmet Lökçe

Challenges and Opportunities for Sustainable Development in North Macedonia.....166

16. Assoc. Prof. Nevila Mehmetaj

Institutional Quality and Economic Growth, the Role of Structural Debt: Evidence of Six SEE countries.....180

17. Dr. Ledia Thomo & Gerta Jakupi, MSc & Alessia Pinari

Determinants of FDI in the Western Balkans compared to EU Countries.....194

18. Dr. Ardita Bylo

Investment and Trade Policies as Catalysts for Growth: Analyzing Economic Dynamics in the Balkans.....203

19. Harri Aleksi MSc & Kein Katroshi MA

Digital Transformation in Balkan: The Role of UX UI Design in navigating Public Sector Innovation.....223

20. As. Prof. Idlir Lika

Discussing Strategies for navigating Uncertainty in the Balkans.....214

21. Endi Kalemaj PhD Cand. & Kejsi Marku MSc

“Harmonization of Public Procurement Contracts in Western Balkan Countries with EU Directives”.....236

The Erosion of Social Cohesion: Analysing the Forces that led to Yugoslavia’s Dissolution

Dr. Rudina Duraj¹

Abstract

In 1991, the constituent republics of the Socialist Federal Republic of Yugoslavia officially began the dissolution process through formal secession and declarations of independence. A decade-long separatist process culminated in this formal declaration. Examining some post-Yugoslav societal processes sheds light on the particulars of the transition after Yugoslavia’s dissolution. Multiparty elections in all republics ended the communist monopoly that had ruled for half a century, even before their official split. Ideological ties to Yugoslav socialism, the primary forces keeping the Yugoslavs united post-WWII, were dismantled. Based on an analysis of historical facts, this study reveals that the social model preserving Yugoslavia’s unity was insufficient in fostering social cohesion, a major contributor to its eventual dissolution.

Keywords

Yugoslavia’s dissolution; social cohesion; conflict; ideological fragmentation

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I. Introduction

The official start of Yugoslavia's dissolution occurred in 1991, initiated by its member states' formal withdrawal and declarations of independence, with Slovenia and Croatia leading the way in May 1991 and subsequently acknowledged by the international community in January 1992. In March 1992, Bosnia and Herzegovina gained independence, but areas under Serbian control were declared a separate republic, resulting in a violent conflict within the country.

Macedonia gained independence following a referendum held in September 1991. Serbia and Montenegro established a new Federal Republic of Yugoslavia but received no international recognition. Serbia and Montenegro formed the new Federal Republic of Yugoslavia, but the international community did not recognize it. After nearly fifty years of uncontested communist dominance, multi-party elections in each republic signaled the end of the communist regime's monopoly even before the official breakup. The primary unifying forces that had kept Yugoslavia's population unified in the aftermath of World War II, mainly ideological factors, were dismantled following the collapse of Yugoslav socialism.

The collapse of the Federal Republic of Yugoslavia was a formal demonstration of a separatist process that had started at least ten years before when disagreements intensified among national communist leaders concerning the future of the federation's political and economic system. To gain a comprehensive understanding of the events that occurred after Yugoslavia's dissolution, it is essential to revisit certain key processes that influenced the development of the former Yugoslav communities. This historical summary provides a clearer understanding of the developments in Socialist Yugoslavia from 1945 to 1990.

Through a critical analysis of historical facts, this study argues that the social model that officially kept Yugoslavia united suffered significantly from a lack of social cohesion. This deficiency was a key factor that contributed to its eventual dissolution. Social cohesion is when threats are managed through proper redistribution among social groups and geographic areas. Policy focus shifts toward fostering inclusion, investing in quality, and improving opportunities for all regions (Beauvais & Jenson, 2019). This initiative arises from a democratic endeavor to achieve social equilibrium, economic vitality, and a strong national identity, with the objectives of establishing a system of fairness, maintaining the forces driving unregulated economic expansion, and preventing social fragmentation. The social process of social cohesion seeks to strengthen the diversity of citizenship by minimizing social and economic differences within the community. This concept encompasses the need for personal growth and a sense of community, intertwining individual autonomy with social equality, economic productivity with the equitable distribution of resources, and diversity with a unified framework for resolving all disputes.

II. The Making of Yugoslavia: Crafting a Shared Identity

The collapse of Yugoslavia was one of the most significant occurrences following the end of the Cold War. The country's breakup was also hastened by internal issues like structural and ethnic problems, economic decline, Tito's death, global politics, the international atmosphere, particularly in Eastern Europe (Pavlović, 2020), the fall of the Berlin Wall, the end of communism, the collapse of authoritarian regimes, and other factors.

Officially, the process of disintegration commenced in 1991 with the constituent republics' formal secession and declarations of independence. In May 1991, Slovenia and Croatia were the initial countries to secede, and they received recognition from the international community in January 1992. Bosnia and Herzegovina gained independence in March 1992, yet Bosnian Serbs declared the territories under their control as a distinct republic, resulting in a violent conflict within the country. Macedonia announced its independence following a referendum in September 1991. Serbia and Montenegro established a new Federal Republic of Yugoslavia, though it remained unacknowledged by the global community. Between 1998 and 1999, conflict broke out in Kosovo as Albanians sought independence from Serbia once more. Multiparty elections in all republics marked the end of the communist monopoly fifty years after its undisputed rule began. The primary ideological forces that held the people of Yugoslavia together after World War II were dismantled following the decline of Yugoslav socialism.

By the 7th century, South Slavs had migrated south of the Carpathian Mountains to the region of former Yugoslavia, incorporating numerous indigenous populations who had been Romanised, with some groups retreating to mountainous regions (Lampe, 2000, p. 14). The area was split between the Eastern Byzantine Empire, which practiced Orthodox Christianity, and the Western Roman Empire, which adhered to Roman Catholicism. The mountainous landscape also contributed to the isolation of Slavic tribes and the brief existence of medieval states such as those of the Bosnians, Croats, and Serbs (Ibid, p. 9-14). Since the 16th century, the Balkans have been split between the Ottoman and Habsburg Empires, with the boundaries frequently changing and the Slovenian - Croatian territories largely under the control of the Habsburgs, while the Ottomans dominated the southern regions. Although both empires were absolutist, they utilized distinct governance systems within their respective dominions (Robinson, 2013).

During the 18th century, the monarchs' efforts to centralize power through agrarian reforms encountered opposition from the local nobility, notably in Croatia, where disagreements over-centralization and the Serbian population influenced the course of later Yugoslav history (Jelavich, 1983). Under the Ottoman Empire, local elites and the Church were not the primary providers of services; religious institutions fulfilled this function, unlike in the Habsburg territories where local elites and the Church provided services (Robinson, 2013). Economic growth was sluggish, with industrial developments primarily occurring in Slovenia and Croatia, whereas regions under Ottoman rule continued to lag in development (Stambolieva, 2016). Early in the 20th century, nationalist movements seeking independence were backed by European powers, and as a result, the Ottomans were forced out of the Balkans; World War I also contributed to the collapse of the Austro-Hungarian Empire and the creation of a unified Serbian - Croatian - Slovenian state.

III. The Kingdom of Yugoslavia: Struggles, Disparities, and Collapse

Established in 1918, following the downfall of the previously dominant empires and the consequences of World War I, the fundamental building blocks were laid for the initial Yugoslav state, which was formed under the name Kingdom of Serbs, Croats, and Slovenes. The first sovereign state was formed through the unification of the South Slavs and was recognized internationally at the Conference of Ambassadors in Paris in July 1922. Kosovo's recognition as a part of Serbia was made at the behest of Serbia as reparation for its losses during World War I. Following World War I, a unified monarchy was formed under the

leadership of King Peter I of Serbia, with the title Kingdom of Serbs, Croats, and Slovenes. The newly formed kingdom was governed by a Serbian monarch, marked by the initial strain between the participating nations, particularly the complicated dynamic between the Serbs and the Croats. Other nations that were excluded from the name of the kingdom were not officially acknowledged. The Serbian monarch established a royal dictatorship, marking a time when, on October 3, 1929, the nation's name was officially changed to the Kingdom of Yugoslavia (Jelavich, 1983, p. 155).

During the period between the two World Wars, Yugoslavia encountered significant challenges in overcoming its underdevelopment with limited results. The country remained predominantly impoverished, reliant on farming, and with a nascent manufacturing sector (Carter, 1982, p. 85). The global agricultural crisis of the late 1920s led to significantly reduced product prices, rendering agriculture economically unsustainable. However, most peasants managed to subsist by engaging in both agricultural labor and industrial work. In 1938, nearly 88% of the total capital was concentrated in the developed regions, which encompassed Slovenia, Croatia, and Serbia, omitting Kosovo. The disparities in wages were substantial, with Ljubljana paying 24.09 dinars per day, Belgrade 23.19 dinars, Zagreb 22.02 dinars, and Skopje 16.23 dinars (Carter, 1982, p. 78). During this time, we witness the emergence of the initial stages of social division between nations, where ethnicity serves as both a benchmark and a distinguishing factor, thus laying the groundwork for the social disunity that plagued Yugoslavia during this period.

Decisions made regarding the economy were driven by an authoritarian approach, extending beyond local administration to the central government's initiatives aimed at reducing regional disparities and unevenly developing infrastructure. The state played a significant role in governing the economy via protectionist production strategies, dominating export markets, awarding mining concessions, and offering industrial subsidies. Following the German invasion in 1941, the Kingdom of Yugoslavia effectively came to an end. The subsequent violent events were predominantly driven by ethnic and national ties, illustrated by atrocities such as those committed by the Ustasha and Nazis, and the crimes perpetrated by the Chetniks (Lampe, 2000, pp. 200-232).

Yugoslavia was quickly pulled into World War II due to its ongoing political instability and economic stagnation. From its inception, a lack of social unity was obvious, with regional disparities, as previously mentioned, or the uneven growth of its provinces persisting throughout.

IV. The Rise of Communist Yugoslavia: Centralisation, Control, and Dissent

Following World War II, the Communist Party of Yugoslavia became the dominant force in the resistance movement and assumed control of the country's political and socio-economic trajectory, as the former leadership of the Kingdom of Yugoslavia, which had been in exile in London since 1941, had lost legitimacy. At the same time, nationalist military groups such as the Serbian Chetniks and the Croatian Ustaše emerged, having collaborated with the occupying forces. A communist-led liberation movement sought to advance principles of liberty, equal rights for all nations, and social fairness, capitalizing on economic and social inequalities among Serbs, Croats, and Slovenes and drawing on the Soviet Union's triumph, which allowed for the deployment of Soviet forces in Yugoslavia.

The Communist Party won the 1945 elections because of its strong influence and capacity to exclude non-communist politicians from power. Voters had the option of either choosing a candidate from the People's Front List, which consisted of members from the Communist Party and pre-approved individuals, or depositing their ballot into an opposition box (Lampe, 2000, p. 234; Neal, 1962, pp. 79-80). On November 29, 1946, elected representatives announced the creation of Yugoslavia's People's Federal Republic and ratified a revised Constitution. The act ended the monarchy and implemented a new legal framework consisting of a confederation of six republics: Serbia, which encompassed Vojvodina and Kosovo and Metohija as autonomous territories, Croatia, Slovenia, Bosnia and Herzegovina, Macedonia, and Montenegro. The supreme power of the federal government restricted their freedom to govern. The 1946 Constitution established the supreme legislative body, the People's Assembly (Narodna Skupština), which consisted of two chambers: the Federal Council (Savezno Veće), elected by all Yugoslav residents, and the Nationalities Council (Veće Naroda), comprised of representatives from each republic and autonomous region (Stambolieva, 2016). In spite of its formal framework, actual political authority remained concentrated within the Communist Party, with key decisions being made by the Politburo rather than by the assembly. This system replicated the Soviet model, with state control dominating both the government and the economy. Yugoslavia's transition into a one-party system began with the 1946 Constitution, which was modeled after the 1936 Soviet Constitution and was distinguished by state centralism and administrative socialism. While the Constitution formally guaranteed rights such as freedom of press, speech, and assembly, these were largely symbolic, as the media and public discourse remained tightly controlled by the Communist Party. The gap between legal guarantees and actual practice reflected a broader pattern of governance, where the regime's objectives shaped the interpretation and enforcement of laws. Economic policies prioritized state ownership, reinforcing central control over industry and agriculture.

Yugoslavia's initial period of socialism was marked by strains in its relationship with the Soviet Union. Scholars contend that Yugoslavia's distinct socialist model developed primarily due to the 1948 split between Stalin and the Cominform. The rift revealed underlying issues, including opposition to Soviet-style collectivization, which ultimately failed and was formally dropped in 1953. Tito's government responded to the situation by implementing self-management, which was officially introduced in 1950 via the "Law on the Management of State-Owned Economic Enterprises and Large Economic Associations by Workers' Collectives." (Verli, 2000, p. 60)—this shift progressively decentralized decision-making, differentiating Yugoslavia from Soviet-style centralism.

During this time, the League of Communists of Yugoslavia exercised control over the country's political, economic, and social changes, despite some limited reforms being implemented. Criticism within the Party arose, particularly from Milovan Đilas, who condemned the growth of a bureaucratic elite and pushed for increased diversity (McFarlane, 1988). In the end, his perspectives were rejected, and Tito's government continued to exert strict ideological control. Constitutional guarantees of equality notwithstanding, significant disparities persisted in areas such as Kosovo (Glenny, 2007, p. 579), which received insufficient economic assistance to narrow the gap with the rest of Yugoslavia. A key role was played by the security services, initially known as OZNA and later restructured as UDBA (State Security Administration) and SDB (State Security Service), in suppressing political dissent, especially during Aleksandar Ranković's tenure (Neal, 1962, p. 92). His removal in 1966 indicated a slight easing of repression but did not fundamentally change the Party's control. Reforms implemented under debt relief deals revamped the economy, yet failed to address fundamental structural problems. The government's understanding of the law remained flexible, matching the legal structures

with the regime's political goals². In theory, a system of checks and balances was in place, but in practice, actual power was heavily concentrated within the Communist Party, which wielded control over governance and the administration of justice.

V. Constitutional Reforms and the Shift Towards Decentralisation

The key amendment to the Constitution of 1953 prioritized economic and social reform over human rights and minority safeguards. Yugoslav socialism was built on "constitutionalism and legality," as outlined in the 1963 Constitution drafted by Edvard Kardelj (Cohen, 1985, f. 329). A new legal framework created decentralization and a sophisticated system for representation within official institutions, thereby enhancing the autonomy of individual republics. Economic reforms implemented in 1965, involving banking, taxation, and private lending, led to the creation of a socialist market economy heavily reliant on trade with the Western world. The liberalizing climate within the political sphere was shaped by the removal of Aleksandar Ranković and the emergence of a liberal Serbian leadership that was receptive to Croatian and Slovenian demands. Conservative thinking continued to be present in the military, security agencies, and the Communist Party.

Freedom of the press increased during this time, with fewer limitations imposed on foreign publications. In 1968, importing and distributing specific foreign publications like *Corriere della Sera* and *Der Spiegel* were banned. The expansion of publishing initiatives and the rebuilding of churches by religious communities occurred in conjunction with enhanced interfaith relations among the three dominant religious groups. The Federal Fund for Rapid Development (FADURK) was established to tackle economic disparities in underdeveloped areas such as Bosnia, Kosovo, Macedonia, and Montenegro (Lampe, 2000, p. 293). This system exercised control over the media, albeit not as stringent as in certain other communist countries, but it still maintained a level of surveillance over media outlets. Consequently, there was a widespread perception that the system was illegitimate, and illegitimate systems often breed resentment and discontent among the population. In a federalized system where significant power was delegated to the six republics, discontent was inevitably going to be voiced through these established channels (Ramet, 2006). Notwithstanding this, the economic disparity between regions increased, especially in Kosovo, where GDP per capita persisted in lagging. During the 1960s, social reforms aimed to foster unity, but the conflict between top-down administrative systems and self-governance principles resulted in contradictions, especially in the economic and political frameworks.

The Serbian liberal leadership saw the Croatian perspective as a potential solution to their internal conflicts. A major overhaul in 1971 occurred as a reaction to growing social activism and nationalist sentiment, particularly within the Croatian political and intellectual communities. The constitutional changes of 1971 introduced a significant alteration in the political system, resulting in sovereignty being held by the socialist republics and autonomous provinces, rather than the federation. Following these revisions, Yugoslavia's categorization became problematic as a federation or confederation. Kosovo faced significant difficulties during this period, primarily due to the fact that Albanians residing there had not yet achieved full rights, which led to heightened expectations for equal political and legal treatment,

² As noted in Cohen (1985, p 323-324) the new Penal Code of 1951, the Criminal Procedure Code of 1954, and the Law on Courts of 1954 reorganised the judicial system with the aim of reducing the previous arbitrary actions of the courts and the police. Additionally, the public prosecutor's powers were restricted, and their procedural errors were open to judicial scrutiny under the law.

ultimately manifesting in the 1968 demonstrations demanding that Kosovo be established as a republic. (Çeku, 2009).

VI. The 1974 Constitution and the Path to Yugoslavia’s Dissolution

In 1974, the new constitution converted the Federation into a de jure confederation by allotting legislative powers to republics and provinces for most purposes, excluding foreign policy and defense (Friedman, 1996, p. 160). The assembly comprised the Federal Council, featuring representatives from autonomous regions, and the Council of Republics and Provinces, thereby complicating the electoral process. Although joining the Communist Party was not mandatory for election, the League of Communists, under Tito’s leadership, still wielded considerable political influence (Lampe, 2000, p. 313). The 1974 constitution mandated that regional assemblies must approve any constitutional amendments affecting the provinces (Lalaj, 2000, p. 227). The constitution prioritized economic, social, and cultural rights over human and civil rights within a Marxist framework. Social and economic conditions and healthcare deteriorated significantly in the 1980s, especially in areas such as Kosovo and Macedonia, which are relatively impoverished.

Decentralization in Yugoslavia facilitated increased freedom of expression, although it also permitted grievances to be voiced in individual republics despite federal prohibitions. Severe penalties were imposed on authors and political dissidents, which could involve up to ten years in prison for distributing what was deemed "enemy propaganda." In theory, the legal system safeguarded individual rights. However, in reality, constitutional protections were disregarded during high-profile political trials, where detainees were subjected to torture and endured substandard living conditions. Tensions escalated notably in the early 1980s, particularly with Bosnian Muslims; this was evident in the arrest of Alija Izetbegović, who received a 14-year sentence for his attempt to set up an Islamic republic (Friedman, 1996, pp. 195-196). The military significantly preserved Yugoslavia’s integrity, with a considerable amount of control being exercised by the Serbian and Montenegrin forces. Escalating Albanian protests in Kosovo reached a boiling point in 1981 (OSCE, 2003, f. 27), resulting in mass arrests and severe government suppression, signifying a decade of authoritarian rule and underscoring the social fragmentation within the federation. The relations between the Albanians and the federal government were never settled (King & Mason, 2007, p. 52).

By 1990, Yugoslavia had ratified and signed key international human rights treaties but prioritized third-generation rights, particularly minority and environmental safeguards. Yugoslavia’s involvement in international agreements did not necessarily translate to a strong stance on civil and political rights, particularly when it came to ensuring that individual rights were upheld. The country’s economic problems worsened, with its external debt escalating substantially from approximately four billion dollars in 1972 to more than 20 billion by the mid-1980s (Meier, 2005, p.10). Its self-management system's inefficiencies and bureaucratic economic approach resulted in its failure to consolidate a unified market. Following Tito’s death in 1980, his centralized leadership style lost momentum, resulting in a breakdown of political unity and unsuccessful economic reforms, ultimately leading to high inflation rates. In the late 1980s, the Serbian government took steps to change Kosovo's ethnic makeup, highlighting the absence of social unity. In 1990, Kosovo's parliament was officially disbanded in defiance of the country's 1974 Constitution, thereby marking the end of Yugoslavia's constitutional system and indicating its impending dissolution (KIPRED, 2005, p. 30).

Even prior to when these disparities started causing clashes and conflict, the level of development among the various federal units was already disparate. Yugoslavia's various regions, encompassing Slovenia, Croatia, and parts of Serbia (Vojvodina), retained distinct levels of industrialization inherited from their time under Austro-Hungarian rule, in contrast to Montenegro, Bosnia-Herzegovina, Kosovo, and Macedonia, which remained predominantly reliant on agriculture. The economic structure remained unchanged, and no progress in development was achieved. The newly established Federation prioritized industrialization as a key strategy for revitalization and swift growth. In 1947, specific regions or republics exhibited slower rates of development. The five-year plan spanning 1947 to 1951 pinpointed Bosnia-Herzegovina, Montenegro, and Macedonia as underdeveloped regions. The following regions were found to be underdeveloped: Montenegro, Macedonia, and Kosovo from 1957 to 1961; Montenegro, Macedonia, Kosovo, areas of Serbia, parts of Bosnia-Herzegovina, and parts of Croatia from 1961 to 1965; and Herzegovina, Montenegro, Macedonia, and Kosovo from 1966 to 1990 (Stambolieva, 2016).

According to the egalitarian principles of socialism, federal units were intended to derive maximum benefits from post-war industrialization and economic advancement. The disparity in development widened over time. Yugoslavia's macroeconomic policies, including its pricing policy, which disadvantaged primary industry and agriculture, and its export promotion policies, which focused on high-value manufactured goods, were the cause of this outcome. In this context, regions and republics with a higher proportion of agricultural production or heavily reliant on primary industry fell behind. The fundamental character of federal policy was established from the outset, being supported by historical and geographical considerations. Following the conflict, the Federation prioritized industrial growth in regions with prior pre-war industry experience (Carter, 1982, p. 202). Additionally, sectors such as processing, infrastructure, and open-sea manufacturing were situated in areas with improved geographical accessibility and enhanced communication links to Western markets, whereas heavy, capital-intensive industries were established in more remote locations, including Bosnia, Serbia, Kosovo, and Macedonia (Woodward, 1995, pp. 284-285). As time passed, more economic freedom was granted to the republics and regions, whereas the less economically developed areas sought to close the gap with the rest of the country.

Before the conflicts, notable disparities existed among the constituent states of Yugoslavia. Industrial development in certain areas, such as Slovenia, Croatia, and parts of Serbia, can be attributed to Austro-Hungarian rule, whereas Montenegro, Bosnia, Kosovo, and Macedonia relied heavily on agriculture (Stambolieva, 2016). A newly created federation sought swift industrialization but encountered slower growth in specific sectors. Its policies, such as price controls and export incentives, gave industries an advantage over agriculture, thereby widening the development disparity. These initiatives to bridge the development gap, including creating investment funds and implementing solidarity policies, ultimately proved unsuccessful. By 1987, Slovenia's per capita social product was a significant three times higher than that of Macedonia, yet the policy of solidarity exacerbated the divide between the republics, particularly as wealthier regions like Slovenia and Croatia felt unfairly penalized by the redistribution. The economy was seen as a source of trouble, starting with unemployment, which pushed toward nationalism, and the latter disintegrated the federation (Woodward, 1995). Yugoslavia's dissolution was largely attributed to the uneven development of its republics and regions, coupled with economic underdevelopment and persistent grievances, ultimately leading to a breakdown in social cohesion. The federation's downfall was primarily driven by regional economic disparities, with demands for economic and political changes in the 1980s mainly emanating from international creditors rather than internal sources. Upon the

elite's relinquishment of political centralism, a program of administrative decentralization was implemented, yet any notion of achieving a unified Yugoslav culture (Wachtel, 1998) was subsequently discarded. Systemic changes were introduced to meet international requirements, with the Slovenian and Croatian leadership also advocating for reform. The decentralization process ultimately resulted in the dissolution of the Yugoslav Federation. The federation's breakdown was largely attributed to a lack of unity and the strain on reform efforts.

Final Reflections and Conclusions

The country's fragmentation originated from a mix of domestic and foreign pressures, encompassing economic hardships, cultural and religious schisms, lingering memories of World War II atrocities, and the emergence of nationalist sentiment. Decentralization in the 1974 constitution and Tito's passing in 1980 significantly eroded the federal government's authority and helped fuel rising nationalist sentiment within the individual republics. The central problem stemmed from the unauthorized political establishment, which was fundamentally defined by a single-party regime. From this viewpoint, the key reason for the breakdown of the Yugoslav federation was its widespread and inherent lack of legitimacy (Ramet, 2006). However, external factors, including the collapse of communism in Eastern Europe and a worldwide decline in socialism, further weakened Yugoslavia's stability. The collapse of communism inside was largely influenced by the external factors of the fall of communism elsewhere (Pond, 2006). With this, the common ideology that united the country with two alphabets, three religions, four languages, five nationalities, and six republics was no longer there. The events triggered a transformation from a federal state to a confederation, ultimately resulting in the declarations of independence issued by Slovenia, Croatia, and Bosnia-Herzegovina.

The research highlights that social unity was a crucial element in maintaining group cohesion, and its lack resulted in internal divisions, particularly in regions affected by conflict. Yugoslavia's breakup was not primarily driven by nationalism but rather a result of a multitude of interconnected factors encompassing both internal and external influences. The collapse of communism worldwide had a substantial impact on the demise of socialist ideologies within Yugoslavia, ultimately contributing to its downfall.

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The Balkans in British Travel Narratives: A Geopolitical Perspective from Mark Mazower and Mary Edith Durham

Glten Akgl ¹

Abstract

The Balkans have long held a significant place in Europe's socio-political and cultural imagination. British travel writing, in particular, has contributed to shaping the region's perceptions by portraying it as an exotic and volatile frontier between the East and West. Examining the reflections of this historical legacy on contemporary diplomatic relations is pivotal to better comprehending the historical context of relations between the Balkans and the UK. The work of British historian and writer Mark Mazower (1958), who specializes in Greece, the Balkans, and 20th-century Europe more generally, and Mary Edith Durham (1863-1944), an anthropologist and travel writer known for her vivid accounts of early 20th-century Balkan life (especially Albania). By focusing on Mazower's *The Balkans: A Short History* and Durham's travel narratives, this paper explores how their portrayals have informed the British perceptions of the region, historically and in contemporary contexts. The paper employs qualitative analysis and historical criticism to identify the thematic continuities and divergences in depicting the Balkans. Mazower provides the Western perspective of the Balkans from a historical perspective, providing British readers with a broader perspective. Meanwhile, Edith Durham, in particular, described the natural beauty, cultural richness of the Balkans, and the people's hospitality while emphasizing the complex social structure and frequent conflicts in the region. Durham's accounts emphasize the Balkan people's cultural richness, social structures, and political turbulence. While these narratives have enriched the British understanding of the Balkans, they have also reinforced the region's perceptions as fascinating and marginal. This paper argues that these historical portrayals have influenced British public opinion and, to some extent, contemporary UK-Balkan diplomatic relations. The paper highlights the significance of increasing cultural and academic collaboration between the UK and the Balkans to promote mutual understanding. Such initiatives could advance Balkan studies and offer valuable insights for contemporary British foreign policy analysis. In the end, the paper asserts that strengthening collaboration in Balkan studies and British foreign policy can help bridge the historical perceptions with current realities, fostering a more nuanced and cooperative diplomatic relationship.

Keywords

Albania, British travel writing, exotic, Mark Mazower, Mary Edith Durham, public perception, region, The Balkans, UK foreign policy

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I. Methodology: This paper adopts a qualitative approach, incorporating historical criticism to analyze the portrayals of the Balkans in Mark Mazower’s *The Balkans: A Short History* and Edith Durham’s travel narratives, especially in *High Albania*. The methodology is structured around two key components:

1. Textual Analysis: Both works are closely read to identify recurring themes, imagery, and narrative techniques. Particular attention is given to how the authors depict the cultural, social, and political dynamics of the Balkans. The analysis seeks to uncover the underlying assumptions, biases, and historical contexts that shape their portrayals.

2. Comparative Framework: The paper compares Mazower’s scholarly perspective with Durham’s firsthand travel accounts to identify thematic continuities and divergences. This involves examining how their different authorial positions—Mazower as a historian and Durham as a traveler and ethnographer—inform their representations of the region.

3. Historical Contextualization: The analysis situates both works within their respective historical and cultural contexts. Mazower’s modern interpretation of the Balkan history is contrasted with Durham’s early 20th-century observations to explore how shifting British perceptions of the Balkans are reflected in their narratives.

4. Contemporary Relevance: Drawing on secondary sources, the paper evaluates the influence of these portrayals on contemporary British perceptions of the Balkans. This includes examining how the historical stereotypes or narratives persist or evolve in modern discourse. By integrating these methods, the paper provides a nuanced understanding of how the Balkans have been depicted and the extent to which these depictions continue to shape the British perceptions of the region.

II. Introduction

The Balkan Peninsula, situated in Southeast Europe, is one of Europe’s most dynamic regions, shaped by a complex interplay of geography and history (Gibas-Krzak, 2020). The word “Balkan” is a term of Turkish origin, meaning “forest mountain,” “mountainous region covered with trees,” or “steep, forest-covered mountain ranges.” Some sources state that this word comes from ancient Turkish languages and similarly means “mountainous.” The term “Balkan” was introduced by German geographer August Zeune (1778-1853) in 1809, referring to the Balkan mountain range in present-day Bulgaria. The name soon became widely utilized to describe a diverse region of peoples and emerging nations that had long been under the rule of the Austro-Hungarian and Ottoman Empires. The Western travelers’ accounts of the Balkans, particularly in the 19th century, contributed to shaping the perceptions of the region, often referred to as “Türkiye-in-Europe” or the “Near East” (Goldsworthy, 2006).

The Balkans derive their name from the Balkan Mountains, a range that runs through Bulgaria. The term, originally used as a geographic descriptor in the early 19th century, came to represent the region politically in the late 19th and early 20th centuries, often with negative connotations. The term “Balkans” became synonymous with conflict, ethnic rivalry, and instability, especially following the Balkan Wars of 1912-1913. These wars, fought after the decline of the Ottoman Empire, highlighted the competitive and often violent nature of the newly formed Balkan nation-states. The emergence of states like Serbia and Greece, alongside the modernization of Montenegro and the union of Wallachia and Moldavia to form Romania,

reflected the shifting political landscape of the region (Crampton, Allcock & Danforth, 2007). The word “Balkan” was later used as a geographical term during the Ottoman Empire and gained its current meaning. The Balkans refers to a large geography located in Southeastern Europe, whose natural borders are drawn by the Danube River to the north, the Adriatic Sea to the west, and the Black Sea to the east. Although the word Balkan is defined by its mountainous and forested geographical features, it has become a multi-layered term reflecting the region's cultural, strategic, and political significance throughout history. The region is known for its mountainous structure and various ethnic groups. The Balkans, in its current meaning, include Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Kosovo, Montenegro, North Macedonia, Serbia, Slovenia, the European part of Türkiye (Thrace), the southern regions of Romania, and Greece. The Balkans have hosted different civilizations throughout history. Thracians, Illyrians, and Greeks lived in this region in ancient times.

The Balkans have been a region where civilizations have risen and been influenced since the ancient Greek and Roman periods. The long rule of the Byzantine Empire here has led to the establishment of Christianity and cultural influences. With the expansion of the Roman Empire, the region came under Roman rule, and after the division of the Roman Empire into East and West, it became part of the Byzantine Empire. During the Middle Ages, the Balkans came under the influence of the Byzantine Empire and Slavic tribes. In addition, the Bulgarian and Serbian kingdoms were established in the region. During this period, the region was a vital transition point, both culturally and strategically. The Ottoman Empire conquered the Balkans starting in the 14th century and turned the region into a pivotal administrative and cultural center. The Ottoman Empire's influence in the Balkans was a period that profoundly shaped the region. During Ottoman rule, the Balkans stood out with their religious diversity (Muslim, Christian, and Jewish communities) and multicultural structure. The Ottomans left a deep mark on this region by building roads, bridges, and architectural works. The weakening of the Ottoman Empire led to the independence struggles of the Balkan people. The independence wars of Greece, Bulgaria, Serbia, and other states changed the region's political map. The Balkan Wars (1912-1913), which took place in the early 20th century, increased the tensions between the nation-states in the region and paved the way for more significant wars. The Balkan Wars led to the end of the Ottoman rule in the Balkans. The Balkans became a major conflict area due to its strategic prominence, especially during the First and Second World Wars. World War I and World War II caused further destruction in the Balkans.

In the decade following the Second World War, developments in the Balkans played a crucial role in shaping the dynamics of the Cold War era (Rajak, 2010). The Cold War period (1945-1956) created ideological divisions in the Balkans. Yugoslavia remained united under a socialist government under Tito, but after Tito's death, Yugoslavia fell apart, and ethnic wars broke out in the 1990s, throwing the region back into chaos. Later, during the Cold War, some Balkan countries joined the Eastern Bloc, while others remained close to the West. With the disintegration of Yugoslavia in the 1990s, the region was again associated with ethnic conflicts and wars. This process gave rise to tragic incidents such as the Bosnian War (1992-1995) and the Kosovo Crisis (1998-1999). The Balkans stand out today with the European Union expansion process and regional cooperation efforts. The Balkans serve as a bridge between Europe and Asia. Throughout history, it has been a region through which trade routes and migration routes passed. Many ethnic groups, such as Slavs, Turks, Greeks, Albanians, and Roma people, live together in the region. This has made the Balkans a rich mosaic in terms of cultural diversity. Although the Balkans have been associated with both ethnic and religious conflicts, in recent years, they have hosted peaceful cooperation projects. Today, the Balkans

stand out as a significant part of world history with their historical heritage, multicultural structure, and contemporary challenges.

The Balkans have long been a meeting point for different peoples, religions, and cultures, creating a rich but turbulent history. The region's transition from a multinational empire to a modern nation-state has often been marked by political violence, displacing millions and resulting in widespread suffering (Biondich, 2011). The region has historically been known as one of Europe's most turbulent, dangerous, unstable, and strategic regions. It has been perceived as a complex and volatile region, often labeled in Western discourse as the “powder keg of Europe.” Such stereotypical narratives overlook the region's rich cultural, historical, and political realities, reducing it to an oversimplified image of chaos and backwardness. Especially in the late 19th century, the Balkans became interested in its political dynamics and developed various perspectives on the future of the Balkans. The region has often been depicted as the “backyard of Europe” in Western literature and politics. This perception is also evident in British travel narratives. They played a major role in conveying the impressions of travelers and as one of the sources from which the British public learned about the Balkans. The authors such as Mary Edith Durham (1863-1944) and Mark Mazower (1958-) have attracted attention with their observations and analyses aimed at understanding the socio-political structure of the Balkans. Edith Durham and Mark Mazower's works are prominent studies that challenge these clichés about the Balkans and try to understand the actual dynamics of the region.

With the Ottoman Empire on the verge of collapse, areas like Albania struggled for political rights. Disease, the threat of violence, and war were looming over the people who lived in primitive conditions. Yet, it was into this world that Mary Edith Durham, a thirty-seven-year-old Edwardian lady dressed in boots, a long skirt, an umbrella, and a straw hat, entered. She would spend the next twenty years traveling through the Balkans, particularly Albania and Kosovo, regions that were among the most underdeveloped in Europe. The Balkans region, located at the crossroads of Europe and Asia, has historically been a land of complex political, social, and cultural dynamics. It has significantly shaped European history, particularly due to its geopolitical importance, diverse cultures, and frequent conflicts. This complexity is reflected in both historical accounts and travel writings. This paper aims to address this issue by examining the works of Mark Mazower and Edith Durham. By focusing on their contributions, the paper also aims to explore how historical and literary representations of the Balkans have shaped the British perceptions of the region, both in the past and the present.

III. Analysis

Travel writing, a genre that has evolved over centuries, has always drawn from various literary forms, including epic poetry and literary reportage, to capture the essence of distant lands and cultures (Youngs, 2013). Travel writing is a type of writing in which a writer writes to share his/her travel experiences, observations, and discoveries with his/her readers. This type of writing not only describes the geographical or cultural characteristics of a place; it also includes the writer's personal perspective, emotional connection to that place, and social observations. In this respect, travel writing can be considered an informative text and a literary narrative form. Travel writing has gained significant attention in recent scholarly work. In antiquity, the Mediterranean served as a hub for interaction between diverse cultures, and travel narratives became a significant form of expression. Myths and stories about traveling gods and heroes, such as those of *Isis*, *Gilgamesh*, and *Herakles*, laid the groundwork for later traditions of travel writing. However, no ancient Mediterranean culture formally recognized “travel literature” as

a distinct genre, which is why contemporary scholarship has yet to fully explore ancient travel narratives (Thompson, 2015).

The origins of travel writing date back to ancient times. Examples such as Homer’s *Odyssey*, Marco Polo’s travel narratives called *II Milione*, and Ibn Battuta’s work *Rihle* can be counted among the early travel writing samples. In the Middle Ages, pilgrimages and trade expeditions allowed this genre to be enriched with religious and commercial dimensions. With the increase in geographical discoveries in the 16th and 17th centuries, travel writing focused more on describing the discovered lands and exotic cultures. Especially in the 18th and 19th centuries, under the influence of Enlightenment thought, travel writing gained great significance as a literary form and source of scientific and cultural information. Today, travel writing reaches a wide audience through books and magazines, blogs, vlogs, and social media platforms. This development has added a different dimension to the travel experiences of both writers and readers, enabling the genre to evolve into a multifaceted structure.

British travel writing is a literary genre in which British writers write about their travel experiences and convey geographical, cultural, and historical information to their readers. Travel writing has been a prominent feature of English literature throughout history, offering insights into human experiences with new lands, cultures, and peoples. These writings have significantly impacted readers, shaping perceptions and inspiring others to embark on their own journeys (Basumatary, 2018). This genre not only aims to provide information; it also introduces the reader to different worlds by reflecting on the writers’ observations, personal comments, and the period’s political, social, and economic context. British travel writing has great prominence in terms of both literary history and issues such as colonialism, identity, and intercultural interaction. The origins of British travel writing can be found in the writings of early British explorers and traders. For instance, Richard Hakluyt’s *The Principal Navigations, Voyages, Traffiques, and Discoveries of the English Nation* in the 16th Century is a major collection of travel writings that shed light on British seafaring and exploration history. From this period onwards, British travel writing has generally been shaped around the efforts to discover new lands, develop trade routes, and understand foreign cultures. In the 18th and 19th centuries, with the interest in knowledge brought by the Age of Enlightenment and the expansion of the British Empire, British travel writing reached a broader scope. British writers described exotic regions during this period and wrote texts that reinforced colonial and imperial discourses. For instance, Charles Darwin’s *The Voyage of the Beagle* contains scientific observations and offers deep philosophical thoughts on nature, culture, and humanity. By the 19th century, British travel writing had evolved into a more personal, autobiographical, and critical form. During this period, works such as Rebecca West’s *Black Lamb and Grey Falcon*, which examined the geography of a place and its social and political dynamics, came to the fore. The shifting perspectives of British travelers, from the imperial outlook of the Victorian era to the more post-romantic view in the 20th century, have influenced how the Balkans have been represented in travel literature (Hammond, 2002).

Today, British travel writing reaches a wide audience through digital platforms and traditional books, offering a nostalgic and innovative perspective on contemporary travel narratives. British travel writing has a rich heritage that combines cross-cultural interactions, post-colonial debates, and individual stories of discovery. The genre remains valuable as both historical documentation and a literary medium. The way the Balkans were represented in the British travel narratives profoundly impacted how the British public and the West, in general, viewed the region. These travel writings often reflected the Western perspective of the Balkans as a backward place. However, the works like those of Durham and Mazower played a critical role

in reshaping this perception. British travel writing about the Balkans often highlights the exoticism of the region. Writers such as Mark Mazower and Mary Edith Durham offer varied and insightful perspectives on the region, contributing to the British understanding of the Balkans during the 19th and 20th centuries. The Balkans have often been portrayed in British literature and travel writing as a place of exoticism, danger, and backwardness, but this perception has evolved over time. While earlier travel writers, like those from the Victorian era, focused on the region's mystique and untamed qualities, later historians and writers have tried to offer more nuanced and sophisticated accounts, like those of Mazower and Durham.

Travel writing about the Balkans has also shaped the British diplomatic and foreign policy attitudes toward the region. Durham's works, for instance, helped to bring attention to the cultural richness of Albania at a time when it was little known to the Western world. Her observations gave the British public a more humanized view of the people, influencing their comprehension of the Balkan geopolitics. Durham's travel writings significantly impacted the British perception of the Balkans. By offering a more empathetic view of the region, she helped foster a greater understanding of the struggles of the Albanian people. Her works encouraged the British public to view the Balkans not just through the lens of conflict but also as a region with a rich cultural heritage and a deep historical significance. Mazower's scholarly approach further contributed to this shift, offering a more intellectual perspective on the Balkans' place in European history. Mazower's academic rigor reshapes perceptions by situating the Balkans within a global historical context, while Durham's empathetic narratives provide a humanized and often romanticized view of the region, countering reductive stereotypes. The works of Durham and Mazower offer a different perspective on the geopolitical importance of the Balkans. These works contribute to the British public's perception of the Balkans as a crisis region and an area with its own cultural dynamics and historical struggles. Durham, in particular, contributes to the spread of a positive perception of the Balkans in British society, while Mazower's historical analyses reveal the negative effects of Western interventions in the region. Both authors challenge the clichés about the Balkans and offer in-depth examinations of the region's significance beyond the Western stereotype of conflict and violence. The Balkans have historically been a region of conflict in European history. The recent civil war has left the area fragmented, with an uncertain future ahead (Pavlowitch, 2014). Throughout history, the Balkans have been a crossroads, a zone of endless military, cultural, and economic mixing and clashing between Europe and Asia, Christianity and Islam, and Catholicism and Orthodoxy. In this highly acclaimed short history, Mark Mazower sheds light on what has been called the tinderbox of Europe, whose troubles have ignited wider wars for hundreds of years. Focusing on the events from the nation-state's emergence onward, *The Balkans* clearly reveal the historical roots of current conflicts. It gives a landmark reassessment of the region's history, from the world wars and the Cold War to the collapse of communism, the disintegration of Yugoslavia, and the sustaining search for stability in southeastern Europe.

Subject to violent shifts of borders, rulers, and belief systems at the hands of the world's great empires—from the Byzantine to the Habsburg and Ottoman—the Balkans is often called Europe's tinderbox and a seething cauldron of ethnic and religious resentments. Much has been made of the Balkans' deeply rooted enmities. The recent destruction of the former Yugoslavia was widely ascribed to millennial hatreds frozen by the Cold War and unleashed with the fall of communism. In this brilliant account, acclaimed historian Mark Mazower argues that such a view is a dangerously unbalanced fantasy. A landmark reassessment, *The Balkans* rescues the region's history from the various ideological camps that have held it hostage for their own ends, not least the need to justify nonintervention. The heart of the book deals with events from the emergence of the nation-state onward. With searing eloquence, Mazower demonstrates that

of all the gifts bequeathed to the region by modernity, the most dubious has been the ideological weapon of romantic nationalism that has been used again and again by the power-hungry as an acid to dissolve the bonds of centuries of peaceful coexistence. The Balkans is a magnificent depiction of a vitally prominent region, its history, and its prospects.

Durham’s work also diverges from Mazower’s in its tone and focus. While Mazower adopts a more academic and analytical approach, Durham’s narratives are deeply personal and occasionally romanticized. Her emotional investment in the region sometimes leads to a partial perspective, as she idealizes the communities she supports, particularly the Albanians. Mazower and Durham offer valuable perspectives on the Balkans, challenging reductive stereotypes and providing deeper insights into the region’s resilience, diversity, and cultural richness. The future of the Balkans, as viewed through their works, seems to lie in a recognition of its complex historical identity, shaped by both internal dynamics and external forces. Durham and Mazower offer valuable insights into the Balkans, and their works remain relevant today. The Balkans continue to be a region of great political and cultural significance, and understanding its complex history is crucial for addressing the contemporary issues in the region. Today, the Balkans carry on to face challenges related to nationalism, economic development, and political stability. However, they also play a critical role in the broader European and global context, particularly in light of their integration into the European Union and the ongoing geopolitical shifts in Eastern Europe. The Balkans remain a volatile mix of fragile states, non-states, and potential protectorates. Reports to policymakers describe the region as one with unclear borders, defined identities, failed reforms, and an unclear future (Krastev, 2012). British travel accounts, especially with the weakening of the Ottoman Empire, aroused curiosity about the Balkans. England closely followed the Ottoman dominance in the region and foresaw that the Balkans could have significant effects on European politics in the future. In this context, the works written by British travelers on the Balkans became more than just travel accounts but also a tool for geopolitical analysis.

Mary Edith Durham was an English artist, traveler, anthropologist, illustrator, and writer known for her studies on life in the Balkans, particularly Albania, in the early 20th century. Mary Edith Durham, an Englishwoman who first visited the Balkans in 1900, was deeply impressed by the region and returned several times over the next 14 years. By 1914, she had established herself as an authority on Albanian and Montenegrin affairs and a maverick reporter on the region (Medawar, 1995). Durham’s writings on the Balkans, especially Albania, have been compared to the works of other prominent British figures like Lord Byron and Paulina Irby (Ata, 2020). Durham, who defied Victorian norms for women by traveling alone to remote areas of the Balkans, became a celebrated figure in the region. She was known for her passionate support of Albanian independence and became an expert on the region, writing extensively about her travels and political observations. Her work earned her the title “Queen of the Mountains” in the Balkans and contributed to the modern Albanian state (Tanner, 2014). Despite her popularity in the Balkans, she remains relatively unknown in her native Britain. Following her father’s death, Durham spent several years caring for her ailing mother, a responsibility that left her physically and emotionally exhausted. At the age of 37, she took her doctor’s advice to embark on a foreign vacation. In 1900, she traveled by sea along the Dalmatian coast, from Trieste to Kotor (Montenegro), and then overland to Cetinje, the capital of Montenegro, marking the initiation of her journeys through the Balkans. Upon returning to London, she studied the region’s history and the Serbo-Croatian language, which deepened her interest in the area. In 1903, Durham joined the Macedonian Relief Fund, shifting her focus to the Balkans’ culture and political struggles, with a particular sympathy for the Albanian people and their fight for independence. At the close of 1903, British writer and traveler Edith Durham

traveled to the Balkans for humanitarian work with the Macedonian Relief Committee. Her book *The Burden of the Balkans* (1905) details her five-month stay, focusing on the dire situation in the region, including a memorable expedition through southern and central Albania. Known for her wit and irony, Durham’s work continues to be appreciated (Durham, 1905). Over the years, she traveled extensively through the region, often staying for months at a time, observing local customs, traditions, and social structures. She also analyzed the influence of European powers on the Balkans and maintained close relationships with diplomats, journalists, and consuls visiting the region.

Durham’s most acclaimed work, *High Albania* (1909), provides a vivid account of life in the northern mountainous regions of Albania during the late Ottoman Empire. She explores the Albanian people’s traditions, feudal social structure, and daily lives, shedding light on their resilience and cultural richness. Durham’s portrayal countered the prevailing Western stereotypes of the Balkans as a primitive or violent region, instead emphasizing the people’s strength, hospitality, and deep-rooted sense of community. A key theme in her writings is her admiration for the Albanian people’s courage and independence. She highlights their strong sense of honor and loyalty, describing their traditions and societal structures with both respect and empathy. For instance, she recounts being offered protection by a local chief during a politically unstable period, showcasing the region’s enduring hospitality and solidarity. Durham also critically examined the role of external powers in the region, particularly Western indifference to the struggles of Balkan communities. She opposed the portrayal of the Balkans as merely a geopolitical pawn of European imperialism and instead argued for a deeper understanding of its peoples’ cultural heritage and independence movements. In *High Albania*, Durham delves into the ethnic and religious diversity of the region, noting the coexistence of Catholics, Muslims, and Orthodox Christians. She also provides a nuanced view of women’s roles in traditional Albanian society, highlighting their significant influence in decision-making despite their often secondary status. Her descriptions of the rugged Albanian landscape reflect its profound impact on the people’s character and way of life. Durham’s time in the Balkans was marked by her deep immersion in local cultures, living with peasants to learn about their customs. In Montenegro, she stayed in traditional homes, experiencing the simple, rustic lifestyle of the local people. Her writings reflect her firsthand experiences and commitment to understanding Balkan life’s complexities (Durham, 1917).

Through her work, Durham challenged the Orientalist perspectives prevalent among Western writers of her time. While her admiration for Albania is evident, her observations occasionally reflect the cultural biases of a Western traveler. Nonetheless, her approach remains respectful and empathetic, offering a balanced view that celebrates the resilience and traditions of the Balkan peoples while critiquing Western imperialist attitudes. Durham’s contributions to Balkan studies, particularly her ability to depict the complexities of Albanian society, have solidified her legacy as a pioneering figure in the field. *High Albania* remains a valuable cultural and historical document, offering an intimate glimpse into a region on the cusp of change during the decline of the Ottoman Empire. Durham’s perspective carries a striking balance among Western travel writers: She uses a critical and admiring tone. While she glorifies the originality of Albania, the limitations of being a Western observer are also felt in some places. Her love for Albania stems from a sincere effort to discover and understand. The perspective that Edith Durham developed on the Balkans in her books is based on a perspective that challenges the widespread orientalist discourses of the period and includes a deep empathy and critical analysis of the region. *Through the Lands of the Serbs* (1904), Durham’s impressions from one of her first Balkan trips, Serbia and Montenegro, are conveyed. *The Burden of the Balkans* (1905) examines the post-Ottoman situation of the Balkans and Western

European attitudes towards the Balkans. *The Struggle for Scutari* (1914) deals with the struggle between Montenegro and the Ottoman Empire for Shkodra (Scutari). *Twenty Years of Balkan Tangle* (1920) deals with the political and social developments that Durham witnessed during the 20 years she spent in the Balkans. *The Sarajevo Crime* (1925) is about the fuse of World War I, examining the Sarajevo assassination that sparked the Balkans and its impact on the Balkans. *Some Tribal Origins, Laws, and Customs of the Balkans* (1928) focus on the ethnographic and cultural characteristics of the Balkan peoples. It provides an in-depth analysis of traditions, laws, and social structure. All of Edith Durham's works reflect an effort to develop empathy and understanding for the Balkan people. She criticizes the Western colonialist and orientalist approaches to the Balkans, defends the identity and independence struggles of the Balkan peoples, views the traditions and social structures in the Balkans not only as folkloric elements but as elements that demonstrate the resilience and originality of societies, and adopts a critical approach to all sides, addressing the complexities of nationalism, foreign interventions, and local conflicts. In 1903, Durham traveled to the Balkans to assist with humanitarian efforts during the Macedonian Crisis. Her experiences, particularly in southern and central Albania, were documented in her book *The Burden of the Balkans* (Durham, 1905). During the early 20th century, British traveler Durham contributed to British foreign policy through their observations and writings on the region (Ata, 2018). Known for her sharp wit and irony, Durham's work remains a significant contribution to the literature on the Balkans. Her advocacy for the region, especially Albania, influenced British public opinion and diplomatic policy during the early 20th century (Ramadani, 2011).

Mark Mazower is a professor of history at Birkbeck College, London, and a former professor of history at Princeton University. He authorizes several books, most recently *Dark Continent: Europe's Twentieth Century*. Mazower analyzes historical perspectives as a contemporary historian when writing about the Balkans. His work, *The Balkans: A Short History*, provides a concise yet insightful exploration of the region's tumultuous history, highlighting the interplay of cultural, political, and external forces that have shaped its identity. Mazower challenges dominant Western narratives by presenting the Balkans not merely as a “powder keg of Europe” but as a region deeply influenced by the shifting dynamics of empires, nationalism, and external interventions. One central theme in Mazower's work is the idea of the Balkans as a “bridge” between the East and the West. This geographical and cultural intersection has made the region a melting pot of religions, languages, and traditions. However, Mazower argues that this same diversity has often been misrepresented in Western accounts as a source of conflict rather than strength. He criticizes the portrayal of the Balkans as inherently unstable, suggesting that much of the region's turmoil stems from external powers' involvement, such as the Great Powers' manipulation of nationalist movements during the 19th and early 20th centuries. With its complex history of military, cultural, and religious clashes between Europe and Asia, Christianity, and Islam, the Balkans have long been seen as a region of ethnic and religious tensions (Mazower, 2007). Mazower's analysis of the Balkan Wars exemplifies this perspective. He notes that these conflicts were not merely internal struggles but exacerbated by European powers seeking to secure their interests in the Ottoman Empire's declining territories. This reframes the Balkans' history as part of a broader geopolitical narrative rather than an isolated story of chaos. Mazower emphasizes how the Balkans were seen as the “other” by Western Europe and how the ethnic diversity of the region was perceived as a threat, affecting its political stability. He critiques the West's definition of the region as “backward,” arguing that orientalist discourses were created to support Western political interests. Mazower takes a nuanced approach to the complex historical processes of the Balkans and their effects on the rest of Europe. He explores the region's multicultural structure, where different ethnic groups and religions have coexisted, occasionally in conflict but often in harmony. Examples of

coexistence include the Ottoman Empire, the Byzantine Empire, and Yugoslavia during the Tito period. He highlights the strategic significance of the Balkans as a part of world history and its role in Europe’s political and cultural evolution.

Mazower delves into the political turbulence of the 20th century, including World War I, the breakup of Yugoslavia, and the subsequent wars of the 1990s. He evaluates the failures of nationalism, which he argues did not bring democracy or stability to the region after the collapse of the Ottoman Empire but instead fueled ethnic conflicts and wars. He provides an in-depth analysis of historical conflicts, stressing the role of external powers in exacerbating tensions. For instance, the Balkan Wars and the ethnic cleansing processes during Yugoslavia’s disintegration are presented as the negative outcomes of the nationalist ideologies. Mazower also discusses modernization’s impact and nation-states’ formation in the Balkans. He argues that lessons must be learned from the region’s complex past relationships and that the rich cultural heritage of the Balkans should be seen as a strength rather than a threat. By emphasizing the resilience and adaptability of the Balkan peoples, Mazower’s work counters stereotypes of the region as backward or inherently violent. Mazower concludes that the Balkans, far from being a mere conflict zone, are a mosaic of cultural, religious, and ethnic diversity. His book aims to break down prejudices, providing a balanced account that emphasizes the region’s historical agency while situating its challenges within a global context. By presenting the Balkans as a vital part of European history, Mazower invites readers to take a fresh look at the region’s rich history and cultural heritage.

IV. Discussion

Mazower and Durham challenge the dominant Western narrative of the Balkans as an inherently chaotic region. They emphasize the region’s resilience, cultural diversity, and geopolitical significance as a bridge between East and West. British travel accounts, especially with the weakening of the Ottoman Empire, aroused curiosity about the Balkans. England closely followed the Ottoman dominance in the region and foresaw that the Balkans could have significant effects on European politics in the future. In this context, the works written by British travelers on the Balkans became more than just travel accounts but also a tool for geopolitical analysis. Durham’s work diverges from Mazower’s in its tone and focus. While Mazower adopts a more academic and analytical approach, Durham’s narratives are deeply personal and occasionally romanticized. Her emotional investment in the region sometimes leads to a partial perspective, as she tends to idealize the communities she supports, particularly the Albanians, while being more critical of others, such as the Serbs. This subjectivity offers valuable insight into how individual experiences and biases can shape broader perceptions of the Balkans. Mazower offers a macro-historical perspective, focusing on the structural forces and external interventions that shaped the Balkans. Durham provides a micro-level, personal account, emphasizing Balkan communities’ daily lives, traditions, and struggles. Mazower’s academic rigor reshapes perceptions by situating the Balkans within a global historical context, while Durham’s empathetic narratives provide a humanized and often romanticized view of the region, countering reductive stereotypes. Mazower and Durham are committed to challenging reductionist portrayals of the Balkans in Western discourse. They highlight the region’s diversity, resilience, and historical significance, offering nuanced perspectives that counter the simplistic “powder keg” narrative.

Durham’s works focus on the cultural characteristics, traditions, and independence quests of the peoples in the Balkans, depicting the region as a community of peoples. According to her,

the Balkans are a region that is trying to develop an identity independent of the conflicts of interest of European powers. Mazower, on the other hand, shows how the Balkans have historically been seen as a “laboratory” and how Western Europe has shaped the region in line with its own political interests. Both authors criticize the Western perspective on the Balkans but use different methodologies in doing so. Durham, through her direct observations and empathetic approach, introduced the cultural richness of the Balkans to the West. Mazower brought a deeper historical and political analysis to the region. Together, their works contributed to a more nuanced understanding of the Balkans, challenging the stereotypes of violence and chaos that had long dominated Western thought. The works of Durham and Mazower offer a different perspective on the geopolitical importance of the Balkans. These works contribute to the British public’s perception of the Balkans as a crisis region and an area with its own cultural dynamics and historical struggles. Durham contributes to the spread of a positive perception of the Balkans in British society, while Mazower’s historical analyses reveal the negative effects of Western interventions in the region. Their works help question the stereotypes established in the West about the Balkans while paying homage to the region’s struggle to recognize its own identity.

While the Ottoman period is generally perceived as a regime of oppression, Mazower states that this period preserved ethnic and religious diversity in the Balkans and provided a relatively peaceful administration. However, he also accepted that the tax system and some rebellions created discontent against the Ottomans. Although he finds the freedom struggles experienced together with nationalist movements justified, he also criticizes the ethnic cleansing and conflicts that these processes brought about. Mazower criticizes Western Europe’s view of the Balkans and argues that it is wrong to portray this region as “the backward, violent corner of Europe.” According to him, the Balkans are a region that is historically at the center of Europe, at the intersection of different cultures and civilizations. Mazower claims that Western Europe creates orientalist discourses to support its political interests. Mazower takes a critical approach to the modernization process and the formation of nation-states in the Balkans. He argues that nationalism did not bring democracy or stability to the region with the collapse of the Ottoman Empire, but on the contrary, fueled ethnic conflicts and wars.

Mazower frequently emphasizes that the Balkans have exhibited a multicultural structure throughout history and that different ethnic groups and religions have lived together. Although he accepts that this diversity has occasionally caused conflicts, he states that there are many examples that show that living together is possible in the region. The Ottoman Empire, the Byzantine Empire, and Yugoslavia during the Tito period are presented as examples of these experiences of living together. Historically, the peoples of the Balkans were classified by religion rather than race or language during over four centuries of Ottoman rule (Schindler, 2001). Mazower considers the Balkans not only as a local geography but as a crucial part of world history. He emphasizes the region's strategic location and its role in both the political and cultural evolution of Europe. He argues that the Balkans serve as a bridge between the east and west of Europe and are part of the West's understanding of civilization. Mazower analyzes Yugoslavia's establishment and the Cold War dynamics in detail. He states that Yugoslavia offered a socialist but independent model under the leadership of Tito. However, he states that the conflicts that broke out between ethnic groups in the region after Tito’s death indicate that the modern nation-state model has failed in the Balkans. The book emphasizes that a more inclusive and tolerant understanding must be developed in order to overcome historical disagreements in the Balkans. Mazower argues that lessons must be learned from the mistakes of the past and that the rich historical heritage of the Balkans should be seen as a power, not a threat. Mark Mazower’s perspective is based on an understanding that criticizes the complexity

and multilayeredness of the region and the misperceptions in the Western world, rather than squeezing the Balkans into a dark historical narrative. This approach invites the reader to take a fresh look at the rich history and cultural heritage of the Balkans, free from prejudice. Mazower and Durham are committed to challenging reductionist portrayals of the Balkans in the Western discourse. They highlight the region’s diversity, resilience, and historical significance, offering nuanced perspectives that counter the simplistic “powder keg” narrative. Mazower provides a macro-historical analysis, situating the Balkans within global geopolitical trends, while Durham focuses on micro-level observations drawn from her personal experiences in the region. While Mazower emphasizes the structural forces that shape the Balkans’ history, Durham brings to life the human element, capturing its people’s daily struggles, traditions, and resilience.

V. Results (Findings)

Mazower’s and Durham’s works have impacted how the Balkans are understood in British historiography and literature. They have helped to challenge outdated stereotypes, offering a more informed and empathetic view of the region. These contributions remain prominent as the Balkans continue to evolve in the 21st century. While Durham’s work humanized the region through personal observations and empathy, Mazower’s academic analysis provided a deeper understanding of the historical and political forces at play. Together, their works challenge the stereotypical view of the Balkans as a violent, chaotic region and instead present it as a place of historical significance and cultural richness. Mazower and Durham have significantly contributed to reshaping British perceptions of the Balkans through their works. Mazower’s historical approach offers a more global and analytical perspective, while Durham’s personal engagement with the region provides a rich and humanized view, both of which continue to influence how the Balkans are understood in contemporary historiography and travel writing.

Mazower and Durham’s portrayals have significantly shaped British perceptions of the region historically and in contemporary contexts. Mazower’s academic rigor and Durham’s personal engagement offer complementary perspectives that deepen our understanding of the Balkans’ complexities. Together, their works challenge stereotypes, highlight the region’s historical agency, and underscore the significance of both macro and micro perspectives in analyzing such a multifaceted region. By exploring these two authors’ works, we gain a richer and more nuanced view of the Balkans—one that transcends simplistic narratives and acknowledges the profound cultural, historical, and political dynamics at play. Both Mazower and Durham challenge the dominant Western narrative of the Balkans as an inherently chaotic and backward region. They emphasize the region’s resilience, cultural diversity, and geopolitical significance as bridges between the East and West.

Mazower offers a macro-historical perspective, focusing on the structural forces and external interventions that shaped the Balkans. On the other hand, Durham provides a micro-level, personal account, emphasizing the daily lives, traditions, and struggles of Balkan communities, particularly the Serbs and Albanians. Mazower’s academic rigor reshapes perceptions by situating the Balkans within a global historical context, while Durham’s empathetic narratives provide a humanized and often romanticized view of the region, countering reductive stereotypes. The paper highlights the prominence of nuanced and multi-faceted representations in literature and history for challenging oversimplified cultural and geopolitical narratives. Mazower states that the Balkans are often associated with chaos, violence, and backwardness in the Western world. However, he emphasizes that this perception ignores the region’s

historical richness and cultural diversity. The Balkans have been a region where civilizations have risen and been influenced since the ancient Greek and Roman periods. The long rule of the Byzantine Empire led to the establishment of Christianity and cultural influences. The Ottoman Empire's influence in the Balkans was a period that deeply shaped the region. Nationalist movements grew stronger in the Balkans in the 19th century, and the weakening of the Ottoman Empire led to the independence struggles of the Balkan peoples. The independence wars of Greece, Bulgaria, Serbia, and other states changed the region's political map. The Balkan Wars increased tensions between the nation-states in the region and paved the way for larger wars. World War I and World War II caused further destruction in the Balkans. Mazower evaluates this period as one when the ethnic and political conflicts of the region reached their peak. The Cold War created ideological divisions in the Balkans. Yugoslavia remained united under a socialist government under Tito, but after Tito's death, Yugoslavia fell apart, and ethnic wars broke out in the 1990s, throwing the region back into chaos.

Mazower discusses how the Balkans can achieve peace and stability in the contemporary world. He emphasizes that lessons should be learned from the region's complex past relationships and reminds us of the rich cultural heritage of the Balkan peoples. Mazower argues that we should see the Balkans as a conflict zone and a mosaic of cultural, religious, and ethnic diversity. The book aims to break down prejudices and provide a more in-depth look at the history of the Balkans. The book is understandable for history and politics enthusiasts and makes a strong case that the Balkans are an integral part of Europe. Mazower's approach questions existing clichés about the region and examines historical events in a multidimensional way. He argues that identifying the Balkans only with wars, ethnic conflicts, and political instability is insufficient in understanding the region's historical realities. Mazower presents the relationships between ethnic groups and states in the region as neither entirely conflict nor peaceful, highlighting these interactions' complexity and dynamism. While the Ottoman period is generally seen as a regime of oppression, Mazower states that this period preserved ethnic and religious diversity in the Balkans and provided relatively peaceful governance. He also acknowledges that the tax system and rebellions created discontent against the Ottomans. Although he finds the freedom struggles experienced with nationalist movements justified, he criticizes the ethnic cleansing and conflicts these processes brought about.

Mazower criticizes Western Europe's view of the Balkans, arguing that it is wrong to portray this region as “the backward, violent corner of Europe.” According to him, the Balkans are historically at the center of Europe, at the intersection of different cultures and civilizations. Mazower claims that Western Europe creates orientalist discourses to support its political interests. Mazower criticizes the modernization process and the formation of nation-states in the Balkans. He argues that nationalism did not bring democracy or stability to the region with the collapse of the Ottoman Empire but instead fueled ethnic conflicts and wars. Mazower frequently emphasizes the Balkans' multicultural structure throughout history, where different ethnic groups and religions lived together. While this diversity has occasionally caused conflicts, he argues that many examples show that peaceful coexistence is possible in the region. The Ottoman Empire, the Byzantine Empire, and Yugoslavia during Tito's period are examples of these coexistence experiences. Mazower considers the Balkans not only as a local geography but as an important part of world history, emphasizing the region's strategic location and role in Europe's political and cultural evolution. He argues that the Balkans serve as a bridge between East and West and are integral to the West's understanding of civilization.

Mazower analyzes Yugoslavia's establishment and the Cold War dynamics, stating that Yugoslavia offered a socialist but independent model under Tito's leadership. However, he claims that the ethnic conflicts that broke out in the region after Tito's death indicate that the modern nation-state model failed in the Balkans. The book emphasizes that a more inclusive and tolerant understanding must be developed to overcome historical disagreements in the Balkans. Mazower argues that lessons must be learned from past mistakes and that the rich historical heritage of the Balkans should be seen as a strength, not a threat. Mark Mazower's perspective invites readers to reconsider the Balkans' history and cultural heritage, free from prejudice. This approach criticizes oversimplified historical narratives and invites a deeper understanding of the region. Mazower and Durham are committed to challenging reductionist portrayals of the Balkans in Western discourse. They highlight the region's diversity, resilience, and historical significance, offering nuanced perspectives that counter the simplistic “powder keg” narrative. Mazower provides a macro-historical analysis, situating the Balkans within global geopolitical trends, while Durham focuses on micro-level observations drawn from her personal experiences in the region. While Mazower emphasizes the structural forces shaping the Balkans' history, Durham brings to life the human element, capturing its people's daily struggles, traditions, and resilience.

Conclusions

Durham and Mazower's works help to question the stereotypes that have been established in the West about the Balkans while at the same time paying homage to the region's struggle to recognize its own identity. The way the Balkans were represented in the British travel narratives profoundly impacted how the British public and the West, in general, viewed the region, and the works of Durham and Mazower played a critical role in shaping this perception. The Balkans were a dangerous place in the early twentieth century. All of Edith Durham's works reflect an effort to develop empathy and understanding for the Balkan people. She criticizes the Western colonialist and orientalist approaches to the Balkans, defends the identity and independence struggles of the Balkan peoples, and views the traditions and social structures in the Balkans not only as folkloric elements but as the elements that demonstrate the resilience and originality of societies, adopts a critical approach to all sides, addressing the complexities of nationalism, foreign interventions, and local conflicts.

Although Edith Durham and Mark Mazower approach the Balkans in different periods and approaches, both have had significant impacts on the British perceptions of the region. Durham traveled to the Balkans at the beginning of the 20th century and directly observed the region's cultural richness and social structure. She also criticized the orientalist and prejudiced approach of the West in her works. Her admiration for the Albanian people, in particular, increased the tendency in England to evaluate the struggles of the Balkan peoples in a more humane framework. On the other hand, Mazower addresses the multi-layered history of the Balkans and the complex relationships of different ethnic groups from an academic perspective. He emphasizes the significance of the Balkans in European history and politics; Mazower explains how the region is not just a “conflict area” but also plays a role in Europe's modernization and nation-state processes. Mazower questions the influence of the West in the Balkans and argues that external interventions deepen the conflicts in the region. Both authors emphasized the cultural richness of the Balkans and criticized Western prejudices. While Durham focuses on individual observations and empathy, Mazower offers broader historical and political analyses. While Durham contributed to the British public's development of a warmer and more humane perspective of the Balkans, Mazower created a deeper intellectual awareness by making sense

of the region’s role in European history. Both authors indicated that the Balkans should not be remembered only with wars and conflicts.

The portrayals of the Balkans by Mazower and Durham have significantly shaped the British perceptions of the region, both historically and in contemporary contexts. Mazower’s academic rigor and Durham’s personal engagement offer complementary perspectives that deepen our understanding of the Balkans’ complexities. Together, their works challenge stereotypes, highlight the region’s historical agency, and underscore the significance of both macro and micro perspectives in analyzing such a multifaceted region. By exploring these two authors’ works, we gain a richer and more nuanced view of the Balkans—one that transcends simplistic narratives and acknowledges the profound cultural, historical, and political dynamics at play. Mary Edith Durham and Mark Mazower offer two different but complementary perspectives on the geopolitical importance of the Balkans in their British travel narratives. While Durham focuses on the Balkans’ struggle for independence and the cultural values of its people, Mazower examines how Western Europe has manipulated the region throughout history. These two perspectives have contributed to developing a more in-depth understanding of the Balkans in the British public and have revealed different aspects of the Balkans’ geopolitical importance.

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Croatia’s Role in the EU Enlargement Process towards Western Balkans: An Analysis of Zagreb Declaration of 6th May 2020.

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Abstract

From its foundation onwards, the EU has faced several enlargement processes. The last and current one seems to be realized towards Western Balkans, which might be formalized as the former Yugoslavian countries except for Slovenia, Croatia, and Albania. Those countries have been labeled as Western Balkan countries, and the EU has been developing strategies to face the possible challenges stemming from the enlargement towards the southeastern part of the continent. A very significant summit took place during the pandemic in an online format in Zagreb, and the EU leaders and Western Balkan countries’ leaders published a declaration emphasizing the new roadmap of enlargement. In that declaration, the conveners recalled the summits in 2000 in Zagreb, 2003 in Thessaloniki, and 2018 in Sofia, reaffirming the EU’s unequivocal support for the European perspective of the Western Balkans. At the same time, Western Balkan countries emphasized their commitment to this European perspective as “their firm strategic choice.” As a requirement, the EU asked for clear public communication and the implementation of the necessary reforms. This paper tries to discuss the main points of the 2020 Zagreb declaration of twenty articles, which the authors of the declaration for the significant enlargement step of the EU in the current decade have highlighted. Each highlighted point gives a special direction of cooperation between the EU and the Western Balkans. Thus, this piece aims to make a discursive analysis of the articles of declaration with a special emphasis on the role of Croatia as the newest member of the EU for the enlargement process.

Keywords

Balkans, European Enlargement, Western Balkans, Croatia, Zagreb Declaration 2020

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I. Introduction

Croatia is the last member of the European Union; its membership started at the end of 2013. Today, after eleven years of membership, there are many issues on the desk concerning Croatian foreign policy after EU membership and its role within the Union. After the turmoil of the 1990s among the ex-Yugoslavian states, a roadmap has been designed for the Western Balkan countries with the target of “membership to the EU.”² For Croatia, this roadmap aimed to join NATO and the EU. Thus, Croatia targeted disconnecting from the Balkans and reconnecting to Europe, securing its safety and economic development. The Republic of Croatia signed the Stabilization and Association Agreement with the EU in 2001. An application to become a member took place in 2003, and candidate status was granted in 2004. Negotiations for accession started in 2005 and were finalized on 30 June 2011. Croatia signed the Treaty of Accession on 9 December of the same year.³

This road was a long road for the Croats, and they became the leading country among the seven Western Balkan countries in joining the European Union, so they even got the intrinsic status of the “commissary” of the enlargement towards the Southeastern part of the continent. Croatia overtook this mission as one of the main axes of its foreign policy, especially since joining the EU as a member country at the end of 2013.

II. Croatian Foreign Policy and EU Enlargement

In October 2021, the Croatian government declared its support for EU enlargement and described the process as “the only right path” for Western Balkan countries. These are the words expressed by Andrej Plenkovic, Croatia's Prime Minister, at the informal EU-Western Balkans Summit in Brdo pri Kranju in Slovenia, where EU leaders met to give their message of “commitment to the enlargement of the EU.”

Western Balkan countries are Albania, North Macedonia, Serbia, Bosnia and Herzegovina, Kosovo, and Montenegro, all of which wish to join the Union. Unfortunately, they do not receive the same level of support from EU members and have different road maps for accession to the bloc. Croatia functions as a mediocre entity between the EU and Western Balkan countries. Prime Minister Plenkovic asked the Union at the same summit to open accession negotiations with North Macedonia and Albania since “they deserve it.” For Bosnia and Herzegovina, he emphasized that Croatia considers BiH as “particularly essential” because of the Croats living there as constituent people.

Croatian prime minister met with all the leaders of Western Balkan countries and carried their emphasis on the membership of Western Balkan countries to the bloc, underscoring the “belonging of Western Balkans to Europe.” The higher authorities of the union share this sense of identity, but they always have reservations about the region not fulfilling their duties sufficiently.⁴

² Marek Dabrowski and Yana Myachenkova, “The Western Balkans on the Road to the European Union”, *Bruegel Policy Contribution*, no. 4, February 2018, pp. 1-2.

³ Tihomir Cipek, “Croatia’s Presidency of the European Union and the Western Balkans. A New Momentum or a Missed Opportunity?”, *Südosteuropa* 68 (2020), no. 4, pp. 554-568.

⁴ <https://vlada.gov.hr/news/croatia-supports-eu-enlargement-to-neighbouring-countries/33102> (accessed 28.11.2024)

This paper discusses the role of Croatia in the EU enlargement process, which overtook EU Council leadership at the beginning of 2020. Croats planned to organize a big summit for the enlargement. Still, due to the pandemic, they transformed the summit into an online summit. They ended up with the following declaration, stating and emphasizing boldly the support by the EU towards the Western Balkans countries’ European perspective, expressing this statement as a recalling of the 2000 Zagreb, 2003 Thessaloniki, and 2018 Sofia Summits’ statements.⁵

Even recently, Croats declared their continuous support for European integration of Western Balkans. In February 2024, Minister of Foreign and European Affairs Gordan Grlić Radman on Monday attended a meeting of EU foreign ministers of the “Friends of the Western Balkans” group and foreign ministers of the Western Balkan countries. Grlić Radman underlined the importance of Croatia’s initiative, which resulted in a letter sent to High Representative Josep Borrell in early October 2023. In the letter, the foreign ministers of the “Friends of the Western Balkans” group expressed their support for opening accession talks with Bosnia and Herzegovina. “It is important to point out that enlargement is again on the EU agenda and is being discussed at the highest level. There is a strong political commitment of the EU leaders to the Western Balkans’ membership prospects,” Grlić Radman said. He added that the EU was the Western Balkans’ largest trading and investment partner, with year-end trade figures reaching record highs, underscoring the importance of economic integration for the EU-Western Balkans relations in general. “The Western Balkans is the largest recipient of Croatia’s development aid. Our manifold approach to supporting the development of the Western Balkans through infrastructural, health, educational, and cultural projects, with a special focus on the overall socioeconomic development, including digital and green transition, is our main priority in the area of cooperation development and humanitarian aid,” the foreign minister said. The current geopolitical context has highlighted the importance of security and stability in the Western Balkans, where a slew of unresolved issues could escalate at any moment. “In that regard, it is vital to normalize Serbia-Kosovo relations and make headway in talks, which should lead to a final appreciation of political reality. For Croatia, the situation in Bosnia and Herzegovina is crucial, where a fair election law has to bring about long-term political stability and functioning - in other words, regulate the political rights and relations among the country’s constituent peoples and other citizens, as envisioned by the Washington and Dayton agreements,” the minister underscored.

The foreign ministers of Croatia, Austria, the Czech Republic, Greece, Slovakia, Italy, and Slovenia adopted the Göttweig Declaration on 26 June 2023. The declaration strongly supports EU enlargement to the Western Balkans and calls for speeding up the process. On Croatia’s initiative, the foreign ministers of the “Friends of the Western Balkans” group sent a letter to High Representative Borrell in early October 2023, underscoring support for opening accession talks with BiH.⁶

III. Zagreb Declaration, 6 May 2020

When analyzing the Zagreb declaration in May 2020, which is one of the most important milestones in the reconceptualization of European enlargement towards the Southeast, the text

⁵ For an assessment of Croatian foreign policy, see Senada Šelo-Šabić, “(Ir)relevance of Croatian Experience for Further EU Enlargement”, *Insight Turkey*, vol. 21 (2019) 2, pp. 171-187.

⁶ <https://mvcp.gov.hr/press-22794/continuation-of-strong-support-for-european-integration-of-western-balkans/271382> (accessed 30.11.2024).

signifies the atmosphere of pandemics. It started with the emphasis on solidarity with the partners at “unprecedented times.”⁷

In the first paragraph, the EU recalls the preceding summits as 2000 Zagreb⁸2003 Thessaloniki and 2018 Sofia reemphasize their full support for the European path of Western Balkan countries.⁹ In return, countries in the region expressed their commitment to the EU path as their strategic preference. Thus, they agreed to communicate publicly and implement necessary reforms in their countries.¹⁰

As mentioned, the text of the declaration was composed in the shadow of the coronavirus pandemic. A call for unity and solidarity was announced, and the EU side was willing to stand by the Western Balkan countries to “combat the coronavirus and its impact on societies and economies.” The declaration states also the amount the EU has provided to WB countries to fight against coronavirus. At the beginning and the peak period of the pandemic, support was given to the health sector. Also, the Union has put in a certain amount of money for social and economic recovery.¹¹

The declaration projected that this required solidarity as proof of being together to tackle common challenges. The EU used the crisis as an opportunity to deepen solidarity and collaboration. As common challenges, the declaration texts have mentioned the challenges that occurred due to the pandemics as: “includes joint procurement and the unrestricted trade-flow of protective personal equipment, ensuring the fast flow of essential goods through Green Lanes linking the EU and Western Balkans, the supply by the EU of testing material to check the correct functioning of coronavirus tests in the Western Balkans as well as close cooperation with relevant health bodies.”

Mutual collaboration due to the coronavirus has been emphasized several times throughout the text. The text showed reciprocal support from each side as proof of deep and sustainable relations between the EU and Western Balkans. Also, the text expressed its will to continue this solid cooperation even after the coronavirus crisis. (*Article 5*)

The next part of the declaration had a futuristic vision. After the intention of furthering cooperation, the leader of EU and Western Balkan countries expressed what Europa and the

⁷<https://www.consilium.europa.eu/en/press/press-releases/2020/05/06/zagreb-declaration-6-may-2020/> (accessed 30.11.2024). See also the comprehensive article by Uroš Čemalović, “One Step Forward, Two Steps Back: The EU and the Western Balkans after the Adoption of the New Enlargement Methodology and the Conclusions of the Zagreb Summit”, *Croatian Yearbook of European Law and Policy*, 16 (2020), pp. 179-196. DOI: 10.3935/cyelp.16.2020.372.

⁸ Damir Grubiša, “The Zagreb Summit and Croatian Foreign Policy”, *Croatian International Relations Review*, vol. 6 (2000) no. 20-21, pp. 117-121.

⁹ Tatjana Dordević, “Benefits and drawbacks of EU accession for the Western Balkans”, *Aspenia Online*, 2024. (Accessed 20.11.2024). The author explains in her piece the integration process of Western Balkans countries into EU. According to her, the establishment of the Stabilization and Association Process (SAP) in 1999 was a crucial step, but the duration of the alignment of the Western Balkan countries to the EU regulations took much longer than expected time.

¹⁰ Just two days after the summit, Polish Institute of International Affairs (PISM) released a spotlight: Tomasz Żornaczuk, “European Union-Western Balkans Summit in the Shadow of the Pandemic”, *Spotlight*, no. 29 (8 May 2020), PISM, editors: Sławomir Dębski, Patrycja Sasnal, Rafał Tarnogórski. This two-paged document highlights clearly the state of the relationship between the EU and the Western Balkans and the significance of the enlargement process for the Polish foreign policy.

¹¹ See the recent report prepared by EBRD for the economic conditions of the Western Balkans region: *Can the Western Balkans Converge towards EU Living Standards*, London: EBRD, 2024.

Balkans shared and are sharing: targeting a peaceful, strong, stable, and united Europe; having very long-lasting historical, cultural, and geographical ties; plus, common political, security and economic interests for the presence. Thus, the EU firmly believed in better engagement with the region. EU is very keen to support the necessary transformation of the WB countries so that they can uphold European values and principles. Thus, they connected any increase in EU assistance to progress in the rule of law and WB countries’ adherence to EU values, regulations, and standards.

Furthermore, the declaration lists the values of the European Union: the primacy of democracy, the rule of law, and good governance. EU expects all the candidates to fight against corruption and organized crime and respect human rights, gender equality, and minority rights. The text signals to the reader the strong commitment to the fundamental values on which all societal and economic transformation should rest. Civil society and freedom of expression should be reinforced for a real democratization process, according to the text.

During this process, many impediments emerge. Therefore, the EU also addressed barriers that seek to undermine “the European perspective of the region,” such as disinformation or other hybrid activities from third-state actors. Resilience-building, cyber security, and strategic communication are the terms explicitly stated.

European Union is fully aware of the problems that took place within the region at the turn of the century. Therefore, two articles of the declaration specifically focus on the necessity of regional cooperation among Western Balkan countries. Good neighborly relations among each country and EU member states seem existential for a healthy enlargement process. Without a stable and peaceful region, reconciliation cannot be attained, so engagement with the EU cannot be succeeded. Thus, the importance of bilateral agreements and regional areas is accentuated in order to be able to “find and implement a definitive, inclusive and binding solution to partners’ bilateral disputes and issues rooted in the legacy of the past.” Also, the necessity of a regional economic area has been stressed, referencing the COVID-19 crisis. Regional integration in economics made the fight against coronavirus easier. Also, the Zagreb Declaration was issued just at the peak of the coronavirus crisis, and the requirement for an economically better-integrated region has been felt more intensely. Thus, many articles describe the shadow and intrinsic impact of unexpected pandemics.

Connected to the two previous points, measures against the socio-economic impact of the crisis have been discussed in the next section on how the EU could make aid to the region so that the economies can be boosted with a perspective of increased competitiveness and with a growing ability of connectedness within the region and with the EU. To provide this, the EU promises sustainable investment to transform the Western Balkan region’s economies into functioning market economies. The new global challenges, such as climate change, green economies, and digitalization in social and economic affairs, have been put forward. Better connectivity in “transport, energy, digital and people-to-people, including tourism and culture” should be achieved. A particular glance should be thrown into the social development dimension so that many opportunities for youth will be newly created in the region.

Western Balkans are important for Europe's security. To ensure that the European Union's security is not harmed, the declaration proposes coordinated individual and collective action

for both Western Balkan countries and EU member states.¹² Thus, coordination should be realized at the operational level. If needed, instruments should be developed with the Western Balkan region, which should include EU tools and frameworks. All of these would help in fighting against terrorism and extremism and the return of foreign terrorist fighters.

The declaration goes on with the themes that need to be transformed or which measures should be taken, like the fight against corruption and organized crime. The results of the struggle against those crimes are considered substantial for economic transformation, regional stability, and security. EU also imposes a responsibility to the Western Balkans partners to take precautions and implement policies against “human trafficking, drug cultivation, money laundering and smuggling of human beings and drugs. The fight against the illicit trafficking of weapons” is interpreted as a good example of good collaboration towards a common goal.

The Western Balkans seem to be a gateway to migration waves from the Middle East and Mediterranean. To guarantee the security of the EU region, the declaration suggests increasing the level of cooperation in the framework of already established tools such as Frontex, EASO, and Europol. Also, to block the flux of immigrants into the EU member states, the EU will increase its support for the improvement of reception capacities in the WB region.

EU faced a severe energy security problem and, therefore, looks forward to diversifying sources and routes. In this issue, the EU asks for more collaboration with the region. At the end of the declaration, more contributions from the Western Balkan countries are expected in the field of Common Foreign and Security Policy, which the EU requests all the partners to fully align with its foreign policy positions. In case major common interests are at stake, not only alignment but also action according to the interests of the EU is expected, too. EU leaders expressed their readiness to reinvigorate the political level at a high level. They asked their partners in the Western Balkan to align with the points mentioned in the declaration.

Conclusions

Croatia acts as the intermediary between the EU and the region by organizing this summit during the pandemic and overtaking the EU's enlargement process towards the southeast. It seems to define itself as the “leading country of this enlargement process,” which became one of the main pillars of its foreign policy since joining the EU eleven years ago. Thus, Croatia’s function as a bridge between the Western Balkans and Europe and a leading country of the rest of the Western Balkans towards the goal of EU appears to be more shining, making the Croats proud of their own advancement in the entry to the “civilized” world. Their entry into the Eurozone and Schengen area leads them to perceive themselves as a full member of the Union with a special role of guiding the neighbors towards membership in the Union.

¹² European Union’s Paris based Institute for Security Studies published a very interested edited book in 2011: *The Western Balkans and the EU: ‘The Hour of Europe’*, edited by Jacques Rupnik. Chaillot Papers 126, June 2011, Paris. Morton Abramowitz, Florian Bieber, Dejan Jović, Robert Manchin, Alina Mungiu-Pippidi, Sašo Ordanoski, Momčilo Radulović, Jacques Rupnik, Denisa Sarajlić-Maglić, Igor Štiks, Veton Surroi, Jovan Teokarevic are the authors of the chapters.

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Transcending the Negative Impacts of Identity Politics in the Conduct of Inter-state Relations to Foster a Culture of Living Together for a Common Future of Peace, Stability and Prosperity in the Balkans

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Abstract

The current complexity of threats and risks for peace, security, stability, and prosperity constitutes a growing urgent call for joint or at least concerted efforts, both at regional and global levels, all of which, in principle, would be facilitated by a rules-based world order. In this context, the Balkans have always been of particular significance for Europe and beyond, owing to the historical legacies therein. Throughout the centuries, historical legacies have heavily affected inter-state relations among the countries of the region, making history a determining component for the Balkans. In this process, the identities, whether state, national, or ethical, have been constructed in the otherness of one another as evidenced in a self-other dichotomy. Even in the post-Cold War era, the region suffered from this predicament, as witnessed in the local wars and ethnic conflicts. Given their ramifications for the region as a whole and beyond, a great deal of efforts have been made to remedy the situation either multilaterally or bilaterally, both by the region's countries or globally. Against such a background, the paper intends to focus on inter-state relations to propose some thoughts on how to transcend the negative impacts of identity politics in the conduct of inter-state relations by promoting a culture of living together, which would contribute to a common future of peace, stability, and prosperity in the Balkans. In this quest, the paper asserts that the role of constructing collective identities among states is crucial. Here, given its focus on collective identification and socio-psychological ideational/perceptive factors, social constructivism as a theoretical tool serves for a better understanding of this process. According to this approach, fostering cooperation among states is considered to be key to attaining common objectives. To the extent states share a commonality, the chance of fulfilling their shared objectives potentially remains high. The more cooperation is intensified among such states, the higher chance exists for a common understanding of world affairs, as this situation would likely facilitate these states to see and understand international politics through the same or similar lenses, which would ultimately contribute to the formation of collective identities. Such cooperation can be better facilitated through common denominators. In a world dominated by realist parameters, common denominators *inter alia* serve to form collective identities. In this formation, added to ideational factors, history is an important component. Thus, to construct a collective identity among states, history can be utilized in two ways: First, it is a lesson learned not to repeat past mistakes. Second, to focus on good practices of the culture of living together and common understandings among states. Thus, it is argued that collective identities are instrumental to fostering a culture of living together, all of which would contribute to better inter-state relations and good neighbourliness.

Keywords

Inter-state relations, the Balkans, Social Constructivism, Collective Identity Building, and Culture of Living Together.

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I. Introduction

The conference's focus is “the heightened geopolitical uncertainty, influenced by various global and regional dynamics, as faced by the Balkans,” which makes it timely, given the current environment. In the face of the ever-deteriorating complexity of threats and risks for peace, security, stability, and prosperity, the need for joint or at least concerted efforts is increasingly felt to better tackle them at regional and global levels. A rules-based world order would ideally facilitate this. Naturally, such an order should be fair and just, profiting for all to the extent possible. The rules to be imposed should not be those of a hegemon but of a universal nature that all democratic countries can contribute to in cooperative frameworks, be they bilateral or multilateral.

In this process, fostering peaceful and friendly inter-state relations through cooperation and non-conflictual ways and respecting common norms and principles remains a key to such a rules-based order. Naturally, several areas are susceptible to conflicts in inter-state relations. When it comes to security and stability, the Balkans have always been of particular significance for Europe and beyond, owing to the historical legacies therein.

II. Social Constructivism as a Theoretical Tool for the Better Understanding of Identity Politics

In this quest, the paper focuses on states' identities as they heavily shape the foreign policies of those states. If one talks about identities, social constructivist tools are called for. Social constructivism (See Adler, 2002; Hopf, 1998; Onuf, 1989; Wendt, 1999) was initially introduced to international relations by Onuf. Social constructivism, in fact, complements what is lacking in mainstream approaches. Constructivism comes with several variants. This paper focuses on conventional constructivism (hereinafter referred to as constructivism in short), a term which was first used by Katzenstein (1998). Contrary to critical constructivism, the conventional variant helps to build a complementary explanation of the world led by political realism without refusing the parameters of the mainstream school but adding to them the value of inter-subjective formulations, such as perceptions in foreign policy. Conventional constructivism examines the role of norms and identity in shaping international political outcomes. It simply concentrates on the lenses through which IR actors conceptualize and construct their understanding of the outside world. These metaphoric lenses can be seen as tools for forming state identities. It is a fact that states are like living organisms as their acts reflect the decisions of their decision-makers; thus, based on this analogy, one can assume that constructivism, with its focus on constitutive norms and identities in shaping state interests and policies, allows for the possibility that under the proper conditions, states can generate shared identities and norms that are tied to a stable peace (Levkoska & Franklin, 2011; Lisinski, 2012 and Ulusoy, 2007).

Against such a theoretical discourse, one can simply summarize constructivism as follows: “The material world in which states operate is also socially constructed.” In such a world, socio-psychological and ideational factors impact states' foreign policies as they shape their mindsets (Ulusoy, 2007).

The utility of constructivist theorizing in the material world that we live in can be shown by the fact that things are not fixed or given but might change according to their intersubjective

formation. This can be better illustrated with a famous metaphor: the difference between throwing a stone and a bird into the air (Adler, 1997).

When throwing the stone into the air, it is easy to predict its route according to the rules of nature and calculations based on the science of physics. Simply, it is a matter of gravity. However, when one throws a bird into the air, the bird's route cannot be predicted *a priori*. The epistemological formation of the bird, i.e., its knowledge and experience, would determine which direction the bird would take. So, it is the mindset in short.

Thus, in order to predict the bird's behavior, one should know the factors that shape the bird's mindset. We call all of them identity in short. The same is true for states formed by human beings whose perception of the outside is based on intersubjectivism and reflectivism rather than positivism.

Naturally, the identities of states also differ from each other depending on their backgrounds. In other words, the rational behaviors of states differ. The famous “theatre- in fire” Arnold Wolfers's scenario ² (1963) best illustrates this metaphor of varying nationalities. This metaphor shows that even if every state is assumed to act rationally, its behaviors may differ according to its rationalities that align with its epistemological background. This is how identities also differ when working in foreign policies. This is particularly relevant for regions like the Balkans, where socio-psychological and ideational factors significantly influence the formulation of state foreign policies.

Generally speaking, foreign policies are conducted based on national interests. Here lies a correlation between national interests and identities. Constructivist scholars argue that a state's foreign policy interests and identity are socially constructed. This approach explains how “identity and interest are not different concepts, and they are not independent of each other. In fact, they constantly shape each other ...Identities are the basis of interests”, says one prominent scholar (Wendt, 1992, p. 398). He further asserts, “States are engaged in a socialization process, and as they become socialized, they make them part of their identity, and that identity, in turn, creates the interest.” This correlation and interaction can then be translated as follows: “*We cannot know what we want if we do not know who we are.*” (Ulusoy, 2007, p. 45).

The famous concept of “securitization” helps further illustrate how states' identities matter in their threat perceptions, which are the direct constituent of their foreign policies. As Barry Buzan et al. (1998) developed, one can talk about the securitization of an issue once “the issue in question is presented as an existential threat, requiring emergency measures and justifying actions outside the normal bonds of political procedure.” In the conduct of foreign policies, if and when “securitized,” any issue may turn out to be a security matter. For instance, the presence of missile piles owned by a state does not necessarily mean insecurity to all other states. The allies of the said state may feel increased security with the presence of missiles from their ally, and those unfriendly states or foes of the said state would feel threatened. So, different states may conceptualize the same material fact differently depending on their identities. Building on this premise, it can also be argued that if different states could form a collective identity, they could develop at least close national interests.

² According to this scenario, in case of a fire in a theatre persons act differently; while some run to the exits, others cannot move due to the shock or move to different parts of the theatre. This shows even if they are considered to act rationally, their behaviours differ depending of their psychology and mindsets at the time.

III. A Constructivist Proposition to Transcend Negative Impacts in the Conduct of Inter-state Relations: The Balkans

As mentioned earlier, identity politics is a problem in the Balkans since it heavily affects foreign policies. In fact, the region has gradually begun to attract interest in constructivist studies (see Keui-Hsien and Mingze, 2022; Levkoska & Franklin, 2011; Sijakovic, 2016). Given the foregoing constructivist explanations, it is clear that states' identities cannot be ignored or overlooked. Yet, to lessen its effects or, for the best, transcend its negative impacts in the conduct of inter-state relations, further efforts should be made.

Here, we can also rely on constructivist tools that utilize the role of identities. In this context, one can argue for a process of collective identity formation to help all states to better see and conceptualize the outside material world from the same or at least similar lenses. In other words, the presence of collective identities facilitates states to bring their foreign policies and national interests closer or at least make them non-conflictual to the extent possible. It is argued that “collective identity formation is like a pool where states contribute elements from their own identity” (Ulusoy, 2007).

When discussing identity politics in the Balkans, history comes as the first determinant (Kavalski, 2002). What was lived in the past inevitably shapes the present and future relations. In fact, history functions based on what is lived and experienced materially and on created narratives about the shared past. It is important to show that even history is socially constructed, based on not only what actually happened in the past, but also what is learned about this past.

The effect of history can be better explained by the concept of learned helplessness, as demonstrated by the famous experiment “Monkeys and the Ladder with Bananas.”³ provides a helpful metaphor for understanding this concept. This experiment clearly shows that the mindset of those who think of bitter memories of a shared past, even if they did not experience them in reality, makes them act as if they had actually experienced them. In the Balkans, one can argue that this sort of mindset has long further exacerbated the narratives of materially experienced bitter memoirs.

Concluding Remarks

It is a fact that the identity politics in the Balkans is heavily impacted by its history, which is constitutive of a shared past whose narratives might differ according to the states. This state of

³ This experiment which was actually carried out by scientists works in the following sequence: 3 monkeys are put in a room that contains a ladder in the center and a banana atop the ladder. Whenever a monkey attempts to go for the banana, all the monkeys are sprayed by the scientist with ice-cold water. All 3 monkeys try the same and all got wet. They learn this consequence by doing. Then, one of the wet monkeys is replaced with a dry one. This new naïve monkey spots the banana and attempts to go for it but instead of being hosed down by the scientist, the other 2 wet monkeys knowing what to come to all of them, hit him, preventing him from touching the ladder. Then, one of the remaining 2 wet monkeys is replaced with another dry one and when the second dry monkey attempts to touch the bananas, not only the wet one but also the former dry one stop him. And this continue with the replacement of the only remaining wet monkey with a new dry one which is also stopped in the same manner by the two dry monkeys which are earlier stopped from reaching bananas. So at this stage, 3 dry monkeys keep themselves away from the bananas even if they never experienced getting wet.

affairs is definitely not conducive to fostering close and friendly inter-state relations *per se*. How to overcome is not an easy task. Yet, one thing is evident: We should not fall prey to bitter memories of the past, be they really lived or constructed. Instead, we should benefit from the past selectively to form a collective identity embracing all. In this formation, added to ideational factors, history is an important component. Thus, to construct a collective identity between states, history can be used in two ways: First, it is a lesson learned not to repeat past mistakes. Second, to focus on good practices of the culture of living together and common understandings between states. In fact, collective identities help to create such a culture of living together.

The process of collective identity formation is assisted by cooperation among states. Constructivism better shows that fostering cooperation among states is considered to be key to attaining common objectives. To the extent states share commonalities, the chance of fulfilling their shared objectives potentially remains higher. The more cooperation is intensified among such states, the higher chance exists for a common understanding of world affairs, as this situation would likely facilitate these states to see and conceptualize international politics through the same or similar lenses, which would ultimately contribute to the formation of collective identities. This process can also be better promoted via multilateral cooperation frameworks in diplomacy. In fact, as either a founding member or an initiator, Türkiye tries to do its best in this manner, as the chart below illustrates.

Figure 1: Balkans-owned Multilateral Cooperation Structures Initiated by Türkiye



These cooperation structures⁴ epitomize the conduct of regional ownership by the Balkan states in the field of diplomacy. Naturally, in pursuit of such collective identity formations,

⁴ The SEECP founded in 1996 aims to foster cooperation among its members including Türkiye, one of the founders, in a great variety of areas ranging from politics and security to economy and justice affairs. The RCC,

cooperation efforts are needed in all walks of life to foster a strong culture of living together among the peoples of the Balkan states. Luckily, as already mentioned, collective identities are instrumental to such a culture of living together by ultimately contributing to better inter-state relations and good neighbourliness in the region, which remains key for sustainable common peace and security, along with stability and prosperity. Thus, further academic studies in this direction are strongly encouraged.

the operational arm of the SEECP, has the main task of developing regional cooperation among its members, including Türkiye, one of the founders, in Southeast Europe (the Balkans) and promoting the integration of the region to the European and Euro-Atlantic structures. The two trilateral consultation mechanisms initiated by Türkiye, as outstanding confidence building measures, aim at enhancing peace, stability and prosperity in Bosnia and Herzegovina, on the one hand and transforming the whole Balkans to a more stable place, on the other. As to the military/defence cooperation, the SEDM process, where Türkiye is founding member, aims at strengthening understanding and politico-military cooperation in the region among the members and Euro-Atlantic structures in order to enhance the stability and security in the Balkans. The MPFSEE, part of the SEDM process, was created with the aim of contributing to regional security and stability, mutual confidence, and strengthening good-neighbourly ties between the states of the region in the framework of the SEDM. As a result, a brigade, known as the South-Eastern Europe Brigade (SEEBRIG), was formed and activated in Plovdiv in 1999. Türkiye is a founding member of these two structures as well (see Turkish MFA website, SEDM and MPFSEE websites).

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Serbia-Kosovo Security Dilemma: From Dismemberment of Yugoslavia till today

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Abstract

This paper focuses on the post-1990s dynamic of civil-military relations between Serbia and Kosovo and the broader Serbian and Albanian ethnic elements in the Western Balkans. Caught in the ethnic wars of the 1990s in pursuit of Milosević’s irredentist goals to carve Greater Serbia out of rump Yugoslavia, various civil populations from Croatia and Bosnia-Herzegovina to Kosovo suffered the consequences. They ranged from outright genocide in Bosnia-Herzegovina to ethnic cleansing in Kosovo and war crimes in Croatia. Albania and Serbia do not share a border but are two of the central pillars for maintaining security in the region. Kosovo meanwhile shares a border and disputes about it with Serbia, as well as an ongoing civil-military fractured relationship. In turn, this has led to a security dilemma that continues to this day and that this paper explores in detail. This is important because Albanians and Serbs are two of the most numerous populations in the region and have sizeable minorities in adjacent countries. At the same time, they are considered vital for the overall security of Western Balkans. Serbia, Kosovo, and Albania are still transitioning countries, hybrid democracies, and do not yet have a fully enforced rule of law.

While both Serbia and Albania have opened negotiations for full accession to the EU, Albania is part of NATO, a security alliance, and Serbia is not. Kosovo is neither a candidate country for EU membership nor NATO, chiefly due to Serbian opposition. Yet, Kosovo’s territorial integrity is protected by NATO KFOR troops. On the other hand, Serbia’s current military expenditures are more than all the other five countries of the Western Balkans combined, and it has recently bought offensive weaponry, raising concerns about ongoing security challenges in the region.

Keywords

Serbia, Albania, Kosovo, civil-military relations, security

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I. Introduction

Serbians and Albanians are the most populous nations in the geopolitical area, labeled Western Balkans. Furthermore, they have numerous ethnic kin in their adjacent territories who live in the neighboring states. However, in the 1990s, Serbia actively pursued an irredentist agenda vis-à-vis these territories, while Albania refrained from doing so.² Furthermore, during the heyday of the military conflicts during Milosević’s era in Serbia, civilian populations in Croatia, Bosnia-Herzegovina, and Kosovo were targeted. Most of the heinous crimes against such civilian populations were committed by Serbian paramilitaries, such as Arkan’s Tigers, but also regulars, such as the Scorpion unit was a notorious police reserve group within the Internal Affairs of Serbia, which massacred thousands of men and boys in Srebrenica, Bosnia-Herzegovina, as well as later on in Kosovo.

Serbia under Milosević’s rule engaged in the irredentist project to create the “Greater Serbia” after the inevitable dismemberment of Yugoslavia, and irregular militias, such as Arkan’s Tigers, were heavily involved by state security to wreak havoc among civilian populations in Bosnia-Herzegovina. Also, the presence of paramilitaries and the regular Serbian army were used in Kosovo for ethnic cleansing of the civilian population. The Kosovar Albanian KLA was formed with the aim of resistance to Milosević’s policies, which had revoked the autonomy of Kosovo and forced its elected civilian authorities into illegality. Arkan’s Tigers and KLA were later reintegrated militias into the regular armies of the respective countries. Both played a pivotal role in the events that ultimately led to Kosovo’s Declaration of Independence. Meanwhile, the Scorpion Unit was disbanded only in 1999, right after the end of the Kosovo War.

The current paper investigates these shifts and the full reintegration of such militias into civilian life. Contrary to the initial hypotheses, one of the surprising findings is that KLA and Arkan’s Tigers were clear cases of demobilized militias, which means they did not turn into army units. The Scorpion unit was, from its inception, integrated into the Serbian police force but was disbanded in 1999, right after the Kosovo War, by Belgrade authorities. KLA was a prime example of transitioning into civilian life through vocational education and training, while Arkan’s Tigers later returned to the underworld. On the other hand, currently, both Serbia and Albania are founding members of the Open Balkan initiative, together with Northern Macedonia, which has greatly improved the relations between the two countries. Meanwhile, Montenegro, Kosovo, and Bosnia-Herzegovina have objected to participating. Furthermore, Montenegro, Bosnia-Herzegovina, and Kosovo are three states whose political leaders often complain of Serbia’s intention to destabilize them, frequently using forms of hybrid warfare or parallel structure to obtain their aims. Overall, this paper argues that some of the critical security aspects have improved, but more efforts would be welcomed to push the relations into another dimension. Stabilization of relations between Serbia and Kosovo with the ultimate recognition of the Republic of Kosovo from Serbia would be the main guarantor of peace and stability in the relations between Serbs and Albanians as the two most numerous populations in the region, as well as provide stability at large.

² Kalemaj, Ilir, *Sources of Irredentism in Foreign Policy: Understanding Kin Policies in the Aftermath of Communism in Serbia and Albania* (VDM Verlag, Dr. Müller, 2009).

II. Literature Review

II.1 Role and function of paramilitaries

When thinking of paramilitaries and the role they play in warfare, the first thing in order is the definition and operationalization of the term. The Oxford Dictionary defines paramilitary units as able to “[d]esignating, of, or relating to a force or unit whose function and organization are analogous or ancillary to those of a professional military force, but which is not regarded as having professional or legitimate status.”³ In other words, it acts and behaves like a regular army but is not official and often illegal. It falls short of what Max Weber once considered to be the definite attributes of a state, which is the “monopoly of legitimate violence,”⁴ Legitimate is the keyword here.

Paramilitaries are often used as auxiliary forces that help the regular armies to commit actions that are extra-legal, not based on ‘just war’ principles that set the moral boundaries of how war activities should be regulated and often carry excesses that are defined as war crimes or crimes against humanity. Recently, with examples such as Wagner Group, a Kremlin-organized and financed organization that for many years has participated in conflicts in various parts of the world (from Sub-Saharan Africa to the Middle East and recently in Ukraine), the role and impact of paramilitaries has been a focal point of analysis in security studies. The paramilitary groups are known for engaging in “irregular guerrilla warfare”⁵ As multiple historical examples testify.

Many studies have pointed out how paramilitary violence is organized. For example, as one author notes: “Mass violence is often carried out according to clear divisions of labor: between the civil and military wings of the state, but also crucially between military and paramilitary groups.”⁶ Paramilitarism can thus be seen and analyzed from the perspective of the parastate, that is, “the complex interaction between security agencies, political parties, and communities that constitute the sociological infrastructure behind paramilitarism.”⁷

On the other hand, most of the senior ranks of the army do not recognize the actions of paramilitaries and are ready to take distance from them, thus falling into the fallacy of plausible deniability. This, in turn, enables the successive governments and state apparatus to defend themselves in international tribunals for war crimes or crimes against humanity after the war has ended. In a nutshell, this is what happened with formal distances that the Yugoslav Army (JNA) kept with paramilitaries such as Arkan’s troops during the war. Most importantly, this is what also happened with post-Milosević’s Serbia after the war when presented with charges from international courts. In this case, the new government in Belgrade distanced itself from the actions of paramilitaries and its former infamous generals such as Mladić and wartime political leaders such as Karadžić and Milosević.

³ “Paramilitary.” Oxford Dictionary. Oxford University Press. June 2011.

⁴ Max Weber, *Weber's Rationalism and Modern Society*, translated and edited by Tony Waters and Dagmar Waters. (New York: Palgrave Books, 2015).

⁵ Raul Zelik, "Paramilitaries": a short scientific definition (Online Dictionary "Interamerican Wiki", University of Bielefeld). (2010). Retrieved from: <https://www.raulzelik.net/english-texts/371-paramilitaries>

⁶ Uğur Ümit Üngör, 2020. “The Organization of Paramilitarism” chapter 4. In the *Paramilitarism: Mass Violence in the Shadow of the State* (2020), pp. 115–182.

⁷ *Ibid*

II.2 Re-integration of paramilitaries in army units or civilian life/ political nexus

Failure to reintegrate paramilitary forces into regular army units, especially after a war or conflict, can also present dangers to a state's macro security and may even lead to insurrection against the new regime.⁸ Unless the paramilitaries are fully integrated into civilian life, which is the best potential course of action since it is a smoother transition and demobilization, as an observer duly recognizes, we need to consider the importance of the political assimilation of ex-combatants.⁹ He goes on to offer a more comprehensive definition of reintegration, where this “is seen as a societal process aiming at the economic, political, and social assimilation of ex-combatants and their families into civil society.”¹⁰ This is the ultimate aim, although many societies fail to reach it because of political intermingling and obstacles.

However, the exceptions reinforce the rule. As two authors have noted, based on an empirical study, “ex-combatants in more participatory communities tend to have an easier time with social reintegration and feel less of a need to organize among themselves.”¹¹ This might, in turn, make their transition into civilian life smoother, especially if they received the proper continuing education and training. Cases such as the Colombian mentioned above or Kosovo former combatants of KLA are models of such successful reintegration into civilian life and reinforcement of bonds in participatory communities. This, in turn, creates social capital through building trust, which is necessary for state institutions to thrive in the long run.¹²

On the other hand, different institutional forms of military may affect political leadership and vice-versa. Political leadership may well instrumentalize the military in the long run and not only during the military conflict. This particularly happened in Serbia, which had the initial benefit of controlling the Yugoslav Army (JNA). However, they collapsed to the newly organized Croatian Army, which led to their flight from Krajina to Croatia during Operation Storm in 1995. They faced a difficult time even when fighting a paramilitary such as KLA in Kosovo before NATO intervention forced them to put an end to ethnic cleansing.

In the post-war period, integrating former paramilitaries was a big challenge for Serbia and Kosovo. While International Courts sought many of them for war crimes and crimes against humanity, and some trials are ongoing, “stable civilian control over armed forces is a primary requirement for democratic consolidation.”¹³

⁸ Paul Collier, "Demobilization and Insecurity: A Study in the Economics of the Transition from War to Peace." *Journal of International Development*, Vol. 6, No. 3 (1994), pp. 343-351.

⁹ Anders Nilson, “Re-integration Ex-Combatants in Post-Conflict Societies.” *Sida* (2005). Accessed on 27/1/2023 at: <https://www.diva-portal.org/smash/get/diva2:106715/FULLTEXT01.pdf>

¹⁰ *Ibid*

¹¹ Oliver Kaplan and Enzo Nussio, “Community counts: The social reintegration of ex-combatants in Colombia,” *Conflict Management and Peace Science*, Vol. 35, No. 2 (March 2018), pp. 132-153. Sage Publications, Inc.

¹² Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community*. Simon and Schuster. (2001).

¹³ Hakki Goker Onen, “Civil-Military Relations in the Balkans: The Determinants of Democratic Transformation,” *Akademik Hassasiyetler*, Vol. 5, No. 10 (2019), p. 31.

III. Analysis and Findings from the Serbian Case

III.1 Atrocities of Serb paramilitaries in Bosnia-Herzegovina and Kosovo

Arkan's forces were the primary organized paramilitary group accused of committing mass war crimes against civilian populations in Bosnia-Herzegovina. A lot of evidence about Arkan and his Tigers came out during the trial of Slobodan Milošević when a former administrative employee of the Serbian Volunteer Guard testified. Witnesses testified on the relationship between the Serbian Volunteer Guard and Serbian State Security.¹⁴ Arkan was a nefarious leader who was, after the war, gunned down, most probably to keep his mouth shut because of the relationship he had with the Serbian security apparatus during the heyday of the Bosnian and Kosovo conflicts. As two authors neatly summarized his activity: “[t]he man whose name was synonymous with cruelty without pity, and mass murder: Captain Arkan - aka Zeljko Raznatovic.”¹⁵ The crimes of his ‘Tigers’ paramilitaries were well documented not only in Bosnia-Herzegovina but also in Kosovo. As the same authors write, when “Arkan reappeared in Kosovo, his Tigers swept through Albanian communities as they had in Bosnia. Villagers in Velika Krusha, where the remains of 20 incinerated civilians were found, insist that the massacre was the mark of the Tigers. As in Bosnia, Arkan was encouraged by the Serbian government. At this point during the Kosovo onslaught, the Hague tribunal elected to make the sealed indictment public.”¹⁶

Another well-known and infamous group that committed war crimes and crimes against humanity in Bosnia-Herzegovina and Kosovo was the Scorpion Unit. Officially, they were part of the Serbian Interior Ministry, but in all effect, they acted in a grey area and undermined in effect all clauses of “just law” that they can be well designated as a paramilitary group. But, the fact that they were officially part of the Serbian state while engaging in crimes such as shooting innocent civilians, rape, and other war crimes while being part of regular security forces of the Interior Ministry makes their crimes even more heinous. As Una Sabljakovic argues: “An indicator of the connection between the unit and the Interior Ministry is the presence of ministry officials, specifically Vasilije Mijović, a member of the ministry’s Anti-Terrorist Unit (known as the Red Berets and later, as the Special Operations Unit) in the same areas at the same time as the members of the Scorpions.”¹⁷ This is a very recent piece that argues that an in-depth analysis of the Hague Court can uncover the role and impact of this notorious unit as the perpetrator of war crimes in former Yugoslavia. Furthermore, it can establish more evidence of state-controlled organized violence and how political orders were carried efficiently by obedient army and security ranks, often blending their actions with the paramilitaries.

In the Hague Court, as Sabljaković tells us: “The witness’s claims were cited in the first-instance verdict in the trial of the former head of the Serbian State Security Service, Jovica Stanišić, and the former commander of the State Security Service’s Special Operations Unit, Franko Simatović, who were accused of overseeing units that committed crimes during the Croatian and Bosnian wars,

¹⁴ Milica Stojanović, “Arkan’s ‘Tigers’ Unpunished 20 Years after Leader’s Death.” *Balkan Transitional Justice*. 15/01/2020. Accessed on 11/01/2023, at: <https://balkaninsight.com/2020/01/15/arkans-tigers-unprosecuted-20-years-after-leaders-death/>

¹⁵ Ed Vulliamy and Stacy Sullivan, “Bloody handiwork of Arkan.” *The Guardian*. 16/01/2000, accessed on 20/1/2023, at: <https://www.theguardian.com/world/2000/jan/16/balkans3>

¹⁶ *Ibid*

¹⁷ Una Sabljakovic, “The Scorpions: Paramilitaries or Serbian State-Controlled Unit?” *Balkan Transitional Justice*. 8/12/2022. Accessed on 18/01/2023: <https://balkaninsight.com/2022/12/08/the-scorpions-paramilitaries-or-serbian-state-controlled-unit/>

amongst other alleged crimes.”¹⁸ This shows the direct official command from the highest levels of the security apparatus toward their subordinates that composed the Scorpion Unit in organizing collective crime against unprotected civilians.

However, the Scorpion Unit did not commit war crimes solely in Croatia and Bosnia-Herzegovina. They committed heinous crimes in Kosovo during the heyday of ethnic cleansing as well. For example, “On March 28, 1999, 14 Kosovo Albanian civilian women and children were murdered in Podujevo. A member of the Scorpions unit was sentenced for his part in the massacre in 2005, and four more members were sentenced for their involvement in June of this year at the Serbia war crimes court.”¹⁹ Thus, the New York Times reports: “During the Kosovo War, the Scorpions were placed under the command of the Special Anti-Terrorist Unit (SAJ). They were involved in the Podujevo massacre in March 1999, which resulted in the deaths of 14 Kosovo Albanians, primarily women and children.”²⁰

III.2 Reintegration of Serb paramilitaries in the Army and Security Forces

As the evidence aforementioned in the above section showed, the Scorpion Unit, although it behaved like a paramilitary unit, was formally part of the Serbian Security Forces and the Internal Ministry of Serbia. Therefore, in this case, reintegration was unnecessary because they were part of state structures from the very inception. This, in turn, makes their crimes even more heinous, and not being enough accountable for what happened after the war.

The situation was different with Arkan’s Tigers. They were and behaved as a typical paramilitary group. Their crimes were so horrendous that even infamous general Mladić in Bosnia-Herzegovina tried on more than one occasion to distance himself from Arkan and his ‘Tigers.’ Not only that, but he gave them express orders to vacate certain territories. Less attention has been given to “Tigers” operations in Kosovo during the ethnic cleansing operation orchestrated by Milosević.

This continued well after the war when notorious paramilitary leaders infiltrated the highest levels of state security and wreaked havoc on the way. For example, several elements, such as the infamous “Legija,” who was a former commander of the Special Operations Unit and a former paramilitary commander, was later “convicted of the assassinations of Serbian Prime Minister Zoran Đinđić and former Serbian President Ivan Stambolić.”²¹ Both of these distinguished Serbian political leaders were killed because they were perceived as traitors of the Serbian nation and betraying the fight for ‘Greater Serbia.’ To some extent, serious security risks emanating from military and threatening political leadership in taking pro-EU and potentially pro-NATO or at least NATO-neutral stances continue to this day. For example, President Vucić, although he has been the most pro-Russian leader in Europe, is yet threatened by the more extremist opposition, including some former generals from betraying Kosovo and Serbian nation, if he were to accept the Franko-German plan that *de facto* will remove the impediments of Kosovo recognition as a republic in the medium term. Also, the “Night Wolves”, a

¹⁸ *Ibid*

¹⁹ “Court Hears of Scorpions' Kosovo Deployment.” Institute for War & Peace Reporting. 3/10/2009, accessed on 31/1/2022, at: <https://iwpr.net/global-voices/court-hears-scorpions-kosovo-deployment>

²⁰ “Former paramilitary fighters charged with war crimes in Kosovo,” *The New York Times*. 21/04/2008, accessed on 31/1/2022, at <https://www.nytimes.com/2008/04/21/world/europe/21iht-21kosovo.12200337.html>

²¹ Igor Jovanovic, “Djindjic's killers convicted, sentenced after 3½-year trial,” *Southeast European Times*, 24 May 2007, accessed 21/1/2023.

pro-Putin biker club, have created branches in Serbia and the so-called *Republika Serbska* in Bosnia-Herzegovina and have already staged protests in support of Russia’s annexation policies.²²

IV. Analysis and Findings from the Kosovo Albanian Case

IV.1 Activities of KLA in Kosovo during the war period

In Kosovo, during the peak of repression from the Serbian army and removal of any hint of autonomy from the local population, the Kosovo Liberation Army (KLA), which was a paramilitary group, started hit-and-run operations against Serbian police. The transformation of KLA from a group initially condemned as a terrorist organization by high officials of the State Department,²³ Although never designated as such by the State Department, during the peak of the conflict, it was quickly turned into a reliable partner of NATO. It coordinated efforts with NATO since NATO focused exclusively on air attacks in the period March-June 1999 to stop the ethnic cleansing by Milosević’s regime. KLA operated on the ground, mostly attacking Serbian security forces from the Albanian border. They gained strength, particularly after March 1999, although they lacked a vertical organization. Most regional commanders had full autonomy within their territory, while we also have to consider “the civilian political structures that issued decrees in areas under KLA control.”²⁴ It further continues by emphasizing that:

By 1999, the KLA's main political representative was Hashim Thaci, who represented the insurgency at political negotiations such as the Rambouillet conference in February 1999. In April 1999, Agim Ceku, an ethnic Albanian former brigadier general in the Croatian Army with close ties to the United States government and military, was appointed head of the KLA's General Staff, making him the chief military commander.²⁵ He replaced Syleman Selimi, while both Ceku and Thaci sat on the KLA's General Staff, the main decision-making body of eighteen people, along with many of the other key members of the insurgency.²⁶

The KLA soon took the form of a regular army, moving away from the early hit-and-run guerrilla tactics that were closer to its paramilitary features. The same reports elaborate on the following:

The KLA was organized into seven operational zones, each with a regional commander and chief of staff. Each region had brigades and companies, usually based around a village or a series of villages. Rexhep Selimi was head of the military police, and Kadri Veseli was head of the KLA's secret service,

²² Aleksandar Brazar, “Bosnian Serb branch of Russian 'Night Wolves' biker group stage pro-Putin protests” Euronews, 13 March (2022). Retrieved from: <https://www.euronews.com/2022/03/12/bosnian-serb-branch-of-russian-night-wolves-biker-group-stage-pro-putin-protests> accessed 31 January 2023.

²³ Larry E. Craig, “The Kosovo Liberation Army: Does Clinton Policy Support Group with Terror, Drug Ties? From 'Terrorists' to 'Partners'. US Senate: Republican Policy Committee, (1999).

²⁴ “Under Orders: War Crimes in Kosovo,” *Human Rights Watch Report*. NCJ Number: 192058 (2001), p. 100, accessed on 13/07/2023, at: https://www.hrw.org/sites/default/files/reports/Under_Orders_En_Combined.pdf

²⁵ The British press published unconfirmed reports in October 1999 that Ceku was under investigation by the war crimes tribunal for crimes committed by Croatian Army forces against ethnic Serbs in 1993. The tribunal neither confirmed nor denied the speculation, in accordance with its policy of not commenting on investigations.

²⁶ *Ibid*

later known as the Kosovo Informative Service (Alb. SHIK).²⁷ Given the regional divisions within the KLA, a central chain of command was sometimes difficult to discern. Even within the operational zones, it was not always clear how much control the various commanders had over their troops. The military police and courts were functioning, albeit haphazardly, in areas of KLA control. The General Staff coordinated military actions and political activities to an extent throughout Kosovo, a structure that allowed decisions to be transmitted down to the fighters. It also coordinated logistical and financial support from Albania and the Albanian diaspora in Western Europe and the United States. Although there were often examples to the contrary, KLA fighters in late 1998 and early 1999 displayed discipline, manning checkpoints, checking identification papers, and adhering to orders from their commanders. A KLA office in Pristina (allowed to function by the authorities) distributed passes to allow foreign journalists and human rights researchers access to areas under KLA control. Despite these structures, there are no known cases of KLA soldiers having been punished for committing abuses against civilians or government forces no longer taking active part in hostilities.²⁸

This last part should, however, be taken with a grain of salt because other international reports, such as the Human Rights Watch Report, talk of various abuses of civilians.²⁹ This goes somewhat contrary to what political leaders of the KLA at the time professed. For example, in an interview given to the Albanian-language newspaper *Koha Ditore* in July 1998, KLA spokesman Jakup Krasniqi said: “[f]rom the start, we had our own internal rules for our operations. These lay down that the KLA recognizes the Geneva Conventions and the conventions governing the conduct of war.”³⁰ However, Krasniqi altogether, Thaci, and Veseli, the top political leaders of KLA at the time and holding the highest state offices after the war, are currently in Hague in Kosovo Specialist Chambers (KSC), facing charges of “war crimes of illegal or arbitrary arrest and detention, cruel treatment, torture, and murder, and the crimes against humanity of imprisonment, other inhumane acts, torture, murder, enforced disappearance of persons, and persecution were committed from at least March 1998 through September 1999.”³¹

The precise size of the KLA was difficult to calculate given its loose organization, the participation of village defense forces, and the continual ebb and flow of Albanians from abroad. Perhaps the best indication comes from the International Organization for Migration (IOM), which was mandated after the war to register and assist former combatants. According to the IOM, as of March 2000, it had registered 25,723 ex-combatants, although it's certainly possible that this number was inflated by

²⁷ “Under Orders: War Crimes in Kosovo,” *Human Rights Watch Report*. NCJ Number: 192058 (2001), p. 63, accessed on 13/07/2023, at: https://www.hrw.org/sites/default/files/reports/Under_Orders_En_Combined.pdf

For further details on some of the KLA personalities, see reports by the International Crisis Group, *Critical Implementation Issues* and a “Who’s Who” of Key Players, March 1999, *Who’s Who in Kosovo*, August 1999, and *What Happened to the KLA?* March 2000. See also Zoran Kusovac, “The KLA: Braced to Defend and Control,” *Jane’s Intelligence Review*, April 7, 1999.

²⁸ *Under Orders: War Crimes in Kosovo*, *Human Rights Watch Report*. NCJ Number: 192058 (2001), p. 63, accessed on 13/07/2023, at: https://www.hrw.org/sites/default/files/reports/Under_Orders_En_Combined.pdf

²⁹ *Ibid*

³⁰ *Ibid*

³¹ Indictment against Hashim Thaci, Kadri Veseli, Jakup Krasniqi confirmed by KSC pre-trial judge. Kosovo Specialist Chambers & Specialist Prosecutor’s Office. See: <https://www.scp-ks.org/en/indictment-against-hashim-thaci-kadri-veseli-rexhep-selimi-and-jakup-krasniqi-confirmed-ksc-pre>

noncombatants looking for assistance.³² Some international volunteers are known to have fought with the KLA.³³

IV.2 Reintegration of former KLA into civilian life

Based on the empirical studies collected for this paper, we could not find any evidence of the reintegration of former KLA into the Kosovar Security Forces. Quite on the contrary, the KSF was created from scratch by the international community. The main efforts toward the reintegration of former KLA were directed toward their further education and training to make them suitable for civilian life. Several extensive empirical studies have noted this.³⁴

Furthermore, as an author who has conducted extensive field research on the Kosovo reintegration of former combatants duly notes, the Kosovar case has different characteristics, which makes it less problematic than Africa and Latin America.³⁵ This is interesting to note since the Kosovar case can offer a different perspective that can enrich the present scholarship on the reintegration of former combatants, particularly with a specific focus on civilians rather than regular army units or a combination of two as in some other cases.

Another important dimension in the Kosovar case is the cost of the reintegration policies. The cost of implementing the reintegration strategy, in this case, “from July 1999 to March 2001 averaged US\$8813 per project, or, in other words, US\$1130 per direct beneficiary.”³⁶ This is rather modest, especially when recognizing the high effectiveness and the added value in the Kosovar economy through the multiplicative effect. Also, vocational education and training were offered to these former combatants to facilitate their integration into civilian life.³⁷ Stipends and scholarships were offered to the participants in order to motivate and offer them a viable alternative. Overall, as Özerdem concludes:

The KPC Training (KPCT) was designed to train the 5052 selected members of the KPC, 3052 of whom are active full-time members, and 2000 are reservists. Five hundred of the positions, 298 actives, and 202 reservist positions, respectively, are allocated for civilians and minorities. The KPC's organizational structure has a centralized command, in which decisions are made at the headquarters level, and implementation instructions are passed down to the Regional Training Group (RTG) commanders for execution. In parallel to the structure and responsibilities envisaged for the KPC by the international community, the KPCT aimed for the transformation of former KLA combatants into a civilian, uniformed, multi-ethnic corps through a training program with the following objectives:

³² Under Orders: War Crimes in Kosovo. Human Rights Watch Report. See also “Kosovo Reintegration Efforts are Bearing Fruits,” IOM release, 26/11/2001, at <https://www.hrw.org/report/2001/10/26/under-orders/war-crimes-kosovo#:~:text=This%20report%20documents%20torture%2C%20killings,NATO's%20air%20campaign%20against%20Yugoslavia.>

³³ *Ibid*

³⁴ See for example, Sultan Barakat and Alpaslan Özerdem, “Impact of the Reintegration of Former KLA Combatants on the Post-War Recovery of Kosovo,” *International Journal of Peace Studies*, Vol. 10, No. 1 (Spring/Summer 2005), pp. 27-45.

³⁵ Alpaslan Özerdem, “Lessons Learned from the Reintegration of Former Kosovo Liberation Army Combatants,” *Development in Practice*, Vol. 14, No. 3 (Apr. 2004), pp. 440-444.

³⁶ *Ibid*

³⁷ *Ibid*

first, to assist in rebuilding the infrastructure and community of Kosovo; second, to respond to any human or natural disaster affecting the population and territory of Kosovo; third, to conduct search and rescue operations; fourth, to provide assistance to UNMIK and KFOR when required.³⁸

Yet, not every one of the former combatants was happy with this transition into civilian life. Some resisted demilitarization efforts and tried to create a hybrid organization called KPC in opposition to Article 9 of resolution 1244, which stipulated a pure and simple demilitarization of the KLA. Some were even “recycled in the police.”³⁹ However, the same author concludes that “the UN’s Special Envoy, Mr Ahtisaari, recommended both independence for Kosovo under international supervision and the transformation of the KPC into the KSF (Kosovo Security Force)...The KSF’s transformation into an army, at one time projected for 2013, has been pushed back, but nevertheless appears inevitable.”⁴⁰

It goes on to say that creating a Kosovar army is inevitable and a stability factor.⁴¹ It has gradually expanded over the last decade. Currently, the KSF has around 2,500 members. After the transition period, this number is expected to increase to over 7,500, including active and reservist members.⁴² In a nutshell, we may safely conclude here that the combined efforts of the international community in the first stage of Kosovar ‘supervised sovereignty’ in tandem with Kosovo’s government and governing structures achieved great success in making the transition from former combatants of KLA into civilian life. In doing so, they served not only the rebuilding ties in the communities but also made greater use of their former skills to channel them toward managing natural disasters and assisting UN and NATO missions in Kosovo whenever required. This is also a great model that may be used in similar situations of post-conflict reconstruction and reintegration of former combatants into civilian life.

V. Recent Events and Current Relations in Serbia-Kosovo

Northern Kosovo Serb protesters have blocked roads, while “unknown gunmen exchanged fire with police” in repeated episodes that threaten the stability not only of Kosovo but of the entire region and may worsen the relations between Serbs and Albanians to the point of no return. At that time, Kosovar Primer Kurti asked the Kosovo Force (KFOR), a NATO-led international peacekeeping force, to guarantee “freedom of movement,” as he accused “criminal gangs” of blocking roads. The minority Serbs in northern Kosovo have responded with hostility and violent moves to Pristina’s attempts to stabilize the rule of law in the Northern Mitrovica region, which they consider to be generated by anti-Serb feelings. The radical Serbs in the Northern Mitrovica, purportedly supported by Belgrade, have also incited violence, such as car burning against those Serbs that have tried to obey the laws emanating from Pristina, such as replacing Milosević’s era

³⁸ *Ibid*

³⁹ Nathalie Duclos. *The DDR in Kosovo: collision and collusion among international administrators and combatants*. (2016), accessed on 10/12/2022, at: <https://shs.hal.science/halshs-01547474/file/The%20DDR%20in%20Kosovo%20collision%20and%20collusion%20among%20international%20administrators%20and%20combatants.pdf>

⁴⁰ *Ibid*

⁴¹ *Ibid*

⁴² “Mbërrijnë në Kosovë dronët Bayraktar TB-2 nga Turqia, Kurti tregon ‘muskujt’: Tani jemi edhe më të sigurt,” Balkanweb, 16/07/2023, accessed on 17/07/2023, at: <https://www.balkanweb.com/mberrijne-ne-kosove-dronet-bayraktar-tb-2-nga-turqia-kurti-tregon-muskujt-tani-jemi-edhe-me-te-sigurt/>

car plates with plates from the Republic of Kosovo, as in the rest of Kosovo. The radical Serbs have also thrown a stun grenade at EULEX. At the same time, the Serbian government has asked “KFOR to let Serbia deploy military and police in Kosovo, but acknowledged there was no chance of permission being granted.”⁴³

After the unrest and provocations in Northern Mitrovica, Vucić demanded the release of the arrested Serbs in the north of Kosovo. Furthermore, “Vucić accused authorities in Pristina and Kosovo’s Prime Minister Kurti of stoking tensions by making “countless unilateral moves.” He added, “[w]henever one would think we have something solved, another problem emerges.”⁴⁴ Serb mayors in northern Kosovo municipalities, along with local judges and some 600 police officers, resigned in December in protest over a Kosovo government move to replace Belgrade-issued car license plates with ones issued by Pristina. Kosovo later agreed to postpone the decision, and Belgrade said it would stop issuing new Serbian car numbers. Vucić demanded the release of recently arrested Kosovo Serbs “as they are held on trumped-up charges” and the pullout of Kosovo police, in line with an EU-brokered agreement that stipulates consent of Serb mayors in the area for that. “Kosovo police have nothing to do in the north...especially people armed...up to their teeth,” Vucic said. “That causes uneasiness and fear among the Serb population.”⁴⁵

Belgrade and Pristina are holding talks in Brussels to try to normalize relations, and the EU has already presented a plan.⁴⁶ Kurti's call for NATO intervention to deal with criminal gangs in the North is not even determined by the competencies of KFOR in Kosovo. With the Military Technical Agreement of June 9, 1999, a Security Zone with a perimeter of five kilometers was designated. According to this agreement, article 4(a), which specifies the obligations of KFOR, states that "to ensure a cessation of hostilities, under no circumstances shall any force of the army of the former Republic of Yugoslavia or the Republic of Serbia dare to enter this area or stay within the territory of Kosovo, the Security Zone and the Security Air Zone. The local police are allowed to stay in that area (5 km inside the territory of Serbia)."⁴⁷

On the other hand, nowhere in KFOR's powers is it said that it has an obligation to deal with protests and destructiveness by Kosovo citizens. Moreover, after the consolidation of the Kosovo Police and the declaration of independence in 2008, Kosovo has assumed full obligations within its own territory.⁴⁸ Nevertheless, this has not resolved the issue on the ground since it is clear that Kosovo police and its security forces cannot exert their law-abiding activities in North Mitrovica, which remains autonomous in practical terms.

⁴³ Niamh Kennedy, “Kosovo calls for NATO intervention after weekend of violence amid rising ethnic tensions.” CNN. December 12 (2022). Retrieved from: <https://edition.cnn.com/2022/12/12/europe/kosovo-serbia-nato-violence-protests-intl-hnk/index.html>

⁴⁴ *Ibid*

⁴⁵ *Ibid*

⁴⁶ *Ibid*

⁴⁷ “Military Technical Agreement between the International Security Force (“KFOR”) and the Governments of the Federal Republic of Yugoslavia and the Republic of Serbia.” NATO’s Role in Kosovo. NATO. June 9 (1999). Retrieved from: <https://www.nato.int/kosovo/docu/a990609a.htm>

⁴⁸ Lirim Mehmetaj, “Gafa e Albin Kurtit bëhet lajm në CNN – “Kosova kërkon intervenimin e NATO-s pas tensioneve ndëretnike”. Albanian Post. 12/12/2022. Retrieved from: <https://albanianpost.com/gafa-e-albin-kurtit-behet-lajm-ne-cnn-kosova-kerkon-intervenimin-e-nato-s-pas-tensioneve-nderetnike/>

VI. External Actors and Security Situation in Kosovo

As with other aspects of influence, the USA, Türkiye, and the EU are the most important external actors in terms of security cooperation in Kosovo. This is mainly because Kosovo’s national security is closely linked to regional and Euro-Atlantic security, but also because of the wider political framework of state-building. The USA, Türkiye, and the EU are top contributors to the Kosovo Force (KFOR), the NATO-led military mission in charge of supporting peace in the country by maintaining a generally safeguarded environment for all ethnic groups north of Kosovo.⁴⁹ Meanwhile, since it was first deployed in 1999, “KFOR currently consists of 3,347 troops coming from 27 countries, 2,105 of them from 17 EU member states. The US currently contributes 627 troops, while Türkiye, with 306 troops, is among the biggest contributors. Kosovo is the only WB country where troops of neighboring countries, which are NATO member states, are deployed: 42 from North Macedonia, 26 from Albania, and two from Montenegro.”⁵⁰

Kosovo aims to become a NATO member. To serve this goal, “in December 2018, the Kosovo Security Force (KSF) was formally transformed into a small professional army consisting of 5,000 active troops and 3,000 reserve ones. It has a ten-year transition period to build capacities before it could take over military functions. Kosovo’s aim to join NATO is supported, politically and through capacity-building, by the US, main EU member states, Turkey and other NATO allies.”⁵¹

Kosovo Security Forces also receive capacity-building support through strategic partnerships with the Iowa National Guard in the US and the Turkish Armed Forces (Rey 2018, 18–19). In addition, the EU Rule of Law Mission (EULEX), one of its largest Common Security and Defense Policy (CSDP) missions, has operated in Kosovo since 2008.⁵² Its mandate is to support Kosovan justice and law enforcement institutions through monitoring, mentoring, and technical support. For the first time in a European-led mission, EULEX is mainly staffed by EU member states, with a contribution from the US as well. Russia and China do not have formal direct security influence or role in Kosovo.⁵³

VII. CMR effects on war- and peace-making in the Western Balkans

Civil-military relations (CMR) have affected war and peace-making in the Western Balkans. This paper focused particularly on the Serbian and Kosovar CMR. The Kosovar CMR also had some security implications for Albania, especially during the heyday of the Serbian-Kosovar conflict and ethnic cleansing operations conducted by both Milosević’s army and other state units, such as Scorpions or paramilitaries, such as Arkan’s Tigers.

⁴⁹ The influence of external actors in the Western Balkans. Assessment Report. Konrad Adenauer Stiftung. (2018).

⁵⁰ The Strategic Role of External Actors in the Western Balkans. Wilfried Martens Center for European Studies. Austrian Institute for European and security Policy. (2021).

⁵¹ *Ibid*

⁵² See for more on this: Discover EULEX – the EU Rule of Law Mission in Kosovo. Retrieved from: https://www.eeas.europa.eu/node/42653_en

⁵³ Demush Shasha, “The Strategic Role of External Actors in the Western Balkans: Kosovo’s Perspective.” In the Strategic Role of External Actors in the Western Balkans. Austrian Institute for European and Security Policy. (2020).

Also, a significant part of KLA activity was taking part in Albania proper, from training to running clandestine weapon trafficking to seeking hiding shelters. Although Albania was officially neutral in this conflict, it not only opened its borders to similarly fleeing refugees to other neighboring countries, such as Northern Macedonia, but also unofficially trained KLA personnel and provided security intel through its National Informative Services. The director of NIS (Alb. SHIK), Fatos Klosi, has admitted this even publicly on more than one occasion.⁵⁴

After the war, several members of the Scorpion Unit faced charges for atrocities they had committed in Bosnia-Herzegovina and Kosovo. In addition to Saša Cvjetan, who was charged for his role in the Podujevo massacre and was sentenced by a Serbian court to a twenty-year jail term,⁵⁵ In 2009 four more members of the unit were jailed in Serbia for their role in the massacre. It is important to note, therefore, that Serbian courts also held them accountable, in addition to war crimes adjudicated by the International Tribunal of Hague. Other members were convicted in later years, continuing until 2011. The same thing can be said, as noted above, of the Kosovar side.

Overall, the war crimes and involvement of paramilitaries and army or police regulars in committing war crimes against civilian populations made reconciliation efforts difficult and long-lasting. Meanwhile, various forms, including art and culture, have tried to bring people closer in the aftermath of the conflict, with some partial success.⁵⁶ Efforts continue, nevertheless, and present-day conditions are much improved also due to combined political and economic pressures and the backing of international actors, particularly the USA and the European Union.

Conclusions

This study focused on Serbian-Albanian civil and military relations and how the background of conflict could lead to post-conflict resolution and peaceful relations, especially between Serbia and Kosovo. The legacies of Milošević's wars were not only lasting scars on relations between the two nations but also an impediment to today's political relations between Serbia and Kosovo. Whereas their economic relations and trade have seen some modest improvement, the political deadlock has made it impossible to normalize relations between the two countries. Quite the opposite, the relations between Albania and Serbia are fully normalized in political, economic, and other aspects. Serbia and Albania are two home states with the most significant population size in the region and have sizeable minorities in neighboring countries. They are both considered indispensable for the overall security of Western Balkans. A fully recognized Republic of Kosovo is also critical for the long-term stability of the region as a whole. In particular, fully normalizing relations between Serbia and Kosovo would solve their inherited security dilemma.

As evidence cited in the paper showed, integrating former paramilitaries was a big challenge for both Serbia and Kosovo. While International Courts sought many of them for war crimes and crimes against humanity, and some trials are ongoing, stable civilian control over armed forces has continuously been

⁵⁴ See for more details: “Klosi: Isha me fat që e ndihmova UÇK-në,” *arbresh.info* 25/05/2015. <https://www.arbresh.info/lajmet/klosi-isha-me-fat-qe-e-ndihmova-uck-ne/>

⁵⁵ “BBC NEWS - Europe - Serb jailed for Kosovo killings” 17 March 2004. Retrieved 21 January 2023.

⁵⁶ Maja Savić-Bojanić & Ilir Kalemaj, “Art and Memory as Reconciliation Tool? Re-Thinking Reconciliation Strategies in the Western Balkans.” *Southeastern Europe* 45. 273–290. Brill. (2021).

a primary requirement for democratic consolidation. Serbia, Kosovo, and Albania are still transitioning countries and hybrid democracies and do not yet have a fully enforced rule of law.⁵⁷ Serbia under Milosević’s rule engaged in the irredentist project to create the “Greater Serbia” in the 1990s, and irregular militias, such as Arkan’s Tigers, were heavily involved by Serbian state security to commit war crimes among civilian populations in Bosnia-Herzegovina. They were also used altogether by the regular Serbian army in Kosovo for ethnic cleansing of the civilian population. There were also regulars, such as the Scorpion unit that was a notorious police reserve group within the Internal Affairs of Serbia, which massacred thousands of men and boys in Srebrenica, Bosnia-Herzegovina, as well as later on in Kosovo.

The Kosovar Albanian KLA came into existence to resist Milosević’s policies, revoked the autonomy of Kosovo, and forced its elected civilian authorities into illegality. Neither Arkan’s Tigers nor KLA were later reintegrated militias into the regular armies of the respective countries, albeit for different reasons. Both played a pivotal role in the events that ultimately led to Kosovo’s Declaration of Independence. After the war, KLA was fully reintegrated into civilian life and demobilized as militia, while in the case of Arkan’s Tigers, they failed to be integrated into the Serbian military or police force, as well as into normal civilian life. Most of them joined the underworld criminal groups or ran narcotics rings and were either arrested by police or were killed in shootouts, such as in the case of Arkan himself. At the same time, the Scorpion unit was, from its inception, integrated into the Serbian police force but was disbanded in 1999, right after the Kosovo War, by Belgrade authorities.

While both Serbia and Albania have opened negotiations for full accession to the EU, Albania is part of NATO, a security alliance, and Serbia is not. For the moment, Kosovo is neither a candidate country for EU membership nor for NATO, chiefly due to Serbian opposition. Yet, Kosovo’s border integrity is protected by NATO/KFOR troops. On the other hand, Serbia’s current military expenditures are more than all the other five countries of the Western Balkans combined, and it has recently bought offensive weaponry, raising concerns about ongoing security challenges in the region.

Both Serbia and Albania are founding members of the Open Balkan initiative, together with Northern Macedonia, which has greatly improved the relations between the two countries. Whereas Bosnia-Herzegovina, Montenegro, and Kosovo have objected to participation. Furthermore, Montenegro, Bosnia-Herzegovina, and Kosovo are three states whose main political leaders often complain of Serbia’s intention to destabilize them, frequently using forms of hybrid warfare or parallel structure to obtain their aims. This paper argued that some of the critical security aspects have improved, but more efforts would be welcomed to push the relations into another dimension. Stabilization of relations between Serbia and Kosovo with the ultimate recognition of the Republic of Kosovo from Serbia would be the main guarantor of peace and stability in the relations between Serbs and Albanians as the two most numerous populations in the region, as well as provide stability at large.

⁵⁷ Ilir Kalemaj & Eleni Kalemaj, “Political Instability, Economic and Financial Challenges in the Western Balkans in the Post-Pandemic World.” *Eurasian Research Journal*. Vol. 4, No. 4, (2022), pp. 29-37.

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The Role of Education in the Cooperation Between the Republic of Azerbaijan and the Balkan Countries: Current Situation and Goals

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Abstract

The teaching of Balkan languages and the training of specialists in Azerbaijan is necessitated by several key factors. While the Republic of Azerbaijan is geographically considered both a European and an Asian country, it belongs to Eastern Europe from a political-geographical perspective. One of the regions where Azerbaijan is expanding its political-diplomatic, trade-economic, energy, transport-communication, cultural, and humanitarian cooperation is precisely the Balkans. First, the foreign policy set and implemented by the President of the Republic of Azerbaijan, Ilham Aliyev, is expanding and encompassing new regions. One such region is the Balkan Peninsula, which holds a favorable geographical position and strategic significance. As is well known, Azerbaijan plays a crucial role in the energy security of the Balkan countries. The joint declarations made during the mutual visits of the President of Azerbaijan and the leaders of the Balkan countries, the agreements signed, and the establishment and expansion of cooperation in strategic, defense, and security sectors necessitate the deepening of multifaceted relations in other areas as well. At the same time, Azerbaijan maintains strong relations with several Balkan countries, including Bulgaria, Serbia, Albania, and others. These relations continue to expand, creating a need to study these countries' history, geography, languages, literature, culture, and ethnography. This is precisely why the Department of Balkan Studies was established for the first time in Azerbaijan at Baku Slavic University. This department trains specialists in Bulgarian, Greek, and Turkish languages. Baku Slavic University has partnered with Albania, Serbia, Romania, and North Macedonia. Moreover, in the future, additional Balkan languages will be taught. Considering all these factors, there is a growing demand for specialists in Azerbaijan who receive higher education in Balkan languages. Establishing partnerships with universities in the Balkan region and introducing language programs is, therefore, essential. The primary focus of the Department of Balkan Studies is to train professionals with comprehensive and systematic knowledge of Azerbaijan-Balkan relations and translators proficient in the official languages of Balkan countries. These specialists will deeply understand the history, culture, ethnography, and literature of their chosen country of specialization. To enhance scientific potential in Balkan Studies, joint international academic publications, collaborative research projects, and conferences and symposiums are planned. Given the historical and cultural similarities between Azerbaijan, known as the “Pearl of the Caucasus,” and the Balkans, often referred to as the “Caucasus of Europe,” the establishment of academic and cultural cooperation and the training of specialists is of great importance. Specialists trained in Balkan Studies will acquire knowledge of Balkan languages, literature, culture, arts, geography, history, and contemporary politics, significantly strengthening and expanding ties between these two regions.

Keywords

The Balkans, Republic of Azerbaijan, universities, current situation, cooperation, primary goals, responsibilities, Balkan Studies.

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I. Introduction

The ongoing global processes necessitate intercultural dialogue for nations and peoples to coexist peacefully. The risks arising from diversity are continuously increasing in multi-ethnic, multi-religious, multilingual, and multicultural regions. In regions where social threats are escalating, issues related to multiculturalism, ethnicity, religion, language, and national borders attract more attention and require research and solutions to strengthen social cohesion and prevent conflicts.

Following the restoration of its independence, the Republic of Azerbaijan has prioritized international cultural engagement as a cornerstone of its foreign policy strategy. As the National Leader of the Azerbaijani people, Heydar Aliyev stated: “Considering the interconnection and interdependence of the world, the Republic of Azerbaijan pursues a peaceful foreign policy, striving to maintain friendly relations with all countries based on the principles of sovereignty, non-interference in internal affairs, respect for territorial integrity, and inviolability of borders.” (Məmmədov, 2013).

The primary goals of Azerbaijan’s foreign policy include strengthening mutual understanding and trust with foreign countries, developing equal and mutually beneficial partnerships, and ensuring Azerbaijan's objective recognition in the international arena.

In this context, the relations between the Republic of Azerbaijan and the Balkans attract particular attention. As is well known, Azerbaijan’s extensive ties with Central and Eastern European countries, including the Balkans, just like with the rest of the world, prove that these ties are built on solid foundations. It is essential to emphasize the special role of culture and education in developing diplomatic relations.

Historically, after the Treaty of Turkmenchay, Northern Azerbaijan, which tsarist Russia occupied, became integrated into Europe’s political, economic, and cultural landscape. Being part of a unified empire, Azerbaijan and other post-Soviet nations established and expanded trade, economic, and cultural relations, which intensified further in the 20th century. Following the collapse of the USSR and the resulting geopolitical changes, a new independent historical phase began, laying the foundation for diversified relations (Məmmədov, 2013).

After restoring its independence, the Republic of Azerbaijan began establishing relations with the Southeastern European countries. Several factors influenced the development of these relations. For many years, these countries where the socialist system existed were located in strategically and geographically favorable regions. After the collapse of the socialist system, this region held great potential for Azerbaijan to transport its energy resources to European markets. Major powers had continuously sought to gain influence over the region.

In this new historical stage, one of the key strategic goals of Azerbaijan’s independent foreign policy was to integrate with Europe while preserving its national and moral values and strengthening relations with the Balkan countries. President Heydar Aliyev pursued an active foreign policy to establish and develop mutual relations and close ties between Azerbaijan and Balkan nations. His consistent policy of cooperation and friendship, along with the strategic interests of the Balkan states, encouraged these republics to enhance their relations with Azerbaijan (Qasımlı, 2015, p. 142).

The political and legal foundations for cultural relations were established and reinforced through the signing of numerous protocols, agreements, and treaties between Azerbaijan and the Balkan

countries. The close cooperation between Azerbaijan and the Balkan nations in the fields of culture, science, and education, which held a significant place in Heydar Aliyev’s foreign policy, has been successfully continued and further developed under President Ilham Aliyev.

As noted, Azerbaijan continues to expand its international relations purposefully. In this context, bilateral relations between Azerbaijan and the Balkan region are evolving on a foundation of sincere friendship.

It should be noted that Azerbaijan-Balkan relations have risen to the level of strategic partnership. Azerbaijan has signed Joint Declarations and memorandums on Strategic Partnerships and Alliances with several Balkan countries. This signifies a new, higher stage of cooperation between our countries. The signed documents form the legal basis of bilateral relations, with strategic partnership agreements holding a particularly significant place.

Today, Azerbaijan and the Balkan countries are genuinely strategic partners. These countries successfully cooperate in multiple fields, pursuing long-term strategic goals. One of the key indicators of the sincere and friendly nature of Azerbaijan-Balkan relations is their mutual support and defense of each other’s interests in international platforms. Moreover, both sides’ sovereignty and territorial integrity are unequivocally and consistently supported, demonstrating a steadfast and unchanging position. Azerbaijan’s rich gas resources play a crucial role in ensuring the energy security of many countries today.

II. Methods

Azerbaijan is purposefully expanding its development in international relations. As with all countries worldwide, bilateral relations with the countries of the Balkan Peninsula are developing primarily based on sincere friendship. In addition to fostering genuine friendly relations, Azerbaijan’s multifaceted cooperation with these countries reflects significant strategic goals. At the same time, Azerbaijan’s rich gas resources are crucial in ensuring the energy security of many nations today. Alongside this, military-technical cooperation is also deepening. All these factors demonstrate Azerbaijan’s great significance for the Balkan countries.

It can be said that Azerbaijan considers itself a favorable and beneficial partner for the development of all sectors in the Balkans. The leaders of Balkan countries have shown great interest in cooperating with Azerbaijan, as their political interests and positions often align with those of Azerbaijan. For this reason, just as in other fields, there is also a need to train Balkan studies specialists in education.

III. What makes Azerbaijan's strategic cooperation with the Balkan countries significant?

Historically, Azerbaijan has maintained specific ties with the Balkan region since the socialist era. Today, Balkan countries play a key role in Azerbaijan’s contribution to Europe’s energy security. However, cooperation is not limited to energy security; Azerbaijan’s successful foreign policy also addresses disputes within the Balkan region. In this regard, strategic partnership agreements and regional interests are significant. As a result of these agreements, investments in the Balkan region have gained particular importance. Azerbaijan also places special attention on the multifaceted development of relations with the Balkan countries, including investments in the former Yugoslav states (Azərbaycan və Balkan ölkələri bir-birini nə ilə cəlb edir? Bakıdan təhlil, 2023).

In general, during the years 1991-2003, relations with European countries held a special place in the foreign policy of the Republic of Azerbaijan. Azerbaijan established ties with Spain, Hungary, Slovakia, Luxembourg, Denmark, Finland, Iceland, Sweden, Switzerland, Ireland, San Marino, Latvia, Lithuania, Estonia, Albania, Croatia, North Macedonia, Slovenia, Bulgaria, and Greece (Qasımlı, 2015, p. 148).

The new chapter in Azerbaijan-Balkan relations also significantly contributes to the European Union's energy security. Balkan countries view Azerbaijan as a reliable partner. In the context of the Russia-Ukraine conflict, demand for Azerbaijani natural gas in the European energy market continues to grow. In recent years, Azerbaijan has played a decisive role in ensuring the security of the European Union's energy supply.

One key aspect that makes Azerbaijan's relations with the Balkan countries unique is the mutual respect for national interests. For Azerbaijan, the Balkan Peninsula represents a strategic region with access to the Black Sea, the Aegean Sea, and the Adriatic Sea. Since Azerbaijan is landlocked, partnerships with Balkan nations are crucial for enhancing its logistical capabilities. In the long term, Azerbaijan aims to use the ports of Georgia and Türkiye to transport export and transit cargo to Balkan ports and beyond.

The geographical position of the Caspian Sea is crucial in Azerbaijan's relations with regional countries. Determining the legal status of the Caspian Sea was important not only for the coastal states but also for the United States, Central and Eastern European, and Asian countries. (Qasımlı, *Azərbaycan Respublikasının xarici siyasəti (1991-2003)*, 2015, p. 385).

The Balkan Peninsula, after Turkey, is a primary route for delivering Azerbaijani gas to Europe. The supply of Azerbaijani gas to European and Turkish buyers is being carried out on schedule through the Trans-Anatolian (TANAP), Trans-Adriatic (TAP), and South Caucasus gas pipelines. The TAP and TANAP projects are interconnected and are being implemented in parallel. The Southern Gas Corridor is a system of two main pipelines. The Trans-Anatolian Pipeline, launched in 2019, transports natural gas from Azerbaijan via Georgia to the Turkish-Greek border. From there, it connects to the Trans-Adriatic Pipeline, which runs through Greece and Albania and is now fully operational. With the completion of the Southern Gas Corridor, Azerbaijan has successfully linked the Caspian Sea's energy resources with the Black and Mediterranean Seas through its oil pipelines. A major gas pipeline project is underway, connecting Azerbaijan, Georgia, Türkiye, Bulgaria, Albania, Greece, and Italy. Moving forward, cooperation will extend into “green energy” partnerships, further expanding the project's geographic reach (*Azərbaycan və Balkan ölkələri bir-birini nə ilə cəlb edir? Bakıdan təhlil*, 2023).

The realization of the Southern Gas Corridor and the Greece-Bulgaria Gas Interconnector (IGB) was made possible thanks to the political will of the President of Azerbaijan. The acknowledgment of this by European officials further confirms Azerbaijan's significant contribution to regional energy security. Increasing the transmission capacity of the IGB from 3.5 billion cubic meters to 5.5 billion cubic meters could enable not only Bulgaria and Romania but also countries such as Hungary, Slovakia, and North Macedonia to receive Azerbaijani gas (Sultanova, 2023).

Azerbaijan offers cooperation with Balkan nations based on the principle of mutual benefit. The expansion of Azerbaijan's ties with the Balkan countries, as demonstrated by President İlham Aliyev's visits to Albania, Bulgaria, and Serbia, highlights Azerbaijan's strengthening position in Eastern and Central Europe.

Overall, Azerbaijan is experiencing a period of dynamic development in the fields of economy, diplomacy, and trade. The ongoing energy crisis and current geopolitical situation have allowed Azerbaijan to solidify its role as a vital transit hub for global trade and a key energy supplier for Europe. In the future, Azerbaijan and the Balkan nations will benefit from this strategic cooperation. The Balkan countries’ consistent and principled support for Azerbaijan’s territorial integrity and peace efforts regarding the Karabakh conflict has been highly valued in Azerbaijan. This solidarity has contributed to the deepening and expansion of Azerbaijan-Balkan relations. Strengthening diplomatic ties continues to foster high-level relations between our countries and enhance cooperation in areas of mutual interest.

Historically, Azerbaijan, known as the “Pearl of the Caucasus,” and the Balkans, often referred to as the “Caucasus of Europe,” have shared similar historical experiences. Azerbaijan was once part of the Soviet Union, just as most Balkan countries were part of Yugoslavia. Even today, the Balkan region remains one of the world’s most sensitive geopolitical hotspots.

Territorial integrity, sovereignty issues, and security threats are shared concerns that shape the political and military cooperation between Azerbaijan and the Balkan countries. The Balkan nations play a significant role in neutralizing anti-Azerbaijani moves within European and international structures. Additionally, defense and security collaborations between Azerbaijan and regional countries continuously develop, ensuring equal partnerships in bilateral relations. When summarizing Azerbaijan-Balkan cooperation, key sectors include energy, trade, transportation, culture, and education.

Main Areas of Cooperation:

- Energy: As an energy exporter, Azerbaijan is a crucial partner for the Balkan countries. Through the Southern Gas Corridor (SGC), Azerbaijani gas is transported to Bulgaria, Albania, and other Balkan nations via Türkiye and Greece.
- The TAP (Trans-Adriatic Pipeline) and IGB (Greece-Bulgaria Interconnector) projects have strengthened Azerbaijan’s strategic role in the Balkan region.
- Trade and Investments: Economic ties between Azerbaijan and Balkan countries are expanding, particularly with Serbia, Bulgaria, and Albania.
- SOCAR (State Oil Company of Azerbaijan Republic) has invested in the energy sector of Bulgaria and other regional countries.
- Transport and Logistics: Azerbaijan plays a key role as a transit hub for the Balkans through the Middle Corridor (Trans-Caspian International Transport Route).
- The Baku-Tbilisi-Kars (BTK) railway has boosted cargo transportation between Azerbaijan and Balkan nations.
- Culture and Education: Azerbaijan is enhancing cultural ties with Balkan countries. Azerbaijani cultural centers and diaspora organizations are actively operating in several Balkan nations.

IV. Strategic Importance of Azerbaijan-Balkan Cooperation

Azerbaijan’s relations with the Balkans are crucial for regional security, stability, and economic development. Strengthening these ties remains a priority in Azerbaijani diplomacy, and under its leadership, political, economic, energy, and cultural cooperation with the Balkans has significantly advanced.

Key Directions of Azerbaijan’s Balkan Policy:

1. Political and Diplomatic Relations

- President Ilham Aliyev has strengthened strategic partnerships with Serbia, Bulgaria, Albania, Montenegro, and other Balkan nations.
- In 2013, Azerbaijan and Serbia signed a Strategic Partnership Declaration, further deepening bilateral cooperation.
- High-level diplomatic visits have intensified, with President Ilham Aliyev’s trips to Serbia, Bulgaria, and Albania playing a key role in fostering strategic relations.

2. Energy Cooperation

- The Southern Gas Corridor (SGC) is now operational, delivering Azerbaijani gas to the Balkans through the TAP pipeline.

Azerbaijan’s engagement with the Balkans is set to expand further, strengthening regional integration and mutual benefits.

Cooperation Between Azerbaijan and Balkan Countries: Education as a Key Factor

1. Energy Cooperation

- In 2022, after the new agreements on gas supply between Azerbaijan and the European Union, Azerbaijan further expanded its energy relations with countries like Bulgaria and Albania.
- The IGB (Greece-Bulgaria Interconnector) project allows Azerbaijan to increase its gas exports to Balkan countries.

2. Trade and Investment

- Azerbaijan has started investing in Balkan countries.
- SOCAR has invested in gas supply projects and the energy sector in Bulgaria.
- Economic relations with Serbia are developing, and mutual investments between the two countries are increasing.

3. Cultural and Humanitarian Cooperation

- Events related to Azerbaijani culture and history are organized in Balkan countries.
- Azerbaijan supports humanitarian projects in Balkan countries. For example, it contributed to restoring a school in Novi Pazar, Serbia.
- The Heydar Aliyev Foundation implements social and cultural projects in the Balkan region.

4. Education as a Key Component of Azerbaijan-Balkan Relations

The relations between Azerbaijan and Balkan countries are multifaceted. Geographically, Azerbaijan is located between Europe and Asia, but from a political-geographical perspective, it is considered an Eastern European country. In this regard, education plays a significant role in Azerbaijan’s cooperation with the Balkan region. Azerbaijan has established extensive educational cooperation with Türkiye, Albania, Bulgaria, Bosnia and Herzegovina, Greece, North Macedonia, Romania, Serbia, Slovenia, Croatia, and Montenegro. Therefore, it is crucial to promote the study of Azerbaijan’s history, geography, language, literature, and traditions in Balkan countries and introduce the history, geography, language, literature, and traditions of Balkan nations to Azerbaijan.

In addition to agreements signed between ministries, direct bilateral cooperation agreements (memorandums) between Azerbaijani and Balkan universities play an essential role in developing educational ties. These agreements aim to enhance interest in teaching and research activities at relevant faculties, institutes, and other academic structures, encourage joint research proposals, and promote the exchange of faculty members, students, and staff. To achieve these goals, universities explore ways to encourage their staff to participate in various teaching and research activities within the framework of exchange opportunities.

To further develop educational relations between the two regions, it is necessary to promote the exchange of undergraduate, master’s, and doctoral students for study and research purposes. Additionally, organizing symposia, conferences, short-term courses, and meetings on scientific

research topics among universities is paramount. In this regard, joint research and lifelong education programs should not be overlooked. Exchanging information on innovative teaching and management practices is crucial for both parties to share their experiences.

Universities should address environmental protection and management as a universal concern by organizing joint initiatives. Additionally, the exchange of scientific and methodological publications can significantly boost the development of the education sector.

One of the most critical aspects of educational cooperation is implementing the signed mutual agreements. In this context, it is essential to appoint coordinators from both sides to oversee the execution of these agreements and facilitate the preparation of future exchange programs. The primary responsibility of these coordinators is to serve as key contact points for individual and group activities. Coordinators should plan and coordinate all activities related to university partnerships.

Moreover, it is essential to disseminate information on ongoing initiatives and academic outcomes resulting from joint university efforts. Coordinators can be crucial in generating new ideas and even establishing specialized working groups in this field. It is important to note that Azerbaijani universities, including Baku State University, Baku Slavic University, the National Aviation Academy of Azerbaijan, the Azerbaijan State Oil and Industry University, the Azerbaijan Medical University, and others, have established collaborations with universities in the Balkans. In recent years, educational cooperation between Azerbaijan and the Balkan countries has been developing, primarily in the areas of student exchanges, academic research, inter-university collaboration, and the establishment of language and cultural centers.

Main Areas of Cooperation:

1. Student Exchange and Scholarship Programs

- Student exchange programs are being implemented between Azerbaijan and the Balkan countries.
- The Azerbaijani government provides scholarships for students from Balkan countries to study at institutions such as the Azerbaijan State Oil and Industry University (ASOIU), Baku State University (BSU), ADA University, and others.
- Balkan countries also offer educational opportunities for Azerbaijani students. For example, Serbia, Bulgaria, and Romania universities offer various international scholarship programs.

Expanding these collaborations will significantly contribute to the academic development of both regions.

2. Inter-University Cooperation and Scientific Research

- Leading Azerbaijani universities such as ADA University, Baku State University, and Khazar University have signed cooperation agreements with universities in the Balkan countries.
- Various academic research projects are being carried out in collaboration with universities in Serbia, Bulgaria, and North Macedonia.
- Student and faculty exchanges take place between Azerbaijan and the Balkan countries under the European Union's Erasmus+ program.

3. Establishment of Azerbaijani Language and Cultural Centers

- Azerbaijan supports opening cultural and educational centers in the Balkan countries, where courses promoting the Azerbaijani language and culture are organized.
- The Azerbaijani Ministry of Culture and the Heydar Aliyev Foundation organize events related to Azerbaijani history and culture in the Balkan countries.

4. Diplomatic and Educational Cooperation

- Cooperation protocols have been signed between the Ministries of Education of Azerbaijan and the Balkan countries.

- Under bilateral agreements, some Azerbaijani and Balkan universities offer dual-degree programs and joint master’s programs.

V. The Role of Baku Slavic University in Balkan Studies

Today, Baku Slavic University (BSU) is a premier institution in the region that instructs Slavic languages and is a key player in advancing the academic study of Balkan languages. The university continues to establish unique international collaborations with Balkan universities. These activities at BSU can be assessed from multiple perspectives. For instance, the Turkish Studies Teaching and Cultural Center, which has been operating since 2004, aims to establish connections with existing centers, organize scientific conferences, and promote Türkiye, Turkic-speaking countries, Turkish literature, common Turkic history, and common Turkic culture. BSU also hosts the Modern Greek Language and Culture Center, which contains a library with materials on Greece’s history, culture, literature, and contemporary Azerbaijan-Greece relations and classrooms equipped with technical resources. The center serves students specializing in Regional Studies (Greece), Regional Studies (Balkans), and those interested in Azerbaijan-Greece relations.

Additionally, the university houses a Bulgarian Teaching and Cultural Center, which includes a library with literary works, political history, economic studies, and Bulgarian language materials. The center’s primary mission is to support the development of educational and cultural relations between Azerbaijan and Bulgaria. It also provides resources for students specializing in Regional Studies (Bulgaria), Regional Studies (Balkans), and Translation Studies (Azerbaijani-Bulgarian), offering courses on the Bulgarian language, Bulgarian culture, Bulgaria’s history, and the country’s contemporary political landscape.

- ❖ Education plays a crucial role in strengthening the foundations of relations between our countries and peoples, ensuring a better future. However, it must be acknowledged that cooperation in the field of education still lags behind the political and economic areas.
- ❖ Educational cooperation arises from the need to expand our relations across all sectors. There is a demand for Balkan languages in Azerbaijan and personnel with proficiency in the Azerbaijani language in the Balkans.
- ❖ The creation of Azerbaijani-Balkan languages and Balkan languages -Azerbaijani language dictionaries have become a vital necessity.
- ❖ Well-trained personnel can bring our countries and peoples closer together by working in the state, government, media, and private sectors.
- ❖ Therefore, we believe it is essential to take the necessary steps to establish stronger cooperation in the field of education.
- ❖ The priority in accelerating educational cooperation between Azerbaijan and the Balkans is to initiate language education. This process is highly significant for strengthening collaboration between the two countries.

To enhance educational exchange, academic partnerships, and knowledge sharing, several steps can be taken:

Bilateral Agreements and Partnerships

- ❖ Azerbaijan and the Balkan universities should sign agreements to foster cooperation in education, science, and culture. These agreements can lay the groundwork for academic exchanges, student mobility, and joint research projects. Such initiatives will provide opportunities for students and faculty members (even remotely) to collaborate, develop educational programs, and exchange ideas in their fields of expertise.

2. Student Exchange Programs

❖ Both countries should establish exchange programs allowing Azerbaijani students to study in the Balkans and students from the Balkan region to study in Azerbaijan. These programs offer students the chance to experience different educational systems and cultures, broaden their horizons, and encourage participation in international education.

❖ Scholarships and Academic Support: Scholarships can be provided to Azerbaijani students studying in the Balkans and students studying in the Balkan region in Azerbaijan. These scholarships, typically focused on areas such as language, history, and political science, should align with both countries' cultural and educational priorities.

Educational institutions in Azerbaijan and the Balkan universities can foster academic partnerships to enhance research and knowledge sharing.

Key objectives include:

- Initiating joint research projects
- Publishing collaborative academic works
- Developing new academic programs

Additionally, joint conferences, seminars, and workshops can be organized to facilitate discussions on various educational and academic topics.

VI. Cultural and Language Studies

Given the cultural and friendly ties between Azerbaijan and the Balkans, collaboration in language and cultural studies can be a central focus of educational cooperation. Azerbaijani language and culture can be taught and promoted in some Balkan universities, while Albanian language and culture can similarly be introduced in Azerbaijan.

Language Programs: Language courses can be offered to students from both countries so they can learn each other's languages. This will help overcome language barriers and strengthen cultural exchange.

VII. International Conferences and Seminars

Both countries can host international conferences, seminars, and workshops, bringing together academics, researchers, and students from Azerbaijan and the Balkans. These events will encourage intellectual exchange and help build networks for future collaborations.

The primary focus of the Department of Balkan Studies, established for the first time at Baku Slavic University, is to train specialists with comprehensive and systematic knowledge of the mutual relations between the Republic of Azerbaijan and the Balkan countries based on educational programs defined by legislation. These specialists are trained as translators of the official state languages of the Balkan countries, with in-depth knowledge of the history, culture, ethnography, and literature of the countries in which they specialize. The department plans to prepare relevant textbooks, study materials, dictionaries of the official languages of the Balkan countries, and informational books about the Balkan countries and to increase the scientific potential of Balkan Studies by creating joint international scientific publications, conducting joint scientific research, and organizing joint conferences and symposiums. The main goal of this initiative is to support the Department of Balkan Studies in achieving the aforementioned objectives, as it is the first of its kind in the country.

Geographically considered both a European and Asian country, Azerbaijan, from a political and geopolitical perspective, is classified as an Eastern European country. One of the regions where Azerbaijan has expanded its political-diplomatic, trade-economic, energy, transport-communication, cultural, and humanitarian cooperation is the Balkans, located in the southeastern part of Europe, which connects the southern part of Europe, the western part of Asia, and the northern part of Africa. Geopoliticians consider this region, which includes Albania, Bulgaria, Bosnia and Herzegovina, Greece, the Republic of North Macedonia, Romania, Serbia, Slovenia, Türkiye, Croatia, and Montenegro, to be the center of the world. Azerbaijan plays a special role in the energy security of the Balkan countries. Joint statements made during visits by the President of Azerbaijan and the leaders of the Balkan countries, as well as signed documents, highlight the importance of establishing and expanding cooperation in strategic, defense, and security areas, deepening multilateral relations in other fields as well.

Considering all of this, there is a significant need for specialists in Balkan languages with higher education in our country. Establishing relations with universities located in the Balkan region is, therefore, highly necessary.

The first Department of Balkan Studies in Azerbaijan:

This initiative began in Azerbaijan with the establishment of the Department of Balkan Studies at Baku Slavic University on May 27, 2024. The department currently operates with 10 faculty members. Three languages are taught in the department: Turkish, Greek, and Bulgarian. The department offers six areas of specialization:

- ❖ Regional Studies (the Balkans)
- ❖ Regional Studies (Türkiye)
- ❖ Regional Studies (Bulgaria)
- ❖ Regional Studies (Greece)
- ❖ Translation (Azerbaijani-Greek)
- ❖ Translation (Azerbaijani-Bulgarian)

Additionally, there are two foreign guest lecturers: one from Bulgaria and one from Greece. Baku Slavic University's goal is to offer comprehensive educational programs focusing on the Balkan region as a whole. Currently, the languages, literature, and cultures of the Balkans are studied at Baku Slavic University.

The Department of Balkan Studies' future objectives include acting as a bridge between Azerbaijan and the Balkan region. By introducing the teaching of the main official languages of the Balkans at Baku Slavic University, we aim to train specialists who are essential for strengthening ties between the two regions.

- ❖ Some of the key target languages for study are Albanian, Serbian, Romanian, Slovenian, Croatian, and others.
- ❖ The history and geography of the Balkans are already part of the curriculum at Baku Slavic University.
- ❖ We are also working towards organizing the teaching of the Albanian, Serbian, Romanian, Slovenian, Croatian, etc. languages.
- ❖ Furthermore, we hope to see the establishment of a department at the Balkan universities focused on teaching Azerbaijani language, literature, and history.
- ❖ Organizing student and faculty exchanges and summer schools would significantly foster deeper academic and cultural connections.
- ❖ The purpose of the 1st International Balkan Studies Conference, held for the first time in Azerbaijan at Baku Slavic University, is to define key research directions in the field and create a

continuous discussion platform for scholars and researchers. The conference aims to expand scientific discourse and promote ongoing collaboration in Balkan Studies.

❖ The goal is to establish the most important and stable conference platform for Balkan studies in the South Caucasus and beyond, fostering relevant research and publications.

❖ With the slogan “The Region’s First University for Slavic Studies,” Baku Slavic University is committed to maintaining its position as a leading center for Balkan Studies in the region.

❖ Literary and cultural relations between Azerbaijan and the Balkan countries have entered a new, qualitative stage in recent years.

❖ Scientists from Albania, North Macedonia, Serbia, and Bulgaria participated in this inaugural conference, which was held on June 13, 2024.

❖ In an effort to make this conference a tradition in Azerbaijan, Baku Slavic University is already preparing for the 2nd International Conference on Balkan Studies, set to take place in June 2025.

❖ The educational cooperation between Azerbaijan and the Balkans has significant growth potential. Student and academic exchange programs, collaborations, and joint educational programs can contribute to developing institutions like Baku Slavic University and the Balkan universities, further strengthening bilateral relations.

❖ In conclusion, fostering educational cooperation between Azerbaijan and the Balkans can become essential to their diplomatic and cultural ties. By focusing on initiatives such as student exchanges, joint research, academic partnerships, and language and culture promotion, both countries stand to gain significantly from these collaborative efforts.

The article analyzes the current situation and perspectives of the Republic of Azerbaijan’s cooperation with Balkan countries in various fields, specifically focusing on the role of education, using the comparative analysis method. Scientific-theoretical generalizations were made, and scientifically grounded proposals were put forward.

VIII. Results

As relations between Azerbaijan and the Balkan countries continue to develop along an upward trajectory, training specialists in this field is essential. Expanding and strengthening scientific cooperation with higher education institutions in the Balkan region is crucial. This includes implementing relevant projects related to the languages taught at the Department of Balkan Studies at Baku Slavic University, intensifying academic relations through student and faculty exchanges, organizing scientific events, supporting faculty participation in international scientific research exchange programs, and encouraging students to actively engage in research on Balkan countries.

Additionally, expanding cooperation with universities in the Balkans and implementing projects for mutual collaboration are essential. In this regard, establishing partnerships between Baku Slavic University and associations, organizations, and institutions operating in this field is necessary. Strengthening ties with Balkan universities will be highly beneficial and significant for the university’s development in this area.

The article concludes that education is key to developing Azerbaijan’s cooperation with the Balkan countries. Baku Slavic University has begun collaborating with universities in the Balkan countries and has established the Department of Balkan Studies. The Balkan countries' history, geography, language, and literature are being taught, with faculty members from Balkan universities invited to teach the languages. Implementing projects in the specialized languages, intensifying and developing academic connections with students and faculty members, supporting teachers’ participation in international scientific research exchange programs, ensuring active student

participation in research related to the Balkan countries, and carrying out joint projects with universities in the Balkan countries are all beneficial. The specialists trained in this field can contribute to Azerbaijan’s cooperation with the Balkan countries in government institutions, the media, business, and other sectors. Similarly, specialists trained in Azerbaijan in Balkan universities can participate in reciprocal relations. The research shows that there are significant prospects for educational cooperation between the Republic of Azerbaijan and the Balkan countries. Since Baku Slavic University is interested in establishing and developing relations with Balkan universities, signing cooperation agreements would be beneficial.

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The Gulf Effect in the Balkans after the Bosnian War

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Abstract

The Bosnian War (1992–1995) and the subsequent devastation in the Balkans created a vacuum for external actors to exert influence in the politically unstable region. The destruction of infrastructure, energy shortages, and the significant Muslim population in the Balkans provided an entry point for Gulf countries to expand their presence. Key Gulf states, including Saudi Arabia, the UAE, Qatar, and Iran, leveraged humanitarian aid, diplomatic initiatives, and soft power tools to support post-war recovery and deepen their ties to the region. Their initial involvement through organizations like charity foundations and state-supported apparatus evolved into broader economic, educational, cultural, and religious engagements. This paper explores the growing influence of Gulf countries in the Balkans after the Bosnian War, focusing on their use of soft power to shape the region’s post-conflict reconstruction and development.

Keywords

The Balkans, Saudi Arabia, Iran, the UAE, Qatar, Non-governmental organizations (NGOs), Soft power

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I. Introduction

The Western Balkan countries, marked by their intricate religious and ethnic composition alongside persistent political instability, contribute to the region's complex geopolitical and geostrategic environment. This structural fragility has intensified international interest, positioning the Western Balkans as a strategic focal point for global power competition as external actors seek to consolidate their influence and shape regional dynamics (Mitrevska & Ruzhin, 2018). In this context, influential actors such as the European Union, Russia, and China are increasingly focusing on the region to expand their economic influence and geopolitical presence; the region's strategic location, energy resources, and trade routes intensify the competition among these major powers, while political instability and ethnic-cultural tensions contribute to more profound foreign interventions and struggles for dominance (Mitrevska & Ruzhin, 2018).

Further, in addition to the superpowers in the Western Balkans, regional actors such as Türkiye and the Gulf countries, especially Saudi Arabia and Iran (Demirtas, 2013; Mandaville & Hamid, 2018; Ekinici, 2013; Progonati, 2016; Mandaville & Hamid, 2018) have been trying to gain influence, for religious, economic and political interests, especially since the 1990s (or the Bosnian War), they started to approach the region with soft power tactics and political techniques.

Non-governmental organizations (NGOs) and state instruments such as funds, institutions, state companies, official media institutions, etc. (Volný, 2023; Jones & Newlee, 2022; Aljabiri, 2015), are used primarily by Gulf countries and Iran as soft power tactics and methods (Diwan, 2021; Soy, 2016). Although there have been studies investigating whether there is soft power in the Balkan countries before, it can be said that the studies focusing on this field, primarily through NGOs and state devices (such as state funds, organizations, and institutes of affiliated ministries), are pretty limited. Existing studies investigating the soft power effect in the region generally focus on the soft power studies of superpowers (Oosterveld et al., 2019; Baykara, 2020; Jaćimović et al., 2023; Bieber & Tzifakis, 2019; Koppa, 2021). Even though they focus on countries such as the Gulf countries and Iran, there are still deficiencies in information and data, especially in the focus on NGOs and state instruments.

While studies acknowledge the use of soft power by Gulf countries and Iran in the Western Balkans (Koppa, 2021; Mandacı & Karacalarlı, 2017), there is a significant gap in research specifically analyzing the role of NGOs and state apparatuses in this process. This article seeks to fill that gap by exploring how these actors function as regional soft power instruments.

II. Literature Review

The concept of soft power, which has entered the international relations literature since the 1990s, was first used in Joseph S. Nye's work *Bound to Lead: The Changing Nature of American Power*. In this work, Nye argues that the American nation, which was perceived to be in decline throughout the 1980s, did not lose much of its power and maintained its hegemony. According to Nye, the most substantial evidence of continued US hegemony is its reliance on what he terms "soft power" (Nye, 1990). Soft power is a concept that is far from the realist perspective, despite the fact that it includes "power" in its adjective clause, in a more constructivist or neo-liberalist manner rather than hard power, as the concept of power advocated by the realist perspective (Gallarotti, 2011).

It is also essential to emphasize and analyze in depth the significance of other non-brute, "soft" aspects of power, including structural dynamics, cultural influences, ideological frameworks, and institutional mechanisms, rather than focusing solely on the more overt and forceful expressions of power such as war, armed conflicts, and military dominance. These softer dimensions of power, often conceptualized under the term "soft power," play a crucial role in shaping international relations, diplomacy, and global influence. Additionally, various intellectual movements and theoretical perspectives, such as neo-liberalism and constructivism, advocate for the effectiveness and importance of soft power in contemporary geopolitics, highlighting the role of persuasion, cultural appeal, and institutional cooperation in achieving political and strategic objectives without resorting to coercion or direct force (Özel, 2018). As Özel emphasizes, policies developed through structure, culture, ideas or ideologies, organizations or non-governmental organizations, state apparatuses, and funds may lead to reasons such as dependence on the target country, intellectual or ideological transformation, and sanction power. Such reasons result in the target country getting closer on political grounds to the state or party that implements soft power tactics.

Soft power has gained importance as an alternative to brute force, especially since global conflicts have become more regional and superpower confrontations have remained limited. Despite ongoing academic debates and the lack of a clear consensus, the concept has become widely used in international politics, particularly in the post-World War II era (Akhundova, 2015).

Although ethnically and religiously diverse, the Western Balkans have been profoundly affected by the disintegration of Yugoslavia, a country that encompassed numerous nations and religious groups. After the Tito Era in the 1980s, Yugoslavia's collapse led to a turbulent period marked by intense bloodshed, widespread violence, and deep chaos, making it one of the most tragic and transformative events in the region's history. This violent process resulted in multiple small states, many of which struggle with political stability and economic development (Ramet, 2018).

The newly formed states, some still facing recognition challenges, have encountered serious obstacles in building effective state institutions and establishing functioning economies. These fundamental problems have left the region vulnerable to the influence of powerful international entities such as the European Union, which has attempted to shape its political and economic landscape through various policies. Despite international efforts, the development levels of these countries remain below expectations, and their progress toward full European integration has been slow and uneven. Persistent issues such as weak governance, economic stillness, and unresolved ethnic tensions continue to hinder stability, making the Western Balkans a region still defined by the legacies of its violent recent history (Elbasani, 2013).

III. Methodology

This study adopts a qualitative research approach to examine the influence of Gulf countries in the Western Balkans, focusing on soft power strategies employed by Saudi Arabia, Iran, the UAE, and Qatar. The research relies on content analysis of academic literature, policy reports, governmental documents, and media sources to assess how these external actors have shaped the region's political, economic, and cultural landscape.

A comparative analysis distinguishes between the different methods of influence used by these Gulf countries. This includes examining their religious, economic, cultural, media, and institutional engagements, highlighting their shared strategies and unique approaches. The study also incorporates insights from primary sources, such as official reports from regional and international organizations, and secondary sources, including scholarly articles, books, and policy papers.

Given the complexity of foreign influence in the Western Balkans, this research employs a case study approach to explore specific instances of Gulf engagement in the region. Key examples, such as Saudi-funded religious institutions, Iranian cultural centers, UAE-led infrastructure projects, and Qatari media influence through Al Jazeera Balkans, serve as focal points for understanding the broader trends in Gulf involvement.

To ensure objectivity and depth, the study critically assesses existing literature on soft power and geopolitics, drawing on theoretical frameworks from Joseph Nye’s soft power concept, constructivism, and neo-liberal institutionalism. By integrating these perspectives, the research seeks to provide a comprehensive analysis of how Gulf actors operate within the geopolitical dynamics of the Western Balkans.

This study acknowledges the limitations inherent in qualitative research, particularly regarding data availability and potential biases in source materials. As Gulf influence often operates through informal networks and non-state actors, some aspects of their engagement may not be fully documented in publicly available sources. Future research could benefit from fieldwork, interviews with policymakers, and access to internal government or NGO records to provide a more granular understanding of the topic. By synthesizing historical context, policy analysis, and geopolitical insights, this methodology enables a systematic and in-depth exploration of how Gulf states leverage soft power in the Western Balkans and what implications this holds for regional stability and global power dynamics.

IV. Gulf Influence in the Balkans

The Western Balkans have long been a region of geopolitical interest, attracting the attention of various external actors, including Gulf countries. Over the years, states such as Saudi Arabia, Iran, the United Arab Emirates (UAE), and Qatar have employed different soft power strategies to expand their regional influence. Their approaches vary significantly based on economic priorities, ideological goals, and strategic ambitions. Table 1 summarizes key indicators for each country below.

Saudi Arabia has primarily relied on religious influence, particularly the promotion of Salafi-Wahhabi ideology. Through the funding of mosques, religious schools, and NGOs, Saudi-backed institutions have sought to shape the religious and ideological landscape of the Balkans. In addition to religious outreach, the country has also engaged in economic investments, particularly in education and infrastructure, reinforcing its presence through a combination of financial aid and cultural diplomacy.

Although Iran is not a Gulf state in the same sense as the GCC nations, it has also played a role in the Western Balkans, particularly through the promotion of Shiite ideology. Unlike Saudi Arabia, which focuses on Sunni religious expansion, Iran utilizes cultural institutions, academic collaborations, and religious networks to foster connections with intellectual and

political elites. While its economic footprint is smaller, Iran’s influence operates through cultural centers, publications, and Shiite-oriented educational initiatives.

In contrast to Saudi Arabia and Iran, the UAE and Qatar adopt a less religiously driven approach, prioritizing economic and media-based influence. The UAE has been particularly active in infrastructure development, trade, and tourism, engaging in large-scale investment projects that solidify its economic partnerships with Balkan states. Qatar, while also involved in financial investments, places significant emphasis on media influence, as evidenced by the presence of Al Jazeera Balkans, a powerful tool for shaping narratives in the region.

By examining these different approaches, this framework compares how each Gulf country employs religious, economic, cultural, media, and institutional mechanisms to strengthen its presence in the Western Balkans. While Saudi Arabia and Iran rely heavily on ideological outreach, the UAE and Qatar leverage economic engagement and media influence to project their soft power. The table below presents a comparative analysis of these soft power strategies, highlighting the distinct yet overlapping methods used by these actors to shape the political, economic, and cultural landscape of the Balkans.

Table 1: Gulf Influence Comparative Framework

Country	Religious Influence	Economic Influence	Cultural Influence
Saudi Arabia	Strong Salafi-Wahhabi promotion through mosques, schools, and NGOs	Investments in education, infrastructure, and business projects	Spreads Saudi-style Islam via educational and cultural programs
Iran	Shiite ideological expansion through cultural centers and Islamic institutions	Limited economic investments; focuses on ideological expansion	Promotes Persian and Shiite traditions in Balkan intellectual circles
UAE	Minimal religious involvement: economic diplomacy is prioritized	Heavy investment in infrastructure, tourism, and trade agreements	Promotes modern development projects to align with Gulf branding
Qatar	Limited religious influence; funds Islamic institutions selectively	Significant investment in media, tourism, and real estate projects	Cultural diplomacy through sponsorship of events and institutions

i. Saudi Arabia

Saudi Arabia, with its Salafi-Wahhabi state ideology (Blanchard, 2008; Seyedi Asl, 2022; Koç, 2019; Türk, 2022), has embraced Sunni Islam and a theocratic monarchical system as the foundation of its governance (Mouline, 2014; Mneimneh, 2011). This ideological framework has significantly shaped its foreign policy, which actively employs Salafi-Wahhabi teachings as a soft power tool, particularly in regions with a Muslim population (Athanasoulia, 2020; Simbar & Karami, 2021). Through religious outreach, funding of Islamic institutions, and

cultural diplomacy, Saudi Arabia has sought to extend its ideological and geopolitical influence globally.

The Arabian Peninsula, which has made both an economic and ideological expansion in foreign policy since the 1980s, and one of the most important and successful actors in this peninsula, which is very assertive and successful in this foreign expansion, is undoubtedly Saudi Arabia; carries out effective activities in Caucasian geography (such as Dagestan and Chechnya) (Hahn, 2011), countries with a Central Asian Muslim population (Khodayar, Javan Arasteh & Modarresi, 2022), countries in Southeastern Asia with Muslim population (such as Indonesia) (Ravi, 2019), and Western Balkans (Babić, 2014; Hesová, 2021).

Approaching the citizens of Muslim countries with soft power instruments for specific social, economic, and political purposes has an important place in the official foreign policy of Saudi Arabia. It attaches particular importance to this situation, especially in its relations with the Balkan countries, because after the Bosnian War between 1992 and 1995, it peaked with the increase in religion-based discrimination in the period. The oil-rich Gulf countries in the region, new political support, and the already economically lousy situation of the 2008 financial crisis, as the Balkan countries became more economically depressed, they began to emerge as an attractive partner in the region (Peneva, 2019).

Organizations such as educational institutions are indeed an important move by actors using soft power tools in the region, especially Saudi Arabia; Islamic Faculty of Zenica University and Islamic Faculty of Bihac University, established in Bosnia and Herzegovina with funds supported by Saudi Arabia, are universities and faculties established with the support of Saudi Arabia. It is a fact that these faculties of Islamic sciences have an education system dominated by Hanbali, which is the official sect of the Kingdom of Saudi Arabia, and Salafi-Wahabi ideas, although not fully claimed with some changes (Panos, 2015). In the textbooks, the number of texts translated from Arabic to Bosnian in the 20 years between 1990 and 2010 is 513, which is approximately 5 times the number of texts translated from Turkish to Bosnian (Isanovic', 2010, cited in Panos, 2015), taught in the Islamic Faculties of the Zenica and Bihac Universities are written by Salafi authors and that almost all of the lecturers were educated in Saudi Arabia adhering to the Hanbali school proves that the Salafi Wahabi thought is dominant in these faculties (Panos, 2015).

During the Bosnian War between 1992 and 1995, non-governmental organizations from the Islamic world mobilized for the destroyed infrastructure economic and social problems in Bosnia and Herzegovina, and Saudi Arabia was one of the leading countries in this campaign: the International Islamic Relief Organization (Saudi Arabia), The Saudi High Commission Foundations such as for Relief (Saudi Arabia), and the Muwaffaq Foundation (Saudi Arabia) were organizations that were active in the region and dominant in providing services, especially in aid activities (Sfeir, 2007). Founded by Prince Salman Ibn Abdulaziz Al Saud (Governor of Riyadh), the Saudi High Commission (SHC) (1993) Rebuilt mosques destroyed or destroyed during the war in Bosnia; it led the revival of Bosnia's social institutions by opening schools, cultural centers and orphanages, and furthermore, by 2002 the SHC's aid to Bosnia had reached 600 million US dollars (Henderson, 2003). Some reports confirm these figures, and donations provided for relief were spent to sponsor 10,000 Bosnian war orphans and 3,300 pilgrims; Saudi Arabia built or restored 160 mosques in Sarajevo (Bilefsky, 2008).

Approximately %10 of mosques in Bosnia and Herzegovina, with a higher percentage likely, were financed by Saudi-based funds. The funds and management of mosques built with Saudi

funds, such as the King Fahd Cultural Center and Mosque in Sarajevo, are in the hands of the Saudis rather than the relevant foundations of Bosnia and are managed in accordance with the Wahhabi-Salafi tradition; it is being built closer to the Wahhabi-Salafi mentality and Saudi influence rather than the historical texture of the region (such as the Ottoman architecture and tradition) (Panos, 2015).

Jurilj (2012, cited in Panos, 2015) states that after the 1992-1995 War in Bosnia and Herzegovina, according to the supporting news of the Bosnian press, small village-like formations or settlements formed a community with a majority Wahhabi population and acted independently of Bosnia's Islamic official foundation institutions.

According to Jurilj (2012, cited in Panos, 2015), after the 1992-1995 War in Bosnia and Herzegovina, according to the supporting news of the press, there were 17 settlements and a population of around 3000 Wahhabi individuals (British Broadcasting Corporation (BBC), 2011, cited in Panos, 2015), small village-like formations or settlements places form a community with a predominant Wahhabi population and stated that they act independently of Bosnia's Islamic official foundation institutions.

Saudi Arabia is making progress in the Western Balkans region not only in the cultural and social fields but also in the economic field and is trying to develop friendly relations with the countries in the region. In order to increase trade with Bosnia and Herzegovina and Serbia, a tripartite committee of Saudi Arabia, Bosnia and Herzegovina, and Serbia was established. With this committee established, Saudi Arabia has announced that it will carry out high-budget investment projects in the Western Balkans. A construction tender worth approximately 100 million Euros in Serbia has been decided to be held in 2017. In Sarajevo, Saudi Arabia, jointly decided to purchase and carry out construction works (Lilyanova, 2017).

The Saudi-Bosnia-Herzegovina Relief High Commission uses non-governmental organizations in addition to humanitarian aid. In addition to publishing books dominated by Salafi views and trying to spread this ideology, Saudi Arabia also patronizes Salafist groups close to itself in the Western Balkans (Azinović, 2011). Soft power uses its powers effectively, and 245 Saudi Arabia-related foundations are thought to operate in the region, some of which are currently closed or inactive (Lilyanova, 2017).

ii. Iran

Iran, which officially adopted the Shiite sect as its state ideology and governance model after the 1979 Islamic Revolution, has strategically utilized Shiite expansionism as a significant tool of soft power, particularly in the Middle East, in order to extend its influence and consolidate its geopolitical presence in the region. Through this approach, Iran has successfully managed to establish a strong act with several key countries, including Iraq, Yemen, and Lebanon, where Shiite populations are present, enabling it to exert both political and military influence (Sinkaya, 2015).

Although Iran's primary sphere of influence has traditionally been the Middle East due to the presence of large Shiite communities, it has also focused considerable efforts on expanding its geopolitical reach into the Balkans. Although the Balkans is not a Shiite-dominated region, Iran has nonetheless undertaken deliberate and sustained initiatives to gain a presence there, employing various means to extend its influence. One of the most striking examples of this policy can be observed in Iran's direct support for Bosnian Muslims, particularly during the

1992-1995 Bosnian War. During this period, Iran not only provided significant material and logistical support in the form of ammunition and military supplies but also took an active role in training Bosnian soldiers for combat through the Iranian Revolutionary Guard, which played a key role in shaping the military capabilities of the Bosnian forces (Progonati, 2017).

It was later revealed that some of the Iranian officers who were officially serving under the Iranian Red Crescent during the war were, in reality, members of the Iranian Revolutionary Guard. These individuals actively participated in training and preparing Bosnian fighters directly in the field, further cementing Iran's covert but crucial role in the conflict. In an incident that highlighted Iran's military involvement in the Balkans, Croatian authorities conducted an inspection of a passenger plane traveling from Iran to Zagreb on September 10, 1992. As a result of the search operation by Croatians, authorities confirmed that the aircraft was carrying thousands of weapons and bullets. Investigations revealed that some of the individuals on board the plane were members of Iranian military units, reinforcing concerns about Iran's covert military presence and strategic ambitions in the region (Cafiero, 2022, cited in Dinçel, 2023).

Iran, just like Saudi Arabia, joined the region with the Bosnian War of 1992-1995, and despite the arms embargo imposed during the war, it helped the Muslim Bosnian people to a considerable extent; Iran planned to continue its influence during the war and after the war, and, in regions such as Sarajevo, Mostar, Zenica, Bihac and Visoko, Iran aimed to maintain its ties with the region and the Bosnian Muslim population, thanks to "charity institutions," in other words, NGOs. CIA officer Robert Baer, who served in Bosnia and Herzegovina during the Bosnian War, stated that Iran had a great influence and effectiveness on the Bosnian people. Again, according to Dinçel (2023), CIA reports stated that approximately 200 Iranian agents were working or active in various institutions or foundations in Bosnia in 1997.

The Iran Cultural Center, located in Sarajevo, carries out its active activities as a soft power, especially for the purpose of introducing Iranian culture and Shiism to the region. Iran, which tries to carry out activities in academic and intellectual circles, also funds soft power tools serving in the field of education with the Bosnian-Iranian College it opened outside Sarajevo. In addition, it is claimed that some American and European representatives, in their meetings with Bosnian representatives from time to time, warned them against Iran's activities in the region and made suggestions such as "The future of Bosnia is not in Tehran, but in Europe." as proofs that Iran has a significant influence on the region (Bardos, 2013).

Iran Cultural Center focuses especially on academic and intellectual circles in Bosnia. They also publish a magazine called Beharistan, where Shiite and Iranian propaganda is made subtly and intelligently. Molla Sadra Institution, established in Sarajevo in 2003, is one of the Iranian state-supported institutions within the scope of Iran's regional soft power tools, serving similar purposes. Through institutions, such as Avicenna (Ibn-i Sina) Institute in Sarajevo (1996), World Islamic Sciences Center, and International Al-Mustafa University, Iran has the opportunity to make some political, cultural, and religious propaganda in the Western Balkans. Avicenna Institute operates in Bosnia and Herzegovina and tries to carry out academic cooperation and studies in Serbia and Croatia. (Berkolli, 2021, cited in Dinçel, 2023).

In the Western Balkans, Iran not only carries out its activities in Bosnia and Herzegovina but also seeks to have influence in other countries in the region. As a matter of fact, the Rumi Foundation, opened in Albania in 2007, is an example of an NGO within the scope of Iran's soft power tools in the region. This institution, which initially translated and published Islamic

philosophy or more rational works, then started to translate the works of Iran's leading Shiite clerics into Albanian and started publishing these works. In addition, in similar activities in Albania, the religious Bektashi group, a significant minority in Albania, tried to present itself as a branch of Shiism, but in reality, Bektashism does not have a significant historical connection with Shiism. The Sufi Islamic tradition, which is dominant in the Western Balkans, is being tried to be reinterpreted through the Shiite tradition through Iran's policies in the region, and the attempt to present it as the Shiite branch of Bektashiism is a good example in terms of evidentiary (Berkolli, 2021, cited in Dinçel, 2023).

Although Iran is not as active and prominent as other actors using active soft power in the region, especially in the Gulf countries, especially Saudi Arabia and Turkey, it has still managed to develop ties with the political, economic, cultural, and academic elites in the region and has penetrated the region through intelligence; it particularly sought a field for itself in Bosnia and Herzegovina and Albania (Koppa, 2021).

iii. The UAE and Qatar

Among the most influential states in the Gulf region, alongside Saudi Arabia, are the United Arab Emirates (UAE) and Qatar. However, unlike Saudi Arabia, which primarily utilizes religious and ideological expansion to exert influence, these two Gulf countries tend to approach foreign relations, particularly in the Balkans, with a strong emphasis on economic investments, trade agreements, and financial tenders. Rather than prioritizing religious outreach, the UAE and Qatar strategically engage in economic partnerships to expand their regional presence (Krzymowski, 2023).

A notable example of this economic engagement can be observed in the increasing diplomatic and economic relations between the UAE and Serbia, particularly following the election of Aleksandar Vučić as the President of Serbia in 2012. After Vučić assumed office, ties between the UAE and Serbia significantly strengthened, leading to the establishment of deep and multifaceted collaborations between the UAE state apparatus and Serbian institutions across various sectors. These collaborations span key areas such as economics, agriculture, military affairs, and education, illustrating the UAE's broader strategy of investing in the region's development (Krzymowski, 2023).

Further evidence of the UAE's increasing economic footprint in the Balkans can be seen in significant infrastructure projects in Albania. High-profile projects such as the Sheikh Zayed Airport, the Tirana-Elbasan Road, and a planned \$2.5 billion investment in the port of Durrës all serve as precise indicators of the UAE's expanding economic cooperation with Albania (Krzymowski, 2023). Moreover, these large-scale economic agreements have also played a fundamental role in shaping Albania-UAE tourism relations, with a significant number of UAE-based tourists and investors showing increasing interest in Albania's tourism sector due to these bilateral agreements, which are primarily structured to favor the UAE's economic interests (Krzymowski, 2023).

Another compelling case demonstrating the UAE's engagement in the Balkans is its presence in Montenegro. Although Gulf influence in Montenegro is relatively lower compared to other countries in the region, the UAE has made a significant exception by investing approximately 320 million US dollars in the country between 2013 and 2022. This financial commitment highlights the UAE's willingness to expand its economic reach beyond traditionally targeted

areas and strengthen its presence even in regions where Gulf states generally have limited influence (Krzymowski, 2023).

On the other hand, another key Gulf actor, Qatar, has also actively contributed to shaping economic and cultural developments in the Balkans through targeted investments. One of the most striking examples of Qatar’s influence can be seen in Croatia, where the Qatari government allocated 8 million euros for the construction of the Islamic Center in Rijeka, officially inaugurated in 2013. This financial contribution demonstrates Qatar’s role in supporting Islamic institutions in the region (Krzymowski, 2023).

Beyond direct financial investments, Qatar has also leveraged media and communication as a soft power tool to expand its presence in the Balkans. A prime example of this is Al Jazeera Balkans, a regional branch of the internationally renowned Al Jazeera media network wholly owned and operated by the Qatari government. This media organization has its headquarters in Sarajevo and a fully operational studio in Zagreb. It is one of Qatar’s most effective tools for shaping public perception and increasing its influence across the Balkans through journalism and media representation (Krzymowski, 2023).

Conclusions

The growing presence of Gulf countries in the Western Balkans has become a significant factor in the region’s political, economic, and cultural dynamics. Their influence, primarily driven by soft power strategies, has taken different forms, ranging from religious and ideological outreach to economic investments and media engagement. While Saudi Arabia and Iran have primarily utilized religion-based soft power, focusing on Salafi-Wahhabi and Shiite ideological expansion, respectively, the UAE and Qatar have pursued a more economic and media-driven approach, emphasizing trade, infrastructure projects, and strategic partnerships.

Saudi Arabia’s influence is deeply tied to Islamic institutions, mosques, and charities, reinforcing its ideological footprint in the region. Despite its limited Shiite presence in the Balkans, Iran has sought to exert influence through cultural centers, academic initiatives, and diplomatic networks. Meanwhile, the UAE and Qatar have positioned themselves as key economic players, with high-profile infrastructure investments and trade agreements playing a central role in their engagement. Qatar’s media presence, particularly through Al Jazeera Balkans, has further enabled it to shape narratives and strengthen its visibility.

Despite the varying methods and intensities of influence, Gulf states have clearly played an active role in shaping the post-war reconstruction and development of the Western Balkans. However, the long-term impact of these engagements remains uncertain as local governments and societies navigate the delicate balance between foreign influence, regional stability, and European integration aspirations.

While this study highlights the existing soft power mechanisms employed by Gulf states, further research is needed to evaluate their effectiveness, local responses, and the potential geopolitical consequences of this growing external presence. Future studies should also focus on how these soft power strategies interact with European and Western efforts to integrate the Balkans into broader global frameworks.

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**“Passengers of the Same Train”:
The Western Balkans, two Decades after commencing the EU Journey**

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Abstract

This paper examines the progress of the Western Balkans’ journey towards European Union (EU) membership twenty years after the process was initiated. It is structured into five distinct sections. The introductory section provides an overview of the EU’s initiative in 2000 to extend the prospect of membership to a newly defined geopolitical grouping known as the Western Balkans (WB). The paper analyses the rationale behind this strategic coherence, arguing that in addition to closing the artificial division between the eastern and western parts of the continent, it had become evident to the EU that addressing the instability in the Balkans was imperative for the stability of the Union itself, as looking the other way on the Balkans was no less a recipe for disaster. The subsequent section delineates the distinct characteristics of the WB enlargement process compared to the previous 2004 enlargement wave. It emphasizes introducing a regional approach through the Stabilization and Association Process (SAP) and that accession for WB countries is based on a merit-based, “tailor-made” individual approach rather than as a collective or with a fixed accession date. The third part explores the progress of individual Western Balkan countries, highlighting that while they are part of a unified regional strategy, they are at varying “wave-length” in their EU accession trajectories, commonly referred to as the “regatta metaphor.” Over the course of more than twenty years, several developments have occurred: the original five countries became seven following the independence of Montenegro and Kosovo; Croatia, the regional frontrunner, achieved EU membership; and the paths of the remaining countries have diverged significantly, with Montenegro emerging as a success story, Serbia facing significant challenges, Albania navigating a difficult path, North Macedonia encountering obstacles, and Bosnia-Herzegovina and Kosovo lagging. The final section addresses domestic and external obstacles the WB countries face in their path to the EU. While the first ones have to do with the completion of political and economic reforms, the latter are related to the EU’s challenges, such as “enlargement fatigue,” the negative impact of referendums on the EU Constitution, and the effects of Brexit, all of which reflect not only the attitude of EU institutions but also the broader European public’s sentiment towards further enlargement. The paper concludes that the prospect of EU membership has served as a powerful motivator for the Western Balkans, driving democratic and market reforms and facilitating societal transformation.

Keywords

Western Balkans (WB), European Union (EU), enlargement, accession.

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I. Introduction

Europe, like many mighty creatures, has a vulnerable point, an “Achilles' heel” - this is its southeastern part, the Balkans, which historically has been a marginalized and troubled “ghetto”.² Glenny & Knaus argue that the Balkans “seem like a hopeless case, doomed to a perpetual cycle of war and underdevelopment.”³ Until 1999, the EU did not have a clear strategy for this region. Its incoherence, incapability, and unwillingness to deal with problems and share burdens, even in its own backyard, had become obvious: it had to rely on the intervention of the US to bring about a solution (Balkan wars, Bosnia, and Kosovo cases). However, by the end of the millennium, the EU was becoming clear that “it had to bring its own house in order.” Disregarding the Balkans – as the International Crisis Group (ICG) pointed out - was no less a recipe for disaster.⁴

The EU political and administrative elites started to realize that the Balkans were an integral part of Europe and that the continent's unification would not be complete until it included its southeastern part. Therefore, as the International Commission on the Balkans (ICB) noted, they put it as a priority “to help transform the proverbially chaotic, bloody and unpredictable Balkans of the past into a stable, peaceful and dependable South-Eastern Europe of the future.”⁵ The EU was committed to changing the negative image of the Balkans, which the outside world saw as “an island of instability in the heart of Europe, exporting migrants and importing peacekeepers” (European Stability Initiative - ESI).⁶

In 1999, a new geopolitical region was defined within the Balkans, the “Western Balkans” (WB). Alibali calls it “the equation Yugoslavia minus Slovenia plus Albania.”⁷ Otherwise known as “Adriatic Europe,” this new geopolitical region comprises some former communist countries.

The integration of the Balkan countries into the EU orbit has gone through several historic periods, where we distinguish four periods:

The first Balkan country to join the EU was Greece. It became part of the club in 1981, representing the 2nd enlargement of the Union. Despite being geographically in the Balkans, “spoiled by fate,” Greece has been able to “escape” the communist camp of Eastern and Southern Europe and became “politically” part of Western Europe after WWII.⁸ Even though Greece was not ready politically and economically to join the EC, the Council accepted it primarily for historical reasons, nostalgic about her ancient values. Greece was considered the “European cradle of civilization.”

² Bogdani, M. & Loughlin, J. *Albania and the European Union: The Tumultuous Journey towards Integration and Accession*. I. B. Tauris. London – NY, 2007.

³ Glenny, M. & Knaus, G. “Thessalonica and beyond: Europe's challenge in the Western Balkans” in *European Stability Initiative*. 2003.

⁴ ICG. “EU Visas and the Western Balkans”. Europe Report No. 168, 29 November 2005.

⁵ ICB. “The Balkans in Europe's Future”. 2005. Pg.3.

⁶ ESI. “Western Balkans 2004: Assistance, cohesion and the new boundaries of Europe - A call for policy reform”. 2003. Pg.17.

⁷ Alibali, A. “Ballkani Perëndimor apo Europa Adriatike“. *Korrieri*, Tirana, 21 August 2003.

⁸ Bogdani, M. & Loughlin, J. *Albania and the EU: European Integration and the Prospect of Accession*. Dajti 2000. Tirana, 2004.

The second one was Slovenia, even though it refuses to consider itself a Balkan country. Slovenia joined in 2004 as part of the 5th enlargement - the so-called “Big Bang,” together with other Central and Eastern European (former communist) countries.

Romania and Bulgaria, otherwise known as the “Eastern Balkans,” were the third countries to join the Union. They were accepted in 2007, the last phase of the fifth enlargement.

Croatia was the fourth and last newcomer to the block in 2013, as part of the WB enlargement. The next sections will analyze this more.

II. EU Motivations towards the Western Balkans.

Being part of a democratic, affluent, and mighty union was desirable and beneficial for the Balkans. Therefore, they were interested in joining the EU. However, the expansion of the EU towards the Balkan Peninsula was also useful for Europe. So, what explains the EU's willingness to support the Balkans?

Firstly, the political reasons: the Balkans are part of the European continent, and the unification of Europe will be complete only when it includes its south-eastern part. As Bogdani and Loughlin point out, the enlargement of the EU towards the rest of Europe is not an enlargement as such but a reunification of the two parts, separated for many decades by the historical tragedy of communism but with the same culture, values, and traditions.⁹ The European enlargement process aims to close the artificial gap between the east and west of the continent. No wonder the EU's enlargement policy is considered by many, as Javier Solana, the former EU High Representative for the Common Foreign and Security Policy, has pointed out, to be one of the great achievements of the post-Cold War world, a political miracle and its most impressive foreign policy venture.¹⁰

Secondly, there are the security reasons: As Kessler says, “There cannot be a stable Europe if the Balkans are on fire.”¹¹ The EU is better off putting its efforts and spending its money on helping to develop democracy in these troubled countries rather than spending it on stabilization strategies. This is “a far better and ultimately cheaper alternative than watching the region slip back into political instability” (ESI).¹² Therefore, as the ICB recommended, moving the region as a whole from the stage of protectorates and weak states to the stage of EU accession would appear to be the only solution to prevent the Western Balkans from turning into a “black hole” on Europe’s periphery.¹³

Thirdly, a peace project - turning the infamous “powder keg” of Europe, with a history of hostility, wars, and ethnic divisions, into a stabilized and peaceful region. The EU was most importantly regarded as a major peace project between European nations. Therefore, in building and strengthening the problematic Balkan countries, the EU should follow the model of peace on the basis of which the Community itself was designed and became united.

⁹ Bogdani, M. & Loughlin, J. *Albania and the European Union: The Tumultuous Journey towards Integration and Accession*. I. B. Tauris, London – NY, 2007.

¹⁰ Solana, J. Speech at the “Sound of Europe” conference in Salzburg. January 2007.

¹¹ Kessler, G. “Bush has plan to act on the status of Kosovo”. *The Washington Post*, 17 May 2005.

¹² ESI. “Initiative “Breaking out of the Balkan Ghetto: Why IPA should be changed”. 1 June 2005.

¹³ ICB. “The Balkans in Europe’s Future”. 2005.

Last but not least, there are economic and demographic benefits. The Balkans represent a potential market for goods, services, and cheap labor, with high-quality professionals and qualified migrant workers. Its new-age population will sort out the twin problems of Western Europe’s labour shortage (because of its massive grey population) and the Balkans' surplus working-age population.

Therefore, this enlargement, like the previous one (the 5th), seemed to be in the interests of both the WB and the EU in terms of their prosperity, peace, stability, and security.

III. A new strategy for Western Balkans: SAP and SAA

The WB countries faced many challenges at the start of their journey towards the EU. One was the question of nation-statehood: some had not yet resolved the issue of their territories and borders. The region itself was composed of weak and dysfunctional states, or quasi-protectorates (such as Bosnia and Kosovo), with fragile political and administrative institutions. Most of them had a poor nation-building legacy and a history of wars, conflicts, hostility, genocide, and ethnic cleansing (apart from Albania). The region's stability rested on weak feet, which made stability and democracy fragile. Additionally, they were economically poor and underdeveloped, with corruption and organized crime pervasive. Finally, the crucial problem was to resolve the final statuses of Kosovo, Serbia, Montenegro, Macedonia, and Bosnia-Herzegovina.

By the turn of the millennium, the EU seemed to have found a new consensus that allowed the development of a coherent strategy for WB. It all started in 1999 at Fiera Council, where the EU came up with a new formula, a new strategy with a regional dimension, called the “Stabilisation and Association Process” (SAP), for the five WB countries to join the EU.¹⁴ The SAP process was finalized a year later at the Zagreb Summit (2000), where it was launched as the overall regional policy framework. However, the most important milestone was the Thessalonica Summit (2003), which assured that Western Balkans countries share “a common European destination” and declared them potential candidates for membership.

The SAP, designed to prepare potential candidate countries for membership, consisted of two components. The first was a contractual relationship between each WB country and the EU, called the “Stabilization and Association Agreement” (SAA).¹⁵ The second was an assistance program, the CARDS (Community Assistance for Reconstruction, Development, and Stabilization). After becoming candidate countries, the WB countries have become eligible for another funding mechanism of the EU, called “Instrument for Pre-Accession Assistance” (IPA)

Stabilization and Association Agreement (SAA)

The SAA was a successor of “The Europe Agreements” (EA), which was used for Central and Eastern European (CEE) countries that joined the EU in the 5th Enlargement. However, the SAA was different from the EA in certain aspects. The first difference was that the EA had

¹⁴ *European Commission*, “The Stabilization and Association Process for Southeast Europe”. Second Annual Report. Brussels, 26 March 2003.

¹⁵ Bogdani, M. & Loughlin, J. *Albania and the EU: European Integration and the Prospect of Accession*. Dajti 2000. Tirana, 2004.

only the “association” dimension, whereas SAA added a new dimension: “stabilization.” Hence, the WB countries needed to be stabilized first (coming from legacies of wars and conflicts) and then build up an association with the EU, with a view to complete integration. Understandably, this new dimension would make their process longer and more challenging.

Another key difference was that the EU decided not to define a timetable for accession as a group for WB, as it did with the previous enlargement (the 5th one) that the eight CEE countries joined on the block in May 2004. The new strategy meant that each WB country would progress through the accession process at its own pace and be accessed on its own merits. This means that not all the Western Balkan countries will join the EU at the same time, but Europe will open its “gates” only when these countries are ready to enter. That is why it was called a “tailor-made” process, meaning it considers each country's specific situation and evaluates countries based on their individual performances. Otherwise known as the “Regatta metaphor,” – the WB countries, like ships of a fleet, arrive at the port (the EU) at different times, whichever is ready, without waiting for the others.¹⁶ Therefore, accession to the EU will depend on each country's progress in fulfilling the Copenhagen criteria and the pace of reforms. “The Western Balkans – as Meksi notes - are passengers on the same train. Even though they have taken the train at different stations, they have a common destination with a different ticket price”.¹⁷

IV. Two decades later

Many changes have happened to the WB since the SAP started in 2000. Firstly, from the initial five countries - Croatia, Serbia, Albania, Macedonia, and Bosnia Hercegovina - later they became seven because of the independence of Montenegro and Kosovo. A great development happened when the first WB country, Croatia, joined the EU in 2013, despite starting at the same time as the others and being part of the same regional strategy. As for the other six, they are at different stages along their path towards the EU, as it is shown in the timetable below:

Timetable of the accession process of WB countries:

Nr	Country	SAA Signing	Membership Application	Candidate Status	Negotiations Start	Accession to EU
1.	Croatia	2001	2003	2004	2005 – 2011	2013
2.	North Macedonia	2001	2004	2005	2022	
3.	Albania	2006	2009	2014	2022-ongoing	
4.	Montenegro	2007	2008	2010	2012-ongoing	
5.	Serbia	2008	2009	2012	2014-ongoing	
6.	Bosnia-Hercegovina	2008	2016	2022	-	
7.	Kosovo	2016	2022	-	-	

Croatia

Since the start, Croatia has been considered the frontrunner and the most advanced WB country. The country was prosperous, even by Central European standards, and certainly

¹⁶ Bogdani, M. & Loughlin, J. *Albania and the European Union: The Tumultuous Journey towards Integration and Accession*. I. B. Tauris. London – NY, 2007.

¹⁷ Meksi, E. “The Albanian dimension of integration”, *Debating Integration*, AIIS. 2003. Pg.21.

compared to the “Eastern Balkan” countries of Romania and Bulgaria, with a stable political system and one of the wealthiest parts of the former Yugoslavia with high living standards. Croatia was the first to apply for EU membership in 2003 and the first to acquire candidate status in 2004. The accession negotiations were opened in 2005 (again, the first one) and lasted 6 years until 2011. Croatia was scheduled to join the EU in 2009, but the progress faltered because of a dispute with Slovenia over borders (territorial waters). On 9 December 2011, Croatia and the EU leaders signed the Accession Treaty.¹⁸ A month later (on 22 January 2012), a referendum on EU accession was held, with 66% of Croats voting in favor of joining the Union.¹⁹ On 1 July 2013, Croatia became the 28th EU member country and the first WB country to join the Union. Ever since, Croatia has become quite an important role model for the other Balkan states in their journey toward the EU.

North Macedonia

The then Former Yugoslavia Republic of Macedonia (FYROM) was the first country among the Western Balkans to sign the SAA in April 2001. It submitted its membership application in 2004, the second after Croatia and the second to become a candidate country in 2005. Initially, Macedonia was considered a “success story” as it has advanced considerably in its path towards EU accession, being a stable democracy and a functioning multi-ethnic state. It had successfully implemented the “Ohrid Agreement,” which ended a short but bloody civil war in 2001 between the Slav majority and Albanian minority. The agreement mandated fundamental changes to the Macedonian constitution, establishing inclusive, fair, and democratic inter-ethnic governance. However, the EU membership bid was held back twice: firstly, by a dispute with Greece over using the country name “Macedonia,” resulting in a Greek veto against EU accession talks, which lasted from 2008 to 2019.²⁰ After the issue was resolved and the name was agreed upon as “North Macedonia,” the EU gave its formal approval to begin accession talks with North Macedonia (and Albania) in March 2020. The second obstacle came from Bulgaria, which in 2020 blocked the start of negotiations over what it perceives as anti-Bulgarian ideology in the country and the maltreatment of Bulgarian minorities.²¹ In June 2022, Bulgaria's parliament approved lifting the country's veto on opening EU accession talks with North Macedonia. The negotiations were officially launched in July 2022.²²

Albania

Albania had a good start, but persistent domestic political and socio-economic problems have prolonged the country's journey towards the EU.²³ In 2006, Albania signed an SAA agreement with the EU. Since 2014, it has been an official candidate for accession. In 2009, the Albanian government applied for EU membership, but only 11 years later, in 2020, the Council gave the green light to open accession negotiations. However, the negotiations did not start because Albania's candidacy was linked to that of North Macedonia, which Bulgaria vetoed. Finally, the negotiations were officially launched in July 2022. In September 2024, the EU announced

¹⁸ *European Commission*, “EU closes accession negotiations with Croatia”. 30 June 2011.

¹⁹ *DW-world.DE*. “Croats say ‘yes’ to EU membership”. 22 January 2012.

²⁰ *BBC News*. “Macedonia and Greece: Deal after 27-year row over a name”. 12 June 2018.

²¹ *Politico*. “Bulgaria threatens to veto North Macedonia's EU talks”. 21 October 2020.

²² Brzozowski, A. “Next steps for Albania and North Macedonia, as the EU agrees to start accession talks”. *Euractiv*. 19 July 2022.

²³ Bogdani, M. & Loughlin, J. *Albania and the European Union: The Tumultuous Journey towards Integration and Accession*. I. B. Tauris. London – NY, 2007.

the decoupling of Albania from North Macedonia because it was holding back Albania on the EU accession path.²⁴ Following this decision, the EU opened negotiations separately on the first chapters with Albania in October 2024. Albania aims to be ready for accession by 2030, a timeline acknowledged by Prime Minister Edi Rama as "very ambitious."²⁵

Serbia

Serbia was one of the last WB countries to sign the SAA (in 2008) due to a lack of progress in cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY). A year later (in 2009), Serbia applied for EU membership. The country received full candidate status in 2012, and a year later (in 2013), the Council of the EU approved opening negotiations. However, there have been many obstacles in Serbia's path to accession, which include: firstly, the country has not been able to fulfill the political and economic criteria - democratic backsliding - including allegations of fraud in elections in December 2023, and problems with the rule of law and media freedom. Another reason for the delay in opening negotiations has been the lack of cooperation with the Hague Tribunal to hand over wartime generals wanted for genocide (Radovan Karadzic and Ratko Mladic), sought for atrocities committed throughout Bosnia during the war (in particular for the Srebrenica massacre). In this way, by expressing compliance with ICTY, the EU has put the issue of bringing to justice the people allegedly responsible for human rights violations and international humanitarian law as an element of conditionality for opening accession negotiations with these countries. Thirdly, Serbia's foreign policy alignment with Russia, refusing to join international sanctions against Russia following its 2022 invasion of Ukraine. In response, the European Parliament passed a resolution that stated that "Serbia's non-alignment with EU sanctions against Russia damages its EU accession process."²⁶ The final and biggest obstacle to Serbia's accession to the EU has been its strained relationship with Kosovo and the failure to recognize Kosovo's statehood after gaining its independence. In 2021, the European Parliament adopted a report on Serbia, which emphasized that the normalization of relationships between Serbia and Kosovo is "a priority and a requirement for EU accession."²⁷ Another interesting fact is that Serbia is the least favorable country amongst the WBs toward the EU - a poll conducted in June 2023 found that only 33% of Serbs wanted to join the EU.²⁸

Montenegro

When the SAP for Western Balkans started, Montenegro was still part of Serbia. Its aspirations for statehood and breaking free from Serbia were finally fulfilled on 21 May 2006, when a referendum was held on the question of its status within the State Union of Serbia and Montenegro. Montenegrins turned out in record numbers (87%) to decide whether to stay in their troubled union with Serbia or to become independent and write the final chapter in the break-up of the former Yugoslavia. 55.5% of voters opted for independence for their small Balkan republic, one point above the threshold the European Union said was needed to make secession valid.²⁹ They thus achieved their 88-year quest for independence after World War I, when it had been merged into the newly formed Yugoslavia and was erased from the map of Europe. Montenegrins obtained their independence through “a velvet divorce,” peacefully and

²⁴ *SchengenNews*. "EU separates Albania's Accession Path from North Macedonia". 26 September 2024.

²⁵ *Euronews*. "Albania aims to be EU member by 2030, PM Rama says after 'historic' talks". 15 October 2.

²⁶ *Politico*. "Pandering to Putin comes back to bite Serbia's Vučić". 7 March 2022.

²⁷ *Euractiv*. "European Parliament adopts Serbia's EU progress report". 26 March 2021.

²⁸ Barber, T. "Serbia is a poor fit for EU enlargement plans". *Financial Times*. 11 November 2023.

²⁹ *BBC News*. "Montenegro declares independence". 4 June 2006.

democratically, unlike the violent breakdowns of the other former republics, such as Croatia and Bosnia-Herzegovina. Right after the break from Serbia, Montenegro began the accession process and signed the SAA in 2007. It submitted its membership application in 2008 without waiting for completion of the SAA ratification. The candidate status was officially granted in 2010, and membership negotiations began in 2012. Among the six candidate countries that have opened the negotiations (Montenegro, Serbia, Albania, North Macedonia, Moldova, and Ukraine), Montenegro is in the most advanced stage of the negotiations - the European Parliament has identified Montenegro as having the highest level of preparation for membership among the negotiating candidate countries.³⁰ Montenegro has been considered a “success story” among the WB countries because of the pace of progress and reforms. Its goal is to achieve membership in the EU by 2028, and most likely, it will be the next EU member state.

Bosnia and Herzegovina

Bosnia-Herzegovina was the last one from the initial WB group to open the negotiations on an SAA in 2005 and to sign it three years later (2008). Also, it was the last of them to apply for EU membership in 2016. Only in 2022 was Bosnia-Herzegovina recognized by the EU as a “candidate country.” Certain obstacles have prevented the country from progressing in its path towards the EU, including the failure to meet the conditions for the closure of the Office of the High Representative, address state and military property ownership issues, implement constitutional reforms and engagements with the Dayton Agreement (which created a joint multi-ethnic state comprised of two entities: the Bosniak / Croat Federation of Bosnia-Herzegovina and the Bosnian Serb-led “Republika Srpska”) and show greater cohesion among its divided ethnic communities. However, it has been widely believed that the prospect of EU accession is providing the necessary incentive for strengthening the Bosnian state's federal structures. In March 2024, the European Commission finally recommended opening EU membership talks for Bosnia-Herzegovina. However, the negotiations have not yet been opened, as the country must fulfill all conditions set by the Commission, such as strengthening democracy and human rights, judicial reform, fighting against corruption and organized crime, and maintaining media freedom.³¹

Kosovo

Kosovo's declaration of independence from Serbia was enacted on 17 February 2008 through the voting of the Assembly of Kosovo.³² However, Serbia has not recognized its independence, nor by five out of 27 EU member states. This has not prevented Kosovo from continuing its EU accession path through the Stabilization Tracking Mechanism (STM) program, which aims to integrate its national policies with the EU. To ensure stability in the territory and a neutral law enforcement rule, the EU operates in Kosovo under the umbrella of the United Nations Interim Administration Mission in Kosovo (UNMIK), deploying police and civilian resources under the European Union Rule of Law Mission (EULEX). The size of the mission means Kosovo is home to the most significant number of EU civil servants outside of Brussels.³³ Therefore, the high level of EU influence in Kosovo has led some to term it an “EU

³⁰ *Committee on Foreign Affairs European Parliament*. “Report on the 2016 Commission Report on Montenegro”. 2 March 2016.

³¹ *Consilium*. “Enlargement: Bosnia and Herzegovina”. General Secretariat of the Council. 4 May 2024.

³² *BBC News*. “Kosovo MPs proclaim independence”. 17 February 2008.

³³ *EU Observer*. “The 28th member state”. 18 February 2008.

protectorate.”³⁴ Kosovo was the last country in the Western Balkans to sign the SAA (in 2016) and the last to submit the EU membership application (in 2022). It is the only WB country still a “potential candidate” and has not started the negotiations yet. The prospect of accession looks grim, as all EU member states need to recognize Kosovo before it can join the EU. Therefore, in 2013, Kosovo's Minister of Foreign Affairs, Enver Hoxhaj, suggested that the EU should approve the accession of Kosovo and Serbia simultaneously due to concerns that if Serbia was admitted first, they could veto Kosovo's membership.³⁵

The EU's imperative of helping to overcome past legacies in the Balkans and to include Western Balkan countries in the European mainstream is beautifully depicted in the fragment below from a 2005 report of the International Commission on the Balkans (ICB).³⁶

“It was in Sarajevo in the summer of 1914 that Europe entered the century of madness and self-destruction. The founding fathers of the European Union, Robert Schuman and Jean Monnet, were respectively 28 and 26 years old. However, their dream of a united Europe founded on shared values and institutional interdependence can easily be traced back to that summer day in Sarajevo. Eighty years later, in the early days of the siege of Sarajevo in the mid-1990s, a photo of a half-ruined post office with three items of graffiti written on its wall captured the world's imagination. The first graffiti read, ‘This is Serbia,’ and the second stated, ‘This is Bosnia.’ And someone had scrawled underneath, ‘No, you idiots, it’s a post office!’. But a European historian of the present added his line: ‘This is Europe.’ Because Europeans have done all the destruction in the Yugoslav wars to other Europeans in Europe, the line ‘This is Europe’ embodies the EU’s moral imperative when it comes to overcoming the legacies of war and destruction in the Balkans”.

V. Obstacles towards Accession

During their 20-year journey towards the EU, the WB countries have faced many obstacles, which I have categorized into two groups: domestic (from within the WB countries) and external (those related to the EU).

Domestic Obstacles

The preparation of the Balkan countries for integration into European structures has been a major priority of the EU. However, as the European Commission stresses, the EU cannot realize this task alone. It must be accompanied by a strong commitment by the countries themselves to political and economic reforms and adherence to the core values and principles of the Union.³⁷

Almost all would-be members face political and socio-economic challenges and problems they need to overcome and sort out. Surely, they have made progress towards democratization and

³⁴ Judah, T. "Kosovo: the era of the EU protectorate dawns". *Iss.europa.eu*. 28 March 2012.

³⁵ Hoxhaj, E. “2013, vit i suksesshëm i politikës së jashtme”. *Ministry of Foreign Affairs of Kosovo*. 20 November 2013.

³⁶ ICB. “The Balkans in Europe’s Future”. 2005. Pg.6.

³⁷ *European Commission*. “The Stabilization and Association Process for Southeast Europe”. Second Annual Report. Brussels, 26 March 2003. Pg.3.

integration (compared to 25 years ago). However, most WB countries have not completed their “homework” - there is still a lot to be done regarding socio-economic and political reforms. The greatest challenge remains the fight against corruption and organized crime, as well as strengthening the rule of law and independence of the judiciary.

The comparison analysis of each country shows that the main reason for the slow progress for some of them is the failure to fulfil the Copenhagen criteria (political and socio-economic reforms) - this group includes Albania, Bosnia-Herzegovina, and Kosovo. However, other outside factors have been responsible for Macedonia and Serbia, such as the country’s foreign policy, neighbours’ relations, cooperation with the Hague Tribunal, etc.

External Obstacles

These include factors related to the EU, developments, and events that happened after 2000. The first one to mention is the so-called “enlargement fatigue,” following the 5th enlargement. The immediate accession of ten countries in May 2004 created institutional and economic challenges. It was the most significant enlargement in EU history (that’s why it was labeled the “big bang”). It also brought in relatively poor, primarily former communist countries with no democratic credentials. As an article in the Financial Times pointed out, “The EU is caught between the lure of the desirable and fear of the unworkable...further enlargements offer big benefits and huge challenges...making it work will exhaust the energies of Europe for decades”.³⁸

Three years later (2007), the enlargement fatigue worsened even more with Romania's and Bulgaria's premature accession. None of them was ready to join the club, as they hadn’t fulfilled the Copenhagen criteria and had a high level of corruption. However, the EU accepted them because of the promise made regarding the accession timeline.

After 10 countries joined at once, there has been a certain degree of reluctance for further enlargements, the so-called “EU absorption capacity.” However, Russia’s invasion of Ukraine, with fears over Moscow’s influence in the region, has increased the strategic importance of the Western Balkans to the EU. Therefore, an early decision to accept the WB countries might be more for geopolitical reasons than fulfillment of the criteria and completion of reforms.³⁹

Another obstacle was related to the negative results of the referendums on the proposed European Constitutional Treaty (2005). It was believed that rejecting the Constitution by two EU founding countries, France and the Netherlands, would negatively affect further expansion. Indeed, one of the main reasons that European citizens voted against it was their fear and anxiety over future enlargements. Therefore, the issue was whether the European Union was willing to expand its borders further east and allow in even poorer and more problematic countries in the Balkans and Turkey.

³⁸ Wolf, M. “Europe risks destruction to widen peace and prosperity”. *Financial Times*, 11 December 2002.

³⁹ Bogdani, M. “Albania’s rocky road to the EU: How far from joining the Club?”. *Tirana Observatory*. Vol.5. Nr.4. Fall 2023.

The results of the Eurobarometer often show the hostility and reluctance of European public opinion towards further expansion, especially towards applicant countries that are economically poor, have unstable democracies, and are culturally different.⁴⁰

Brexit in 2016 dealt the EU a big blow. It was also a negative development for the candidate countries - not only because Britain was the second net contributor to the EU budget but also because it was one of the more supportive and committed EU member states towards further enlargements.

Despite these obstacles and difficulties, the EU has made its commitment to the WB countries and their accession to the EU seem inescapable. “It is a cliché to say that enlargement is our greatest success story – said Javier Solana, the former EU High Representative for the Common Foreign and Security Policy - but throughout history, in the entire field of international relations, I do not think there is another strategy more values-driven, more original in its methodology and more successful in terms of results.”⁴¹

Conclusions

The countries of the new geopolitical region named “Western Balkans,” initially five and then seven, started their journey to join the EU, facing many problems and challenges. However, in just two decades, the prospect of EU membership has been a strong incentive for them on their road to democratization and transforming Balkan societies for good. The EU has been willing and committed to including WB countries back into the European mainstream once they fulfill their obligations and complete the reforms. Therefore, their enlargements seem inescapable. The case of Croatia, which joined the EU once it completed democratic and market reforms, was a clear example of that.

The EU has been the best guarantee of democratization in WB for three reasons: Firstly, because the goal of accession has been a powerful driving force for carrying out domestic reforms, encouraging progress and democratization; Secondly, the EU has been committed to helping WB countries bringing them closer to the Union, reflected in the concrete process of SAP and SAA; Thirdly, the EU has been the leading provider of multilateral assistance to countries of WB, through financial and technical support (PHARE, CARDS, IPA).

With sufficient political will and the ability to reform and endorse the core values and principles of the EU, the countries of the Western Balkans will achieve prosperity, stability, and democracy and will surely be part of the European Union soon.

⁴⁰ Bogdani, M. Turkey and the Dilemma of EU Accession: When Religion meets Politics. I.B.Tauris, London - NY. 2010.

⁴¹ Solana, J. Speech at the “Sound of Europe” conference in Salzburg. January 2007.

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Trust and Transparency in the Balkans: Key for Navigating through Complexity and Change?

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Abstract

The Balkans, particularly the Western Balkans, are at the crossroads of different political and economic interests and developments. One development in the entire Western World is the decline of trust in political institutions and the rise of populist parties. Does the Western Balkans resp. The states of the (Western) Balkans follow this trend? Or does this trend lead the (Western) Balkans into the influence of non-Western Great powers? What can be done to restore trust in political institutions? States of the (Western) Balkans are considered in the context of this paper as Albania, Bosnia and Hercegovina, Kosovo, Serbia, Montenegro, and Northern Macedonia. The discovery of Lithium resources in Serbia has yet added another facet to the mixture of diverging interests in the (Western) Balkans. Lithium proves to be a central resource for the green transition-induced need for battery technology in the Western World. This is a case in point for the interdependence of economic interests and the question of peace and war in the Balkans. In order to uncover and elucidate interdependencies in the (Western) Balkans, this paper suggests a matrix between trust and transparency. So far, a trust and transparency matrix has been applied to the three States of Britain, France, and Germany (Cole et al., 2025). The suggested paper applies the trust and transparency matrix to the (Western) Balkans, respectively, the different states of the (Western) Balkans. The findings of the trust and transparency matrix so far originated from Britain, France, and Germany and how they deal with factors of public management. In the three aforementioned states, public management differs when trust and transparency are either mutually reinforcing (a), blind faith (b), counterproductive effects (c) exist, or dysfunctionality / double standards (d) occurs. The combination of trust and transparency in the (Western) Balkans serves (in this paper) not for purposes of public management but for the question of how the Balkan navigates through complexity and change. Clearly, the combination of trust and transparency seems to suggest, as in the cases of Britain, France, and Germany, that the different variants of trust and transparency can be observed in every state of the (Western) Balkans simultaneously. The suggested paper relies on qualitative publicly available data, like polls and secondary sources, to address how trust and transparency interact to manage complexity and change.

Keywords

Trust, Balkans, Comparison, Transparency, Government, Germany, France, United Kingdom.

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I. Introduction²

Trust is an essential component of social, economic, and political life. There has been an ‘explosion of interest’ Newton (2007: 342) in the concept driven by its perceived decline and reengagement with concepts of social capital (Putnam, 2000; Fukuyama, 1995; Seligman, 1997; Braithwaite & Levi, 1998; Warren, 1999; Hardin, 2006; Uslaner, 2002; Zmerli & Hooghe, 2011). However, what is trust? Trust is (Levi, 1998, p. 79) – quoted in (Newton, 2007, p. 343) a concept that ‘is not one thing and it does not have one source.’ Therefore, trust has been defined, conceptualized, and operationalized across the academic literature in many different ways. Trust, therefore, can be understood as the product of an interpersonal relationship (Rousseau et al., 1998), as strategic interactions (Lenard, 2005), as a consequence of democratic deliberation (Fisher et al., 2010), as an indicator of social capital (Keele, 2007) or as moral disposition (Uslaner, 2002). Moreover, Jennings et al. (2021, p.1177) argue that trust can be perceived and analyzed as a ‘family’ of related concepts: trust, distrust, and mistrust.

Trust describes dynamics in different contexts of analysis; for example, interpersonal, social, collective, and more contexts can be found in academic literature. Alongside distinct contexts, the preferred properties of trust (adapted from (Mayer et al., 1995; Svare et al., 2020 and Grimmelikhuijsen, 2012) are perceived competence (defined as the ability to be capable, effective, skillful, and professional in a specific domain); perceived benevolence (defined as the alignment of specific aims with a more general interest) and perceived integrity (defined as to be sincere, to tell the truth, and to honor previously established agreements). Competence, benevolence, and integrity can apply to individuals (or, as stated in the literature, actor-centered), organizations (or, in other words, institutionalist), and relationships (or noted as networks).

Related to the context, a close association between trust and key related concepts such as confidence, vulnerability, risk, and community (Rousseau et al., 1998; Uslaner, 2002; Newton, 2007; Newton & Zmerli, 2011) has to be mentioned. The concepts of trust and transparency are central to recent works in social and political science (for example, Cucciniello et al., 2017; Grimmelikhuijsen & Welch, 2012; Heald, 2013; Hood, 2007; Grimmelikhuijsen, 2012; Grimmelikhuijsen et al., 2013; Porumbescu, 2015a; Porumbescu et al., 2022; Douglas & Meijer, 2016; Piotrowski et al., 2017; Heald, 2018). To start again, as for ‘trust,’ with a definition within this literature, it has to be remarked that the definition of ‘transparency’ is rather straightforward. For example, Grimmelikhuijsen (2012, p.12) defines transparency as ‘the availability of information about an organization or actor which allows external actors to monitor the internal workings or performance of that organization or actor.’

As in the case of the concept of trust, transparency underpins a diverse set of literature. These literatures range from participatory democracy, ethics and fair processes, policy instruments, and new public management. In a literature review, Cucciniello et al. (2017: 34) identifies two variations of this approach to transparency. Cucciniello and Nasi (2014) write about a threefold distinction between financial/budget, administrative, and political transparency. Furthermore, Meijer et al.’s (2018) framework distinguishes political and administrative transparency. Rather like trust, transparency is a challenging, multi-dimensional concept shaped by different factors. Heald (2006) identifies three dichotomies regarding transparency. These dichotomies include objects of analysis (events versus process) as the first dichotomy. The underlying time

² My gratitude goes to Elif Licina for finalizing the text. However, all errors remain mine!

constellations (real-time versus retrospective) are the second, and degree (nominal versus effective) is the third dichotomy. Not only the concept of transparency but also the dynamics of transparency vary in terms of its focus, illustrated by Heald’s (2006) distinction between upward, downward, outward, and inward forms of transparency and Porumbescu et al.’s (2022) identification of micro, meso, and macro-level perspectives. With this literature, a broad range of facets of transparency is captured.

Following Grimmelikhuijsen and Welch (2012) and Heald (2006), we identify different subjects of transparency as transparency of the decision-making process (the degree of openness about the steps taken by an individual, organization, or group to reach a decision), transparency of policy content (the information disclosed by an individual, organization or group about policies) and transparency of policy outcomes or effects (the information disclosed by an individual, organization or group about performance).

The trust-transparency matrix, as mentioned in the literature by Cole et al. 2025, represents an important line of inquiry in the social and political science literature. However, the academic literature has mixed findings regarding the relationships between trust and transparency. One reason for this is that we do not know how transparency influences trust, or at the very least, attempts to resolve this question are contested, and therefore, the relationship between trust and transparency has remained a "black box".

II. The Trust and Transparency Matrix

Taken from relevant political science literature (Cole et al. 2025: 5), Table 1 outlines a cross-tabulation of four ideal types of the relation between trust and transparency. It provides four different states of trust and transparency that might be found in empirical investigation.

Table 1: The Trust-Transparency Matrix

<u>Trust</u>	<u>Transparency</u>	
	High	Low
High	Synergy (a)	Blind Faith (b)
Low	Counter-productive effects (c)	Dual Dysfunctionality (d)

Source: Cole et al. 2025: 5

The Trust-Transparency Matrix suggests in the relevant research literature (Cole et al. 2025: p. 5) a tool that tries to open the “black box” of interactions between actors. These frequently under-investigated interactions often remain unanswered by quantitative tools and controlled experiments. The contention of the suggested matrix is that trust and transparency are located within certain situations and locations and rely on inter-subjective understandings (Worthy and Grimmelikhuijsen 2012). In order to remain in the interpretative tradition of, for example, Meijer et al. (2018), the trust-transparency matrix can be applied to diverse social situations,

such as Balkan states in this example. In this respect, understandings of trust are based on the interactions between actors and are, therefore, simultaneously actor-centered as well as institutionalist.

Inter-personal, collective, and political trust are well-known concepts in current and classical research literature. Those concepts link attitudes to demographics and external variables, such as perceptions of government performance. Classical studies of trust originate from authors like Stokes (1962), Easton (1965), and Gamson (1968), and newer works use survey-based research as a combination of questions and indicators in order to judge the classical understanding of trust (Levi & Stoker, 2000, pp. 476-477). This mainstream approach to measuring trust (with questions and indicators), often using single-item survey measures, is in the literature and is also considered problematic (Bauer & Freitag, 2017). These measures only weakly tap trust and cannot provide a generalized qualification of the political system (Seyd, 2016, p. 3). The Eurobarometer and the European Social Survey datasets provide aggregate-level results and are supplemented by national and sub-national-specific data. Secondary data focused on transparency has grown in recent years. For example, the World Justice Project (WJP) Open Government Index and the Organization for Economic Co-operation and Development's (OECD) Open, Useful and Reusable Government Data Index (OUR data index).

Neither qualitative nor quantitative approaches have dominated the field of studies about transparency. Nevertheless, experimental studies have emerged in the field. Of course, also in this field, attempts to measure transparency have emerged and covered a wide range of areas, including computer-mediated transparency (Meijer, 2009; Grimmelikhuijsen & Welch, 2012), analysis of website content (Grimmelikhuijsen & Welch, 2012; Ferreira da Cruz et al., 2016), citizen-focused experiments (de Fine Licht, 2011, 2014; Grimmelikhuijsen & Meijer, 2014), data dissemination (Hollyer et al., 2014), public perceptions (Park & Blenkinsopp, 2011; Piotrowski et al., 2017; Porumbescu et al., 2017) and experiments about requests for information (Worthy et al., 2017; Grimmelikhuijsen et al., 2019). As in many other cases, experiments can hardly have real-life empirical interactions data collection in the six regions and three states underlying the suggested matrix. Research literature about transparency is also one-sided in that those studies do not elaborate on the mechanisms that facilitate trust and transparency.

The key is the insight that causal mechanisms between trust and transparency are not universally valid and abstract in order to create social meaning or a context. Context is defined (Falleti and Lynch 2009: p. 1152) ‘broadly as the relevant aspects of a setting in which a set of initial conditions leads to an outcome of a defined scope and meaning via a specific causal mechanism or set of causal mechanisms.’ The first step for discovering causal mechanisms is to identify regularities between variables. Usually, this can be successfully done with the process tracing methods in international relations, history, and political science. This process tracing method infers case-based regularities across time. Hence, they engage in generalization (Waldner, 2015). Independent of small N, large N, or case study analysis, researchers need to be attentive to the interaction between causal mechanisms and context.

The trust-transparency matrix referred to in the academic literature combines configurations, properties, and types of trust and transparency. Of course, each phenomenon can be best analyzed separately. But this research, inspired by existing studies (Cole et al., 2025), has added value because it analyses both simultaneously.

The starting point for the trust-transparency matrix in the literature is that perceptions of both phenomena are contingent upon what (Worthy and Grimmelikhuijsen 2012: 6) characterize as ‘external’ and ‘internal’ (individual-based) factors. At the same time, external is understood as the wider political environment. Moreover, ‘internal’ means that it is based on the individual. The external or macro influences relate to the political context of our sub-national or regional territories, understood in terms of the institutional configurations. External political contexts relate to identity mixes and social and cultural capital perceptions. The internal or micro influences relate to our interviewees’ specific experiences and perceptions, for example, their past interactions with and predispositions towards other individuals and organizations. The trust-transparency matrix always involves some combination of internal and external variables (though the mix logically varies according to types of relationships and their underlying causal mechanisms).

II.1. Synergy: the ideal of mutually reinforcing trust and transparency (a)

Academic literature investigating trust and/or transparency may be seen as diverse. One part may be summarized on the one side with (Grimmelikhuijsen & Meijer, 2014, pp. 137-138) ‘transparency optimists’ who emphasize the positive effects that increased information provides to citizens for having trust in government. On the other hand, transparency pessimists’ are skeptical about the connection of transparency to trust and argue that it could lead to opposite effects. For ‘transparency optimists,’ the introduction of freedom of information (FOI) legislation fosters a ‘culture of openness’ within organizations and institutions, which is, in turn, better for trust. This point argues furthermore that ‘transparency helps people become more familiar with government and brings them closer together and creates understanding.’ (Worthy and Grimmelikhuijsen 2012: 5).

The good governance literature highlights the link between transparency and trust (Grimmelikhuijsen, 2012; De Fine Licht, 2011). Transparency produces better policy outcomes, as the register of interests in the EU Commission and European and national parliaments, the diffusion of freedom of information legislation, and the publication of performance data all support this argument. There might even be a causal link between transparency and trust. In democratic theory, transparency is framed as building confidence via accountability and participation and enhancing trust regarding fairness and procedures (Hollyer, Rosendorff, and Vreeland, 2003). From this perspective, a high level of transparency is a basis for every democratic system since they derive their legitimacy from the public and the participation of their citizens.

II.2. Blind Faith (b)

The second ideal type given in the matrix has high levels of trust but low levels of transparency. We characterize this relationship between trust and transparency as ‘Blind Faith.’ Despite low levels of transparency, an individual or organization has high trust in individuals, organizations, and relationships. The case of ‘Blind Faith’ is in tension with the pluralistic liberal democracies. In the Chinese context, the absence of transparency has a limited impact on trust forms (Zhong, Liu, and Christensen, 2022). The ‘blind faith’ version of trust of the Chinese citizens in their government, for example, might have influenced the Chinese determination to comply with the comparably hard measures to fight the COVID-19 pandemic. Of course, this example is far from a systematic or even causal relationship. Also, this context-specific form of trust might relate to ‘post-truth’ politics and/or ‘alternative facts. In its extreme form, the ‘Blind faith’ version of trust may produce ‘excessive loyalty and blind faith accepting the

rhetoric of populist-authoritarian leaders, accepting misinformation at face value without verification, can foster gullible trust, encourage compliant followers, advance unqualified acolytes, and thereby undermine accountable and responsible governance.’ (Norris 2022: 223). In pluralistic liberal democracies, in contrast to China, these tendencies undermined rather than bolstered the response to COVID-19.

II.3. Negligible or Counter-productive Effects (c)

The third quadrant refers to the conditions of Low Trust and High Transparency, which were labeled as ‘Negligible or Counter-Productive Effects’ (Cole 2025: 5). In this ideal type, high levels of transparency either cause or fail to address high levels of distrust or mistrust. The process of political decision-making can be open and deliberative, but this either contributes to or fails to reverse negative perceptions of individuals or organizations with negative perceptions. For example, suppose individuals or organizations have high extant distrusting relations. In that case, it is possible that continuous interaction can exacerbate these problems and lead to a ‘spiral of mistrust’ (Sydow, 1998, p. 38). In this third ideal type, high levels of transparency in policy output or outcomes either exacerbate or fail to address negative perceptions of individuals or organizations. There might be contingent factors at play in these dimensions. For example, the information provided in relation to output or outcomes may be harmful, painting a picture of programmatic policy failure (Bovens & t’Hart, 2016; McConnell, 2010), or individuals or organizations may be suffering from information overload. The COVID-19 crisis provided ample, if paradoxical, evidence that the more practices and procedures were brought into the public domain, the less trust or confidence was expressed in the government. Most British citizens appeared to be skeptical of their government’s response to the COVID-19 pandemic, for example, despite the relative openness of the latter (Stivas & Cole, 2023).

II.4. Dual Dysfunctionality (d)

The final quadrant shows a rather negative picture within the four-field cross table. In the first quadrant, both trust and transparency issues could have been characterized as ‘high,’ but in this quadrant, both issues are characterized as ‘low.’ The qualification, therefore, is ‘dual dysfunctionality.’ So, transparency does not cause any increase in trust in political institutions. Whereas in another quadrant, more trust can be achieved with more transparency, the opposite is in this quadrant. Less transparency causes less trust. This quadrant brings a loose-loose situation for political institutions. Even if there is low trust in political institutions and it is dysfunctional, this low trust cannot be countered by making things confidential. In this case of a more confident and less transparent situation, trust in political institutions only decreases.

Some evidence can be mentioned in order to support this dysfunctional low-trust, low-transparency quadrant. In the case of Germany, the rise of anti-elite populist movements (for example, the Alternative für Deutschland – AfD) in Saxony-Anhalt has drawn part of their support from the belief that key decisions on migration were taken by Chancellor Angela Merkel alone. That means this decision was thought to have taken place without the involvement of the land and local governments, which were likely to be affected mainly by the issues of migration flows at the time. Would she have made clear how Chancellor Merkel came to the decision? In other words, would there have been more transparency? More trust in her decision may have been the result. The way it happened was that there was no transparency, resulting in less trust in her decision about the issue of migration. This way, the AfD’s breakthrough and persistence within the German party system have been partly explained by

the weakening of trust in political institutions (Reinl & Schäfer, 2020). However, Weisskircher (2020: 620) notes that explaining the rise of populism in Germany is a multifaceted affair, and therefore, reducing the rise of AfD to short-term factors or a momentary decline in political trust is problematic.

Cases where trust and transparency also interact difunctionally can be seen in any form of accumulation of political positions. That means where politicians have both positions on a regional and national level. When those politicians are not trusted by their citizens, it is also not transparent to what territorial level politicians are located. In Germany, this notion is particularly prevalent because politicians may belong to a governmental party in one law-giving organization (Bundestag). At the same time, the politician's party belongs to the opposition within a sub-national Land.

II.5. Method and Hypothesis

The text about the method of this work aims to connect theoretical or conceptual considerations with empirical text about public perceptions or attitudes about trust in the government in the Balkan states under review. Balkan states in this text refer to the region of South Eastern Europe (SEE), with Albania, Bosnia and Herzegovina, Croatia, Kosovo, North Macedonia, Montenegro, and Serbia. This qualification of the nature of a state should not be understood as a normative prejudice. This qualification is driven by the empirically available data resulting from the Regional Cooperation Council (RCC) and its publication of the Balkan Barometer. The Balkan Barometer is a survey where respondents were asked about many different issues related to political life in the Balkan states. Besides the political barometer, the RCC also issues a so-called Balkan Business Barometer about the economic issues of the states in the Balkans.³

In fact, from only one survey. Two databases are created. Answers by survey respondents have been collected, systemized, analyzed, and presented in a Public Opinion Survey (Balkan Barometer) and Business Opinion Survey (Balkan Business Barometer). Results of the surveys provide a detailed insight into the trends and evolution of attitudes of thousands of citizens and businesses across socio-economic-environmental topics affecting their everyday lives in South Eastern Europe (SEE). In 2020, the Balkan Barometer also had a special section with data on impact assessment of the Covid-19 crisis. In the year 2021, the RCC issued the first so-called SecuriMeter. That is an additional survey (to the Balkan Barometer and the Balkan Business Barometer) focusing on security issues only. At first, it was designed as a special edition of the Balkan Barometer, but the SecuriMeter is a self-standing survey, in addition to the already existing surveys. Also, in the way data was collected, the different survey methods changed. In the year 2024, the Balkan Barometer Business Opinion Survey was conducted with the help of CAPI's quantitative research and data method (Computer-Assisted Personal Interviewing). Quantitative methods were employed, and direct, face-to-face interviews by trained interviewers from the Data Centrum Research Institute were conducted between the 5th of March and the 4th of April 2024 in the mentioned states.

The survey data from the RCC and other organizations were analyzed descriptively. The initial hypothesis is that membership in the EU is also supposed to make a difference in the question of whether citizens trust their government. Croatia is mostly not covered by the RCC data because it is already an EU member, as opposed to the other states from SEE. The argument behind the hypothesis is that trust in the government of an EU member state is different than

³ For more information see the link: <https://www.rcc.int/balkanbarometer/>.

that in a non-EU member state. For exactly this reason the EU has got a long and intense accession process. Not only do institutions have to change, but also, with institutional change, ideational change needs to change. This ideational change is detected in public opinion surveys. Moreover, it is interpreted in what quadrant political trust is placed in, given the above-presented trust and transparency matrix. However, this is done in the following empirical section of the text.

II.6. Discussion of the Matrix within the context of Balkan states

The empirics of this paper consist of a survey about what institutions respondents trust. According to an overall picture of the question of what organizations respondents in the (Western) Balkan trust, the following results can be seen. Trust in military and law enforcement organizations and in the police rose in the RCC survey data between the years 2023 and 2024 in the region of the Western Balkans. Law enforcement organizations as questions were only introduced in the years 2023 and 2024. Before the year 2023, the category had not been detected. Instead, only law enforcement organizations and judicial organizations were covered in the survey. The survey, in total, neglects the absolute levels of trust and focuses on the relative level of trust between the years 2023 and 2024. In relative terms, trust rose between 2023 and 2024 for police and judicial institutions.⁴

The paper follows the hypothesis that in Croatia, the situation about trust in government is different because it is already a member of the EU. However, the data for Croatia is missing in the Balkan Barometer of the RCC. Therefore, for questions about Trust in political institutions in Croatia, the paper has to rely on additional sources. From a methodological point of view, the same data about all cases would be better for the same question, of course. However, the data for Croatia in the Balkan Barometer is simply missing. Not only data about one case is missing in the Balkan Barometer. Also, the item about religious institutions is missing in the entirety of the Balkan Barometer surveys. So also, detecting the aspect of churches, mosques, temples, or any religious organizations is not covered in the survey. Hence, other data/surveys have to be accessed to fill the gap or approach the question about what organizations citizens trust. Religious institutions are seen to be relevant items for the region of South East Europe because different religious worlds like Christianity, Islam, and Judaism meet in the region.

Trust Combined							
Year	2023	2022	2021	2020	2019	2018	2017
Region SEE	35	40	38	33	38	31	28
Albania	38	45	41	39	28	43	27
Bosnia and Hercegovina	21	25	26	20	35	21	15
Kosovo*	56	68	26	27	34	25	30
North Macedonia	19	25	30	27	48	41	36
Montenegro	30	28	46	50	58	47	42
Serbia	46	49	58	38	27	30	31

Source: <https://www.rcc.int/balkanbarometer/> last accessed on 15th of January 2025.

⁴ Within the Balkan Barometer categories within the subject of Trust in Government consist of the possibilities ‘Totally trust’ and ‘Tend to trust. For the table in this paper both possibilities were added. Therefore, the heading of the table ‘Trust Combined’. If only the possibility ‘Totally trust’ would have been looked at, numbers would have been very low (between 0 and 9 %).

Regarding the region of South Eastern Europe (SEE), trust in any political institution is low. In the year 2023, Trust in Political Parties was between 0 and 9%, Trust in NGOs (Non-Governmental Organizations) and Civil Society was also low between 0 and 9%, Trust in media was likewise low between 0 and 9%, Trust in Political Parties was low between 0 and 9%, and Trust in Parliament was low (0-9%) in all times between 2015 and 2024. Regarding trust in government in the Balkans, the situation is different, but the situation is only slightly better despite the difference. Even if the positive evaluations of trust in government in the survey are combined (as the Balkan Barometer does with the categories of trust in police and juridical institutions in the statement on the homepage but not in the raw data), the combined trust data is lower than for example in the German case during spring 2024 before the federal government collapsed at the end of the year 2024. The Federal Statistical Office detected in Germany for spring 2024 that 38 % of respondents tended to trust the German Federal Government, whereas 55 % did not tend to trust the (federal) government. Compared to the data about Trust in government in Southeast Europe, only in the year 2022 was the Combined Trust in Government higher than in the situation when Germans did not trust their government at all and the German government resigned.

Data about trust in government originate from the Balkan Barometer produced by the Regional Cooperation Council (RCC) in Bosnia Herzegovina. The combination of categories of trust in government consists of either total trust or tending to trust the government. If only the category trust government is taken into consideration, the data also ranges relatively low, from 0 to 9 %. With the exceptions of Kosovo and Montenegro, where total trust in government is remarkably higher. Furthermore, in Serbia in recent years, the total trust in the government was also relatively high.

However, to include the case of Croatia in the issue of trust in government, resources other than the RCC had to be found. In Croatian literature, works about trust can be found. Trust in government was detected as not being a main issue. However, in the context of relating Trust in regions and their impact on economic growth, the question of whether respondents trusted their government was detected. So, for these sources, detecting Trust in Government was a byproduct at best. The text reports research by Sekulic and Sporer in Croatian language only that citizens' highest Trust was in the military (65,6% of respondents in this survey) followed by Trust in the church (53,1 % of the respondents in this survey) (Sekulic & Sporer, 2010) cited in (Alibegovic & Marosevic, 2020, p. 31). The text also takes other surveys about attitudes in Croatian into consideration. Of course, the Eurobarometer is mentioned, but Pilar's Barometer is also about Croatian society.

The aspect of Trust in the church or religious institutions is not at all detected in the RCC Balkan Barometer. This spot is left open and unanswered throughout the entire barometer. Hence, not only is the case of Croatia missing, but also the item of trust in churches (or religious institutions at all) that does not at all appear in the Balkan Barometer. The common issue of both surveys /Balkan Barometer and Sekulic and Sporer) is that both give high Trust numbers in the military. Nevertheless, Trust in the church or religious institutions is missing. A closer view of surveys and polls in Serbia and Bosnia and Hercegovina shows that both institutions are relevant. In Bosnia and Hercegovina, religious institutions rank fifth after military institutions, utility organizations, police, and humanitarian organizations. However, religious institutions rank far before any governmental body on any territorial level of the state (Analitika, 2014). Also, in the case of Serbia, earlier surveys from the year 2002 about trust in political institutions had the same picture as in Croatia, Bosnia, and Hercegovina. Respondents

trust the highest number of Orthodox churches with 69,8 %, and then the Army with 66 % (Partner 2002: 11).

Also, based on the survey data, media reports state that the European Union (EU) has lost the Western Balkan (Roth, 2019) and that Serbia’s closest partner seems to be Russia (Pabst, 2019). The publicized newspaper opinion, together with survey data, leaves then a clear picture. The Western Balkans is divided, with Croatia already being part of the EU and Serbia close to Russia. This picture does not translate into survey data. Because an assumption that these differences would translate into differences in Trust in Government does not seem to hold. Together with high trust measures in the military, this leaves a negative overall picture. The example of Albania shows that high trust levels in the military and religious institutions/churches cannot be taken as a given for the entire region of South Eastern Europe (SEE). According to other surveys than the RCC data, people in Albania trust NATO, UN, and EU before religious institutions (IDM, 2023). Indeed, RCC data shows that trust in the government in Albania within SEE is the highest of all SEE states.

Explanations of why respondents trust and tend to trust military organizations are a multivariate and multi-faceted phenomenon. Whereas this question must remain open, in this context, it should have been highlighting that military, police, and religious institutions or churches (as it is termed in the literature about Croatia) seem to possess a certain form of trust. Also, the aspect of transparency seems to be special in organizations of religious and military institutions. The case of Macedonia contrasts with the Balkans. There, trust in international organizations, such as the United Nations (UN) and the European Union (EU), is higher than trust in religious institutions. In this case, churches are mentioned as religious institutions. Only in Bosnia and Hercegovina is the rather neutral term of religious institutions used.

Conclusions

To conclude the question about trust in institutions, it needs to be stressed that there is a broad variety of institutions that respondents trust. The paper assumed that the people of Croatia trust different institutions because Croatia is already a member of the EU. Therefore, Croatia fulfills a legal set of rules that are common to all EU member states. However, despite this situation, respondents to surveys about trust in Croatia seem to trust the church and the military in Croatia. Whereas, as in the German case, medical professions (medical doctors and nurses) and legal courts are trusted more. Although Croatia is not covered in surveys about the other SEE states (like in the Regional Cooperation Council (RCC)), publications of different surveys about trust in the states of Bosnia and Hercegovina and Serbia show similar results.

Also, in those two states, trust is highest in the Church or religious institutions and the army and or the military. Cases of Kosovo, North Macedonia, and Montenegro are left outside of the study at stake, although the cases belong to the survey about trust in SEE of the RCC. The political situation does not seem to be thoroughly settled in these three cases.

Although it might be expected that trust is different in Croatia because of its EU membership as compared to Bosnia and Hercegovina and Serbia, trust is highest in the same institutions in the states of Croatia, Serbia, and Bosnia and Hercegovina. Again, these institutions are the military / army and the church / religious institutions. A contract view of Albania shows that the issue of trust is different in Albania because the survey shows that respondents would rather trust international organizations like the United Nations or NATO before trusting religious

institutions. Churches and the military are not absent of the institutions respondents trust but are ranked after international institutions, as the data shows.

A reason for that could lie still in the (Serbia, Croatia, and Bosnia and Hercegovina) common experience of the Yugoslav wars in the 1990ies. Particularly now, when tensions in the Balkans rise again, it seems reasonable that respondents would rather trust the church / religious institutions and the military than medical professions and legal institutions (for example, in the German case). From an analytical point of view, this should not be qualified. It is only to mention that trust seems to be different if military and religious institutions are trusted. Moreover, to refer back to the meaning of trust, as the essential component of political life an important conclusion might be made. For the people in the (Western) Balkans, churches and/or religious institutions, as well as the military, are central components of political life. Hence, the paper contributed to the discussion about the political development of the states in the (Western) Balkans.

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Strengthening the Rule of Law and Fight Against Corruption in the Western Balkans: Conditionalities for EU Accession

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Abstract

The strengthening of the rule of law and the establishment of stable democratic institutions are considered by the EU to be crucial conditions for a country to meet the Copenhagen criteria and be ready for EU membership. The Western Balkan (WB) countries are ‘waiting’ in line to join the EU and are taking various reforms to ensure the rule of law and address the critical issue of combating corruption on a large scale. Different international reports such as the World Justice Project Rule of Law Index and Transparency International Corruption Perceptions Index rank the six Western Balkan countries as partially free democracies with fragile institutions and stuck in the fight against corruption reforms compared to neighboring EU countries. Consistent with these reports, the assessment made by the EU in the Rule of Law reports for 2024 for the four WB countries identifies the fight against corruption as a common issue that these countries need to address in fulfilling the membership criteria. In the reform agendas launched by the EU in late October, consistent with the EU policy framework for meeting accession standards, a strong emphasis is placed on the fundamentals of enlargement, including the rule of law and the fight against corruption. There are shortcomings in implementing anticorruption strategies and taking anti-corruption measures at the local and regional levels. This paper will comprehensively assess the current situation regarding the rule of law and the fight against corruption in the six Western Balkan (WB) countries. This paper uses a qualitative methodology to analyze each WB country's current legal and political frameworks for anti-corruption. Assessments will be made through the analysis of EU reports, such as the 2024 Rule of Law reports on the WB and the progress reports for each country.

Keywords

Western Balkans (WB), anti-corruption, rule of law, EU conditionality, corruption index

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I. Introduction

After three decades of continuous efforts to democratize the Western Balkan countries, the 6 (six) countries have entered a vicious circle that has made it quite challenging to overcome the autocratic political problems and join the European Union. Even after many years of different aspirations to establish the rule of law, countries promulgated the acquired legal framework in line with the EU acquis, consolidated free and fair elections, and guaranteed freedom of expression.² All these elements are closely connected with establishing the rule of law standards as enshrined by the Copenhagen criteria.³ Of accession to the EU. Despite these vows of the 6 WB countries, the old political elites mainly rely on controlling media systems, which often undermine democratic systems and govern the countries through clientelism with very fragile institutions.⁴ The WB Europeanization process is considered the most important political process associated with the Acquis Communautaire, which has 33 chapters designated for the candidate countries to fulfil the specific standards and then join the EU.⁵

It is noteworthy to mention that the stage of the 6 WB countries towards their accession process is very far from being homogeneous, where all continue to grapple with common challenges of run-of-the-mill performance in establishing rule-of-law institutions.⁶ Myriad factors, including unresolved issues from the 1990s and delays in meaningful reforms, have prevented the establishment of independent institutions, including an independent judiciary, and prevented the assurance of accountable and transparent institutions.

The conditionality of the rule of law for the WB countries has lacked scholarly attention. Still, at the same time, it has highlighted the need for reforming the justice systems as the core foundation of the functional institutions⁷ and the fight against corruption among the common conditionalities left for further implementation in the acquired reforms. The thirty years of ongoing reforms have led to short-term outcomes and have not shown sustainable or transformative results for the 6 EU aspirant WB countries. Still, the EU has recognized that all WB countries have “shown clear elements of state capture, including links with organized crime and corruption at all levels of government and administration.”⁸ The study revealed that the EU’s promotion of the rule of law has failed to produce successful and desired rule of law transformation across the Western Balkan (potential)⁹ candidate countries. Of the WB countries, only Croatia joined the European Union in

² Kmezić, M., 2021. Rule of law and democracy in the Western Balkans: addressing the gap between policies and practice. In *Illiberal Politics in Southeast Europe* (pp. 177-192). Routledge

³ Marktler, T., 2006. The power of the Copenhagen criteria. *Croatian yearbook of European law & policy*, 2(1), pp.343-363

⁴ Musliu, V., 2021. *Europeanization and statebuilding as everyday practices: Performing Europe in the Western Balkans*. Routledge., pp. 2-5

⁵ Ibid, pp. 6-8

⁶ Gola, G., 2023. Case Study: Western Balkans. *Global State of Democracy 2023 Report, Global State of Democracy Initiative*.

⁷ Kmezić, M. 2019. “EU Rule of Law Conditionality: Democracy of ‘Stabilitocracy’ Promotion in the Western Balkans?” In *The Europeanisation of the Western Balkans A Failure of EU Conditionality?* edited by Jelena Džankić, Keil Soeren and Kmezić Marko, 87–109. London: Palgrave Macmillan

⁸ European Commission, 2018. A credible enlargement perspective for and enhanced EU engagement with the Western Balkans. *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM (2018) 65 final*.

⁹ The only country which has not been granted the candidate status is Kosovo [January 2025]

2013 and is excluded from such policies. The rest of the countries can be classified as the Western Balkan 6, with four candidate countries to enter the EU (Montenegro, Albania, Serbia, and North Macedonia). Accession negotiations have already started, and all of them are in different stages of negotiations; Bosnia and Herzegovina is a candidate country with the status of recommendation from the European Commission to open accession negotiations when the necessary compliance with the membership criteria was achieved, and Kosovo which still is a potential candidate which status has not been given yet by the EU.¹⁰

II. Methodology

This article is an attempt to make a synthetic analysis of the current situation of the rule of law and corruption standards in the WB6 and provide an overview of the assessment made from the most crucial document that provides for the rule of law and fight against corruption standards as two key indicators towards the fulfillment of the EU conditionalities towards the EU accession process. In such a case, the two essential evaluation documents enacted by the EU for the six WB countries shall be evaluated and compared in the analysis made possible in this article. The countries will be analyzed individually based on the latest reports published by the EU and the recently updated literature.

The second chapter of this article provides a general overview of the rule of law and fight against corruption in the Western Balkan countries and a review of the effectiveness of the EU enlargement policies on such issues not only provided by a comparative approach of the EU issued reports, but also of the other important reports that assess the democratic standards for these countries such as Freedom in the World, Nations in Transit and Transparency International Corruption Perceptions Index by providing the highlight assessments of these reports on the current situation of the WB6. The third chapter comprises six country-specific assessments examining countries' methodologies regarding the EU's recommendations. This article aims to understand the intersection of WB6's reforms with the EU's recommendations.

The fourth chapter concentrates on the conclusions and reforms that the WB6 has undertaken in the framework of the EU accession, the strategies implemented, and further initiatives, highlighting the policy risks on the designated analyzed issues.

III. Rule of Law and Corruption: The Unresolved Condition for the Accession Candidates

The rule of law reports that the EU published in July 2024 underlined the fact that the inclusion of the WB6 in these reports has significantly impacted the country's reforms to achieve the acquired standards and reforms on the rule of law and fights against corruption for the accession process.¹¹

¹⁰ Riegert, B. (2024) ‘Western Balkans: No concrete promises for EU accession date’, *DW*, 21 December. Available at: <https://www.dw.com/en/western-balkans-no-concrete-promises-for-eu-accession-date/a-71117383> (Accessed: [January 10, 2025])

¹¹ European Western Balkans (2024) ‘Rule of law reports for Western Balkan countries highlight lack of effective fight against corruption’, *European Western Balkans*, 29 August. Available at: <https://europeanwesternbalkans.com/2024/08/29/rule-of-law-reports-for-western-balkan-countries-highlight-lack-of-effective-fight-against-corruption/> (Accessed: [January 10, 2025])

The reports published for the WB countries revealed that the four areas impacting the democracy index are evaluated: justice, anti-corruption, media pluralism and freedom, and institutional checks and balances. As synthesized from these reports, a common problematic area prevalent in the rule of law index for all WB6 countries is the fight against corruption, even though four (Montenegro, Serbia, Albania, and North Macedonia) are in the accession process.

As the fight against corruption remains a persistent problem, the EU Rule of Law Reports 2024 show that the country's most effective fight against corruption and prosecution of high-level cases is missing; there are insufficient legal acts and institutional capacity to combat corruption.¹² As the fight against corruption remains problematic in these countries, the EU introduced new accession mechanisms in 2020. These mechanisms focused on the rule of law by giving the commission the power “to put negotiations on hold in certain areas, or the most serious cases, suspended overall.”¹³

According to the European Bank for Reconstruction and Development: “The governance standards in the Western Balkans are stagnated or worsened.”¹⁴ The WB6 is far behind in achieving the EU governance standards as preserved by Chapter 23, “Judiciary and fundamental rights,” and standards in Chapter 24, “Justice, Freedom and Security.” These standards have deteriorated in recent years.¹⁵ Corruption and the rule of law remain areas that need improvement, while corruption perception is high, which has limited improvements (*see Figure 1*).

Figure 1: World Justice Project’s Rule of Law Index 2024 - corruption and rule of law

On a scale of 0 (the worst, red) to 1 (the best, green)				
Country	Overall Score	Global Rank out of 142	Absence of corruption	Fundamental Rights
Albania	0.48	89	0.37	0.57
Bosnia and Herzegovina	0.52	71	0.44	0.58
Kosovo	0.56	58	0.47	0.61
Montenegro	0.57	56	0.49	0.67
North Macedonia	0.53	67	0.46	0.62
Serbia	0.47	94	0.41	0.55

The control of rules of law and corruption, according to the World Justice Project Index 2024, shows that most of the WB6 countries have levels of corruption and fundamental rights safeguards in critical situations.¹⁶ Among the WB6 countries, Albania has the highest corruption rate, while Montenegro scores the best and leads in accession negotiations. However, regarding fundamental rights standards, Montenegro also ranks highest in respecting basic rights, whereas Serbia ranks

¹² Teixeira, V. (2024) ‘EU enlargement must prioritise fighting corruption’, *Transparency International EU*, 18 December. Available at: <https://transparency.eu/eu-enlargement-must-prioritise-fighting-corruption/> (Accessed: [January 11, 2025])

¹³ European Commission (2020) ‘Enhancing the accession process – A credible EU perspective for the Western Balkans’, COM (2020) 57 final, 5 February

¹⁴ European Bank for Reconstruction and Development (EBRD) (2024) *Can the Western Balkans converge towards EU living standards?*

¹⁵ *ibid*, p. 5

¹⁶ World Justice Project (WJP) (2024) Rule of Law Index 2024

the lowest. Perception of corruption is a widespread problem in all countries. According to various indices, including the Transparency International Corruption Perception Index, there have been limited improvements. In the 2024 Transparency International Corruption Perceptions Index, Albania improved by approximately five positions, ranking 80th out of 180 countries. It placed third in the Western Balkans, following Montenegro, ranked 65/ 180, and Kosovo ranked 73/ 180, which led the region.¹⁷ The reports highlight weaknesses in how the government and its official agents are limited and held accountable under the legal frame in force.

As turbulent countries manifest their aspirations and struggle to fulfil the EU conditionalities, corruption remains the highlighted barrier to EU accession. Each country varies in the degree of success set forth by the EU. The pervasive and unresolved issue hinders the integration process and impacts citizens' enthusiasm to join the EU.¹⁸ The recent reports and studies, including the EU, UN Office on Drugs and Crime (UNODC), and the Group of States against Corruption (GRECO), highlight that the issue of corruption is a very complex and in-depth problem that entangle the political, criminal and economic elites. They exploit bribery and money laundering in the region as an instrument of power consolidation by establishing an impunity culture that hinders the path toward the EU. It shall be restated that this crooked system is a perpetual unresolved issue well-entrenched in all levels of society and governance and impacts the EU integration process.¹⁹

As corruption remains deeply embedded in society and affects nearly all aspects of governance, EU membership prospects depend on candidate countries implementing a robust framework to combat bribery and dismantle the culture of corruption in the WB6.²⁰ Even though the EU sets conditions and assesses candidate countries based on the rule of law and corruption standards, such as the Rule of Law Reports issued by the European Commission and the Progress Reports for each country, challenges remain in defining clear and precise standards for how candidate countries should structure their judiciary to ensure an independent and functioning judicial system that aligns with EU principles and criteria.²¹ The Revised Enlargement Methodology aimed to revitalize the accession process but has not yet given tangible results. The new approach lacks a clear time frame and without clear benchmarks and detailed assessments to ensure adequate transposition of chapters 23 and 24 of the EU acquis. This approach lacks outcome-related indicators that would allow us to track implementation.²² The scholars discuss that the EU cannot establish a mechanism

¹⁷ Transparency International. (2025). Corruption Perceptions Index 2024

¹⁸ Vlassis, I., 2024. Corruption in the Western Balkans: An Unresolved Issue for the Accession Candidates. *IEMed: Mediterranean yearbook*, (2024), pp.206-211

¹⁹ Zvekić, U., et al. (2023) *Organized corruption: Political financing in the Western Balkans*. Global Initiative Against Transnational Organized Crime (GI-TOC), June.

²⁰ Vlassis, I., 2024. Corruption in the Western Balkans: An Unresolved Issue for the Accession Candidates. *IEMed: Mediterranean yearbook*, (2024), pp.206-211

²¹ Zweers, W., Cretti, G., de Boon, M., Dafa, A., Subotić, S., Muk, M., Fetahu, A., Abazi, A., Imeri, E.K. and Kujraković, H., 2022. *EU as a Promoter of Democracy Or'stabilocracy'in the Western Balkans?* Clingendael Institute., p.13

²² Jaćimović, D. and Shaipova, Y. (2023) *New approach to EU enlargement: Applying the staged integration model*. ELF – Discussion No. 6, November.

of adequate reporting by remaining merely formalistic rather than functional, not grasping the democratic setbacks, and not shelving the structural points in the report's text.²³

IV. The Rule of Law and Corruption Progress Assessment in the Western Balkans

With the enactment of the Rule of Law reports, the EU aims to promote a culture of rule of law and prevent corruption. In 2024, in addition to the Progress Report mechanism, the European Commission published the Rule of Law Reports for four countries: Albania, Montenegro, North Macedonia, and Serbia.²⁴ This instrument left out the assessment for Bosnia, Herzegovina, and Kosovo by limiting the opportunity to equally foot their progress towards EU accession by aiming to promote the reforms and prevent democratic regress in a more transparent method.

The rule of law reports for the four candidate countries that have started accession negotiations. In the overall evaluation, Albania is considered from the Rule of Law Report that corruption is prevalent in many fields, including electoral bribery.²⁵ As an eminent risk, corruption is considered to have impacted the most important fields, including education, health, and police. The checks and investigation methods in public administration are weak. The EC report for Albania highlights that the legal framework and continuation have limited impact in vulnerable sectors.²⁶ The new Anti-Corruption Strategy 2024-2030 is in preparation and has not yet been approved. The report also highlights that the number of investigations, prosecutions, and convictions increased, but different international actors, including the EU, contested the amnesty law passed by the parliament in April 2024.²⁷ The report highlights that the general public perceives judicial independence as average. According to the report, 46% of the general population believes in the independence of the courts and judges.²⁸ After the implementation of the judicial reform in 2016 and the restructuring of the justice system, it is assessed that the judicial reform.²⁹ This has resulted in shortcomings regarding the independence safeguards for appointing magistrates, which is considered a process lacking transparency and qualitative evaluations.³⁰

²³ Zweers, W., Cretti, G., de Boon, M., Dafa, A., Subotić, S., Muk, M., Fetahu, A., Abazi, A., Imeri, E.K. and Kujraković, H., 2022. *EU as a Promoter of Democracy Or'stability'ocracy'in the Western Balkans?* Clingendael Institute.

²⁴ Balkan Civil Society Development Network (BCSDN) (2024) Analysis on the 2024 EC Rule of Law Report on Accession Countries.

²⁵ European Commission., 2024. 2024 Rule of Law Report Country Chapter on the rule of law situation in Albania. SWD (2024) 828 final

²⁶ European Commission (2024) *Rule of Law Report 2024: Country Chapter Abstracts and Recommendations*.

²⁷ European Correspondent (2024) *Albania passes criminal amnesty law to benefit more than 1,000 convicts*. Available at:<https://www.europeancorrespondent.com/r/albania-passes-criminal-amnesty-law-to-benefit-more-than-1000-convicts>

²⁸ Eurobarometer survey FL540, conducted among the general public between 14 February and 27 February 2024, and Eurobarometer survey FL541, conducted among companies between 14 February and 5 March 2024. The level of perceived judicial independence is categorized as follows: very low (below 30% of respondents perceive judicial independence as fairly good and very good); low (between 30-39%), average (between 40-59%), high (between 60-75%), very high (above 75%).

²⁹ Mazelliu, A. (2024). *Navigating the Vetting Process in Moldova: A Comparative Analysis with the Albanian Model. Quis Custodiet Ipsos Custodes?* [Policy Brief]. Justice First, Freedom House, May 2024.

³⁰ European Commission., 2024. 2024 Rule of Law Report Country Chapter on the rule of law situation in Albania. SWD (2024) 828 final., pp.5-7

As regards North Macedonia, the report proves that contrary to Albania's case, the Anti-Corruption Strategy is in place. However, corruption is still prevalent in the case of Albania. The Rule of Law Report for North Macedonia has criticized the legal amendment of the Criminal code, which affected the prosecution and sanction of corruption.³¹ The reports stressed the trust in the judicial institutions and independence in every law, with an overall of 25% general public trust, and highlighted that the country had addressed the recommendations left from the Urgent Reform Priorities from the EU and the Venice Commission Recommendations.³² The Rule of Law Report stressed that: “The adoption of the new justice strategy led to a certain degree of approximation to European standards in the justice field.”³³ The judiciary's efficiency has weakened in the first instance cases, and the appointment of public prosecutors has been criticized by civil society as lacking merit-based criteria.

Montenegro is the leading country in the accession process to the EU, and it has temporarily closed the negotiation of 33 chapters. Even in such a scenario, the Rule of Law report highlights that high-level corruption is present in the country, and there is no final decision for such cases. The Special Prosecution Office (SPO) role has been improving its performance by tracking the record investigation of high-level corruption. As per the issue of the efficiency of justice, their report has highlighted that the lengthy procedures, especially in the administrative case, have been further increased.³⁴

The report highlights one of Serbia's most prominent high-risk areas: corruption in public procurement. The EC has assessed that even though the anti-corruption system exists, the country needs to improve further. The role of the special prosecutor for organized crimes is at high risk of politically motivated interference in high-level corruption. The public perception is high in the public sector. It is emphasized that the country does not have a uniform court management system.³⁵

The two remaining countries from the assessment of the Rule of Law Reports shall be analyzed according to the Progress Report Recommendations and the doctrinal review. The literature highlights that Bosnia, Herzegovina, and Kosovo have established judicial councils as essential institutions for judicial reforms.³⁶ Bosnia and Herzegovina can be considered the “elephant in the room” due to the country’s complex governance. What is most important is that Republic Srpska, one of the entities comprising BiH, does not accept the Constitutional Court rulings, which is an essential step in undermining the judiciary's independence and legal certainty.³⁷ The BiH

³¹ European Commission., 2024. 2024 Rule of Law Report Country Chapter on the rule of law situation in North Macedonia. SWD (2024) 830 final.

³² European Commission (2015), Urgent Reform Priorities for the Former Yugoslav Republic of Macedonia., Venice Commission opinion (CDL-AD (2018)022, CDL-AD(2018)033, CDL-AD(2019)008).

³³ European Commission., 2024. 2024 Rule of Law Report Country Chapter on the rule of law situation in North Macedonia. SWD (2024) 830 final., pp. 2-4

³⁴ European Commission., 2024. 2024 Rule of Law Report Country Chapter on the rule of law situation in Montenegro. SWD (2024) 829 final.

³⁵ European Commission., 2024. 2024 Rule of Law Report Country Chapter on the rule of law situation in Serbia. SWD (2024) 831 final.

³⁶ Hovic, N., 2024. Pre-enlargement reform failures in the western balkans: social and economic preconditions of the rule of law. *Hague Journal on the Rule of Law*, pp.1-22.

³⁷ Vlassis, I., 2024. Corruption in the Western Balkans: An Unresolved Issue for the Accession Candidates. *IEMed: Mediterranean yearbook*, (2024), pp.206-211

integration process towards the EU is very early in terms of substantial legal enforcement and approximation. Justice reform in BiH has not been implemented effectively, and the strategic documents for the new justice sector reform strategy have not yet been approved. Regarding the fight against corruption, the efforts taken by the BiH authorities remain insufficient to ensure effective prosecution procedures.³⁸

Regarding the case of Kosovo, it should be mentioned that the EU has not yet granted the candidate status of the newest country of the WB. As the country is waiting for a result from the EU, the Progress Report issued for Kosovo highlights that the country is in the stage of early preparation for establishing an efficient judiciary, and the Venice Commission was not consulted by the government when amending the law on the Kosovo Prosecutorial Council and other legal reforms. In the fight against corruption, Kosovo has made some preparations, and that capacity should be offered to the Special Prosecution Office.³⁹

Conclusions and Perspectives

The most critical challenge the Western Balkans face is establishing the rule of law safeguards in line with European standards, a key requirement for the EU accession as enshrined in the enlargement package 2024. The enlargement package highlights the need for the candidate countries to align the policies and infrastructure with the required standards by the EU enlargement benchmarks for the region. The WB judicial institutions face many problems accompanied by underinvestment and outdated legislation; most facilities are between 30 and 60 years old. The obsolete infrastructure impacts the issue of the backlog of cases, which is an obstacle to access to justice and citizens' understanding of justice and perception of the rule of law.⁴⁰

This new accession mechanism aimed to foster the credibility of this process and establish some accountable implementing mechanisms about the rule of law and corruption and organized crime. Aimed to bring essential changes in the WB6, this new proposed methodology lacked a functional implementation from the WB countries, which remains a political document. The changes proposed incentivizing mechanisms for countries that move forward on the accession process and sanctions if there is severe or prolonged stagnation, which mechanisms remain unclear for implementation four years after the implementation of this document. Even though the EU enlargement process remains the key priority of the WB6, at least on paper, some countries fail to provide the required frameworks and implementation policies. The enlargement methodology proposes that the countries with ongoing accession negotiations shall accommodate existing frameworks through agreements with these countries; meanwhile, this process is not straightforward for the rest of the countries whose accession negotiations have not been opened yet.

The WB Road towards the EU is prolonged and not explicit as the persistent issues relating to corruption and the rule of law undermine the institutional establishment. The WB6 countries are

³⁸ European Commission (2024) Progress Report Bosnia and Herzegovina 2024.

³⁹ European Commission (2024) Progress Report Kosovo 2024.

⁴⁰ Western Balkans Investment Framework (WBIF) (n.d.) ‘Investing to strengthen the rule of law in the Western Balkans’. Available at: <https://www.wbif.eu/investing-strengthen-rule-law-western-balkans>

struggling to implement the rule of law societies due to the persistent culture of organized crime and the reluctance of political elites to make meaningful reforms. Tackling organized crime in the WB is very challenging, and the EU must establish tailor-made mechanisms with rigorous benchmarks that would ensure transparency and rule of law standards.

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All in the same Boat to Brussels: Political and Democratic State of the WB towards EU integration

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Abstract

This paper aims to analyze the political turmoil in the Western Balkan region in the frame of European integration toward establishing a uniform region with an unequivocal commitment to the EU. As WB enlargement towards the EU has always been considered the only path for the region, there are two critical summits at which the EU institutions have made WB enlargement a priority by reaffirming the commitment of the EU to the WB and establishing a clear framework for their integration by establishing ground standards for political stability and functional democracies. The Thessaloniki Summit of 2003 is considered significant for the EU enlargement of this region because it defined the region's recognition toward the EU perspective, where stability and security of the turmoil region are the primary considerations of this summit. In this line, the summit provided a clear action plan for the integration, where clear-cut criteria were defined; among others, the promotion of regional cooperation was considered one of the most important. The second important summit for the WB's path toward the EU is the Sofia Summit of 2018, which, being part of the Berlin process, reaffirmed the commitment to the European integration process of a reorganized region with six countries. The Sofia Summit would establish an annual *ad hoc* Western Balkans Summit that would convene in Sofia every year hereinafter, focusing on the further integration of the WB countries. This paper will analyze the political and institutional transformation of the WB in a nutshell as part of the EU integration process and the advancement of the state of democracies in these countries. The methodology that will be used in this paper is a qualitative methodology that will be given importance to the Sofia Summit and Berlin Process after 2022, which is the year when most of the WB country's path is pledged to the EU. Other instruments that measure the political stability and current state of democracy in the region will be considered in a tailor-made approach.

Keywords

WB, political stability, democratization, EU enlargement, Thessaloniki Summit, Sofia Summit, Berlin Process.

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I. Introduction

The EU membership goal drives countries like Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia, known as Western Balkans. The aim of having EU membership is strongly related to achieving better economic chances alongside political stability and EU single market entry. Nevertheless, the road toward EU integration faces many difficulties and shows no steady progress. Every EU candidate needs to overcome different political problems, while internal matters in the European Union affect enlargement decisions.

EU integration is a transformational path for Western Balkan countries, establishing platforms for democratic growth and boosting the rule of law enforcement alongside regional partnership building. Though the process offers promising chances for development, it struggles because of deep-seated corruption problems between ethnic groups and unequal economic resources. EU member countries show less interest in accepting new members. This problem adds to their decision-making on future enlargements (European Commission, 2023).

This research explores the Western Balkans’ political development and democratic challenges as they pursue EU accession. The analysis tracks the effectiveness of the Berlin Process and regional meetings alongside democratic transformation and how social-economic development impacts Western Balkan membership hopes. Our fuller comprehension of EU enlargement needs requires us to understand both sides’ roles in this complex process.

II. The Berlin Process and the Regional Collaboration

Since 2014, the Berlin Process has shown that different countries must collaborate to move toward European Union membership. Flessenkemper (2023) The initiative connects neighboring regions for economic growth while solving disputes and building neighborhood relations. Through this method, the process supports infrastructure development projects under the connectivity agenda and works to build a Common Regional Market.

The process helps member countries handle technological change together, improve employment for young people, and transition to cleaner energy resources. It exists to allow progress toward EU membership but serves as a stopping point until actual membership steps happen. (Flessenkemper, 2023).

At the 2020 Sofia Summit, EU leaders directed efforts to include Western Balkan countries in EU-wide digitalization programs, economic recovery, and environmental protection. In their 2020 analysis, Krstinovska and Hackaj show that the EU displayed its dedication to the region through its introduction of the *Economic and Investment Plan*, which seeks to unlock €9 billion in financing for the region. (European Commission, 2020). According to Krstinovska and Hackaj (2020) The programs may not deliver full results unless Western Balkan countries take concrete action toward change.

Beyond building infrastructure and developing economies, the Berlin Process is the primary driver of discussion and reconciliation. To reconnect with young people across borders, RYCO² works through cultural and educational practices that strengthen trust and mutual understanding. The Western Balkans need youth programs because its younger citizens lack many chances, which causes many people to leave the country to find work. The Berlin Process develops joint work methods and simplifies travel systems to fix these issues. Under the Berlin Process, the Common Regional Market brings together WB³ economies as one market to facilitate their integration. The push seeks to help EU institutions bring countries into one market by removing commercial obstacles across borders while letting workers and companies flow. According to Flessenkemper (2023) the regional development measures help boost European Union readiness and create economic strength for the future.

Despite these problems, the Berlin Process carries actual limits. The system functions better when countries show willingness to participate rather than when specific rules control them. When WB countries show political instability and support their own interests, they first delay important regional advancement. The EU's frequent changes in its timeline target date make it hard for Western Balkan countries to use the process effectively to transform their governance rules. The engagement of Germany, Austria, and France with the Berlin Process benefits and hurts at the same time. Their participation adds official political standing to the process and provides necessary financial resources. Each participant country brings separate target areas to regional projects, making it hard to unite efforts across all states. The Berlin Process needs full alignment on goals and constant EU-Western Balkan backing. (Krstinovska & Hackaj, 2020).

The Berlin Process is the primary platform for regional development and integration stepping stones by facilitating cooperation and EU preparation. It started by meeting multiple challenges from different areas to create a stronger regional foundation. For the Berlin Process to succeed in the long term, both EU and Western Balkan governments must stay engaged while the procedure receives better-defined timelines and stronger monitoring systems.

III. Democratic Challenges: Governance and Rule of Law

EU membership remains difficult for the Western Balkans because its countries continue to have weak governments that break the law. Decades of reform attempts have not solved corruption problems among public institutions in many countries across this region. The EU's core values face sabotage from weak democratic systems, which make accession to Western Balkan countries hard to achieve.

The region faces widespread corruption problems that are frequently reported in media headlines. Western Balkan governments have trouble preventing corruption because political leaders who govern for personal profit maintain control over state assets. Serbia and Bosnia and Herzegovina, according to the European Commission (2021) We have made little progress in solving corruption problems. New strategies to fight corruption and build transparent systems repeatedly become claims when powerful political actors protect their own interests.

² Regional Youth Cooperation Office.

³ Western Balkans.

The countries’ judicial system creates severe problems for citizens to trust. The Courts in Western Balkan countries confront problems caused by interference from politics, lack of public faith, and inefficient service. Judicial reforms must occur first, according to the European Commission’s 2020 statements. Albania receives praise for its EU accession vetting system, which screens judges and prosecutors. The screening process exposed deep corruption throughout the judiciary that required mass firings, depleting already weak Court personnel numbers. Many comparable countries experience ongoing reform hurdles because political factions block development progress. (European Commission, 2023).

Press freedom plays a significant role in undermining democratic governance across the Western Balkans. Regional media outlets work under both political censorship and financial dependence on the state while facing direct threats against their reporters. These conditions make it hard for the media to oversee leaders’ performance while protecting citizens from political bias. Recent research from the European Commission shows Serbia receives criticism for restricting media freedom as state officials take control of media companies and threaten independent journalists. (European Commission, 2023).

We must solve these problems to improve our public life and community. Ethnic differences make running a democratic government harder throughout the Western Balkans. The people and governments in the Western Balkans continue to experience the lasting effects of their 1990s wars, which divided populations into ethnic groups and formed lasting political system differences. The Dayton Agreement’s power-sharing system in Bosnia and Herzegovina creates intense governance obstacles for a state with varied ethnic groups. The system aimed to maintain peace but regularly failed to deliver effective government because of political standstill. Ethnic tensions threaten political security in North Macedonia and Kosovo while fighting in the 1990s (Benková, 2016).

The EU tries to fix the democratic issues of these states through financial support and watching their progress while talking about politics. The Instrument for Pre-accession Assistance grants funds to support institutional building while promoting better courts and nurturing public engagement. The EU’s yearly progress reports (European Commission, 2020) report important progress while showing what needs further development to help governments stay on the right course. The success of these Western Balkan development plans relies heavily on the political leadership’s commitment to make real progress.

Government success in public management forms an essential governance element. The public sectors in the Western Balkans have problems such as low efficiency, political interference, and excessive staffing among their employees. When nepotism and favoritism override qualified systems in public jobs, they weaken the trust citizens place in their government. First, changing how the government works must happen to offer better services and create public institutions that follow European Union rules.

Society's organizations lead the fixing of problems related to rule enforcement and governance. NGOs⁴ Local advocacy groups work in the Western Balkans by protecting transparency rights and pressing leaders to respect human rights. Despite the tough conditions in which they work, these

⁴ Non-governmental organization.

organizations encounter legal and financial limitations, plus deliberate political attempts to damage their reputation. Civil society must grow stronger to make democracy last longer and help governments meet their responsibilities to citizens.

Western Balkan countries experience major democratic problems, making their progress toward EU integration harder. Solving these multiple national problems calls for dedicated long-term progress from all parts of government. Even though EU support helps the region modernize, the final authority for change rests with local authorities and citizens. Putting the rule of law and good governance first will help the Western Balkans achieve their European Union dreams.

IV. Socio-Economic Factors: Bridging the Development Gap

The Western Balkan region’s social and economic problems are significant for EU integration efforts. The countries face economic problems that set them apart from EU member states, including elevated joblessness levels combined with insufficient foreign direct investment and a narrow industrial variety. (Flessenkemper, 2023). Economic problems in the Western Balkans get worse because the number of people leaving and fewer births reduce the potential for long-term success.

High youth unemployment is a significant economic and social problem. Recent Eurostat data shows that youth unemployment surged above 30% in multiple Western Balkan countries, ranking them among the highest in Europe. (Dhimolea, 2023). People leaving to seek better opportunities overseas through migration get the result of social discontent while creating more instability. When talented people leave their country, the region becomes less competitive at innovation which continues to hurt economic growth.

Limited foreign direct investments reduce future economic chances for the region. Investors want to avoid dealing with corruption issues in areas where politics shake up rapidly, and building connections is hard (Hackaj, 2023). As a large economic player in the Western Balkans, Serbia faces ongoing problems attracting the investments needed to maintain its growth rates. EU initiatives, including the Economic and Investment Plan for the Western Balkans, target the area’s problems by using €9 billion in grants for infrastructure development and digital updates toward energy transformation. (Krstinovska & Hackaj, 2020).

The area struggles because regional companies only produce a limited product variety. Most economies in the Western Balkans depend heavily on farming and basic manufacturing, which leaves them weak during market dips (Ginali, 2023). To fill the development gap, WB countries need to support economic reforms that help new ideas grow while making businesses compete better and moving toward higher-market-value industries. Countries also need to spend funds on enabling education programs that prepare workers for professional roles in a contemporary economy.

The area's aging and changing population creates additional economic issues. People within the area grow older, and their number decreases because fewer babies are born, and many move away. Population decrease weakens our economy by decreasing available workers and creating more

people who depend on government services. Governments should take steps to make work and family life easier while offering benefits to young families and designing jobs that help people stay in their home countries.

The European Union leads efforts to solve social and economic problems in the Western Balkans region. Through IPA⁵ The EU funds projects that develop economies improve transportation systems and build stronger connections among regional actors. (Dhimolea, 2023). The Berlin Process helped create RYCO and signed agreements that improved transportation links (Hackaj, 2023). Western Balkan countries need these activities to balance resources across their regions and become ready to join the European Union.

When countries work together, they make progress toward bridging development disparities. Through the Berlin Process, the Western Balkans region pursues the Common Regional Market project to build economic integration across countries. (Krstinovska & Hackaj, 2020). When countries work together on common rules and reduce trade blocks, they can encourage investors and help their economies grow faster. The effect of these proposals to improve connections depends on regional leaders who are willing to implement needed reforms and put regional integration first.

The overall growth of Western Balkans relies heavily on the economic and social changes the region needs to make to gain EU membership. Both national and regional organizations must work together to help the region manage its employment issues while attracting foreign investment and transforming its industries to lift its population problems. The EU must help these countries progress by offering guidance on money and development. By reducing its development deficit, the Western Balkan countries will support their EU goals and overall European stability and growth.

V. The Role of EU Member States and Enlargement Fatigue

Member countries of the EU must participate actively in making the Western Balkans join the European Union. EU enlargement continues to face hurdles because member states show mixed dedication and experience member state enlargement tiredness (Ginali, 2023).

EU citizens and countries show increased doubt about whether more countries should join the bloc. The EU faces both internal and external problems that generate doubts among its members about admitting new members. (Flessenkemper, 2023). EU member states now evaluate Western Balkan applicants with greater caution since they worry about government management along with corruption and legal compliance issues.

The individual positions of EU member states affect what countries can join the Union. The EU enlargement process follows the German and French directions since these countries hold influential positions in the Union. Germany strongly backs Western Balkan integration, but France urges EU countries to meet more substantial requirements before taking in new members.

⁵ The Instrument for Pre-accession Assistance.

(Dhimolea, 2023). Member states with opposing views about EU enlargement create disagreement that slows the decision-making process because all members must agree.

Committed Western Balkans partners Croatia, Slovenia, and Greece act separately from Europe to help the region join the EU. These countries are linked to the Western Balkans region both historically and culturally. They stand up for its EU membership ambitions (Krstinovska & Hackaj, 2020). Croatia leads by example by promoting its neighbors' connections to Bosnia and Herzegovina, ensuring that both regions will benefit from EU cooperation. Despite these challenges, bilateral tensions with North Macedonia and unresolved disputes about their shared history make it difficult for Bulgaria to establish strong relations (Hackaj, 2023).

EU member states and their citizens shape the EU's decision to expand its territory. Negative Western Balkans views based on misconceptions about behavior and criminality forced people throughout Europe to support the expansion. (Ginali, 2023). To create widespread agreement, correcting wrong ideas about membership and explaining how joining can help the community is important. The Western Balkans region provides both rising business opportunities for EU companies and essential assistance for solving important safety problems facing the EU.

EU institutions work to decrease expansion difficulties by making progress on reforms that are part of the decision process for receiving benefits like EU funding. This strategy proves the case for enlargement steps while maintaining the full participation of willing countries and EU member states (Dhimolea, 2023). The results of these projects depend heavily on clear communication that reduces reluctant member states' fears.

EU members and their enlargement fatigue determine how much the Western Balkan region can progress toward EU membership. EU enlargement success demands strong member state unity and public trust while showing how joining benefits everyone. By having member states join together, the EU can better support Western Balkan EU membership goals while making the Union safer and richer.

Conclusions: Navigating the Path Forward

All Western Balkan countries must navigate the same EU membership journey, facing similar problems together. The Western Balkans have made good progress with regional cooperation plans, but it still requires focused efforts to bridge democratic gaps and economic differences and solve EU membership problems.

European Union integration fast-track will succeed with dedicated attempts from every side. Western Balkan countries must first focus on law-based rule changes and social and economic improvements. Beyond giving support, the EU needs to stand firm in its promises of further integration while working to reduce current enlargement fatigue. The EU must keep investing in the Western Balkans to protect regional security and prosperity. The Western Balkan countries will face and beat their obstacles toward becoming part of the EU through continued teamwork and determined steps.

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The Legal Migration Impact on the Unemployment Rate in the Western Balkan Countries

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Abstract

It is unknown to many how migratory movements impact a country's labor dynamics, despite a plethora of studies regarding the topic. It is important to note that while other studies research migration's impact on unemployment, they do not specifically focus on the Western Balkan region. The impact of migration has been a heated topic in the Western Balkans for the past decade, resulting from many socioeconomic changes observed in the region. The research for the Western Balkan is scarce, but that does not mean there are no papers regarding this region. One of the purposes of this study is to empirically analyze the impact that legal migration has had on the unemployment rate in the Western Balkan countries, which include Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia, and add to the body of research that has been conducted on the region. The study was conducted by gathering relevant data from the past 10 years and inputting them into the statistical program for examination. The results showed that legal migration negatively impacts the unemployment rate in the Western Balkan region, meaning that legal migration increases unemployment in the region.

Keywords

Legal migration, unemployment rate, labour markets

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I. Introduction and Literature

Migration refers to the act of moving from one place to another with the aim of settling in said country either permanently or temporarily. Such a phenomenon can occur both across international borders, called international migration, and within a nation, called internal migration. Many factors cause migration, including political stability, economic prospects, the state of the environment, and social considerations such as education or family reunification. It can significantly affect labour markets, cultural dynamics and demography in both the country of origin and the country of destination. Among these topics, one has particular relevance today: the impact that migration, especially legal migration, has had on the labor market in the Western Balkan countries.

Over the last decade, large migratory movements have occurred in the Western Balkans countries, including Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia. These movements, including emigration and immigration, have greatly influenced this region's social and economic developments. Legal migration is an important factor affecting many aspects of these nations' economic structure, especially their labour markets. Understanding this impact is essential for developing effective strategies that maximize migration's benefits while minimizing or completely eliminating its negative effects.

In the Western Balkans region, several push and pull factors influence migration. Many individuals look beyond their countries' borders for greater opportunities due to economic and political instability, high unemployment rates, and lack of employment opportunities in their countries. Meanwhile, the need for the labor force in developed countries of the European Union acts as a major pull factor, attracting migrants from across the Western Balkans region (Gündoğmus & Bayir, 2021).

This dynamic migration flow complexly affects labor market conditions in sending and receiving countries (Nonneman, 2017). Due to their important historical, political, and economic links, the Western Balkans and the EU are even more intertwined, requiring a comprehensive examination of how migration affects labor markets. The relationship between unemployment rates and legal migration in the Western Balkan countries is complex and context-dependent. On the one hand, migration can relieve pressure on domestic labour markets and potentially reduce unemployment rates by reducing the number of people looking for work (Aslan & Altinöz, 2020). This is particularly important in countries with high unemployment rates and low job creation. However, migration can also lead to what is called a “brain drain,” or the exodus of skilled workers that hinders economic growth and development. Losing human capital can have long-term detrimental effects on a country's productivity, innovation, and competitiveness (Lumpe, 2007). It is not always possible to replace the displaced workforce, partly because emigrants may have skills that are not easily replaced and partly because labor market institutions do not function efficiently (OECD, 2016).

Particularly in Albania, according to the World Bank Country Report (WB, 2024), labor shortages are increasingly becoming a problem in the economy due to emigration. Since the migrant population is predominantly made up of people in their prime working years, the decline in the working-age population, and consequently the labor force, has become more pronounced. The recent Balkan Business Opinion Barometer (2021) indicates that 45 percent of businesses struggle

to fill job openings because candidates lack the necessary skills, while 38 percent attribute these gaps to the emigration of workers. These shortages can hinder business productivity and slow economic growth due to inefficient resource allocation.

Remittance transfers and return migration of workers, both of which have the potential to strengthen local economies and create new job opportunities, further complicate the study. The reintegration of returning migrants into the labor market can also fuel competition for jobs (Berbee & Stuhler, 2014). Many studies have examined how migration affects labor markets in different contexts, and extensive research has also focused on Western Balkan countries.

The Western Balkan countries have seen significant political and economic upheavals in the last ten years, which has completely redesigned the labor markets in the area and caused significant migrant movements. This paper aims to investigate legal migration's effects on unemployment rates in different countries. The study can contribute to the body of research on this topic and better understand how migration affects labor market dynamics by analyzing its impact in the Western Balkan region. It is also critical to emphasize that legal migration is a major issue due to the Western Balkans' high unemployment rates and economic difficulties.

There is a multitude of studies covering this topic. Previous research has examined how migration affects labor markets in various settings, providing insights into various aspects of the phenomenon. For example, Nonneman (2007) explored the labor market implications of migration from Europe, highlighting the ways in which policy and public opinion influence labor market outcomes. Aslan and Altinöz (2020) examined the relationship between immigration and unemployment in the US and provided evidence that immigration has a long-term and beneficial impact on unemployment rates. In a comprehensive analysis of how immigration affects labor markets, Lumpe (2007) highlighted the differences between rigid and competitive labor markets. The integration of immigrants into the German labor market over a 50-year period was examined by Berbee and Stuhler (2014), who showed how immigrants' labor market outcomes improve over time.

Although these studies provide detailed information, the Western Balkans environment is not specifically covered. This study is unique in that it focuses solely on how legal migration affects unemployment rates in Western Balkan countries. It raises the question:

Does legal migration significantly affect the unemployment rate in the Western Balkans? If yes, does the unemployment increase or decrease as a result of the migration?

II. Data and Methodology

To answer these questions, macroeconomic data were obtained for the six Western Balkans countries: Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro, and Serbia. Data on the country's unemployment rate and other important economic factors, such as inflation, GDP growth, personal remittances, wages, and total population, are collected from the World Bank's World Development Indicators database. In contrast, data on legal migration are taken from the Eurostat database. The timeframe chosen for conducting the study is 10 years, extending from

2013 to 2022. This means that the database will consist of 6 countries with data collected from 10 years, which will provide 60 observations in total.

The STATA software program was used for the study, and a fixed-effect panel data analysis was chosen for the econometric model. The choice is because this model better isolates the impact of independent variables on the dependent variable and accounts for the time-invariant characteristics of the economic entity.

The study's dependent variable is the ‘unemployment rate’ in the Western Balkan countries. By definition, unemployment is the share of the labour force that is unemployed but looking for work. This study measures the unemployment rate as a percentage of the total labour force, and its periodicity is annual.

The independent variables chosen to be included in the study are GDP growth, inflation rate, personal remittances, wages, and total population. The main independent variable is ‘legal migration,’ defined as the number of citizens who have obtained permits, legal documents, or citizenship in foreign countries. It is measured on an annual basis for each Western Balkan country.

‘GDP growth’ is measured as the annual percentage rate of GDP. GDP is the total gross value added by all producers who are residents of the country, plus any taxes on the product minus any subsidies that are not included in the product's value. It is calculated without accounting for the depletion and deterioration of natural resources or the depreciation of man-made assets and is measured annually.

‘Inflation’ indicates the annual percentage change in the average consumer cost of purchasing a basket of goods and services.

Employee remuneration and personal transfers are included in ‘personal remittances.’ All current financial or in-kind transfers received by resident households from non-resident households are referred to as personal transfers. Therefore, all present transactions between residents and non-resident individuals are considered personal transfers. In the case of our study, personal remittances are measured annually and expressed as a percentage of GDP.

Wages are measured as an annual percentage of total employment. This variable can be defined as workers holding jobs classified as “paid work,” where employees in employment have explicit or implicit employment contracts that provide them with a basic wage that is not directly based on the unit's earnings.

Table 1 presents descriptive statistics on the variables used in this research. Although the number of observations is 60 for each country, some variables have fewer observations due to missing data.

Table 1: Descriptive Statistics

Variable	Number of Observations	Mean	Standard Deviation	Minimum Value	Maximum Value
Unemployment	56	19.382	6.478	8.684	35.264
Legal Migration	60	28,570	19,416	1,623	76,493
Inflation	60	2.388	3.609	-1.600	14.205
GDP growth	60	3.018	3.971	-15.307	13.043
Personal Remittances	60	10.046	4.015	2.813	18.609
Wage	50	69.552	13.560	40.482	84.010
Total Population	60	2,956,591	2,018,815	617,213	7,164,132

Source: Authors’ calculations

The model that will be used to estimate the regression will be the fixed-effects model. When examining panel data, the fixed-effects model is an effective technique that allows researchers to consider the entity's time-invariant, unobserved characteristics. It provides more accurate estimates of the effects of time-varying independent variables by focusing on within-entity variation. The model is shown below:

$$unemployment_{i,t} = \beta_0 + \beta_1 * \ln_legalmigration_{i,t} + \beta_2 * gdpgrowth_{i,t} + \beta_3 * inflation_{i,t} + \beta_4 * personalremittances_{i,t} + \beta_5 * wage_{i,t} + \beta_6 * \ln_totalpopulation_{i,t} + \varepsilon_{i,t} + u_{i,t}$$

Where:

- *unemployment* denotes the unemployment rate,
- *ln_legal migration* denotes the natural logarithm of the legal migration variable,
- *GDP growth* denotes the GDP growth rate,
- *inflation* denotes the inflation rate variable,
- *personal remittances*, denotes personal remittances expressed as a percentage of GDP,
- *wage* denotes the wage variable,
- *ln_total population* denotes the natural logarithm of the total population,
- ε Is the regression error term,
- *u* is the fixed error term,
- *i*notes each country, and
- *t*denotes the time of each observation, which, in this study, is annual.

To fully complete the research, it is important to test the obtained results. The first was the Pagan Breusch test to detect heteroscedasticity in the regression. It is essential to identify heteroscedasticity because it has the potential to invalidate the results of the regression analysis, which can produce skewed standard errors and ineffective estimates. Multicollinearity was tested

using the Variance Inflation Factor (VIF), which measures the degree to which multicollinearity inflates the variance of a regression coefficient. Then, the Hausman test was used to determine whether the fixed-effects model was optimal for this study or the alternative (the random-effects). The results were sufficient to suggest that the study's chosen method was correct.

III. Results

In this section, the results from the regression analyses will be discussed, as will the deduction of the various tests used to detect multicollinearity and heteroscedasticity and whether the fixed-effect model was the appropriate one to use in the research.

Table 2 presents the regression results, showing that 64% of the unemployment rate is explained by the independent variables. In particular, the main variable of the study, “legal migration,” affects the “unemployment rate” by 4.8% while increasing by 1% on average, holding all other variables constant.

Table 3: Regression results

Unemployment	Coef.	St. Err.	t-value	p-value	[95% Conf. Interval]		Sig.
Legal Migration	4.882	1.583	3.08	.004	1.649	8.114	***
Inflation	-.714	.422	-1.69	.101	-1.576	.149	
GDP growth	-.109	.209	-0.52	.605	-.537	.318	
P. Remittances	-.303	.154	-1.96	.059	-.618	.012	*
Wage	.271	.066	4.10	0.00	.136	.405	***
Total Population	-5.501	1.817	-3.03	.005	-9.212	-1.79	***
Constant	36.244	11.719	3.09	.004	12.31	60.178	***
Mean dependent var		17.802		SD dependent var		5.318	
R-squared		0.639		A number of obs.		46	
F-test		8.840		Prob > F		0.000	
Akaike crit. (AIC)		222.351		Bayesian crit. (BIC)		235.152	

*** p<.01, ** p<.05, * p<.1

Source: Authors' calculations

The second variable impacting the unemployment rate is the population; when it increases by 1% on average, it decreases by 5.5%, holding all the other variables constant. Then comes the ‘wage’ variable, which has less of an impact but is also significant. The results imply that if wages increase by 1%, on average, the unemployment rate will increase by 0.271%, holding all the other variables constant. From the table, we can also note that three of the variables taken into account in the study are not statistically significant: “inflation,” “GDP growth,” and “personal remittances.”

In the end, we can conclude that legal migration significantly affects the unemployment rate in the Western Balkans and is positively correlated, meaning that an increase in legal migration results in an increase in the unemployment rate in these countries.

Variance Inflation Factor

Table 4 gives the results of the test for multicollinearity. The mean value for VIF is 2.536, which shows a moderate but not problematic correlation.

Table 4: Variance inflation factor

	VIF	1/VIF
Legal Migration	5.742	.174
Total Population	4.512	.222
Wage	1.631	.613
Personal Remittances	1.173	.853
Inflation	1.132	.883
GDP growth	1.026	.975
Mean VIF	2.536	.

Source: Authors' calculations

Breusch Pagan Test

The Breusch Pagan test implies the absence of heteroskedasticity, given that the p-value equal to 0.2563 is higher than 0.05.

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance

Variables: fitted values of unemployment

chi2(1) = 1.29

Prob > chi2 = 0.2563

Hausman Test

The last test used in the study is the Hausman test, which was used to determine whether the fixed-effect model or the random-effect model is appropriate for estimating our regression. The results in Table 5 show that the fixed-effect model is appropriate, given a p-value lower than 0.05 after running both models and comparing them against the random effect.

Table 5: Hausman (1978) specification test

	Coef.
Chi-square test value	27.6
P-value	0

Source: Authors' calculations

Conclusions and Recommendations

This study aimed to analyze the impact of legal migration on the unemployment rate in the Western Balkan countries. The study was conducted using panel data. The research period lasted 10 years, and the data were collected from two reliable sources. The dependent variable of this study was the unemployment rate in the Western Balkan countries. In contrast, the main independent variable was legal migration, which is the number of citizens legally migrating to foreign countries. Other independent variables were inflation, GDP growth, personal remittances, wages, and total population. Data for these variables were collected for each of the Western Balkan countries and analyzed to control for any errors that could lead to the invalidity of the study. The results concluded that legal migration does indeed have a significant effect on the unemployment rate in the Western Balkans.

The paper's results are considered of fundamental importance, as they add important information to the body of research conducted on the same topic. If taken into account, these results can help design various political and economic policies that can mitigate the negative impact that migration may have on the labour market in the Western Balkans.

The study concludes that although one might expect that legal migration would positively impact the labour market and reduce the unemployment rate, the results show the opposite effect. The increase in the unemployment rate comes from the fact that people who leave the country due to legal migration are generally more skilled, and job vacancies cannot always be replaced by the unemployed in the labour market. Starting from this, it would be recommended that since migration in the last decade in the Western Balkan countries has increased, governments should try to reduce the outflow of skilled workers.

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Balancing Act: The Political Economy of Euro Adoption in the Balkans

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Abstract

The Balkans, a region long marked by geopolitical problems and economic challenges, is now at a critical juncture as the prospect of Eurozone integration grows large. To this end, this paper investigates the political economy dynamics of adopting the Euro in the Balkans, focusing on the contrasting experiences of Bulgaria, Bosnia and Herzegovina, and Montenegro. As these countries follow an irreversible path towards Eurozone membership, the sensitive balance between potential benefits and risks has emerged as a major concern for policymakers and scholars alike. Inspired by the theories of optimum currency areas, policy coordination, and the political economy of exchange rate regimes, this study provides a comprehensive analysis of the factors shaping the Eurozone accession process in the Balkan region. Using three case studies, the paper also explores how Bulgaria's concerted efforts to align with the requirements of the EU, Bosnia and Herzegovina's challenges with its currency board system and political fragmentation, and finally, Montenegro's unique path as the first Balkan country to adopt the Euro unilaterally have shaped their highly divergent experiences. Overall, the findings aim to shed light on the trade-offs faced by BT policymakers as they struggle with the complex realities of Eurozone membership. Moreover, the paper examines the broader regional implications of Eurozone integration that highlight the potential for both opportunities and emerging risks. The study also presents strategies for Balkan countries to navigate the complexities of Eurozone integration, drawing on the lessons learned from the Bulgarian, Bosnian, and Montenegrin experiences. These recommendations aim to inform academic and policy debates, offer them a roadmap for Balkan nations to harness the opportunities and reduce the risks associated with Euro adoption, and ultimately shape the future of economic integration in the region.

Keywords

The Balkans, Eurozone, Euro, Bulgaria, Bosnia & Herzegovina, Montenegro.

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I. Introduction

The Balkans have long been a region of geopolitical and economic complexity. Positioned at the crossroads of Europe and Asia, the region’s nations have faced challenges stemming from diverse historical trajectories, ethnic tensions, and economic transitions. As these countries progress toward European Union (EU) integration, the prospect of adopting the Euro represents a defining moment. While promising economic stability and enhanced integration, Euro adoption also entails considerable risks, particularly for nations grappling with political fragmentation and institutional weaknesses. This paper examines the political economy of Euro adoption in three Balkan countries—Bulgaria, Bosnia and Herzegovina, and Montenegro—offering insights into the delicate balance between domestic political considerations and the economic imperatives of regional integration.

Adopting the Euro as a national currency is not merely a technical or economic decision; it is inherently political. The Maastricht Treaty laid out the criteria for joining the Economic and Monetary Union (EMU), emphasizing fiscal discipline, inflation control, and exchange rate stability. For Balkan countries, meeting these requirements necessitates significant reforms, often in the face of political instability and public skepticism.

In the aftermath of the Yugoslav Wars and the broader transition from centrally planned economies, the Balkan states encountered a dual challenge: rebuilding their economies while fostering political stability. Against this backdrop, EU membership—and by extension, Euro adoption—has emerged as a goal that symbolizes progress, stability, and integration into the broader European framework. However, the path to achieving this goal is fraught with economic trade-offs, institutional constraints, and political dilemmas.

This study explores the complex relationship between economic theory and political reality, exploring how three Balkan nations have navigated the complexities of Euro adoption. By applying the theoretical lenses of Optimum Currency Areas (OCA), policy coordination, and the political economy of exchange rate regimes, the paper aims to shed light on the region’s divergent experiences and provide actionable insights for policymakers. The focus on Bulgaria, Bosnia and Herzegovina, and Montenegro allows for a comparative analysis of three distinct approaches, ranging from structured alignment with EU requirements to unilateral adoption of the Euro.

The Optimum Currency Areas (OCA) theory, first articulated by Mundell (1961), remains a cornerstone of monetary economics. It posits that the success of a currency union depends on the degree of economic convergence among its members. Key criteria for OCA include labor mobility, capital mobility, price and wage flexibility, and fiscal transfers to offset asymmetric shocks. While the Eurozone was established on the premise of these criteria, many scholars have debated whether the Balkan states are suitable candidates for such a union.

McKinnon (1963) emphasized the importance of economic openness in facilitating the benefits of a common currency. For small, open economies like those in the Balkans, Euro adoption could reduce transaction costs and currency risks, fostering trade and investment. However, Kenen (1969) highlighted the need for economic diversification to mitigate the risks of asymmetric

shocks. The Balkan economies, characterized by structural weaknesses and limited diversification, face significant challenges in this regard.

The choice of exchange rate regime is inherently political, shaped by the interplay between domestic interests and international constraints. Frieden and Broz (2006) argue that governments must navigate competing demands from exporters, financial sectors, and the broader public. In the Balkans, this balancing act is further complicated by fragile political institutions and public distrust of economic reforms.

For example, Bosnia and Herzegovina’s currency board system has been praised for maintaining monetary stability but criticized for its rigidity in the face of economic shocks (Hanke & Schuler, 1994). In contrast, Montenegro’s unilateral adoption of the Euro has provided early financial stability at the cost of losing monetary policy tools. These cases illustrate the trade-offs inherent in exchange rate regime choices, particularly in politically fragmented environments.

Empirical studies on Euro adoption offer valuable insights into its macroeconomic implications. De Grauwe (2018) argues that while the Euro enhances financial integration and investor confidence, it also exposes member states to asymmetric shocks in the absence of fiscal transfers. For countries like Bulgaria, which have pegged their currencies to the Euro, the transition to full adoption requires careful management of public sentiment and political risks.

Schadler et al. (2005) examine the experiences of small economies transitioning to the Euro, highlighting the importance of institutional readiness and public communication. These findings are particularly relevant for the Balkans, where public skepticism about the Euro remains a significant hurdle. The experiences of newer Eurozone members, such as Slovenia and Croatia, provide valuable lessons for the region.

Effective policy coordination is crucial for the success of regional integration initiatives. Eichengreen (1990) emphasizes that coordination in fiscal and monetary policies can mitigate the risks of economic divergence within a currency union. For the Balkans, where economic disparities are pronounced, tailored integration strategies are essential to balance regional dynamics.

The EU’s approach to enlargement, characterized by strict conditionality and gradual convergence, has been both a motivator and a constraint for Balkan countries. As highlighted by Emmert and Petrovic (2013), the EU’s emphasis on institutional reforms and economic alignment has driven significant progress in the region but has also exposed the limitations of one-size-fits-all policies.

The paper proceeds as follows. Section 2 presents the theoretical framework, exploring the relevance of OCA theory, policy coordination, and the political economy of exchange rate regimes in the context of the Balkans. Section 3 provides detailed case studies of Bulgaria, Bosnia and Herzegovina, and Montenegro, examining their unique paths toward Euro adoption. Section 4 synthesizes the main insights and offers policy recommendations, emphasizing the trade-offs and opportunities associated with Euro adoption. Finally, Section 5 concludes with reflections on the study’s broader implications for the Balkans and the Eurozone.

II. Theoretical Framework

The adoption of the Euro in the Balkans is related to a mix of economic theories, political considerations, and institutional factors. This section delves into three theoretical frameworks central to understanding this process: Optimum Currency Areas (OCA) theory, the political economy of exchange rate regimes, and the role of policy coordination in economic integration. Each framework provides a lens through which to examine the opportunities and constraints countries face in pursuing Euro adoption.

Mundell's (1961) theory of optimal currency areas (OCA) is foundational for evaluating the feasibility and desirability of a shared currency. The core proposition of OCA theory is that the benefits of a monetary union are maximized when participating economies share specific characteristics, including labor mobility, capital mobility, price and wage flexibility, and fiscal integration.

Labor mobility is a critical criterion for an OCA. Economies can adjust to asymmetric shocks when labor can move freely across regions without resorting to exchange rate changes. For instance, if one region experiences a demand shock leading to unemployment, workers can relocate to regions with higher labor demand, thereby stabilizing the overall economy (Mundell, 1961).

In the context of the Balkans, labor mobility is limited by structural, cultural, and institutional barriers. For example, ethnic divisions in Bosnia and Herzegovina and restrictive labor market policies in Bulgaria hinder the seamless movement of workers. Research by Blanchard and Katz (1992) on labor mobility in the United States demonstrates the importance of this criterion for the smooth functioning of a currency union. Comparatively, the EU's efforts to enhance labor mobility within the Eurozone have been insufficiently replicated in the Balkan region, where administrative and legal hurdles remain pervasive (Baas et al., 2009).

McKinnon (1963) argued that openness to trade is another crucial factor for an OCA. Economies with a high degree of trade integration benefit more from a common currency, as reduced transaction costs and exchange rate risks enhance trade flows. The Balkan economies exhibit varying degrees of openness, with Montenegro being notably reliant on trade with the Eurozone. However, the lack of diversification in exports and the dominance of primary goods in trade portfolios reduce the potential benefits of Euro adoption for some countries.

Kenen (1969) added to OCA theory by emphasizing the importance of price and wage flexibility in responding to asymmetric shocks. The need for exchange rate adjustments diminishes in economies where wages and prices can adjust rapidly. However, evidence suggests that wage-setting mechanisms in the Balkans are rigid, with significant portions of the labor force employed in the public sector, where wage adjustments are slow and politically sensitive (Eichengreen, 2008).

Another criterion Kenen (1969) proposed is the availability of fiscal transfers to address regional disparities. Fiscal transfers can mitigate the impact of asymmetric shocks by redistributing resources from prosperous regions to those in distress. In the Balkans, the absence of robust fiscal mechanisms and reliance on EU structural funds limit the region's capacity to function as an OCA.

Studies by Feldstein (1997) highlight the challenges faced by economies with weak fiscal integration when adopting a common currency.

The choice of exchange rate regime is a critical decision for nations considering Euro adoption. The political economy of exchange rate regimes focuses on the interplay between domestic political incentives, economic imperatives, and external constraints.

Governments often face competing pressures from domestic interest groups. Exporters and financial institutions may favor a stable exchange rate to reduce transaction costs, while labor unions and other domestic-oriented groups might prefer exchange rate flexibility to protect employment (Frieden et al., 2001). In Bulgaria, for instance, political parties have leveraged public sentiment about the Euro to influence electoral outcomes, often delaying necessary reforms (Hanke & Schuler, 1994).

The transition to the Euro involves aligning with the Maastricht criteria, which require fiscal discipline, inflation control, and exchange rate stability. These criteria impose constraints on domestic policy autonomy, creating tensions between domestic political priorities and international obligations. As Obstfeld and Rogoff (1995) highlight, countries with weak institutions face greater challenges in meeting these criteria, as evidenced by Bosnia and Herzegovina’s struggles with political fragmentation and fiscal indiscipline.

The political economy framework also helps explain the divergent paths taken by Balkan countries. Bosnia and Herzegovina’s currency board system, established under the Dayton Accords, has maintained monetary stability but limited policy flexibility. Meanwhile, Montenegro’s unilateral Euro adoption has provided financial stability at the cost of monetary sovereignty. Studies by Ghosh et al. (2000) suggest that currency boards and unilateral adoption are viable strategies for small, open economies but require strong institutional support to be sustainable.

Policy coordination is essential for the success of economic integration initiatives, particularly in regions marked by structural disparities. Effective coordination reduces the risk of economic divergence and enhances the benefits of a common currency.

Fiscal policy plays a pivotal role in supporting monetary unions. Eichengreen (1990) argues that fiscal rules, such as those embodied in the Stability and Growth Pact, are necessary to prevent excessive deficits and ensure macroeconomic stability. However, the enforcement of such rules has been uneven in the Balkans, where political considerations often override fiscal discipline. Bulgaria’s efforts to align its fiscal policies with EU standards contrast sharply with the challenges faced by Bosnia and Herzegovina, where political fragmentation undermines policy coherence (Emmert & Petrovic, 2013).

Monetary policy coordination is equally critical for economic integration. Maintaining a stable exchange rate requires adherence to the European Central Bank’s monetary policy framework for countries pegging their currencies to the Euro, such as Bulgaria. This alignment often constrains domestic monetary policy options, limiting the ability to respond to country-specific shocks. De

Grauwe (2018) notes that the loss of monetary autonomy is one of the most significant trade-offs of Euro adoption.

Structural reforms are a cornerstone of successful economic integration. These reforms address underlying weaknesses in labor markets, governance, and institutional capacity, enabling countries to meet the challenges of Euro adoption. Studies by Schadler et al. (2005) emphasize the importance of sequencing reforms to ensure macroeconomic stability and public buy-in. In the Balkans, progress on structural reforms has been uneven, with Montenegro making significant strides compared to Bosnia and Herzegovina.

The theoretical frameworks discussed above underscore the complexities of Euro adoption in the Balkans. The region’s diverse economic structures, political dynamics, and institutional capacities present both opportunities and challenges. By applying the principles of OCA theory, understanding the political economy of exchange rate regimes, and emphasizing policy coordination, Balkan countries can more effectively navigate the path to Euro adoption.

The interplay of these factors highlights the need for tailored strategies that account for country-specific circumstances. For Bulgaria, the focus should be on maintaining macroeconomic stability and addressing public skepticism. Bosnia and Herzegovina must prioritize political stability and institutional reform to enhance policy coherence. Montenegro’s experience underscores the importance of fiscal prudence and flexibility in compensating for the loss of monetary tools.

III. Case Studies: Bulgaria, Bosnia and Herzegovina, and Montenegro

The adoption of the Euro in the Balkans illustrates a spectrum of experiences shaped by political, economic, and institutional factors. This section analyzes the cases of Bulgaria, Bosnia and Herzegovina, and Montenegro to explore their unique paths toward Euro adoption. Each country provides valuable insights into the challenges and opportunities associated with monetary integration.

III.1 Bulgaria

Bulgaria represents a structured and methodical approach to Euro adoption. Since transitioning to a market economy in the 1990s, Bulgaria has sought to align its economic policies with EU standards. The country’s membership in the Exchange Rate Mechanism II (ERM II) marks a critical step in its journey toward adopting the Euro.

Bulgaria’s commitment to macroeconomic stability has been evident in its currency board arrangement, introduced in 1997. This arrangement pegged the Bulgarian lev to the Deutsche Mark and later to the Euro. This arrangement reduced inflation and increased investor confidence, laying the groundwork for economic integration. However, the rigidity of the currency board limited Bulgaria’s ability to respond to external shocks (Hanke & Schuler, 1994).

Bulgaria’s accession to the EU in 2007 necessitated significant institutional reforms, particularly in areas of fiscal discipline and anti-corruption measures. These reforms were integral to meeting

the Maastricht criteria, which included low inflation, stable exchange rates, and fiscal deficits below 3% of GDP. Despite progress, public skepticism about Euro adoption persists, fueled by concerns about inflation and loss of monetary sovereignty (Emmert & Petrovic, 2013). Bulgaria’s structured approach benefits financial integration, enhanced credibility, and access to EU financial facilities. However, political instability and public opposition remain significant hurdles. De Grauwe (2018) notes that public perception can significantly influence the timeline and success of monetary transitions.

III.2 Bosnia and Herzegovina

Unique political and economic challenges characterize Bosnia and Herzegovina’s journey toward Euro adoption. The country’s currency board system, established under the Dayton Accords in 1995, links the Bosnian convertible mark to the Euro (or previously to the German Mark). While this system has provided monetary stability, it has also highlighted the limitations of fixed exchange rate regimes in politically fragmented environments.

Bosnia and Herzegovina’s complex political structure, comprising two entities and multiple layers of governance, has impeded policy coherence. Political fragmentation undermines the effectiveness of fiscal policies and complicates the implementation of structural reforms. Frieden and Broz (2006) argue that political stability is a prerequisite for successful economic integration, a criterion Bosnia has struggled to meet.

The currency board system has succeeded in controlling inflation and stabilizing the economy. However, it also limits Bosnia’s monetary policy options, making it vulnerable to asymmetric shocks. The lack of a flexible exchange rate has constrained the country’s ability to address trade imbalances and external economic pressures (Eichengreen, 2008).

Bosnia must prioritize institutional reforms and policy coordination to progress toward Euro adoption. Enhanced political stability and governance are critical for addressing the structural weaknesses that hinder economic integration. Schadler et al. (2005) highlighted the experiences of other transition economies and underscored the importance of aligning monetary and fiscal policies with broader EU objectives.

III.3 Montenegro

Montenegro presents a distinct case in the Euro adoption narrative. The country unilaterally adopted the Euro in 2002, bypassing the formal requirements of ERM II and Maastricht criteria. This decision reflects Montenegro’s pragmatic approach to achieving financial stability and integration with the Eurozone.

Montenegro’s adoption of the Euro was driven by the need to stabilize its economy during a period of political and economic uncertainty. By using the Euro, Montenegro reduced transaction costs, increased investor trust, and mitigated currency risks. However, this approach also meant relinquishing monetary policy control, leaving the country dependent on fiscal tools to address economic challenges (Ghosh et al., 2000).

The primary benefits of unilateral Euro adoption include price stability and enhanced credibility in international markets. However, the absence of a lender of last resort and limited access to European Central Bank (ECB) facilities pose significant risks. Montenegro’s experience highlights the trade-offs between early financial integration and the loss of policy autonomy (De Grauwe, 2018). As an EU candidate country, Montenegro’s path toward formal Eurozone membership depends on its ability to meet EU standards and strengthen its institutional frameworks. The country’s reliance on the Euro underscores the importance of fiscal discipline and structural reforms in navigating the challenges of monetary integration.

III.4 Comparative Analysis and Discussion

Table 1 below summarizes the key aspects of Euro adoption in Montenegro, Bulgaria, and Bosnia and Herzegovina. This comparative analysis highlights the diverse strategies and outcomes associated with Euro adoption in the Balkans.

Table 1. A Comparative Look

Aspect	Montenegro	Bulgaria	Bosnia and Herzegovina
Euro Status	Unilateral adoption (2002)	ERM II member	Currency board regime
Monetary Policy Control	None	Partial	Limited
EU Membership	Candidate	Member	Potential candidate
Banking Integration	Limited	Full	Partial
Economic Alignment	Moderate	High	Low
Implementation Challenges	No formal agreements, limited ECB support, no emergency funding access	Structured transition, full ECB support, access to facilities	Complex political structure, limited institutional capacity, and economic reforms needed
Benefits Realized	Price stability, reduced transaction costs, increased trust	Monetary coordination, financial integration, investment growth	Fixed exchange rate, inflation control, some credibility

The table illustrates the divergent paths Montenegro, Bulgaria, and Bosnia and Herzegovina took in their pursuit of Euro adoption. Montenegro’s unilateral adoption reflects a pragmatic approach prioritizing immediate financial stability over formal compliance with EU protocols. While this strategy has yielded benefits such as price stability and increased investor trust, it has also left Montenegro vulnerable to external shocks due to the lack of monetary tools and limited access to ECB facilities. Bulgaria’s structured transition, facilitated by its membership in ERM II, represents a more traditional approach to Euro adoption. The country’s focus on macroeconomic stability and institutional reforms has enhanced its financial integration and credibility. However, public skepticism and political instability pose ongoing challenges. In contrast, Bosnia and Herzegovina’s

currency board regime highlights the difficulties of monetary integration in a politically fragmented environment. While the system has succeeded in controlling inflation, it has limited the country’s ability to respond to economic shocks and achieve broader economic alignment with the EU.

The comparative analysis underscores the importance of tailoring Euro adoption strategies to country-specific contexts. For Montenegro, strengthening fiscal policies and institutional frameworks is crucial for mitigating the risks associated with unilateral adoption. Bulgaria must address political and public concerns to sustain its progress, while Bosnia and Herzegovina must prioritize governance and policy coherence to advance its integration efforts. These findings offer valuable lessons for other transition economies navigating the complexities of Euro adoption.

IV. Insights and Recommendations

The Balkan countries' varied paths toward Euro adoption offer valuable insights into the opportunities and challenges of monetary integration. This section synthesizes the key findings from the previous analysis, focusing on macroeconomic outcomes, institutional factors, and political economy dynamics. It concludes with strategic recommendations tailored to the specific contexts of Montenegro, Bulgaria, and Bosnia and Herzegovina, as well as broader lessons for the region and the European Union (EU).

The experiences of Montenegro, Bulgaria, Bosnia and Herzegovina illustrate the profound macroeconomic consequences of Euro adoption. Montenegro's unilateral adoption of the Euro in 2002 provided financial stability, reduced transaction costs, and increased investor confidence. However, this decision also exposed Montenegro to vulnerabilities associated with the absence of monetary policy tools, leaving the country unable to respond effectively to external economic shocks. Conversely, Bulgaria pursued a more structured path toward Euro adoption by aligning with the Exchange Rate Mechanism II (ERM II) and adhering to the fiscal criteria outlined by the European Union. This approach has fostered financial integration and investment growth but has faced resistance from a skeptical public and political instability. Bosnia and Herzegovina, operating under a currency board system established in the Dayton Accords, achieved inflation control. However, the rigidity of this system has constrained its economic flexibility, preventing the country from adequately addressing asymmetric economic shocks.

The analysis of macroeconomic outcomes highlights three critical trade-offs that countries face in pursuing Euro adoption. The first is the trade-off between stability and flexibility. Countries that adopt the Euro or peg their currencies to it gain macroeconomic stability by reducing inflation and exchange rate risks. However, they also sacrifice the flexibility to adjust monetary policy in response to country-specific economic shocks. The second trade-off is between integration and sovereignty. Deeper financial and trade integration often requires countries to cede control over monetary and, in some cases, fiscal policies. Finally, there is a trade-off between short-term costs and long-term gains. The structural adjustments needed to meet the criteria for Euro adoption, such as fiscal discipline and institutional reforms, impose short-term economic and political costs but promise long-term benefits in terms of economic stability and growth.

Institutional capacity emerges as another crucial determinant of successful monetary integration. Bulgaria's relatively strong institutions have been key in its progress toward Euro adoption. The country has implemented significant fiscal and anti-corruption reforms, enabling it to meet the EU's stringent criteria. Nevertheless, political instability and public skepticism persist, indicating that institutional reforms alone are insufficient to guarantee a smooth transition. Bosnia and Herzegovina, in contrast, suffers from deeply entrenched institutional weaknesses rooted in its fragmented political structure. The lack of coherence in fiscal and monetary policies has undermined the effectiveness of its currency board system and hindered its progress toward Euro adoption. Despite its small size and limited resources, Montenegro has demonstrated relatively stable institutions but lacks the fiscal mechanisms needed to compensate for its loss of monetary policy tools.

The political economy of Euro adoption underscores the tension between domestic interests and international commitments. Public skepticism about the Euro is a recurring theme across the Balkans. In Bulgaria, fears of inflation and loss of sovereignty have fueled public resistance to Euro adoption. The Bulgarian government's efforts to highlight the long-term benefits of the Euro have been met with mixed success, as political instability and misinformation campaigns have eroded public trust. Bosnia and Herzegovina's political fragmentation further complicates its efforts to build consensus around Euro adoption. The country's ethnically divided political system has resulted in divergent economic priorities among its constituent entities, making it difficult to implement coherent monetary and fiscal policies. Montenegro's decision to adopt the Euro unilaterally reflects a pragmatic approach to bypassing political and institutional hurdles. However, this decision has also limited Montenegro's ability to achieve broader economic and political objectives, as the lack of formal agreements with the European Central Bank (ECB) and other EU institutions restricts its access to financial support and emergency funding.

Public perception and political stability are critical to the success of any monetary transition. As De Grauwe (2018) argues, public trust in monetary institutions is a fundamental prerequisite for the success of currency unions. Therefore, efforts to adopt the Euro must include robust public communication strategies that address concerns about inflation, sovereignty, and economic stability. Moreover, political stability is essential for ensuring the continuity of economic policies and fostering public confidence in the transition process.

For Montenegro, the unilateral adoption of the Euro has provided clear financial stability and investor confidence benefits. However, the absence of monetary policy tools and limited access to ECB facilities expose the country to significant risks. To address these vulnerabilities, Montenegro should prioritize the development of a robust fiscal framework that includes stricter budgetary rules and flexible fiscal buffers. This would enable the country to respond more effectively to economic shocks and reduce its reliance on external borrowing. Enhancing tax collection mechanisms is crucial for ensuring sustainable revenue streams and mitigating fiscal risks. In addition, Montenegro should strengthen its banking sector by improving supervisory mechanisms and promoting financial inclusion. Diversifying credit sources and reducing dependency on external capital flows would enhance the financial sector's resilience. Finally, as an EU candidate country, Montenegro must intensify its efforts to align with EU standards in governance, rule of law, and economic policies. Securing technical and financial support from EU institutions would help the country build institutional capacity and address its structural weaknesses.

Bulgaria's structured approach to Euro adoption highlights the importance of aligning domestic policies with EU requirements. However, the country faces significant challenges in addressing public skepticism and political instability. To build public trust and counter misinformation, the Bulgarian government should launch targeted public awareness campaigns that educate citizens about the benefits and trade-offs of Euro adoption. Transparency in the adoption process is essential for fostering public confidence and ensuring broad-based support for the transition. Strengthening mechanisms for political accountability would also help reduce the influence of populist opposition to Euro adoption and create a more stable political environment. In addition, Bulgaria should deepen its economic reforms by focusing on improving labor market flexibility and enhancing economic competitiveness. Anti-corruption measures remain a priority for strengthening institutional credibility and attracting foreign investment. By addressing these challenges, Bulgaria can sustain its progress toward Euro adoption and leverage the long-term benefits of monetary integration.

Bosnia and Herzegovina faces unique challenges stemming from its political fragmentation and limited institutional capacity. To advance its Euro adoption efforts, the country must prioritize governance reforms that reduce political fragmentation and improve policy coherence. Strengthening central institutions is essential for implementing and monitoring economic reforms effectively. Enhancing the capacity of these institutions would enable Bosnia and Herzegovina to align its fiscal and monetary policies with EU standards and build public trust in the transition process. Maintaining the currency board system provides monetary stability, but the country should explore options for greater fiscal flexibility to address asymmetric shocks. Addressing structural economic weaknesses, including high unemployment and trade imbalances, is critical for creating a more favorable environment for Euro adoption. Closer engagement with EU institutions would provide Bosnia and Herzegovina with the technical and financial support needed to implement these reforms and advance its integration efforts.

The experiences of Montenegro, Bulgaria, Bosnia and Herzegovina offer broader lessons for the Balkan region and the EU. Tailored integration strategies are essential for addressing the diverse economic and political contexts of the Balkans. Recognizing that one-size-fits-all approaches are unlikely to succeed, the EU should provide technical and financial support to address country-specific challenges. For example, countries with strong institutional capacity may need assistance building public trust, while those with weaker institutions may need support in implementing governance reforms. Regional cooperation is another critical element of successful integration. Promoting economic collaboration among Balkan countries would strengthen their collective resilience and enhance their ability to navigate the challenges of Euro adoption. Dialogue and knowledge-sharing among these countries would facilitate the exchange of best practices and foster a sense of regional solidarity.

Strengthening the EU's enlargement policy is crucial for supporting Balkan integration efforts. The EU should adopt a more flexible and adaptive approach to enlargement, recognizing the unique challenges faced by each candidate country. Emphasizing governance and institutional capacity as key criteria for Euro adoption would ensure that countries are adequately prepared for the transition. At the same time, the EU must balance its requirements with the need to maintain public support for integration, both within candidate countries and among existing member states. By

addressing these issues, the EU can foster a more inclusive and sustainable monetary and economic integration process in the Balkans.

The paths Montenegro, Bulgaria, and Bosnia and Herzegovina took toward Euro adoption underscore the complex interplay of economic, institutional, and political factors. While each country's experience is unique, common themes—including the importance of institutional capacity, public trust, and tailored integration strategies—emerge as critical determinants of success. By addressing these factors, Balkan countries can navigate the challenges of Euro adoption more effectively, contributing to their long-term stability and prosperity within the European framework.

Conclusions

The journey toward Euro adoption in the Balkans epitomizes a complex interplay of economic imperatives, institutional capacities, and political dynamics. By examining the Bulgaria, Bosnia and Herzegovina, and Montenegro cases, this study has highlighted the divergent strategies and outcomes associated with Eurozone integration. Each country's unique approach—structured alignment, currency board stability, or unilateral adoption—reflects its economic realities, political contexts, and aspirations for regional integration.

The findings underscore the critical trade-offs Balkan countries face in pursuing monetary union. These include balancing macroeconomic stability with policy flexibility, reconciling public skepticism with integration goals, and addressing immediate structural challenges while securing long-term benefits. The role of institutional strength emerges as pivotal, enabling some countries to meet the stringent requirements of Euro adoption while exposing others to vulnerabilities rooted in governance weaknesses and political fragmentation.

Key lessons for policymakers include the necessity of tailoring integration strategies to specific national contexts, fostering public trust through transparent communication, and prioritizing structural and institutional reforms. For Montenegro, fiscal discipline and enhanced institutional capacity are essential to mitigate risks stemming from unilateral adoption. Bulgaria's progress hinges on overcoming political instability and public resistance, while Bosnia and Herzegovina must address deep-seated political and institutional barriers to advance its Eurozone aspirations. At a broader level, the Balkan experience underscores the importance of adaptive and inclusive EU policies that recognize the region's diversity and complexity. Enhanced regional cooperation and targeted EU support can be critical catalysts for overcoming integration challenges. As these nations navigate their paths toward the Euro, their success will not only shape the future of the Balkans but also offer valuable insights into the evolving dynamics of the Eurozone.

This study contributes to the broader understanding of monetary integration in transitional economies, highlighting the opportunities and constraints that define the Balkans' journey. Bridging theoretical perspectives with empirical analysis provides a roadmap for policymakers and scholars seeking to navigate the delicate balance of economic, political, and social factors in the context of Euro adoption.

Future research could expand on several themes emerging from this analysis. Comparative studies between the Balkans and other regions pursuing monetary integration, such as Eastern Europe or the Caucasus, could provide valuable insights into the universal and unique aspects of the Euro adoption process. The interplay between public perception, political narratives, and monetary policy outcomes offers another fertile area for exploration, particularly in the context of rising populism and misinformation. Additionally, examining the role of labor mobility, fiscal transfers, and regional cooperation could deepen our understanding of how these factors mitigate or exacerbate the challenges of monetary integration. With the rise of digital currencies, their potential impact on transitional economies like those in the Balkans warrants investigation, offering a fresh perspective on the future of monetary systems.

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Charting Economic Transformation: Trends, Challenges and Opportunities for Sustainable Development in North Macedonia

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Abstract

This study aims to explore the current situation of the economy of North Macedonia in order to forecast future tendencies, recognize the most important problems, and describe possible ways of effective development. North Macedonia is a small, open, and transitional economy, and, therefore, it has both advantages and disadvantages with regard to its integration into the world economy. The study's findings reveal that North Macedonia has many advantages, including the country's good location and growing inter-regional cooperation. However, the country remains risky because it has unbalanced import dependence and limited structural diversification. The labor force shortage has become an issue in the past, especially in the manufacturing, construction, services, and healthcare sectors, and this shortage is worsened by the emigration of highly educated workers to the Eurozone countries. This dynamic has several economic and social effects, including stress on the domestic industries, loss of human capital, and dependence on remittances. The process of integration with the EU may be beneficial in economic and social terms, but this will also come with increased competition, stricter regulations, and the need to implement structural changes to meet EU standards. Technological innovation and the transition to green energy are potential sources of growth. However, the realization of this potential requires improving the business environment by tackling governance inefficiencies and increasing foreign direct investment (FDI). The conclusions suggest that the economic development multidimensional approach should be based on the concepts of resilience, sustainability, and compatibility with the EU accession process. Based on changes in the global economic environment, such as decarbonization, increasing geopolitical risks, and demographic changes, the paper provides suggestions to address the risks and seize opportunities for policymakers. In the end, this research adds to the discussion of economic development by providing a future-oriented analysis of North Macedonia's capacity for sustainable growth in the environment of globalization.

Keywords

North Macedonia, Sustainable Growth, Challenges and Opportunities

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I. Introduction

The Western Balkans, at the crossroads of Europe and Asia, have been at the vanguard of economic transformations at the regional and global levels. North Macedonia, as one of the actors of the region, depicts the challenges and opportunities of small transition economies striving for sustainable growth and regional integration. The country has been undergoing a turbulent but progressive transition from a centrally planned economy to a market-oriented system since gaining its independence from Yugoslavia in 1991 (Bartlett & Uvalić, 2013). Nonetheless, it remains sensitive to external factors such as global economic changes, migration trends, and climate change effects.

North Macedonia's economic path is part of a wider process of economic transformation in the Balkans. Stabilization of the macroeconomy, liberalization of trade, and privatization have been essential policy measures since the beginning of the 1990s (Estrin & Uvalić, 2013). However, these measures have not always led to strong and inclusive growth. For example, in recent years, the GDP growth rate has been steady. However, most of it can be attributed to consumption and remittances, with hardly any input from the industrial sector or innovation (World Bank, 2021). Furthermore, there are still issues with employment, income, and development across different parts of the country (ILO, 2022).

Given the comprehensive and forward-looking nature of the economic policies needed because of the Balkans' strategic importance as a bridge between Europe, Asia, and the Middle East, Key infrastructure projects such as Corridor VIII, which links the Adriatic and Black Seas and Corridor X a major pan European transport route have positioned North Macedonia as a logistics and trade hub of the region (Estrin & Uvalić, 2013). These projects enhance connectivity and economic integration but also need substantial investments and alignment with EU standards (European Commission, 2023). The presence of pipelines like the Trans Adriatic Pipeline (TAP), which transports natural gas from the Caspian region to Western Europe, enhances, in a way, the region's role in Europe's energy security (Bartlett & Uvalić, 2013).

North Macedonia's economic landscape is further illustrated by labor market dynamics. The country is characterized by high unemployment, especially among youth, and a considerable skills mismatch that hampers workforce productivity. The emigration of skilled labor to the EU countries worsens these challenges by creating brain drain and labor shortages in healthcare, manufacturing, and ICT (World Bank, 2021). Remittances from the diaspora, which form a significant part of the GDP, serve as a crucial buffer against economic volatility and encourage dependence on external income sources (ILO, 2022). Global trends, including digitalization and green transitions, are both opportunities and challenges for North Macedonia. The still nascent adoption of digital technologies has the potential to drive innovation and enhance economic competitiveness in sectors like Information and Communication Technologies (ICT) and e-commerce (ILO, 2022). Similarly, the shift to renewable energy and sustainability is aligned with the EU decarbonization goals and provides for long-term growth. However, governance inefficiencies and inadequate institutional frameworks are still major barriers to effectively harnessing these trends (Estrin & Uvalić, 2013).

This chapter uses a mixed methods approach to examine North Macedonia’s economic trends and their interface with regional and global trends. Using qualitative analysis and quantitative data from international financial institutions, the study analyzes the drivers of growth, implications of EU integration, and the opportunities from digital and green transitions. Labor market dynamics, sectoral trends, and migration as factors that determine the socio-economic trajectory of the country are also examined in detail. The result is concise and proportional to the length of the input. This response appropriately represents the quantity of output for the provided input, making it suitable for a variety of utilization techniques.

This chapter tries to contribute actionable insights for policymakers and stakeholders by sitting North Macedonia in the broader context of the Balkan political economy. It stresses the need to build a resilient and sustainable economy by leveraging regional partnerships, fostering innovation, and addressing governance challenges. The analysis highlights the interconnectedness of trends and challenges and the multifaceted approach to achieving economic stability and growth in North Macedonia.

II. Economic Trajectory of North Macedonia and the Balkans

II.1. Overview of Post-1991 Transitions in North Macedonia and Comparisons with Other Balkan States

The post-1991 period was a critical turning point for North Macedonia and other Balkan states as they moved from centrally planned economies to market-driven systems. North Macedonia as a member of former Yugoslavia, started with structural problems, including The provision of raw materials and labor by state-owned enterprises (SOEs), obsolete industrial infrastructure, and limited integration with the global markets (Bartlett & Uvalić, 2013). These challenges were worsened by the breakdown of the regional trade networks and the economic isolation that came with the dissolution of Yugoslavia.

In comparison, other Balkan states had different levels of transition success. For example, Slovenia was one of the first countries in the region to adopt the new economic model, achieve the stability of institutions, join the EU in 2004, and diversify its exports (Estrin & Uvalić, 2013). On the other hand, Serbia was subjected to international sanctions in the 1990s, hampered its transition efforts until the beginning of the new century. Albania, one of the poorest countries in Europe, adopted rapid liberalization policies but was characterized by social unrest and institutional weaknesses in the 1990s.

North Macedonia’s transition was more peaceful compared to countries like Bosnia and Herzegovina or Kosovo, which were engaged in war. However, the implementation of the economic reforms in the country was difficult due to political instability, ethnic conflicts, and poor governance. Nevertheless, North Macedonia did not experience hyperinflation as other post-social economies, and there was macroeconomic stability during the transition period (World Bank, 2021).

II.2. Key Macroeconomic and Structural Reforms

The strategy of North Macedonia's transition was based on three main pillars: liberalization, privatization, and macroeconomic stabilization. These reforms were backed by international financial institutions, which gave technical assistance and loans in the framework of structural adjustment programs.

II.2.1. Macroeconomic Stabilization

Inflation Control: During the early 1990s, North Macedonia implemented tight monetary policies to curb inflation, which was successfully reduced from triple-digit levels to single digits by the late 1990s (World Bank, 2021).

Exchange Rate Policy: The adoption of a fixed exchange rate, initially pegged to the Deutsche Mark and later to the euro, played a critical role in maintaining price stability.

II.2.2. Trade Liberalization and Integration

Regional and Global Trade Agreements: North Macedonia joined the World Trade Organization (WTO) in 2003, signaling its commitment to integrating into the global economy. It became a member of the Central European Free Trade Agreement (CEFTA), facilitating trade with other Balkan countries (Bartlett & Uvalić, 2013). **Export Diversification:** While trade liberalization expanded market access, exports remained concentrated in low-value-added goods, highlighting the need for industrial diversification.

II.2.3. Privatization

The privatization of state-owned enterprises was one of the most significant and controversial aspects of the transition. By 2000, over 90% of SOEs had been privatized, with many assets acquired by domestic elites and foreign investors. Despite these efforts, privatization was often criticized for lacking transparency and contributing to the rise of oligarchic structures (Estrin & Uvalić, 2013).

II.2.4. Institutional and Governance Reforms

Governance reforms were aimed at improving the business environment, enhancing public administration efficiency, and reducing corruption. The government implemented anti-corruption measures and simplified procedures for establishing businesses (European Commission, 2023). However, the pace of institutional reform lagged behind economic liberalization, creating a gap between policy objectives and practical outcomes.

In the context of regional comparisons, among its Balkan counterparts, Slovenia was able to secure EU membership and sustained economic growth by using early institutional reforms and industrial competitiveness. After 2000, Serbia only started to implement significant reforms after being deluded by sanctions and political turmoil. Croatia's transition was balanced by EU pre-accession assistance, which enabled it to achieve higher levels of GDP growth than many other Balkan states. North Macedonia's economic performance is closely tied to regional dynamics of trade partnerships, energy cooperation, and migration trends. It has also been accused of some of the pitfalls of other transition economies, and it still has structural issues such as a limited industrial base and high unemployment (World Bank, 2021).

III. Sectoral Trends in the Balkans

III.1. Emerging Sectors: ICT, Tourism, and Renewable Energy

The Western Balkans, including North Macedonia, are gradually shifting their economic paradigms as up-and-coming sectors like information and communication technology (ICT), tourism, and renewable energy make more important contributions to the region's economy. These sectors not only contribute to economic development but also offer ways for integration and alignment with European Union (EU) standards.

III.1.1. Information and Communication Technology (ICT)

The ICT sector has been promoted as a key driver of economic transformation in the Balkans, which has a growing pool of skilled labor and cost competitiveness. In countries like Serbia, North Macedonia, and Kosovo, software development and IT services are emerging as outsourcing hubs (Estrin & Uvalić, 2013). Investment in digital infrastructure and e-government platforms is also enhancing the region's competitiveness. For example, North Macedonia has digitized its public administration and has initiated a digital literacy campaign among its population (World Bank, 2021). These advancements notwithstanding, challenges do exist. These include a shortage of specialized ICT professionals and the need for improved cybersecurity frameworks (European Commission, 2023).

III.1.2. Tourism

Tourism has become an important source of economic development in the Balkans due to the natural beauty, cultural assets, and affordability of the area. Millions of visitors visit Lake Ohrid in North Macedonia, Dubrovnik in Croatia, and the Albanian Riviera every year. There is great potential for sustainable development through eco and adventure tourism. For example, initiatives that promote rural tourism in North Macedonia have contributed to the revitalization of the local economies with minimal erosion of the traditional cultures (ILO, 2022). However, the tourism sector is extremely sensitive to external factors, as the sharp decline during the COVID-19 pandemic shows (World Bank, 2021).

III.1.3. Renewable Energy

The Balkans are rich in renewable energy resources, including hydropower, solar, and wind energy, that could be exploited. Albania and North Macedonia are leading the way in energy diversification, Albania because it has plenty of hydropower resources, and North Macedonia because it is seeing growth in solar energy (Bartlett & Uvalić, 2013). The EU's decarbonization goals and the need to shift the region away from fossil fuels make renewable energy projects attractive. Nevertheless, the transition is hindered by outdated infrastructure, financing gaps, and regulatory challenges (European Commission, 2023).

III.2. Traditional Sectors: Agriculture and Manufacturing

Modernization through emerging sectors is driving growth, but the role of traditional industries, including agriculture and manufacturing, cannot be undervalued in the Balkan economies. However, their roles are undergoing substantial changes.

III.2.1. Agriculture

The population is still engaged in the agricultural sector, especially in rural areas. Thus, agriculture is one of the leading sectors in North Macedonia, contributing about 10% to the GDP through the production of tobacco, wine, and fresh produce (World Bank, 2021). However, the sector has some constraints, including low productivity, small-scale farm structures, and a lack of modern technology. Climate change is another significant challenge that has resulted in a reduction in crop yields and water availability. Organic farming promotion and integration of agriculture in value chains represent potential growth opportunities, especially in niche markets (ILO, 2022).

III.2.2. Manufacturing

Manufacturing is still one of the most important sectors in the Balkan economy, especially in the automotive, textiles, and machinery sectors. North Macedonia has attracted foreign direct investment (FDI), especially in light manufacturing industries, in order to take advantage of its proximity to EU markets and cheap labor (Estrin & Uvalić, 2013). However, the growth of the sector is limited by outdated industrial infrastructure, restricted access to new technologies, and the shortage of workforce resulting from emigration. More efforts are needed to enhance value-added production and innovation despite regional initiatives such as CEFTA attempting to foster cooperation and boost competitiveness in manufacturing (World Bank, 2021).

IV. Labor Market Dynamics and Migration

IV.1. Comparison of Labor Market Trends in North Macedonia with Neighboring Countries

The labor markets in the Western Balkans are characterized by high unemployment, low labor force participation, and prevalence of informal employment. These challenges are exemplified in North Macedonia. North Macedonia's overall unemployment rate, which has been improving, was 15.7% in 2022, according to data from the European Commission (2023), with youth unemployment in excess of 29%. These numbers are similar to those of Serbia and Albania, which have years of reform (ILO, 2022).

The main issue remains the mismatch of skills of the workforce and the needs of employers. This problem is worsened by the underdevelopment of vocational education in relation to the labor market. Studies have shown that in North Macedonia, only 45% of students enrolled in vocational programs go into employment within a year, compared with higher rates in Slovenia and Croatia, which have more advanced vocational training systems (Bartlett et al., 2020).

The third problem that is common to all the countries of the region is the informal economy. More than 20% of the workforce in North Macedonia is in informal employment, especially in agriculture, construction, and small-scale trade (ILO, 2022). Its neighbors, Bosnia and Herzegovina and Kosovo, still have higher rates of informality, which erodes tax revenues and weakens social protection systems (World Bank, 2021).

IV.2. Impact of Emigration on Workforce Demographics and Economic Productivity

The Western Balkans, including North Macedonia, have been experiencing emigration on a large scale since the 1990s due to economic instability, political unrest, and the availability of higher

wages in the EU countries (Uvalić, 2020). In North Macedonia, the working-age population has decreased by about 10% over the last two decades due to emigration (OECD, 2021).

The emigration of skilled workers has caused shortages of workers in critical sectors like healthcare, manufacturing, and Information and Communication Technology (ICT). For instance, it is estimated that about 20% of doctors trained in North Macedonia are now working abroad, leaving the healthcare system under a lot of pressure (OECD, 2021). Manufacturing firms have reported problems in attracting and holding onto skilled technicians, which has constricted productivity and dented timeliness in export-oriented growth (Bartlett et al., 2020). Demographically, emigration has quickly intensified the aging processes in North Macedonia. The country’s dependency ratio—i.e., the proportion of the population that is not working age—has been rising steadily, which is a problem for the sustainability of the pension and healthcare systems in the long run (European Commission, 2023).

IV.3. Role of Remittances in Sustaining Economies Across the Balkans

Remittances have become the lifeline of many households in the Western Balkans. North Macedonia is one of the most remittance-dependent economies in the region; remittance inflows account for about 15% of GDP (World Bank, 2021). In the region, its neighbors Albania and Kosovo are even more remittance dependent, with shares in excess of 20% of GDP in recent years (OECD, 2021). Remittances are also significant in household consumption, which enables families to buy better healthcare, education, and housing. These financial inflows help stabilize the local economies and reduce poverty in rural areas. However, this reliance on remittances also implies vulnerabilities. The economic downturns in the host countries, such as those that occurred during the COVID-19 pandemic, have a direct impact on the livelihoods of remittance-dependent households (ILO, 2022).

Across the region, governments are seeking to mobilize remittances for productive investment. Albania and Kosovo have launched diaspora bonds, investment funds, and programs to encourage emigrants to invest in businesses in their home country—all steps that could be taken in North Macedonia (Uvalić, 2020). These measures attempt to transform remittances from consumption to sustainable development assets.

V. Regional Infrastructure and Strategic Development

V.1. Importance of Corridor VIII and Other Major Transport Projects

Corridor VIII is a new venture that links the Adriatic and Black Seas through Albania, North Macedonia, and Bulgaria. This corridor is meant to enhance the trade and economic cooperation between the Western Balkans and Eastern Europe. The region of interest is North Macedonia, which has already spent a lot of money in developing its transport infrastructure, such as highways, railways, and logistics facilities, to meet the EU standards (CASE STUDY: Western Balkans, 2023).

The rail part of Corridor VIII, a key component of the scheme, should help cut the costs of freight transport and enhance inter-state trade. The construction of such modern logistics terminals as part of this corridor is likely to contribute to the integration of Balkan countries into the global value

chain. For example, the investment in the railway connection to the Durres port in Albania is to lower the time to export to Central Europe (European Commission, 2023).

Corridor VIII is backed up by Corridor X, a north-south axis of Austria and Greece through Serbia and North Macedonia. It facilitates the movement of goods in and out of Europe to the Aegean region, and its Skopje-Veles leg is a key segment of regional exports (Western Balkans Infrastructure Report, 2022). These corridors are important because they can help with economic convergence, attract foreign investment, and promote regional trade integration (Unleashing the Transformation Potential for Growth, 2023).

V.2. Role of Energy Pipelines and Logistics in Enhancing the Region's Economic Importance

In the landscape of the Balkans in terms of geopolitics and economy, energy pipelines play a pivotal role. European markets can be connected by the Trans Adriatic Pipeline (TAP), which is a landmark project coming from the Azerbaijan Shah Deniz gas field. TAP crosses Albania and links Greece to ensure that EU countries have a steady supply of natural gas, and the Balkans have diversified energy sources (Globalization, Southeastern Europe, and the World Economy, 2023). TAP, however, is not the only significant project; the Ionian-Adriatic Pipeline (IAP) is another of strategic significance. IAP, which links TAP to Montenegro, Bosnia and Herzegovina, and Croatia, is designed to enhance energy security in Southeastern Europe and reduce dependence on Russian gas supplies. These projects are beneficial for North Macedonia as they guarantee the supply of affordable and sustainable energy necessary for its industrial and residential usage (Stabilizing the Western Balkans through Energy Connectivity, 2023).

V.2.1. Logistics and Free Economic Zones

Investment attraction has been boosted by development of logistics hubs and free economic zones near major pipeline routes in North Macedonia. These zones, with their modern infrastructure and streamlined customs procedures, have become magnets for foreign investors in logistics, light manufacturing, and renewable energy technologies (FDI Inflow Effects on Western Balkan Areas' Labour Markets, 2023).

V.2.2. Challenges and Opportunities

Despite their potential, infrastructure and energy projects in the Balkans encounter several issues. Timely implementation is often hampered by financial constraints, delays in regulatory approvals, and geopolitical tensions. For example, disagreements among Balkan states on funding allocations and different energy policies have slowed down progress on regional energy projects (The Political Economy of Donor Intervention in the Balkans, 2023). However, the integration of smart technologies in infrastructure and logistics systems is a significant opportunity. They can enhance efficiency, reduce the environmental impact, and attract more investments in smart transport corridors and energy grids. Furthermore, aligning these projects with the EU Green Deal objectives will improve their long-term sustainability and funding possibilities (COM: 2023 Growth Plan for the Western Balkans, 2023).

VI. Challenges to Sustainable Growth in the Balkans

VI.1. Governance Inefficiencies, Corruption, and Barriers to FDI

The growth across the Balkans is still not sustainable due to governance inefficiencies and corruption. Many states, including North Macedonia, struggle to create a transparent institutional framework that can support economic development. Based on Transparency International’s Corruption Perception Index (2022), most of the Balkan countries are positioned beneath the EU average, which means that issues with public sector accountability and the rule of law remain widespread. The business climate is negatively affected by corruption, and this scares foreign direct investment (FDI) and harms the competitiveness of the economy. A report by the European Bank for Reconstruction and Development (EBRD, 2023) shows that slow and complicated regulatory processes, uncertain property rights, and unpredictable contract enforcement put additional constraints on the attraction of FDI. For instance, in North Macedonia, while some foreign investors have been attracted by the free economic zones, broader structural reforms are needed to build up long-term investment confidence (World Bank, 2021).

However, political instability worsens governance weaknesses. Infrequent changes in government and weak judicial system erode policy consistency and deters the private sector from investing in infrastructure and green energy (Uvalić, 2020). These problems need robust anti-corruption strategies, judicial changes, and the improvement of institutional performance to restore public trust in governance.

VI.2. Compliance with EU Regulatory Frameworks and Their Implications

For Balkan countries that are desirous of joining the EU, the fulfilment of its regulatory requirements is both a challenge and an opportunity. The *acquis communautaire*, which contains detailed standards for governance, labor markets, environmental protection, and trade, needs significant legal and institutional alignment. While these frameworks are beneficial for long-term economic prospects, the costs of compliance can be a burden on limited resources. In North Macedonia, in order to harmonize the legislation with the EU standards, there has been progress in trade liberalization and financial sector reforms. However, the agriculture and energy sectors are less developed and thus need substantial modernization (European Commission, 2023). Other states also face similar problems, especially regarding compliance with the environmental and social standards set by the EU Green Deal.

The adoption of EU-aligned trade policies under the Central European Free Trade Agreement (CEFTA) is another clear area of progress. This agreement has enhanced the countries’ trade and tariff reduction, but not all barriers to trade are tariff-based; for example, there are inefficiencies in the customs procedures (OECD, 2021). Satisfying these requirements requires more technical assistance and capacity-building programs to facilitate institutional changes.

VI.3. Environmental Concerns and the Slow Adoption of Green Economy Principles

Environmental degradation and climate change are major threats to sustainable development in the Balkans. Air and water pollution, deforestation and biodiversity loss are a result of rapid urbanization, outdated industrial practices and reliance on fossil fuels. For instance, North Macedonia has problems with air pollution, and many of its major cities, including Skopje, have time and again been ranked as some of the most polluted cities in Europe (EEA, 2022).

These challenges are, therefore, worsened by the slow adoption of green economy principles. Some countries in the region have, however, started to invest in renewable energy; for example, Albania has identified hydropower as its potential and North Macedonia has identified solar energy, but the rate of transition is still very slow. The capacity of governments to promote sustainability is limited by the lack of comprehensive green policies and financing mechanisms (Globalization, Southeastern Europe, and the World Economy, 2023). The Balkans have received funding from international organizations such as the European Investment Bank (EIB) and the Green Climate Fund for sustainable projects. However, these investments are still not sufficient for the region's needs. To boost the green transition, Balkan states should concentrate on developing incentive programs that promote the use of renewable energy, increasing public awareness of sustainable measures, and enhancing cooperation between states to address environmental concerns (Stabilizing the Western Balkans through Energy Connectivity, 2023).

VII. Future Opportunities for Economic Development

VII.1. Expansion of Regional Trade Agreements and Integration into Global Supply Chains

The Western Balkan states have a huge unfulfilled potential for deeper integration into regional and global trade networks. Already, initiatives like the Central European Free Trade Agreement (CEFTA) and the Open Balkan Initiative have improved the level of trade cooperation among Balkan states by enabling the movement of goods, services, and capital across borders (OECD, 2021). For instance, CEFTA has helped reduce tariff barriers and promote economic integration in the region.

North Macedonia is strategically situated at the border of Europe and Asia and has many opportunities to integrate with the global supply chain. With investments in modern logistics infrastructure and free economic zones, the country is seen as a good business destination for foreign investors who want to take advantage of low production costs near the EU markets. In fact, it is on the path of major transport corridors such as Corridor VIII and Corridor X to increase its role as a trade gateway (European Commission, 2023). These opportunities can only be fully realized. However, Balkan states must first solve the problems of non-tariff barriers, inefficient customs procedures, and limited regional cooperation. Complementary policies in strong regional trade agreements that harmonize regulations and promote cross-border collaboration are necessary for long-term growth (World Bank, 2021).

VII.2. Digital Transformation as a Driver for Innovation and Competitiveness

The ongoing digital transformation is, therefore, a great opportunity for the Western Balkans to enhance their economic competitiveness and innovate. In North Macedonia, software development, business process outsourcing, and e-commerce are some of the areas that more and more companies are starting to focus on, and the sector has, in the recent past, expanded rapidly. This growth is supported by a skilled workforce, competitive labor costs, and government efforts to build up the digital literacy and entrepreneurship ecosystem (ILO, 2022).

Some of the key initiatives include the Digital Agenda for the Western Balkans, which is a plan to integrate the region into the digital single market of Europe through expanding broadband

connectivity, improving digital skills, and fostering innovation ecosystems. In North Macedonia, enhancing e-government platforms and digital infrastructure has already led to improvements in the delivery of public services and the reduction of the administrative burden on businesses (OECD, 2021). The digital divide, however, is still present, especially in the rural areas, because internet penetration and digital literacy are still low compared to the urban population. To address this inequality, investments are needed in infrastructure, education, and awareness campaigns to ensure inclusive digital transformation. The Balkans’ position in the global digital economy could also be strengthened further by expanding partnerships with global technology firms and fostering regional innovation hubs (European Commission, 2023).

VII.3. Investments in Education and Skill Development to Address Labor Shortages

Because of emigration and demographic changes, the Western Balkans are short on workforces in important industries like healthcare, manufacturing, and information technology. The youth unemployment rate in North Macedonia is still high, yet employers are having difficulty finding the right candidates for skilled positions (Bartlett et al., 2020). This gap needs substantial investments in education and vocational training aligned to the labor market demands to bridge it.

This is because aligning educational curricula with the industry needs is very important in preparing the workforce to possess the right skills. The government has modernized vocational education and training (VET) programs in North Macedonia to focus on digital skills, STEM education, and entrepreneurship. Similar measures can be of great benefit in making the training programs more relevant and useful by enhancing the partnership between educational institutions and the private sector (ILO, 2022). Additionally, it is critical to address the brain drain phenomenon. Policies to encourage the skilled workforce to either stay in their home countries or return after working abroad are being developed by regional governments. These measures include competitive wage policies, investment in quality of life, and programs to engage the diaspora in national development efforts (OECD, 2021).

VIII. Conclusions and Recommendations

North Macedonia, as well as the other Western Balkan countries, are post-transition economies with the goal of sustainable growth. From the country with its location in Europe and the changes in the sectors, the nation has the potential and the problems of the region. Although the country has made progress in harmonization with the EU standards, diversification of the economy, and attraction of foreign direct investments (FDI), there are still significant structural barriers. These are governance inefficiencies, labor market mismatches, remittances dependency, and the slow transition to the green economy.

The development of the transport network, including such initiatives as Corridor VIII and the Trans Adriatic Pipeline, shows why the Balkans are of great importance in the context of international trade and energy security. However, these benefits can be fully realized only if the regulatory hurdles are overcome, and stronger regional cooperation is fostered. Similarly, the digital transition is another key area of opportunity for innovation and competitiveness, but this will require significant investment in connectivity, skills, and institutional capacity. When synthesizing the findings, it is clear that North Macedonia and the Balkans have to adopt a balanced approach that

addresses the present problems while tapping new sources of growth for the future. This sustainable and inclusive economic model will necessitate coordinated action at the national, regional, and international levels.

VIII.1. Policy Recommendations

To address the challenges and capitalize on opportunities, the following actionable strategies are proposed:

8.1.1. Strengthening Governance and Institutional Capacities

To enhance the business climate, implement comprehensive anti-corruption measures to improve transparency. Build institutional capacities to streamline regulatory frameworks and reduce barriers to FDI. Foster public-private partnerships to accelerate infrastructure development and to ensure efficient use of resources.

VIII.1.2. Enhancing Labor Market Outcomes

VET programs in VET training and vocational education programs should be modernized to meet industry needs, especially in the areas of ICT, renewable energy, and healthcare. To retain skilled workers and encourage emigrants' return, develop policies for competitive wages and improved working conditions. Gender-inclusive policies should be encouraged to enhance the participation of women in the labor force, especially in sectors where they are underrepresented.

VIII.1.3. Advancing Regional Cooperation and Trade Integration

Increase the intensity of regional trade agreements like CEFTA and bring down the non-tariff barriers to enhance the cross border trade. This would involve investing in the logistics infrastructure, especially on Corridors VIII and X, to assist in integration into global supply chains. Encourage collaborative projects in renewable energy and digital innovation to build regional competitiveness.

VIII.1.4. Promoting Digital Transformation and Green Economy

To foster inclusive digitalization, expand digital infrastructure to bridge the urban-rural divide. Encourage the adoption of green technologies via incentives for renewable energy projects as well as sustainable practices in agriculture and manufacturing. Align with the EU Green Deal objectives for access to funding and technical assistance for decarbonization initiatives.

VIII.1.5. Fostering Innovation and Entrepreneurship

To support startups, attract investments in high-tech industries, and create innovation hubs and technology parks. Grants and low-interest loans for small and medium-sized enterprises (SMEs) to scale up and integrate into global value chains are to be provided. University and private sector research and development collaboration is to be encouraged. North Macedonia and the Balkans can overcome their structural vulnerabilities and achieve sustainable and inclusive growth by implementing these strategies. They need to leverage their strategic position, foster regional collaboration, and align with global economic trends to succeed.

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Institutional Quality and Economic Growth, the Role of Structural Debt: Evidence of 6SEE countries.

Assoc. Prof. Nevila Mehmetaj¹

Abstract

The six Southeast European countries (6SEE) Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia have experienced varied economic growth trajectories influenced by historical events, structural reforms, and external factors. External events such as the global financial crisis of 2008 and the COVID-19 pandemic are associated with high levels of structural debt in the countries. Other factors like the governance of political institutions and trade openness of the countries are crucial in the discourse surrounding economic growth. Therefore, this study aims to investigate the effects of private debt dynamics, such as household debt and nonfinancial corporate debt dynamics, as well as public sectoral debt dynamics (in % of GDP), on the economic growth rate of 6SEE countries. Other variables, such as governance indicators and trade balance, are included in the analysis. Utilizing an unbalanced panel dataset spanning from 2006 to 2023, econometric techniques such as pooled OLS, FE, and RE models are applied. The Breusch-Pagan Lagrange Multiplier (LM) and Hausman tests determine which of the three models is the most appropriate. The findings reveal the effect of trade and household debt on the countries' economic growth rate dynamics. The same effect is shown for the countries' trade balance, while governance indicators seem to have no effect.

Keywords

Sectoral debts, Governance index, Economic growth.

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I. Introduction

Over the last decades, developing nations have experienced significant economic growth. The six Balkan countries—Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia—performed moderate GDP growth, with fluctuations due to political instability, global crises, and institutional weaknesses. The non-EU countries in the Balkans, characterized as low and upper-middle-income economies, have experienced an extended transition phase following the disintegration of the communist regime in the 1990s. The post-socialist transition countries have varying degrees of EU integration and variances in economic diversification and reliance on key sectors like manufacturing, services, and agriculture.

Pre-2008 economic expansion: Before the 2008 global financial crisis, the SEE6 countries exhibited robust economic growth, with annual GDP growth rates ranging from 5% to 10%. This expansion was primarily driven by domestic demand, bolstered by significant foreign direct investment and remittances. The 2008–2009 global financial crisis led to a sharp contraction in economic activity across the SEE6 region. In 2009, the collective GDP of these countries declined by approximately 1.7%. Montenegro during the consecutive years is highlighted with the extreme values in the economic volatility during this period. This country had the highest GDP growth rate of 13% in 2021; this sharp increase in GDP growth likely indicated a strong economic rebound, possibly following a period of economic contraction or external stimulus. Montenegro also performed at the lowest GDP growth rate of 15.3% in 2020. This severe contraction suggested a significant economic downturn, likely influenced by external factors such as the COVID-19 pandemic, which heavily affected its tourism-dependent economy (World Bank, 2023).

Figure 1. Accurate Economic Growth Rates of 6SEE countries over the years 2006-2023.



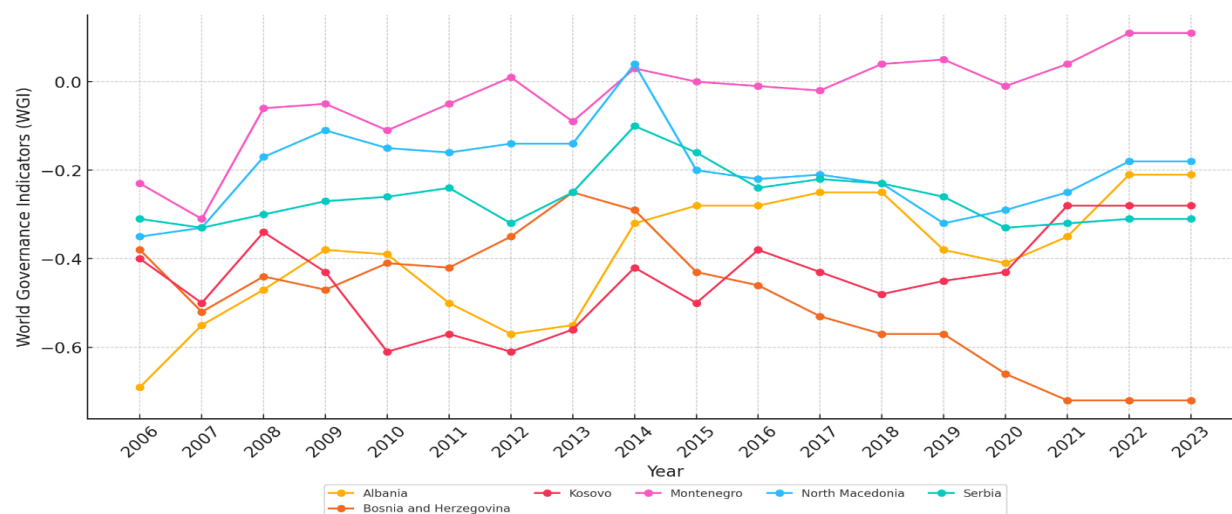
Source: World Bank Database. Author visualization.

Political institutions often play a crucial role in understanding the dynamics of the growth process. Governance is the traditions and institutions through which authority is exercised within a nation (Kaufmann et al., 2003). It encompasses various dimensions, including political, economic, and socio-cultural factors, which the World Bank categorizes as worldwide governance indicators (WGIs). The WGIs include six indicators: Control of Corruption, Government Effectiveness, Political Stability and Absence of Violence/Terrorism, Regulatory Quality, Rule of Law, and Voice and Accountability. Economic studies have identified two primary frameworks for addressing

global development challenges. The first framework emphasizes establishing democratic governance and implementing checks on governmental authority to facilitate effective governance, which fosters economic growth. Conversely, the second framework posits that increases in income and human capital lead to improvements in institutional quality, which plays a pivotal role in shaping economic outcomes.

The SEE6 countries offer a compelling case for examining how governance, rule of law, and regulatory frameworks influence economic growth. These countries share a transitional economic history and ongoing integration efforts with the European Union, making them an ideal laboratory to assess the interplay between institutional quality and growth. As a rule of law, Governance Indicators ranked lower than EU averages but showed gradual improvement in countries like Montenegro and Serbia (World Bank, 2022). Control of corruption is a persistent issue, particularly in Bosnia and Herzegovina and Kosovo. The top-performing country is Montenegro, which has an average WGI score of -0.03, which presents the highest average governance indicator score among the countries in the region. It suggests relatively better governance quality regarding political stability, government effectiveness, and regulatory quality than others. The lowest-performing country is Bosnia and Herzegovina, with an average WGI score of -0.495. This country shows the lowest average governance indicator score, indicating persistent challenges in governance quality, potentially after political instability, weak regulatory frameworks, or corruption.

Figure 2. Institutional Governance WGI of 6SEE countries over the years 2006-2023.



Source: World Bank Database. Author visualization.

The banking sector is a key factor influencing economic performance. A significant presence of foreign-owned banks, particularly from EU countries, has linked the SEE6 financial systems to external financial conditions, posing risks during periods of Eurozone instability. Other factors include structural reforms, including efforts to implement structural changes in private and public sector debt.

Structural debt across the 6SEE countries has presented high volatility over the years. Government Debt -Albania showed the highest government debt, with an average of 65.49% of GDP for the analyzed period 2006-2023. This might indicate significant reliance on public borrowing, possibly for infrastructure, public services, or economic stimulus. Kosovo showed the lowest government

debt, with an average of 13.91% of GDP. This might be associated with a conservative fiscal policy with limited public debt accumulation.

Household debt -Bosnia and Herzegovina showed the highest household debt, with an average of 24.91% of GDP, for 2006-2023. This might reflect relatively higher household borrowing, potentially for housing, consumer spending, or education. Albania showed the lowest household debt, with an average of 11.44% of GDP. The lower household borrowing levels might reflect cultural or economic factors limiting access to credit.

Nonfinancial corporate debt -North Macedonia showed the highest corporate debt, with an average of 61.67% of GDP. This might suggest significant reliance on corporate borrowing to support business expansion, investment, or operations. Kosovo showed the lowest corporate debt, with an average of 25.74% of GDP. This might indicate a relatively low reliance on corporate borrowing, possibly due to structural or financial market constraints.

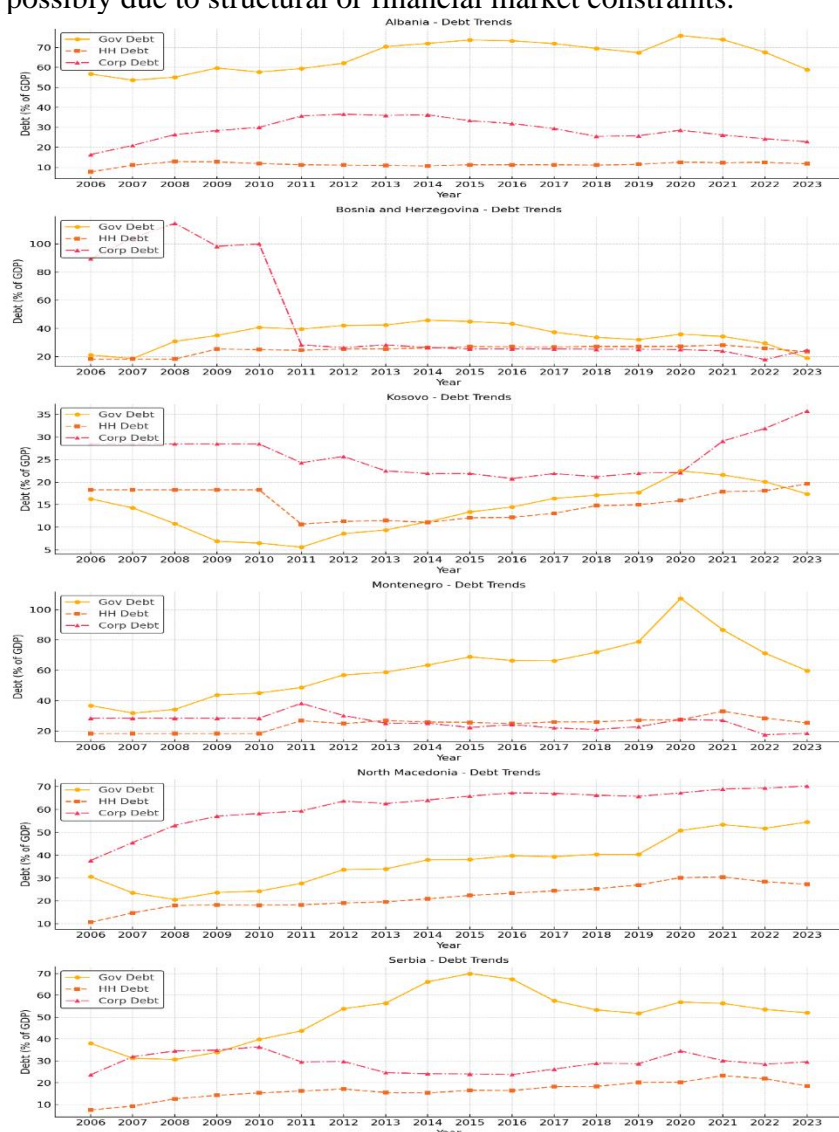
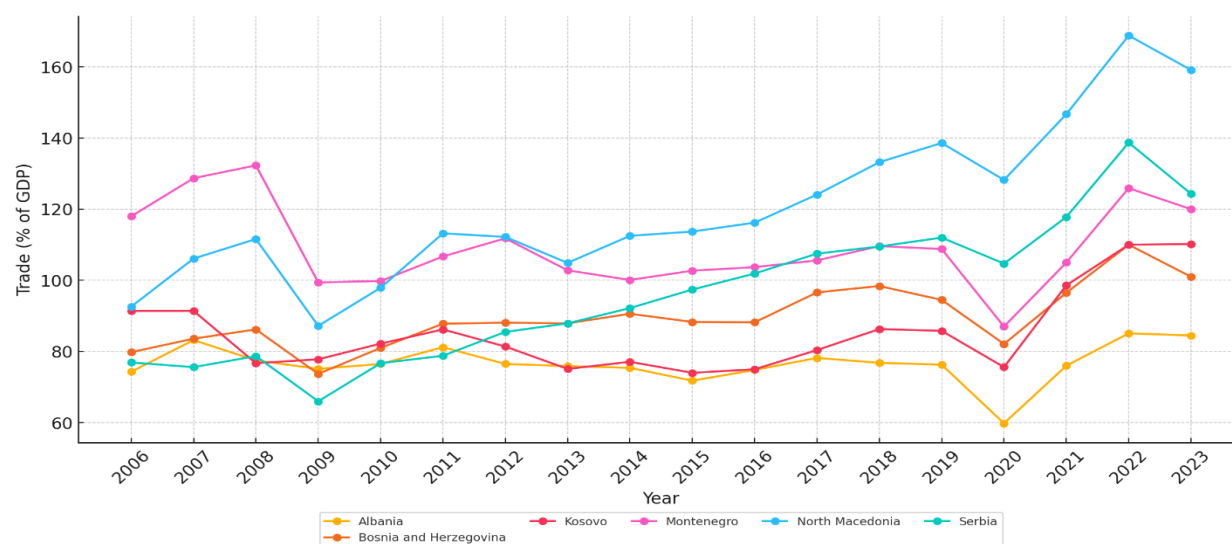


Figure 3. Structural Sector Debts of 6SEE countries over 2006-2023 (in % of GDP). Source: World Bank Database. Author visualization.

SEE countries have undergone significant trade liberalization and integration into global markets, mainly through the European Union (EU) accession process and regional trade agreements (World Bank, 2022). Trade Relations: The EU is the primary trading partner for SEE6 countries, with trade volumes equivalent to 30% to nearly 50% of their GDPs. This integration has made the region sensitive to economic fluctuations within the EU. However, the 6SEE countries have distinct trade profiles shaped by their economic structures and regional dynamics. Here is an overview of their trade characteristics. Historically, SEE6 countries have experienced trade deficits due to higher import volumes than exports. However, post-2009, these deficits have narrowed as exports recovered and imports grew slower.

North Macedonia shows the highest level of trade integration (an average trade of 120.38% of GDP during 2006-2023), with trade volumes exceeding 168.80% of its GDP. This suggests a firm reliance on international trade and possibly well-established trade agreements or export-oriented policies. At the same time, Albania shows the lowest average trade-to-GDP ratio of 76.61% during 2006-2023. It shows the lowest trade values of 59.80%, indicating a relatively minor integration with global trade markets. This may reflect structural limitations, reliance on domestic production, or trade barriers.

Figure 4. Trade Performance of 6SEE countries over 2006-2023 (in % of GDP).



Source: World Bank Database. Author visualization.

This study investigates the relationship based on the insights of the above-mentioned macroeconomic indicators of 6SEE countries. Utilizing an unbalanced panel dataset spanning the period 2006-2023, econometric models such as OLS, FE, and RE models evaluate the dynamic trends of the macroeconomic variables on the 6SEE countries' economic growth effect.

The research question in this study is: How do sectoral debts such as household debt, nonfinancial corporate debt, and public debt, as well as WGI governance indicators and trade balance, *influence the real economic growth rate of 6SEE countries?*

II. Literature Review

Economics research has delineated two primary frameworks for addressing development challenges globally. The first framework emphasizes establishing democratic governance and instituting checks on governmental power to facilitate effective governance, which fosters economic growth. Conversely, the second framework posits that increases in income and human capital lead to enhancements in institutional quality. The relevance of the new institutional economics literature (Buchanan & Tullock, 1962; North & Thomas, 1973; North, 1981, 1990) has been examined with a focus on the role of robust institutions in promoting economic development (Knack & Keefer, 1995; Mauro, 1995; Graafland, 2019). Governance encompasses various dimensions through which authority is exercised within a nation (Kaufmann & Mastruzzi, 2003, 2010). Worldwide governance indicators (WGIs) encompass various dimensions, including political, economic, and socio-cultural factors. Developed by Kaufmann et al. (2003), the indicators reflect the processes by which governments are selected, monitored, and replaced, the ability of governments to formulate and implement effective public policies, and the degree of respect that citizens have for the institutions governing economic and social interactions. In 2023, the World Bank released a report titled “Strengthening Fiscal Governance in the Western Balkans,” which asserts that the issue of good governance transcends political concerns and is fundamentally a developmental challenge. Good governance is pivotal in enhancing economic development and delivering essential social services. It creates a conducive environment for investment and savings, promoting high economic growth levels. In contrast, poor governance can obstruct economic progress through political instability, ineffective legal frameworks, and corruption. Studies indicate a positive correlation between improved governance and economic performance in SEE6 (Bartlett & Selenica, 2020).

The relationship between sectoral debt—household, corporate, and government—and economic growth has been widely studied, revealing positive and negative implications depending on debt levels, economic context, and institutional frameworks. While moderate debt levels often stimulate growth by funding productive investments, excessive debt burdens can hinder economic performance by constraining consumption, investment, and fiscal flexibility.

Household debt, primarily consisting of mortgages, consumer credit, and student loans, allows households to invest in durable goods, housing, and education. Research suggests moderate household debt can stimulate economic growth by boosting consumption and aggregate demand (Mian et al., 2017). However, when household debt surpasses sustainable levels, it can lead to financial crises and prolonged economic slowdowns. Corporate debt allows businesses to invest in infrastructure, research and development, and expansion projects. When managed prudently, corporate debt enables firms to finance capital investment and innovation, thus contributing positively to economic growth. However, high corporate debt can exacerbate financial fragility, reduce firm resilience during downturns, and lead to misallocation of resources (Cecchetti et al., 2011). Government debt can play a pivotal role in supporting economic growth, especially during periods of recession or when private sector activity is insufficient. Public investments financed

through debt can stimulate economic growth. The government invests in public infrastructure, social programs, and other essential services through borrowing. However, persistent fiscal deficits and unsustainable debt levels can lead to high interest rates, crowding out private investment, reducing fiscal space for counter-cyclical policies, and macroeconomic instability (Reinhart & Rogoff, 2010). The interaction between household, corporate, and government debt also plays a crucial role. For example, high household debt can reduce consumption, undermining corporate profits and government revenues; corporate debt crises can spill over into the banking sector, causing broader economic disruptions; government debt crises can lead to austerity measures, further depressing household and corporate activity (Jordà et al., 2016).

Classical and neoclassical economic theories underpin the relationship between trade and economic growth. According to Adam Smith's theory of absolute advantage and David Ricardo's theory of comparative advantage, trade allows countries to specialize in producing goods where they are most efficient, boosting productivity and economic growth (Smith, 1776; Ricardo, 1817). According to the export-led growth hypothesis, increased exports can lead to higher production, employment, and GDP growth. As per the import-led growth hypothesis, imports can improve productivity by providing access to better technology and capital goods. Higher trade openness is associated with increased efficiency and knowledge spillovers. Empirical studies highlight the strong correlation between trade and economic growth in SEE countries. Increased exports have been a primary driver of economic growth in Serbia and Bulgaria, supported by integration into European value chains (Stanišić, 2017). Greater openness to trade is positively correlated with GDP growth, as observed in Croatia and North Macedonia (Mencinger, 2003). The impact of trade on economic growth in SEE countries operates through several channels, such as export diversification- countries with diversified export baskets (e.g., Serbia) have shown more resilience during external shocks; technology transfers- imports of machinery and technology-intensive products contribute to productivity growth; fostering knowledge spillovers and innovation; regional integration- participation in EU markets and regional trade agreements has enhanced market access and competitiveness (Frankel & Romer, 1999)

III. Methodology

Principal component analysis (PCA) is used in the data analysis to reduce the dimensionality of the governance indicators variables due to correlation issues between them. A single index (WGI) is derived based on the weights of each of the six governance indicators using the PCA technique. Multicollinearity can distort the estimation of coefficients in regression models, making it difficult to determine the effect of individual predictors. To address it, a weighted index is calculated by aggregating the scores:

$$WGI = \sum_{i=1}^6 (I_i \cdot w_i)$$

Where I_i is the score for each of the governance indicators and w_i is the respective weight was obtained from the PCA analysis. Higher values of WGI indicate better governance performance, while lower values suggest governance deficits.

Panel data, which combines cross-sectional and time-series data, provides insights into economic and social phenomena by capturing individual (cross-section) and temporal (time-series)

dimensions. Econometric techniques such as pooled Ordinary Least Squares (pooled OLS), Fixed Effects (FE), and Random Effects (RE) models are commonly applied to analyze panel datasets. Each model has distinct assumptions, advantages, and limitations, making their choice context-dependent. The pooled OLS model assumes that the relationship between the independent and dependent variables is the same across all cross-sectional units and periods. It ignores individual heterogeneity and pools all data together, treating it as a large dataset (Wooldridge, 2010). The fixed effects (FE) model accounts for unobserved individual-specific characteristics that may influence the dependent variable. It assumes these effects are time-invariant and correlated with the independent variables (Baltagi, 2008). The random effects (RE) model assumes that individual-specific effects are random and uncorrelated with the independent variables. It treats these effects as part of the random error term.

The model can be represented as:

$$GDP_{it} = \beta_0 + \beta_1 GOVDEBT_{it} + \beta_2 HHDEBT_{it} + \beta_3 CORPDEBT_{it} + \beta_4 TRADE_{it} + \beta_5 WGI_{it} + u_{it}$$

Where: GDP_{it} - Real GDP growth rate for country i at time t . $GOVDEBT_{it}$ - Government debt as a % of GDP. $HHDEBT_{it}$ - Household debt as a % of GDP. $CORPDEBT_{it}$ - Nonfinancial corporate debt as a % of GDP. $TRADE_{it}$ - Trade as a % of GDP. WGI_{it} - Worldwide Governance Indicator. u_{it} - Error term

To determine the most appropriate model for the analyzed panel dataset, two key statistical tests are performed: Breusch-Pagan Lagrange Multiplier (LM) test, which compares pooled OLS with the RE model, and the Hausman test, which compares the FE model with the RE model (Hausman, 1978). A study by Arellano and Bond (1991) employed FE and RE models to analyze firm-level productivity growth in a panel dataset, concluding that FE models better control for unobserved firm-level heterogeneity. This study explores the applications of these three econometric models with unbalanced panel data for 2006-2023. The datasets are retrieved from the World Bank database, and Python software is used to perform the model's results.

IV. Empirical Results

The principal component analysis of the PCA shows which of the six governance indicators has the most significant influence in each of the 6SEE countries. The table below shows the weight and the proportion of cumulative variance explained by the labeled principal components across the selected countries. PC1 - Control of Corruption: Dominates in most countries, reflecting its significant impact on governance variability. PC2 - Government Effectiveness: Captures secondary governance patterns that vary across countries. PC3 - Political Stability: Explains a minor but notable portion of the variance. The last three indices, PC4 - Regulatory Quality, PC5 - Rule of Law, and PC6 - Voice and Accountability, present a less significant impact on the governance index WGI. Control of corruption (PC1) accounts for the most significant proportion of variance in the dataset for each country, ranging from 49% to 71% across the selected countries. This indicator is a key driver of the dominant trend across governance metrics. PC1, PC2, and PC3 are the most important components in the PCA results because of the highest variance (87% to – 95%). This suggests that the first three components capture the most dominant trend in the six governance indicators. The WGI index of each country is derived by multiplication of the I_i - scores of each of the country's governance indicators by the respective w_i -weights obtained from the PCA analysis.

Table 1. PCA Analysis Across Countries

Country	PC1	PC2	PC3	PC4	PC5	PC6
Albania	0.62	0.21	0.09	0.04	0.02	0.01
Cumulative Variance	0.62	0.83	0.92	0.97	0.99	1.00
Bosnia and Herzegovina	0.41	0.36	0.16	0.03	0.03	0.01
Cumulative Variance	0.41	0.77	0.93	0.97	0.99	1.00
Kosovo	0.49	0.27	0.11	0.07	0.04	0.02
Cumulative Variance	0.49	0.76	0.87	0.94	0.98	1.00
Montenegro	0.62	0.18	0.14	0.04	0.01	0.01
Cumulative Variance	0.62	0.80	0.94	0.98	0.99	1.00
North Macedonia	0.49	0.21	0.20	0.06	0.03	0.02
Cumulative Variance	0.49	0.70	0.90	0.96	0.98	1.00
Serbia	0.71	0.20	0.04	0.03	0.02	0.00
Cumulative Variance	0.71	0.91	0.95	0.98	1.00	1.00

Source. Author calculations.

Three econometrics models are applied, and the following results are presented (Table 2). The OLS regression results (R-squared 0.127) indicate that the independent variables explain about 12.7% of the variability in economic growth rate. Government debt coefficient -0.04 ($p = 0.049$) indicates a marginally significant negative impact on economic growth. Household debt coefficient -0.14 ($p = 0.038$), indicating a statistically significant negative relationship. Also, the trade coefficient of 0.05 ($p = 0.014$) shows a statistically significant positive impact on growth. The model's F-statistics (2.968, $p = 0.015$) suggest that the overall regression model is statistically significant.

The FE results show that (R-squared 0.231) indicates that the independent variables explain about 23.1% of the variability in economic growth rate. Government debt coefficient -0.12 ($p = 0.003$) indicates a negative relationship with GDP growth. Also, a trade coefficient of 0.088 ($p = 0.002$) positively impacts growth. The model's F-statistics (2.916, $p = 0.003$) suggest that the overall regression model is statistically significant. Country-specific effects -some countries like Kosovo, North Macedonia, and Serbia have significant fixed effects, suggesting country-specific factors are important. The coefficients for individual countries reflect how much their GDP growth deviates from the base category (Albania). For example, Kosovo: -6.005 (significant at 5%), and Serbia: -4.669 (significant at 1%).

The RE model shows the trade coefficient is positive 0.08 and statistically significant ($p = 0.004$), indicating higher trade is associated with increased economic growth. All other variables are not significant.

Table 2. Pooled OLS, FE, RE Models Results

Variable	OLS Model	Fixed Effects Model Coefficient	Random Effects Model
<i>(baseline country Albania)</i>			
Bosnia and Herzegovina		-4.38 (2.85)	
Kosovo		-6.01 * (2.62)	
Montenegro		-4.43 (2.40)	
North Macedonia		-7.96 * (2.70)	
Serbia		-4.67 * (1.66)	
Intercept	2.69 (2.49)	7.29 * (3.53)	2.60 (2.81)
GOVDEBT	-0.04* (0.02)	-0.12 * (0.04)	-0.07 (0.04)
HHDEBT	-0.14* (0.07)	-0.05 (0.13)	-0.16 (0.10)
CORPDEBT	-0.03 (0.02)	-0.01 (0.02)	-0.02 (0.02)
TRADE	0.05* (0.02)	0.088 ** (0.03)	0.08 ** (0.03)
WGI	-1.04 (2.15)	3.51 (3.28)	0.76 (3.11)
	R-squared: 0.127	R-squared: 0.231	Marginal R-squared: 0.08
	F-statistic: 2.968**	F-statistic: 2.916***	

Source. Author calculations.

Two key statistical tests are performed to determine the most appropriate model for the analyzed panel dataset (Table 3). The Breusch-Pagan Lagrange Multiplier (LM) test compares pooled OLS with RE. The results show that the null hypothesis is rejected (since $p < 0.05$), and the RE is preferred over pooled OLS ($p = 0.0012$). The Hausman test compares the FE model with the RE model. The results show that the null hypothesis is rejected (since $p < 0.05$), and the FE model is preferred over the RE model. These test results highlight the FE model output results and the interpretation of variable coefficients with the analyzed dataset in this study.

Table 3. Model Selection Tests

Test	P-Value
Breusch-Pagan LM Test (pooled OLS vs RE)	0.0012
Hausman Test (FE vs RE)	0.0311

Source. Author calculations.

Multicollinearity is checked through variance inflation factors (VIF) among independent variables, and results show no significant concerns about it (Appendix, Table A).

Conclusions

This study's findings do not reveal a significant relationship between governance quality and the GDP growth rate in six Southeast European countries. These results do not align with numerous studies in literature and provide the foundation for these countries' diverse specific economic conditions. The study results show that government debt and trade balance in % of GDP statistically impact real GDP growth. A decrease in government debt by 1% increases the economic growth rate by 0.12%. Also, an increase in trade balance (in % of GDP) by 1% increases the economic growth rate by 0.088%. Household debt, corporate debt, and governance quality show no significant relationship to the GDP growth rate in this study.

While debt can stimulate economic activity by facilitating investment and consumption, excessive debt in any public sector poses significant risks to economic stability and long-term growth. Policymakers must, therefore, strike a balance between leveraging public debt for growth and preventing unsustainable debt accumulation.

Export competitiveness, structural dependencies, and policy frameworks shape the relationship between the trade balance and economic growth in SEE countries. While export growth can drive sustainable economic growth, persistent trade deficits pose significant risks. Policymakers must implement strategies to diversify exports, reduce structural trade imbalances, and foster an environment conducive to stable long-term economic growth.

Policy Recommendations

- Control rising government debt to prevent adverse impacts on economic growth.
- Promote exports and enhance trade openness and integration to drive economic growth.

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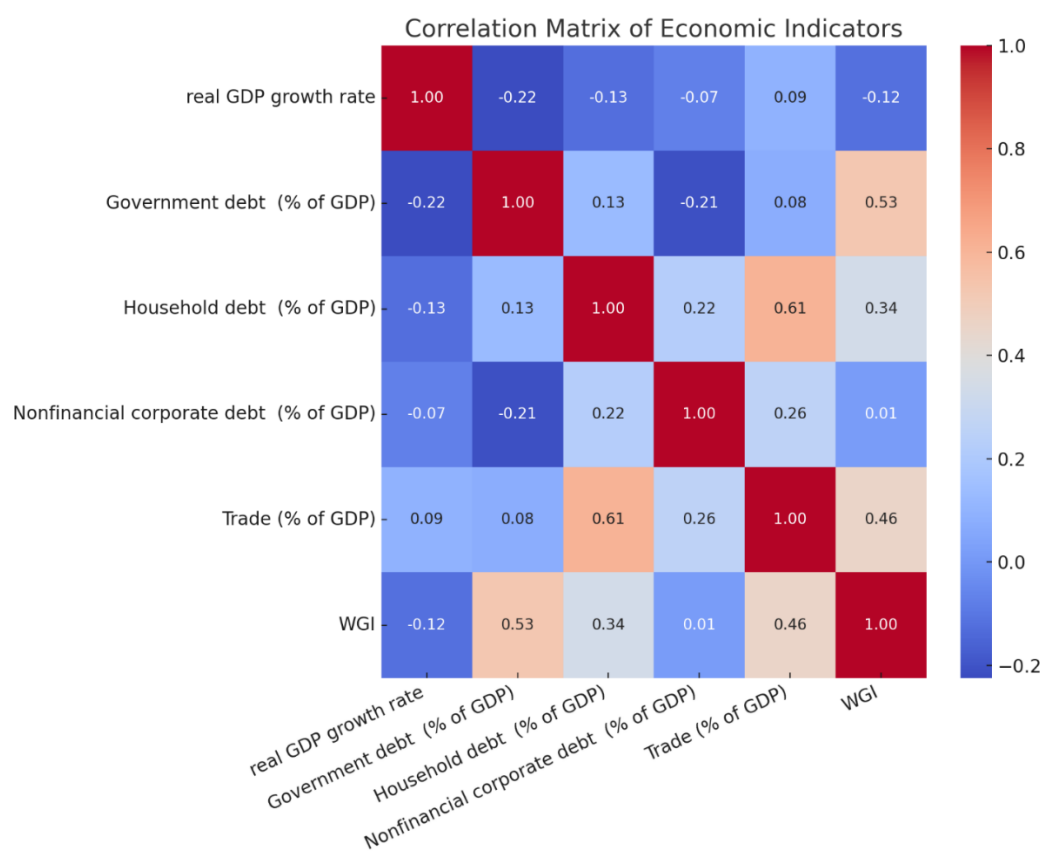
APPENDIX

Table A. Variance Inflation Factor (VIF) Results

Variable	VIF
const	58.01
Government debt (% of GDP)	1.37
Household debt (% of GDP)	1.62
Nonfinancial corporate debt (% of GDP)	1.12
Trade (% of GDP)	1.87
WGI	1.59

Source: Author calculations.

Figure A. Correlation Matrix



Source: Author visualization.

Determinants of FDI in the Western Balkans compared to EU Countries

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Abstract

Motivated by the increasing number of foreign direct investments in Balkan countries during the last few years, a random effects model has been employed to uncover the macroeconomic factors that affect FDIs in this region. To succeed in this study, four independent variables have been used: GDP per capita, inflation rate, unemployment rate, and genuine interest rate to observe how they behave towards FDIs during the period of 2004 – 2022, and a comparative analysis has been conducted in the EU countries to reveal similarity or difference in the respective patterns. Results show that GDP per capita has a significant positive effect on FDIs, and unemployment and genuine interest rates have both negative and significant impacts on FDIs. In contrast, inflation rates came up to have a positive but insignificant effect on foreign direct investments.

Keywords

FDI, GDP per capita, unemployment rate, real interest rate, inflation rate, EU, Balkan countries.

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I. Introduction and Theoretical Background

“Foreign Direct Investments (FDIs) are investments from an individual or a company from one country to another. This can be done by acquiring business assets or establishing business operations in the country of interest.” (Financial Times). Further studies show that FDI plays a vital role in a country's economic growth and development (Choe, 2003; Li & Liu, 2005). In the late 1800s and early 1900s, excess savings flowed from well-developed European countries (UK) to developing ones. In other words, FDIs were aimed at some fast-growing economies, such as the United States, during that period. Here, we can mention some of the American infrastructure that was financed by European capital. The governments of that time did not fully understand what they were doing, and FDIs were seen by many as a good thing, but there were also arguments against FDIs. They were seen as a key source of capital flows and job creation but also as negative and dangerous, taking away national resources and capital. However, FDIs depend on the political conditions and the social and economic situation of the “receiver” and “donor” countries.

The world today is not the same as it was more than 100 years ago. Many see FDIs as an essential part of a country's economic development. Most countries want to attract as much investment as possible by shaping their economies. This is mainly done by government policies and measures that facilitate foreign investment. From 2000 to 2015, there was a significant shift in regulatory changes from liberalization to restrictive ones, paying more attention to the level of openness of economies. Economies are focused on facilitating the movement of capital from one country to another. The many liberalization policies were a sign that countries were trying to make themselves an attractive destination for potential foreign investors. This was mainly due to understanding the power of FDI attraction and how they can help evolve their economies. However, FDIs depend not only on political conditions; they also have an important impact on the social and economic situation of the "receiving" and "donor" countries.

Consequently, the question that concerns economists and governments today is: "What do FDIs depend on?" This may seem like an easy question to answer, but it is not. Many variables drive FDIs, such as GDP, inflation, and exchange rates. Moreover, their importance changes from year to year. This is because our society is evolving, and new ways of doing business are emerging.

According to Bloomberg, Foreign Direct Investments are moving from the place of good and growing economies to the less developed economies that are somehow attracting these investments. As a result, the trend of FDI inflows skyrocketed in emerging economies until 2014, when they overtook the developed ones. In Asia, for example, FDI inflows marked a new record, displaying the largest recipient of FDI in the world. The reason for that lies in the strong performance of South and East Asian economies. Asia being the most active region in investment for liberalization policies may explain why it became the most attractive region for FDIs.

FDI inflows would slow down starting in 2016 in developed countries, increasing outflows by 33%. During this period, Europe became the largest investing region in the world, with outflows of almost \$576 billion. The observations also noted that there was an increasing trend in FDIs for the manufacturing sector and a decline in the primary sector (World Investment Report, 2016). Due to the unstable global economy that the world has been experiencing in recent years, governments' investment policies, in favor of or against Foreign Direct Investments, are a key factor.

Many studies have been conducted to find the factors that explain Foreign Direct Investments, but no one has found a general theory that explains every type of FDI and every period of time. This does not mean that they are not necessary; every study is essential to fully understand the investment universe's behavior. Dunning is one of the first researchers to work on this subject. In his book “Multinational Enterprises and the Global Economy, 1993” Dunning analyses Foreign Direct Investments from the firm perspective.

He describes that there are three types of FDIs:

- 1) market-seeking—This type of investment tends to establish facilities in the host country just to lower the cost of exporting them. Because of its nature, this type of investor is attracted by market size and the economic growth of the host country.
- 2) resource-seeking—In this type of FDI, investors want to invest abroad to find raw materials, natural resources, and low labor costs. Stated differently, they want everything that they are interested in but cannot find in their home country.
- 3) Efficiency-seeking—This is when investors gain from lower costs like communication and transportation but also an efficient and skilled labor force. In other words, investors are seeking expertise and know-how that they cannot find in their home countries.

As previously said, no self-explaining theory fully indicates the behavior of Foreign Direct Investments. This is the reason why many researchers rely on previous papers, and from them, they take significant variables and make their own model. From the literature and studies reviewed for this paper, some of the variables are selected and considered to be included in the model as more representative of explaining the dynamics of FDIs:

The government size is measured by the number of employees working in the public sector or budget, either in absolute terms or relative to the overall national economy. According to Yijun Yuan, Yanying Chen, and Lili Wang (2010), the enlargement of government size has a positive effect on FDI inflows. This paper also states that the effect is much more significant in developing countries. In our analyses, the government size is measured as a percentage of public sector employment over the total employment.

Per capita GDP, also known as Gross Domestic Product, can be found by dividing GDP by a country's total population. It is a measure of the performance of a country and also indicates the market size of that country. It shows the total of goods and services produced within one country. According to Anwar and Nguyen (2010), there is a positive relationship between FDIs and market size. Logically, the more a country produces, the greater its market size. Also, this serves as an incentive for foreign investors since they invest abroad with the intention to seek new market share.

GDP growth measures the change of the GDP from one year to another. It is important to understand how the economy is performing. Some empirical studies, such as the study done by Al Nasser (2010), emphasize the positive effect of GDP growth in attracting FDIs. There are several reasons, and the economic scale is one of the most important. An investor would probably prefer a rapidly growing economy that offers him a more significant share of the market size. This happens due to the increase in the demand of the possible targeted country for goods and services. From this analysis, we expect GDP growth to have a positive relationship with FDIs. Later on, this factor will be tested in the model.

Inflation is a measure of the general change in price in an economy over some time. Inflation can be considered a significant variable in this study because it is focused on changes in the purchasing power of money. An investor can take a lot of information by changing the purchasing power in his possible targeted country. On the other hand, other studies like Alex Ehimare (2011) suggested that the inflation rate did not significantly affect the inflows of FDIs because investors are attracted more by stable economies, theoretically speaking, and high inflation reduces the attractiveness of a country to foreign investors.

Unemployment, according to the theory, is a phenomenon that occurs when a person who can work and is actively searching for employment is unable to find work. Unemployment is often used as a measure of the health of the economy. Because our focus is FDIs, we can refer to two different opinions about unemployment. The first theory indicated by the supply and demand of the labor force suggested that a high unemployment rate would be attractive to investors due to the high demand for the limited workplace. This puts investors in a favorable position, giving them the opportunity to play with wages.

The second theory indicates a negative relationship between FDIs and Unemployment. This may be mainly due to the fact that unemployment can cause low tax revenues that will lead to a decrease in government investments. Low government investments cause old and miscellaneous infrastructure, making this country less attractive to foreign investors. Furthermore, a high unemployment rate indicates economic instability and misallocation of national resources in which the labor force is one of the major categories. Unemployment is among the most important problems in all countries, regardless of their levels of development (Mehmet Mucuk, M. Tahir Demirsel, 2013). The study also suggested that there is not a statistically relevant relationship between FDIs and unemployment. This paper measures unemployment as a percentage of the total labor force.

The rule of law, as stated in the World Bank's Governance Indicators report, measures “the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence” (Kaufmann et al., 2007). These factors attract foreign investors. This ensures that there will be no takeover from the government after the investment. In addition, the quality of contract enforcement ensures that they will fulfill their obligations after establishing relationships and regular contracts with local suppliers. Also, as stated in the research paper by Tracy L Danner (2008), there was a positive, although not statistically significant, estimate for the effect of ROL on FDI allocation.

Population measures a country's total population, usually within a year. The hypothesis of a positive relationship between population and FDIs has been strongly supported by the results of the study by Abdul Aziz and Bilal Makkawi (2011). This hypothesis is supported by the figures, too. From the annual world investment report of the last five years, it can be clearly seen that the top five countries that attract foreign direct investments are India and China, which also have the largest populations.

Official development assistance (ODA), as stated by Helmut FÜHRER (1994), is a term coined by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) to measure aid. The term ODA was first used by DAC in 1969. ODA is nothing more than an indicator of international aid flow. The flow is in the form of loans from developed countries to developing and transition economies. Even though ODA does not affect developed countries, it is essential for the developing ones. Hang Pham

(2015) found that ODA attracts more Foreign Direct Investment inflows in the intermediate-term (5-year average) and long-term (all-year average) but not in the short term. This is mainly due to the fact that investors want to wait for infrastructure to be at their standards before investing.

The trade ratio is measured as export plus import values divided by GDP. Bedassa Tadesse and Michael Ryan (2002) stated that trade and Foreign Direct Investment are positively related to each other, and this occurs more in middle and low-income countries than in high-income countries. This is mainly because it is not a factor worth looking for in developed economies, which have proven to be strong, stable, and exported-oriented economies. These factors are not always taken for granted in the middle-low range of economies. This ensures the foreign investor that the country they are willing to invest in has no trade barriers for exports or imports. In this way, they can easily transfer funds and raw materials from outside the country.

As we mentioned previously, one of the main objectives of our research is to find out whether the level of a country's economic development is or is not a factor in determining the determinacy of foreign direct investments. This dummy variable denotes one of the countries that the World Bank classifies as developing.

II. Data and Methodology

This study will be focused on the factors affecting FDI using panel data with random effect, taking into consideration 12 countries over a time period from 2000 to 2022. To distinguish between the different impacts that FDI has on the Western Balkan countries and EU countries, five countries from the region: Albania, Bosnia & Herzegovina, Montenegro, North Macedonia, and Serbia have been considered along with Bulgaria, Croatia, France, Germany, Greece, Italy, and Spain. The sample has been limited to include countries that are somehow close geographically in each group and for which data were available for all the variables of interest. The data from the World Bank consisted of 276 observations analyzed through the STATA Program. The data are organized in the panel, and the regression estimates are analyzed through a random effect model:

$$FDI = \beta_0 + \beta_1 SOG + \beta_2 LnGDPpc + \beta_3 INF + \beta_4 UNEMP + \beta_5 LnPOP + \beta_6 TR + \beta_7 LnODA + \beta_8 D + \epsilon_{i,t}$$

Where:

- FDI is foreign direct investments, which are the dependent variable.

While the independent variables are as follows:

- SOG represents the size of the government, measured as the Public sector employees/Total number of employees (expected positive effect but more significant in the developing countries)

- GDPpc represents the GDP per Capita, measured as the GDP/Total Number of Population (expected positive relationship)

- INF represents inflation measured as the change in consumer purchase power (an expected negative effect if related to the stability of the country, but the literature suggests no major effect on the inflows of FDI).

- UNEMP represents the unemployment rate, measured as the number of unemployed people out of the total labor force (expected to have a positive effect if it is attractive for investors or a negative effect if it reflects economic stability).

- POP represents the country's population (an expected positive relationship strongly supported

by research: among the top five countries that attract FDI are India and China, which also have the largest population).

- ODA represents the Official Development Assistance Loans from developed countries to developing ones and the transition economies (expected to attract more Foreign Direct Investment inflows in the intermediate and long term, but not in the short term).

- TR represents the Trade Ratio, measured as $(\text{Export} + \text{Import}) / \text{GDP}$ (expected to be positively related to FDI, especially in middle- and low-income countries rather than high-income ones).

- D1 represents the Dummy for the economic level. It denotes with one the countries that are classified as developing and with zero the developed ones:

Table 1 presents the descriptive statistics on the variables mentioned before:

Table 1: Descriptive Statistics

Variable	Number of Observations	Mean	Standard Deviation	Minimum Value	Maximum Value
FDI	262	17,977.540	31,964.817	-20408.42	24,8007.4
population	276	24.206	28.584	0.605	83.798
gdppc	276	16,938.102	14,234.014	914.786	51,426.75
site gov	276	0.237	0.076	0.107	0.496
inflation	276	3.9	8.046	-1.736	95.005
unemploy	276	15.26	7.854	3.135	37.32
ODA	123	401.728	365.288	3.86	2084.64
tradegdp	276	81.021	23.656	22.492	168.825

Source: Authors' calculations

III. Regression Results

The regression results are shown in Table 2. The regression is statistically significant, and the variables included in the model explain 62.7% of the FDI inflows. GDP per capita is substantial for our model, given for a 1% increase of GDP pc, the FDIs increase by 2.256% on average (all the other variables remain constant). The population is also essential about FDIs: for a 1% increase, the FDIs increase by 0.84% on average (all the other variables remain constant). The results confirm the positive relation between these two variables and Foreign Direct Investments, supported by the literature and logical conclusions. As GDP per capita expresses economic growth, the population, on the other end, is an interning factor because of the labor force demand and supply theory mentioned in previous sections of this paper.

Table 2: Regression results

life	Coef.	St.Err.	t- value	p- value	[95% Conf	Interval]	Sig
laptop	.84	.195	4.30	0	.452	1.229	***
lngdpcp	2.256	.562	4.02	0	1.139	3.374	***
site gov	.948	1.512	0.63	.533	-2.062	3.957	
inflation	.008	.024	0.33	.741	-.039	.055	
unemploy	-.048	.015	-3.13	.002	-.079	-.018	***
lnoda	-.266	.204	-1.30	.196	-.671	.14	
tradegdp	-.013	.005	-2.52	.014	-.023	-.003	**
development	2.411	.717	3.36	.001	.985	3.837	***
Constant	-12.345	5.266	-2.34	.022	-22.822	-1.868	**
Mean dependent var		6.565	SD dependent var		1.061		
R-squared		0.627	Number of obs		112		
F-test		17.019	Prob > F		0.000		
Akaike crit. (AIC)		208.103	Bayesian crit. (BIC)		232.570		

*** p<.01, ** p<.05, * p<.1

Source: Authors' calculations

Dummy for economic level, being a developing country is more likely to attract FDIs, Western Balkan Countries proved to be more attractive than other EU countries.

The unemployment rate is statistically essential but does not very much affect FDI inflows. Trade Ratio presents the market's openness and FDI inflows as having a negative relation, meaning that the region's investors count on the country's economic stability. The trade ratio, statistically significant, also has a low effect on FDIs and, contrary to the intuition, a negative impact. The reason may be found in the fact that investors mainly seek growing and unstable economies to grow their revenues along with economic growth and an increase in market share.

The size of the government, inflation, and official development assistance are statistically insignificant in the model. Studies indeed suggest that the size of the government affects developing economies more than developed ones. Also, this is due to the logical fact that developed economies do not have to prove their economic power, and investors ignore this factor when investing in this type of country. Inflation also seems to be not among the key factors investors seek in determining whether to invest in developing countries, as it is related to the fact that more risk may result in more profit. ODA, the variable that measures loans from developed countries to developing proves an insignificant variable in our model for WB countries.

Conclusions and Recommendations

The main objective of this study was to investigate the potential determinants of FDI using panel data from 12 countries from 2000 to 2022, including some of the potential determinants that had significance in prior literature. The model established showed significance and was able to explain 63% of the dependent variable.

The model tested the overall behavior of the variables affecting foreign direct investments. Our linear regression results indicate a strong positive relationship between GDP per capita and

population. For unemployment, the results did not show a big effect, and the trade ratio seems unable to make any economic difference.

The dummy variable, separating the effect on FDIs of the Western Balkan and EU Countries, was significant, reinforcing the theory that economic development matters for investors and developing countries attract more FDIs. So, being classified as a developing country is not always a drawback for the economy.

Given that foreign direct investments bring countries more economic growth and stability, every government in the region should consider these factors in shaping policies that result in open and favorable economies for foreign investors. From the results of our study, some recommendations can follow: Countries that want to attract FDI may consider increasing GDP per capita, showing government power by increasing economic stability, and offering foreign investors security and transparency.

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Investment and Trade Policies as Catalysts for Growth: Analyzing Economic Dynamics in the Balkans

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Abstract

The Balkan region, characterized by its complex history and socio-economic transitions, faces significant difficulties in achieving sustained economic growth. This study analyses how foreign direct investment (FDI) and trade policies acted as catalysts of growth in the Balkan region between the years 2008 to 2023. The aim is to assess the relationship that exists between the levels of FDI inflow, trade openness, and the level of economic performance of the countries from a viewpoint that is tailored to the events that have unfolded in the region. A panel data regression analysis in this study investigates the efficiency of the Balkan countries' economies through fixed-effects and dynamic panel models, which are able to incorporate the individual effects of countries across time periods. To be able to develop a broader context of the economy, the study considers the key macroeconomic factors, including inflation rates, levels of unemployment, financial stability, etc. All the data necessary for the conduction of the analysis is collected from reliable and reputable open-access sources, including the World Bank and IMF, therefore, creating a reliable empirical foundation. Results show that there is a positive relationship between FDI and economic growth and development, indicating the strong impact of foreign direct investments in the region. Further, trade openness is found to have a high impact on growth, which benefits the region during periods of global economic stability and enhances exposure to the region during external shocks. This research underlines the importance of trade policy respondents being well-balanced and the macroeconomic frameworks as a response to safe foreign direct investment inflows. The conclusions of this study indicate that there are opportunities for economic growth and development because of the presence of FDI and trade liberalization. However, the long-term effectiveness of these initiatives in the Balkans should be reliant upon policy issues and institutional changes to promote economic security and decrease global volatility risks. These perspectives contribute to the ongoing discourse on the right economic policies in transition economies and on the need for well-timed interventions to create sustainable and inclusive growth in the Balkans.

Keywords

FDI, Trade Policies, Economic Growth, Balkans, Financial Stability

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I. Introduction

Regional collaboration in the Balkans has been largely driven by the aspirations of its nations for European Union (EU) membership and the EU's emphasis on the benefits of cooperation. The Western Balkans (WBs)—comprising Albania, Bosnia and Herzegovina, Croatia, North Macedonia, Montenegro, and Serbia—have predominantly been influenced by external entities like the EU, with relatively limited contributions from the nations themselves. Initiatives such as the Stabilization and Association Process (SAP) have played a critical role in fostering economic and political stabilization while strengthening ties with the EU. However, regional cooperation efforts have often faced obstacles due to conflicting perspectives and agendas among member states (Delevic, 2007).

The term Western Balkans emerged in 1999 to classify nations that were not yet EU candidates. Croatia has since joined the EU and now identifies as part of Central Europe. Greece, Bulgaria, and Romania have been excluded from this categorization due to their advanced EU integration status (Delevic, 2007; Janković, 2021). This study adopts an expanded definition of the Balkans, encompassing Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Kosovo, Montenegro, North Macedonia, Romania, Serbia, and Slovenia, to provide a comprehensive analysis of the region's economic landscape.

Economic disparities, particularly in the energy sector, persist within the Balkans. Many countries struggle with outdated power facilities, reliance on energy imports, and inadequate investment, creating vulnerabilities. While Bosnia and Herzegovina, Bulgaria, and Romania export electricity, others, such as Albania, Croatia, Kosovo, North Macedonia, Montenegro, and Serbia, heavily depend on imports. Recognizing these issues, the EU has sought to integrate the region into its energy market to enhance diversification and sustainability (Ralchev, 2012).

FDI and trade serve as crucial drivers of economic growth, fostering technological advancements, knowledge transfer, and productivity improvements. Trade enables market expansion, encourages innovation, and facilitates access to critical capital goods. However, the impact of FDI and trade on growth is contingent upon macroeconomic stability, institutional quality, and financial conditions. Trade policies influence growth directly by promoting economic liberalization and indirectly by shaping institutional and macroeconomic environments (Were, 2015).

Despite these advantages, the interaction between FDI, trade openness, and macroeconomic stability is complex, and country-specific factors are critical. This research investigates these relationships in the Balkans while financial stability is treated as a moderating factor. In addition, it discusses how political and institutional factors influence such economic processes and, therefore, which factors are most significant for sustainable development. The study's time frame is 2008–2023, which includes the global financial crisis, the COVID-19 outbreak, and the EU integration processes. This 15-year period is sufficient to show economic dynamics and structural changes and, thus, can be useful for policymakers and stakeholders. During the annual data review, this research looks for trends and opportunities for growth and regional cooperation to help shape policy and economic development plans. In this paper, a systems approach is used to increase the knowledge of the economic growth determinants in the Balkans. These findings are important for policymakers to design policies that promote financial stability, enhance regional integration, and foster sustainable development to create a more integrated and sustainable Southeast Europe.

II. Literature Review

Empirical studies in the Balkans on investment and trade policies have confirmed that country-specific determinants such as corruption, rule of law, regulatory quality, voice and accountability, and control of corruption have significant impacts on international trade in the region. Net Outflow and Inflow of Foreign Direct Investment (FDI) also significantly affect international trade. Moreover, at the same time, more GDP correlates with higher international external trade in the context of the Balkans (Disha et al., 2024). The region faces a sharper impact from the financial crisis than Mediterranean or Central European countries due to fragile financial institutions and a lack of experienced regulators. This is followed by lessons on how macro-management can be improved in EU periphery countries. The Western Balkan countries are more de-industrialized than Central East European and Baltic countries and have a higher share of services in their economies. Croatia is relatively more developed than other countries in the Western Balkan region (Munter, 2025; Uvalic & Cvijanović, 2017). The Western Balkan economies are predominantly service economies, with a higher share of services than the Central East European and Baltic countries. The bulk of foreign investment in the Balkan economies has gone into non-tradable services, such as banking, telecommunications, real estate, and wholesale and retail trade. The sectoral allocation of FDI in the Western Balkans, however, in combination with a low level of overall investments, has contributed to the long-term development of a relative decline of manufacturing, which discloses a clearly higher rate of manufacturing FDI in relation to Central East European countries. The Balkan countries still have a long way to go in attracting foreign direct investments, both in terms of volume and composition of inflows. (Uvalic & Cvijanović, 2017).

Studies about investments and trade effects on economic growth now emphasize conducting single-country research because this methodology helps capture local economic conditions and FDI-economy growth interdependent patterns. Researchers should use time-series analysis along with Granger causality to identify cointegrating relationships within error correction models. Research findings reveal that how a nation establishes its trading relationships through multiple trading partners and trade concentration influences its economic growth, particularly in developing nations (Hobbs et al., 2021; Kali et al., 2007).

Several research studies have been conducted to explore the ways in which trade, investments, and other macro components impact economic growth.

Estrin and Ulavic (2013) conducted a study that investigates foreign direct investment (FDI) flows toward Balkan transition economies against other transition economies. This document investigates foreign direct investment flows to Southeast Europe (SEE) for understanding different FDI amounts and timing, and industrial distribution patterns. Balkan countries receive reduced foreign direct investment despite their economic conditions and EU membership potential, mainly because of negative regional influences combined with historical political turbulence that restrict their development model and FDI possibilities. The research applied gravitational models to analyze the flows of foreign direct investment into countries experiencing transition in Balkan regions. The research analyzes how multiple factors affect FDI inflows between economic features, institutional quality, EU productivity, and the geographical distance of main investors. The research analyzes Serbia and Montenegro's foreign direct investment trends in the Western Balkans while also comparing them to other Central and Eastern European transition economies. The research examines FDI inflow patterns and their determinants that occurred throughout the Balkan transition economies in the 1990–2011 timespan. This study examines the GDP levels of host countries, distance to investing economies, institutional quality indicators through property rights protection and investment freedom, and prospects for EU membership and privatization effects on foreign direct investment (FDI).

The Western Balkans nations of Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia can boost economic advancement through increased global value chain integration and service export expansion, according to Ilahi et al. (2019). A 15-year time span of data analysis considered the 2000 to 2015 period exclusively. The authors applied fixed-effects panel regressions, instrumental panel regressions, and dynamic panel data models to examine different influencing variables on GVC participation and service export levels. The study analyzed major exporting firms across the area to determine their business characteristics and factors influencing GVC participation, as well as major problems encountered. The results demonstrated that worker capabilities play a vital role in obtaining economic growth benefits through importing capital goods. Trade data related to GVCs, along with service export values and changes in GDP per capita, served as dependent measurement variables. The independent variables analyzed in this study included trade openness, political stability, infrastructure and educational quality FDI regulations, the business environment, and internet penetration. The study demonstrates that the Western Balkans need fundamental institutional changes together with specific export-based strategies to drive economic prosperity and convergence between states.

Gherghina, Simionescu, and Hudea (2019) examined the connection between direct foreign investment and economic growth patterns in Central and Eastern European nations. The research uses panel data fixed-effects and random-effects estimations that study FDI effects on GDP per capita data and variables from sustainable development goals and institutional quality indicators. The research analyzed the effects of foreign direct investment (FDI) on Central and Eastern European countries' GDP per capita by applying panel data fixed-effects and random-effects estimations. The research tracked data from 2003 to 2016 through the evaluation of GDP per capita alongside FDI inflows and factors like poverty and income inequality in addition to education levels, innovation capabilities, transport infrastructure, information technology use, and institutional quality evaluation. The authors implemented panel co-integration tests and vector error-correction models as econometric tools to reveal how FDI and institutional quality measures alongside economic growth connect for the long term.

Macroeconomic variables and GDP have a complex relationship that changes based on the country and time period. Nevertheless, the fact remains that the results of past research show that such economic growth is dependent on having a stable financial and macroeconomic environment and favorable investment conditions. The findings also emphasize how crucial it is to fix the structural flaws in the financial sector, control inflation, and not let government debt levels become unsustainable. Furthermore, the impact of external crises on the country's isolated GDP warrants that countries work on strengthening their economic frameworks so that they would be less affected by these crises.

III. Methodology

The evaluation of foreign direct investment, trade openness, and macroeconomic stability on GDP during 2008-2023 uses a random-effects (RE) panel regression model with Driscoll-Kraay standard errors to examine twelve Balkan countries. A reliable open-access database provided the balanced panel data that has been used for this analysis (Hsiao, 2022). Key sources include:

- **World Bank:** Data on GDP, FDI inflows, trade openness, inflation, unemployment, and government debt (World Bank Group, n.d.).
- **IMF:** Data on financial stability indicators such as the net financial account and nonperforming loans (IMF, n.d.).

- **CEIC Data Platform and Trading Economics:** Supplementary information on macroeconomic and financial variables (CEIC, n.d.; Trading Economics, n.d.)

Driscoll-Kraay standard errors are utilized to correct for heteroskedasticity and cross-sectional and serial correlation, improving the robustness of the results (Hoechle, 2007). By incorporating Wald tests, R-squared values, and VIF diagnostics, this research ensures the robustness of the results and validates the effectiveness of investment and trade policies in shaping economic outcomes in the Balkans (Baltagi, 2008; Hsiao, 2022; Kutner, 2005).

Two random-effects models are estimated:

1. A baseline model without country-specific effects.
2. A random-effects model with country-specific indicators to account for national heterogeneity.

The models are specified as follows:

$$GDP_{it} = \beta_0 + \beta_1 FDI_{it} + \beta_2 TO_{it} + \beta_3 NFA_{it} + \beta_4 NPL_{it} + \beta_5 INFL_{it} + \beta_6 GDEBT_{it} + \beta_7 UNEMP_{it} + \beta_8 COVID_{it} + \beta_9 FINCRIS_{it} + \eta_i + \epsilon_{it}$$

Where:

- GDP_{it} : Gross Domestic Product in country i at time t .
- FDI_{it} : Foreign direct investment inflows.
- TO_{it} : Trade openness (exports + imports as a % of GDP).
- NFA_{it} : Net financial account (an indicator of financial flows).
- NPL_{it} : Bank nonperforming loans (indicator of financial stability).
- $INFL_{it}$: Inflation rate.
- $GDEBT_{it}$: Government debt-to-GDP ratio.
- $UNEMP_{it}$: Unemployment rate.
- $COVID_{it}$: Dummy for COVID-19 years (2020–2022).
- $FINCRIS_{it}$: Dummy for financial crisis years (2008–2009).
- η_i : Country-specific effects (unobserved heterogeneity).
- ϵ_{it} : Idiosyncratic error term.

The dependent variable is:

- *GDP (Gross Domestic Product)*: A primary indicator of economic growth, measured in current US dollars.

The independent variables include:

- *FDI Inflows*: Net inflows of foreign direct investment in current US dollars, representing capital movement into the region.
- *Trade Openness (TO)*: Calculated as the sum of exports and imports divided by GDP, this variable reflects the extent of trade liberalization.
- Financial Stability:
 - *Net Financial Account (NFA)*: Measures net acquisition and disposal of financial assets and liabilities.

- *Nonperforming Loans (NPL)*: Percentage of gross loans that are classified as nonperforming, indicating financial system health.
- **Macroeconomic Conditions:**
 - *Inflation (INFL)*: Annual percentage change in the consumer price index.
 - *Unemployment Rate (UNEMP)*: Share of the labor force actively seeking but unable to find employment.
 - *Government Debt to GDP Ratio (GDEBT)*: Indicator of fiscal sustainability.
- **Crisis Dummies:**
 - *Global Financial Crisis (2008–2009)*: Captures the adverse effects of the crisis.
 - *COVID-19 Pandemic (2020–2022)*: Reflects the economic disruptions caused by the pandemic.

The study tests the following hypotheses:

1. FDI and GDP

H₀: FDI inflows have no significant effect on GDP ($\beta_1 = 0$).
H₁: FDI inflows positively affect GDP ($\beta_1 > 0$).

2. Trade Openness and GDP

H₀: Trade openness has no significant effect on GDP ($\beta_2 = 0$).
H₁: Trade openness significantly affects GDP ($\beta_2 \neq 0$).

3. Financial Stability (NFA, NPL)

H₀: Financial stability variables have no significant effect on GDP ($\beta_3 = 0, \beta_4 = 0$).
H₁: Financial stability significantly affects GDP ($\beta_3 \neq 0, \beta_4 \neq 0$).

4. Macroeconomic Stability (Inflation, government debt, unemployment)

H₀: Macroeconomic variables have no significant impact ($\beta_5 = 0, \beta_6 = 0, \beta_7 = 0$).
H₁: Macroeconomic variables significantly affect GDP ($\beta_5 \neq 0, \beta_6 \neq 0, \beta_7 \neq 0$).

By integrating country-specific effects in the second model, this research provides a more granular understanding of national economic dynamics, ensuring that policy recommendations are tailored to each country's unique characteristics.

IV. Results

Two models were estimated: a baseline random-effects model and an extended version incorporating country-specific effects to account for national heterogeneity. The estimated coefficients and statistical significance levels are reported in Table 1.

The results indicate that foreign direct investment (FDI) has a positive and statistically significant effect on GDP in both models. In the baseline model, a one-unit increase in FDI is associated with an estimated 0.232 unit increase in GDP, significant at the five percent level. The effect remains consistent in the extended model, where the coefficient increases slightly to 0.241 while

maintaining statistical significance. These findings highlight the role of FDI in driving economic expansion, likely through capital accumulation, productivity enhancements, and improved competitiveness.

Trade openness, however, shows a negative but statistically insignificant relationship with GDP. This suggests that while increased trade integration occurs, its benefits might be offset by trade imbalances, reliance on external markets, or structural weaknesses within domestic industries. Similarly, the net financial account balance has a negative and statistically significant effect on GDP, with coefficients of -0.285 and -0.271 across the two models. This finding suggests that capital outflows may constrain economic performance by reducing available domestic investment and creating currency pressures.

Table 1. Summary of Results

GDP	RE Model	RE Model with Country Effects
FDI Inflows	15.13***	7.95***
Trade Openness	-1.43***	-0.59*
Net Financial Account	-2.29**	-2.00***
Nonperforming Loans (Lag 1)	-0.82*	-1.10***
Inflation	3.50**	2.66***
Government Debt	0.39	0.19
Unemployment	-1.40*	-0.31
COVID Dummy	-24.33***	-18.19**
Financial Crisis Dummy	-39.58***	-30.75***
<i>Albania</i>		<i>Reference Group</i>
<i>Bosnia & Herzegovina</i>		27.56
<i>Bulgaria</i>		75.42 **
<i>Croatia</i>		49.18 ***
<i>Greece</i>		176.78 ***
<i>Kosovo</i>		10.64
<i>Montenegro</i>		12.70
<i>North Macedonia</i>		33.81
<i>Romania</i>		159.89 ***
<i>Serbia</i>		25.87
<i>Slovenia</i>		78.54 ***
<i>Türkiye</i>		629.02 ***
Constant	219.59	52.87

Notes

Significance Level is represented by:

*** for $p < 0.01$

** for $p < 0.05$

* for $p < 0.10$

The results also underscore the adverse impact of financial instability, as seen in the negative and highly significant coefficients for nonperforming loans. Higher levels of nonperforming loans are associated with lower GDP, with coefficients of -0.328 and -0.341, both significant at the one percent level. These findings highlight the importance of a stable banking sector in supporting economic activity and ensuring efficient credit allocation. Inflation, by contrast, exhibits a positive

and statistically significant relationship with GDP, suggesting that moderate inflation levels may stimulate investment and consumption, thereby contributing to economic performance.

Government debt does not exhibit a statistically significant relationship with GDP, indicating that variations in public debt levels did not have a measurable impact on economic size during the studied period. Unemployment, however, negatively affects GDP, with a coefficient of -0.225, significant at the five percent level. This reinforces the critical role of labor market conditions in shaping economic outcomes.

Crisis-related variables further confirm the economic disruptions caused by external shocks. The COVID-19 dummy variable has a strong and negative impact on GDP, significant at the one percent level, reflecting the sharp economic contractions during the pandemic. Similarly, the financial crisis dummy also shows a significant negative effect, underscoring the severe economic downturn in the region following the 2008–2009 global financial crisis.

Model performance tests confirm the robustness of the results. The Wald test indicates that the explanatory variables jointly have a statistically significant effect on GDP, with p-values below 0.01 in both models. The R-squared values suggest reasonable explanatory power, with the country-effects model (0.452) explaining slightly more variation in GDP than the baseline model (0.428). Variance Inflation Factor (VIF) tests indicate that multicollinearity is not a concern, as all values remain within acceptable thresholds.

Overall, the findings suggest that FDI, inflation, and financial stability are key determinants of GDP in the region, whereas trade openness and government debt do not have statistically significant effects. These results support policy measures aimed at enhancing foreign investment inflows, strengthening the financial sector to reduce nonperforming loans, and implementing strategies to mitigate the adverse effects of economic crises. The analysis underscores the importance of macroeconomic stability and investment-driven policies in fostering long-term economic growth in the region.

Conclusions

This study investigated the impact of foreign direct investment (FDI), trade openness, and financial stability on the economic growth of Balkan countries from 2008 to 2023. A reliable open-access database provided balanced panel data, which was used for this analysis. Two random-effects models are estimated:

1. A baseline model without country-specific effects.
2. A random-effects model with country-specific indicators to account for national heterogeneity.

Research results demonstrated that FDI inflow activities positively impact economic development in the Balkans. The research findings match economic principles because FDI creates capital development while transferring technology and increasing productivity. Transitional Balkan economies show enhanced economic development when they succeed in receiving greater amounts of FDI.

While trade openness supports economic integration, it exposes countries to external shocks. The study found a negative relationship between trade openness and GDP growth during periods of crisis, such as the global financial crisis and the COVID-19 pandemic. This suggests that, although

trade liberalization can promote growth, it also increases vulnerability to global economic fluctuations.

Financial stability plays a critical role in moderating the effects of FDI and trade on economic growth. The study showed that countries with more stable financial systems (lower nonperforming loans and balanced net financial accounts) were better positioned to leverage the benefits of FDI and trade. Conversely, financial instability hinders growth, especially in periods of external shocks.

According to the research findings macroeconomic stability defined by public debt streams combined with inflation rates along with unemployment data deeply impacts economic growth dynamics. The ability of an economy to benefit from moderate inflation challenges but government debt burden and unemployment rates create obstacles for growth prospects.

The global financial crisis of (2008–2009) as well as the COVID-19 pandemic of (2020–2022) generated widespread damage to GDP growth rates. The economic crises revealed the weak nature of Balkan economies since they react strongly to global disturbances, thus demonstrating the need to prepare for worldwide economic downturns.

This investigation discovered unusual differences between nations that affect the manner in which economic factors combine to affect economic growth. Greece and Romania demonstrated better resistance toward economic breakdowns since they possess modern economic management structures, yet Kosovo and Montenegro had more difficulties during these moments. Each country needs distinct national policies that should address its individual economic circumstances.

Creating an economically stable environment remains essential for nations to obtain maximum benefits from FDI and trade activities. The Balkan region has substantial growth prospects that demand the resolution of structural issues pointed out in the study. Sustainable economic growth throughout the Balkan region depends on wisely combining openness with financial stability alongside sound macroeconomic policies and enhanced resilience.

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Discussing Strategies for Navigating Uncertainty in the Balkans

As. Prof. Ildir Lika¹

Abstract

More than three decades after the end of the Cold War, the Balkans are still at a crossroads. The region does not feature any serious geopolitical division as Western powers (the U.S. and the EU) and integration into Western institutions have come to constitute “the only game in town” for all Balkan countries. Virtually no mainstream party or leader across the Balkans can offer a coherent alternative to the West. However, serious governance issues continue to plague almost all countries in this small corner of Europe. Lack of democratic consolidation, often blended with competitive authoritarianism, rampant corruption, state capture, and organized crime, are the severe problems that all Balkan countries still have in common. All this, in turn, has led to a phenomenon that should rank among the top national security problems for the Balkans ruling elites: the alarming rate of brain drain. In this paper, I argue that apart from external geopolitical developments (most notably Russia’s ongoing invasion of Ukraine) and their potential negative repercussions for the region, what mostly drives uncertainty about the future in the Balkans is precisely the alarming rate of brain drain. As such, discussing strategies for navigating uncertainty in the region entails discussing strategies to stop and potentially reverse the brain drain problem. In this paper, I discuss three such strategies. First, I argue that Western powers need to adopt and implement a new and fresh approach toward the region, one that should shift the focus from supporting “stabilitocracies” toward backing the consolidation of democracy in the Balkans. Second, I posit that an entirely new class of political actors untainted by the legacy of communism is needed across the region. Third and finally, lasting security in the region hinges on the full integration of Kosovo into the Western institutions and, for that, overcoming the reluctance of the four NATO members that still do not recognize Kosovo’s independence (Greece, Romania, Slovakia, and Spain) should be a top priority for Western powers.

Keywords

Balkans, European integration, brain drain, democratic consolidation, Kosovo

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I. Introduction

More than three decades after the end of the Cold War, the Balkans are still at a crossroads. The region does not feature any serious geopolitical division as Western powers (the U.S. and the EU) and integration into Western institutions have come to constitute “the only game in town” for all Balkan countries. Virtually no mainstream party or political force across the Balkans can offer a coherent alternative to the West. Regardless of whether the Western commitment is only rhetorical or has been internalized, the fact remains that all Balkan elites understand that Western support has become virtually indispensable for them to come to power, preserve power, and claim legitimacy for their rule. As aptly put by Florian Bieber (2020, p. viii) in one of his ironic advice to the so-called “Balkan prince”:

You might not care or understand the EU, and this is fine, but wanting to join the EU is a must. Without this, you probably would not have been elected, considering that all voters want EU membership. Furthermore, you could be left out in the dark if you don’t support the EU, as forming a government requires a stamp of approval from the EU. Thus, want the EU, but throw in a dose of ambiguity.

Echoing the once-famous thesis of Francis Fukuyama (1989, p. 4) that with the end of the Cold War, the world experienced somehow “the end point of mankind’s ideological evolution and the universalization of Western liberal democracy as the final form of human government”, Roger Petersen (2011, pp. 3-4) also precisely remarked that:

Not to exaggerate, but in an important sense, one type of history ended in the Balkans. Across this poor and corrupt region, nearly all looked to embrace the democracy and capitalism of the European Union and the United States. No party or leader could offer a coherent alternative. This transformation was perhaps inevitable. The combined gross domestic product of the entire Western Balkans (usually defined as the former Yugoslavia minus Slovenia but plus Albania) was dwarfed by that of its Western neighbors. In an era of globalization, these poor states could not advance outside Europe’s orbit. Significant conflicts and disputes still color the Western Balkan terrain ... Yet the era of massive violence and isolation appears to be over.

However, serious governance issues continue to plague almost all countries in this small corner of Europe. Lack of democratic consolidation, often blended with competitive authoritarianism, rampant corruption, state capture, and organized crime, are the very serious problems that all Balkan countries still have in common. To be sure, this is in good part related to the authoritarian structural legacy of the 1990s, where all these problems emerged amidst a chaotic environment of war and ethnic conflict. At the same time, however, the very serious governance issues that plague all Balkan countries are also partly a result of the wrong approach and strategy Western actors have adopted toward the region, a strategy almost always prioritizing stability over democracy. As aptly captured by Fred Abrahams (2015, p. xii), a seasoned observer of post-communist Albanian politics:

I watched the United States and other Western democracies repeatedly make shortsighted decisions that stymied Albania’s transition. For many years, the U.S. and Western European governments supported an authoritarian or corrupt Albanian leader for the sake of stability in the Balkans and, later, Albania’s cooperation in the “war on terror.” These governments frequently backed an individual more than the country’s institutions, so Albania is paying a significant price today.

All this, in turn, has led to a phenomenon that should rank among the top national security problems for the Balkans ruling elites: the alarming rate of brain drain. In this paper, I argue that apart from external geopolitical developments (most notably Russia’s ongoing invasion of Ukraine) and their potential negative repercussions for the region, what mostly drives uncertainty about the future in the Balkans is precisely the alarming rate of brain drain. As such, discussing strategies for navigating uncertainty in the region entails discussing strategies to stop and potentially reverse the brain drain problem. In this paper, I discuss three such strategies. First, I argue that Western powers need to adopt and implement a new and fresh approach toward the region, one that should shift the focus from supporting “stabilitocracies” toward backing the consolidation of democracy in the Balkans. Second, I posit that a completely new class of political actors untainted by the legacy of communism is needed across the region. Third and finally, lasting security in the region hinges on the full integration of Kosovo into the Western institutions and, for that, overcoming the reluctance of the four NATO members that still do not recognize Kosovo’s independence (Greece, Romania, Slovakia, and Spain) should be a top priority for Western powers.

II. Methodology

This paper uses process tracing as a qualitative method (George & Bennett, 2005; Bennett & Checkel, 2014) to analyze political patterns over the last decade in different Balkan countries. A special emphasis is given to the deteriorating governance issues across the region since the post-2010 revert to competitive authoritarianism. Steven Levitsky and Lucan Way (2010, p. 5) have innovatively coined such a term to refer to those regime types that are “competitive in that opposition parties use democratic institutions to contest seriously for power, but they are not democratic because the playing field is heavily skewed in favor of incumbents.” These regimes bear some resemblance to their predecessors from the 1990s, but they feature less repression, largely because the main pillar of their legitimacy (i.e., claiming the right to rule) is the promise of Euro-Atlantic integration and the strong support they receive in turn from Western institutions. Developments from 2020 imparted some rays of hope as strongly corrupt parties of power lost elections for the first time after long periods of rule. Such was the case with the unseat from power of the hegemonic communist successor party in Montenegro, Milo Đukanović’s Democratic Party of Socialists (DPS), in the parliamentary elections of August 2020, the coming to power in Kosovo of Albin Kurti’s leftist Self-Determination Movement (LVV) with the general elections of February 2021, and the unseat from power more recently (in the May 2024 general elections) of the main Albanian minority party in North Macedonia, Ali Ahmeti’s Democratic Union for Integration (BDI), that had been a junior coalition partner of both center-right and center-left ethnic Macedonian parties uninterruptedly since 2008 (Lika, 2023; 2024). Yet, the difficulties experienced by the arguably more inclusive regimes in all these three countries in the post2020 period point to the difficulty of struggling with the legacy of decades of competitive authoritarianism and bad governance. As sarcastically noted by Kim Mehmeti, a prominent Macedonian Albanian political commentator, “For thirteen years, the rightist Kosovar elites were entrusted with building a state. However, they instead built only villas for themselves.” (cited in Lika, 2021). The same assessment holds more or less for all ruling elites across the Balkans.

As such, the 1990s and the post-2010 serve methodologically as two periods of causal significance because both featured similar characteristics concerning the competitive authoritarian regime type and the external legitimacy afforded to these regimes to preserve domestic and regional stability. The ones who suffered the consequence of all this at the end of the day were the people across the Balkans who still have to endure many difficulties and who increasingly see no future in their home countries. As depressingly noted by Roger Petersen (2011, p. 221) in one of his fieldwork visits in the Preševo Valley in southern Serbia:

One final field experience serves as a metaphor for the Presevo Valley. One afternoon, my Albanian translator and I decided to lunch in Bujanovac. We went downtown and found two restaurants on opposite sides of the main street. Entering one, we quickly realized that it was Albanian by the U.S. flags adorning the room. That restaurant was empty, and no one came for five minutes. We left and entered the restaurant across the street. It was filled with perhaps fifteen elderly Serbs intently watching a movie featuring Serbian resistance fighters in the Second World War. The metaphor is the following: the Albanians had checked out of the Presevo Valley, whereas the remaining Serbs only lived in the past. Neither group, the locally ascendant but still nationally stigmatized Albanians, nor the declining Serbs, would have much of a future here.

Now, I turn to a discussion of three strategies for navigating the uncertainty generated across the Balkans from decades of bad governance and the consequent alarming rate of brain drain.

III. Findings

The first strategy necessitates a completely new and fresh approach of Western powers toward the Balkans, one that gives up shoring “stabilitocracies.” Instead, it focuses on highlighting and supporting actors committed to genuine democratization, the rule of law, and good governance. Srđa Pavlović (2016) and Florian Bieber (2018a; 2018b; 2020) have innovatively called the external legitimacy granted to competitive authoritarian regimes in the Balkans “stabilitocracy,” underlining how crucial this external factor in the new post-2010 competitive authoritarianism across the region. As aptly explained by Bieber (2018a, p. 342):

One key distinction between these new competitive authoritarian regimes and their predecessors is that they rely heavily on external legitimacy, restricting their ability to use violence or promote nationalism as they did during the 1990s. In addition, they did not inherit an essentially authoritarian state but founded their rule on flawed yet democratic institutions. Following privatizations, the reduction of the public sector, and other aspects of transformation during the 1990s and early 2000s, the governments taking office in the late 2000s lacked the same arsenals and resources for clientelism that governments had during the 1990s. This means they could not draw on the same continuity of direct control and instead had to rely on more subtle control mechanisms.

A number of stabilitocrats (from both majority and minority nations) have lost power during the past few years, like Nikola Gruevski and Ali Ahmeti in North Macedonia, Hashim Thaçi in Kosovo, Sali Berisha in Albania, and most conspicuously, of course, Milo Đukanović in Montenegro. However, in other countries, they continue to be in power and enjoy strong Western support, as is the case with Aleksandar Vučić in Serbia and Milorad Dodik in Republika Srpska. Elsewhere, a set of stabilitocrats was replaced with another, and governance problems arguably only worsened, as with Edi Rama taking over after Sali Berisha lost the 2013 parliamentary elections in Albania. Even in countries where stabilitocrats were overthrown, and supposedly more inclusive regimes came to power, a new set of problems emerged that threatens to overshadow the urgent need for genuine democratization and the rule of law. Such is the case with Montenegro, where the overthrow of Đukanović after three decades of uninterrupted rule came along with increasing concerns about the country’s new course now that political forces associated with more pro-Serbian stances have come to power in the tiny Adriatic republic (Morrison & Pavlović, 2023a; 2023b; Lika, 2024). Still, Western powers need to throw their weight behind new political forces that are committed to genuine democratization across the region. The prominent realist International

Relations (IR) scholar John Mearsheimer argued back in 1990 that “a concerted effort should be made to keep hyper-nationalism at bay, especially in Eastern Europe ... “[t]he teaching of honest national history is especially important since the teaching of false chauvinist history is the main vehicle for spreading virulent nationalism. States that teach a dishonestly self-exculpating or self-glorifying history should be publicly criticized and sanctioned.” (1990, pp. 55-56). Following the same logic more than three decades later, I posit that Western powers are long overdue to publicly criticize and sanction stabilitocrats across the region.

The second strategy calls for a completely new class of political actors untainted by the legacy of communism. Such a new political class is urgently needed across the region. This second strategy is intrinsically related to the first because the political forces genuinely committed to democratization (i.e., those that the West should support) are essentially the new generation with few connections to the formerly authoritarian/totalitarian communist past. Western actors shoring up stabilitocrats across the region seem to overlook (or are simply unaware) the general agreement among post-communist democratization scholars who argue that the democratization of former communist countries entails the removal from power of the former communist elites and their affiliates. For instance, as Michael McFaul (2002, p. 214) explains:

Democracy emerged in countries where democrats enjoyed a decisive power advantage. Thus, institutions of power sharing or checks and balances did not result from compromises between the ancien regime and democratic challengers but rather emerged only if the hegemonic democrats chose to implement them. Conversely, dictatorships emerged in countries where dictators maintained a decisive power advantage. In between these two extremes were countries in which the distribution of power between the old regime and its challengers was relatively equal. Rather than producing stalemate, compromise, and pacted transitions to democracy, such situations in the postcommunist world resulted in protracted confrontation, yielding unconsolidated, unstable partial democracies and autocracies.

As explained by McFaul above, Balkan stabilitocracies seem to fall in the third category. To shift to the first category, i.e., the one where “democrats enjoyed a decisive power advantage,” a new political class untainted by communism and strong Western support is needed. Western powers should not overlook anymore the fact that the Serbian stabilitocrat Aleksandar Vučić and his ruling Serbian Progressive Party (SNS), despite their reformist and pro-EU rhetoric, are essentially a splinter faction from the murderous Serbian Radical Party (SRS), which was the junior coalition partner of Milošević and committed heinous war crimes and genocide during the 1990s. Nor should Western powers neglect the fact that the Albanian stabilitocrat Edi Rama, presiding over a nominally socialist party in power since 2013, is the son of Kristaq Rama, a communist party member who had close ties with the brutal regime of Enver Hoxha. It bears emphasis here that even the supposedly anti-communist Democratic Party of Sali Berisha “was led by intellectuals with ties to the regime.” “They could be trusted,” avers Fred Abrahams, exposing the communist regime’s “dirty work [of] setting up a controllable opposition force” in Albania (Abrahams, 2015, p. 70). His conclusion is worth quoting in full: “If a revolution is meant to replace the old power structures with something new, Albania did not have that break. It had protests, some of them authentic, and then a process of choreographed change. Power passed from one sector of the elite to another.” (Abrahams, 2015, pp. 298-299). As such, the Biden administration’s recent designation of Berisha as persona non grata does not exculpate the U.S. and other Western powers from having supported his brutal and corrupt regime during the 1990s and 2005-2013 period. Even the supposedly more inclusive regime that replaced Đukanović’s DPS in Montenegro after 2020 should be kept a close eye on because of their close ties to both Belgrade and the Kremlin, two forces obviously inimical to democracy and rule of law (Morrison & Pavlović, 2023b).

Last but not least, the third strategy for navigating uncertainty in the Balkans calls for the full integration of Kosovo into Western institutions. This, in turn, necessitates overcoming the reluctance of the four NATO members who still do not recognize Kosovo’s independence (Greece, Romania, Slovakia, and Spain). This is of paramount importance because the ability of Serbia to stir up trouble in the region and destabilize its neighbors hinges on blocking the recognition of Kosovo’s independence with the support of Russia and China as permanent members of the UN Security Council (Joseph, 2022). Blocking Kosovo’s recognition is also the main link between Russian and Serbian interests. In this respect, the Kremlin’s full-scale invasion of Ukraine since February 24, 2022, despite all the risks it entails for destabilizing the Balkans through spillover mechanisms, might also provide unexpected opportunities for paving the way toward lasting security in the region. As succinctly explained by Lika (2022, p. 5):

The war in Ukraine and Pristina’s staunch support of Kyiv could become a game changer as it could facilitate Kosovo’s path to NATO membership. More specifically, Russia’s invasion of Ukraine has triggered serious threat perceptions among European countries, and this might lead the four NATO member states that still do not recognize Kosovo (Greece, Romania, Slovakia, and Spain) to change their stance, thus opening up the way for Kosovo to join NATO. The position of these four NATO members is of vital importance for the security and stability of the Balkans. By recognizing Kosovo, they can reverse the greatest source of leverage Serbia has over the Balkans and, as a result, also deny Russia (and China) the opportunity to stir up trouble in the region. By increasing the threat perception in Europe, the Ukraine war will likely push these four NATO non-recognizers to be more accommodating toward Kosovo and eventually change course on the issue of recognizing its independence.

The war in Ukraine is about to enter its second year, however, and no tangible change can be discerned in the official stance of the four NATO non-recognizers. This shows that the U.S. and other key Western powers should exert more pressure on the non-recognizers to generate a much-needed policy change that would lead to lasting security in the region.

Finally, the Kosovar administration should also do its part of the job, and most importantly, this entails refraining from acting unilaterally and trying to assert forcefully sovereignty over the north of the country where the Serb minority predominantly lives. Unilateralism and acting forcefully might lead Serbs to check out of Kosovo further, and it has to be recognized that this is not in Pristina’s best interests. As aptly put by a recent report of the International Crisis Group (2024, p. 3): “The Kosovo Serb population is likely to decline in both absolute and relative terms no matter what happens in the Belgrade-Pristina dialogue, but the rate of change will almost surely depend on the level of tensions, on perceptions of safety and policy. Pristina may welcome this demographic shift but should recognize that it comes at a cost: it is in Kosovo’s best interest that its Serb minority stay in the country and have an opportunity for self-rule because this is the easiest way to build good-will in Serbia and gain the concession that Pristina most wants – recognition.” Moreover, discussing the prospects for granting the four Serbian-majority municipalities in the north (North Mitrovica, Leposaviq, Zveçan, and Zubin Potok) some degree of autonomy will become virtually meaningless if a large enough number of Serbs desert the country.

IV. Discussion and Conclusions

More than three decades after the end of the Cold War, the Balkans are still at a crossroads. Broadly speaking, the region does not feature any serious geopolitical division as Western powers and

integration into Western institutions have come to constitute “the only game in town” for all Balkan countries. Virtually no mainstream party or leader across the Balkans can offer a coherent alternative to the West. However, serious governance issues continue to plague almost all countries in this small corner of Europe. Lack of democratic consolidation, often blended with competitive authoritarianism, rampant corruption, state capture, and organized crime, are the very serious problems that all Balkan countries still have in common. All this, in turn, has led to a phenomenon that should rank among the top national security problems for the Balkans ruling elites: the alarming rate of brain drain. In this paper, I argued that apart from external geopolitical developments (most notably Russia’s ongoing invasion of Ukraine) and their potential negative repercussions for the region, what mostly drives uncertainty about the future in the Balkans is precisely the alarming rate of brain drain. As such, discussing strategies for navigating uncertainty in the region entails discussing strategies to stop and potentially reverse the brain drain problem. In this paper, I discussed three such strategies. First, I argued that Western powers need to adopt and implement a new and fresh approach toward the region, one that should shift the focus from supporting “stabilitocracies” toward backing the consolidation of democracy in the Balkans. Second, I posited that a completely new class of political actors untainted by the legacy of communism is needed across the region. Third and finally, lasting security in the region hinges on the full integration of Kosovo into the Western institutions and, for that, overcoming the reluctance of the four NATO members that still do not recognize Kosovo’s independence (Greece, Romania, Slovakia, and Spain) should be a top priority for Western powers.

The failure to shift course will only worsen the mounting governance issues facing all regional countries. What needs to be grasped, better late than never, is that for countries like the Balkans that emerged from decades of communist authoritarianism/totalitarianism, prioritizing stability over democracy and the rule of law was the wrong approach from the outset. As succinctly explained by Abrahams (2015, p. 299) regarding the Albanian case:

Throughout the transition, Western states that espouse democracy have often fallen short. The U.S. focused on short-term regional stability at the cost of democratic growth. The U.S. rightly cared about regional affairs over local politics, but it could have used its vast power to encourage moderation abroad and, at the same time, promote the rule of law at home. Instead, the U.S. watered one sprig in the desert of Albania’s early post-communist politics. The error of die-hard Berisha supporters was not that they backed the man—he was arguably the most capable person to lead Albania in the early years. The error was giving him so much power and uncritical support, which fed into Albania’s track record of strong leaders. In a country emerging from four decades of dictatorship, it was critical to foster separation of powers and checks on the rule of one man. The failure to do so emboldened Berisha and made his authoritarianism worse.

It is ironic that more than three decades after the collapse of communism, we still have to face the question of whether to prioritize stability over freedom, democracy, and the rule of law. The answer for the people of the region has always been clear. Western actors’ failure to recalibrate their strategy accordingly will only worsen the plight of the locals.

Acknowledgment

The author thanked the participants in the conference session during which this paper was presented. Their comments and feedback significantly improved the quality of the arguments presented here.

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Digital Transformation in Balkan: The Role of UX UI Design in Navigating Public Sector Innovation

Harri Aleksi MSc¹ & Kein Katroshi MA²

Abstract

This study examines how user experience (UX) and user interface (UI) design may improve citizen involvement and service accessibility in the Balkan public sector through digital transformation. The study analyses how UX and UI enhancement on Albania, Kosovo, North Macedonia, and Turkey's public platforms might help digitalization efforts that satisfy citizens' requirements. The study examines e-governance platforms, which aim to improve public services and government-public communication. Design Thinking and user-centered design frameworks assess the platforms' UI for visual hierarchy, usability, and accessibility. This research evaluates design and functionality and surveys university students and other social groups from various Balkan countries to measure navigation efficiency and user satisfaction. The study sample will focus on individuals aged 18–35 who are more likely to interact with digital technologies, especially public sector platforms. Nationality, education level (mainly higher education students), and other variables will stratify the sample. Around 200 people from the selected locations will be surveyed about visual layout, convenience of use, and satisfaction. Quantitative survey results will provide the first insights, followed by regional platform design concept case studies. Results will reveal specific areas for improvement, especially in enhancing UI clarity and involving users in development. We will assess the survey responses to determine what certain target groups (age, nationality, education) value on platforms. Overall, this research underscores the potential for effective UX and UI design to expand digital infrastructure and improve public sector engagement in the Balkan region.

Keywords

Digital Transformation, UX UI Design, Public Sector, Design Thinking, User-Centered Design, e-Governance, Balkan Region, User Interface, Digital Services.

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I. How it started

The reason we started this research, undoubtedly, arose not only from the critical eye of the two designers but mainly from the fact we noticed that different people with whom we had daily interactions, society, colleagues, work partners, etc., felt some difficulties in using and maneuvering the e-governance application. One of the most significant difficulties was the menu, but not only. These users were lost during their search, from the main one to various more in-depth sections. Thus, we understood that one of the primary and most essential aspects in improving the service of these types of applications, in addition to the smooth functionality, was the application's graphic design or user interface, in which we had the appropriate expertise.

The first platform we had contact with was e-Albania, which happens to be our national e-governance platform. Between bugs and delays the platform generally had, we were more focused on the overall user experience we used to get from the platform. As a graphic designer, I struggled with the platform's functionality. So, we wondered how the average user felt about using this platform. Then we continued to think, how about the other platforms? Do other users from different countries also have the same problems? Do they experience any issues at all? How do these platforms look and feel when one navigates on them?

We became curious and started investigating and looking for other platforms similar to e-Albania in the region. We decided to analyze four platforms from four countries in the Balkan region: Kosovo, North Macedonia, Turkey, and Albania. At first glance, all four platforms were similar: an all-white background with dark writing that did not go beyond the spectrum of blue and black colors. Of course, they were government applications mainly used for legal issues concerning the state. We were born and raised in an average Balkan country where society is mostly skeptical of the state. Its relationship has always been gloomy and a cause of problems, so even e-governance platforms could not have cheerful, colorful graphics. However, we noticed that other platforms, such as banking applications, were a quick example but still a good case for comparison. The graphics of banking applications were full of colors that came as brand identification. Still, at least we didn't have to deal with the usual e-governance graphics washed out of colors and with light backgrounds and thin writing, where sometimes it was difficult to distinguish what was written. So, we saw an opportunity to study these e-governance platforms and find paths to possible improvements to user interface and user experience.

This was undoubtedly our attitude as designers. Of course, we did not represent most users on these platforms. In that regard, we decided to ask what the users of these platforms thought and to understand their needs better so we could put one more brick towards the UX improvement of these platforms. So, we decided to conduct a survey and present it to users of different ages, education, cultural background, occupation status, etc. But different people have different approaches. In this survey, we decided that the questions should be divided into various categories, ranging from general information about the respondents to detailed characteristics of the platform on which they completed the study. The subjects of this survey were the platforms e-Albania, e-Kosova, and e-Devlet.

II. The Survey

The survey was divided into five sections or chapters. The first one contained four sub-sections with multiple-choice questions, and users could select age, nationality, level of education, and primary occupation. Users who were subject to this survey ranged from 18 to 35 years of age, with an option for 36 and above, to include not only users who had completed their studies and were

more likely to have interactions with the state and public administration, such as for employment applications or various legal property actions, but also the younger ones, who represent the age group that is more technology-savvy and spends more time navigating on a phone or tablet, and as such has a better judgment regarding the graphical taste or maneuverability of an application. In the second question, users were categorized according to nationality or the e-governance platform for which they were completing the survey. This would help us identify the different perspectives of users and the matters concerning every single platform. In the third subsection, users were classified into four levels of education, namely: “high school,” “some college,” “bachelor’s degree,” and “master’s degree or above.” In the last one, they were categorized into four employment statuses such as “student,” “employed,” “self-employed,” and “unemployed.”

The second section discussed the platform and version of the system, whether for laptops and desktop computers or the mobile version for phones and tablets. It also asked about the frequency of use. This would determine the two operating systems, which are substantially different in terms of design and user navigation.

The third section included questions on usability and navigation. Here, the respondent was asked how easy or difficult the platform was to use, with the possibility of five levels of choice, from “very difficult” to “very easy.” Another question in this section asked how intuitive the platform design was for the user, here again with five levels of choice, from “not at all intuitive” to “very intuitive.”

The fourth section was the most extensive one and dealt with various visual design matters and accessibility, i.e., with aspects of user interface graphics and details that concerned graphic design matters such as the fonts used on the platform and their readability or the colors of tables, menus, and buttons, and looking more deeply into the design of icons and their intuitiveness. This section was divided into five questions. 1) “How would you rate the overall visual appeal of the platform's design?”. 2) “Are the texts on the platform easy to read?”. 3) “How appealing are the colors of the interface?”. 4) “How intuitive and user-friendly are the icons?”. 5) “Does the platform provide features or support for users with disabilities?”.

The fifth and final section was about satisfaction and user-centered design. This section, although listed at the end, was vital because, through the users' responses, we could find indications of what could be improved in the future on these platforms. Although the questions in this section might sound more abstract than concrete in this section, they were profoundly conceptual and essential to understanding the feeling the platform design gave the user. 1) How satisfied are you with the platform’s overall usability and functionality? 2) What improvements would enhance your experience with the platform? 3) Do you feel that the platform addresses your needs effectively? All the questions were based on focus points and areas where we would divide and analyze the platform. At the same time, we paid attention to the users' needs as the research aimed to identify the weaknesses of the user interface and user experience so we could propose future improvements.

III. Launching the Survey and Collecting the Data.

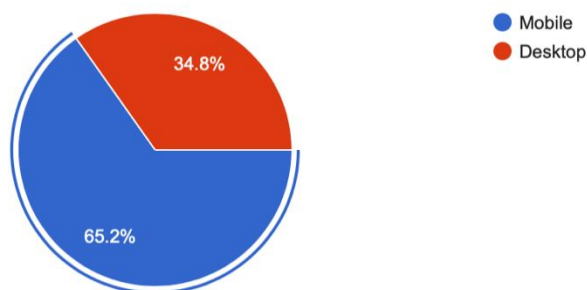
After launching the survey to the public in Albania, Kosovo, Turkey, and North Macedonia, we began collecting the data, dividing it into categories, and analyzing it according to groups and results.

Of the total number of respondents, a significantly greater engagement of young people was observed, namely from 18 to 24 years old, with 66.7% compared to the remaining 33.3%, which

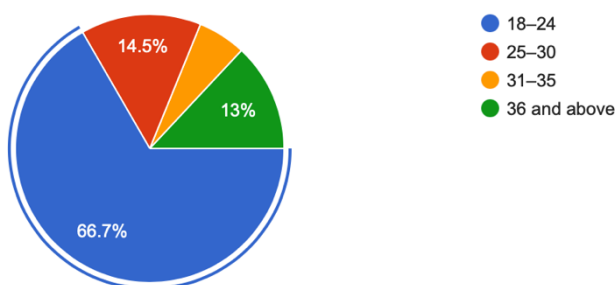
included all other ages. Another noticeable predominance was between the platform versions, where the majority of users, 65.2%, were on the mobile version, compared to 34.8% of the rest who preferred the desktop version of the application. This result was unexpected for platforms that are less about social interactions and more about state administrative and legal services. Before we started the research, we thought the application was used more by professional users working in office environments with desktop computers. The survey result gave us a new perspective. The practicality and speed of everyday life via phone prevailed over an office computer's smooth processing and convenience. We realized that the users wanted quick solutions, and the phone was increasingly replacing computers in requests and services.

As we received the data, we started elaborating on it. Soon, the results would show unexpected outcomes according to a few key issues represented through the questions of this survey:

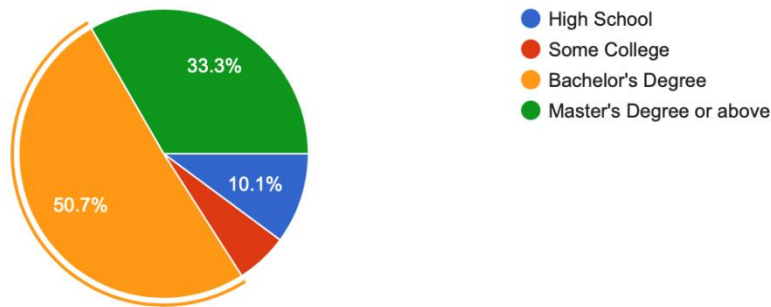
65.2 % of the users preferred to use e-governance platforms on a phone or a tablet rather than a computer desktop. Mobile phones are taking over quickly in every aspect of our lives, and this is also reflected in these platforms.



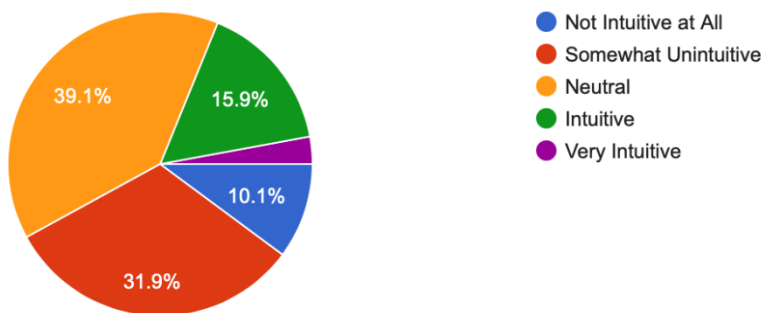
66.7 % of the users belonged to the age group between 18 and 24, a significant majority compared to the rest of the other age groups. It is important to study in more depth this particular age group, which has a totally different view of the world and how it perceives technology and applications.



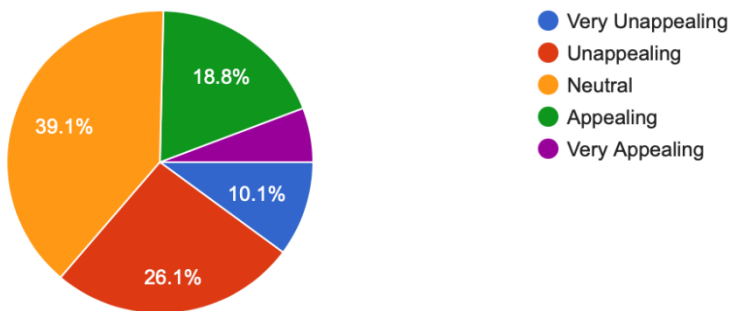
We also noticed that the more educated tend to use the platform more. There was also a boost in the Bachelor's degree category. Maybe the main reason is that the younger age group is more updated with technology and more responsive to that. Over half of the respondents were graduates, and 33.3 % of the total number of respondents had a master's degree or above.



After this general information, we examined more detailed data. We noticed that a vast majority of the users either felt neutral or a bit lost in the platform. They didn't find the overall design of the interface intuitive, and they were not impressed by its visual appearance.



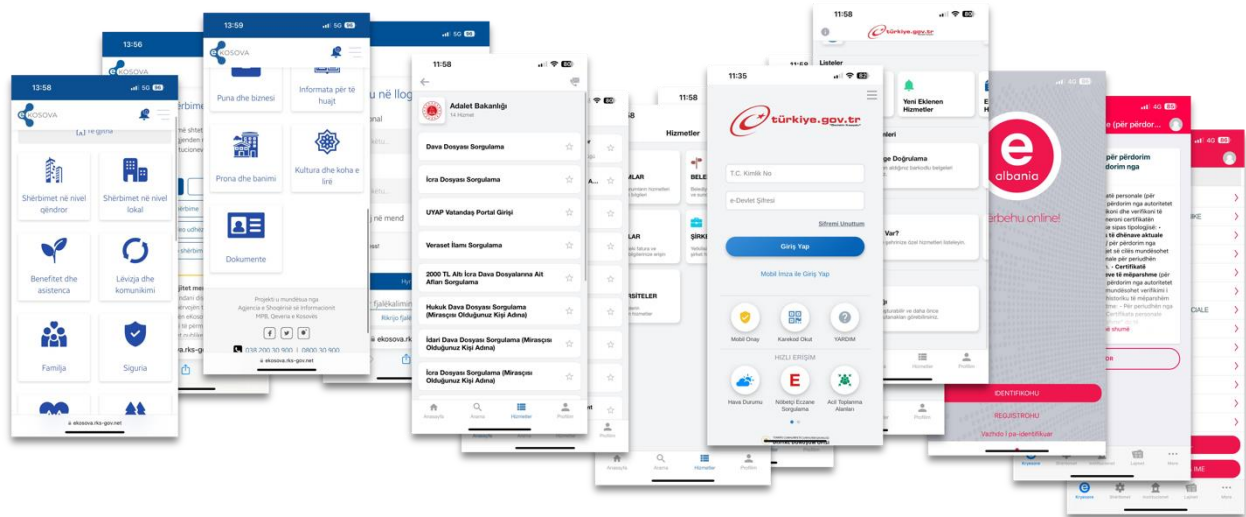
Why is that?



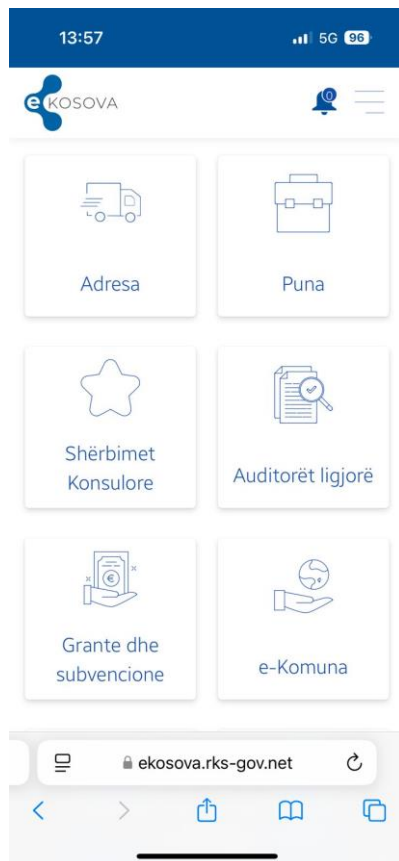
How can digital platforms be visually appealing and user-friendly?
Can they please different age groups and cultural backgrounds?

We analyzed these digital e-governance platforms through these tough questions, focusing primarily on the user interface or overall design and looking into detail at different elements such as colors, typography, icons, etc.

As mentioned above, most platforms have a standard and schematic design, which does not help. It says that there was little room for creativity, which resulted in an unattractive result for the eye. We can see it also in the graphic below. They almost look the same. There is always a trade between going safe with a well-tested design template and creating an innovative design. While platforms of this kind tend to go safe and copy each other, the worst thing a designer can do is to copy.



White background with grey shades and only one color for text and icons in general. This is the overall look that all of these platforms have in common. E-Devlet makes very little difference for a professional eye. It has more colors and even includes photographic images, enriching the graphics of this application, which also received more positive results in the survey. However, on average, there is a ‘lukewarm’ assessment for all platforms, especially regarding the icons and intuitiveness of the menu. E-Kosova, for example, has graphically pale menus and submenus with text and icons in small dimensions surrounded by large areas of white. It often uses these massive white surfaces separated by thin blue lines, imperceptible to the eye, almost invisible. A better solution would have been if, instead of the lines, there could have been a graphic separation between two colors or graphic interaction between spaces to separate the image from the background and to graphically build the ratio of favorable to hostile areas, as in the case of e-Albania, where the icons, even though in smaller dimensions, still they are designed in a more simplified way, not with lines but with graphic blocks between red and white, making the icons visually more visible and understandable.



e-Kosova

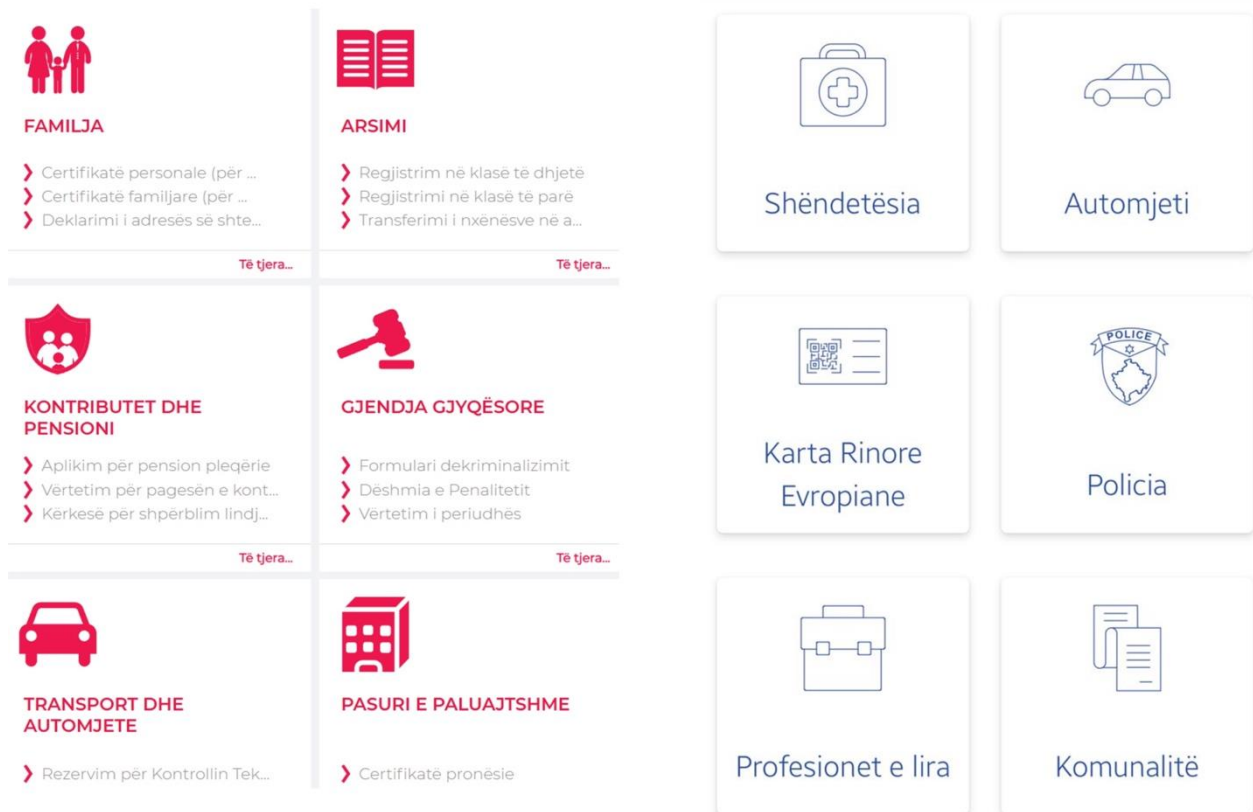


e-Albania

The colors on both platforms are restrained. There are no excesses, only one identifying color for each platform. “Blue” is the case for e-Kosova, and “red” is for e-Albania. Perhaps it is no coincidence that the respective colors have been used for each platform since these are also the national identifying colors and are predominant in the respective flags of the two countries. In e-Albania, however, they have worked on the red color. I'm not making it absolute red, as if it were a Red 255 of the RGB color mode or Magenta 100% and Yellow 100% of the CMYK color mode. This shows that the designer has refined the color to distinguish it from the flag by leaning slightly towards Magenta or pink and reducing the yellow. These details constitute a more curated design, and in this case, a softer and more pleasing color to the eye has resulted. The opposite can be said in the case of e-Kosova, where the color tends to be less vivid than the red of e-Albania. The blue of the interface of e-Kosova is not a bright color but a blue leaning towards grey, making it more of a graphic separation from the white than a bright color. Especially in the pictograms, the lines are so thin you can barely distinguish the color. It is almost as if it were black lines. It would not make any difference after all.

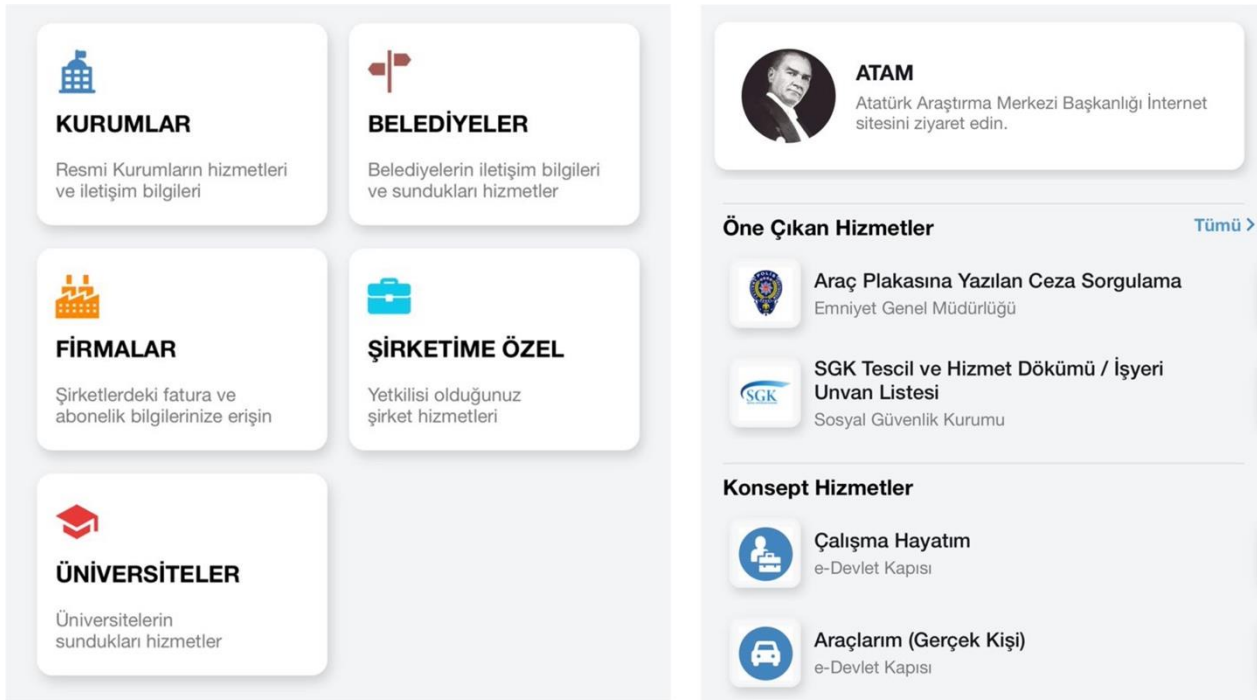
The menu on the e-Kosova platform seems more maneuverable, though, with its design of icons or buttons. This is unlike the list-like menu on e-Albania, which is more challenging to navigate. Users often get lost between the sections as they navigate. On the desktop version, though, e-Albania has adopted the button-like menu where the icons are more significant and take on more visual power, keeping the visual hierarchy and the explanatory texts less visible, whose only purpose is to give extra information to those looking for it. In this way, the menu graphics remain clean and nice looking aesthetically. For quick navigation, you can skip the icons. If you want to focus more on details, there is always additional secondary information. The design of the icons with solid red blocks is more visible and emphasized than those outlined with thin lines in e-

Kosova. They also look more intuitive most of the time. Some are even dynamic, showing action instead of a static object.



Even in terms of the interface as a whole, e-Albania has a more minimalistic approach that is similar to social networks. E-Devlet, on the other hand, has a more fancy interface; they even include images like photographs, which require a different quality in the design, consisting of the different 3D-looking effects on the buttons, like drop shadows. By not limiting itself to using colors or shades of gradients and pixel-based photographic images, e-Devlet gives a more complex look to the graphics as if it were a webpage for a desktop computer where the graphics are more complex. This may undoubtedly have a penalty in terms of the loading time of the various pages and sections of the platform. Still, it remains a graphically good solution, while the loading can also vary due to hardware limitations.

Different colors in the icons make them even more distinct, giving them an additional element. It's almost an extra sense. It is not only the writing or the icon but also the color that highlights it. Of course, color is an abstract concept, and, in this case, not necessarily in everyday life, or a bag is always blue, and a factory is orange. Still, with continuous use, the colors begin to be memorized and entered into the subconscious, making the user navigate faster with no mind, without paying attention to every detail, which would slow the navigation. From this perspective, the different colors used by e-Devlet can be advantageous. As is the tendency to use 'shadows' behind the buttons, making them more evident and creating graphic planes and depth. Even though shadows or “drop shadows” have been out of the graphic design trend for years, their careful and unobtrusive use is always a pleasure for the eye and a kind of safety in navigation, where sometimes our instinct wants to press buttons more than to tap on a flat surface.



Another critical aspect of the e-Devlet interface is that this design has at least three types of icons. Vector pictograms that we find on all platforms. Multicolored logos, as well as pixel-based photographic images. In this way, the information that the user is searching for, whether it is about an institution represented by a logo, a service labeled with a pictogram, or even information about a historical event, each of these three categories has a different presentation. This is not welcome in graphic design, as it makes the composition too confusing, with many colors and numerous divisions that make it not compact.

So this raised a dilemma – complexity or simplicity? - which we are trying to answer... according to my colleague Kein's expertise in graphic design, most of the time and for the trend of the moment, simplicity is better than complexity not only in navigating but also in design. In the case of e-Devlet, it may be advantageous that each piece of information has its way of presentation, whether in a menu or button, and does not go unnoticed. A clean environment of whiteness and transparent drop shadows also help, making it even more graphically achievable.

That was also the case when comparing e-Albania to e-Kosova. Both have similar layouts. But when it comes to colors and icons, we notice that the eye responds quicker to the red icons of e-Albania, making the user faster and more responsive while interacting with the platform. On the other hand, you need to focus more, pay more attention, and spend more time figuring out the icons of e-Kosova.

Another difference between e-Kosova and e-Albania is the font, the text, and the typography in general. Both platforms use somewhat thin fonts, but about the size, in the case of e-Kosova, there is an imbalance where the font size does not correspond to the thinness of the font, making it appear thinner. Such thin fonts are generally used in prominent, visible, and graphically emphasized texts, such as promotional messages, slogans, logos, etc., but not in body text or paragraphs. In this case, a slightly thicker font with the correct size ratio is needed to make it more readable. In the case of e-Albania, the font is thin but not exaggerated. Furthermore, in the design of e-Albania, there is another “trick”: capital letters are used, so they are more identifiable and readable even in small dimensions or spaces. This makes this platform more graphically advantageous than the e-Kosova platform.

Conclusions And Possible Paths Of Improvement.



According to the survey results, an improved navigation menu remains a key factor in the success of an online platform. The same can be said for social networks or various applications. Navigation is a key point directly related to the quality of service in the case of e-governance platforms, which are very complex and have many branches and sub-branches of information. Simplifying the menu by grouping information and sorting it more efficiently could be the right direction to improve it. Let's not forget that the same problems are encountered in social networking platforms when there is a lot of information and when this information has to do with legal and administrative issues that we often overlook. Perhaps not because we want to ignore them, but because the information is not structured and is placed there as it should be. This makes us have a repulsion from that information and not simply ignore it. Therefore, improving the menu can solve many problems, making the user interface and experience more enjoyable.

Faster loading time. This will always be an evolutionary competition between faster applications, more complex operating systems, and, most importantly, hardware, which will always compete to improve the speed and amount of information received. So, do not be surprised if we always have materials loaded with difficulty and delay. What a designer can do is design an interface that is as easy to process as possible, with minimalist vector-style graphics. A few images and complex graphics require processing time. E-governance platforms are complex enough in structure. A busy design does not help at all. It also makes the user feel lost, tired, and discouraged from finding the information they seek. Therefore, the interface should be fresh in color and graphically fluid to make the user stay and continue searching without feeling stressed by the experience with the platform.

Clearer instructions and labeling. In all platforms that were the subject of this study, a user request for a more manageable platform was observed. This includes the names and instructions from their content to the name and typography. The roles are intertwined, and pieces of the same problem appear in the results of some questions. Icons and pictograms further help provide more information in a small space where you cannot put a lot of text. Therefore, a more intuitive interface with better-designed icons and distinguishable even from small dimensions would be one of the most critical factors in improving the sharing of information and its labeling.

Better visual design and increased accessibility features. There is still a lot of room for improvement relative to each platform. The case of e-government with complex graphics gives users a more positive approach to overall graphics. The colors and simplicity of the icons in e-Albania make the navigation experience more fluid. The icons are crucial for the search. Most of the time, we don't read the whole sentence, especially when we are in a hurry and trying to find a

document or a specific material, so most of the time, we rely on icons and buttons to find things. Making things shorter to read and easier to find is the key to making the interface more user-friendly and easier to navigate. Especially when many users tend to panic when they don't see something quickly and drop the search or try to ask advice from others. Also, from my experience with the e-Albania platform, the search is a bit too complicated, with long and detailed names that most users don't know. A more advanced “keyword” mechanism and a better AI would be more efficient, making it easier to find something you don't know what exactly it is called. Icons are also essential when you want to return to the same place or frequently use one of the applications to get weekly or monthly documents, so frequent searching is needed.

Due to mobile's popularity, these platforms should also be designed for more mobile-friendly navigation. Almost everyone owns a phone, compared to laptops or desktop computers, which are mostly limited to people working in an office or from home.

We are still considering the large portion of “neutral” opinions a considerable percentage of the respondents had on these platforms. Also, many of the responses were from neutral to pessimistic about how intuitive the overall design is in these platforms. Most of them were in the younger age group. Of course, this generation is used to more graphically fancy applications such as games and social networks. Less fancy icons and graphics and more ‘boring’ text, ‘not the cup of tea’ for them. Perhaps in the future, a way to deal with the e-governance audience is to direct the user interface into a more game-like or social network-like approach.

It is the same case for the colors but with a slight difference in favor of the colors. Colors are a tricky design area because they involve individual tastes, which vary significantly from one individual to another. Still, it also tends to group people from specific cultural backgrounds or national identities. In that respect, this is an interesting direction in which we expand our research. How users perceive color and how much their cultural background has a say in the matter.

In conclusion, improving the menu is a challenge for designers who will work with these platforms in the future. Every aspect of graphics is essential and closely related to the other elements. Fonts, text, and paragraphs are related to tables, buttons, and navigation menus. Likewise, icons and colors complement the entire interface. It is crucial to design a structure that makes the menu and navigation flow easier and faster to get the service the user is looking for.

User experience should improve daily life through a system that attempts to shape the digital future in the region. The AI will have a determined role. In that regard, a better-designed AI must be adopted in these platforms, making navigation significantly more manageable and enjoyable. One of the missions of a designer isn't only making things functional and easy to master but, most importantly, making things more satisfying. Art and Graphic Design were invented to please the audience's eye and soul. There should be nothing less to aim for, even when designing an e-governance platform closer to our lives than we think. We must get the best experience out of these platforms, which are always more interconnected to our being. So the well-being of the individual and the community should concern this area too.

In total, every aspect has room for improvement. Not only visually but also conceptually. We are dealing with platforms in the Balkan region where the user's relationship with the state is not simple, and undoubtedly, technological platforms should not make it more difficult. In Albania, just a few years ago, it was unthinkable that state administration services would be digitized and almost entirely replaced by e-governance platforms. There is still skepticism in the culture of the people, where the most minor and peripheral failure of a platform only regresses users' trust in these platforms. Therefore, simplicity, perhaps more than a beautiful design, would make the digital

e-governance platform more successful in the Balkans. A more user-friendly and user-centered interface, where fast and efficient service is the first solution and then the other aspects of a more elite and creative design, would probably be the best answer for a regional society that loves and accepts technology if it is also receptive to users regardless of their level of knowledge of technology. Making the e-governance platforms more user-centered is the mission of a designer, especially for the e-governance platforms in the Balkans. A better user interface and an emotionally bright and colorful user experience improve the lives of individuals and the community.

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Harmonization of Public Procurement Contracts in Western Balkan Countries with EU Directives

Endi Kalemaj PhD Cand,¹ & Kejsi Marku MSc²

Abstract

This paper examines how public procurement contracts in the Western Balkans align with EU directives in this field. Public procurement is a key element in economic and social development and is essential for providing services and products for public administration and citizens. In the context of European integration, where public contracts are regulated by EU Directive 2014/24, it is essential for public authorities to understand and implement the conditions for the validity and classification of contracts to create a competitive and transparent environment. The methodology of this study involves a comprehensive analysis of public procurement contracts in Western Balkan countries, identifying both the differences and similarities across the region, considering that, as part of their accession requirements, they must harmonize their laws with the EU Treaties as well as with the EU secondary legislation. The *acquis* of public procurement is based on general principles such as transparency, equal treatment, free competition, and non-discrimination, which derive from the Treaty on the Functioning of the European Union (TFEU), Part Three, Title IV and Title VII, Directive 2014/23/EU, Directive 2014/24/EU, Directive 2014/25/EU, Directive 2009/81/EC, Directive 89/665/EEC, and 92/13/EEC, as well as from the case law of the Court of Justice of the European Union (CJEU). This paper contributes to a better understanding that merely aligning with the EU *acquis* is not sufficient for a candidate country. Acceding countries must demonstrate a satisfactory level of administrative capacity to implement national legislation and fulfill all obligations under the EU Directives and Treaties. These obligations entail establishing appropriate institutions and mechanisms, ensuring that these institutions have adequate staff and capacity to effectively perform all their functions.

Keywords

Public Procurement Contracts, Western Balkan Countries, EU Directives, Harmonization, Competitive Environment, European Integration, etc.

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Methodology

The paper is based on research materials, articles, reports, studies, and projects related to Public Procurement, particularly Public Procurement Contracts. For the development of this scientific work, we have considered several research methods, such as analytical, historical, descriptive, comparative, explanatory, synthetic, statistical, and predictive, which are mixed in the writing style of the paper.

Doctrinal Research Methodology

The literature review method is based on the treatment given by national and international doctrine to public procurement in general and the invalidity of public procurement contracts in particular. Through this method, the literature review related to the object of study is conducted, which includes identifying, collecting, and organizing books and scientific articles in the legal field, extending the research to the literature of both local and foreign authors.

Comparative Approach

The Comparative Approach methodology for evaluating public procurement laws in the Balkan Countries and their alignment with EU directives entails a methodical comparison of the legal frameworks of these countries with EU standards. This process helps to identify the similarities, differences, and discrepancies between national laws and EU regulations. This methodology enables a comprehensive evaluation of how well Balkan countries are integrating EU public procurement standards and helps identify areas for legal and institutional reforms.

Analysis of Legislation

The approach to analyzing public procurement laws in the Western Balkan countries follows a structured method that assesses the legal framework, its implementation, and how well these laws align with EU directives. Public procurement is key in ensuring good governance, transparency, and the fight against corruption. Therefore, the analysis involves a thorough review of legal texts, the conditions under which they are enforced, and the challenges these countries face within their procurement systems.

I. Introduction

Public procurement is a vital component of the economy. It is the process by which public institutions acquire goods and services. Furthermore, it is essential for promoting transparent and responsible governance and supporting a sustainable economy.³ For the European Union, it is crucial that prospective members adhere to and enforce regulations that guarantee public procurement of goods, services, and works is transparent and accessible to all EU companies, ensuring non-discrimination and equal treatment.⁴

³ *The perception of public procurement*, p. 5, December 2021, retrieved from: [https://levizjafol.org/wp-content/uploads/2022/03/Perceptimi-mbi-prokurimin-publik.pdf] (https://levizjafol.org/wp-content/uploads/2022/03/Perceptimi-mbi-prokurimin-publik.pdf)

⁴ Nikola Cuckic, *European Western Balkans: "Reforming public procurement crucial for fighting corruption in the Western Balkans"*, March 2020, Retrieved from: https://europeanwesternbalkans.com/2020/03/20/reforming-public-procurement-crucial-for-fighting-corruption-in-the-western-balkans/

Effective public procurement practices demand a robust policy and regulatory framework, along with institutional structures that guarantee the proper functioning of the regulatory system. Centralized administrative structures with a clear mandate are essential to initiate, design, implement, and monitor public procurement policy. These structures must oversee all aspects of public sector policy and adapt to shifting priorities and needs. A clear vision is crucial to address evolving operational needs and strategic goals, ensuring that procurement provides sustainable, socially responsible, innovative solutions.⁵

The 2014 EU Procurement Directives explicitly emphasize the importance of cohesive governance in public procurement systems. Article 83 of Directive 2014/24/EU mandates that Member States appoint one or more authorities, bodies, or structures responsible for tasks such as monitoring the implementation of public procurement rules, offering free information and guidance on the interpretation and application of EU public procurement laws to assist contracting authorities and economic operators—especially small and medium-sized enterprises (SMEs)—and supporting contracting authorities in planning and executing procurement procedures.⁶

It should be emphasized that for a candidate country, it is not enough to align with the EU *acquis*. Accession countries must demonstrate satisfactory administrative capacity to implement national legislation and fulfill all obligations under the EU Directives and Treaties. These obligations involve establishing the appropriate institutions and mechanisms, ensuring that these institutions have adequate staff and capacity to efficiently carry out all of their functions.

II. The Regulation of Public Procurement in the Western Balkan Countries.

There is a common basis but also differences between the Western Balkan countries regarding their economies, legal systems, and public procurement systems. The legal systems of the Western Balkan countries are based on the continental tradition of codification rather than the Anglo-Saxon system, as seen in the United States or the United Kingdom. The French, German, and Italian legal systems were models for the main legal instruments, such as civil, criminal, and commercial codes, administrative laws, and judicial systems. The Western Balkan countries are all part of the European Union development process, and as part of their membership requirements, they must harmonize their laws with the EU Treaties as well as the secondary legislation of the community.

II.1 Bosnia and Herzegovina

Public procurement in Bosnia and Herzegovina is regulated by the Public Procurement Law (PPL) adopted in 2014. The PPL is largely in line with the EU *acquis* and reflects the fundamental principles of the EU Treaties, such as transparency, equal treatment, competition, and the proper use of funds. However, the PPL is based on the 2004 directives and does not incorporate the solutions available under the EU Public Sector Directive 2014/24 and the EU Directive for the Municipal Services Sector 2014/25. Amendments to the PPL were prepared in 2017-18 but have not yet been approved.⁷

⁵ Sigma and OECD, *"Organising Central Public Procurement Functions"*, July 2013, Retrieved from: https://www.sigmaxweb.org/publications/Brief26_CentralPPFunctions_2013.pdf

⁶ Ibid.

⁷ Martin Trybus, *"The Reform of Public Procurement Law in the Western Balkans,"* chapter 17, p. 400, retrieved from: https://www.ippa.org/IPPC2/BOOK/Chapter_17.pdf.

Public procurement: The central authority responsible for public procurement is the Public Procurement Agency (PPA), which has an office in Sarajevo and two branches in Mostar and Banja Luka. The PPL does not define the specific duties of the branches. The PPA is an independent administration responsible for drafting procurement strategies and policies, preparing draft laws, monitoring, and providing advisory and training activities in the field of public procurement. The PPA Board is the advisory body for the PPA.

The Procurement Review Body (PRB) is an independent and autonomous institution responsible for reviewing complaints. It consists of 17 members (7 at the central office in Sarajevo and five at each of the branches in Mostar and Banja Luka). The responsibility for review is divided between the office in Sarajevo and the branch offices, depending on the value of the procurement in question and the type of contracting authority. All members are appointed by the Parliament of Bosnia and Herzegovina for a five-year term, with the possibility of one additional reappointment. The decisions made by the PRB are published on the Public Procurement Portal (PP Portal).

II.2 Croatia

Croatia has a strong economy that is still heavily based on tourism. Around 2,000 contracting authorities award contracts under the Croatian Public Procurement Law, which was later replaced by a new law based on the EU Public Procurement Directives at the beginning of 2007. The National Procurement Agency prepares public procurement policies and is also the body responsible for publishing contracts. Around 2,000 contracting entities in Macedonia award contracts with an annual value of about 123 million dollars under the 2004 Public Procurement Law. The National Public Procurement Bureau prepares public procurement policies and legislation and is responsible for publishing contracts, and then the Special Review Commission for Public Procurement is the body that reviews the published decisions.⁸

A public procurement system must provide a framework for implementation and legal remedies, as required by the EU Public Procurement Directives and as a matter of best international practices. This is necessary to ensure that the rules are followed in practice and to generate trust in the system. The EC Treaty provides a general procedure allowing the European Commission to enforce community laws against Member States under Article 226 of the EC Treaty.⁹ According to this article, if the Commission believes that a Member State has not fulfilled an obligation under the Treaties, it issues a reasoned opinion on the matter after giving the State in question the opportunity to present its comments. If the State in question does not comply with the opinion within the period set by the Commission, the Commission may bring the matter before the Court of Justice of the European Union.¹⁰

II.3 Albania

Albania has adopted Law No. 9643 on "Public Procurement," which has been updated several times to ensure harmonization with EU directives, such as Directive 2014/24/EU and 2014/25/EU.¹¹

⁸ Ibid.

⁹ Article 266 of the EC Treaty, https://eur-lex.europa.eu/eli/treaty/tec_2002/oj/eng

¹⁰ Article 258 TFEU, formerly Article 226 EC.

¹¹ Law No. 9643/2006, Public Procurement Law in Force – Law No. 162 dated 23 December 2020 on Public Procurement, Law No. 16/2024 “On Some Additions and Amendments to Law No. 162/2020 on Public Procurement.”

Procedures have been digitized on the electronic platform through the Public Procurement Agency (PPA), which has increased transparency and competition. These updates have addressed challenges such as manipulations and the lack of accountability.

The contracting authority - A contracting authority is any entity subject to this law for the implementation of its public contracts. A public contract refers to a remunerated agreement made between one or more economic operators and one or more contracting authorities or entities with the objective of carrying out works, supplying goods, or providing services in accordance with this law. The contracting authority is very important in a procurement procedure as it plays a key role in ensuring that the entire process complies with the provisions of Law 162/2020 and the secondary legislation issued to implement it. The authority must guarantee adherence to equal treatment, transparency, competition, and non-discrimination principles and ensure proper planning of public funds and their needs. It is also responsible for procuring and executing the contract in accordance with the applicable legislation.¹²

The Public Procurement Agency (APP) is Albania's policymaking institution in public procurement. Some of its main tasks include proposing regulatory measures, verifying the legality of the public procurement system, preparing standard tender documents, assisting in and drafting programs to build capacity in public procurement, and excluding economic operators from participating in public procurement procedures. Hierarchically, the APP is a budgetary institution under the authority of the Prime Minister.¹³

The Public Procurement Commission is the highest administrative body in the field of procurement. It is responsible for reviewing complaints regarding procurement procedures and performing any other duties assigned to it by this law and other legal acts within its area of competence. In making decisions, it takes into account, in addition to general principles, specific principles such as impartiality in reviewing complaints, consistency in decision-making, legality, speed and efficiency, accessibility, public nature, and the principle of contradiction.¹⁴

The Agency for the Treatment of Concessions (ATRAKO) is an institution under the Ministry of Finance and Economy. Its main responsibilities include providing assistance to Contracting Authorities in concession projects and public-private partnerships (PPPs), developing procedures, assisting in the drafting and unification of standard tender documents for concession/PPP procedures, and organizing training for the staff implementing concession/PPP projects. ATRAKO's competencies are defined in Law No. 77/2015, "On Concessions and Public-Private Partnerships," as amended.¹⁵

The Central Purchasing Agency is a budgetary institution under the Ministry of Internal Affairs and functions as the central purchasing body for the Prime Minister's Office, line ministries, and subordinate institutions. The Ministry of Defense and the Ministry of Internal Affairs are the primary institutions responsible for procurement in the fields of defense and security.¹⁶

¹² Article 21 of Law No. 162/2020.

¹³ Article 22(1) of Law No. 162, dated 23 December 2020, *On Public Procurement*.

¹⁴ Article 24 of Law No. 162, dated 23. December 2020 "On Public Procurement".

¹⁵ Law No. 77/2015, "On Concessions and Public-Private Partnerships".

¹⁶ " National Strategy for Public Procurement, 2020-2023, pp. 6-8, Retrieved from: https://konsultimipublik.gov.al/documents/RENJK_273_Strategjia%20Komb%C3%ABtare%20p%C3%ABr%20Prokuri min%20Publik%202020-2023.docx

Albania continues to face significant challenges, including improving the capabilities of contracting authorities and strictly enforcing rules. Conflicts of interest and shortcomings in contract monitoring remain prevalent, affecting the system's efficiency.¹⁷ Support from the EU and other international organizations has strengthened the legal and institutional framework. Albania has shown commitment to meeting European standards, although there is room for improvement.

II.4 Kosovo

Law No. 04/L-042, "On Public Procurement in Kosovo," represents the legal basis for the public procurement system, which has been updated to ensure compliance with EU standards.¹⁸ It is largely compliant with the 2004 EU Public Procurement Directives, but the provisions of EU Public Sector Directive 2014/24 and EU Utilities Sector Directive 2014/25 have not yet been fully transposed.¹⁹ The Public Procurement Regulatory Commission (PPRC) oversees the procurement system. It is governed by a board consisting of a chairperson and two members, all appointed by the Assembly based on government proposals.²⁰

In the realm of public-private partnerships (PPPs) and concessions, the policy is shaped by a committee of five permanent members, led by the Minister of Finance as the chairperson and four other members selected by the government. This PPP Committee is in charge of overseeing, coordinating, and approving PPP projects. The Central PPP Department within the Ministry of Finance provides support and advice to the PPP Committee and the Minister, helps assess the financial feasibility of projects, and promotes best practices. It directly reports to the PPP Committee.²¹

For procurement-related complaints, the Procurement Review Board (PRB), which has been operational since August 2008, serves as the review body for issues concerning public procurement, concessions, and PPPs. The PRB consists of five members, including the chairperson, who are appointed for a five-year term with no possibility of reappointment. The Assembly selects members following recommendations from an independent selection committee of three judges appointed by the Judicial Council. The Assembly also approves the PRB's budget. Economic operators must submit complaints to the relevant contracting authority before approaching the PRB.²²

The Centralized Procurement Agency (CPA), which operates under the Ministry of Finance, handles centralized procurement processes. This is mandatory for items on a list proposed by the Ministry of Finance and approved by the government and for agencies with fewer than 50 employees under the Assembly's jurisdiction. The CPA may also take on procurement tasks on behalf of contracting

¹⁷ EU Report on Albania, 2023: Retrieved from: <https://neighbourhood-enlargement.ec.europa.eu/system/files/2022-10/Albania%20Report%202022.pdf>

¹⁸ Law No. 04/L-042, amended in 2016. Law No. 05/L-092 on Amending and Supplementing Law No. 04/L-042 on Public Procurement, amended and supplemented by Law No. 04/L-237 and Law No. 05/L-068.

¹⁹ OECD-Sigma Paper No. 60, "Central Public Procurement Institutions in the Western Balkans (with Selected EU Countries Examples)," pp. 129-130., retrieved from: https://www.oecd.org/content/dam/oecd/en/publications/reports/2020/11/central-public-procurement-institutions-in-the-western-balkans_9666d186/c1f7eb4a-en.pdf

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

authorities when related to professional capacity or cost efficiency, and it organizes complex procurement procedures upon request from contracting authorities.²³

Other central public procurement bodies, such as the MoF, the National Audit Office, and the Anti-Corruption Agency, are active stakeholders in public procurement. The Anti-Corruption Agency monitors the quality of tender documents.²⁴

The electronic platform "e-Procurement" has been a key tool in increasing transparency and reducing corruption, although its full implementation still faces obstacles, especially due to the lack of effective oversight and limited technical capabilities.

A major problem affecting the functioning of the procurement system is the lack of institutional capacity and effective oversight. Political interference and conflicts of interest are ongoing challenges that weaken the integrity of the process.²⁵ Support from the EU and other partners in capacity building and promoting good governance remains essential. Kosovo must continue strengthening oversight mechanisms and strictly implementing the rule of law.

II.5 North Macedonia

The Public Procurement Law in North Macedonia, adopted in 2019 and harmonized with European directives, has created the foundation for developing a fair and transparent system. The central government, municipalities, and any entity receiving public funds must adhere to public procurement procedures established by the law. This law ensures equal treatment for local and foreign economic operators in public procurement, with only a few tenders, particularly in defense, being limited to domestic companies.²⁶

The law allows for various types of procurement procedures, including open procedures, restricted procedures, competitive dialogues, negotiated procedures (either with or without prior publication of a contract notice), and simplified competitive procedures. Procurement must follow specific steps, such as a simple tender, a two-phase tender, a silent auction, or negotiations with three or more potential contractors (with one being allowed only in exceptional cases), and electronic auctions are mandatory. The award process varies depending on the value of the procurement. For smaller procurements, a simplified procedure is available for contracts up to €10,000 (\$10,550) or €20,000 (\$21,100) for construction projects. A more complex procedure is required for goods valued up to €70,000 (\$73,845) or for construction projects up to €500,000 (\$527,454). The law does not specifically address procurements outside these values.²⁷

Using the electronic procurement platform has brought tangible results in reducing manipulations and increasing competition. However, challenges remain significant. The low capacity level of contracting authorities and the lack of financial resources negatively impact implementing new policies.

²³ Ibid.

²⁴ Ibid.

²⁵ EU Progress Report for Kosovo, 2023, retrieved from:

https://www.eeas.europa.eu/sites/default/files/documents/2023/Kosovo%202023%20Report_SQ.PDF

²⁶ North Macedonia-Country Commercial Guide: “Selling to the Public Sector”, May 2024, Retrieved from: <https://www.trade.gov/country-commercial-guides/north-macedonia-selling-public-sector>

²⁷ Ibid.

Additionally, corruption and conflicts of interest continue to be a problem.²⁸ The EU has played a major role in providing technical and financial assistance. North Macedonia must continue to strengthen control mechanisms and promote transparency at all stages of the procurement process.

II.6 Montenegro

The Public Procurement Law in Montenegro, updated in 2019 to reflect EU directives, aims to increase transparency and fight against corruption.²⁹ The law seeks to modernize the public procurement system in Montenegro and harmonize it with international obligations to spur economic growth and improve service. The law prescribes policies for the public procurement of goods and services, introduces greater transparency and integrity into the process, establishes entities to administer the system efficiently, and offers equitable access to government contracts for the private sector. The law applies to all investments financed by the budget, payments guaranteed by the government, or funds secured by loans taken by the government. According to the law, such purchases are made via public tenders published in the Official Gazette. The Public Procurement Directorate (PPD) is responsible for reviewing whether the procurement is done in conformity with the law, while the Public Procurement Commission (within the PPD) is in charge of bidder protection. The law defines the “best offer” as the offer with the lowest price, which also complies with the tender’s specifications. Any other criteria must be prescribed in the bidding documents.³⁰

Public procurement is managed collaboratively by the Public Procurement Directorate, the Ministry of Finance (which serves as the primary ministry overseeing procurement), and the State Commission for the Control of Public Procurement Procedures, which handles the protection of rights. The Public Procurement Directorate began its operations in 2007, while the State Commission was established in 2011. The State Commission issues decisions in the form of written orders and conclusions made during its meetings, with decisions being determined by the majority of the present members. The State Commission's Rules of Procedure outline the process for its work. The Administrative Court oversees cases related to public procurement procedures.³¹

The electronic procurement platform is in advanced stages, but challenges such as limited transparency and weak oversight continue to exist. One of the main issues is the strict enforcement of the law and strengthening the supervisory institutions. Political interference and the lack of financial resources affect the system's effective functioning.³² The EU has provided extensive support for capacity building and the modernization of procurement infrastructure. Montenegro must continue to focus on increasing transparency and combating corruption.

²⁸ EU Progress Report for North Macedonia, 2023 Retrieved from: https://neighbourhood-enlargement.ec.europa.eu/north-macedonia-report-2023_en

²⁹ Public Procurement Law, Montenegro, 2019.

³⁰ Montenegro - Country Commercial Guide, *Selling to the Public Sector*, May 2024, Retrieved from: <https://www.trade.gov/country-commercial-guides/montenegro-selling-public-sector>

³¹ Ibid.

³² EU Progress Report for Montenegro, 2023, Retrieved from: https://neighbourhood-enlargement.ec.europa.eu/montenegro-report-2023_en

II.7 Serbia

The Public Procurement Law of Serbia, adopted in 2012 and updated in 2019, has been continuously reviewed to align with the *acquis communautaire*.³³ The electronic procurement platform has helped reduce opportunities for manipulation and increase efficiency. However, Serbia continues to face serious challenges, such as political influence and corruption. Weak control over contract implementation and the inefficient use of public resources remain prominent issues.³⁴ The EU has invested in capacity building and process modernization. Serbia must focus on strengthening institutions and increasing accountability.

II.8 Bosnia and Herzegovina

Due to its federal structure, Bosnia and Herzegovina has a divided and complex system. The Public Procurement Law, adopted at the state level in 2004 and subsequently updated, is in the process of harmonizing with EU standards.³⁵ Transparency and coordination between different administrative levels remain major challenges.

Corruption and the lack of sufficient resources are major obstacles. Despite reforms supported by the EU and international organizations, progress has been slow and often fragmented.³⁶ It is recommended that Bosnia and Herzegovina intensify efforts for full legal harmonization and strengthen oversight mechanisms with the support of the EU and international partners.

III. The Public Procurement Directive 2014/24/EU

The Public Procurement Directive 2014/24/EU of the European Parliament and Council dated February 26, 2014, on "Public Procurement," represents one of the core aspects of the European Union's legislation regarding the management of public funds and the *Acquis Communautaire*, the body of EU laws and regulations.

Albania is gradually implementing the *Acquis Communautaire* by harmonizing and adapting its laws and regulations, including those related to public procurement, as a necessary precondition for the country's integration into the European Union.³⁷

³³ Public Procurement Law, Serbia, 2019.

³⁴ EU Progress Report for Serbia, 2023. https://www.google.com/url?sa=E&source=gmail&q=https://neighbourhood-enlargement.ec.europa.eu/serbia-report-2023_en

³⁵ Public Procurement Law, Bosnia and Herzegovina, 2004.

³⁶ EU Report for Bosnia and Herzegovina, 2023. https://www.google.com/url?sa=E&source=gmail&q=https://neighbourhood-enlargement.ec.europa.eu/bosnia-and-herzegovina-report-2023_en ; https://neighbourhood-enlargement.ec.europa.eu/document/download/fa9da504-4ecb-4317-b583-c9fff0b833b2_en

³⁷ Leskaj, B., & Islami, I. (2016). *Publications of the High State Control* 05/2016/56: "EU Directive on Public Procurement and Concession Contracts." Tirana. Retrieved from: <https://panel.klsh.org.al/storage/phpkiëKlz.pdf>.

Article 1 of the 2014 Public Sector Directive contains new provisions that were not included in the 2004 Directives. This article stipulates that this Directive applies to public procurement, specifically to contracts awarded by contracting authorities, regardless of whether the purchases are intended for public purposes or not.³⁸ If we look at the introductory provisions, we notice that this Directive does not oblige member states to subcontract or transfer the services they wish to provide themselves. However, it sets out the rules of conduct states must follow when transferring or subcontracting services.

This Directive also includes categories of contracts that are excluded from its scope of application, such as Legal services, including certain forms of legal representation and advice; document certification and authentication services provided by notaries; services of trustees and custodians; and Legal services related to the exercise of official authority.

1. Credits - The reference to financial services in the 2004 Public Sector Directive has been amended and separated in the 2014 Public Sector Directive to refer separately to financial services and credits.
2. Civil protection, civil security, and risk protection services are provided by non-profit organizations or associations and not by patient transport services.
3. Public passenger transport services by train or metro – the procurement and provision of these services are regulated under a special EU regime.
4. Political campaign services are covered by the codes specified in the Common Procurement Vocabulary (CPV).

Article 12 codifies and clarifies the case law of the ECJ regarding "internal" procurements. It sets out the circumstances under which the award of a contract will be considered equivalent to an "internal" organization and, therefore, excluded from the application of the Public Sector Directive 2014. Two types of situations are covered by Article 12:

- Contracts awarded by contracting authorities to separate legal entities they own: this situation is covered by points (2) and (3) of Article 12, which codify and clarify the cases arising from the "Teckal" judgment.
- Agreements between contracting authorities: Point (4) of Article 12 covers this situation by codifying and extending the cases arising from the "Hamburg" judgment.³⁹

Article 57 of this Directive provides a detailed explanation of the grounds for exclusion from the procurement procedure. The grounds for exclusion and the approach that contracting authorities must adopt when excluding candidates or tenderers have undergone significant changes. It is important to emphasize that the provisions for mitigation or "self-cleaning" now require contracting authorities to consider, on a case-by-case basis, the information provided by tenderers that may justify a decision not to exclude them despite grounds for exclusion.⁴⁰ These provisions align with the case law of the European Court of Justice (ECJ), which requires that specific exclusion grounds be assessed on a case-by-case basis while raising doubts about the legality of automatic exclusion lists. As was the case under the 2004 Public Sector Directive, the grounds for exclusion are divided into mandatory and non-mandatory grounds. **Non-mandatory provision:** Member States may decide to convert one or more of the non-mandatory grounds for exclusion into mandatory grounds for exclusion.

³⁸ Article 1 of the 2014 Public Sector Directive.

³⁹ Article 12 of Directive 2014/24/EU.

⁴⁰ Article 57 of Directive 2014/24/EU.

Mandatory grounds for exclusion: The mandatory grounds for exclusion listed in Article 57(1) of the 2014 Public Sector Directive involve serious offenses for which economic operators have been convicted with a final judgment. The offenses listed in the 2004 Public Sector Directive related to participation in criminal organizations, corruption, fraud, and money laundering are included in the 2014 Public Sector Directive. Other offenses related to terrorism, financing of terrorism, child labor, and other forms of human trafficking are also included. The offenses listed as mandatory grounds for exclusion in Article 57(1) are defined by updated references to specific EU legislation.⁴¹

Article 57(1) clarifies that the obligation to exclude an economic operator applies even when the person convicted by a final judgment (i) is a member of the economic operator's administrative, managerial, or supervisory body or (ii) has the powers of representation, decision-making, or control. **Non-mandatory provision:** Member States may allow exceptions to the mandatory exclusion grounds in exceptional circumstances "for overriding reasons related to the public interest, such as public health or environmental protection."

Non-mandatory grounds for exclusion: Some of the non-mandatory exclusion grounds under the 2004 Public Sector Directive have been modified and expanded in the 2014 Public Sector Directive, which also includes additional exclusion grounds not present in the 2004 Public Sector Directive. These additional grounds are summarized as follows:

- Non-compliance with environmental, social, and labor law according to Article 18(2);
- Possible signs of an agreement between economic operators aimed at distorting competition.
- Conflict of interest arising during the procurement process, which cannot be addressed by measures less stringent than exclusion;
- Distortion of competition due to the prior involvement of economic operators in preparing the procurement procedure, which cannot be remedied by measures less stringent than exclusion;
- Significant or ongoing deficiencies in the performance by the economic operator of a material requirement based on a previous public contract or concession contract, which led to the early termination of the previous contract, damages, or other similar sanctions;
- Where the economic operator has attempted to unfairly influence decision-making, obtain confidential information, or provide misleading information.⁴²

IV. Directive 2014/25/EU-Public Procurement Directive for Utilities (Directive on procurement by entities operating in the water, energy, transport, and postal services sectors)

Directive 2014/25/EU of February 26, concerning procurement by operators in the water, energy, transport, and postal services sectors, repeals Directive 2004/17/EC. This Directive establishes the rules for procurement procedures by contracting entities related to contracts and design competitions, where the value is estimated to be no less than the thresholds set in Article 15 of this Directive.

Contracting entities include contracting authorities or public enterprises that are engaged in one of the activities listed in Articles 8-14 of the Directive, such as Gas and heating supply, Electricity supply,

⁴¹ Ibid.

⁴² Article 18 of Directive 2014/24/EU

Water supply, Transport services, Ports and airports, postal services, Oil and gas exploration and extraction, or Coal or other solid fuel extraction.⁴³

Articles 70 and 74 of the Stabilization and Association Agreement (SAA) obligate Albanian legislation in public procurement to align with EU legislation in this area.⁴⁴ EU legislation in the field of public procurement consists of the following legal acts:

- Directive 2004/18/EC of the European Parliament and the Council, dated March 31, 2004, on coordinating procedures for awarding public contracts for works, supplies, and services, Official Journal No. 134, Series L, dated April 30, 2004.
- Directive 2004/17/EC of the European Parliament and the Council, dated March 31, 2004, coordinating procurement procedures for entities operating in the water, energy, transport, and postal sectors, Official Journal No. 134, Series L, April 30, 2004.
- Directive 2014/24/EU of the European Parliament and the Council, dated February 26, 2014, on public procurement, which repeals Directive 2004/18/EC, Official Journal No. 94, Series L, dated March 28, 2014.
- Directive 2014/25/EU of the European Parliament and the Council, dated February 26, 2014, on procurement by entities operating in the water, energy, transport, and postal sectors, which repeals Directive 2004/17/EC, Official Journal No. 94, Series L, dated March 28, 2014.
- Directive 2014/23/EU of the European Parliament and the Council, dated February 26, 2014, on the award of concession contracts, Official Journal No. 94, Series L, dated March 28, 2014.
- Directive 2014/55/EU of the European Parliament and the Council, dated April 16, 2014, on electronic invoicing in public procurement.

⁴³ “Directives 2014/23/EU, 2014/24/EU and 2014/25/EU of the European Parliament and of the Council, of February 26 New public procurement directives, LEXOLOGY, April 3, 2014. Retrieved from: <https://www.lexology.com/library/detail.aspx?g=757b4d69-6670-4252-844a-1e5f6408a2f0>

⁴⁴ *Article 70 of the SAA*

1. The Parties recognize the importance of aligning Albanian existing legislation with that of the Community and ensuring its effective implementation. Albania will aim to ensure that its existing laws and future legislation gradually align with the Community acquis. Albania will ensure that both its existing and future legislation is properly applied and enforced.
2. This alignment begins on the date of signing the Agreement and will gradually extend to all elements of the Community acquis mentioned in this Agreement within the transitional period defined in Article 6 of this Agreement.

Article 74 - Public Contracts

1. The Parties consider the liberalization of public contracts based on the principles of non-discrimination and reciprocity as a desirable objective, especially within the context of the WTO.
2. Albanian companies, even if not established within the Community, will be granted the right to participate in contract awards within the Community according to the Community procurement rules, receiving no less favorable treatment than that given to Community companies, from the date this Agreement enters into force. The above provisions also apply to public service contracts once the Albanian government has approved legislation that sets the Community rules for this area. The Community will periodically review whether Albania has indeed adopted this legislation.
3. Community companies not established in Albania have the right to win contracts in Albania under the Albanian Public Procurement Law, without receiving less favorable treatment than that granted to Albanian companies, no later than four years from the entry into force of this Agreement.
4. The Stabilization and Association Council periodically reviews the possibility for Albania to start allowing all Community companies to participate in contract award procedures in Albania. Community companies established in Albania in accordance with the provisions of Chapter II of Title V, upon the entry into force of this Agreement, enjoy the right to participate in contract award procedures without receiving less favorable treatment than that given to Albanian companies.

- Directive 2009/81/EC of the European Parliament and the Council, dated July 13, 2009, on the coordination of procedures for awarding certain contracts for works, supplies, and services by contracting authorities or entities in the fields of defense and security, and amending Directives 2004/17/EC and 2004/18/EC, Official Journal No. 216, Series L, dated August 20, 2009.
- Council Directive 92/13/EEC, dated February 25, 1992, coordinating laws, regulations, and administrative provisions concerning the implementation of Community rules for procurement procedures for entities operating in the water, energy, transport, and telecommunications sectors, Official Journal No. 76, Series L, dated March 23, 1992.

In Albania's public procurement field, there has been significant progress in aligning with the respective EU legislation. The public procurement legislation underwent several changes to further align it with the general principles and EU legislation governing public contract awarding. In this context, the latest changes to the public procurement law were adopted in December 2014, with Law No. 182/2014, "On Amendments and Additions to Law No. 9643, dated 20.11.2006, 'On Public Procurement,' as amended," and later the law in force, No. 162, "On Public Procurement." Subsequently, corresponding amendments were also made to the secondary legislation.

In 2013, the new Law on Concessions and Public-Private Partnerships was adopted, followed by the approval of the corresponding secondary legislation. This law was amended in 2014 by Law No. 88/2014 and again in 2015 by Law No. 77/2015. As part of the alignment process, further work needs to be undertaken to harmonize the legislation, specifically regarding procurement and concessions, with the respective new EU directives adopted in early 2014. The Public Procurement Agency has taken measures to ensure transparency in public procurement procedures and the implementation of legislation in this area. Meanwhile, the Public Procurement Commission is the main body responsible for reviewing complaints from economic operators regarding procurement procedures.⁴⁵

V. The Role of EU Member States and Candidate Countries

EU directives must be implemented or "transposed" into national law. Member states are required to take the necessary measures to give full effect to the directives' provisions within their national legal framework and ensure that no other national provisions undermine the directive's applicability. One of the main goals of public procurement legislation is to eliminate existing barriers and prevent the creation of new ones. This is achieved through the implementation of principles derived from the legislation.

Member states must support the fulfillment of EU obligations and avoid taking actions that could undermine the goals of the Treaty. While directives can have a direct effect under certain conditions (as previously explained), allowing them to confer rights even if not implemented, they are not automatically enforceable. Instead, they need to be incorporated into national law. Moreover, directives are binding only regarding the outcomes they seek, but national authorities can determine how to transpose them into domestic law. This means that member states do not need to copy the directives exactly; as long as the desired outcomes are met, they can implement the provisions in various ways, such as by amending existing laws or creating new ones.

⁴⁵National Plan for European Integration 2016-2020, pp. 183-184, Retrieved from: <https://www.dap.gov.al/images/DokumentaStrategjik/PKIE%202016-2020.pdf>.

Albania's alignment with public procurement legislation is a requirement of the 2006 Stabilization and Association Agreement. In implementing this agreement, it has adopted and amended its previous public procurement law over time to achieve this alignment. The most significant and pivotal point concerning legislation within this alignment process is adopting the new law, No. 162/2020, "On Public Procurement," which came into force on March 31, 2021. The Stabilization and Association Agreement requirements are outlined in Article 74, "Public Contracts," which specifies that Albania and the EU will consider opening public contracts based on non-discrimination and reciprocity, particularly within the context of the WTO, as a desirable objective. On the other hand, Article 70 of the SAA sets out the general obligation for the Republic of Albania to align its legislation with the EU acquis.⁴⁶

The EU public procurement framework is grounded in key principles such as transparency, equal treatment, free competition, and non-discrimination, derived from the Treaty on the Functioning of the European Union (TFEU), Part Three, Title IV and Title VII, as well as several directives, including Directive 2014/23/EU, Directive 2014/24/EU, Directive 2014/25/EU, Directive 2009/81/EC, and Directives 89/665/EEC and 92/13/EEC, along with the case law of the European Court of Justice (ECJ). According to the European Commission's 2021 annual report, this area is "moderately prepared." It has made significant progress, especially with the passage of the new public procurement law and developing a national public procurement strategy following broad public consultations. The report also highlights that most of the recommendations from 2020 have been successfully implemented. Albania is moderately prepared in public procurement and has made notable progress.

Efficient public procurement systems are known to bring numerous positive outcomes. However, governments often encounter significant challenges due to the complex environments in which they operate. Certain functions must be performed centrally for a public procurement system to work effectively at all levels. These include drafting national public procurement laws, issuing guidelines to contracting authorities and economic operators for implementing the applicable laws and coordinating with the European Commission and other international organizations. In some countries, most of these responsibilities are handled by a single central institution; in others, they are distributed among multiple central bodies. Some nations may not have designated central bodies for these tasks. Although the European Union has not imposed specific requirements in this area, the experiences of EU member states, and recent candidate countries highlight the importance of central procurement bodies in carrying out the tasks outlined in the public procurement chapter, which are necessary for EU membership.⁴⁷

Conclusions

Public procurement is undergoing a significant transformation worldwide, driven by adopting new legal frameworks and the extensive use of digital tools. Its importance increases as it helps achieve short-term and long-term political and policy objectives. Public procurement addresses government priorities across various sectors, including healthcare, education, transportation, and public

⁴⁶Ibid.

⁴⁷Sigma and OECD, *"Organizing Central Public Procurement Functions,"* July 2013. https://www.sigmaweb.org/publications/Brief26_CentralPPFunctions_2013.pdf

infrastructure. It serves as a method for ensuring value for money in the sustainable delivery of public services.

Public procurement in the Western Balkan region faces challenges such as inadequate planning, tender preparation, and inefficient monitoring and follow-up. Addressing these issues could improve public procurement processes and enhance the functioning of the public sector. When conducted transparently and fairly, public procurement can also play a crucial role in boosting the economic activity of private businesses and creating jobs.

The future of public procurement should focus on improving access, reducing bureaucracy, fostering more quality-driven public buyers, and ensuring impartial review and oversight processes. To achieve this, countries in the region should continue aligning their national laws with EU regulations and international best practices. Specifically, they should:

- Ensure equal access to public procurement for all economic operators, regardless of origin.
- Encourage further division of procurement into smaller lots, requiring contracting authorities to justify any decision not to do so.
- Remove restrictions on subcontracting, such as limits on the proportion of the contract that can be subcontracted.
- Extend the time frames for applying legal protection measures in public procurement to comply with the EU Remedies Directive.
- Eliminate barriers to joint bidding, such as requiring suppliers to adopt a specific legal form to submit a joint tender.
- Lower economic operators' maximum required annual turnover is twice the contract value, except in justified cases.

Efforts should be directed toward effectively implementing the updated public procurement provisions by providing consultations, guidance, and training for contracting authorities and economic operators. Furthermore, using non-price criteria for awarding contracts should be increased to ensure that public buyers receive the best value for money. Specifically, contracts should always be awarded based on the most economically advantageous tender, with non-price criteria applied more frequently. Public procurement institutions should facilitate using non-price criteria by providing contracting authorities with guidelines and examples of best practices.

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