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## Reviewing the evaluation approaches of WB candidate countries performance in meeting the economic and political criteria

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### Abstract

*The EU integration process for the WB candidate countries has shown to be quite long, complex and dynamic, as it related to the internal transformation of their political and economic systems, requiring long-lasting reforms and sustainable policy measures. As all the other countries wishing to join the EU, WB candidate countries must comply with the Copenhagen criteria set at the European level, and their progress and achievements is measured annually in the reports prepared by the EC.*

*Objective of this paper is to compare assessment of the candidate countries performance in fulfilling the criteria, through a qualitative and quantitative approach: assessment made at the annual progress reports and assessment made through indexes and scores internationally. Such analysis is done for a mid-term period (2015-2020), as an optimal period for evidencing significant policymaking achievements and impact, reflected in the change of the assessment descriptions and indexes over time.*

*Results of the analysis are interesting and with useful insights for supporting the integration processes of the countries of the WB region. There is a satisfactory consistency between the results of the qualitative and those of the quantitative analysis. Additionally, the terms used for the qualitative analysis seem to be generally similar from country to country as well as for each individual country over time, thus requiring for more specification and differentiation, for supporting both*

*“in group” and “individual” enlargement. By the other side, the quantitative analysis is unable to in-depth assess specific policy dynamics and achievements country-based. The importance given to the continuous reporting and monitoring process is expected to increase further, thus having a positive impact on each integration process through accelerating reforms and sharing results achieved.*

**Keywords:** WB, Progress Report, EU economic and political criteria, quantitative approach

## 1. INTRODUCTION

The EU accession process in the WB countries have shown to the moment to be complex, difficult, and with a high need to strengthen the importance of monitoring by the EU but also communication with the EU related to results achieved to the moment and challenges to be faced in the future. Above all, the EU negotiation processes for the WB candidate countries, relate to internal transformation of the political and economic systems, in terms of developing and improving democracies, organizing internal markets, and boosting competitiveness.

After the accession of Croatia, the Copenhagen Criteria, specifying political and economic conditions that had to be fulfilled by the countries joining the EU in the past, have been supplemented by additional political and economic criteria regarding the increase and participation into regional cooperation (EMS, 2016). The political criteria have generally proved to be more sensitive compared to the economic criteria, especially for the WB region, even though the latter may prove difficult to meet. In fact, when the Commission decided on the negotiation approach, it was difficult to approve the option of starting negotiations with all countries which meet the Copenhagen political criteria, regardless their current stage with the economic ones (Richter et al., 2000). Economic governance and criteria have become even more important in the enlargement process in recent years. The Commission’s monitoring closely relates to the country-specific policy guidance provided in the mid-term Economic Reform Program process,

and the assessment of compliance with the economic criteria for accession provided in the annual Progress Reports (EC, 2019).

The Copenhagen criteria play a central role in countries accession to the EU, having a direct impact in the length and dynamics of the integration processes. Some of the critics of those criteria relate to the fact that they use loose terms, leave a lot of scope of interpretation, representing more and more a high need for more specific or indeed quantitative conditions to be required for fulfilment (Sigma, 2007). Critics of another nature relate to the idea that the EU should rethink its policies and differentiate the countries according to local criteria, meaning that an overall view or comparison between the countries is not feasible, but each country should be judged upon individual merits through an historical perspective (EFB, 2010).

Scope of this work is to compare assessments made for the candidate countries in their attempts to fulfilling the EU economic and political criteria, between the qualitative and quantitative approach. For this purpose, the qualitative analysis will rely on assessment description and terminology used in the EC progress reports produced annually for the WB candidate countries (period 2015-2020). The quantitative analysis will rely on the comparison of scores reached by the countries related to key political and economic developments as assessed by internationally approved methodologies of international reports. Through this two-fold approach analysis, research questions to be answered are as follows:

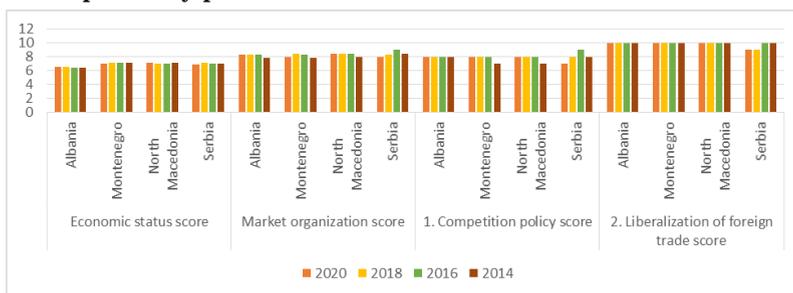
- (a) Are the results of the qualitative analysis in line with those of the quantitative analysis, both at the country and WB region level?
- (b) Do the results of the qualitative analysis of the PR support the EU accession process regionally, and are they sufficient for the process dynamics and efficiency?

## **2. PERFORMANCE ON THE ECONOMIC CRITERIA**

For the quantitative analysis that focuses on comparing the scores each country reaches referring to the indicators and indexes for the fields related to the economic criteria, we have selected Bertelsmann Transformation Index Report (BTI) and the World Economic Forum (WEF). These reports rely on and analyze most part of the indicators

that are closely related to the fulfilment of the economic criteria, while showing positive and significant attempts in undertaking key reforms and sustainable policy measures to transform and develop the internal economies in facing the integration challenges. Those indicators provided below relate to the market organization, liberalization of foreign trade, the competition policies (graph. 1), as well as to the macroeconomic stability, skills, product and labor market, business dynamics and innovation capability (graph. 2).

**Graph 1: Key pillars of the economic transformation scores**



Source: Authors' presentation based on the data from the BTI Economic Transformation Scores

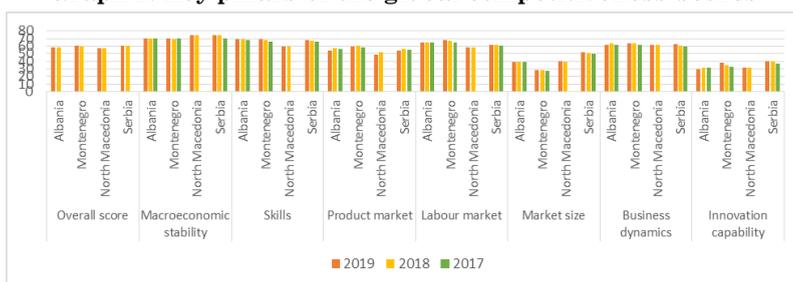
Countries seem to have similarly performed in terms of overall economic status score, and Albania lags behind the other countries with slow progress over time. North Macedonia is currently the best performer. Serbia and Montenegro have experienced a deterioration in the last year. Except for Serbia, that has experienced negative progress in the last years related to liberalization of foreign trade and the competition policy, all the other countries are maximally performing in their attempts to liberalize foreign trade, while they have no major differences related to their competition policy. These countries have shown the highest progress over time related to the competition policies, while Montenegro has reached the highest progress related to the foreign trade, catching up the other countries for this period.

Generally, all countries have shown to have little progress over time in their capability for innovation to increase competitiveness, and Montenegro has shown the major progress. Countries in general lag behind in increasing their market size. Countries have a similar and good performance in developing stable economies, they show little

progress related to labor market and skills, as well a business dynamics. North Macedonia remains the worst performer in terms of skills, labor and product market. Montenegro represents the worst performer in terms of market size.

To conclude, this quantitative analysis gives an overall overview of the countries comparative performance over time, but it is unable to in-depth assess specific policy dynamics and achievements country-based, that goes beyond a numerical categorization.

**Graph 2: Key pillars of the global competitiveness scores**



Source: Authors' presentation based on the data from the Global Competitiveness Index of the WEF

In line with the findings from the quantitative analysis, it is evidenced in the PR (see table 1) that generally all countries lag behind in terms of the capacity to cope with competition, compared to the existence of a functioning market economy. Also for all the countries, progress is slow regarding all the indicators referring to the economic criteria, with no significant changes over time in terms of readiness to develop functioning economies and to cope with competition. The qualitative terms used for the assessment tend to be similar for all the countries, as well as for each individual country over time. Assessment of the progress by field of policymaking helps in further understanding internal dynamics at the country level and in assessing better each country attempts towards the reforms and policy measures, identifying current bottlenecks and priorities.

**Table 1: Assessment of countries performance on the economic criteria**

ECONOMIC CRITERIA	2015				2016			
	AL	MO	NM	SR	AL	MO	NM	SR
Existence of a functioning market economy	moderately prepared	moderately prepared	good level of preparation	moderately prepared	moderately prepared	moderately prepared	good level of preparation	moderately prepared
	Some progress: <i>macroeconomic stability</i>	Some progress: <i>fiscal consolidation and business environment</i>	No progress: Positive developments on <i>business environment and macro environment</i> Negative developments on <i>public finances</i>	Good progress: <i>budget balance, labor market and business environment</i>	Some progress: <i>budget balance, formalization and electricity sector</i>	Some progress: <i>financial and labor markets, business environment, investments in infrastructure and tourism</i>	No progress	Good progress: <i>budget balance, domestic and external balances, price stability, restructuring of publicly-owned enterprises</i>
Capacity to cope with competition	some level of preparation	moderately prepared	moderately prepared	moderately prepared	some level of preparation	moderately prepared	moderate level of preparation	moderately prepared
	Some progress: <i>transport and energy infrastructure</i>	Some progress: <i>infrastructure and tourism investment, business environment</i>	Some progress: <i>human capital and physical infrastructure</i>	Some progress: <i>labor market and support for SMEs</i>	Some progress: <i>higher and vocational education, prioritization of investments</i>	Some progress: <i>quality of infrastructure, energy market and economy digitalization</i>	Some progress: <i>innovation, foreign direct investments and digitalization</i>	Some progress: <i>support to SMEs, entrepreneurship, public and private investments</i>

2018				2019				2020			
AL	MO	NM	SR	AL	MO	NM	SR	AL	MO	NM	SR
<b>Existence of a functioning market economy</b>											
moderately prepared	moderately prepared	good level of preparation	moderately prepared	moderately prepared	moderately prepared	good level of preparation	moderately prepared	moderately prepared	moderately prepared	good level of preparation	moderately prepared
some progress	some progress	some progress	good progress	some progress	some progress	some progress	some progress	some progress	some progress	limited progress	some progress
<b>Capacity to cope with competition</b>											
some level of preparation	moderately prepared	moderately prepared	moderately prepared	some level of preparation	moderately prepared	moderately prepared	moderately prepared	some level of preparation	moderately prepared	moderately prepared	moderately prepared
some progress	some progress	some progress	some progress	some progress	some progress	some progress	some progress	some progress	some progress	some progress	some progress

\*Progress Reports by the EC are missing for the year 2017.

\*\* Author’s presentation based on the EC reports information.

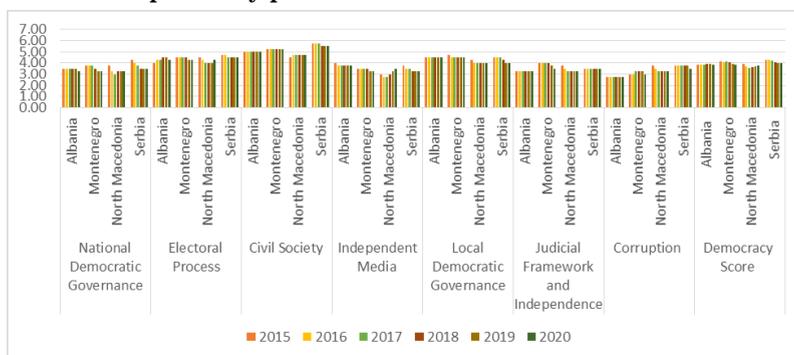
With this terminology and methodology in assessing countries performance, findings in terms of “best performer”, “worst performer” or in terms of fluctuations, are difficult to be interpreted, as previously done. Although it is important to notice “some progress” done, it is a broad term and do not say too much on the level of progress based on such a categorization, and furthermore it is used at the country-basis regardless the current baseline and the target to achieve.

### 3. PERFORMANCE ON THE POLITICAL CRITERIA

For the quantitative analysis that focuses on comparing the scores each country reaches referring to the indicators and indexes for the fields

related to the political criteria, we have selected Nations in Transit reports and the Bertelsmann Transformation Index Report (BTI). These reports rely on and analyze most part of the indicators that are closely related to the fulfilment of the political criteria, while showing, in some cases, positive attempts in undertaking key reforms to transform the political system and develop a functioning democracy, facing the integration challenges and responding to the EUs request. Those indicators provided below relate to the overall democracy score, electoral process, civil society, independent media, judicial framework and independence and corruption (graph. 3), as well as to state-ness, political participation, rule of law, stability of democratic institutions and political and social integration (graph. 4).

**Graph 3: Key pillars of Nations in Transit Scores**

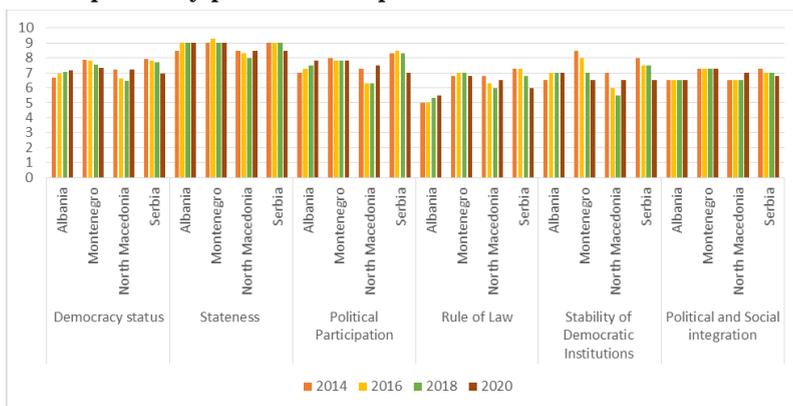


Source: Authors' presentation based on the data from the Nations in Transit Scores

To the moment, small differences exist between the countries in terms of their overall democracy score. All of them, have experienced deterioration of this indicator, and this stands also for Serbia, as the best performer having done the highest regression. Same situation analysis is evidenced also regarding the national democratic governance indicator. Serbia represents the best performer also in terms of the electoral process indicator, but only Macedonia has experienced a slight positive change in the last period. In general, countries perform comparatively well related to the civil society, with a stagnation characterizing them in the last years, whereas only Serbia has shown a deterioration, although still representing the best performer for this indicator. North Macedonia is the only country with

a progress regarding the media independence, as all the other countries have experienced a deterioration. Montenegro and North Macedonia have shown the highest deterioration over the years in terms of the judicial framework and independence, whereas Albania and Serbia have been characterized by a stagnation. Related to the corruption index, Albania represents the worst performer and with no significant changes over the time. Montenegro and North Macedonia have experienced frequent fluctuations, while Serbia remains the best performer.

**Graph 4: Key pillars of the political transformation scores**



Source: Authors' presentation based on the data from the BTI Political Transformation Scores

Regarding the democracy status, small differences exist between the countries, but large fluctuations have characterized almost all the countries throughout the period. Albania is the only country showing a significant progress, North Macedonia has been successful in returning to progress, whereas Serbia and Montenegro continue with negative developments, with the latter still representing the best performer. Currently, Albania and Montenegro are best performers related to state-ness, North Macedonia has experienced frequent and large fluctuations, while Serbia shows a deterioration in the last year. Albania has continuously improved in terms of the political participation, currently being the best performer together with Montenegro. On the contrary, North Macedonia has been characterized by large fluctuations, particularly that of the period 2016-2018 and the progress shown in 2020. Serbia remains the worst performer as a result

of the deteriorations experienced over the time. Albania has shown a continuous, but small progress related to the rule of law. The best performer is Montenegro and together with North Macedonia have shown small changes over the years. Serbia has not been successful in achieving any progress, since 2014, last time when it was the best performer. There are evidenced interesting developments regarding stability of democratic institutions for all the countries. The highest deterioration belongs to Montenegro, once being the best performer (in 2014). Currently, Montenegro, North Macedonia and Serbia perform similarly, while Albania is the best performer and the only country achieving progress in this indicator over the years. Referring to the political and social integration, Montenegro represents the best performer, characterized by a stagnation. North Macedonia has returned to progress in 2020, while Serbia has experienced a slight regression.

Results derived from the above quantitative analysis are generally in line with the key findings and highlights from the PR (see table 2). They both confirm that WB candidate countries are still in attempts to fully institutionalize they democratic system. Although they show a positive trend towards improving the related indicators, they are still lagging behind in terms of fulfilling the objectives linked to the EU political criteria. Analysis of the PR proves that in general, all countries lag behind in terms of the freedom of expression. Slow progress is evidenced for most part of the indicators related to the political criteria. Lack of progress in some cases is followed by a backsliding, as for example in the indicators of functioning of judiciary or freedom of expression. Findings on the corruption seem to be inconsistent between the quantitative and qualitative analysis. While in the PR, this indicator is generally assessed as in a progress (although a slight one), backsliding is not evidenced, as in the findings of the quantitative analysis. In line with the findings of the quantitative analysis, PR confirm for a continuous although minimal deterioration of the political criteria for Serbia, and on the contrary, a minimal overall improvement for Albania. To conclude, as explained above, terminology used in the PR tend to be similar for all the countries and throughout the period, although in mid-term.

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**Table 2: Assessment of countries performance on the political criteria**

POLITICAL CRITERIA	2015				2016			
	AL	MO	NM	SR	AL	MO	NM	SR
Democracy	Elections	Some progress	-	-	-	Some progress	-	-
	Parliament	Some progress	-	-	-	Some progress	-	-
	Governance	Some progress	-	-	-	Some progress	-	-
	Civil Society	Good progress	Some progress	Some progress	Some progress	Some progress	Some progress	No progress
Functioning of the judiciary	Early stage of preparation, some progress	Moderately prepared, some progress	Some level of preparation, backsliding	Some level of preparation, Some progress	Some level of preparation, Good progress	Moderately prepared, some progress	Some level of preparation, backsliding	Some level of preparation, some progress
Corruption	Some level of preparation, some progress	Some level of preparation, some progress	Some level of preparation, no progress	Some level of preparation, Some progress	Some level of preparation, Some progress	Some level of preparation, Some progress	Some level of preparation, no progress	Some level of preparation, no progress
Organized crime	Some level of preparation, some progress	Some level of preparation, some progress	Some level of preparation, no progress	Some level of preparation, Some progress	Some level of preparation, Some progress	Some level of preparation, Some progress	Some level of preparation, no progress	Some level of preparation, some progress
Freedom of expression	Some level of preparation, some progress	Some level of preparation, no progress	Some level of preparation, backsliding	Some level of preparation, no progress	Moderately prepared, no progress	Some level of preparation, no progress	Some level of preparation, no progress	Some level of preparation, no progress

POLITICAL CRITERIA	2018				2019			
	AL	MO	NM	SR	AL	MO	NM	SR
Democracy	Elections	-	-	Some progress	-	No progress	-	Some progress
	Parliament	-	-	-	-	-	Limited progress	Some progress
	Governance	-	-	Has improved	-	-	-	-
	Civil Society	Some progress	Some progress	Good progress	No progress	Progress is yet to be made	Inclusion of CS in the policy-making process is yet to be ensured in practice	Has continued to improve
Judiciary and fundamental rights	Some level of preparation, good progress	Moderately prepared, some progress	Some level of preparation, good progress	Some level of preparation, some progress	Some level of preparation, good progress	Moderately prepared, some progress	Moderately prepared, good progress	Some level of preparation, limited progress
Functioning of the judiciary	Some level of preparation, good progress	Moderately prepared, some progress	Some level of preparation, good progress	Some level of preparation, some progress	Some level of preparation, good progress	Moderately prepared, some progress	Moderately prepared, good progress	Some level of preparation, some progress
Corruption	Some level of preparation, good progress	Some level of preparation, some progress	Some level of preparation, some progress	Some level of preparation, some progress	Some level of preparation, good progress	Some level of preparation, limited progress	Some level of preparation, good progress	Some level of preparation, limited progress
Fundamental rights	Efforts made – institutional mechanism weak	Progress has been made	Further efforts are needed	Consistent and efficient implementation of legislation is urgently needed	Has made efforts to meet obligations – overall implementation needs to be strengthened	Further progress remains to be made	Good progress – however not fully operational	Consistent and efficient implementation of legislation and policies needs to be ensured
Freedom of expression	Moderately prepared, some progress	Some level of preparation, no progress	Some level of preparation, good progress	Some level of preparation, no progress	Moderately prepared, limited progress	Some level of preparation, no progress	Moderately prepared, good progress	Some level of preparation, no progress
Justice, freedom and security	Some level of preparation, some progress	Moderately prepared, some progress	Moderately prepared, good progress	Some level of preparation, some progress	Moderately prepared, some progress	Moderately prepared, some progress	Moderately prepared, good progress	Some level of preparation, some progress
Organized crime	Some level of preparation, some progress	Some level of preparation, some progress	Some level of preparation, some progress	Some level of preparation, some progress	Some level of preparation, good progress	Some level of preparation, some progress	Some level of preparation, some progress	Some level of preparation, some progress

\*Progress Reports by the EC are missing for the year 2017.

\*\* Author's presentation based on the EC reports information.

#### 4. CONCLUSIONS AND INSIGHTS FOR FURTHER DISCUSSION

Results from the PR are generally in line with those derived from the comparative quantitative analysis for most part of the indicators related to the criteria. To the moment, description and terminology used for assessing countries current stage and performance in fulfilling the criteria are rather diplomatic, timely consistent and without a clear categorization on the terms used, with no reference to the assessment and categorization methodology. As a result, the terms used for the

qualitative analysis seem to be generally similar from country to country as well as for each individual country over time, also for a mid-term period. At the PR context, further specification both in qualitative and quantitative terms based on each country's reporting stands as a good complementary for providing a full picture of the candidate countries progress and achievements.

After 2017, it is evidenced that specification on the progress done by the countries has been more detailed related to the political criteria, identifying progress according to different indicators and describing more in terms of fluctuations experienced and current bottlenecks. On the contrary, for the economic criteria, description and terminology used in the PR assessment change quite little throughout the period analyzed. This is also explained by the fact that economic conditions related to the economic criteria tend to change in a long-run period, as they need to be supported with long-lasting reforms and sustainable policy measures.

The PR assessment supports the “in group” enlargement of the countries, even though it is now proved that the integration process is more individual, which means country-based and country-specific, with costs and benefits impacting length and dynamics of the process itself. With the new enlargement methodology, the importance given to the continuous and closely reporting and monitoring process is expected to increase further, thus having a positive impact on each integration process through accelerating reforms and sharing results achieved.

The quantitative analysis gives an overall overview of the countries comparative performance over time, but it is unable to in-depth assess specific policy dynamics and achievements country-based, that goes beyond a numerical categorization. In the case of an in-depth comparative analysis, it becomes more and more important to analyze one country's performance referring to its context and policymaking environment. Even the difficulties in in-time fulfilling the economic and political criteria are country-specific, as this fulfillment varies from country to country. In this sense, analyzing at the region level any correlation between the economic and political performance of the countries remains interesting.

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