

European enlargement in post-conflict areas: a comparative case
study of Bosnia and Herzegovina and Croatia



Figure 1: two buildings in Mostar, Bosnia and Herzegovina, 30th of June 2017

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Executive summary

What lessons in terms of democratization can Bosnia and Herzegovina learn from Croatia's accession to the EU? The objective of this study was to support the existing theory about the EU's role in democratization and to provide insight on how the country can improve on the way it moves forward in its accession process. Based on a comparative case study looking at the past and current political, economic and ethnic situation; the challenges faced during EU accession of Bosnia and Herzegovina and Croatia; and by showing how factors that determine the process of EU conditionality work differently in both post-conflict settings, this thesis concludes the following: the findings confirm the relevance of EU conditionality as well as the effects of ethnic conflict on the effectiveness of the used conditionality and EU membership incentives. A continuation of promoting the benefits of EU membership is necessary for improving the support and trust in the process, but most importantly, democratization becomes a difficult and slow process when legacies of ethnic conflict interfere with a country's ability to promote a clear and unified pro-European policy. While Bosnia and Herzegovina will have to solve this issue using an approach that applies to their specific situation, it is the most important lesson that they can learn from Croatia's accession process. The relevance of the subject is that Bosnia's accession to the EU will contribute to the credibility of the European Union's emerging foreign policy, the economic and political future of its neighbouring regions, as well as that it would lessen the gap between the more and lesser advanced countries in the Balkan area.

1. Introduction

The subject of this thesis is based on theory that explains that post-communist countries in the Balkan area are heavily dependent on external factors in order to reach consolidated democracy and to imbed democratic institutions into their systems (Ekiert, Kubik & Vachudova, 2007, p. 24; Petrovic, 2008, p. 127).

Theory suggests that the EU's accession requirements are important to provide and secure an effective process of rebuilding institutions into democratic ones (Petrovic, 2008, p. 127). The EU's accession requirements offer a way to transform institutions into a democratic system by following the steps and conditions already set out. Like Petrovic (2008) argues,

Those post-communist states which completed the process of regime change by electing governments more able to re-establish close and firm political and economic ties with the Western countries and Western (European) political and economic organisations had a particular advantage over their ex-communist counterparts (p. 127).

This is the path that Croatia seems to have taken. Bosnia on the other hand, as is illustrated by the level of its current progress to candidateship, is taking a different approach. This can be explained by an argument made by both Huntington (1991) and Petrovic (2008), the way to democracy is determined by the political elites and their willingness and ability to take the necessary actions, which is something that Bosnia seems to lack. Furthermore, in the case of Bosnia, there still are unresolved territorial tensions between the Croats, Bosnians and Serbs living in the country. This unresolved territorial tension is a big challenge for the country and is one of the reasons that explains why the EU could have less influence on their democratization process. This is argued by Nelaeva and Semenov (2016) as they quote Sasse in their work, saying that "weak stateness and unresolved territorial conflicts can undermine the prospects of democratic consolidation" (Nelaeva & Semenov, 2016, p. 59). However, the influence of the EU on Croatia has not always been as significant either. As Sedelmeier (2011) explains, during the time when nationalist parties were more prominent in politics it was harder for the EU to push its agenda. However, when the more liberal opposition parties came into power, the EU was able to initiate and influence democratic consolidation. Together with the prospect of accession and the EU's conditionality it provided the opportunity that resulted in subsequent changes in government (p. 18).

This thesis will further explore the difficulties that both countries face(d) during the accession period and the way Croatia overcame these, through means of the central research question of this thesis, "What lessons in terms of democratization can Bosnia learn from Croatia's accession to the EU?".

The content of this thesis is build up by chapters. The second chapter will discuss the methodology, followed by the literature review. The fourth chapter concerns the case studies and will provide the answers to the sub-questions. After this is the discussion of the results, followed by the chapter about the conclusion and recommendations.

Some of the key definitions that will used throughout this thesis will be explained below:

- Democratization

This concept will be defined following Huntington's (1993) definition:

a wave of democratization is a group of transitions from nondemocratic to democratic regimes that occur within a specified period of time and that significantly outnumber transitions in the opposite direction during that period of time. A wave also usually involves liberalization or partial democratization in political systems that do not become fully democratic (p. 15).

The literature review will dive deeper into this concept.

- Consolidation or consolidated democracy

This is understood as the process in which a new democracy becomes more established and less likely to return to a non-democratic regime. Some scholars argue that a state is consolidated when it becomes "the only game in town" (Linz & Stepan, 1996), meaning that there is no contestation of the democratic regime on social, political, economic, attitudinal and institutional level. Additionally, something else that is argued to contribute to the level of consolidation of a state is the "two turn over rule", when political power has peacefully changed hands twice. (Huntington, 1993).

- Conditionality

"The process by which a non-member state takes on board the norms and practices of an institution to become a member" (Aybet & Bieber, 2011, p. 1912). The literature review will provide more in-depth information on this concept in relation to the thesis.

- Liberal democracy

According to M. Doyle (1986), this is a democracy where citizens are all equal and enjoy equal rights, there is a representative government, people have private property rights and economics are governed by supply and demand.

2. Methodology

In order to answer the research question of this thesis, a comparative case study of Croatia and Bosnia will be carried out. The following definition of this method as explained by O'Leary will be used:

Studying elements of the social through comprehensive description and analysis of a single situation or case is called a case study. While not necessarily representative, cases can add to new knowledge through their ability to debunk theory, generate theory, and support existing theory (O'Leary, 2013, p. 198).

As O'Leary (2013) describes, the scope of the cases should be set out (p. 196). The cases will cover Bosnia and Herzegovina (BiH) and Croatia, for which the scope will include the past and current political, economic and ethnic situation; and the challenges faced during EU accession. These specific countries have been chosen because both during and after the Yugoslav wars ended, the EU exercised influence on building peace and democratizing the region. Both countries were recognized as potential members, however, Croatia joined the EU in 2013 whereas Bosnia is still listed as a potential candidate (European Commission, 2016b; 2016c). Their significant difference in progress in the EU accession trajectory, despite having a shared history, gives for an interesting comparison. By looking at Bosnia, which is one of the countries in the area that is the least advanced in the accession process, it could provide insight on how to help the country move forward and lessen the gap between the more and lesser advanced countries. Besides the comparative case study focussing on the above-mentioned factors, a similar methodology as in an article by Aybet & Bieber (2011) was used. The factors that determine the process of EU conditionality were identified in the existing literature and applied to BiH and Croatia, showing how these factors work differently in both post-conflict settings.

The method of gaining information will be desk research. The sources will mostly be academic ones, such as books and journal articles. Furthermore, policy papers, progress reports and information that is available on governmental websites will be used as well as information from news websites. The news websites will be used to find out more about current developments. All the data will be secondary data, meaning that it will be a mostly deductive research. The goal of this comparative case study is to support the existing theory about the EU's role in democratization, specifically in the Balkan area, and to provide insight on how BiH can move forward in its accession process.

Below each sub-question will be discussed in more detail:

The first and second sub-questions “what is democratization?” and “How does the EU contribute to the process of democratization in the Balkan area?” are part of the underlying theory for the main research question as it will help identify the key factors that determine the process of EU conditionality. Extensive research on these subjects has already been done by several scholars, such as Huntington and Schimmelfennig and other journal articles and books will be used. It will be answered in the literature review since the literature review is the part where one orients themselves on the topic, through amongst other things looking at the theories that already exist (Boeije, 't Hart, & Hox, 2009, p. 44).

The third and fourth research question will cover the case studies and will be an overview of the context in each of the two countries: “What was the political, economic and ethnic situation in Bosnia and Croatia after the end of the Yugoslav wars?” and “What is the current political, economic and ethnic situation in Bosnia and Croatia?”. In order to answer these questions governmental websites of the concerning countries will be used, as well as books and articles in order to get into a more detailed analysis of the situation. In the case of Bosnia one can also look at policy papers discussing the current state in the accession process, for example the policy paper by Stojić (2016) on EU enlargement to the Western Balkans. Furthermore, besides policy papers, progress reports for Bosnia and Croatia will be used to look at their accession trajectories. For the economic context of the countries more quantitative data will be used, looking at amongst other things, the GDP, inflation and the level of unemployment.

The third and fourth sub-questions are “What were the main challenges regarding EU accession that Croatia had to overcome during this process and what are Bosnia’s main challenges in the EU accession process?” The starting point of the two countries after the war will provide some similarities, from which Croatia has managed to build up towards a democracy. Sources such as progress reports will provide the necessary information to find the challenges that occurred during the accession process and the solutions Croatia found for its problems.

3. Literature review

This literature review consists of two parts. The first part will discuss the first sub-question of this thesis: democratization as a concept. The following part will discuss the second sub-question, which concerns the influence of the European Union on the democratization process of the Balkan area.

Democratization

In order to discuss democratization, it is important to take a look at the concept of liberalism. The much-discussed idea that liberalism induces peace because its ideas of individual rights and freedom are fundamentally against war, led many politicians to believe that it would be beneficial for other states to adopt this method of governance (Doyle, 1986, p. 1151). As Doyle (1986) discusses Kant's concept of 'perpetual peace', he argues that "the historical liberal legacy is laden with popular wars fought to promote freedom, to protect private property, or to support liberal allies against non-liberal enemies" (p. 1160). While a separate peace among liberal states exists, their relations with non-liberal states "have not escaped from the insecurity caused by anarchy in the world political system considered as a whole" (Doyle, 1986, p. 1162). One could argue that concept of democratization stems from these ideas of liberalism.

As was mentioned in the introduction, this thesis will define democratization following Huntington's (1993) definition:

a wave of democratization is a group of transitions from nondemocratic to democratic regimes that occur within a specified period of time and that significantly outnumber transitions in the opposite direction during that period of time. A wave also usually involves liberalization or partial democratization in political systems that do not become fully democratic (p. 15).

Multiple authors that discuss democratization argue that the way to democracy is determined by the political elites, who play a key role in influencing the transition depending on their willingness and ability to take the necessary actions. Ekiert et al. (2007) argue that one of the factors which improves the successful facilitation of democratic consolidation is equal and proportional distribution of power and putting up a system of checks and balances, because this "increases transparency and accountability, constrains political leaders, and removes opportunities for corruption and illegitimate gains" (p. 15). However, Ekiert et al. also argue that there is growing evidence that structural constraints; historical legacies; geographical location; and events such as wars, conflicts or natural disasters can have significant influence on political outcomes. Furthermore, they mention that organized social actors as well as external organizations can shape

the trajectory of political change. Finally, they argue that the quest for democracy may as easily end up in consolidated democracy as in authoritarianism (2007, p. 13).

Petrovic (2008) gives some counter arguments on the level of influence, especially in the case of the Balkans, of the geographic location and the pre-communist values (the historical legacies). He argues that the “institutional capacity[ties]” that states inherited through closer proximity to western democracies have limited influence as opposed to the internal political elites (p.126). So, the willingness of the political elites in the state in question to implement democratic reforms is more important than if they had experience with a democratic institutional design in the past. Building on this argument, Petrovic (2008) explains that the proximity to Western Europe could only be a changing factor if these Western countries actively exerted influence on the creation of a democratic political power distribution in the states close to them (p.126).

Ekiert, et al. (2007) go on to explain that political actors do in fact have a lot of influence and that “while history and culture matter, their causal impact should not be seen in a crudely deterministic fashion” (p. 14). However, something that should be recognized is that

inherited social and economic inequalities, cleavages, and conflicts play a significant role in shaping opportunities for a successful transition. Ethnic and religious cleavages, especially when reinforced by territorial and economic divisions, create significant problems for democratizing countries and can be exploited by anti-democratic elites (Ekiert et al., 2007, p.14).

This argument is also made by Nelaeva & Semenov (2016), who say that democratic consolidation can be undermined by a weak state and unresolved territorial conflicts. Ekiert et al. (2007) stress the importance of democratic state building, they argue that it is crucial to build state institutions that will not be strong enough to interfere with citizens’ lives and political and economic freedom in an excessive way, but are strong enough to effectively enforce the rule of law as well as avoid letting powerful interest groups capture them (p.15).

The democratization process is not something a state goes through alone. Levitsky & Way (2007) argue that in order to successfully go through political and economic transformations in the democratization process, the involvement of international actors is crucial. As Nelaeva & Semenov (2016) put it when discussing the theoretical framework of Levitsky & Way, the emphasis is on the leverage and linkage of external actors vis-à-vis the democratizing state (p. 56). Tolstrup (2013) adds to this concept by discussing the “gatekeeper concept”, saying that this kind of external influence is most effective for democratization when the external actor in question is relatively more powerful; a tight network of linkages exists; and when the gatekeeper elites try to strengthen

the ties with the external actor, thereby easing the pressure that the external actor is applying (p.735). However, Lebanidze (2014) argues that democratization is still possible under low linkage, given that the leverage is used in a conditional way and the influence of other powers is low (p.214). Furthermore, Lebanidze (2014) argues that the role of internal factors is not that significant, as for example internal organizational power, regardless of its strength, is not as important as leverage from external actors (p. 214). Another author that emphasises the role of external factors is Agh (1999), who wrote about the case of East Central European countries. He argues that these regions have always had a “path dependent” development or “forced-course development” which results in their internal dynamics as an environmental factor being less important than external dependence in effecting their political characters (Agh, 1999, p. 264).

In short, democratization is the transition from a non-democratic to a democratic state. Key factors in this transition process are the circumstantial influences, such as the geographic proximity to Western democratic countries, historical legacies, structural constraints and events such as wars, conflicts or natural disasters; political elites, whose ability and willingness to move forward in this transition determines much of the process. When the elites are willing to make the necessary changes to build a strong state, democratic consolidation will be easier to achieve; and external actors, who use the linkages and leverage they have over the democratizing state in question to influence the process.

The EU's influence on the democratization of the Balkan area

Building on the idea that external actors have a big influence on the democratization process, one of the key external influences in the Balkan area will be discussed, which is the European Union. Both Ekiert et al. (2007, p. 24) and Petrovic (2008, p. 127) find that in general, post-communist states that elected governments who could re-establish close linkages to the Western countries and political and economic organizations were more successful in establishing and consolidating democracy. Ekiert et al. (2007) argue that strong linkages increase the influence of Western actors, who can promote democratic development. This helps to loosen “the hold of antidemocratic regimes on their polities” (p. 25). Something that helps democratic consolidation are the conditions for accession to the European Union, the “*acquis communautaire*”.

“The benefits and constraints offered by the European Union shaped the character of domestic political competition, informed the agendas of many political and economic actors, and expanded opportunities for reformers (Ekiert et al., 2007, p. 12).

Finally, Ekiert et al. (2007) argue that the EU's pre-accession process includes a lot of factors that characterize consolidated democracy, such as stable political institutions, rule of law, extensive protections of political and civil right, and transparency and predictability in the political process, and thus seems to promote the realization of consolidated democratization (p. 12).

These guidelines as well as the assistance that EU membership applicants receive give countries an advantage over states that choose not to apply for membership. As Petrovic (2008) explains, these states are in a more favourable position, because of "the "acquis communautaire" which have practically defined the complete legal and institutional framework for the functioning of the economic and socio-political systems in the EU candidate countries" (p.127). However, it might be beneficial for the Balkan states to become members of the European Union, but over the last few years there has been a case of 'enlargement fatigue', as "enlargement (...) has considerably slowed down under highly unfavourable circumstances for further EU expansion" (Stojic, 2016, p.2). Ekiert et al. (2007) argue that even though there is not much support for it among EU citizens, partly because of challenges it poses for European integration, abandoning enlargement would be costly for the credibility of the European Union's emerging foreign policy, as well as for the economic and political future of its neighbouring regions (p.24).

The EU's main strategy for compliance is conditionality. Aybet & Bieber (2011) argue that conditionality consists of the processes of socialisation and rationalisation, which ultimately leads to the transformation of the target state (p. 1911). The institution lays down certain conditions for accession in which its norms are imbedded. With rationalisation the authors mean the cost-benefit analysis of the elites in the target state, they must believe that acquiring these norms benefit their own political goals. Socialisation refers to the local elites internalizing the institution's norms, where these external norms become 'their' norms (Aybet & Bieber, 2011, p. 1911). They explain that within these processes the local elites engage with the existing norms, where at some point the external norms are debated in contrast to the local norms. Ultimately, these external norms will be 'grafted' onto the already existing local ones (Aybet & Bieber, 2011, p. 1911).

As Schimmelfennig (2008) puts it, conditionality has been the cornerstone of the EU's enlargement success. The EU uses becoming a member as the incentive to get would-be members to conform to its political norms, such as democracy, human rights, and peaceful conflict management (p. 918). This process is not without setbacks and to keep up the efforts the EU withholds or extends the prospect of membership to cause compliance, doing so by, at times of misconduct, releasing formal statements of concern and criticism, coupled with guidelines on how to address the problem; as

well as by praising the targeted government when they behave in a conforming matter (Vasilev, 2011, p. 58). However, it is important that the EU keeps the prospect of becoming a member credible in order to ensure compliance. Schimmelfennig (2008) argues that

accession conditionality has to be credible in two ways: target states need to be certain that they are rewarded with significant steps toward accession (soon) after complying with the EU's political conditions – and that they will be excluded from EU membership otherwise (p. 920).

However, this is not enough. Besides credible accession conditionality, it is necessary that the EU's enlargement decisions are of normative consistency (Schimmelfennig, 2008, p. 921). This means that the EU should offer a general membership perspective to 'any European state' as long as they fall in line with its fundamental political principles, such as liberty and democracy (Schimmelfennig, 2008, p. 920). Furthermore, in its enlargements decisions the EU should be guided by the democratic and human rights performance of the targeted states and ought not to use other considerations to discriminate against any country either positively or negatively (Schimmelfennig, 2008, p. 920).

Furthermore, favourable domestic conditions are crucial. Both Schimmelfennig (2008, p. 921) and Aybet & Bieber (2011, p. 1911), argue that the domestic governments need to deem the EU requirements as beneficial, this will become evident in the next paragraph, where the problem of ethnic conflict for conditionality will be discussed.

Aybet & Bieber (2011, p. 1917) and Vasilev (2011, p. 52) argue that EU conditionality in previous eastward enlargement shifted from focussing on compliance with the legal standards of the Union, or in other words, the production of normative policy outcomes, to generating normative procedures. The way Vasilev (2011) explains it is that instead of just introducing policies that comply with EU standards, politicians must do so in a way that also reflects EU procedural standards (p.52). The Copenhagen Criteria have played an important part in previous enlargement conditionality, representing the shared norms and principles of the EU member states (Aybet & Bieber, 2011, p. 1917). In the case of the Balkan area it is still an important requirement for accession, however, while these criteria have a focus on protection of minorities, the EU has pursued a different approach in for example Bosnia and Macedonia. The goal is still to ease inter-ethnic tensions, yet the primary focus in these cases has shifted towards consensus politics, where in order to be considered to move to the next stage of accession politicians have to demonstrate that they are capable of engaging with one another in a constructive way (Vasilev, 2011, p. 53).

Aybet & Bieber (2011) argue that post-conflict areas behave differently under conditionality than states where there is no internal ethnic conflict. The processes of post-conflict reconstruction to EU integration tend to overlap (pp. 1914-1915). However, the biggest challenge with EU conditionality is that both processes – socialisation and rationalisation – become problematic in post-conflict societies “because of the lack of, or weakness of, an existing domestic structure of norms and institutions make it difficult for the various stages of socialisation to occur” (Aybet & Bieber, 2011, p.1917). They conclude that in these cases instead of engaging with state-level norms the institution the EU can find itself engaging in ethnic norms at the entity level (p. 1913).

This becomes evident in Vasilev’s (2011) work, who describes that “by bringing ethnic leaders to behave normatively, if only for instrumental reasons to begin with, the EU hopes to elicit behavioural lock-in effects thereafter” (p.55). However, Vasilev notes that Macedonia and Bosnia behave in different ways, where especially in the case of Bosnia the process is lagging. This is because there is such a high degree of mistrust and fear of losing one’s share of sovereign power between the ethnic groups that their government hesitates to comply to the EU’s reform measures (2011, p. 60). Meanwhile, for Macedonia, EU membership incentives seem beneficial, because in their perception, accession would enhance core collective goals in terms of security and autonomy (Vasilev, 2011, p.52). Schimmelfennig (2008) makes a similar argument mentioning the case of Croatia, where at the time the conditions set out by the EU caused high political costs on the target governments owing to nationalist mobilization and resulting in hesitant compliance (p. 927).

In order to ensure a favourable domestic situation, it was necessary for liberal forces to come into power. It is thus important for the EU that there is a certain level of political competition, so that there is an opposition to the nationalist and/or authoritarian forces. Sedelmeier (2011) uses Vachudova’s (2005) work to illustrate that by informing the electorates about the implication of their choices on the state’s accession prospects as well as by facilitating cooperation and moderation of opposition forces, the EU empowered liberal reformers and influenced elections where liberal forces defeated more nationalist or authoritarian forces (p.18).

Vachudova thus suggests that even if the EU did not directly influence voters’ choices, it had a tremendous influence on the nature of the elites that won power in ‘watershed elections’ that marked the departure from illiberal systems (p. 18)

So, multiple scholars agree on that the EU’s ‘*acquis communautaire*’ is a helpful tool in the democratization process of a state, for it provides a complete legal and institutional framework on

which the targeted state can build its economic and socio-political systems (Petrovic, 2008, p.127). For the Balkan area the influence of the European Union on the democratization process has differentiated per state. This depended on the political elites who had different positions on how beneficial the incentive of EU membership would be for them. Therefore, internal political competition is necessary to enable the more liberal opposition powers to come in power, which the EU needs in order to create a favourable domestic situation. Whether the targeted state had known ethnic conflict played a big role in the domestic situation, because these internal ethnic tensions made it harder for the EU to use its conditionality effectively. In the cases of post-conflict societies, the existing domestic structure of norms and institutions are often lacking or relatively weak, which makes it hard for the various stages of socialisation to occur (Aybet & Bieber, 2011, p.1917).

In this literature review some of the key concepts that are at the heart of the subject of this thesis have been discussed. The following chapters will concern the case studies, after which the discussion will follow. This discussion will build on the information from the case studies and the theory that has been discussed in the literature review, which will help to draw a conclusion.

4. Results

4.1 The political, economic and ethnic situation after the end of the Yugoslav war

4.1.1 Bosnia and Herzegovina

In this section the political, economic and ethnic situation after the end of the Yugoslav wars will be discussed, focussing on the period of 1994 till 2000. First up is the political situation, discussing matters like the influence of the Dayton agreement, elections and levels of corruption. Second is the economic situation discussing the influence of the international community as well as its economic indicators. Lastly the population and its ethnic composition will be discussed.

Political situation

For BiH, the Yugoslav wars officially ended in 1995 when the Republic of Bosnia and Herzegovina, the Republic of Croatia and the Federal Republic of Yugoslavia initialled The General Framework Agreement for Peace in Bosnia and Herzegovina, also referred to as the Dayton Accords or Dayton Agreement, on the 21st of November. The agreement provided a highly decentralized power-sharing institutional framework to govern BiH (Sebastian, 2009, p. 341) and characterized the political situation in the country for years to come. In short, as is explained in Encyclopaedia Britannica (2013), with this agreement the three parties involved agreed to respect each other's sovereignty and to settle their disputes in a peaceful matter. They agreed that the country would be composed of two political entities, Republika Srpska (RS) (49% of territory) and the Bosniak-Croat Federation (51% of the territory) and the Federation got divided into ten cantonal units (European Forum, 2018). The political composition became a system of consociationalism. Which, as Lijphart (1977) explains, is a form of power sharing where all groups are included in the central government; there is use of proportional representation to elect political representatives; and minorities have the right to veto key issues, such as cultural matters. In the case of BiH this division is along the lines of its three ethnic groups, Bosniaks (Bosnian Muslims), Croats and Serbians. Consequently, the ethnic interests of these groups have dominated much of the country's political and economic agenda (Tzifakis & Tsardanidis, 2006, p. 70).

Furthermore, the Dayton Accords also instilled the presence of the international community in BiH's political landscape. This presence has been coordinated through the Office of High Representative for BiH (OHR), which was granted executive powers for the implementation of civilian aspects of the Dayton Peace agreement (Sebastian, 2009, p. 341) and is thus the state's ultimate authority. Some of the goals of the HR include the monitoring of the implementation of

the peace settlement; making sure that the parties maintain close contact to the Agreement, and promoting their compliance with all the Agreement's civilian aspects (Office of the High Representative, n.d.). The idea was that the HR's office would stay in place until the set goals had been achieved and to ensure that the Dayton Accords would be implemented. When these goals are achieved the HR will be replaced by an EU Special Representative for BiH (European Forum, 2018). "Among the most important milestones in the peace implementation process was the PIC Conference in Bonn in December 1997" (Office of the High Representative, n.d.). According to the Office of the High Representative (n.d.), this is where the PIC requested the HR to be able to remove from office those public officials who violate legal commitments and the Dayton Peace Agreement, as well as that the High Representative would be able to impose laws if BiH's legislative bodies would fail to do so.

Since the Dayton Peace Agreement was signed, nationalistic parties have dominated the political scene in Bosnia-Herzegovina (European Forum, 2018). Tzifakis & Tsardanidis (2006) add to this notion that consequently, the different and sometimes conflicting views about the organization of the state and society were maintained in the political sphere (p. 70). Massari (2005) argues that on top of this, the process of democratic consolidation only became more dependent on the direct intervention of the international community, instead of being generated by indigenous forces (p. 262).

BiH's first elections after the war for all the seats of the new House of Representatives were held in 1996, which according to the Organization for Security and Co-operation in Europe (OSCE, 1996) technically went well (p. 1). However, the general climate of the elections was in some cases below the minimum standards of the OSCE Copenhagen Commitments, as there were problems in terms of registration, the media, the campaign, and freedom of movement (OSCE, 1996, p.1). The Parliamentary Chamber: Predstavnicki dom (1996) argues that these elections could not be termed "free, fair and democratic", considering the above-mentioned shortcomings. According to O'Connor (1996), by the certification of that year's elections the European nations and the United states were

putting to the test their theory that it is better to have a government begin operating, even if it comes to power through flawed elections, than to wait until fairer elections can be held.

Another factor that determines the level of freedom and democracy in a country is the level of corruption. The earliest document on corruption available at the time of writing this thesis was from 1998 from Transparency International (1998), back then this source categorized BiH as part of Yugoslavia and was ranked on the 61st place out of the 85 countries where they had carried out their surveys. Yugoslavia scored 3 out of 10 points, where 10 would be a totally corruption-free country, however, it must be noted that these ranks relate solely to the results that were drawn from several surveys (three in the case of Yugoslavia) and only reflect the perceptions of business people that participated in these surveys (Transparency International, 1998). A year later this rank had dropped to the 90th place with 2 points with results taken from 6 surveys, though this time the list consisted of 99 countries (Transparency International, 1999). This indicates that the level of corruption had increased even further. The first time BiH was included in this corruption indicator index was in 2003, ranking at 70 with a score of 3.3 out of 133 countries (Transparency International, 2003). In an article by the New York Times, Hedges (1999) reports on corruption by the country's leaders, stealing as much as a billion dollars. An American anti-fraud unit set up by the Office of the High Representative exposed so much corruption that its results were likely to scare off international donors, which was problematic since the state relied on aid for the reconstruction of the country (Hedges, 1999).

Economic situation

After the end of the Yugoslav wars, the government of BiH had a huge task ahead of them in terms of reconstructing its economy. According to a country brief by the World Bank (2003a), by the end of the war, the economic production in BiH had contracted by more than 90%, GDP had plummeted by 80%, and most physical capital was destroyed.

According to Tzifakis & Tsardanidis (2006), BiH's main economic problems stem from overextended public expenditures, inefficient privatizations – with an exception of the banking sector (p. 76) – and low inflow of foreign direct investment (FDI), these problems were partly a consequence of their post-conflict economic reality as well as of the fragmentation of their institutional and political structure (p. 78).

The issue of overextended public expenditures made for BiH to start with a large debt after the end of the war. The country's internal debt related to large arrears to budget beneficiaries such as pensioners, the army, and war damages and its external debt was mostly inherited from Socialist Yugoslavia (Tzifakis & Tsardanidis, 2006, p.74). However, Bosnia made considerable efforts to

reduce this debt through making rescheduling and concessional agreements with all creditors and was able to reduce it significantly (Tzifakis & Tsardanidis, 2006, p.74).

Regarding the issue of inefficient privatizations Tzifakis & Tsardanidis (2006) argue that many enterprises did not end up in private hands, nor have they been restructured for better performance (p. 76). “Many pre-war companies never started production again after being privatized, since there was no healthy money to be invested into them” (Omanovic, 2005, p. 5). One of the reasons for the failure is that privatization was carried out by separate entities, there was no unified legislation which hindered the establishment of a regulated market economy (Bojicic-Dzelilovic, Causevic, & Tomas, 2004, p. 25). Another reason was the neglect of the Bosnian authorities to create the conditions for the establishment of a business-friendly environment (Tzifakis & Tsardanidis, 2006, p. 76-77).

BiH needed support from the international community to be able to reconstruct the country, both financially and technically (International Monetary Fund [IMF], 1995a). During the period between 1996 and 1999, the reconstruction programmes primarily aimed at the rehabilitation of infrastructure and the restoration of public services as well as the establishment of a viable macroeconomic framework (Tzifakis & Tsardanidis, 2006, p. 70).

One of the international organizations that supported the reconstruction of BiH was the International Monetary Fund (IMF), of which they became member in 1995 (IMF, 1995a). Another organization was the World Bank, who set up a major donor assistance program as well as a Country Assistance Strategy for 1996-1999, which helped jump-start the reconstruction through emergency projects (World Bank, 2003a).

BiH's central bank was established in 1997 and in order to open the process of transition to a market economy, the country needed to reform its monetary system which they did by drafting and adopting a new law on the Central Bank of Bosnia and Herzegovina (CBBH) (Softic, 2017, p.12). Their focus was on creating a favourable monetary environment and institutional legal frameworks in order to overcome the monetary situations, focussing on achieving monetary stability (Softic, 2017, p. 12). The period after the establishment of the CBBH until 2008 was marked by a strong growth in the foreign currency reserves, which was mainly characterized the following factors: lending activities of the privatized banking sector, the introduction of the Euro and the stand-by arrangements with the IMF (Softic, 2017, p. 16). This statement that the CBBH had been doing well

is backed up in a paper by the Bank for International Settlements, in which Kovačević (2003) states that the BAM has been a stable currency against the euro since it was introduced, and the use of the currency had risen to a point where he argues that citizens of BiH were trusting of the BAM (p. 60).

Furthermore, there are other factors at play that determine the economic situation of a state. One of these factors is the Gross Domestic Product (GDP) and figure 2 shows the GDP level from 1994 till 2000, whereas table 1 illustrates the real GDP growth as well as the inflation. The graphics in figure 2 show a steady growth which can be explained by all the efforts that the country has been putting in the creation of a stable market economy.

After the war, BiH had to deal with a weak and fragmented administration; severe foreign exchange shortages; and deep-rooted structural problems in the banking sectors and enterprise, which made their economy highly inflation prone (IMF, 1995a). In the case of BiH, it was necessary for their developing economy to keep inflation on a manageable level. As one can see in table 1 there was a high level of deflation in 1996 and BiH tackled this problem by the establishment of their central bank and letting the central government and public-sector entities refrain from domestic bank financing of fiscal expenditures (IMF, 1995a).

Figure 3 illustrates the high level of unemployment throughout the years. There was a small drop after the end of the war, after which unemployment levels started to rise again.

Furthermore, there were 340 strikes and demonstrations in 2000, most of them about the low or non-payment of wages and pensions (Pugh, 2002, p. 469). Lastly, the cost of living, measured as a ration of earnings against a price index of basic consumables, has steadily worsened as price inflation increased, and an estimated 46% in the Federation and 75% in RS were living in poverty in 2000 (Pugh, 2002, p. 469).

In short, both for the political as for the economic situation, the international community played a big role in BiH's internal affairs. Their GDP shows growth over the years; however, they were not able to reach a stable level of inflation and their level of unemployment stayed relatively high throughout the years.



Figure 2: GDP of Bosnia and Herzegovina by value from 1994 till 2000, from Trading Economics (n.d.-a)

Table 1.

Real GDP growth by annual percent change and inflation rate by average consumer prices in Bosnia and Herzegovina

	1995	1996	1997	1998	1999	2000
Real GDP growth (annual percent change)	20.7	62.2	22.9	13.8	10.7	4.4
Inflation rate, average consumer prices	12.9	-11.7	5.7	-0.3	2.8	5

Note: Reprinted from Country Data, by the IMF. Retrieved from <http://www.imf.org/en/Countries/BIH> Copyright 2017 by the IMF

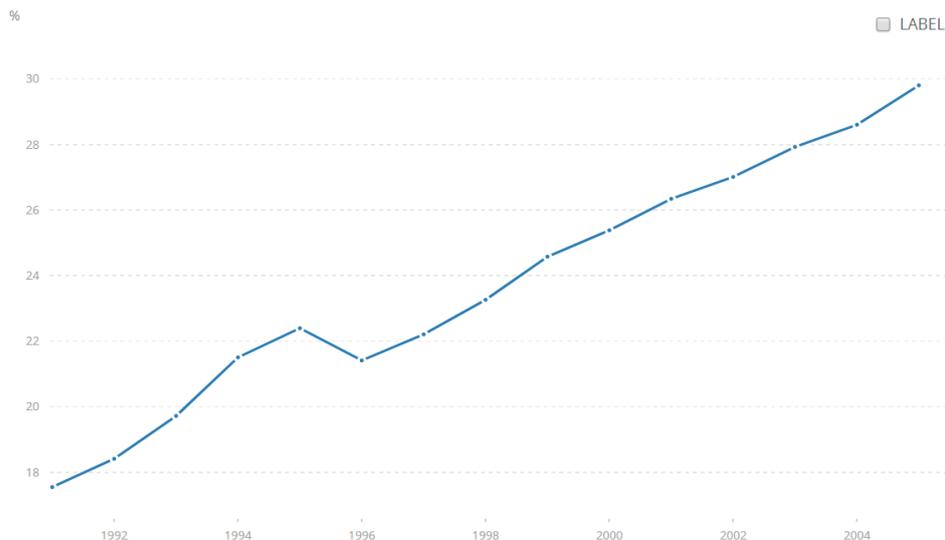


Figure 3: Level of unemployment by percentage of total labour force (modelled ILO estimate) by value from 1991 till 2004 in Bosnia and Herzegovina, from the World Bank (2017a)

Ethnic situation

The ethnic composition of the BiH is a sensitive topic after the Yugoslav wars, since the country's institutional framework rests on the principle of the balance and equality of the three "constitutive peoples" – Bosniaks, Serbs and Croats (Jukic, 2013). The most recent census was carried out in 2013, before which the last one had been in 1991. The census in 1991 counted around 4.4 million citizens (Jukic, 2013). Even though there were certain areas where the majority of the population belonged to one of the three ethnicities, there were several areas where there was no ethnic majority as is illustrated in figure 4. After the war, Bieber (2006) argues that besides the death of around 200,000 citizens and the displacement of almost half the population, another result was the territorialisation of ethnicity (p. 3). Most of the Serb population moved to the Serb Republic in North-western and Eastern Bosnia; Bosniaks mostly ended up in central and in North-western Bosnia; and Croats live mostly in Herzegovina (the south of the country) and along the Sava River in the north (Bieber, 2010, p. 3).

The differences between the three main ethnicities in BiH are small: the languages are roughly the same and they have similar traditions and cultural habits (Bieber, 2006, p. 2). However, due to the close association of religion with national identity, caused by the demise of communism and the revival of nationalism in combination with the violence of the war, religious identity formed an important dividing factor (Encyclopaedia Britannica, 2013).

Regarding the return of refugees and reconciliation of the three ethnic groups Stefansson (2010) argues that, especially in the first five years after the war, various local political and ethnic elites had disputed the casting of post-conflict return and reconciliation, as they considered this not to be in line with their war-time goals and achievements (p. 63).

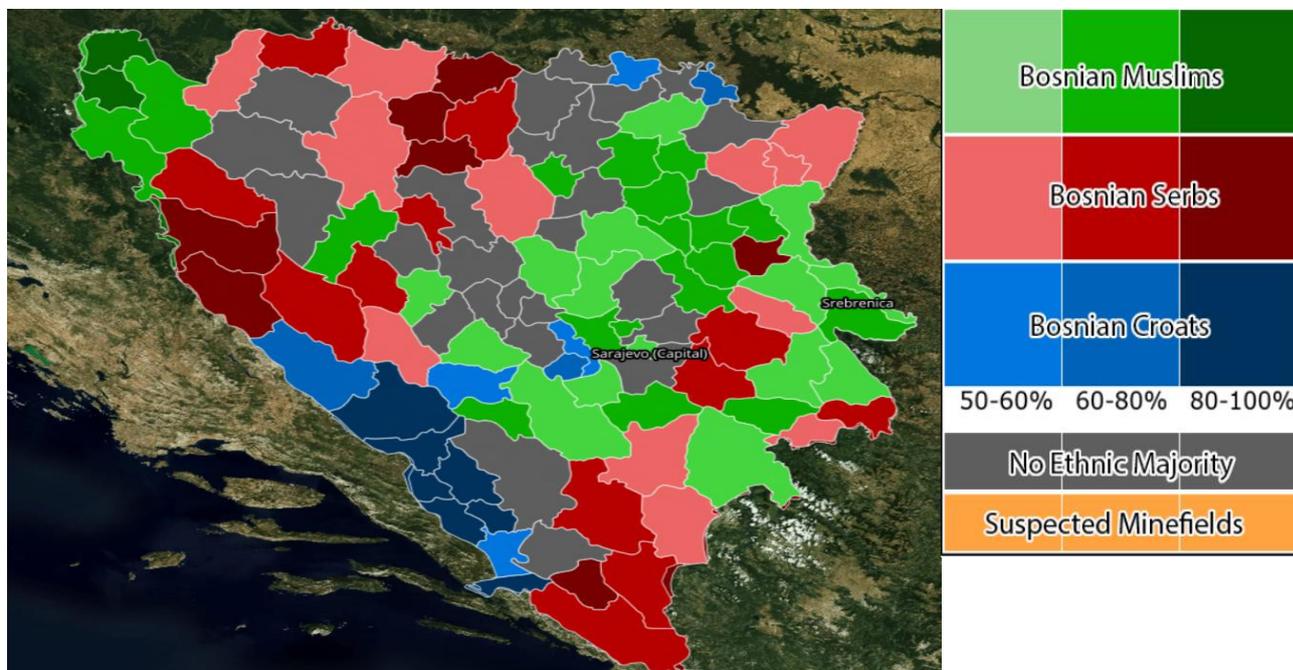


Figure 4: ethnic composition of Bosnia and Herzegovina in 1991, by Marko Stanic (2017)

In short, the political and economic situation in BiH after the war was characterized by reconstruction efforts to solve the issues that the conflict had left and there was a lot of involvement from the international community in these processes. Besides help of the international community, their central bank was able to provide some monetary stability. Regarding the ethnic situation, after the war the territorialisation of ethnicity took place and refugee return and reconciliation was off to a rough start.

4.1.2 Croatia

In this section the political, economic and ethnic situation after the end of the Yugoslav wars will be discussed, focussing on the period of 1994 till 2000. First up is the political situation where matters like Croatia's political landscape will be discussed as well as the first two elections after the end of the war. Second is the economic situation discussing the influence of the international community as well as its economic indicators. Lastly the population and its ethnic composition will be discussed.

Political situation

The constitution of the Republic of Croatia was adopted at the end of 1990 (Bertelsmann Stiftung, 2018b, p. 4) and they officially seceded from Yugoslavia in 1991 (Massari, 2005, p. 264). During the war, the Serbs living in Croatia rebelled against the Zagreb government and with the Yugoslav People's Army's support they managed to occupy about a third of Croatia's territory in late 1991 (Bertelsmann Stiftung, 2018b, p. 4). This situation persisted until mid-1995, after which Croatian troops liberated the occupied territories in the central and southern parts of the country, causing most of the Croatian Serbs living there to leave along with the Serbian forces (Bertelsmann Stiftung, 2018b, p. 4-5). This led to a flow of an estimated 150,000 displaced people from the area (Lamont, 2010, p. 33). The territorial national problems for Zagreb ceased completely with the reintegration of the last occupied territories back under Croatian rule in 1998 (Massari, 2005, p. 264).

The country developed from a completely uncompetitive system during the 1990s to a dual system from 2000 to 2004, and finally to a competitive system from 2005 onwards (Glüpker, 2013, p. 231). During the period of 1995 till 2000, polity IV data shows that there was a lack of political competition in Croatia (Center for Systematic Peace, 2010, p.1). It's regime type became increasingly authoritarian, as the Office of the Presidency came to dominate the other governmental institutions, including the parliament and the judiciary (Lamont, 2008, p. 70). President Franjo Tudjman and the ruling Croatian Democratic Union (HDZ) party dominated politics on the national level, while opposition parties only held power at the local level, mostly in some major cities and the more developed western parts of the country (Bertelsmann Stiftung, 2018b, p. 5). However, after the death of its nationalist authoritarian leader in 1999, Croatia subsequently improved its political and economic relations with the West and the EU (Petrovic, 2008, 124). Subotic (as cited in Vachudova, 2014, p. 129) adds that embracing democratic reforms was relatively easy because HDZ had never questioned Croatia's belonging to western Europe.

According to the Humans Rights Watch (1999), the international observers tend to agree that the first two elections after the Yugoslav wars in 1995 and 1997 could not be considered fair or up to democratic standards. For example, the Commission on Security and Cooperation in Europe (1996) stated in their report that there was an "apparent unwillingness of the authorities to permit a truly open electoral system in which all had confidence or a genuinely free media to permit a more competitive campaign period". In effect, as stated by the BBC (2017), with the re-election of Tudjman in 1997, the EU decided against inviting Croatia to start membership talks due to criticism on the authoritarian tendencies of the Tudjman regime. However, in the years towards the 2000

elections there was an increase in the confidence and strength of Croatia's civil society; and their NGOs had become increasingly skilled at engaging with the public directly and helping to bring about change by influencing journalists and government officials (Human Rights Watch, 1999). Yet, a lack of media freedom remained a major constraint, as well as discrimination towards Croatian Serb citizens (Human Rights Watch, 1999).

Vachudova (2014) argues that the removal of the Serbs in Croatia forced nationalist politicians to move on from ethnic scapegoating and to focus on domestic reform in response to the expectations of their voters who demanded a rising standard of living and a more efficient state (p. 129). Effectively, the results of the 2000 elections was a lessening of the strength of HDZ and resulted in a coalition between the Social Democratic Party of Croatia (SDP) and The Croatian Social Liberal Party (HSL) and four other winning parties (Commission on Security and Cooperation in Europe, 2000). The OSCE's Election Observation Mission concluded that these parliamentary elections marked positive progress and it wrote off its problems to the residual effects of an authoritarian regime and that these were insufficient to change its outcome (Commission on Security and Cooperation in Europe, 2000).

As was mentioned before in the section about Bosnia, the earliest document on corruption available at the time of writing this thesis was from 1998 from Transparency International (1998), back then this source categorized Croatia still as part of Yugoslavia and shows a high level of corruption (3 out of 10, where 10 would be a corruption free country). The following year Croatia was included in the list and ranked at 74 with a score of 2.7, however, in 2000 Croatia managed to improve and ranked at the 51st place with a score of 3.7 (Transparency International, 1999, 2000). In an article by Grubisa (2011), it is argued that there was not much room for open dialogue on political corruption till after the collapse of the nationalist government after 1999 (p. 78). Croatia's first specialized body enabled to fight corruption was established in 2001, the Office for Combating Corruption and Organized Crime (USKOK) (Grubisa, 2011, p. 78).

Economic situation

After becoming independent in 1991, Croatia created a new currency, repaired its large-scale war damages, and initiated reforms to transition to a market economy (World Bank, 2003b). It did not do so alone, and joined the World Bank in 1993 and received financial support, technical assistance, policy advice, and analytical services (World Bank, 2003b).

Croatia received more international aid, for example from the IMF, which they first received in 1994 and again in 1995 to support the government's program of macroeconomic stabilization and structural reform (IMF, 1995b).

During the period of 1991 till 1993 Croatia saw a decline of more than 30% in their real GDP, however, their stabilization program supported by the IMF was relatively successful in 1994 (IMF, 1995b). Their economic activity began to recover, inflation was sharply reduced, and their emerging private sector grew, however, much of Croatia's economy remained dominated by large state-owned enterprises (IMF, 1995b). This recovery of their economic activity becomes obvious in table 2, where one can see that the inflation rate was 97.5% in 1994 after which it dropped back to a much healthier two percent. Furthermore, in figure 5 one can also see that after 1994 the GDP has been significantly higher and remained relatively stable. However, after five years of growth, the country faced a recession. As one can see in figure 6, unemployment rose fast to over 15% after 1997. This is partly because one of their key sources of foreign exchange, tourism, suffered under the consequences of the Kosovo conflict (World Bank, 2003b).

Croatia did not only rely on external aid to manage its economy. An important internal actor was Croatia's central bank, the Croatian National Bank (CNB). It aims to ensure price stability and has the responsibility to establish and implement monetary and exchange policies, issue bank notes, and to supervise the commercial banks and the entire system of financial transactions (Hrvatska Narodna Banka, 2015). Furthermore, they manage international reserves of Croatia as well as that the NCB issues the Croatian currency, the Kuna (Croatian National Bank, 2015). According to Encyclopaedia Britannica (2015), the NCB earned a good record of achieving price stability in the period after their independence war.



Figure 5: GDP of Croatia by value from 1994 till 2000, from Trading Economics (n.d.-b)

Table 2.

Real GDP growth by annual percent change and inflation rate by average consumer prices

	1994	1995	1996	1997	1998	1999	2000
Real GDP growth (annual percent change)	5.9	6.6	5.9	6.6	1.9	-0.9	3.8
Inflation rate, average consumer prices (annual percent change)	97.5	2	3.6	3.7	6.7	4	4.6

Note: Reprinted from *Country Data*, by the IMF. Retrieved from <http://www.imf.org/en/Countries/HRV> Copyright 2017 by the IMF



Figure 6: Unemployment rate of Croatia by percent of total labour force (modelled ILO estimate), from the World Bank (2017b).

Ethnic situation

The Croatian Bureau of Statistics conducted censuses in 1991 and 2001, and as one can see in figure 7 the population saw a significant drop after the start of the independence war as well as another drop towards the end of the war. Besides the casualties from the war, the drop after 1995 can be linked to the expulsion of a big part of the Serb population (Lamont, 2010, p. 33).

According to the 1991 census, “Croatia’s population was 4.8 million, with Croats accounting for 78.10%, Serbs 12.16%, and Serbs and Yugoslavs 2.21%, while none of the remaining ethnic groups exceeded 1%” (Bertelsmann Stiftung, 2018b, p. 26). The main religion in Croatia is Christian and a close correlation between ethnic identity and religious affiliation exists within the country (Encyclopaedia Britannica, 2018). “The Croats are overwhelmingly Roman Catholic and more Western-influenced than the Serbs, who are overwhelmingly Eastern Orthodox. (...) Bosniaks constitute most of the Muslim population” (Encyclopaedia Britannica, 2018).

During the Tudjman regime, ethnic Serbs were seen as the minority (Fisher & Haughton, 2008, pp 441-442) and during that time the public discourse about minority rights was based on the alleged threat of the ‘others’ (Glüpker. 2013, p. 232). However, following Tudjman’s death and with the SDP forming the new government, policies were designed to improve the situation of the minorities (Glüpker. 2013, p. 232).



Figure 7: The population in Croatia by millions from 1990 till 2000, from Trading Economics (n.d.-c).

In short, the political and economic situation in Croatia after the war was characterized by reconstruction efforts and there was a lot of involvement from the international community in these processes. Croatia developed from a completely uncompetitive system during the 1990s to a competitive system from 2005 onwards.

Besides help of the international community, their central bank was able to achieve relatively good price stability in the period after the war. Regarding the ethnic situation, Croats made up the majority of the population. After the war the population dropped significantly, due to casualties as well as the expulsion of some of the Serb population, further decreasing the number of Serbs living in the country. The situation of minorities improved after the fall of the Tudjman regime.

4.2 The current political, economic and ethnic situation

4.2.1 Bosnia and Herzegovina

In this section the current political, economic and ethnic situation in BiH will be discussed, focussing on the period of 2013 till 2018. This chapter will start with the current political situation, discussing their progress in general, the latest elections and the level of corruption. That section will be followed by their economic situation, discussing the overall progress and focussing on some of the main problems regarding the state of BiH's economy. Last is the ethnic situation, which will discuss the latest population census as well as the situation of the returnees.

Political situation

The Nations in Transit report of 2018, for which the results are available in table 3, shows that BiH has made limited to no progress in terms of their political situation over the last six years.

General elections were held in October 2014, which the Organization for Security and Co-operation in Europe and Office for Democratic Institutions and Human Rights (OSCE/ODIHR, 2015) report described as being without major irregularities, although some long-standing shortcomings remained due to the lack of political will to move beyond the 1995 Dayton Agreement (p. 1). The elections were held in violation with the Sejdić- Finci judgment of the European Court of Human Rights, since there were ethnicity-based restrictions on the right to stand and to vote (OSCE/ODIHR, 2015, p. 1). Furthermore, the campaign messages were mainly negative in tone, blaming opponents for lack of progress, as well as that the messages were oriented towards their corresponding ethnic communities and use of inflammatory language was reported (OSCE/ODIHR, 2015, p. 2). Lastly, the campaign's finance regulatory system was judged as inadequate to ensure transparency, integrity and accountability of the process (OSCE/ODIHR, 2015, p. 2).

However, according to the Bertelsmann Stiftung (2018a), the recent political situation in BiH has been characterized by a limited period of governmental stability since 2015 (p. 3). This was provided by the EU's initiation of the Reform Agenda in 2014, which is a broad program of structural economic and social reforms covering several policy areas and was said to unlock the country's EU integration process (Bertelsmann Stiftung, 2018a, p. 3). The progress report of 2015 reported initial progress in its implementation and the 2016 report said that the BiH Parliamentary Assembly and the entities' parliaments had made progress towards adopting the reform priorities from the Agenda, and effective cooperation between the BiH Council of Ministers and the entities' governments was noted (European Commission, 2015a, p. 4; 2016a, p. 4). However, the 2018 report noted a slowdown of the reform pace, due to tensions between the ruling coalition parties

and obstruction by the opposition parties in Parliaments at state and entity levels (European Commission, 2018a, p. 2).

Furthermore, BiH's constitution remains in breach with the European Convention of Human Rights (European Commission, 2018a, p. 2). The Bertelsmann Stiftung (2018a) notes that the implemented reforms were limited to measures that did not hurt the interests of political elites, so matters like restructuring state-owned enterprises or the reform of public administration remained undeveloped (p. 4).

The Dayton Agreement is often criticized when discussing Bosnia's dysfunctional government. For example, an article in the Guardian describes the system as a "self-sustaining machine for producing misery" and argues how even though the agreement was meant to heal the wounds of ethnic-division, the country remains as divided as ever (Borger, 2015). However, Aybet & Bieber (2011) note that such perspectives neglect the fact that this institutional framework provided for the gradual emergence of a Bosnian state for the first decade after the agreement (p. 1913). They argue that the failure to move beyond the Dayton constitutional framework only confirms that there is no consensus on the state and its structure, as well as that it is difficult for international actors to move from peace building to state building, and from external to domestic state building (Aybet & Bieber, 2011, p. 1913).

Argued by Brljavac in 2011, but what still holds true is that most Bosnian politicians use inflammatory nationalist rhetoric rather than discussing the country's shared future as a member of the EU, which displays a lack of genuine inter-ethnic dialogue and potential reconciliation (p. 404). This becomes evident in, amongst others, a report by the Bertelsmann Stiftung (2018a), which argues that "elites' politics of instrumentalizing interethnic fear continued to undermine transformation and reform processes". Brljavac (2011) continues to argue that these "politics of fear" only further increase the inter-ethnic disagreements (p. 404). Jahic (2018) in a Nations in Transit report argues that the most influential politicians are disguising their own private agenda as mechanisms for the protection of ethnic interests, presenting them as issues of national importance (p. 2). There seems to be no long-term constructive plan for the country (Jahic, 2018, p. 2), which is further illustrated by the behaviour of the political leaders. An example is the fear of president Dodik's threats to separate RS from Bosnia as he has threatened to organize a referendum to separate from Bosnia on multiple occasions (Derix & Termote, 2018).

Another example is when Bosniak member of the three-man presidency, Bakir Izetbegović, supported a request to appeal the ruling by the ICJ in 2007 that found that Serbia did not commit genocide in BiH during the 1992-1995 war. Ultimately this request was denied, however, this event was described by Zuvella (2017) and Khomami (2017) as something that would increase the inter-ethnic tensions as well as jeopardise the regional stability and bilateral ties between Serbia and Bosnia.

In order to ensure a fully democratic election, BiH must change its legal system to allow all citizens to run for office in the state presidency and the House of Peoples, as well as resolve the governance in Mostar, which did not have elections since 2008 (Jahic, 2018, p. 2). However, the politicians from the ruling Bosniak (SDA) and Croat (HDZ) parties have been failing to deliver the required changes for almost a decade now (Jahic, 2018, p. 2). Furthermore, corruption remains an issue in the country as well, and in table 3 it shows that the score has gone up in 2016, meaning an increase in corruption. However, looking at the level of corruption in relation to other countries Transparency International reports a slight decrease as can be seen in table 4. Yet, with a score of 38, BiH still shows a high level of corruption, considering that a score of 0 is a highly corrupt country and 100 would be corruption free. Multiple sources report that corruption is widespread at all levels of government (Index of Economic Freedom, 2018a, p. 111; Jahic, 2018, p. 3; European Commission, 2018a, p. 3). The Nations in Transit report states that investigative reporters did more to uncover cases of corruption than the authorities themselves, as well as that the judiciary remains weak and failed to focus on their primary role of prosecuting misconducts and crimes (Jahic, 2018, p. 3).

The weakness of the judiciary also becomes apparent in the Bertelsmann Stiftung report (2018), and seems to be worsening, as they scored a 7 in 2006 and they now give it a 5 out of 10 (p. 12). They report a fragmentation of the judiciary across the state as well as heavy political pressure with an intensification of efforts to roll back reforms that secured the level of independence of the judicial bodies, especially since the international community decided to end the mandate of international lawyers working in these institutions (Bertelsmann Stiftung, 2018a, p. 12).

The country does have an Anti-Corruption Agency and corruption prevention bodies were set up in both entities, the Brčko District and in almost all cantons, except for West Herzegovina (European Commission, 2018a, p. 14). However, the Agency does not have direct access to the databases of other bodies, which makes them unable to, for example, cross check data in real-time and to automatically detect potential incompatibilities of functions (European Commission, 2018a, p. 14).

In the latest report by the Bertelsmann Stiftung (2018a) it is stated that the poor implementation of reforms in this area is due to a lack of political will (p. 33).

Table 3

Nations in Transit Ratings and Averaged Scores BiH

	2013	2014	2015	2016	2017	2018 (estimation)
National democratic governance	5.50	5.75	5.75	5.75	6.00	6.00
Electoral process	3.25	3.25	3.25	3.25	3.25	3.50
Civil Society	3.50	3.50	3.50	3.50	3.50	3.50
Independent Media	4.75	4.75	4.75	4.75	4.75	4.75
Local Democratic Governance	4.75	4.75	4.75	4.75	4.75	5.00
Judicial Framework and Independence	4.25	4.25	4.50	4.50	4.50	4.75
Corruption	4.75	4.75	4.75	5.00	5.00	5.00
Democracy Score	4.39	4.43	4.46	4.50	4.54	4.64

Note: Reprinted from Nations in Transit Bosnia and Herzegovina report, by the Freedom House, 2018.

Note: the ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest)

Table 4

Corruption perceptions index 2017

2017 Rank	2017 score	2016 score	2015 score	2014 score	2013 score
91	38	39	38	39	42

Note: Reprinted from Corruption perceptions index 2017 by Transparency International (2017).

Retrieved

from:

https://www.transparency.org/news/feature/corruption_perceptions_index_2017

Economic situation

According to the Index of Economic Freedom (2018a), BiH's economic freedom score is 61.4, making its economy the 91st (out of 180) freest in the 2018 Index (p. 110). Its score has increased by 1.2 points, "with improvements in the government spending, fiscal health, and judicial effectiveness indicators outweighing declines in government integrity and property rights" (Index of Economic Freedom, 2018a, p. 110). BiH's economy relies on exports of metals, energy, textiles, and furniture as well as on remittances and foreign aid, however tourism has been rising (Index of Economic Freedom, 2018a, p. 110). Table 6 shows that there has been a stable growth of the economy as well as a relatively low level of inflation. However, the European Commission (2018a) argues that BiH is still at an early stage of establishing a functioning market economy, though it does notice some improvements of the business environment and a strengthening of the financial sector (p. 30). It also mentions some key issues such as a weak rule of law, a poor business environment, and a fragmented and inefficient public administration and major labour market imbalances (European Commission, 2018a, p. 30). Furthermore, the insufficient speed in implementing overdue reforms and a lack of medium-term orientation further discourage economic growth (European Commission, 2018a, p. 32). Other than that, some other key issues that were mentioned in chapter 4.1.1 remain, such as overextended public expenditures, inefficient privatization, and a low inflow of FDI, which will be discussed below.

Regarding the public expenditures, "over the past three years, government spending has amounted to 44.1 percent of total output (GDP). (...) Public debt is equivalent to 44.4 percent of GDP" (Index of Economic Freedom, 2018a, p. 111). According to the Bertelsmann Stiftung (2018a) the total amount of public expenditure is even higher when taking the large number of state-owned

enterprises into account (p. 20). However, the country report by the IMF notes a slight decrease in total public debt over the past three years (IMF, 2018a, p. 25).

Secondly, although there had been some efforts to sell public companies, the privatisation process is still not complete (European Commission, 2018a, p. 33). On top of this, the business environment in the country leaves much to be desired, as entrepreneurs face significant obstacles, worsened by complex legal and regulatory frameworks, government structures, and non-transparent business procedures (Index of Economic Freedom, 2018a, p. 111). This adds to the existence of the large informal economy, since there are high tax rates on labour, which discourages the hiring of new workers (Index of Economic Freedom, 2018a, p. 110, 111). This large informal economy also distorts the numbers of unemployment in the country, which has remained high (Bertelsmann Stiftung, 2018a, p. 20), as is illustrated in table 5. Lastly, the IMF (2018) reports that BiH has one of the widest income gaps among the countries in Eastern Europe (p. 7).

Table 5

Unemployment rate in Bosnia and Herzegovina

	2013	2014	2015	2016
Unemployment rate	27.5	27.5	27.7	25.4
(ILO definition)				

Note: Reprinted from *IMF Country Report No. 18/39 Bosnia and Herzegovina*, by the IMF. Copyright 2018 by the IMF

Furthermore, compared to its regional peers, the IMF (2018) reports particularly low levels of FDI in BiH since the global economic crisis, being around two percent of the GDP from 2013 to 2016 (p. 6). The Index of Economic Freedom (2018a) contributes this to the strains on policy coordination and reform, as well as on excessive bureaucracy, market segmentation and a weak rule of law (p. 110).

Table 6

Real GDP growth by annual percent change and inflation rate by average consumer prices in BiH

	2013	2014	2015	2016	2017	2018
Real GDP growth (annual percent change)	2.4	1.1	3.1	3.2	2.7	3.2
Inflation rate, average consumer prices (annual percent change)	-0.1	-0.9	-1	-1.1	1.3	1.5

Note: Reprinted from *Bosnia and Herzegovina Country Data*, by the IMF. Retrieved from <http://www.imf.org/en/Countries/BIH> Copyright 2017 by the IMF

Ethnic situation

The results of the latest population census conducted in 2013 were published in 2016 and provided the first clear picture of the population after the war. The final results showed that BiH has a population of 3.53 million people, where 50,1% of the population is Bosniak, 30,8% is Serb and Croats make up 15,4% of the population, the remaining 2,7 being categorized as “others” (Toe, 2016). The overall population had thus dropped by nearly 20% after the war (Reuters, 2016). The census also confirmed the ethnic structure of the two entities, “with 92.11 percent of all Bosnian Serbs living in the RS, and 91.39 percent of Bosnian Croats and 88.23 percent of Bosniaks living in the Federation “(Toe, 2016). The census shows a decline of Bosnian Serbs, of which the percentage went down from 31.2% in 1991 (Reuters, 2016). Bosnian Serbs refused to recognize the results and argued that Muslims would make up less than half of the population, contrary to what the census showed (Agence France-Presse, 2016).

Besides the high death toll of the war, about 2.5 million people were displaced in BiH, which was nearly half the population and after the peace settlement it was hoped that a portion of these people would be able to resettle (Bray, 2004, p. 10). Campbell and Guzina (as cited in Stefansson, 2010) both argue in their works that these hopes have been hampered by the internal division of the country along ethno-national lines (p. 63). Bray (2004) adds to this argument that some of these internally displaced persons have chosen not to return to their homes, “either because their houses

had been destroyed, or because they no longer felt safe living in areas dominated by another ethnic group” (p. 10). According to the United Nations Refugee Agency (UNHRC) (2017), 98,324 internally displaced people and around 47,000 minority returnees in BiH are still in need of solutions.

In short, the most recent general elections had serious shortcomings and was characterized by inflammable rhetoric aimed at the opposing ethnicities (OSCE/ODIHR, 2015, p. 1). The Reform Agenda provided a limited period of governmental stability (Bertelsmann Stiftung, 2018a, p. 3) which soon deteriorated and the reform pace slowed down (European Commission, 2018a, p2). The debate regarding the Dayton Agreement is still a current issue and Aybet & Bieber (2011) argue that the issues regarding the agreement just confirm the lack of consensus on the state and its structure, as well as the difficulties that the international community faces regarding external state building.

The country remains at an early stage of establishing a functioning market economy and the speed of implementing reforms is insufficient (European Commission, 2018a, p. 30).

Regarding the ethnic situation, there are some tensions about the outcome of the latest population census, as the Bosnian Serbs do not agree with the amount of Bosniaks that supposedly make up half the population (Agence France-Presse, 2016). Furthermore, a lot of returnees who came back after the war have resettled but a large portion of internally displaced people and minority returnees that need solutions remains (UNHCR, 2017).

4.2.2 Croatia

In this section the current political, economic and ethnic situation in Croatia will be discussed, focussing on the period of 2013 till 2018. This chapter will start with the current political situation, discussing their progress in general, the latest events in politics and the level of corruption. That section will be followed by their economic situation, discussing the overall progress. Last is the ethnic situation, which will discuss the latest population census, the increase of ethnic-related violence, as well as the situation of the returnees.

Political situation

As one can see in table 7, the last six years as rated by the Freedom House have not shown a lot of improvement, although the ratings are relatively good. The progress that Croatia has made in the planning of political and economic development is partly the result of Europeanization, however the European Commission has stated repeatedly that the alignment of policies with the European Commission should be done faster (Bertelsmann Stiftung, 2018b, p. 33).

There was some backsliding in the judicial framework and independence, corruption, and independent media areas, as can be seen in table 7. This can be linked to the political turbulence that characterized the period from January 2015 till January 2017 (Bertelsmann Stiftung, 2018b, p. 3). There was a collapse of the government and early parliamentary elections took place in 2016 for the first time since the adoption of the constitutional arrangement in 2000 (Pavlic, 2016). Furthermore, the government changed prime minister three times. The parliamentary elections of 2015 resulted in a coalition between HDZ, SDP and Most (a coalition of independent slates), with the appointment of Tihomir Orešković as prime minister who was unknown to the public nor a member of a party (Bertelsmann Stiftung, 2018b, p.3). However, the government turned out to be inefficient and incapable of organizing any relevant legislative activity, and in June that year Most demanded the resignation of the HDZ party leader as well as a no-confidence motion against the Oreskovic government (Bertelsmann Stiftung, 2018b, p.3). A month later the president called a new parliamentary election and HDZ formed another coalition with Most (Bertelsmann Stiftung, 2018b, p.3). This coalition also shattered when the prime minister ordered the dismissal of the ministers from the centre-right Most party (Ilic, 2016).

This reshuffle of government was triggered by a crisis that also further illustrated the deterioration of the judicial system, namely the “discovery of towering debts and widespread financial mishandling in the major food company Agrokor” (Prelec, 2018, p. 2). Prelec (2018) argues that the way the authorities handled the crisis revealed a deep dysfunction in the relations between the

political elites and business interests, which raised the question of “state capture and systemic risk to the regional economy; as well as the continued strengthening of illiberal groups, which Croatia’s government and president have tolerated or even encouraged” (p. 3). Furthermore, the Bertelsmann Stiftung (2018b) indicated “a growth in radical right-wing political activities, and political messages marked by Croatian nationalist and Catholic ideas” (p. 7).

The level of independence of the judiciary is relatively high, as the Bertelsmann Stiftung (2018b) gives it an 8 out of 10, though there is a public perception that there is still some level of influence by the political authorities (p. 10). The level of corruption as is illustrated in table 7 and 8 has been stable for the past two years but remains high. The investigations by USKOK have resulted in trials of amongst others a former prime minister; a deputy prime minister; and several highly-positioned government officials, however, not many of the verdicts were enforced (Bertelsmann Stiftung, 2018b, p. 11). The European Commission (2018b) shares the view that corruption remains a prominent problem in Croatia and argues that the implementation record of anti-corruption measures is mixed, as well as that the public awareness of whistle-blowing reporting channels and access to public information is low (p. 44).

Table 7

Nations in Transit Ratings and Averaged Scores Croatia

NIT edition	2013	2014	2015	2016	2017	2018 (estimation)
National Democratic Governance	3.5	3.5	3.5	3.5	3.5	3.75
Electoral Process	3.25	3.25	3.25	3	3	3
Civil Society	2.5	2.75	2.75	2.75	2.75	2.75
Independent Media	4	4	4	4	4.25	4.25
Local Democratic Governance	3.75	3.75	3.75	3.75	3.75	3.75
Judicial Framework and Independence	4.25	4.5	4.5	4.5	4.5	4.5
Corruption	4	4	4	4.25	4.25	4.5
Democracy Score	3.61	3.68	3.68	3.68	3.71	3.75

Note: Reprinted from *Croatia Nations in Transit* report, by Prelec. Retrieved from the Freedom House (2018).

Note: the ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest)

Table 8

Corruption perceptions index 2017 Croatia

2017 Rank	2017 score	2016 score	2015 score	2014 score	2013 score
57	49	49	51	48	48

Note: Reprinted from *Corruption perceptions index 2017* by Transparency International (2017).

Retrieved from:

https://www.transparency.org/news/feature/corruption_perceptions_index_2017

Economic situation

In the European Semester country report the European Commission (2018b) states that Croatia's economy enters its fourth year of recovery and economic growth remains "broad-based and robust", however the country has made limited progress in implementing the 2017 country-specific recommendations since structural measures have not advanced (p. 1). The country specific recommendations provide policy guidance tailored to each EU country and adapt priorities identified at EU level (European Commission, n.d.-d). The Index of Economic Freedom (2018b) sets its economic freedom score at 61.0 which means it is moderately free, making its economy the 92nd freest in the 2018 Index (p. 154). It reports a spike in the fiscal health score and improvements in government spending and business freedom, though there was a decline in government integrity and monetary freedom (Index of Economic Freedom, 2018b, p. 154). Furthermore, it defines tourism and shipbuilding as major industries (Index of Economic Freedom, 2018b, p. 154). Although the concept of establishing a functioning social market economy is a general goal followed by the major political parties, the different visions of the parties make effective implementation of reforms difficult in almost all policy areas (Bertelsmann Stiftung, 2018b, p. 31).

Due to large government deficits and the materialisation of contingent risks in relation to state-owned enterprises, public debt in Croatia rose from 39.6 to 85.5% of GDP between 2008 and 2014, though thanks to a recovering GDP growth the debt ratio started declining in 2015 (European Commission, 2018b, p. 16). The economy was in recession until the end of 2014, as is illustrated in table 9, and continued with a strong recovery during 2016 (Bertelsmann Stiftung, 2018b, p. 22). The decrease in unemployment, illustrated in table 9, is expected to decrease even more, with the aid of modest employment creation and labour force shrinking (European Commission, 2018b, p. 15). However, the European Commission (2018b) reports that there is still a high rate of young people who are unemployed, nor in education or training and only few of the jobseekers participate in active labour market policy measures (p. 32). The level of inflation is predicted to slowly pick-up but it will likely remain low and in line with regional trends (IMF, 2018b, p. 6). The Agrokor crisis has left its mark on the economic situation, though limited, as the restructuring of the business contributed to the slowing down of investment and it is to be seen what other risks it might bring to the economy (European Commission, 2018b, p. 4, p. 14).

Croatia has a relatively unfriendly business environment, and ranks last among amongst peers in both performance and progress in terms of the quality (European Commission, 2018, p. 40), this is partly due to its large government bureaucracy and low regulatory transparency (Index of Economic

Freedom, 2018b, p. 155). Furthermore, according to the European Commission (2018b) these “persisting weaknesses in the business environment result in limited attractiveness of Croatia for FDIs and higher costs of doing business for Croatian enterprises” (p. 17). According to the IMF (2018b), the subdued FDI, numbers available in table 9, is partly due to a low level of absorption of EU funds (p. 11).

Table 9

Real GDP growth and unemployment percentages

	2013	2014	2015	2016	2017	2018
					(projection)	(projection)
Real GDP growth (annual percent change)	-1.1	-0.5	2.2	3.0	3.1	2.8
Unemployment (Annual percent change)	20.2	19.6	17.0	14.8
Inflation	2.2	-0.2	-0.5	-1.1	1.1	1.5
FDI	1.9	1.6	0.6	4.2	1.6	2.0

Note: Reprinted from IMF Country Report No. 18/5 Republic of Croatia, by the IMF (2018).

Ethnic situation

The total population of Croatia is 4.17 million (World Bank, n.d.) and Croatia’s population is very homogenous today, with Croats making up 90.42% of the population, Serbs only 4.36% and no other ethnic group exceeding one percent (Bertelsmann Stiftung, 2018b, p. 26). The report by the Bertelsmann Stiftung (2018b) states that more than four fifths of the population declares themselves as Roman Catholics and in the last few years the influence of the Catholic Church has grown, as all key government officials are members of the church (p. 27). However, there is a remarkable tolerance of the Islamic community (Bertelsmann Stiftung, 2018b, p. 27).

In the last few years Croatian Serbs have become increasingly dissatisfied with their social and political status in Croatia, and Vladisavljevic (2018) discusses a report by the Serbian National Council which says that there in fact has been an increase in ethnically-motivated violence, threats and hate speech against Serbs in 2017, although the increase was not as drastic as the one from 2015 to 2016, when a 57% rise in incidents was noted. The increase of hate speech and other instances has also been noted in a report by the Council of Europe’s European Commission against

Racism and Intolerance (ECRI) (2018), which states that racist and intolerant hate speech in public discourse is escalating, with the main targets being Serbs, LGBT persons and Roma (p. 9). There is a rise in nationalism, particularly among the youth, and expressions of racism and xenophobia against the before mentioned groups as well as refugees (ECRI, 2018, p. 9). Expressions of these ideas are common place in the regional media, internet, as well as that physical attacks occur (ECRI, 2018, p. 9). Both this report and the one by the Serbian National Council state that the responses of the Croatian authorities are inadequate, since they seldom voice any counter-hate speech message to the public as well as that there is a lack of prosecutions of these crimes, plus that the actions taken can even work counterproductive (ECRI, 2018, p. 9; Vladislavljevic, 2018).

Considering the Serbs that had fled the country during the war, the ECRI (2018) notes that according to the UNHRC, by January 2017, 134 000 Serbs had returned to Croatia (p. 28). Furthermore, the ECRI reports that even though overall conditions are positive, the returnees still experience problems in accessing rights, especially in the fields of housing, health care, legal status and access to legal aid (ECRI, 2018, p. 28).

In short, the country has been backsliding in the areas of judicial framework and independence, corruption, and independent media. There was some political turbulence in the last few years, as the government collapsed and early parliamentary elections took place (Bertelsmann Stiftung, 2018b, p. 3; Pavlic, 2016). Furthermore, the discovery of towering debts in the food company Agrokor and the handling of this crisis revealed a deep dysfunction in the relations between the political elites and business interests (Prelec, 2018, p. 2; Prelec, 2018, p. 3). The level of corruption has been stable for the last two years but remains high, and the European Commission (2018b) reports multiple shortcomings in Croatia's approach to this problem (p. 44).

In terms of the economic situation, the country made limited progress in implementing the 2017 country specific recommendations by the EU. There are different visions regarding the establishment of a functioning social market economy amongst the parties, which makes it hard to implement reforms in almost all policy areas (Bertelsmann Stiftung, 2018b, p. 31). Public debt was high between 2008 and 2014, after which it started to decline in 2015 thanks to an increased GDP growth (European Commission, 2018b, p. 16). Its business environment remains relatively unfriendly, but unemployment is expected to decrease (European Commission, 2018, p. 40; IMF, 2018b, p. 15).

In terms of the ethnic situation, its population seems to be very homogenous (Bertelsmann Stiftung, 2018b, p. 26). An increase of unacceptance of its minority groups has been noted over the

last few years, mainly aimed at Serbs (ECRI, 2018, p. 9; Vladisavljevic, 2018). Lastly, overall conditions for Serbian returnees in Croatia are positive, though there are still some problems regarding their accession to certain rights that need to be addressed (ECRI, 2018, p. 28).

4.3 The main challenges regarding EU accession

In order to become a member of the EU, candidate countries have to meet the requirements set by the EU. As was discussed in the literature review, the 'acquis communautaire' provides a complete legal and institutional framework on which the targeted state can build its economic and socio-political systems (Petrovic, 2008, p.127) and it offers a way for the EU to ensure that the candidate country complies with its political norms (Schimmelfennig, 2008, p. 918). The success of these incentives differs per country, which also means that the process of European integration has been happening at very different speeds. Effectively, Croatia has already become an EU member and Bosnia has yet to become an official candidate country. The difference in pace has been the product of both domestic and international factors which will be explained in this chapter through discussing the challenges that both countries faced throughout the process.

4.3.1 Bosnia and Herzegovina

The EU had played a minor role in BiH during the war, but in 1999 the EU introduced the Stabilisation and Association Process (SAP) establishing firmer political and economic relations with the countries of the western Balkans (Brljavac, 2008, p. 405). In June 2000 at the Feira European Council, the EU member states agreed that all the SAP countries were potential candidates for EU membership (European Commission, n.d.-a). However, it was not until 2003 that BiH received a greenlight on the Feasibility Study, which is a precondition to starting negotiations on the Stabilisation and Association Agreement (European Commission, n.d.-b). The SAA did not enter into force until 2015 and BiH submitted its application to join the EU in 2016 (European Commission, n.d.-b).

One of the core issues that obstruct Bosnia's road to European integration is that they still have not obtained a unified constitution accepted by all of its citizens (Massari, 2005, p. 262). Massari (2005) argues that the ongoing struggle between forces of integration and separation within the country, as well as the weakness of self-sustaining central institutions have obstructed its efforts to present itself as a nation-state that is capable of promoting a clear and unified pro-European policy (p. 262). A big influence on this issue is Bosnia's troubled past, referring to the legacies of the difficult transition from communism and the conflict that tore the country apart.

As was discussed in the literature review, political actors play a big role in the process of European integration (Ekiert et al., 2007, p, 14; Petrovic, 2008, p. 126). Brljavac (2011) supports this notion, however he argues that the EU leaders are not faultless either, since there they have often appeared to be deeply divided, incoherent, and short-sighted in terms of Europeanization policies

in Bosnia (p. 403). Another example is with the inception of the SAP, when the EU offered incentives to strengthen the central level of government. One of the requirements was tackling crime and building state-level enforcement capacity, which meant a thorough restructuring of the police sector in BiH (Noutcheva, 2009, pp. 1071-1072). However, this reform failed. Aybet & Bieber (2011) attribute its failure to the process never reaching the level of technocratic power, the absence of the reform efforts extending beyond bargaining at the level of political actors, and the inability of the EU to provide sufficient technical expertise nor clear international leadership (p. 1934).

An issue that relates to the above discussed subject is that some EU leaders have called for reform of the Dayton Agreement, while others saw this matter as being irrelevant to the EU-related reforms (Brljavac, 2011, p. 417). Some serious reform efforts started in 2004, for which the EU's input came through public endorsements, proactive intervention and progress negotiations (Sebastian, 2009, p. 342). However, the attempts to shape the political behaviour in BiH failed as the EU proved to be both too divided and too hesitant in directly linking the constitutional reform to broader uncertainties of European integration, and it turned out to be more of a form of informal conditionality with no specific conditions or rewards attached to it (Sebastian, 2009, p. 347). More recently there is some indication that the EU is moving towards being involved again, as becomes apparent in the words of Johannes Hahn, European Commissioner for European Neighbourhood Policy and Enlargement Negotiations, who stated at a conference that he believes that BiH needs to move on "from a Dayton logic to a Brussels' perspective" and added that a clear EU perspective should be offered without it being a decision between either Dayton or the EU (European Commission, 2015b).

Furthermore, another challenge for BiH is effectively implementing the necessary reforms. In the first Report on the Preparedness of Bosnia and Herzegovina to Negotiate a Stabilisation and Association Agreement with the European Union it was stated that the country was taking steps towards European integration, for example by strengthening the independence of the judiciary, having democratic elections and by the return of refugees (Commission of the European Communities, 2003, p.39). However, it also reported that the country was still in the process of establishing a self-sustaining state as well as developing a strong economy (Commission of the European Communities, 2003, p.39). It identified a number of priorities for action including complying with existing conditionality and international obligations; more effective governance and public administration; European integration; effective human rights provisions; effective

judiciary; tackling crime, especially organized crime; managing asylum and migration; customs and taxation reform; budget legislation and practice; consistent trade policy; reliable statistics; an integrated energy market; development of a single economic space; and public broadcasting (Commission of the European Communities, 2003, p.40-42).

In the latest report on the progress of BiH towards EU accession it becomes clear that BiH is still at an early stage concerning many of the EU's criteria, an example is the reform of its political administration for which the country has not made any progress in the last year (European Commission, 2018, p. 4). Even though there has been an increase in political support for the development of a country-wide public administration reform strategy, weaknesses in policy development and coordination and accountability remain to be addressed (European Commission, 2018a, p. 6). Furthermore, in this report it again becomes clear that the political situation in BiH has a negative influence on the furthering of European integration, as "delivery on a number of reforms was delayed by lack of agreement within the ruling coalition members" (European Commission, 2018a, p. 2).

Finally, while in 2003 the elections were deemed democratic (Commission of the European Communities, 2003, p. 8), in 2018 some worries are expressed about the electoral framework and the report calls for an urgent amendment in order to ensure the proper organisation of the October 2018 elections and smooth implementation of the results (European Commission, 2018a, p. 2).

Besides the fact that the country's reform process has been very slow in terms of meeting the EU's political and economic criteria, another thing that proved to be an obstacle was the cooperation with The Hague Tribunal, also called the International Criminal Tribunal for Yugoslavia (ICTY). Schimmelfennig (2008) argues that it is an issue of national identity that put potentially high political costs of compliance on the target governments (p. 920). Massari (2005) attributes it partly to the strength of the old 'power structures' (the military, security, and police) in a highly nationalistic milieu, characterised by feelings of frustration and bitterness about the 'lost war' and lost status especially in Republika Srpska (p. 261). An example is described in an article by the Human Rights Watch where Gall (2017) mentions that governments in the Balkans have a habit of embracing war criminals as heroes, hereby playing on nationalist sentiments. She uses the example of Bosnian-Serb general Mladic' conviction for genocide, crimes against humanity, and war crimes, after which the president of Republika Srpska, Milorad Dodik, celebrated Mladic as a national hero "who fought for the freedom of the Serbian people" (Gall, 2017). In 2003 the co-operation with the ICTY had been deemed unsatisfactory by the Commission of the European Communities (2003, p.

10). There had been serious inadequacies on the part of Bosnian Croats in FBiH, and in RS there had been some access to documents, but they had not located or arrested one indicted fugitive (Commission of the European Communities, 2003, p. 10). However, from 2011 on in the progress reports by the European Commission it is written that the co-operation was deemed satisfactory in most areas (European Commission, 2011a, p. 20; 2012a, p. 21; 2013a, p. 20; 2014, p. 22; 2015a, p. 27; 2016a, p. 27).

Another factor that poses a challenge for the successful integration into the EU is the feeling of Euroscepticism in BiH. Table 10 illustrates the results of a survey conducted in 2015, 2016 and 2017 amongst 8000 respondents in the South-East Europe region (including Turkey), where one can see that over the past three years the expectation of when Bosnia would join the EU has decreased. Furthermore, in all three years that the survey was conducted, the majority, with more than 30%, responded that they believed Bosnia would never join the EU. Table 11 shows that the majority of the respondents believed that EU membership would neither be a good or a bad thing, although there was still a higher percentage believing it would be a good rather than a bad thing.

In February 2018 BiH handed in a comprehensive questionnaire covering all EU accession criteria (European Commission, 2018a, p. 2). Regarding the completion of this questionnaire, Chairman of BiH's Presidency Dragan Čović explained and expressed the hope that everything will be easier in the future (European Western Balkans, 2018). However, the recent EU heads of state summit in Sofia last may reinforced the feelings of scepticism regarding BiH's EU accession. An article in the Guardian describes how the six Balkan countries working towards accession had been invited as a gesture to reaffirm their path towards membership, however the event was characterized by feelings of division and vagueness on whether accession would happen in the foreseeable future (Walker, 2018). Even though European politicians realize that Russia has increasingly become assertive in their foreign policy in the western Balkans and might fill up the vacuum that the EU would leave, feelings of enlargement fatigue and concern about the level of corruption in the candidate countries seem to outweigh the concerns about Russia (Walker, 2018). The declaration that was adopted during the summit shows willingness and support for further European integration and a "European perspective" of the Balkan countries, but again lacks a clear outlook on actual accession for all 6 Balkan candidate countries (Walker, 2018).

In short, the issues that obstruct BiH's accession progress are as follows. There is the inability of the government to reach a consensus among the ruling elites about their path towards liberal democracy and they consequently struggle to form a unified pro-European policy (Massari, 2005, p. 262).

Another factor is the EU's incoherent and internally divided way of coordinating the Europeanization policies in Bosnia (Brljavac, 2011, 403). The EU's involvement with the reform of the Dayton Agreement is incoherent, as the EU seems to be unable to coordinate a unified approach (Brljavac, 2011, p. 417).

Furthermore, the country's reform process has been struggling in terms of meeting the EU's political and economic criteria in time and are still at an early stage of many of the EU's criteria (European Commission, 2018, p. 4).

In addition, cooperation with the ICTY proved to be difficult as there have been some serious inadequacies in the early years of its process.

Lastly, Euroscepticism has increased in the last few years and results from the Eurobarometer survey conducted in 2015, 2016, and 2017 show that the majority believes that accession would neither add to nor worsen the state of the country. In addition, the EU's seemingly vague and divided stance on BiH's estimated date for accession adds to feelings of scepticism (Walker, 2018).

Table 10

Results of a survey on when the respondents expect the accession of their country to the EU to happen

	By 2020	By 2025	By 2030	Never	DK/Refuse
Balkan barometer 2017 (Bosnia)	15	23	15	33	14
Balkan barometer 2016 (Bosnia)	20	18	15	33	13
Balkan barometer 2015 (Bosnia)	19	19	16	38	8

Note: Reprinted from the Balkan Barometer, by the Regional Cooperation Council. Retrieved from <https://www.rcc.int/seeds/results/2/balkan-opinion-barometer#> Copy right 2015 by the Regional Cooperation Council.

Table 11

Results of a survey on whether EU membership would be a good thing, a bad thing or neither good nor bad.

	Good thing	Neither good nor bad	Bad thing	DK/Refuse
Balkan Barometer 2017 (Bosnia)	31	46	18	4
Balkan barometer 2016 (Bosnia)	33	42	21	4

Note: Reprinted from the Balkan Barometer, by the Regional Cooperation Council. Retrieved from <https://www.rcc.int/seeds/results/2/balkan-opinion-barometer#> Copy right 2015 by the Regional Cooperation Council.

4.3.2 Croatia

Croatia applied for membership in 2003 and was in negotiations from 2005 till 2011. Throughout this interim period, it already had an active observer status in the European Institutions, this enabled Croatia to become familiar with the working methods of the institutions as well as to become involved in the decision-making process (European Commission, n.d.-c). After signing the accession treaty in 2011, the country became the 28th EU member country on the 1st of July in 2013 (European Commission, n.d.-c).

The fall of the Tadjman regime took away the initial lack of consensus among the ruling elites to build liberal democracy and join the EU (Ekiert et al., 2007, p. 24). The HDZ party transformed and when they recaptured power at the end of 2003 they led a government that put preparations for EU membership at the heart of its governing programme (Vachudova, 2014, p. 129).

Relations with the international community commenced quickly as Croatia was invited to join NATO's Partnership for Peace (PfP) in 2000 (NATO's relations with Croatia, 2012); signed an SAA agreement with the EU in 2001; and submitted their application for membership in 2003 (European Commission, n.d.-c). They joined the PfP without special conditions and before its government had shown any significant commitment in terms of cooperation with the ICTY (Massari, 2005, p. 268). Furthermore, even though complying with the ICTY was a condition for EU accession, they managed to sign the SAA with the EU while one of their generals (Ante Gotovina) was still a fugitive from the ICTY (Massari, 2005, p. 268). Massari (2005) explains that the feelings of frustration regarding the lack of democratic progress in the Balkans led for the international community to use Croatia as positive example for the rest of the Balkans (p. 268). However, Croatia's persistent reluctance to pursue action against two wanted criminals Janko Bobetko and Ante Gotovina resulted in a toughened policy towards the EU candidate (BBC, 2017).

The cooperation with the ICTY has not been easy for Croatia either and a large part of the credibility of the reform progress depended on the progress of this issue (Guney & Tekin, 2015, p. 237). However, unlike in BiH, Croatia had a less powerful patriotic bloc and a more unified attitude of their democratic elites, which made it relatively easier (Massari, 2005, p. 267). Furthermore, in comparison with for example Serbia, Croatia had a relatively minor caseload, which the new Croatian government led by Sanader handled skilfully by first tackling the less sensitive cases and by starting to try war crimes indictees at home (Massari, 2015, p. 66). However, Croatia under Račan's government was unable to deliver Bobetko and Gotovina, by which they risked serious damage to their international reputation (Massari, 2005, p. 268). Bobetko died in April 2003 which ended the crisis between the Tribunal and the Croatian state around Bobetko's indictment (Lamont, 2010, p. 41). Still, in March 2005 the General Affairs and External Relations Council decided that the opening of accession negotiations would be postponed, only to be convened when the Council had established that Croatia was fully cooperating with the ICTY (European Commission, 2005, p. 7). This was due to the earlier mentioned inability of Croatia to locate, arrest and transfer Gotovina to The Hague, other than that the 2005 progress report stated that the cooperation with the ICTY had been good (European Commission, 2005, p. 23). In October 2005

the ICTY Chief Prosecutor concluded that Croatia had reassumed its full cooperation with the Tribunal, following Croatia's newly adopted Action Plan (European Commission, 2005, p. 24). However, the arrest of Gotovina did not happen until December. Furthermore, the 2006 progress report by the Commission of the European Communities (2006) states that there were indications that there was little said in public discourse about the need to establish the truth about the responsibility of the convicted generals and their crimes (p. 14). Furthermore, "as elsewhere in the region, the general public does not have easy access to objective information about the work of the ICTY" (Commission of the European Communities, 2006, p. 14). Another problem that persisted in the cooperation with the ICTY was the access by the ICTY to certain documents in Croatia, even in the last progress report in 2011 its government was still investigating and locating missing documents, amongst which were military documents (Commission of the European Communities, 2008, p. 15; European Commission, 2010, p.15; 2011b, p. 13). However, in the monitoring reports on Croatia's accession preparations it is stated that cooperation with the ICTY had continued (European Commission, 2012b p. 7-8; 2013b, p. 10). Still, in the 2012 report no particular developments were noted regarding Croatia's investigations about the fate of the missing military documents (European Commission, 2012b, p. 37).

Another challenge for Croatia was dealing with their levels of corruption. In the progress report of 2006 it is stated that there were many allegations of corruption that remained un-investigated and that the implementation of the anti-corruption programme was still at an early stage (Commission of the European Communities, 2006, p. 8). The bodies involved in the anti-corruption programme needed further strengthening and coordination and the progress on tackling corruption was specified as one of the important factors that would indicate whether Croatia was ready for membership (Commission of the European Communities, 2006, p. 8). Both the major 2007 investigation "Operation Maestro" against the Croatian State Privatization Funds and a growing activity of USKOK in general contributed to the country's fight against corruption (Commission of the European Communities, 2007, p. 50). However, it was not until 2010 that the progress report stated that there had been a good progress on the matter, even though corruption was still prevalent in many areas (European Commission, 2010, p. 9). Something that accounts for the progress that Croatia had been making on this issue is the arrest of its former Prime Minister Ivo Sanader, whose government had put preparations for EU membership and reforming the judiciary and institutions to fight corruption high on its agenda, which later came back to haunt him after he was indicted on corruption charges in 2012 (Vachudova, 2014, p. 129).

In the years leading up to accession there was substantial Euroscepticism among Croats, even among elites that openly supported accession, since they found various problems with the EU or the enlargement (Ashbrook, 2010, p. 36). Ashbrook (2010) concluded that these concerns included “questions about transparency, equality among members, the uniform application of rules to candidates and members, lingering prejudices against the states and peoples of Central and Eastern Europe” (p. 36). In addition, the ICTY’s demand for the extradition of Gotovina resulted in mass protests in the country and even after the postponement of the accession negotiations, more than 80% still viewed Gotovina as a war hero (Schimmelfennig, 2008, p. 929). Even though EU membership had high numbers of support in the previous years, it dropped to under 40% after this event (Schimmelfennig, 2008, p. 929). However, the eventual acquittance of Ante Gotovina and Mladen Markac by the ICTY in 2012 boosted EU popularity in Croatia (Guney & Tekin, 2015, p. 239). In the end, 66% of voters voted to join the EU during the referendum in 2012 (European Commission, n.d.-c).

In short, Croatia had some advantages during its accession progress, such as a government that was willing to conform to the EU’s reforms as well as that they were already an active observer in the European Institutions during the interim period. One of the matters that proved to be a challenge was cooperation with the ICTY, as Croatia failed to deliver general Gotovina (as well as general Bobetko) who was wanted by the Tribunal. This led to a toughened policy towards the country (BBC, 2017) and resulted in the postponement of accession negotiations (European Commission, 2005, p. 23). Furthermore, there was a persistent lack of access by the ICTY to certain documents in Croatia (Commission of the European Communities, 2008, p. 15; European Commission, 2010, p.15; 2011b, p. 13; 2012b, p. 37).

Another problem was dealing with the levels of corruption in the country. Though it had already established some institutions that fought corruption, like USKOK, they needed further strengthening and coordination (Commission of the European Communities, 2006, p. 8).

Finally, throughout the accession process there was substantial Euroscepticism among Croats, but in the end the majority of voters still voted to join the EU during the 2012 referendum.

5. Discussion

By comparing the EU accession trajectories of the two countries, this thesis aimed to find out what lessons in terms of democratization BiH could learn from Croatia's accession to the EU. BiH and Croatia both started the path towards democratization after the end of the Yugoslav wars, though Bosnia seems to have taken a detour. This section will discuss the findings after which the results of the two countries will be compared, resulting in an answer to the research question.

Key factors in transition process of democratization are the circumstantial influences. In the case of European enlargement this is related to the circumstantial influences in the candidate countries, as well as the leverage and the approach of the EU, that determine how smooth the process will go (Aybet & Bieber, 2011; Ekiert et al., 2007; Petrovic, 2008; Nelaeva & Semenov, 2016; Schimmelfennig, 2008).

Many of the key factors that determine the process of EU accession are problematic in the case of BiH. The EU conditionality became problematic in BiH because of the legacies of the war, since there is such a high degree of mistrust and fear of losing one's share of sovereign power between the ethnic groups that their government hesitates to comply to the EU's reform measures (Vasilev, 2011, p. 60). This spills over to the difficulties of implementation of the European values, norms and rules in domestic policies. This is shown in the results as Bosnian political elites continue directing their efforts towards maintaining their politics of instrumentalizing interethnic fear instead of towards European integration (Brljavac, 2011, p. 404). Europe's inability to provide a clear prospect of EU accession in the foreseeable future and the divided, incoherent, and short-sighted attitude towards EU policies in Bosnia shows that the EU itself is inadequately establishing its credibility. This divided attitude towards BiH becomes apparent as well with regards to the EU's involvement in the reform of the Dayton Agreement. There is some indication that the EU is moving towards being involved again, though thus far there is no official information on how the EU will go about this. Furthermore, the growing Euroscepticism in the country shows that the promise of eventual accession does not seem very credible to its population either.

Contrary to BiH, a lot of Croatia's actions show that they believed in the credibility of their future EU membership and many of the determining factors in their accession process were positive. As soon as a favourable domestic situation developed, there was a political will for the needed changes and eventual implementation of the reforms showed that the government deemed the EU requirements as beneficial. There was some level of distrust that the enlargement decisions were

of normative consistency, since critics pointed out doubts about for example equality among members and the presence of lingering prejudices against the states and peoples of Central and Eastern Europe (Ashbrook, 2010, p. 36). However, the cooperation with the ICTY as a response to the postponing of negotiations as well as the complete overhaul of Croatia's judicial system demonstrate that the state perceived the EU's conditionality as credible enough to continue its efforts.

Comparison

Regarding the countries' trajectory toward EU accession, it becomes evident that the attitude of the international community was more favourable and trusting towards Croatia. This can be explained by the feelings of frustration regarding the lack of democratic progress in the Balkans which led for the international community to use Croatia as a positive example for the rest of the Balkans (Massari, 2015, p. 268), though the conditions regarding Croatia's accession had been more positive from the start. Looking at the countries' developments more closely, the next sections will try to identify the lessons Bosnia could possibly learn from the way Croatia dealt with theirs.

One of the core issues that Croatia initially had to deal with was the lack of consensus amongst the political elite about the change towards EU accession and becoming a liberal democracy (Ekiert et al., 2007, p. 24). In this case EU conditionality was not sufficient to bring about a successful rule transfer and it was solved only after political change at the level of government took place (Schimmelfennig & Sedelmeier, 2004, p. 670). From that moment on there was a political will for the needed changes.

Meanwhile, for Bosnia the signing of the Dayton Agreement created the institutional framework that enabled the gradual emergence of a Bosnian state (Aybet & Bieber, 2011, p. 1913). As became apparent from the results, the Dayton Accords had a huge influence on the way the country is governed. With the division of the country into the two political entities, the government came to represent the ethnic differences that had broken up the country during the war and led to a severely fragmented government.

Thus, while ethnic division became institutionalised in Bosnia, Croatia managed for a large part to remove ethnic scapegoating from the political landscape. However, they did not do so by creating more harmony between the ethnic Serbs and Croats, but by removing a large part of the Serbs (Vachudova, 2014, p. 129). Looking at the current situation where ethnically-motivated violence, threats and hate-speech against Serbs has increased in the last few years accompanied by a lack of appropriate response from the Croatian government (European Commission against Racism and

Intolerance, 2018, p. 9; Vladisavljevic, 2018), one can conclude that the issue has not fully been solved and is finding its way back into current politics.

It is difficult for BiH to follow Croatia's footsteps in this matter since the underlying issues are too different. Bosnia has long been a country characterized by its multi-ethnic population, while Croatia was relatively homogenous even before the war. This provided Croatia with the ability to move away from ethnic scapegoating and shift focus to domestic reform. However, since the issue of ethnic tensions is seemingly returning to Croatia, one can say that the way they handled the problem did not turn out to be a durable solution. Nevertheless, BiH will have to find another way to solve its problem and still has a long way ahead before it can reach enough internal stabilization to become a functioning consolidated democracy.

Another issue was the fight against corruption and organized crime during the Croatia's accession period, which was overcome by the establishment and improvement on the functioning of USKOK, and multiple successful investigations and prosecutions (Commission of the European Communities, 2007, p. 50). The measures taken regarding the strengthening of their judiciary that resulted in the complete overhaul of Croatia's judicial system were stimulated by the incentive of EU accession (Guney & Tekin, 2015, p. 238).

BiH is dealing with the same issues, since the work done by their Anti-Corruption Agency needs improvement as well as that their judiciary needs to be strengthened. It would be easy to say that BiH could learn from Croatia in this respect by simply implementing the reforms that were set out by the EU, as Croatia had done. However, looking at the results, a reoccurring event is the lack of political will to implement reforms, including in this area. This makes it difficult for change to happen.

Both countries struggled with compliance with the ICTY during the early years of (working towards) their accession processes. For Croatia, coincidental events provided solutions and opportunities that would otherwise have been harder to achieve, though the improved government efforts as a response to the postponing of negotiations by the EU helped to fully solve this issue (Lamont, 2010, p. 41; European Commission, 2005, p. 7 & 24).

For BiH, the cooperation with the ICTY is one of the few areas where its performance was satisfactory and where they could overcome the issue of national identity that initially put potentially high political costs of compliance on the government.

Looking at the countries' economic progress, both countries started out having to repair their large-scale war damages and by initiating reforms to transition to a market, relying on the help of international institutions. Nowadays, BiH ranks one place higher on the on the scale of economic freedom as well as that for the last few years it has a higher real GDP growth as can be seen in tables 6 and 9. This outcome is surprising, though it could be contributed to Croatia's recent economic recession. However, BiH remains at an early stage of establishing a functioning market economy and insufficient speed of implementing reforms becomes apparent here as well (European Commission, 2018a, p. 30). Furthermore, both countries struggle with high levels of unemployment, however levels are higher in BiH and in Croatia unemployment is expected to continue decreasing. Again, it would be easy to say that BiH could learn from Croatia in this respect by simply implementing the reforms that were set out by the EU, which is hard to do due to the lack of political will to implement reforms. Still, both countries have plenty to improve on and so both need to increase efforts to implement the necessary reforms.

Regarding the issue of Euroscepticism, there are some differences between the countries as to where these feelings came from. In the case of Croatia, events like the arrest of perceived war heroes resulted in negative feelings towards the EU, as well as that doubts about the normative consistency of the EU's conditionality were present.

Meanwhile, the results show that the Bosnian population has expressed their disagreement with certain ICTY decisions too. The EU's shortcoming in establishing its credibility further adds to the feelings of scepticism in BiH regarding the expected accession.

In Croatia, the results show that the critics still openly called for Croatian accession and combined with general feelings of proximity to western Europe (Ashbrook, 2010, p. 36; Guney & Tekin, 2015, p. 239), and events like the acquittance of Gotovina and Markac by the ICTY, the outcome of the referendum about EU accession still turned out to be positive.

BiH's political elite could learn from Croatia that despite the uncertainty about certain aspects of their accession progress, they should continue to advocate becoming a EU member. Not only would that show the EU that there is political will, it could also help motivate the population to be more positive about the process.

To conclude, even though the two countries share some of the same problems, it will be more difficult for BiH to overcome these since one of the countries' biggest differences is what characterized the entire situation in BiH. This is the issue of the seemingly unwillingness and/or

inability of the political elite to help form a unified nation-state that can promote a clear pro-European policy. Influenced by the legacies from the post-communism transition and the Yugoslav wars; the imbedded divisions and constrictions by the Dayton Agreement; and the EU's shortcomings in being a leading example for the country by their inability to form a unified policy approach towards BiH; this issue is what seems to hold back the country above all.

Continuing to advocate becoming a EU member to show the EU that there is political will as well as to instill more trust in the population about the process is one thing that BiH could learn from Croatia. However, showing political will in this way is just a small part of the process as only thing that would truly show its commitment is when BiH effectively implements the necessary reforms. Therefore, the biggest lesson they could learn is that consensus about having to make the needed changes to become an EU member which Croatia achieved within its government is what enabled them to successfully complete the progress. If BiH wants to become a member they should strive to move away from their nationalistic narratives and towards more unity.

6. Conclusion and recommendations

The objective of this comparative case study was to support the existing theory about the EU's role in democratization, specifically in the Balkan area, and to perhaps add to this body of knowledge. This was done by looking at Bosnia, which is one of the countries in the area that is the least advanced in the accession process. The idea was that the answer to the research question would provide insight on how to help the country move forward and lessen the gap between the more and lesser advanced countries, since despite having a shared history, BiH and Croatia's difference in progress in the EU accession trajectory is significant. Making sure that BiH ultimately will be able to join the EU is of importance because, as Ekiert et al. (2007) argue, abandoning enlargement would be costly for the credibility of the European Union's emerging foreign policy, as well as for the economic and political future of its neighbouring regions (p.24). Furthermore, recently Russia has increasingly become assertive in their foreign policy in the western Balkans and might fill up the vacuum that the EU would leave (Walker, 2018).

The results support the theory that the EU's criteria to accession and the overall process are beneficial for the democratization of a country, as Croatia is doing relatively well apart from some recent backsliding. However, the results also show that when the key factors that determine the process of EU accession are problematic, the EU's strategy of conditionality is not sufficient to bring about the desired change. To answer to the research question "what lessons in terms of democratization BiH could learn from Croatia's accession to the EU?", the results show that BiH suffers from a seemingly unwillingness and/or inability to form a unified nation-state capable of promoting a clear pro-European policy. This causes problems throughout most aspects of accession and essentially paralyzes the process. Combined with other factors, the internal situations are so different that it is hard to form any concrete lessons that BiH could learn from the way Croatia dealt with its problems. Continuing to advocate EU membership is one thing, though actually implementing the necessary reforms would show true commitment. The main lesson is that they need to achieve consensus amongst the politicians by moving away from their nationalistic narratives and towards more unity. Essentially, since they are striving for membership, taking to heart the EU's motto "united in diversity" would help them a long way.

Considering that BiH was able to overcome its issues regarding cooperation with the ICTY, which is remarkable since they struggled to comply with the implementation of reforms in practically every other area, further research could be done to explore what brought about this change.

Furthermore, BiH's core issue could be looked at in a different context. From the case of Croatia, it became clear that in some cases change needs happen on the level of government to achieve a favourable domestic situation. However, as Vachudova (2005) argued, the EU can influence elections by for example empowering liberal reformers (p. 18). More research could be done on EU level about what is needed, for example specific policies, to achieve this in BiH. Furthermore, since successful accession of BiH is of importance to the EU too, research could be done on how the EU could overcome its shortcomings. Working on ways to better establish the credibility of its conditionality in BiH could benefit the overall process as it is an essential part to ensure compliance.

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