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**ASSESSING THE EUROPEANISATION OF FIGHT AGAINST CORRUPTION
IN THE CANDIDATE COUNTRIES AND EASTERN NEIGHBOURS**

MA thesis

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Abstract

Fight against corruption is an essential element of good governance that has become an inalienable part of EU Enlargement and Neighbourhood Policy. Progress in the fight against corruption depends on many mechanisms and factors, such as effective conditionality, domestic conditions, and empowerment of civil society organisations. This thesis investigates the relationship between these factors and the progress in the fight against corruption in Western Balkan and Eastern Partnership countries bounded by post-communist legacy. Progress in fight against corruption is measured through two alternative indices: EU-assessed index based on the annual reports and World Bank's Control of Corruption index. Mixed methods were employed for testing hypotheses and causal mechanisms. Beta regression, modified by adding fixed effects and lagged dependent variable, was used to analyse effects and strength of predictors on panel data containing 148 observations. Validation of the results of statistical model and understanding of interconnection and development of various mechanisms was conducted with help of process tracing method. The results of statistical models found relationship between policy-specific conditionality and progress in the fight against corruption. However, policy-specific conditionality loses its effect once the reward is achieved by a partner country. Another interesting finding is that civil society organisations are positively associated with the higher level of progress in the EU-assessed reports, while it has a non-significant and opposite direction in the models with Control of Corruption index. Finally, process tracing revealed strong interconnection between the preferential fit of the government and empowerment of civil society. Civil Society is necessary for ensuring local ownership of the reforms and achieving the progress, but it can be involved in policy making process only if the government allows so. Presence of policy-specific conditionality and communication of CSO with the EU do not change situation towards higher progress, unless former conditions emerge. Results and conclusions of this study suggest how the EU conditionality logic could be adjusted to better promote democracy and good governance in the EU neighbourhood without reproducing adverse effects of state capture and status-quo legitimisation for which the EU Neighbourhood Policy is criticized.

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Introduction

Anti-corruption policy and the fight against corruption are the essential elements of good governance. The promotion of good governance was conditioned by the growth of globalization, with domestic problems transferred into the international domain. Countries have to comply with many international norms produced and promoted by organizations, such as the United Nations, OECD, World Bank, Council of Europe, GRECO, and the EU. For example, in 1991 the World Bank published a report with recommendations based on forty years of political development. Corruption there was mentioned as one of the main elements impeding the efficiency of government (World Bank, 1991). That period was a start to the worldwide recognition of this issue and the swift development and creation of anti-corruption agencies and practices (Glynn et al., 1997). However, such a proliferation and industrialization of anti-corruption has also a negative side: Sampson (2010) notes that the development of the anti-corruption industry “prioritized” the formal presence of institutions over their essence to fight corruption. Nevertheless, international organizations are genuinely interested in fighting corruption globally (Rose-Ackerman, 1997). For instance, the World Bank has to contribute to curbing corruption in borrowing countries to secure success for its projects and to maintain a reputation before investors. That is why it has all incentives to promote good governance and withdraw from some countries in case of inefficient use of resources. Anti-corruption turns to be a global policy that contributes to maintaining the credibility of international organizations and states as well, along with raising the efficiency of its governments and economies.

The late awakening of the fight against corruption was the key answer to why the European Union did not overtly include this element into its *acquis communautaire* since the beginning of the Enlargement policy. Despite the strong support and collaboration with anti-corruption norms producing organizations, it had little power over affecting the anti-corruption strategy of member states. Apart from active encouragement to adopt international anti-corruption standards, the EU has comparatively recently begun to develop its strategy in this area, mostly by introducing EU Anticorruption Reports, first published in 2014 (Hoxhaj, 2019). The urge to transfer from passive compliance to active

promotion happened during the 2004 Enlargement. The influx of post-communist countries with democracies and markets in the making was the main concern for the EU, as then-present corruption, as Szarek-Mason puts, “could undermine the fulfilment of all three Copenhagen criteria” (Szarek-Mason, 2010, p. 144). Thus, the EU came up with the pre-accession strategy to provide assistance and help for the candidate countries (Maresceau, 2001). Overall, that wave of Enlargement brought brand new tools and mechanisms into the logic of the accession process accompanied by strategies to effectively ensure promoted policies and reforms.

After the 2004 Enlargement, the EU realised its normative power alongside with the previous focus on building a single market. Report of the World Bank demonstrated that the EU candidate countries showed higher performance in controlling corruption and in anti-corruption intensity (Anderson & Gray, 2006). It was noted that “EU membership has provided a major incentive... to address corruption” (Ibid, p. 81). This is a strong argument for the effectiveness of so-called conditionality that will be discussed later. It is worthwhile to mention that since that moment the EU prioritised anti-corruption policy and developed mechanisms to track progress in that area for both candidate and ENP countries. Objectives and conditions can be set in different ways, e.g. via Stabilisation and Association Process (Western Balkans) or Action Plans (ENP countries) that are regularly monitored in the annual EU progress reports. But there is little doubt that anti-corruption as part of wider good governance has become one of the main areas of interest for the EU external policy.

Democratic transformation of recently joined countries could not help but granted a massive significance to membership conditionality. That produced abundant literature on Europeanisation that emphasized the positive effect of conditionality on countries' compliance with norms (Borz, 2018; Börzel & Schimmelfennig, 2017; T. Freyburg et al., 2009; H. Grabbe, 2006; Haughton, 2007). In the external incentives model, designed by Schimmelfennig & Sedelmeier (2005; 2020), conditionality is used as the main ingredient to explain Europeanisation success or failure in neighbouring countries. Thinking in terms of conditionality brings in a rational-based or “carrot and stick” approach that ties Europeanisation to bargaining and cost-benefit analysis, where external incentives and

domestic costs define future compliance. Indeed, many authors admit that conditionality is a necessary factor that leads to compliance (Kelley, 2006). However, along with positive examples, like Estonia (Kasemets, 2013), some countries disprove the effectiveness of conditionality. Mainly, Bulgaria and Romania present cases when conditionality did not help countries reduce corruption, even after joining the EU (Kartal, 2014; Lacatus & Sedelmeier, 2020). This ambivalence in effects rather inflamed interest in conditionality and its intricacies within the Europeanisation process.

With that said, another bulk of Europeanisation literature questioned the effectiveness of conditionality (Batory, 2010; Böhmelt & Freyburg, 2012; Börzel & Pamuk, 2011; Börzel & Schimmelfennig, 2017). Putting critique into the frame of our study, the scepticism was expressed to both Western Balkans and Eastern Neighbourhood countries. In 2019, at the panel discussion organized by the European Policy Center, many scholars articulated their concern with the impact of conditionality on democracy performance in the Western Balkans¹. In their research, Richter and Wunsch (2020) demonstrate the adverse effect of EU conditionality, with increasing compliance of candidate countries and the liberal democracy index going the reverse side (p. 4). Many aspects of the conditionality (top-down style of reforms, pressure for simultaneous economic and political reforms) induce state capture, less accountability to society, and involuntary legitimization from the EU due to frequent level of interactions between the EU and local officials (Ibid, pp. 10-14). In the case of Eastern Neighbourhood, such detrimental effect was dubbed by Börzel and Pamuk (2012) as “pathologies of Europeanisation”. Overall, the unintended and benevolent aspiration of the EU towards its neighbours, as shown empirically, tends to result in stagnating democracy performance and stronger incumbency.

The question arises then: does conditionality work and what else makes states comply and progress in response to the EU demands, especially, in such a politically sensitive issue of anti-corruption policy? Mapping the answers to this question, one can delineate the following discussions in the literature that study the impact of the EU on its

¹ The Panel discussion held by the European Policy Center (2019, June). URL: <https://cep.org.rs/en/how-successful-is-the-eu-conditionality-policy/>

Neighbourhood countries' policies. The first and most salient discussion is based on conditionality vs. socialization debate which represents two schools of thinking: rationality or cost-benefit based approach juxtaposed to sociological approach (Börzel & Risse, 2012; Dakowska, 2002; Engert, 2010). The second discussion attempts to draw attention to domestic vs. external division of compliance determinants by mainly pointing at the importance of domestic ownership in policy implementation success (Börzel et al., 2010; Freyburg, 2011; Nizhnikau, 2017; Petrova & Delcour, 2019). The third discussion contributes by transferring the EU from an actor to the resource for domestic political powers which interestingly points at how domestic powers exploit the Europeanisation agenda for their political ends (Cianciara, 2016; Mendelski, 2016). And the last group adds by examining the interaction of the aforementioned determinants and devising certain mechanisms that lead to compliance (Ademmer & Börzel, 2013; Pavlovska-Hilaiei, 2016). Let us briefly touch on the most relevant discussions for this study.

Many studies attempted to include both conditionality and socialisation-based factors into their research to understand effects, but results vary. For example, Kelley (2006) concludes that socialisation alone is not sufficient in influencing domestic policy change in candidate countries, and membership card is the most effective tool for norms promotion. However, this logic extrapolated to ENP countries then presupposes no possible compliance since any policy-specific conditionality is miserable in comparison with membership opportunity. Another research, conducted by Dakowska (2002), advocates that the enlargement process in Poland where the transnational activity of German foundations and European party federations played a bigger role than conditionality. In turn, Kahn-Nisser (2016) finds a statistical significance of both socialisation and incentives/sanctions within her interaction model. In my opinion, the main reason why the presented results vary in conclusions is that studies on conditionality, socialisation, and its interactions do not include domestic factors. As an additional proof, literature criticising conditionality – that is discussed above – reveals shortcomings by primarily approaching conditionality via domestic context over the external influence of the EU.

That is why another strand of literature moves away from conditionality vs. socialisation debate into domestic vs. external factors of compliance by considering the strength of civil society organisations (CSO) and local governments' strategies. Many authors find that there should be more attention to CSO both in practice (Nizhnikau, 2017) and theory (Börzel et al., 2010). For instance, studying the EU's impact on its neighbourhood, Pavlovska-Hillaiel (2016) excellently demonstrated that a membership opportunity played little role in managing corruption and developing anti-corruption efforts. A major role in success was given to the civil society organisations that were crucial in giving feedback and participating in policy making: that explains outperformance of Montenegro and Georgia in comparison with Bulgaria (Ibid). A slightly different mechanism is suggested by Ademmer & Borzel (2013). Comparing cases of Armenia and Georgia, they find that success of compliance is determined by policy-specific conditionality and preferential fit, i.e. policy fits into the local government's agenda (Ibid). These two examples provide competing causal mechanisms of compliance, but along with similar studies they present small-N or case studies that cannot be easily generalised to other neighbouring countries.

To recap the debate, existing literature that attempts to understand the impact of the EU on domestic policy development achieved notable results by revealing mechanisms and factors that affect the success or failure of compliance. Nevertheless, studies, as has been shown, are varying or contradicting in conclusions which requires more testing of existing theories and hypotheses. Besides, the shortage of quantitative research in the area of Europeanisation and good governance promotion does not allow to draw generalisable conclusions about the impact of Europeanisation mechanisms in candidate and EaP countries (Böhmelt & Freyburg, 2012; Borz, 2018; Börzel et al., 2010; Kahn-Nisser, 2016). Although there were attempts to study the fight against corruption in both EaP and candidate countries (Pavlovska-Hilaiel, 2016), there is no quantitative research that could test different mechanisms in all countries within these two groups that have a common post-communist legacy.

Hence, this study aims to analyse the effects of Europeanisation mechanisms and domestic conditions on the anti-corruption efforts in Western Balkan candidate and EaP

countries. It contributes to existing scholarship in several ways. First, it studies the effects of Europeanisation mechanisms by applying both quantitative and qualitative methods to bring both external and internal validity. Second, the study adds to the theorization of Enlargement and ENP policies by analysing differences of mechanisms application in WB candidate and EaP countries bound by the same communist legacy. Third, it includes in the model domestic conditions and the effects of civil society on anti-corruption progress.

Thus, the main research question is: What are the effects of Europeanisation mechanisms and domestic conditions on the anti-corruption efforts in Western Balkan and Eastern Partnership countries bound by the post-communist legacy?

To answer the research question, this study employs both quantitative and qualitative methods to analyse the factors of anti-corruption progress measured in the EU-produced annual progress reports and alternatively used World Bank Control of Corruption index. As the main dependent variable of interest is a percentage, the beta regression is used to reflect the beta distribution typical for such type of data. Two causal mechanisms revealed in the theoretical framework are tested with help of process tracing method on example of North Macedonia.

The study proceeds as follows. The first chapter introduces the theoretical background which mainly consists of two parts. The first part examines existing approaches to studying anti-corruption policy to define the fight against corruption and measure it. The second part is focused on understanding the Europeanisation and External governance theories that is followed by formulating the hypotheses and causal mechanisms for further empirical analysis. The second chapter is devoted to outlining the research design, data selection, description of methods and operationalization of both dependent and independent variables. Finally, the third chapter, namely empirical analysis, provides the general overview of the anti-corruption progress in countries of interest, correlation analysis of variables, presentation of regression models and its results. Besides, based on data and outputs of statistical models, the empirical part includes the within-case study of North Macedonia to trace and test the causal mechanisms.

1. Theoretical background

1.1 Defining the fight against corruption

This part briefly discusses a wide range of topics, namely, corruption, anti-corruption, and their manifestation in the contractual relationships of the EU with candidate countries (WB) and partner countries participating in the ENP framework. This part aims to formulate an initial approach to measuring compliance of the neighbouring states with the EU demands/ requirements in the field of the fight against corruption. The first finding is that fight against corruption is a broad domain that can be successfully practiced only by conducting reforms in many sectors. The establishment of an anti-corruption agency might be seen as an element of anti-corruption policy, but it is often not enough for eliminating corruption. There are three main reform fields where the fight against corruption can be observed: reform of the state, reform of the economy, and democratic reforms. Three approaches are respectively directed at combating corruption within the government, institutionally by liberalizing the market and by empowering civil society. They are all equally important in the course of a proper fight against corruption. The second finding is that good governance becomes a cornerstone theory that includes corruption (as a problem), anti-corruption (as an action), and public integrity (as an ability to resist corruption). These elements are closely intertwined which provides us with three streams of anti-corruption progress measurement. This study will employ approaches of Börzel et al. (2010) and Mungiu-Pippidi, along with the widely used Control of Corruption index, to measure and validate progress level communicated in the EU-issued reports and alternative sources.

Corruption

Definition of corruption has been always a subject of debate among both academics and practitioners. The most widespread definition of corruption is given by Transparency International.: “abuse of entrusted power for private gain” (Transparency Int., n.d.)². The

² Transparency International, founded in 1993, is a non-profit organization that operates in more than 100 countries by initiating grassroots actions to stop corruption and promote transparency and accountability.

definition is general which allows us to cover a wide range of corruption manifestations. The EU similarly understands corruption by linking it to bribery, conflicts of interest, and nepotism (EU Commission, 2020). Although this definition is of great help to this study, one should understand the breadth of this phenomenon which may include bribery, embezzlement, kleptocracy, clientelism, patronage, torture, misuse of public funds, etc. (Wouters et al., 2012). This list is non-exhaustive which highlights the complex nature of corruption and the need to find an individual approach to its types.

The research of Rose (2018) can help to sieve this broad definition through imaginary scenarios to understand the fitness for the scope of this research. Rose studies existing definitions of corruption and validates them against 7 possible scenarios. All the definitions refer to situations when actions of a corrupt person diverge from what has been prescribed or expected (see definitions by Klitgaard, 1991; Nye, 1967; by Brooks in Rose & Heywood, 2013). The main issue is that all of them touch upon the moral side of corruption. Nevertheless, some scenarios can challenge the current TI's definition. An example is a scenario when a public official working in an immigration office under a fascist regime helps unfairly convicted people avoid concentration camps, thereby violating formal duties assigned to him/her (Rose, 2018, p. 299). Formally it is an abuse of power and exceedance of authority. But this also slides to other questions "what is the abuse of power?" or "who can be considered as entrusted?". Many authoritarian leaders are not "entrusted" in a classic democratic way; they mostly come to power by rigging elections or applying force to oppress alternative candidates. There are questions about TI definition: the right definition is still contested, but corruption understood as "abuse of entrusted power for private gain" helps us cover public and private manifestations of this phenomenon that are linked to actions of a government.

A contested nature of corruption definition tends to overflow into its measurement project. According to Philip (2016), there are four main methodological problems in corruption measures: scaling, respondents, the prevalence of soft data, and reliability. Using TI Corruption Perception Index (CPI) as a reference, the author argues that scaling can create a problem to reflect "imprecise judgements" of respondents (Philip, 2016, p. 50). Besides, it is unclear what respondents should be included in surveys: should they be

economists, judges, or political scientists? Evidently, the subjectivity of responses with the imperfect translation of them into certain scales represents an issue of soft data prevalence. “Harder data” (Ibid, p. 59), like figures and numbers, should help avoid this problem, but they are rarely comparable due to differences in country legislation. Reliability is also questionable since it heavily depends on the index composition and weights of its components. Nevertheless, one of the latest studies finds TI CPI and Control of Corruption index (Worldwide Governance Indicators) as the most valid and reliable indicators (Shukhova & Nisnevich, 2017). Interestingly, all the examined indices tend to show varying performance for the highly corrupted group of countries. It means that indices are converging on measuring corruption in less corrupt countries, while the reliability of data for the highly corrupted group is controversial and giving different results.

Public integrity can be another way to approach corruption definition. TI definition is widely used by many international organizations, including the EU, which makes this short and cohesive term highly relevant to this study. However, the public integrity concept can simplify our task and alleviate tensions in definition choice. According to Fijnaut and Huberts (2002), public integrity “denotes the quality of acting in accordance with the moral values, norms, and rules accepted by the body politic and the public”. Quality of acting in accordance means compliance with prescribed rules and expectations. This highly depends on the morality and norms practiced in a certain society. Thus, lower levels of public integrity can indicate a high possibility of corruption.

Given that corruption has not been completely defined yet and has been constantly contested, it becomes even more difficult to understand what the “fight against corruption” is. There is little doubt that corruption is one of the main impediments towards economic prosperity and growth (Cleveland et al., 2009; Shaw, 2000). Thus, understanding and devising best practices and strategies in combating corruption has been always of utmost importance. In a nutshell, the essence of any action intended at reducing corruption follows a famous Klitgard’s formula: $C = M + D - A$ where C – corruption, M – monopoly of power, D – discretion of an official, and A – accountability. This formula explicitly states that accountability which might be equal to transparency is an

essential element that can outweigh the existing level of monopoly and discretion of public officials. This approach is built on the principal-agent model vs. the claim that corruption has a systemic nature. Klitgard (2008, p. 3) believes that corruption is not inherited or inevitable, it is just a matter of a cost-benefit analysis where an official would rather restrain from committing corruption if future costs outweigh the potential reward. But this formula has been criticized by Stephenson (2014) for its possible ambiguous implications, as replacement of monopoly with higher competition and reducing discretion may harm the governance system with more agents having similar tasks. As a result, it may induce more transactional costs which in turn may cause the same corruption.

Before proceeding to the “fight against corruption”, it is worthwhile noting another strand in the literature criticizing the very discourse of anti-corruption policy. Authors tend to highlight that the growth of the anti-corruption industry had little impact on overall progress in fighting corruption (Sampson, 2010). Moreover, corruption successfully coexists along with the proliferation of anti-corruption initiatives that become a “never-ending self-legitimizing fight” (Czepil, 2016). McVittie and Sambaraju (2019, p. 4-5) agree with Di Puccio (2010) on the point that corruption is rather constructed than identified which replaces the actual fight against corruption with mere promotion and legitimization of “neoliberal forms of social organization”.

Thus, anti-corruption becomes a highly ideological field that can easily vary in its elements dependent on the agent of anti-corruption action. Pavlova (2015) finds that the Partnership for Modernization (P4M) between the EU and Russia fell “far short of expectations” due to differences in both articulating and understanding corruption. Although views of the Russian government and the EU concurred on the paper in the context of necessity to have an independent judicial system and fair and free elections, employment of the “fight against corruption” agenda by the Russian opposition had to be dismissed and depoliticized by the government. This is a good example of how an authoritarian regime attempted to belittle discontent of opposition by eliminating a conflict in society and practically killing “the political” as a French philosopher Ranciere (1995) would describe it. This claim only highlights how anti-corruption can slide from

the “common ground” to a rather ideological tool. Another study that discusses the “hollowness of anti-corruption discourse” accordingly supports the vision provided above by arguing that anti-corruption discourse is mostly concerned with economic growth and liberal values (Bukovansky, 2006). Bukovansky (2006, pp. 199–204) criticizes anti-corruption actions for their positioning on conditionality and argues that values of republicanism should be introduced by accentuating the fight against corruption on “political liberty” and “civic virtue”. That is why the author endorses local initiatives of Transparency International instead of political requirements imposed by the World Bank and OECD. This point of view is also important to this study as it will touch upon different mechanisms and agencies that impact anti-corruption compliance.

Anti-corruption strategies

With all being said, one may already infer that there is no universal set of specific actions that each country employs in its anti-corruption strategies. Despite existing guidelines, like “Twenty guiding principles for the fight against corruption”, created by the Council of Europe (1997), it is up to each country to implement the most effective policy concerning the country-specific nature of corruption. Moreover, the generalization of anti-corruption policy is considered by many experts to be a very dangerous and inefficient approach (Open Society Institute, 2002, p. 33).

There are attempts in the literature to classify types of anti-corruption measures. Some authors provide classification based on aims of anti-corruption policy (Pope, 1999); on type of produced legitimacy (Börzel et al., 2010); on a combination of corruption nature, intervention mechanisms, and policy tools (Villeneuve et al., 2019); on assumptions of what corruption is (Open Society Institute, 2002). For example, if the government is regarded as “essentially corrupt”, then the approach to curbing corruption will be focused on dealing with principal-agent problems, thus decreasing discretion and monopoly of officials. On the other hand, another approach may take a focus on economic development and promote economic reforms and transparency as tools to fight corruption (Gray & Kaufman, 1998).

According to Pope (1999, p. 99), all anti-corruption initiatives can be broken down into four main sections: prevention, enforcement, public awareness, and institutional building. Two later sections refer to building an environment where the public can be educated and informed which requires freedom of the press and free elections. The institutional building can also relate to the formation of a more cohesive anti-corruption environment that ensures long-term effects (Kalesnykas, 2020). Initiatives can be classified within several sections as they might address several problems. One of the examples is the Red flags project sponsored by the European Commission³. Researchers within this project devised a tool that helps monitor public procurement contracts and detect potential corruption risks. This allows both to prevent and investigate possible corruption cases in public procurement and provide a tool for the public and civil society to react by giving publicity. But prevention, as it stands for, should be directed at minimizing the effects of discretion and monopoly by rolling out more clear guidelines for public officials and providing more competitive salaries to reduce the temptation to bribe. However, without proper improvement and enforcement of anti-corruption legislation, the increasing salary can worsen the situation and merely increase the size of bribes (Foltz & Opoku-Agyemang, 2015; Gong & Wu, 2012). Mandatory assets declaration for public officials also becomes a cornerstone for controlling and preventing conflicts of interest that are straightforwardly related to the very corruption understood as “abuse of entrusted power for a personal gain” (Granickas, 2014). Lastly, enforcement can be related to both the legal framework and capacity of the government to maintain compliance with anti-corruption laws. One of the issues of the anti-corruption laws is that they usually originate in international organizations that are considered as a “soft law” (Rose, 2015). Compliance with those laws is not always legally binding and requires some negotiation on behalf of those organizations which results in the creation of positive or negative conditionality. Besides, effective enforcement is closely linked to the quality of institutions that have the will and resources to provide justice and implement adopted laws. That is why it is crucial to establish a safe environment for whistle-blowers from the government and public and protect them from retaliation (Pope, 1999, p. 113).

³ More information about the project can be found here: <https://www.redflags.eu/>

The most relevant typology to this study is the one developed by Börzel et al. (2010) who analysed the impact of the European Union on anti-corruption policy in its Eastern neighbourhood. According to the research, there are three main approaches in the fight against corruption that can be applicable for both domestic and external actors: reform of the state, reform of the economy, and democratic reforms. This coincides with the above-mentioned assumptions on what exactly should be strengthened to prevent corruption. First, reform of the state is directed at creating “self-control” (Börzel et al., 2010, p. 128) where the government detects and punishes corruption with the help of its legislation (e.g. protection of whistle-blowers) and anti-corruption agencies. Second, reform of the economy, as it stands, deals within the economic sector by decreasing corruption opportunities and creating constraints such as reducing administrative burden and providing more transparency. Third, democratic reforms intend to empower non-state actors by providing them with more decision-making potential. The latter type of reform, in the opinion of authors, raise input legitimacy and, as a result, increases good governance in a “broader sense” (Börzel et al., 2010, p. 129).

Finally, Mungiu-Pippidi's approach to anti-corruption is simple in the way that it builds from the good governance approach by treating all existing institutions and legislation either as opportunity or constraint for corruption. This is an extension of Klitgaard's formula where opportunity is the sum of discretionary powers of officials and material resources that can be abused. On the other hand, constraints are rooted in accountability which can manifest through proper enforcement, free and fair elections, free media, and overall strong public integrity (Mungiu-Pippidi, 2013b). Running ahead, it is worth mentioning that based on her theory, Mungiu-Pippidi (2017) developed a cohesive index of public integrity that measures the ability of a certain polity to control corruption. By being relatively simple and composite of other well-proven indices it avoids issues that are presented by such indicators as the Transparency International Corruption Perception index which has been widely criticized for its non-consistent and incomparable results (Budsaratragoon & Jitmaneeroj, 2020).

Fight against corruption in the accession process

Fight against corruption has never been mentioned in Copenhagen criteria as an accession condition for the candidate countries before the 2004 Enlargement. For example, countries like Greece or Spain made do with formal democracy criteria. However, the prevalence of corruption in CEE countries, partly due to communist legacy (Karklins, 2005), was one of the main reasons why the EU decided to introduce corruption in *acquis* (Szarek, 2006). It was first introduced in 1997 Opinions provided to the applications of the CEE countries, but within this condition, the EU did not manage to develop clear-cut elements of required anti-corruption policy (Szarek-Mason, 2010). This can be explained by the fact that corruption being part of the 3rd pillar was subject to a national level, and the EU's discretion was rather limited. For example, some studies demonstrate that post-accession development, especially in anti-corruption policy, slows down or eventually regresses yielding higher levels of corruption than before (Beblavý & Sičáková-Beblavá, 2014; Borz, 2018; Lacatus & Sedelmeier, 2020). Conditionality and membership opportunity proved to influence candidate countries (Gugiu, 2012), but the maintenance of achieved results is possible when there are strong domestic anti-corruption institutions in place (Lacatus & Sedelmeier, 2020).

The insufficient influence of the EU on the anti-corruption policy of its Member states is an obstacle to the creation of a comprehensive anti-corruption framework that could be put into the *acquis*. In 2019 Note, Presidency (EU Council, 2019) pointed to an abundance of anti-corruption laws and policies at the EU and MS levels, but also its fragmentation and advised to “streamline” them for a more cohesive framework. Currently, anti-corruption is part of the Justice and Home Affairs chapter, and results of monitoring can be found within this chapter in the regular progress reports. Although requirements bear a legal character, i.e. signing or harmonizing certain legislation, the EU also relies on various indices, such as the TI corruption perception index, to evaluate the progress of candidate countries (Commission, 2018). EU requires candidate countries to adopt direct EU legislation in the area of anti-corruption (for example, the 1995 Convention on the Protection of the European Communities' Financial Interests), “soft law” produced by international organizations, i.e. OECD and UN conventions, and other provisions

containing elements of the fight against corruption – public procurement, audit, judiciary (Open Society Institute, 2002). Besides, certain functions are delegated to GRECO (Group of States Against Corruption). All in all, the anti-corruption policy is not a solid chapter, and its elements can be found through all acquis which makes it more difficult to measure compliance.

Fight against corruption and ENP

European Neighbourhood Policy was first introduced by the UK in 2002, on the eve of the 2004 Enlargement as the “Wider Europe” idea to invite Eastern neighbours – Russia, Belarus, Ukraine, and Moldova – to closer cooperation. Eventually, within two years, the Copenhagen European Council included more participants, namely southern Mediterranean and Caucasian countries. Russia, being awaited to join ENP, preferred to develop relations in the context of “four common spaces” and kept it on a more “equal basis” (K. E. Smith, 2005). To be precise, ENP covers 16 countries: Western Newly Independent States (Ukraine, Moldova, Belarus), Southern Caucasus (Azerbaijan, Armenia, Georgia), and Southern Mediterranean region (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, the Palestinian Authority, Syria, Tunisia).

The appearance of the ENP can be considered as a product of the EU’s “existential dilemma” over its future enlargement process (Emerson, 2004). There are some explanations why this project emerged. First, it was built on the necessity to provide security for the EU given new post-enlargement borders and new neighbours (Magen, 2005). Second, it was enlargement fatigue and reluctance to further expansion at the expense of its governability and identity (Emerson, 2004). Third, it was heavily lobbied by the newly joined Poland who long craved for proliferating “Eastern Policy” (Cianciara, 2008). Nevertheless, the main objective of the ENP, as stated in the Strategy Paper (EU Commission, 2004, p. 3), was:

“to share the benefits of the EU's 2004 enlargement with neighbouring countries in strengthening stability, security and well-being for all concerned. It is designed to prevent the emergence of new dividing lines between the enlarged EU and its neighbours and to

offer them the chance to participate in various EU activities, through greater political, security, economic and cultural co-operation”.

In other words, the main idea of the ENP was to eliminate a newly appearing cleavage between the East and more East. However, Epstein & Jacoby (2014), giving a post-evaluation of 10 years since the Enlargement, recorded a new divide emerging between the East and more East which holds distressing news for the EU.

Interestingly, Magen (2005) in his excellent overview of the ENP, demonstrates a dependency path of this policy and its striking similarity with the Stabilisation and Accession Process (SAP) framework. SAP was initiated as a pre-accession policy for the Western Balkans with the aim of stabilisation and gradual involvement of the region into the EU economic area. The author cites Peterson (1998) who remarked that in times of crisis the EU tends to rely on the past policies despite their inappropriateness (Magen, 2005, p. 401). Both frameworks were created out of an urge to solve an upcoming issue: it was a Kosovo conflict for SAP and new post-Enlargement neighbours for ENP. Both policies repeat Enlargement logic by pursuing a legislative and regulatory approximation. Both SAP and ENP focus on giving “added dimensions” instead of replacing “existing legal structures” (Ibid, p. 406). They also exploit the conditionality and socialization instruments that were loaned from the Enlargement process. Emerson (2004, p. 9) points at ENP’s regular monitoring reports that track Copenhagen criteria written in the Action Plans by saying: “The work was indeed done by the Commission’s Enlargement department”. Similarly, the EU concludes an Action Plan with ENP partner countries, and this plan is not a legally binding document that sets out an agenda for political and economic reforms in a period of 3 to 5 years. The most noticeable difference between the ENP and SAP countries is that the latter were provided with potential membership opportunities, while the former was at most promised policy-specific “carrots”.

However, since its outset, the ENP has been met with criticism. According to Sasse (2008), the ENP has two functions: mobilization and socialization. Criticizing the vagueness and ambiguity of this policy, she sees it as a “political instrument” that can mobilize both pro- and anti-EU supporters. Plus, socialization might turn into “procedural

entrapment” when eventual approximation of a partner country will result in application to the Council. As seen from the recent developments, Ukraine, Georgia, and Moldova have been integrated more into the EU within the DCFTA framework. Another challenge for the ENP consists in the gap between provided incentives and requested expectations that are very costly to adopt for non-democratic regimes (Comelli, 2004; Magen, 2005).

At this point, it is important to give additional attention to annual reports that serve as a monitoring tool of partner countries’ compliance with the EU requirements. Although ENP reports are more modest in volume, they share the same structure as the reports produced for Western Balkans. What is more important, this structure reflects Borzel et al.’s (2010) vision of approaches in the fight against corruption. On the macro level, reports can be divided into 3 main sections: 1) Political and human dimension, 2) Economic dimension, 3) Security dimension (Emerson, 2004). Within these sections we can respectively find 1) Democracy and human rights, 2) Internal market regulations, and 3) Justice and home affairs. This helps to merge existing approaches with actual reports to measure compliance across three dimensions. Besides, this way of measuring progress/compliance equates anti-corruption policy to a good governance approach by not reducing the fight against corruption only to the Justice and Home Affairs chapter.

1.2 Europeanisation and External Governance

Europeanisation

When Europeanisation is discussed, Sartori’s “conceptual stretching” notion comes to the fore (see Sartori, 1970). This is the situation when the same concept or theory is applied to cases or processes for which the theory was not designed. This may lead to an eventual erosion of a concept and its futility in the future. A relatively new field of study, Europeanisation has been conceptualized in many ways. In their journey to bring more clarity in the field, Buller & Gamble (2002) scrutinized 5 usages of Europeanisation term. On a high level, those 5 definitions can be classified either as a process or as a result. The process can be understood as 1) development of institutions at the EU level, or as 2) export of distinct “European forms of organizations and governance” beyond the EU.

Europeanisation can be also presented as a result: for example, as 1) a political unification of Europe, namely, its transformation into the federation, 2) subjection of domestic politics to the European policymaking, or 3) just a “smokescreen” for policy implementation at the domestic level (Ibid, pp. 10–16). The last one refers to the situation when domestic actors actively promote European integration to enhance or justify certain reforms that concur with their agenda. Such a variety of approaches to Europeanisation, indeed, make it difficult to collect a cohesive body of knowledge. At the same time, this rather highlights a very broad and multifarious nature of the examined subject. In turn, authors suggest their understanding of Europeanisation in the light of conducted critique:

“A situation where distinct modes of European governance have transformed aspects of domestic politics” (Ibid, p. 17)

This definition becomes more plausible since it substitutes processes and results by situations that help us better identify cases when Europeanisation takes place and where it fails to. Moreover, “mode of governance” covers more than just established institutions including normative and technical aspects of governance. However, the most acknowledged definition has been proposed by Radaelli:

“Processes of (a) construction, (b) diffusion, and (c) institutionalization of formal and informal rules, procedures, policy paradigms, styles, 'ways of doing things, and shared beliefs and norms which are first defined and consolidated in the making of EU public policy and politics and then incorporated in the logic of domestic discourse, identities, political structures, and public policies.” (Radaelli, 2003, p. 30).

Both definitions agree that Europeanisation is a situation/process which cannot be incorporated into the domestic level without prior consolidation thereof at the EU level. In the more detailed description, Radaelli defines modes of governance by explicitly including rules, procedures, beliefs, and identities which do not limit Europeanisation to merely organizational level but exceed it by involving individuals as well. However, these definitions are different in the way they capture the fact of happened Europeanisation. Buller & Gambler’s definition would argue that if the transformation of domestic politics

failed, then there was no Europeanisation, while Radaelli would defend that Europeanisation was in place, but resulted in no change. In this sense, Radaelli's approach is more acceptable as lack of change does not mean the absence of an attempt to transform. Besides, the latter definition fits our scope of the study as our countries are not member states, they are either candidate or partner countries. Also, it is important to repeat Radaelli's warning that Europeanisation is not harmonization or (non)convergence (Ibid, p. 33). It is the consequence of this process. To recap, Europeanisation is a highly contested phenomenon that should be treated cautiously in order to correctly approach the subject of study within this broad field.

Europeanisation beyond the EU

Eastern enlargement in 2004 posed new challenges for the European Union in terms of boundaries and its own identity, but not least – new neighbourhood. A “Wider Europe” initiative proposed by the EU suggested a new type of relations with its immediate neighbourhood on the east and south. Therefore, students of Europeanisation were puzzled by the search for new approaches and frameworks to events that went beyond EU borders. Sandra Lavenex (2004) viewed a new initiative as part of “external governance” exploited by the European Union. The main interest of the author was to understand the factors that make the EU expand its boundaries. The first factor is the perception of increasing interdependence: the EU admits that accession of new states brings in new troubles and new states on the border which should become a “ring of well-governed states” (Solana, 2004) to provide more reliable and secured relations. The second factor stems from the tasks and roles that the EU assigned itself in addressing transnational issues, be they related to political or environmental areas. Schimmelfenning (2012) mentions more pragmatic reasons for “widening of the horizon”, namely, the attractiveness of a single market, ambitious goal to ensure prior convergence with *acquis* for potential candidates, and necessity to manage relations with non-member states without a membership opportunity in their intermediate neighbourhood. According to Lavenex (2004, p. 683), one of the main differences between external governance and mere co-operation is when “*acquis communautaire* are extended to non-member states”. Non-member states can be divided into quasi-members (such as Switzerland),

development (African, Caribbean, and Pacific states), and transatlantic cooperation (USA, Canada) and subjects of our study, namely, accession countries (currently, Western Balkans) and neighbourhood association (southern and eastern neighbourhood).

Later Lavenex and Schimmelfenning (2009) and Schimmelfenning (2012) elaborate “external governance” theory by providing dimensions against which one can measure the strength and effectiveness of governance. External governance cannot be reduced to the EU external relations, as the former goes beyond gauging the power of the EU as a foreign policy actor and focuses on the institutional and policy-related context of relations; in this way, external governance is defined by authors as an “institutionalized form of coordinated action that aims at the production of collectively binding agreements” (S. Lavenex & Schimmelfennig, 2009, p. 795). Besides the definition, the authors introduce two important dimensions: modes of external governance and its effectiveness. According to the authors, there are three ideal types of modes that define the interaction between the EU and third countries and, as a result, bear “repercussions” on the EU’s ability to effectively expand rules: hierarchy, network, and market. Hierarchical mode refers to a Community method applied within the EU; there is a strong asymmetry between parties with the strict implementation of the EU rules and laws violation of which can lead to sanctions and judicial review. Network mode instead is based on a horizontal type of connection where two parties are equal, and legal obligation is replaced with political commitments. In turn, expansion of the EU rules happens due to coordination and bargaining with finding compromises and mutually satisfying solutions: for example, Action Plans within the ENP are produced in a collaborative mode. The last mode is market one where parties are equal and follow the horizontal style of interconnection without in an informal manner; hence, the export of the EU rules can be as a result of positive externalities that produce benefits for actors when they comply with the EU laws and norms – e.g., profit from entering into the EU market (Ibid, pp. 796–800). Interestingly, in their research, Lavenex et al. (2009) find that modes of governance do not always correspond on macro and meso levels. In other words, one should not always characterize the mode of sector-specific governance by looking at the macro-level of relations between the EU and another country. This “dissociation” can be partly explained by the differentiation of agencies that are involved in sector-specific policies and

macrolevel institutions that lead overall negotiations. Moreover, one should expect a higher probability of hierarchical mode in case of higher compatibility between the EU and third country (Ibid, pp. 829-830).

Accordingly, the effectiveness of the EU external governance becomes crucial to understand if the EU has any progress in the expansion of its rules and norms. There are three ordinal levels of effectiveness: rule selection, rule adoption, and rule application (Ibid, pp. 800-801). The first step, rule selection, demonstrates the bargaining power of the EU to include EU-generated rules and laws into agreements with the third countries instead of adhering to similar international ones. The study of Barbé et al. (2009) empirically confirms that perceived legitimacy and bargaining power of the EU determine what rules be selected in the process of agreements: strong legitimacy in Ukraine results in the choice to converge on EU-based laws, where Russia preferred to proceed with international ones. Further, selected rules are subjects to adoption and further application. In the framework of relations with the Western Balkans and ENP countries, the EU ensures further development by annual monitoring where progress towards adoption and application (enforcement) is recorded. Even in absence of membership conditionality, third countries would prefer to comply with the EU regulations to increase economic exchange with the EU, demonstrate capacity, or just to build up independence from an approximate hegemon in the region (Prange-Gstöhl, 2009). Besides, compensation of membership opportunity by adding policy-specific conditionalities can enhance the effectiveness of external governance (Trauner, 2009). However, rule application remains a problem (Casier, 2011), and limited progress has been achieved at this stage of effectiveness that is conditioned by a lack of certain mode of governance and domestic willingness.

There are several approaches to the mapping of mechanisms that allow the EU to diffuse and promote its rules and regulations. For example, Manners forms the concept of “Normative Power Europe” where norms diffusion is based either on the example (symbolic power) or relations (substantial power) and can happen via trade or technical assistance, EU declarations, or certain institutionalization of relations, e.g. DCFTA. Damro (2012) approaches EU norms diffusion via its strongest element – market – by

naming a concept “Market Power Europe”, thus elevating the European market as the main source of EU norms export. Schimmelfennig (2012, p. 4) takes a more comprehensive way by dividing mechanisms into rationalist and constructivist approaches. In other words, some mechanisms follow the logic of consequences, other – the logic of appropriateness. Those mechanisms can be direct (conditionality and socialization) and indirect (externalization and imitation). Conditionality applies “carrot and stick” logic that can be manifested in financial assistance, membership opportunity, or policy-specific offer (visa-free regime), while externalization is mostly connected to positive externalities that actors outside the EU find potentially profitable: mere compliance with certain regulations increases the chance of getting higher stake on the market. In turn, socialization employs persuasion power which makes the EU norms appropriate and legitimate to follow. It should be added that socialization can present a process, such as dialogue, that approximates the EU and a third country, or initial resonance and identification with the EU which favours compliance. Finally, imitation excludes the proactive role of the EU, and its norms are selected because they are perceived as a benchmark. Besides, EU norms can serve as an argument in hands of domestic actors to promote their political agenda. As it is difficult to empirically capture indirect and unintended mechanisms, this study focuses on direct mechanisms of conditionality and socialization.

The external governance framework is accompanied by several explanatory models that aim to conceptualize and understand the factors of the rule transfer success or failure. For example, the external incentives model (EIM) was devised for understanding compliance of Central and Eastern European countries in the light of the accession process (F. Schimmelfennig & Sedelmeier, 2019). It is solely based on the conditionality mechanism, and the effectiveness of rule transfer stems from 3 properties of conditionality: reward, determinacy, and credibility. As a model is rational, it also includes cost as a factor of (non)compliance. Reward refers to the size of conditionality (membership or not), determinacy describes the extent of clarity to what should be reached by countries, and credibility is a belief in the EU and EU’s consistency in applying conditionality. In other words, a country should clearly understand what it should do in order to achieve a reward and trust the EU that it will get in case all conditions are met. Costs account for domestic

context and domestically related factors. Applied to the new pre-accession wave in Western Balkans, authors find this model working although new circumstances adjoined, namely, domestic politicization of the EU, increased geopolitical competition over the region, and an overall decline in credibility due to Enlargement fatigue (Ibid, p. 16). However, this model, despite the revision, hardly can be applied to the ENP context, as an absence of membership reward should drastically decline any rule transfer. In opposite, Casier (2011), finding compliance in certain sectors, regards conditionality as an insufficient explanation of compliance under ENP and prioritizes domestic factors. According to him, conditionality cannot be applied to the ENP, and any rule transfer mainly happens due to its compatibility with political agenda or legitimacy-seeking with the EU. Besides, because of the open-ended process, the ENP framework becomes highly political which “reinforces legitimacy-seeking” (Ibid, p. 50). Hagemann (2013), studying the implementation of ENP in Moldova, also finds that domestic factors, largely adoption costs, play a more significant role, even despite the presence of external powers, EU and Russia. Overall, explanatory models dive deeper into conditionality and socialization mechanisms where domestic context cannot be disregarded as well.

Democracy promotion in neighbourhood countries is considered as part of external governance. Youngs (2009) finds that the EU mostly employs network mode in democracy promotion if a country is not offered a membership, in a latter case hierarchical mode is more preferred. However, the author sees a huge impact of domestic politics and geopolitical concerns, in general, on the EU’s ability to ensure rule application in third countries. Even in the Balkans, where theory foresees high effectiveness of external governance given hierarchical mode and membership conditionality, results are limited. Schimmelfennig & Scholtz (2008) conducted a panel study of 36 countries covering the 1988-2004 time period and found conditionality to significantly influence democratic progress with economic and geographical factors included in the model. The absence of membership offer did not show effectiveness in democracy promotion. Democracy promotion is also complicated by the intricacies in the political systems of neighbouring countries. Seeberg (2009) demonstrates how a consociational system and “dual power” situation in Lebanon results in vague and inconsistent policies on the EU side. In other words, the EU prefers to abandon its

normative power and adhere to the realist approach. Overall, due to limited bargaining power and complicated domestic and geopolitical factors, democracy promotion remains mainly ineffective.

Lavenex & Schimmelfenning (2011) conceptualize three possible models of democracy promotion: leverage, linkage, and governance. Leverage is based on a “top-down” approach and can be related to membership offer and hierarchical mode of governance where the EU actively promotes the democratization of core institutions, such as elections and rule of law. Linkage, in turn, refers to the empowerment of civil society, development of educational policies and programs, and other ways that induce “bottom-up” democratization. Conversely, the governance model avoids the democratization of high-level institutions and instead embroils democratic elements into sectoral policies. Those democratic elements are well defined within the “good governance” framework: transparency, accountability, and participation. Models of democracy promotion are not exclusive and can be found in *acquis* for Western Balkans and Action plans for ENP countries. Authors find a great potential of the “democratic governance” model as leverage proves to be less working given the uncertainty in conditionality even for the current candidates, and linkage is not working due to limited power of the EU in domestic policy (Ibid, pp. 899-900). Overall, studies (T. Freyburg et al., 2009; Gillespie & Whitehead, 2002) find democratic governance to be efficient in the adoption of laws and rules, however, it is rarely followed by rule application. This way of conceptualization of democracy governance brings anti-corruption policy as part of good governance closer to democracy promotion and thus can be considered as part of external governance.

Another strand of literature specifically examines the limitations of external governance in candidate and partner countries. It has been argued that the EU’s ability to export policies is limited by the interdependence of third countries with other major actors, such as Russia (Cornell, 2014; Dimitrova & Dragneva, 2009); by the contradiction of EU requirements with national identity, as in case of prosecution of war crimes in Croatia (Freyburg & Richter, 2010); by focusing on old “approximation” style in ENP instead of fostering proclaimed “local ownership” (Petrova & Delcour, 2019). Also, conditionality and its top-down approach resulted in some degree of formal compliance, but in no

democratization, because EU officials legitimized corrupt incumbents by praising their attempts to formally progress with *acquis* (Richter & Wunsch, 2020). Similarly, Börzel & Pamuk (2012) and Mendelski (2015) demonstrate how the EU's promotion of anti-corruption policy has been mainly instrumentalized by incumbents to achieve their political ends which were done through the selective implementation of certain policies. By opposing himself to "overly optimistic Europeanization scholars", Mendelski (2015, p. 342) goes beyond positive impact or limits and warns that the EU's transformative power under certain conditions can bring more harm and lag advancement of democratic institutions in neighbouring countries. The verdict is that the "EU's preference for stability and state-building" tends to consolidate authoritarian regimes, rather than bringing positive change (Börzel & Hüllen, 2011). Thus, one should be more attentive to details of policy implementation and motivations of domestic actors which can turn upside down the benevolent aspirations of the EU.

To recap, this part of the study examined the external governance concept that stems from Europeanisation field to explain rule transfer and EU-third-countries relations beyond the EU borders. As been said, 2004 Enlargement, necessity to secure its borders and build more reliable relations with new neighbours in the light of increasing interdependence required new framework where the EU could promote democratization and rule transfer without a membership offer. After experiencing the latest Enlargement process, the EU was also interested in ensuring full approximation with the *acquis* in candidate countries before their accession. External governance, thus, varies in its modes: from hierarchical and EU-dominated to the loose network and market forms where all parties are equal. The main mechanisms that ensure rule transfer are conditionality and socialization where domestic context can be regarded as opportunity or constraint. The effectiveness of external governance can be manifested through the level of compliance of a third country ranging from mere rule selection to full application thereof in domestic politics. Anti-corruption policy, the subject of interest in this piece, can be attributed to the democracy promotion area of external governance that can be diffused via three models: linkage, leverage, and governance. The anti-corruption policy can be considered as a sector-specific policy within the democratic governance model, but anti-corruption progress should encompass state, democratic and economic reforms to ensure an efficient level of

“good governance” to resist corruption. However, as many studies highlight, the EU’s efforts to promote anti-corruption can result in adverse effects of producing more corruption and backsliding of good governance as a result of selective implementation of policies by malignant politicians.

1.3 Mechanisms of Europeanisation

This part aims to derive from afore-discussed theories existing conditions and factors that have an impact on the level of compliance of the neighbouring countries with the EU-driven rules and reforms. As a result, the set of hypotheses is presented. On a high level, all conditions can be allocated to four main groups:

- 1) conditionality,
- 2) socialization,
- 3) domestic factors,
- 4) and civil society.

Conditionality is presented through membership opportunity and its credibility, financial assistance, and policy-specific conditionality, such as a visa facilitation process. Socialization, in turn, was conceptualized on basis of the emulation mechanism that presupposed the indirect influence of the EU on norms diffusion in neighbouring countries. Domestic factors are either constraints or opportunities for progress in norms diffusion. The following conditions are political regime and state capacity, and political polarisation. Civil society is considered separately from domestic factors, as literature assigns it a great explanatory power in compliance differences across neighbouring countries.

Besides the conditions, two causal mechanisms are taken to test a more complex logic of compliance success or failure. The first mechanism proposes that compliance is more likely to happen if the EU has a close dialogue with civil society and gets unbiased feedback to adjust its conditionality and incentives. Besides, this mechanism requires domestic ownership of the reform. The second mechanism states that countries will be

more likely to implement EU rules and norms if there are a preferential fit and policy-specific conditionality.

Conditionality

Membership conditionality

Membership conditionality is considered to be one of the most effective mechanisms to enhance compliance with EU demands in the third countries (H. Grabbe, 2006; Rudneva, 2019). On a broader level, the definition of conditionality is understood as “the use of fulfilment of stipulated political obligations as a prerequisite for obtaining economic aid, debt relief, most-favoured nation treatment, access to subsidized credit, or membership in the coveted regional or global organization” (Schmitter, 2001, p. 42). Schimmelfenning & Sedelmeier (2004, p. 442), shaping the external incentives model, define conditionality as a “bargaining strategy of reinforcement by reward, under which the EU provides external incentives for a target government to comply with its conditions”. In other words, conditionality is the logic of “stick and carrot” approach where EU membership is offered if demands are sufficiently met. Membership itself is associated with a full package including a visa-free regime, access to the common market, and security (Böhmelt & Freyburg, 2012). However, conditionality is not limited to membership only and within the external incentives model, it can vary in size and speed. If membership appears to be of the largest size, other rewards can be offered, such as DCFTA or partial access to the single market in the case of Eastern Partnership countries. According to Schimmelfenning & Sedelmeier (2004), speed or temporal distance can define the pace of compliance: it is expected that fulfilment of demands will be more likely the closer “payment” day is. For us, it means that we should expect higher compliance or progress in the run-up to reward. However, in their empirical research, Böhmelt & Freyburg (2012, p. 267) find that conditionality loses its importance right before the accession treaty, and countries tend to decrease their compliance afterward. This adds up to the significance of conditionality as a driver of compliance.

Thus, our first hypothesis will be the following:

H1: The presence of EU membership conditionality should result in a higher level of progress in the fight against corruption.

Financial assistance

Financial assistance to partner countries is considered to be one of the conditionality mechanisms (Grabbe, 2001). One of the main goals of financial assistance is to facilitate the implementation of policies and reforms declared in acquis or action plans. At the moment candidate countries are supported via Instrument for Pre-accession Assistance (IPA), while countries of the Eastern Partnership are assisted via European Neighbourhood Instrument (ENI). Previously, assistance to candidate countries was provided via separate programs, such as Phare, ISPA, SAPARD, and CARDS. They were aimed at improving institution building, transport infrastructure, and rural and agricultural development. CARDS program was specifically designed for Western Balkans countries to meet requirements set in the Stabilisation and Association Process (SAP) which can be considered as a pre-step towards the accession process. Besides, with current instruments, both groups of countries participate in TAIEX (Technical Assistance and Information Exchange) and Twinning programs that serve as a knowledge-sharing basis for strengthening and developing public administrations⁴. Despite the evident advantages of financial assistance in facilitating compliance with the EU rules and norms, existing studies show rather negative consequences of such support. Having assessed the impact of the EU financial assistance in Bosnia and Herzegovina and Serbia, Fagan (2013) concluded that only limited progress was achieved in terms of providing local NGOs with knowledge. Besides, assistance created only a few NGOs that professionally use grants provided by the EU, and the overall corrupt environment remains in place, while the EU funds just help to sustain it by providing the citizens “services that would otherwise not be provided” (Ibid, p. 66). Similarly, by studying the results of EU assistance to the former Soviet republics from 1992 to 2011, Shyrokykh (2017) demonstrates that assistance had a positive impact on human rights promotion only in states with higher capacity. In other words, initial conditions, such as administrative and institutional capacity are crucial for

⁴ See <https://ec.europa.eu/neighbourhood-enlargement> for more information.

effective management of provided funds. Thus, one can infer that financial assistance is expected to have a positive effect only if a state has a strong capacity.

Given the uncertain effect of financial assistance, we should expect a positive effect of assistance on compliance only in countries with a higher level of state capacity. Thus,

H2: The higher level of financial assistance increases progress in the fight against corruption given that the country has a strong state capacity.

Policy-specific conditionality

Given the uncertainty and extended process of accession negotiations in Western Balkans and the absence of membership carrot for the ENP countries, a shift from long-term membership conditionality to more short-term policy-specific ones can produce better results concerning the EU external governance expansion, democracy promotion, and improvement of anti-corruption policy. In this sense, sectoral policy (or functional cooperation with the EU) that can be fulfilled with fewer costs to the regime may serve as a better predictor of the difference in democratic governance, rather than membership aspiration or geographical region (Freyburg et al., 2011). Similarly, Lavenex (2008, p. 952) sees the opening-up of network policies and shift from hierarchical to network mode as an alternative instrument of the EU rule transfer in a context of decreasing readiness of the EU to new members. Visa facilitation and readmission agreements can be considered as a good example of extending network governance to the candidate and ENP countries by providing visa-free travel. In its win-win situation, the EU gets an additional lever to enhance reforms in third countries, and the governments of third countries can present visa negotiations as a success of their political tenure (Kruse & Trauner, 2008; Trauner & Manigrassi, 2014). This was a case for Ukraine, where the implementation of the anti-corruption policy was a major condition for obtaining a visa-free regime (Mushak, 2016). However, less transparent application of visa policy conditionality, i.e. without a proper reforms roadmap, may result in decoupling thereof from general domestic reform processes and getting associated with EU geopolitical concerns (Ademmer, 2012).

H3: The presence of policy-specific conditionality is associated with a higher level of progress in the fight against corruption.

Domestic factors

Other factors that strengthen or undermine conditionality are determinacy, credibility, and domestic adoption costs (Frank Schimmelfennig & Sedelmeier, 2004). Determinacy refers to the clarity of requirements. Political criteria, which are the initial step for opening accession negotiations, were vaguely formulated for countries before the 2004 Enlargement process. Realising the exceptional situation in the post-communist countries, the EU extensively elaborated membership criteria by detailing the elements of democracy and adding the fight against corruption as one of the conditionalities for the first time in the *acquis* history (Szarek, 2006, p. 7). In this sense, anti-corruption policy figures as a priority for both candidate and ENP countries in annual progress reports. Moreover, specificity and intensity, of the monitoring, which can be considered as derivatives of determinacy, positively affect the compliance level of third countries (Kahn-Nisser, 2013).

In turn, the credibility of conditionality is associated with the belief of third countries that the EU will keep its promise to offer a reward or withhold it in case of noncompliance. Rudneva (Rudneva, 2019, pp. 18–19) demonstrates the fragility of this parameter because of the unanimity rule in the EU: delayed progress in Croatia happened due to border conflict with Slovenia who joined before Croatia; North Macedonia was challenged by Greece and had to rename the country; Croatia itself blocked the opening of a new chapter with Serbia due to Croatian minority issues in the latter country. Although the potential membership of Western Balkans has never been questioned by the EU in comparison to Turkey, fluctuations in the negotiation process can be a considerable factor from the perspective of candidate countries. Another side of credibility is the credibility of threat which is tightly connected to asymmetrical interdependence of third countries from the EU (Zhelyazkova et al., 2019). It has been already mentioned that the EU turned to external governance as a way to ensure its security in face of increasing interdependence.

In the same way, candidate and partner countries may stick to compliance not to lose benefits stemming from economic dependence, e.g. in terms of exports.

H4: A higher level of economic dependence on the EU is positively associated with a progress in the fight against corruption.

On the domestic level, several factors can foster or hinder EU rule transfer: state capacity or adoption costs, the perceived legitimacy of the EU, and political polarisation. Domestic adoption costs refer to the initial capacity of a third country to meet the EU demands. Logically, a country with working democratic institutions will be more likely to comply with EU elections standards and receive positive feedback from the OSCE's Office for Democratic Institutions and Human Rights that serves as a base for judgement in annual progress reports. However, capacity and even membership opportunity can be less important if domestic elites have a presentiment that the fulfilment of the EU conditions may threaten the survival of the regime (Schimmelfennig, 2008; Vachudova, 2005). Such a situation will most likely discourage elites to comply with EU requirements and rather drive them either partially to fulfil some obligations or stick to chapters/provisions that are less dangerous to their incumbency. (Králíková, 2021) digs into the details of anti-corruption reform in Ukraine and demonstrates that partial implementation happened due to the resistance of traditional state institutions (Presidential Administration, courts, parliament) who protected their interests despite relatively successful projects and legal adoption of EU demands. Moreover, as was discussed before, compliance can be hampered if the EU lacks legitimacy in a third country (Börzel & Van Hüllen, 2014) or some demands go against national identity (Freyburg & Richter, 2010): demands, related to ethnic and territorial issues, that are widely present in both candidate and ENP countries.

What regards the political polarisation, Lavenex & Schimmelfennig (2011) only briefly mention that it can be a block for EU integration. Political polarisation can be defined as a "simultaneous presence of opposing or conflicting principles or points of view" (Fiorina & Abrams, 2008, p. 564). However, political polarisation can serve as an effective proxy to measure veto players' power in the system. According to the external incentives model,

EU rule transfer can be undermined by the domestic environment where certain actors can veto EU-driven reforms and thus hinder overall compliance (Schimmelfennig & Sedelmeier, 2020). Polarisation understood as an issue divide can demonstrate the presence of opposing views over Europeanisation in the parliament and public. Accordingly, polarized societies have a higher chance to be divided over the Europeanisation issue that has become salient in many EU and neighbouring countries (De Vries, 2018; Meunier, 2004).

Overall, the presence of a democratic regime should create fewer obstacles to the promotion of anti-corruption norms as elites are less interested in preserving their regime and built a corrupt network. A low level of political polarisation should indicate fewer veto players in the system that could block the promotion of the EU rules and the Europeanisation process in general.

H5: The higher level of state capacity in a neighbouring country leads to a higher level of progress.

H6: A lower level of political polarisation is associated with a higher level of progress in the fight against corruption.

Socialization

While conditionality is complicated by the ambiguous impact on compliance, socialization, to begin with, presents a difficulty in definitions. In other words, socialization can be understood and operationalized differently. For example, Kliewer & Stivachtis (2007) understand socialization as a process entangled with political and economic conditionalities. Feeling of being “ashamed” because of compliance failure drives countries to change their policies and to approach the international society as a more legitimate actor (Ibid, p. 144). Similarly, Kahn-Nisser (2016) operationalizes socialization as the mean score of other complying countries which creates a peculiar benchmark to follow. In contrast, Kelley (2006) thinks of socialization-based mechanisms in terms of the EU's persuasion power towards its partner countries. And Engert equates

socialization to what is understood in this work as Europeanisation: “process of adoption of constitutive norms...into domestic institutions” (Engert, 2010, p. 89). Other students of Europeanisation uncover socialization as part of political dialogue between the EU and domestic actors, be it government or NGOs (Börzel & Risse, 2012; Tina Freyburg, 2011; N. R. Smith, 2011). Overall, socialization within Europeanisation boils down to mechanisms and factors that go beyond simple incentives and cost-benefit model; namely, values, persuasion, and political dialogue.

In their attempt to conceptualize EU mechanisms beyond conditionality, (Börzel & Risse, 2012) devise a diffusion mechanism where Europeanisation is considered as a particular case of it. Diffusion is defined as a “process through which ideas, normative standards or... policies and institutions spread across time and space” (Ibid, p. 5). This definition is similar to what we understand under the Europeanisation term, but it can be applied to a wider range of events where norms tend to be transferred to, learned, or borrowed by other organizations. In their view, there are direct and indirect mechanisms of diffusion. Direct mechanisms are coercion, instrumental rationality, socialization, and persuasion. Legal or physical coercion is a situation where a violation of a rule or non-compliance results in sanctions, while instrumental rationality is reified in positive or negative incentives, i.e. imposed conditionality. While persuasion regards the ability of the EU to “persuade” third countries by providing evidence and arguments of the need to reform or improve, socialization involves a constant dialogue between the EU and partner countries where the latter learn from the EU (Ibid, pp. 6-11). The success of socialization largely depends on the activity of norm entrepreneurs (Finnemore & Sikkink, 1998). Indirect diffusion is based on emulation mechanism which can be observed in competition, lessons-drawing, or mimicry. On a high level, emulation assumes that the action of rule transfer starts at the receiving end, where the latter seeks a certain solution. It can come up to the decision to borrow rules and norms based on rational choice (best solution) or normative rationality (for example, belief in the EU norms as the best ones). Besides, the necessity for a change may root in the change happening among peers (Kahn-Nisser, 2015). In her study of the EU impact on human rights protection level, Kahn-Nisser (2016) equates emulation to socialization by finding an elegant solution to measure an indirect effect of peers: namely, the author measures progress in composed groups with

the expectation that better performance of neighbours should affect the higher performance of an observed country.

H7: A higher level of socialization leads to higher progress in the fight against corruption.

Civil society

Civil society can play a great role in the democratisation of a neighbouring country and translation of the EU norms and rules (Grimm, 2019; Mungiu-Pippidi, 2013a; Scott & Liikanen, 2010). To begin with, civil society is useful for a democratic government, as it improves state capacity by providing information and feedback, educating citizenry, promoting values and norms of different interest groups, and sharing the burden in the social sphere (Raik, 2006, p. 6). In 2001, Warleigh (2001), having studied European NGOs as politicization agents, concluded that they are “yet simply not ready to play this role” pointing at the absence of internal democracy in organizations, their unwillingness, and lack of resources. However, the recent literature, on the opposite, discusses the shift from conceptualizing governance of civil society to governance with civil society, where NGOs and other non-state actors become legitimate policymakers (Torfing, 2020). The new co-governance model breaks with tradition to see civil society as a target for initiatives driven by state agencies, which gives a huge lever to civil society and its ability to drive Europeanisation as well. Although for the last 20 years we have changed our perception and beliefs of civil society within a governance framework, Börzel et al. (2010, p. 144) underline that within Europeanisation mechanisms ensuring full participation of non-state actors in monitoring state-related reforms is still missing. Of course, the development of civil society is part of conditionality for both candidate and ENP countries, however, their participation in reforms is poorly defined and is not elevated to conditionality level. Cases of Slovakia, Turkey, and Ukraine show that civil society can enhance greater progress in various reforms, primarily in the fight against corruption, even given the limited EU incentives (Nizhnikau, 2017; Pawelke, 2010; Yilmaz, 2014). Nizhnikau (2017) specifically points out that the EU can play as an effective facilitator if its strategy is built on process-oriented logic. The process-oriented strategy is aimed at

building “functional rules, which are co-created under a broader societal control with participation of non-state stakeholders” (Ibid, pp. 156-157), while the outcome-oriented approach, focused on formal rules and results, gives more opportunity to elites maintain a status-quo by selectively and “wisely” complying with EU demands. Thus, non-state actors, their strength, and correctly built joint ownership of the EU, serving as a link in a causal mechanism, can explain the success or failure of promoted reforms.

H8: A stronger civil society is positively associated with the progress of a country in the fight against corruption.

Causal mechanisms

In addition, to discuss factors that can have an impact on the compliance of neighbouring countries with the EU demands, we should consider causal mechanisms that attempt to explain what conditions make compliance even possible. It should be noted though that literature mainly considers credible membership conditionality as a strong point for driving progress in neighbouring countries. However, countries of our interest present either no membership opportunity or a situation where the credibility of that conditionality is seriously hampered with prolonged negotiations and overall “enlargement fatigue” (Elbasani, 2013). Thus, the power of membership carrot decreases, but it is still counted as a possible factor of success. Below we discuss two mechanisms that can lead the compliance with the EU demands.

The first mechanism is presented in the study of the EU impact on managing levels of corruption in the Post-Communist countries conducted by Pavlovska-Hilaiel (2016). Her main aim is to understand why the EU’s efforts to fight corruption in Bulgaria, Georgia, and Montenegro produced different results. Since Bulgaria performed worse than Georgia and Montenegro, this study wants to understand what, if not a membership conditionality, drives progress in the fight against corruption. Her main proposition is that successful reform requires domestic ownership. So, domestic ownership becomes a necessary condition to be met. This ownership is focused on a high level of EU engagement in a dialogue with civil society organizations which become crucial in provided unbiased

feedback to the EU. Obtaining realistic feedback, the EU is possible to alter its conditions and incentives for guaranteeing a better delivery of anticorruption reforms (Ibid, pp. 29-30). This EU-Civil Society relationship should follow network mode rather than hierarchical one that is usually practised in the accession process. Besides, civil society organizations through social learning and close dialogue can better “internalize” rules and norms rooted in the EU standards and regulations (Ibid, p. 6). This approach resembles the linkage approach where the EU empowers civil society to enhance bottom-up democracy promotion. Nevertheless, instead of top-down support from the EU, this mechanism requires a network relationship with the EU and CSO being equal partners. Overall, the successful implementation of anti-corruption reforms requires the presence of close dialogue between the EU and civil society in a neighbouring country and unbiased feedback that helps the EU alter its incentives and conditions.

Causal mechanism 1:

Progress in the fight against corruption is conditioned by the presence of close communication of the EU with the civil society organizations where unbiased feedback is given to the former. Domestic ownership of the reform is a necessary condition of success.

The second model is based on the study of Ademmer & Börzel (2013). Authors note that membership conditionality and political misfit are the most crucial conditions that can explain success or failure in compliance with the EU rules and norms (Ibid, p. 582). Moreover, authors introduce policy-specific conditionality into their model which is less effective than membership but can be very effective for pursuing compliance with a certain policy. In their causal mechanism compliance is more likely if there is a good conditionality offer or high preferential fit with a demanded reform. For example, energy diversification and the fight against corruption being important elements of the liberal agenda of Saakashvili have seen great compliance with the EU standards even without a certain policy-specific conditionality. This is explained by the fact that the Georgian government at that time saw those reforms as preferential to their domestic agenda. When there is a preferential misfit, policy-specific conditionality can rectify the situation and lead to compliance, but it will likely be shallow, without a proper implementation or rule

application. In the case of a preferential misfit and no policy-specific conditionality, one can expect an “inertia” and no compliance (Ibid, p. 585). This mechanism, on the opposite, resembles a governance model of democracy promotion, where engagement of the EU into the improvement of aspects of good governance can yield better results than hierarchically pushing for changes of integral democratic institutions, such as elections or regime.

Causal mechanism 2:

Progress in the fight against corruption can be possible if there is a preferential fit of the reforms on a domestic level and the presence of policy-specific conditionality from the EU side. Progress still can be partly achieved in presence of policy-specific conditionality only.

2. Methodological chapter

2.1 Hypotheses and causal mechanisms

Conditionality

H1: The presence of EU membership conditionality should result in a higher level of progress in the fight against corruption.

H2: The higher level of financial assistance increases progress in the fight against corruption given that the country has a strong state capacity.

H3: The presence of policy-specific conditionality is associated with a higher level of progress in the fight against corruption.

Domestic factors

H4: A higher level of economic dependence on the EU is positively associated with a progress in the fight against corruption.

H5: The higher level of state capacity in a neighbouring country leads to a higher level of progress in the fight against corruption.

H6: A lower level of political polarisation is associated with a higher level of progress in the fight against corruption.

Socialisation

H7: A higher level of socialisation leads to higher progress in the fight against corruption.

Civil Society

H8: A stronger civil society is positively associated with the progress of a country in the fight against corruption.

Causal mechanism 1 (related to Civil Society)

Progress in the fight against corruption is conditioned by the presence of close communication of the EU with the civil society organizations where unbiased feedback is given to the former. Domestic ownership of the reform is a necessary condition of success.

Causal mechanism 2 (related to domestic factors + policy-specific conditionality)

Progress in the fight against corruption can be possible if there is a preferential fit of the reforms on a domestic level and the presence of policy-specific conditionality from the EU side. Progress still can be partly achieved in presence of policy-specific conditionality only.

2.2 Research design and methods

In order to test hypotheses and causal mechanisms, this study employs mixed methods, i.e. both quantitative and qualitative methods. Nevertheless, within this study, it will be more correct to say that we apply both Frequentist and Bayesian approaches in inferential statistics in order to find an answer to our research question. To put it simply, frequentist statistics keeps parameters fixed where data can vary. In opposite, Bayesian statistics can update parameters based on incoming data. In the first part of empirical chapter, we create a model which shows interference and dependencies based on pre-defined parameters, such as a distribution of data. However, data rarely follows ideal distribution, especially progress in anti-corruption efforts that can be very noisy or unstructured across years. Here comes a Bayesian approach that uses prior beliefs about probability of hypotheses and then updates them with new data. Regression analysis will help us to understand significance of certain factors, so we can form our prior beliefs and then update them with qualitative data, i.e. evidence for or against.

This idea behind such research design is based on Schimmelfennig's "efficient process tracing" method (2014). According to him, a process tracing is best used to complement analyses of congruence (for single cases) and comparative analyses (for two or more cases)", as we have an "initial suspicion" that theorized mechanisms are present and externally valid (Ibid, p. 104). Frequentist statistics, regression analysis in our case, provides an external validity for theoretically derived mechanisms or conditions, while "efficient process tracing" will double-check their internal validity within a case study.

Regression model

As our dependent variable is proportional – restricted from 0 to 1 – usual OLS regression cannot be applied. This is simply incorrect because OLS regression draws a predicted line that can be smaller than 0 or larger than 1. This violates our logical assumption: dependent variable can be limited only to range from 0 to 1. As our data is not normally distributed, there is a need to find a proper distribution model.

Political science and social sciences in general deal with a lot of proportional data, e.g. rates and voter turnouts; however, we did not find methodological articles that attempted to tackle this issue within the discipline. Nevertheless, the most popular solution was devised by Ferrari & Cribari-Neto (2004). They specifically designed a statistical model for rates and proportions that uses a beta-distributed response. According to authors, it helps to overcome several issues that emerge when usual linear regression is applied. First, the model takes into account 0-1 range restriction. Second, it doesn't require to transform a dependent variable like in usual regression models which can result in a more complicated interpretation of output (Ibid, p. 799). Moreover, Cribari-Neto & Zeileis (2010) created a "betareg" library in R software which simplifies calculations and model building for our study.

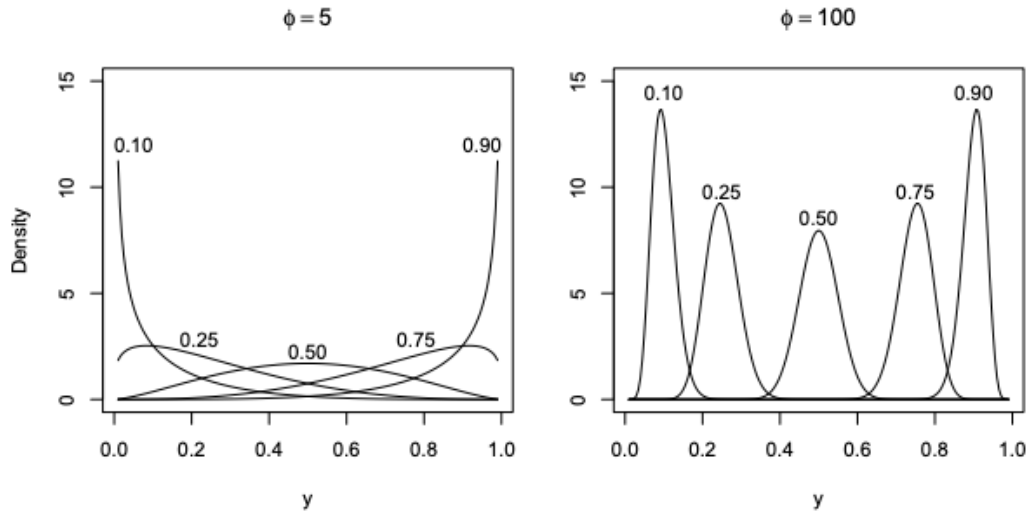


Figure 1. Probability density functions for beta distributions with varying μ and ϕ parameters.

Source: Cribari-Neto & Zeileis, 2010

Let us proceed to several properties of beta regression. The first one is distribution. Beta distribution assumes that data is bound by 0-1 range. It is intuitively simple as it uses only two parameters: μ – mean and ϕ – precision or variance. Figure 1 illustrates how using two varying parameters creates a distribution. Second, parameter estimation of the model is performed by maximum likelihood as it is usually done in logistic regressions. That is why model's performance can be assessed through Pseudo-R². In similar way, instead of

beta coefficients that can be easily interpreted and put into $[y = a + \beta_1 x_1 + \beta_2 x_2 + e]$ equation to predict a line, this model predicts the logarithm of the odds (log-odds). To make log-odds more interpretable, we should transform them back to the scale of odds by raising e to the power of the resulted coefficient.

Diagnostics of models

Beta regression models were devised comparatively recently (Cribari-Neto & Zeileis, 2010; S. Ferrari & Cribari-Neto, 2004). As a result, methods of diagnostics are still discussed in academia (Espinheira et al., 2008, 2017; S. L. P. Ferrari et al., 2011). Another domain of discussion holds place on popular platforms, such as “StackExchange” or “Stack Overflow”, where one of the designers of the *betareg* package in R software answers the questions. Although it is quite a young method, it has been already applied in some practical research (Hunger et al., 2011, 2012). One clear thing is that diagnostics differs from usual OLS models. Dependent variable should not be normally distributed. The same assumption can be applied to the residuals⁵. One of the concerns is that some beta regression models can be heteroscedastic. However, Espinheira et al. (2017, p. 2) note that beta regression models are “naturally heteroscedastic” and do not require any data transformation. As discussion is still in active phase, in addition to standard diagnostic checks provided by function *plot()* within *betareg* package, this study will employ Breusch-Pagan test for the detection of heteroscedasticity in the models and report results with robust standard errors to ensure the validity of conclusions.

Besides, initial beta regression models contained autocorrelation of residuals due to its time-series character. One of the solutions was to include a lagged dependent variable, however, some studies argue that this will create a bias for panel data with less than 20 observations per country (Beck & Katz, 2011), or lagged variable can distort estimates of other predictors and lead to incorrect inferences (Bellemare et al., 2017). Introduction of lagged variable dramatically decreases significance of many factors due to the fact that higher variance is explained by the previous year performance. Thus, it is important to

⁵ Mark White (<https://stats.stackexchange.com/users/130869/mark-white>), How do I perform diagnostic checks on a beta regression?, URL (version: 2018-03-10): <https://stats.stackexchange.com/q/332654>

include the lagged variable into the model to ensure validity and rigidity of presented results. Also, to preserve a panel nature of data, this model includes countries into the beta regression as fixed effects. This, however, does not enable us to check the effect of membership opportunity which was decided to be analysed via separate beta regression model with fixed effects and lagged variable.

In order to select the best model, this study tested out the following models for each dependent variable. Two alternative regression models – beta and panel regressions – were introduced to compare effects and strength of predictors in each of them. Comparison is not direct, as they use different metrics. The closest way to approach their metrics is R-squared: R-squared for beta regression and overall R-squared for panel regression that takes a weighted sum of between and within R-squared estimates.

Beta regression models:

- Only fixed effects model
- Only predictors (no fixed effects)
- Fixed effects and predictors
- Fixed effects, predictors, and the lagged dependent variable as a predictor

Panel regression models:

- Fixed effects panel regression
- Fixed effects panel regression with the lagged dependent variable as a predictor

As a result, it was preferred to consider beta regression with fixed effects and lagged dependent variable as it lacks heteroscedasticity and autocorrelation of residuals. The same is true for panel regression model with lagged variable. They both passed checks and diagnostics. However, beta regression uses our dependent variable as it is, from 0 to 1 range, while it is necessary to take logit transformed form of the dependent variable. We also standardized Control of Corruption index to be within 0-1 range to be comparable with the EU-assessed progress. Usage of panel regression requires dealing with logit transformed DV and an alternative DV ranging from -2 to +2 which can make this study more confusing.

Logic of the model selection can be found in Appendices 8-9. More details about the models and their diagnostics can be found in the R notebook⁶.

Process tracing

According to Beach (2018, p. 2), process tracing is “an in-depth within case study method for tracing causal mechanisms and how they play out within an actual case”. One of the ways to apply process tracing is to use a Bayesian logic where each evidence is weighted against alternative hypotheses. Thus, the output of an analysis yields probabilities of all hypotheses in the light of the presented evidence. The main advantage of such an approach is its transparency and traceability for a reader. However, this study decided to opt-in for predominately a case study method with elements of tracing the causal mechanisms derived from the theoretical framework. The main reason is that the examined evidence is too complicated and intertwined to be assigned with probabilities. Plus, hypotheses or causal mechanisms cannot be treated as mutually exclusive which make the testing part (in a formal Bayesian logic) practically impossible. Two theorized causal mechanisms cannot be easily operationalized on cross-country level and fit into the statistical model, and the only way to test them within the scope of the study is to analyze a presence or absence thereof in a certain case (country). Besides, such case-study will help to validate the results of the statistical model by opening up the black box and explaining the specific situation and interconnection of conditions and mechanisms discussed within this study.

Bennet (2004) distinguishes three methods of within-case analysis: process tracing, congruence testing, and counterfactual analysis. While process tracing is focused on the behaviour of intervening variables between the hypothesized cause and observed effect, congruence analysis is more related to analysing independent and dependent variables without much focus on intervening variables (Ibid, pp. 22-25). This study will trace the process, interaction and development of causal mechanisms over the years of interest and will also treat elements of the causal mechanisms as independent variables in a quasi-

⁶ Link to the R notebook: <https://drive.google.com/file/d/16eYHm1-VDeN2zrrlhNiLLs7G4W4YJ5St/view?usp=sharing>

comparative study between two periods within a case study to add validity to results. Causal mechanisms will be checked against given evidence with help of classical process tracing tests – “straw in the wind”, “hoop test”, “smoking gun”, and “double decisive test” (Van Evera, 1997). Those tests are based on criteria of necessity and sufficiency to explain the evidence (Mahoney, 2012). For example, if evidence passes the “hoop” test, it does not fully confirm the hypothesis but asserts its necessity. Failing to pass this test eliminates the hypothesis, as it was necessary to establish a causation.

2.3 Case selection

Case selection for the first quantitative phase is determined by the availability of data and occurring transformation of EU approach to Enlargement and ENP. The main source of data is annual progress reports issued by the EU. Based on available reports, choice was constricted to the EaP and WB candidate countries (based on their communist past) between 2004 and 2020. This is dictated by availability of progress reports for EaP countries. Besides, 2004 was the year of creation of European Neighborhood Policy and reconsideration of Enlargement Policy which may serve as a starting point for comparing the performance of both EaP and candidate countries given the growing “enlargement fatigue”. “Running on empty” accession process after 2004 enlargement (O’Brennan, 2014) made de jure distinction between candidacy and partnership more and more nebulous. This gives a ground to compare diversity in conditionality and analyse significance of less salient factors of external governance.

The study involves Eastern Partnership (EaP) and Western Balkan candidate countries. EaP countries include Azerbaijan, Armenia, Georgia, Moldova, and Ukraine. Belarus is not present in data. Despite the fact that Belarus formally belongs to the Eastern Partnership framework (Rotman & Veremeeva, 2011), its legal relationship with the EU is very limited. The Partnership and Cooperation Agreement (PCA) concluded between the EU and Belarus has not been ratified yet due to political setbacks in Belarus (Karliuk, 2018, p. 68). That is why Belarus formally is not a subject to annual progress reports which means no available data that could be comparable to other observed countries. Western Balkan countries include Albania, North Macedonia, Kosovo, Bosnia and

Herzegovina, Montenegro, Serbia, and Croatia. Reports available for Croatia include 2005-2012 years, as a year later Croatia became an EU member.

Both EaP and WB candidate countries share a lot of similarities that partly were covered in the first section of the theoretical chapter. First, they are both considered as an EU neighbourhood. Besides, they are both taken as genuinely European countries that can pretend for a membership according to the EU treaties. When establishing an Eastern Partnership initiative, the Polish minister of foreign affairs, Sikorski, noted: “We in Poland draw a distinction between the southern and eastern directions of the EU foreign policy, and it consists the following: to the south of the EU there are neighbours of Europe, and to the East – European states. It is a big difference” (statement by Sikorski cited in Rotman & Veremeeva, 2011). Second, these two groups of countries present an ideal experiment where one gets a clear membership opportunity within a pre-accession process, while another group was not promised a membership and conditionality was limited only to a share in the single market. Third, both groups have access to Visa facilitation process which gives us opportunity to test an impact of policy-specific conditionality on compliance level. Fourth, and it was mentioned in the theoretical chapter, both EaP and WB countries are monitored through the same logic of annual progress reports that are, despite the minor discrepancies, have similar “acquis” structure that makes coding of the dependent variable – progress in fight against corruption – more comparable. Fifth, “Enlargement fatigue” significantly decreased credibility of membership carrot which also equalizes the country groups towards approaching their commitment to the EU-driven reforms. Last, but not the least, both EaP and WB countries share a post-communist legacy that had similar corruption patterns as it is widely noted in the literature (Karklins, 2005; Miller & Koshechkina, 2001; Sandholtz & Taagepera, 2005). This helps us to lessen control of country-specific parameters of corruption manifestation and focus more on the Europeanisation mechanisms.

For the process tracing, a case is selected proceeding from the regression. It can be either the most typical case or an outlier. As a process tracing “requires enormous amounts of information” (George and Bennett 2005, p. 223), statistical method should help us define and cut down choice to the most suitable case to trace the mechanisms and their interplay within in-depth study. The case of North Macedonia was selected as the most suitable for

testing two causal mechanisms and validating the statistical model. Explanation is given in the empirical section. Time period was not explicitly limited, but the years 2014-2018 were mostly covered, as this period was marked by the political crisis. Thus, this study could understand the change of conditions before and after the crisis.

2.4 Dependent variables: measuring the fight against corruption

One of the most challenging tasks within the study was to measure progress in the fight against corruption in the EU neighbourhood. Fight against corruption is more associated with success in building an anti-corruption framework, administrative and institutional capacity to control and prevent any manifestations of corruption. Thus, measuring corruption manifestation only is not the best approach, although it works as a good proxy to the success of a government to resist it. We dedicated a section in the theoretical chapter to understand what fight against corruption is, how it is approached and measured, especially in the Europeanisation scholarship. We concluded that measuring only anti-corruption policy initiatives is not enough, and there should be a more holistic approach to capturing a country's effort to resist corruption. To remind, we decided to stick to two approaches that I name, for the sake of brevity, Börzel's approach and IPI approach. By Börzel's approach, I understand fight against corruption as progress made in following types of reforms: state reforms, economic reforms and democratic reforms (Börzel et al., 2010). IPI or Index of Public Integrity approach is an actual measurement devised by Mungiu-Pippidi that also takes a holistic approach to capturing a country's ability to resist corruption by theorising those factors either as opportunities or constraints (*Index of Public Integrity*, n.d.-a; Mungiu-Pippidi, 2017). As we have discussed advantages and disadvantages of other existing corruption indicators, we decide to employ a Control of Corruption index, created by the World Bank, as a validator and alternative source for comparing our coding results to a well-established indicator used worldwide (*Control of Corruption: Estimate*, n.d.; Rose-Ackerman, 1997). It should be noted that we cannot directly take an IPI index, as it has data only for two years, and manual extension is impossible due to the lack of data for several components that are included in the index. That is why the most optimal solution will be to rebuild index using coding results from progress reports and complementing them by available components from the IPI index.

To make it clearer, annual progress report issued by the European Union is a document that fixates the state of the relationship between the EU and a third country or political dialogue, extent of assistance provided by the EU in a certain year, and progress achieved by a third country in policy sectors that can be divided into political and economic criteria. Political criteria include such areas, as a state of democracy, elections, public administration, human rights, judiciary and fight against corruption. Economic criteria touch upon taxation, customs, public procurement, money laundering, and etc. Of course, education, foreign and social policy are also included. All in all, these reports repeat the logic of *acquis communautaire* and the chapters that should be negotiated between the EU and a candidate country. What is more important, the EU attempts to give an estimation to the extent of progress which is usually marked by phrases: “good progress”, “no progress”, or “some progress”. This is more straightforwardly put for candidate countries, while for EaP countries this is expressed in more vague and diplomatic words which made the codification process a bit more complicated.

Our task is to come up with a method to estimate an overall progress in the fight against corruption which is not limited to anti-corruption policy only. For that we employ the above-mentioned approaches. In study conducted by Börzel et al. (2010), one can find following typology to state, economic and democratic reforms. Economic reforms include taxation, customs, public procurement, privatization, competition, business conditions, and SME-development (or Enterprise and industrial policy in terms of *acquis* chapters). Democratic reforms consist of electoral framework, independence of judiciary, reform of the judiciary, parliament strength, party development, civil society and freedom of assembly, freedom of expression (independence of media), human and minority rights. Reforms of the state assumes progress in civil service of public administration, anti-corruption policy and judiciary as well. Given uncertainty over judiciary, we would rather attribute it to the state reform category as it is part of state, and its independence strengthens transparency of administrative institutions. We also exclude privatization from our coding because it is more articulated in the earlier reports (2004-2005 years) and becomes less important or absent in later reports. Also, we do not consider civil society and freedom of assembly as elements of the fight against corruption as it stands as one of the important independent variables in our model.

Another approach – *Index of Public Integrity* – is very similar in terms of elements included into the formation of corruption resistance. Authors of the index include following sections: judicial independence, administrative burden, trade openness, budget transparency, e-citizenship, and freedom of the press (*Index of Public Integrity*, n.d.). Originally, data on judicial independence is taken from World Economic Forum Global Competitiveness ranking; data on administrative burden and trade openness from World Bank Doing Business; data on budget transparency from Open Budget Survey; data on e-citizenship from International Telecommunication Union's (ICT) dataset and Internet World Stats; data on freedom of the press is taken from the Freedom House Freedom of the Press report. Initial idea was to take original index and re-collect data for data range we are interested in. However, the problem is that large chunk of dataset is not available in other years or is gathered on bi-annual basis. That is why we decided to re-assemble with the results of manual coding of progress reports and add additional data that is available in original IPI index. Data has been standardized and rescaled from 0 to 1, to fit the beta distribution model.

In turn, *Control of Corruption* has been employed as a benchmark and validation of the manual coding. Although Transparency International Corruption Perception Index is more popular, it has shortcomings when it comes to cross-temporal comparison. Data before 2012 was collected using different methodology which makes it impossible to compare with later reports – thus, assumption of data reliability fails. Control of corruption index was created by the World Bank as one of the six elements of Worldwide Governance Indicators which includes: 1) Voice and Accountability, 2) Political Stability, 3) the Absence of Violence, 4) Regulatory Quality, 5) the Rule of Law, and 6) Control of Corruption (Hamilton & Hammer, 2018, p. 13). The indicator was designed to capture “extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests” (*Control of Corruption: Estimate*, n.d.). In order to keep the same model, indicators for countries were standardized and rescaled from 0 to 1 to fall under beta distribution, where 0 – most corrupt, 1 – least corrupt.

As been said, our data for dependent variable has been taken mainly from progress reports. Progress reports are available from 2004 until 2020. Progress reports for EaP countries take into account a previous year, meaning that the report issued in 2005 overviews progress achieved in 2004. In turn, for the WB countries progress issued in 2005 overviews progress achieved from the 3rd quarter of the previous year until the 3rd quarter of the issued year. Thus, issued year is taken as a revised year for WB countries. In total, 148 reports were found and coded against above-mentioned reform sectors. For a more detailed information on availability of reports, one can find it in *Appendix 3*.

Progress in each section is coded from 0 to 2. It has been decided if there are phrases “no progress”, “limited progress”, “serious concern”, “week progress”, then a section gets 0. If there are phrases “adopted”, “in the process”, “some progress”, “moderate progress”, “good, but there are concerns, challenges”, then a section gets 1. And if there are words “good progress”, “compliance” etc., then a section gets 2. For creating an overall progress, we sum results of each section and divide by maximum possible result. If there are 10 sections, then the maximum result is 20. This way we get a proportion data and progress viewed as a percentage. **Detailed codification of each element can be found in the google spreadsheet⁷.**

As we are not able to reassemble original IPI index, usage of the same components, although slightly modified, can result in yielding similar dependent variables. Components included in each index and their correlations can be found in *Appendix 4*. Correlation analysis (*Appendix 4*) demonstrates that vast majority of components are positively associated between each other which means that all areas of reforms drive towards better governance. It means that we expect better performance in democratic reforms if we also see improvement in state or economic reforms and vice versa. However, not all components reach the level of statistical significance.

Another step is to understand the correlation between two versions of progress index and standardized Control of Corruption. Two more indices were also added, namely Corruption score from Freedom House Nations in Transit report and Corruption score

⁷ Detailed codification can be found here: <https://shorturl.at/cgvJM>

from V-Dem project. As our indices are not normally distributed, Spearman correlation coefficients were computed for non-parametric data. *Figure 2* shows that correlation of selected indices is significant. As expected, there is a strong positive correlation between Börzel's type of progress index and IPI index (which was also manually assembled). There is also some level of correlation between Control of Corruption and both indices at statistically significant level. Besides, we also observe quite a strong correlation between Control of Corruption and Freedom House assessment of corruption control level in examined countries. The same is valid for V-Dem corruption index and Control of Corruption, although correlation is negative as V-Dem index shows level of corruption where more is worse. Given the results of correlation analysis, there is no necessity to build regression models for both types of progress indices, and only one can be left noting their strong correlation level. Based on the results, IPI index seems to correlate most with other existing indicators of control of corruption which makes IPI index more valid and reliable.

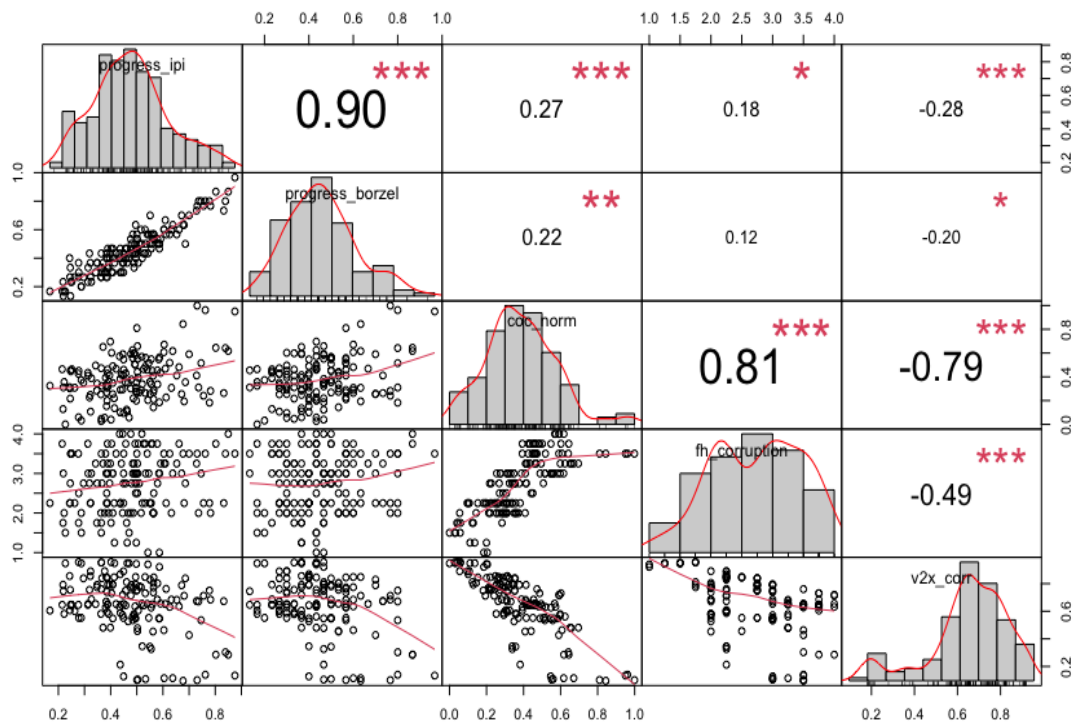


Figure 2. Correlation analysis of dependent variables and other estimates of corruption and control of corruption.

To recap the section on dependent variable, there was a need to come up with a measurement for progress in the fight against corruption. The theoretical part of this study concluded that holistic approach to the fight against corruption is more preferable. Several policies relating to the field of democratic, state and economic reforms were selected for building one comprehensive index. To make it more valid, two version of index were chosen, based on Börzel's study and Mungiu-Pippidi's Index of Public Integrity. Besides, this study also employs World Banks Control of Corruption index as a validation tool and as an alternative measurement of progress. It should be noted that Control of Corruption is more objective while our progress index shows more a perceived assessment from the EU side. Deriving from a correlation analysis, there was a decision to leave only the IPI-based progress index and the World Bank Control of Corruption as our dependent variables.

Dependent variables

- **Progress in the fight against corruption.** Continuous variable, ranging from 0 to 1. Indicates a perceived progress from the EU point of view. Sources: Annual EU progress reports + Freedom of expression (Freedom House) + International Telecommunication Union's (ICT) dataset.
- **Control of Corruption.** Continued variable, standardized and rescaled from 0 to 1. Indicates a country's capacity to control and resist corruption. Source: World Bank.

2.5 Independent variables

NB: Descriptive statistics of independent variables (mean, standard deviation, distribution) can be found in Appendix 2.

- ***Membership offer***

Type: dummy

This variable is pretty straightforward. It is a dummy variable, where countries offered membership are operationalized as 1, and countries with no membership perspective get 0. To repeat, Western Balkans countries were offered a membership, while countries included in the Eastern Partnership were not promised a membership, but rather a stake in the EU internal market.

- ***Policy-specific conditionality***

Type: categorical

This variable is more difficult to operationalize, as policy-specific conditionality can vary from country to country. However, Visa facilitation and readmission agreement was available to all countries in our sample. Some of them progressed and by some point reached a visa-free travel, while others are still in the process of negotiations. Information on the progress in visa facilitation process is taken from the EU official website.

0 – No visa facilitation process;

1 – Visa facilitation process has been opened;

2 – Visa agreement has been achieved, and visa-free travel is reality.

- ***Financial assistance per capita***

Type: continuous

Financial Assistance can be provided through many channels and programmes. To make it more comparable, decision was to measure financial aid received by main instruments for the candidate and ENP countries. Currently, candidate countries enjoy funding through instrument for pre-accession assistance (IPA), and ENP countries get assistance through European Neighbourhood Instrument (ENI). Before IPA was provided through separate programmes, such as CARDS, PHARE. Where it is possible, information on financial assistance is taken from EU's main website, general information and detailed action programmes. Otherwise, this study refers to annual progress reports, where

financial assistance information is provided as well. Another problem is that some countries receive more assistance, as they are larger in population and size. That is why financial assistance (measured in euros) is divided by population of a country in a given year.

- ***Economic dependence***

Type: continuous

International trade in goods is taken as a proxy to measuring the economic dependence of neighbouring countries from the EU. According to our hypothesis, countries who depend more on the EU in terms of goods exports should have more motivation to comply with the EU rules and norms. Trade is highly regulated in the EU, so neighbouring countries and entrepreneurs have to keep up with all changes in order to maintain profit. This is considered as a positive externality of Europeanisation where countries are indirectly encouraged to comply with the EU, otherwise, they get the higher probability to miss potential profit. Thus, this variable is operationalized as an export volume divided by population, i.e. export per capita. It is measured in euros per person.

- ***State capacity***

Type: continuous (from -2.5 to 2.5)

We theorized that financial assistance will be effective only if a receiving country possesses high level of state capacity. State capacity can be approached in different ways. According to Akbar & Ostermann (2015), capacity of the state can be measured against its success in carrying out its traditional and modern roles. Traditional role refers to the Weberian concept of the state: “degree to which a state is able to monopolize violence within a delimited territory” (Ibid, p. 847). This links to the ability of the state to enforce legislation through policy and army, and, of course, through tax collection. Modern role of the state, instead of traditional sovereignty and security, is focused on maintaining social and economic welfare of citizens, r put it shortly, “ability to provide for its citizens”

(Ibid, p. 851). Although it can become very problematic to measure modern state capacity, as there is a plethora of social and economic policies within any government, one of the most widely used indicators of state capacity is the World Bank's Government Effectiveness Index (Hanson & Sigman, 2013; Lee & Whitford, 2009). It ranges from -2.5 (least effective) to 2.5 (most effective).

- ***Political polarisation***

Type: continuous (from higher to low level of polarisation))

As we defined before, political polarisation refers to the situation when there is presence of conflicting points of view in societal or political spheres. At first, it can be argued that any society has a divide at least over one issue, so polarisation is omnipresent. This variable operationalized through "Polarisation of society" (v2smpolsoc) from the V-Dem dataset. There is also another variable "Political polarisation" (v2cacamps) which seems to be more relevant, but in fact, it measures the "extent to which political differences affect social relationships" (Coppedge et al., 2021, p. 224). That rather captures the manner of interaction between different political groups and their supporters. "Polarisation of society" is built on the following question: "How would you characterize the differences of opinions on major political issues in this society?" (Ibid, p. 329). It is main idea to see if there is a general agreement or polarisation in society over main political issues. It is originally an ordinal variable that ranges from 0 to 4, where

- 0 – serious polarisation (on almost all key issues);
- 1 – moderate polarisation (on many key issues);
- 2 – medium polarisation (on half of key issues);
- 3 – limited polarisation (on a few key issues);
- 4 – no polarisation (there is a general agreement on political issues).

It was transformed into a continuous variable.

- ***Socialisation***

Type: continuous (from 0 to 1)

By following the logic of Kahn-Nisser (2016) we understand socialisation as a progress achieved by the peers in the group. Thus, a higher level of progress of peers should work as a pressure mechanism. For measuring socialization, this study takes an average progress made by countries within a group (WB or EaP countries) excluding a country of interest, and then this value is assigned to the country. For example, to understand socialisation value for Azerbaijan in 2015, average level of progress is taken in Armenia, Georgia, Ukraine, and Moldova to understand how in average peers of Azerbaijan are doing in the fight against corruption. On high level, if there is a certain pattern in the progress within a region, socialization should be correlating with progress level.

- ***Strength of civil society***

Type: continuous (from 0 to 1)

For understanding activity and strength of civil society in a country, V-Dem's civil society participation index is employed (v2x_cspart). By means of Bayesian factor analysis index takes into account participation environment for the civil society organizations (CSO), women's involvement in CSO, extent to which CSOs are consulted by policymakers (Coppedge et al., 2021, p. 51). According to V-Dem conceptualization, civil society organizations include "interest groups, labour unions, religiously inspired organizations (if they are engaged in civic or political activities), social movements, professional associations, and classic nongovernmental organizations (NGOs), but not businesses, political parties, government agencies, or religious organizations that are primarily focused on spiritual practices" (Ibid, p. 192). This coincides with the vision of the study, as only politically active CSOs are relevant for understanding their impact on progress in anti-corruption efforts. It is a continuous variable, ranging from 0 to 1, from low to high.

3. Empirical analysis

3.1 Any progress in the fight against corruption?

This part aims to illustrate an overall dynamic of our dependent variables which measure the progress in the fight against corruption. To remind, one variable was assembled by the author on the basis of 148 progress reports. After the reports were coded, based on the methodology of the Index of Public Integrity and theories of Börzel et al. (2010) and Mingui-Pippidi (2017), the dependent variable was reassembled. We can name it an IPI-based progress. Another variable is taken from the World Bank, it measures Control of Corruption. Although it ranges from -2.5 to 2.5, the author decided to rescale it from 0 to 1 to make it more comparable with the previous variable and make it eligible for the beta regression model, so two different measures can be approached through the same statistical model.

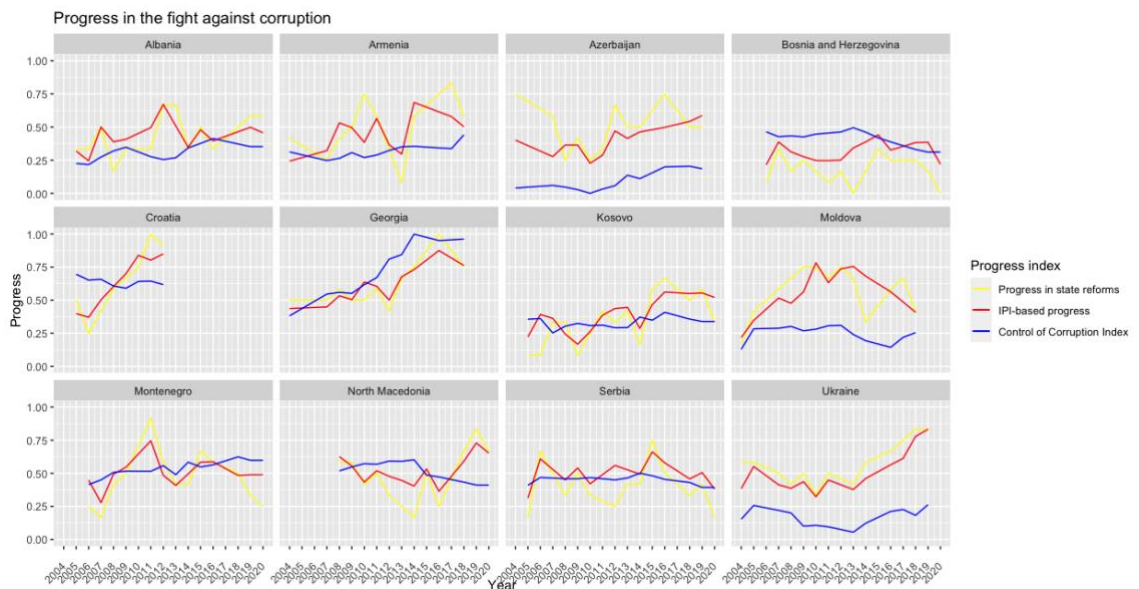


Figure 3. Progress in the fight against corruption through alternative measurements.

Figure 3 illustrates an annual dynamic of the progress in the fight against corruption through 3 different indicators: progress in state reforms only, IPI-based progress, and

Control of Corruption. It is important to understand how the manual coding differs from the more reliable WB's Control of Corruption. Progress in state reforms highly correlates with the main variable – IPI-based progress, which is expected, as it is one of the components. It also should be noted that the manually coded progress reflects the subjective vision of the EU, so it is EU-perceived progress. One can see that both indices follow the same dynamic on year axis, except Croatia. However, reports tend to overestimate progress for certain countries, namely Ukraine, Armenia, and Azerbaijan. Case of Croatia is interesting, as the reports were showing annual progress in the fight against corruption. The closer Croatia was to the EU accession, the better results it showed. Meanwhile, the Control of Corruption demonstrates no progress.

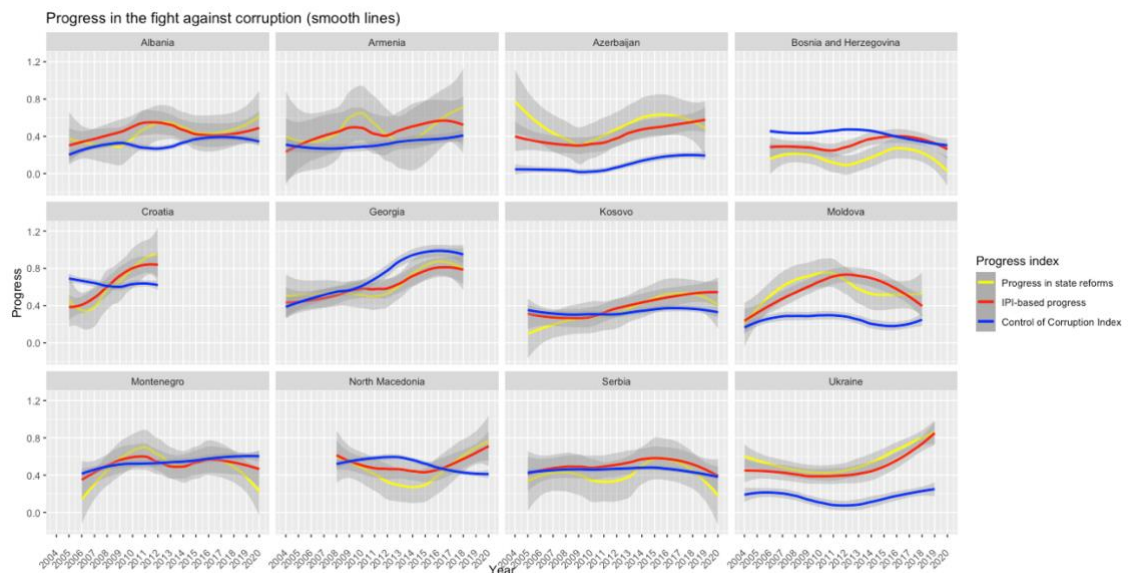


Figure 4. Progress in the fight against corruption through alternative measurements - smoothed lines.

Figure 4 shows the previous graph, but with smoothed lines. This helps to understand overall trend per each country. One can notice that majority of examined countries had no progress in the fight against corruption over the years if compared against Control of Corruption index. The best performers in terms of change dynamic are Georgia, Armenia, Azerbaijan, and Montenegro. However, the overall variation is quite low among all countries. A different picture can be captured when the progress is compared against IPI-based index. Majority of countries show a slight progress over years. Some countries, like

Moldova and Serbia, form an inverted U-shape which can denote a gradual disenchantment in the approximation with the EU rules and norms. Moldova clearly shows less EU-perceived progress after it had signed DCFTA with the EU.

3.2 Correlation analysis

Correlation analysis evaluates the strength of relationship between two variables. This is the next step before running regression models which helps us understand several things. First, we can observe a bivariate association between the dependent variables and predictors, while the regression model will yield the multivariate output. Second, through bivariate correlation, we can detect highly correlating predictors and exclude one of them to avoid a potential multicollinearity in the model. Multicollinearity is the situation when one predictor in the model can be explained by another predictor with a high degree of accuracy. This affects reliability of the model, increases standard errors of correlating predictors, and as result, leads to distorted estimates and high possibility of errors when deciding to stick to a null hypothesis. This type of error assumes that we fail to reject a null hypothesis or no effect hypothesis and make a wrong decision. We conclude no effect of the predictor while, in fact, it is present.

As a majority of our variables is not normally distributed, the correlation analysis employs Spearman's method which has no requirement of a normal distribution. Similar to classical Pearson's method, it can be applied to continuous data, however, it takes ranks of the variables and focuses on monotonic relationship, i.e. counts for the similar change of both variables, but not necessarily at a constant rate (Franzese & Iuliano, 2019). If the output is equal to 0, then there is no correlation between variables. Negative association takes the range from 0 to -1, while the output of a positive association ranges from 0 to +1. Strength and statistical significance are displayed through stars.

IPI-based index assembled from the EU annual reports

Correlation analysis between IPI-based progress and other independent variables shows uneven results (Figures 5-6). Although association is not strong, membership

conditionality negatively correlates with EU-perceived progress in the fight against corruption (-0.14). This can be attributed to the fact that Western Balkans countries, due to their accession possibility, have stricter monitoring than their Eastern Partnership counterparts. Visa facilitation process, however, is positively associated with the progress (0.30). Civil society strength and state capacity have a significant positive association with the progress (0.47). Other variables of interest - economic dependence, financial assistance, political polarisation, and socialization – show no statistical significance, although the direction of relationship is in accordance with our theoretical expectations. On multicollinearity, there is a strong positive relationship between membership, visa facilitation process, and financial assistance. Membership opportunity correlates strongly with financial assistance (0.74), which means that WB countries get significantly more than EaP countries.

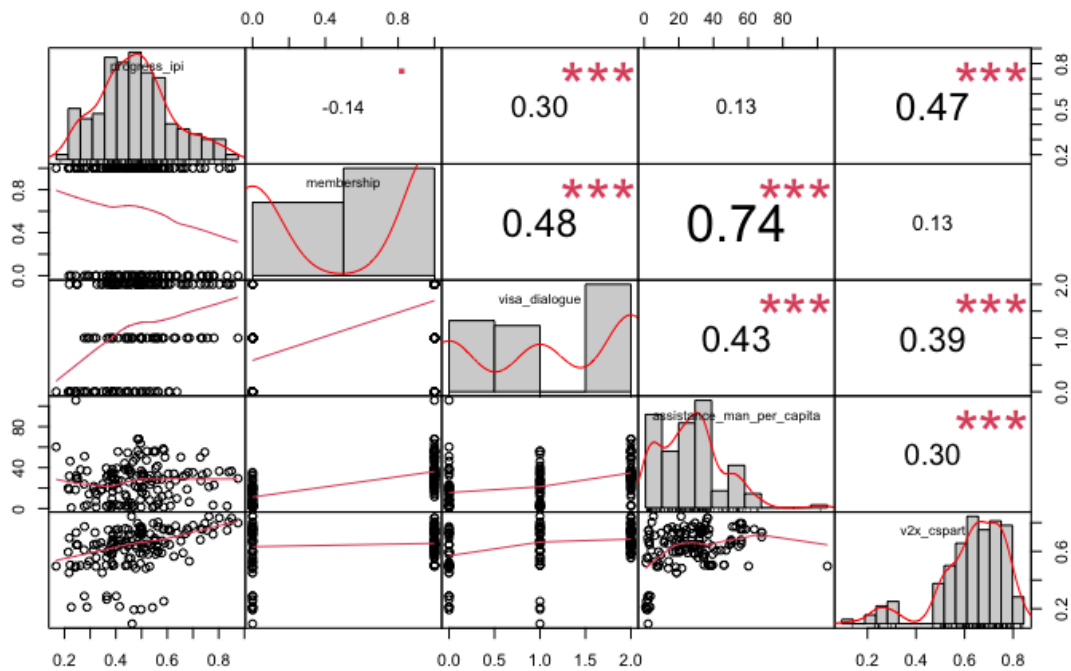


Figure 5. Correlation plots between DV: IPI-based index and IV – Part 1.

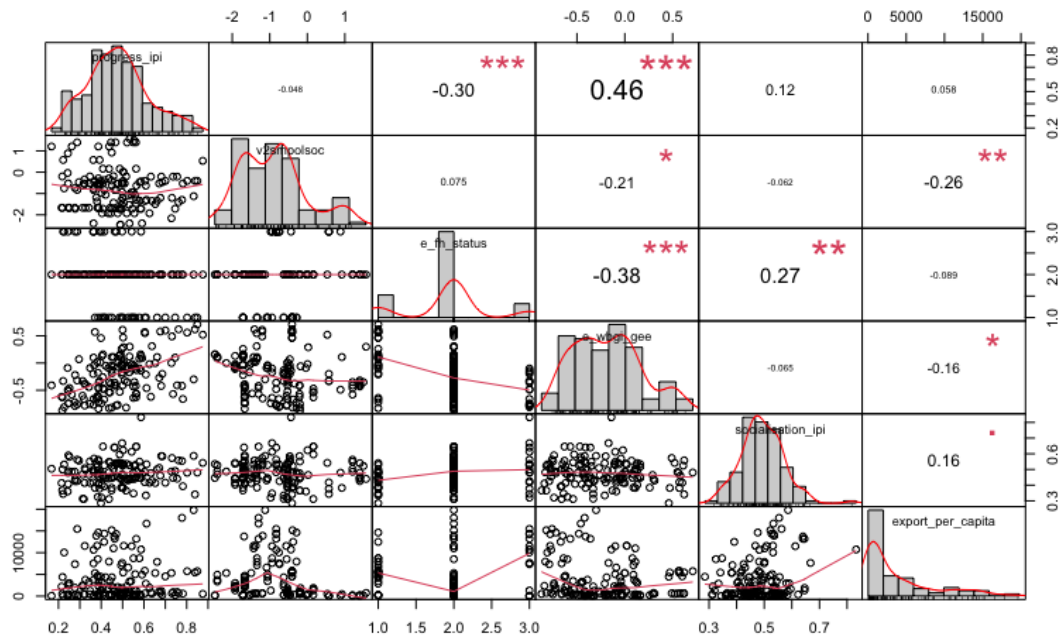


Figure 6. Correlation plots between DV: IPI-based index and IV – Part 2.

Control of Corruption Index

Correlation analysis between Control of Corruption index (CoC) and independent variables yields differing results (Figures 7-8). The most notable thing is that membership conditionality inverts its direction and holds a statistically significant positive association with the progress in the fight against corruption (0.5). In this sense, not EU-perceived progress shows that accession opportunity can have a positive effect on anti-corruption progress. The same statement is correct for visa facilitation and financial assistance, both variables have a positive correlation with the progress. Civil society strength still demonstrates quite a significant positive correlation (0.47). However, economic dependence and political polarisation display an opposite result from the theoretical point of view. Economic dependence negatively correlates with the Control of Corruption index, while political polarisation (inverse, higher number presents less polarisation) shows positive correlation. In the regression model it can be expected that higher level polarisation can affect higher level of control of corruption. Another interesting part is the strong positive correlation between Control of Corruption and state capacity (0.77). These both variables are taken from the same source, namely World Bank Governance

Indicators, and they tend to highly correlate between each other. Despite potential multicollinearity, it can also cause endogeneity in the model. Thus, state capacity will be excluded from the model where the dependent variable is Control of Corruption index.

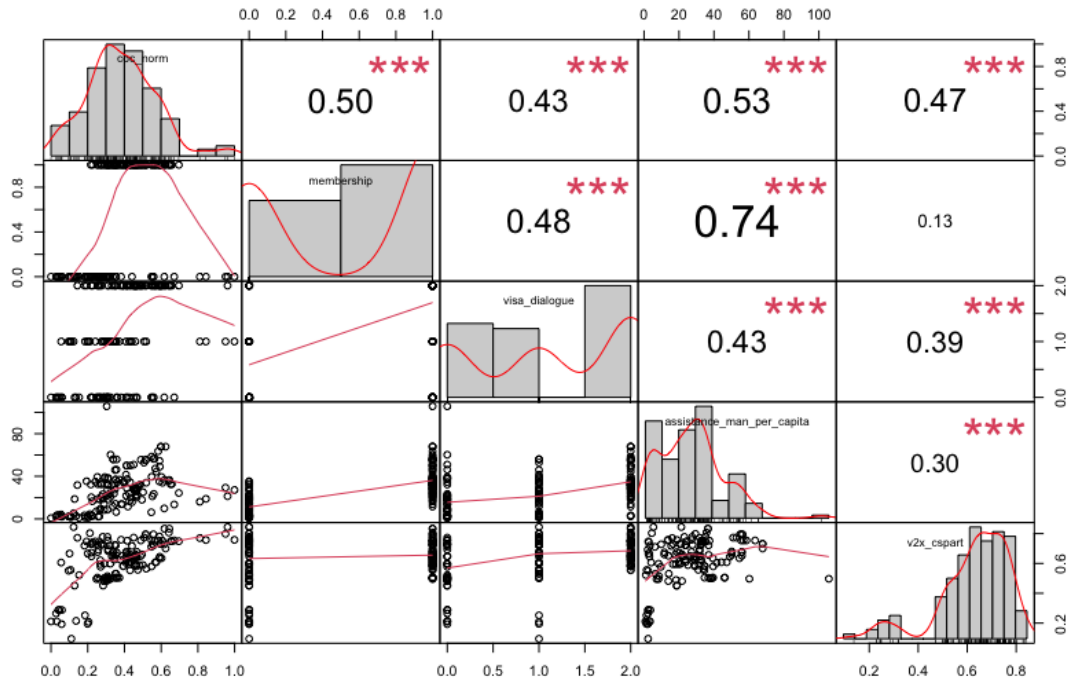


Figure 7. Correlation plots between DV: Control of Corruption index and IV – Part 1.

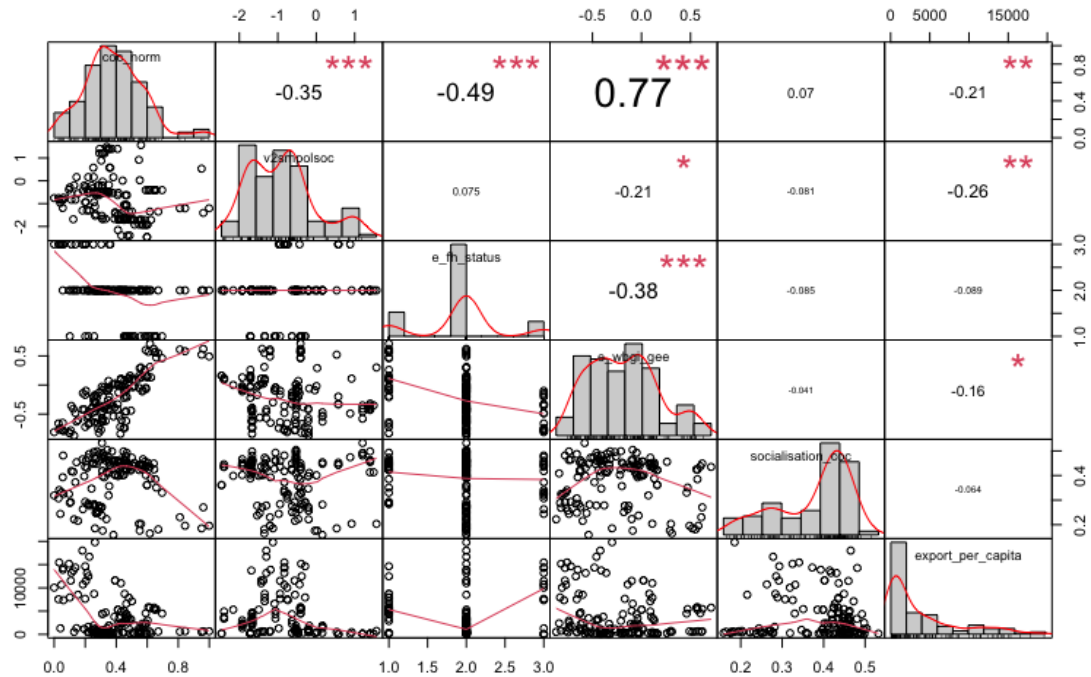


Figure 8. Correlation plots between DV: Control of Corruption index and IV – Part 2.

3.3 Regression analysis

As has been mentioned in the methodological chapter, this study employs beta regression as a method to assess effects of Europeanisation mechanisms and domestic conditions on the progress in the fight against corruption. Beta regression is based on the assumption that the dependent variable is beta distributed, partially meaning that it is limited from 0 to 1. This statistical model requires two parameters for calculating maximum likelihood – mean and precision. Mean indicates the point of prediction, while precision tells the level of variance. For each of the two dependent variables, we present three models. The first model includes fixed effects (countries) and predictors. It is the model that has autocorrelation of residuals meaning that it is essentially wrong because it does not count for dependence of DV on the previous year performance. The second model adds lagged dependent variable as a predictor to solve that issue. Due to introduction of this variable one can see how certain predictors become invalid as, in fact, the explanatory power of time or previous period dependency was in the disguise of predictors. The third model is a trade-off that includes only membership conditionality (dummy variable) and lagged dependent variable as a predictor. Membership conditionality effectively divides our countries into two groups of interest which are enough for understanding the difference between those who get a carrot and those who do not. Unfortunately, including both membership conditionality and country creates multicollinearity in the model, so they cannot be both included in the model. The third model shows the strength of membership conditionality only. Model 2 and Model 3 are those that will be used in this study as a source of truth for both DVs. Both models passed all checks and potential problems indicated in the methodological part.

The accuracy of the model can be measured through three estimators – Pseudo-R², AIC, and log-likelihood. All three estimators inform the goodness of the model. Pseudo-R² roughly demonstrates how much variance can be explained by a model. AIC or Akaike Information Criterion is an estimator who also predicts the error of the model, the lower AIC stands for a better quality of the model. Similarly, log-likelihood shows the accuracy of the model, and the higher value responds to a better model. However, all the tools hold an informative power when similar models are compared. This way, one can approach the estimators as indicators of the best model configuration. Later we will see that all the

tree estimators can be contradicting, and the trade-off is unavoidable. For example, the model can have a better log-likelihood and lower AIC because of a higher number of predictors. Number of predictors serves as a penalty in AIC calculation which yields higher AIC. The lower AIC means better model.

Following Tables 1-2 show the odds ratios for the predictors (already transformed log-odds), 95% confidence level in parentheses, and standard error of each predictor. To understand the direction and size of effects, the odds ratio is applied.

IPI-based progress model

Table 1 shows the results of the beta regression models where IPI-based or EU-perceived progress in the fight against corruption was taken as a dependent variable. Three models are present. In terms of Pseudo-R² and maximum likelihood, the best model contains fixed effects and lagged DV. For the sake of brevity, estimates for the country level in the Models 1-2 are trimmed, and the full model can be found in Appendix 5.

For the explanation of predictor effects, Models 2-3 have been selected. Model 2 has a lower AIC and outperforms Model 1 with regard to Pseudo-R² and log-likelihood. A large number of predictors become invalid due to strong effect of lagged DV. It should be reminded that EU-perceived progress is a dependent variable, thus one should keep in mind that it is essentially biased; progress is fixated through lenses of the EU Commission. According to the model 3, the presence of membership opportunity decreases the progress by a factor of 0.91, but this does not hold significant. In other words, the odds of having a level of progress is 9% lower for Western Balkans countries given that other factors are identical. This, however, is in conflict with our theoretical assumptions stating that membership conditionality should lead to a higher level of compliance. On the other hand, this measurement is EU-biased, and it can indicate that EU monitoring and the EU expectations are much stricter for the countries with higher rewards.

Table 1. Results of beta regression, DV: IPI-based progress index.

Dependent variable: IPI-based progress in the fight against corruption (EU-perceived)						
	Model 1. Fixed effects model		Model 2. FE + lagged DV		Model 3. Membership + lagged DV	
<i>Predictors</i>	<i>Odds Ratio</i>	<i>std. Error</i>	<i>Odds Ratio</i>	<i>std. Error</i>	<i>Odds Ratio</i>	<i>std. Error</i>
(Intercept)	0.08 *** (0.04 – 0.18)	0.03	0.08 *** (0.04 – 0.17)	0.03	0.24 *** (0.19 – 0.32)	0.03
Financial Assistance	1.00 (0.99 – 1.01)	0.00	1.00 (0.99 – 1.01)	0.00		
Economic dependence (export per capita)	1.00 (1.00 – 1.00)	0.00	1.00 (1.00 – 1.00)	0.00		
Visa facilitation - opened	1.77 *** (1.44 – 2.18)	0.19	1.27 * (1.02 – 1.58)	0.14		
Visa-free travel	1.70 *** (1.26 – 2.28)	0.26	1.09 (0.81 – 1.45)	0.16		
Political polarisation	0.95 (0.79 – 1.15)	0.09	0.90 (0.77 – 1.06)	0.07		
Socialization	1.11 (0.40 – 3.06)	0.58	1.35 (0.51 – 3.56)	0.67		
Civil Society strength	12.87 *** (4.97 – 33.36)	6.26	6.41 *** (2.37 – 17.31)	3.25		
Financial Assistance * State Capacity	1.01 (1.00 – 1.02)	0.01	1.01 (1.00 – 1.03)	0.01		
Lagged DV			6.40 *** (3.46 – 11.82)	2.00	20.13 *** (12.11 – 33.46)	5.22
Membership conditionality					0.91 (0.79 – 1.06)	0.07
Observations	148		148		148	
R ²	0.533		0.624		0.515	
AIC	-208.428		-225.835		-238.609	
log-Likelihood	144.214		154.917		125.305	

• $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

Financial assistance, as expected by theory, is more effective in interaction with higher state capacity. Each unit of assistance (euro per capita) increases the odds of progress by 2%⁸. Although we find that assistance is positively associated, the strength and significance of the predictor are not enough to draw a conclusion. Economic dependence shows a positive effect on the level of compliance in the fight against corruption. The effect can be demonstrated better via visualization, as each unit increases odds by a very small factor. Interestingly, we find a confirmation of the hypothesis that policy-specific conditionality is highest when close to the reward. When visa facilitation is opened, higher odds of progress can be observed. Odds increase by 27% with regard to the absence of visa dialogue. However, when visa-free travel established, the effect of policy-specific conditionality falls, but still higher than in the case of no visa dialogue. However, the latter effect is not statistically significant. The effect of political polarization rejects our theoretical assumption. An increase in each unit of political polarisation (meaning less polarisation) decreases odds of the progress by 10%. This can be interpreted as the higher polarisation and lack of agreement in the society yields a better progress rate in the EU-issued reports. It is not significant though. The most visible and strongest effect is shown by the civil society strength, odds increase by a factor of 6.41 with each unit. This demonstrates a clear linear relationship. Stronger civil society in a country brings a high progress rate in the reports. It is early to state that it is a causal relationship. This might be caused by tight dialogue between the EU and civil society which brings in bias in the reports. Lastly, socialization demonstrates no significant effect on progress varying in odds ratio from negative to positive effects.

⁸ By increasing the odds of progress author understands the unit of the progress which can be also interpreted as a probability since the dependent variable is on scale from 0 to 1.

Control of Corruption index model

Table 2. Results of beta regression, DV: Control of Corruption index.

Dependent variable: World Bank Control of Corruption Index						
Predictors	Model 1. Fixed effects model		Model 2. FE + lagged DV		Model 3. Membership + lagged DV	
	Odds Ratio	std. Error	Odds Ratio	std. Error	Odds Ratio	std. Error
(Intercept)	0.59 *	0.15	0.21 ***	0.05	0.12 ***	0.01
	(0.36 – 0.97)		(0.13 – 0.33)		(0.10 – 0.15)	
Financial Assistance	1.00	0.00	1.00 ***	0.00		
	(1.00 – 1.01)		(1.00 – 1.00)			
Economic Dependence (export per capita)	1.00 ***	0.00	1.00 ***	0.00		
	(1.00 – 1.00)		(1.00 – 1.00)			
Visa facilitation - opened	1.28 ***	0.06	1.06	0.04		
	(1.16 – 1.40)		(0.98 – 1.15)			
Visa-free travel	1.45 ***	0.07	1.08	0.05		
	(1.32 – 1.59)		(0.98 – 1.18)			
Political polarisation	0.98	0.03	1.11 **	0.04		
	(0.91 – 1.05)		(1.04 – 1.18)			
Socialization	0.54	0.20	1.27	0.40		
	(0.26 – 1.11)		(0.68 – 2.35)			
Civil Society Strength	0.76	0.22	0.67	0.15		
	(0.43 – 1.33)		(0.44 – 1.04)			
Lagged DV			17.62 ***	4.56	63.86 ***	9.09
			(10.61 – 29.24)		(48.32 – 84.40)	
Membership conditionality					1.00	0.10
					(0.81 – 1.22)	
Observations	148		148		148	
R ²	0.387		0.425		0.402	
AIC	-433.453		-491.395		-440.432	
log-Likelihood	254.726		285.698		226.216	

• $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

Table 2 shows the output of the models where the dependent variable was the Control of Corruption index. To start with, this model does not include state capacity due to its high correlation with the dependent variable and other independent variables which, in turn, distorts the results of the models. Full Model 4 (with coefficients for each country) can be found in Appendix 6. Similar to the previous models in Table 1, Model 2 in Table 2 is selected for explanation of the effects. It has better metrics compared to the 1st model that lack lagged DV.

Against our theoretical expectations, the Control of Corruption index is not higher in the Western Balkans countries (Model 3 in the Table 2). The effect is negligible and insignificant as odds ratio varies from negative to positive values. There is no certain uniformity or statistical advantage of WB countries in comparison with EaP countries. Financial assistance, however, positively affects the progress with a similar effect size as in the previous models, odds increase by ~1% with each unit of assistance (euro per capita). Economic dependence becomes significant, although holding a small positive effect. With regard to the visa facilitation process, progress is higher when the EU opens a visa facilitation process, odds increase by a factor of 1.06. However, control of corruption becomes even higher when countries get access to a visa-free regime. But this effect is not statistically significant. Conversely, control of corruption tends to be higher in countries with lower polarisation level. This is opposite to what we revealed in the previous model. With each unit of increase in political polarisation variable (reverted - which means less polarisation) odds for progress increase by 11%. So, the less country is polarized on political issues, the higher level of control corruption. Socialization is not statistically significant, but high socialization – meaning higher progress in a peer group – positively affects the performance of a country. Odds of progress increase by 27% by each unit. What is more striking is that civil society strength loses significance. It becomes irrelevant when we measure progress with the Control of Corruption index. This raises a concern that EU-assessed progress can be biased towards a civil society while an alternative measurement shows no effect.

Real and predicted values

Figures 9-10 show that our model managed to capture the dynamics of the progress for both dependent variables over the years. Both models were successful in predicting behaviour of the countries; however, certain countries do not fit the model due to their exceptionality. For example, the model for the progress retrieved from the EU-issued reports predicts the growth of Georgia quite accurately, while the model for the Control of Corruption index fails to do so as the overall trend is descending. The latter model cannot account for the graduate rise in progress in Georgia and assumes that it had a constant level across all years. In opposite, the first model cannot capture the steep rise in the level of EU-perceived progress in Croatia given the predictors. One can infer that there are hidden or unaccounted variables that led to such an increase in Croatia. This can be attributed to the fact that Croatia was on eve of EU accession, and the estimations of the EU could be biased towards a faster process of the accession process.



Figure 9. Real and predicted values - DV: IPI-based progress index.

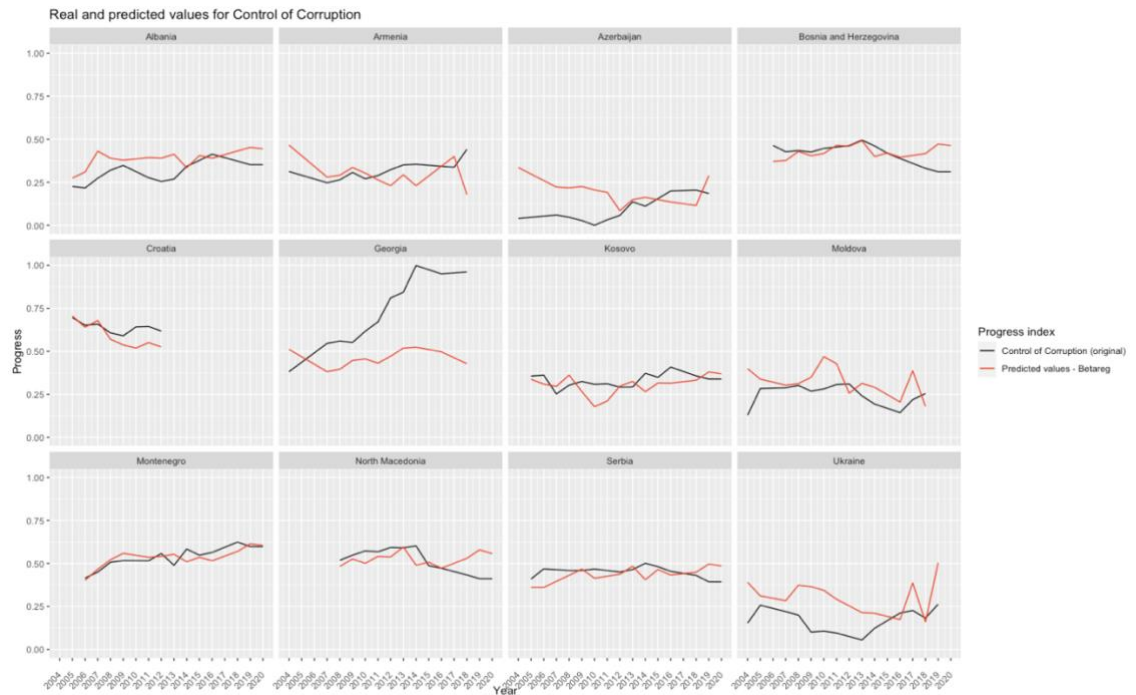


Figure 10. Real and predicted values - DV: Control of Corruption index.

Summary of the results

The first part of the empirical section aimed to empirically assess the effect of various EU mechanisms and domestic conditions on the level of progress in the fight against corruption. For robustness two dependent variables were employed: manually assembled progress retrieved from the EU annual progress reports and widely used Control of Corruption index. Eight hypotheses were tested against two dependent variables with help of the beta regression models. Table 3 summarizes the main findings of the effects of the independent variables. In Table 4 one can find the conclusion on the main hypotheses tested in the statistical models.

Table 3. Summary of the results from the beta regression models.

Predictors	Odds ratio and significance		Effect
	IPI-based progress	Control of Corruption Index	
Membership	0.91	1.00	Non-significant
Financial assistance	1.01 Given the interaction effect with state capacity	1.00 ***	Moderate positive association
Economic dependence	1.00	1.00 ***	Moderate positive association
Visa facilitation – negotiations phase	1.27 *	1.06 *	Moderate positive association
Visa-free travel	1.09	1.08	Non-significant
Political polarisation	0.90	1.11 **	Controversial
Socialization	1.35	1.27	Non-significant
Civil Society Strength	6.41 ***	0.67	Controversial
Lagged DV	6.40 ***	17.62 ***	Strong positive association
			* p<0.05 ** p<0.01 *** p<0.001

Membership conditionality turns to be controversial. Progress assembled from the EU-issued reports shows less progress for the Western Balkan countries, odds decrease by 9%. However, the second model proves the opposite, odds of the progress in the Control of Corruption increase by the negligible factor of 1 meaning that the membership slightly increases the level of anti-corruption compliance. Both variables end up being statistically non-significant. Such controversy in the direction of relationship can be described by the assumption that the EU applies stricter monitoring to the candidate countries which yields a poorer level of progress. Thus, **H1** is not confirmed and remains controversial. Within the given data, membership conditionality has no effect on the fight against corruption.

Financial assistance exerts a positive impact on the progress level for one dependent variable – Control of Corruption.. Odds of the level of progress increase by less than 1%

with each unit of financial assistance. Thus, we can partly confirm the **H2** that financial assistance positively influences the level of progress in the fight against corruption.

Policy-specific conditionality was theorised to have a positive impact on the progress in the fight against corruption. The Visa facilitation agreement was chosen as an example since the process of achieving visa-free travel requires strict compliance in Justice and Home Affairs domain. The Visa facilitation process explicitly stated and monitored for the anti-corruption progress as the main condition, as it was in Ukraine. Our results demonstrate that both models show a positive impact at a statistically significant level. Both models show that progress is more likely to be higher during the negotiation phase and tends to decrease after the visa-free regime is achieved. Although the second stage variable – visa-free travel – is not significant. Nevertheless, **H3** that the policy-specific conditionality has a positive impact on the fight against corruption is confirmed and follows the theoretical assumption that its effect highest, the closer the achievement of reward.

Economic dependence measured as the export in goods per capita (in euros) has a statistical significance at $p < 0.05$ when tested against the progress retrieved from the World Bank Control of Corruption index. In the first model, it becomes insignificant despite holding a small positive effect. Thus, **H4** is only partly confirmed.

Although state capacity was not included in the models due to its high correlation with other independent variables, the correlation analysis and its interaction effect with financial assistance corroborates its positive impact on the fight against corruption. As was expected in the theoretical part, a country with strong state capacity and a high level of government effectiveness results in better use of funds and realisation of anti-corruption policy. However, the results of statistical models do not let us conclude a robust relationship. Thus, **H5** is not confirmed within this study.

Political polarisation was expected to have a negative impact on the level of progress in the fight against corruption. Progress retrieved from the EU-issued reports does not corroborate the theoretical expectation. Indeed, odds of the progress decrease by 10%

with each increase in political polarisation. To recall, political polarisation is scaled from higher to lower levels. However, the Control of Corruption index tends to increase when a country shows less political polarisation. One of the most recent empirical studies conducted in the US states records a robust negative association between political polarisation and state-level corruption as costs of engaging in corruption affairs increase (Melki & Pickering, 2020). Besides, political polarisation in society might be connected to better control of the government from the opposition side. Given the latest study and the results of the statistical models, **H6** is rejected due to its controversy. This study assumes that one should expect a higher level of anti-corruption progress when political polarisation is present.

Socialization was expected to be a positive impact on the fight against corruption. Theorized as part of the emulation mechanism, socialization is conceptualized as progress among peers within examined groups of countries. Improvement of anti-corruption policy in neighbouring countries should have a positive effect as a pressure tool for the countries. Statistical results confirm it. According to both models, there is a positive relationship between socialization and progress. However, it was statistically non-significant in the case of the EU-based progress and for the Control of Corruption. Although not confirmed, it goes along with the results of Kahn-Nisser (2016) where the socialization effect had a positive impact on compliance with human rights. Nevertheless, within this study, **H7** is rejected.

The last hypothesis is connected to the strength of civil society organizations. Influence of the civil society on the progress in the fight against corruption was theorized as one of the main predictors of success. According to the first model, the odds of progress increase by the factor of 6.41. It is statistically significant at $p < 0.001$. However, the Control of Corruption index has no statistically significant relationship with the strength of civil society, and the direction becomes negative. Such discrepancy is interesting as it can be assumed that the EU is strongly biased towards the countries with strong civil society organisations. EU annual reports are prepared in cooperation with the civil society from neighbouring countries. This results in a strong contribution to the assessment from the non-governmental sector. Although the Control of Corruption index considers NGO

assessment as well, the results do not show statistical relationship. One can assume that the EU's outlook on anti-corruption progress can be highly associated with the level of engagement of civil society in the implementation of reforms in this domain. From the data assembled by this study it can be also observed that anti-corruption progress correlates with civil society strength or stays high despite deterioration of the Control of Corruption index (Appendix 7). Nevertheless, **H8** stating that a stronger civil society has a positive impact on the anti-corruption progress is partly confirmed.

Overall, the statistical part of the empirical chapters reveals three main insights for further investigation. First, the EU tends to slightly underappreciate the progress in countries with higher rewards, such as a membership opportunity. Second, there is a statistically significant effect of policy-specific conditionality. Third, the EU-issued reports seem to be highly biased towards countries with a stronger civil society.

Table 4. Conclusion on hypotheses.

Hypotheses	Result
Conditionality	Partly confirmed
H1: The presence of EU membership conditionality should result in a higher level of progress in the fight against corruption.	<i>Controversial.</i> Explanation: it negatively affects the progress in the EU-issued reports. However, it shows a positive association with the Control of Corruption index.
H2: The higher level of financial assistance increases progress in the fight against corruption given that the country has a strong state capacity.	<i>Partly confirmed.</i>
H3: The presence of policy-specific conditionality is associated with a higher level of progress in the fight against corruption.	<i>Confirmed.</i>
Domestic factors	Partly confirmed
H4: A higher level of economic dependence on the EU is positively associated with progress in the fight against corruption.	<i>Partly confirmed.</i>
H5: The higher level of state capacity in a neighbouring country leads to a higher level of progress.	<i>Not confirmed.</i> Both dependent variables show a high level of association with the state capacity predictor.
H6: A lower level of political polarisation is associated with a higher level of progress in the fight against corruption.	<i>Controversial – Rejected.</i> Explanation: Progress in the EU-issued reports is associated with more polarisation, while the Control of Corruption index is higher in the country with a lower level of polarisation.
Socialisation	Not confirmed
H7: A higher level of socialisation leads to higher progress in the fight against corruption.	<i>Not significant in the case of progress from the EU-issued reports.</i> However, the effect is observed to be positive.
Civil Society	Partly confirmed
H8: A stronger civil society is positively associated with the progress of a country in the fight against corruption.	<i>Controversial - Partly confirmed.</i> Explanation: Civil society strength is the most salient predictor of the progress in the EU-issued reports. However, while holding a positive effect, it becomes negative with regard to the Control of Corruption index.

3.4 A story of one compliance: process tracing of domestic and Europeanisation factors in North Macedonia

This part of the study, namely process tracing, aims to examine and test the causal mechanisms derived from the theoretical framework. Besides, the statistical model revealed certain insights that can be tracked within the process tracing. First, there was found a statistically significant impact of the civil society on the progress based on the EU-issued reports, while it held insignificant for the Control of Corruption. Second, political polarisation showed a positive relationship with EU-based progress and a negative one with the Control of Corruption.

The data suggest that North Macedonia could work as the best case to study for several reasons. First, certain countries have already been studied for the presence of either causal mechanism 1 or 2 – Armenia, Georgia, and Montenegro (Ademmer & Börzel, 2013; Pavlovska-Hilaiei, 2016). Second, North Macedonia shows controversial trends in the progress in the fight against corruption if measured against two alternative indices. For some reason, despite the deterioration of the progress on Control of Corruption, North Macedonia significantly improved according to the EU reports. Third, North Macedonia had a major political crisis in 2015-2016 years that affected the credibility of the EU membership and its anti-corruption efforts by the wiretapping scandal. Thus, North Macedonia presents a case where took place a change of governments, a transitional period of crisis, protests, and the EU's active engagement into the solution of the crisis with arrangement of cross-party dialogue.

Overview of the anti-corruption progress

Figures 11-12 illustrate a temporal relationship between two dependent variables and financial assistance in North Macedonia. In the case of the IPI-based progress retrieved from the EU reports the relationship is not strong, but the decrease of financial assistance in 2014-2016 correlates with the minimum level of progress. The relationship is better observed in the case of the Control of Corruption index. Before 2016 there is a certain association between the decrease in assistance and the level of corruption control. However, after 2016, an increase in financial assistance did not result in higher levels of

control. On contrary, the EU-perceived progress did increase after the financial assistance was raised.

Financial assistance and Control of Corruption index in North Macedonia

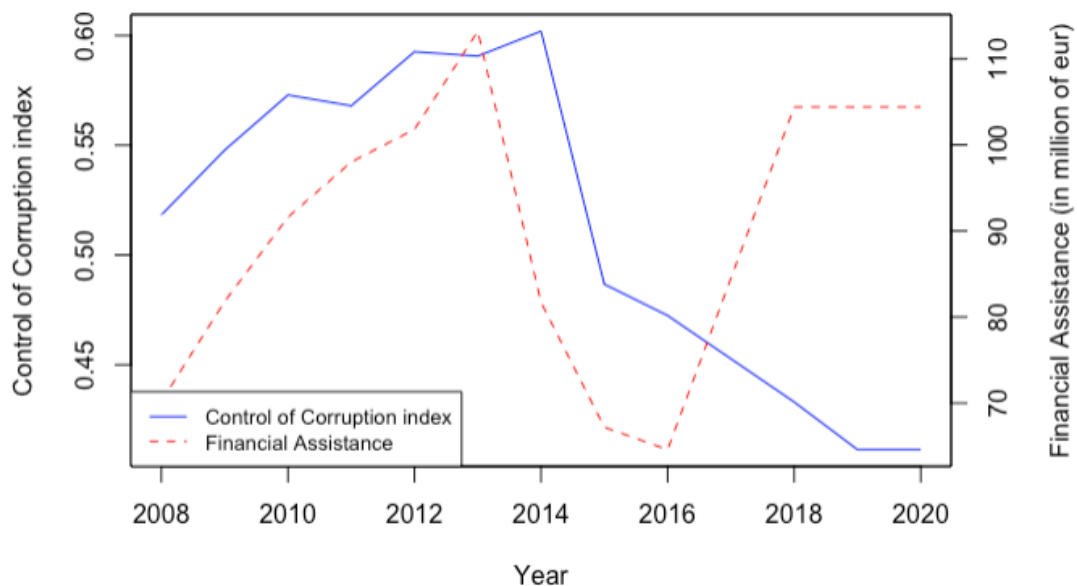


Figure 11. Financial assistance and Control of Corruption index in North Macedonia

Financial assistance and IPI-based progress in North Macedonia

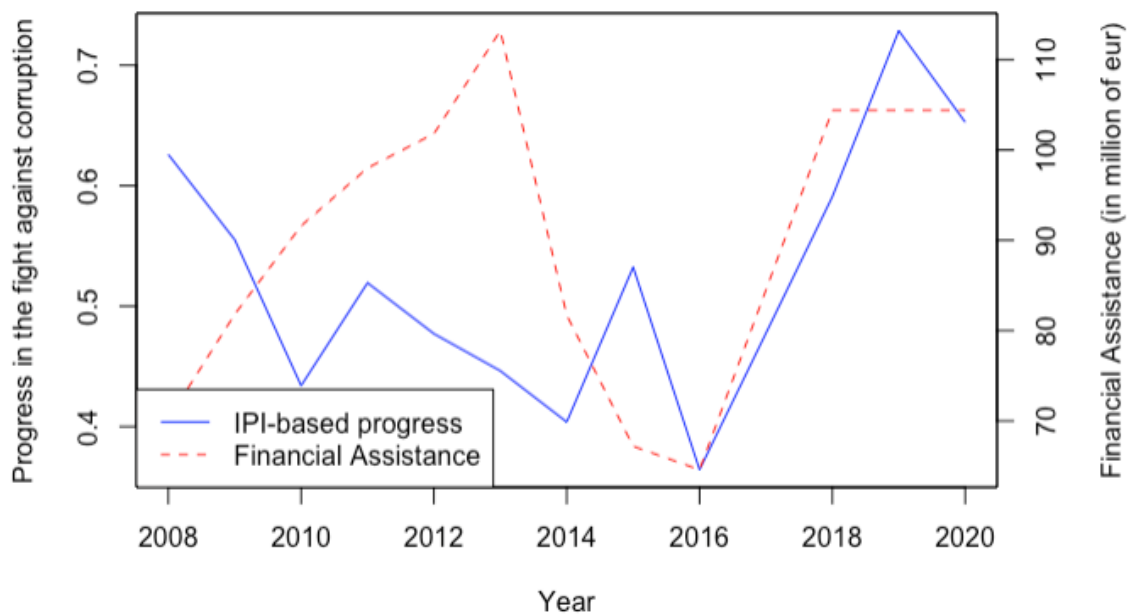


Figure 12. Financial assistance and IPI-based progress in North Macedonia

The graph of the Civil Society Strength and EU-perceived progress in the fight against corruption also reveals a certain relationship in North Macedonia (Figure 13). As both indices are not synchronized since the EU's progress report and V-Dem's measurement are independent of each other, we can only approximately consider their correlation based on an issued year. There is a certain association between civil society strength and progress in the fight against corruption, as a slight spike in CSO strength in 2015 also reflects an increase in the progress. However, both measures drastically fell in 2016.

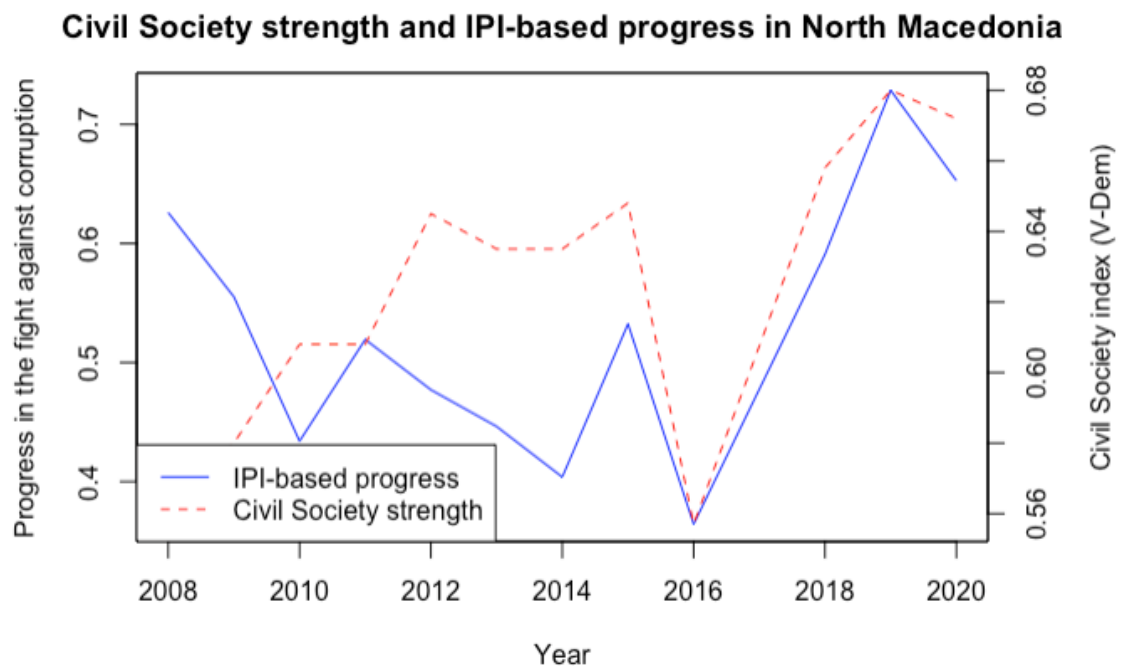


Figure 13. Civil Society strength and IPI-based progress in North Macedonia

The brief examination of the data that was used for statistical analysis clearly shows that 2015-2016 was an outlier for the progress trend in North Macedonia. Besides, there is a clear discrepancy between the Control of Corruption index and the EU-perceived progress. After 2016, Control of Corruption shows further regress while the EU-perceived progress changes direction for better results. As was previously discussed, many countries had either slight or no progress on the Control of Corruption scale with Georgia being a clear exception. Given that the Control of Corruption index shows deterioration, it is interesting to understand why the EU graded North Macedonia positively. Is it bias or the EU can track only the adoption level of the anti-corruption efforts? And what exactly moved the EU-perceived progress up?

Background information

The Republic of North Macedonia is a parliamentary republic. It was established as an independent and sovereign state in 1991. According to its Constitution, legislative power is represented by the Assembly that is composed of 120 to 140 Representatives. The Assembly adopts and changes the Constitution and laws, elects the Government. The President of North Macedonia represents the Republic and is the Commander-in-chief of the Armed Forces. The President is elected in general and direct elections. He or she is in charge of nominating a mandator to constitute the Government. The Government represents an executive power and is accountable to the Assembly. The Government is composed of the mandator and elected by the Assembly based on a majority vote. Also, the Government proposes the Public Prosecutor (Constitution of the Republic of North Macedonia, n.d.).

During the Thessaloniki European Council summit in 2003, North Macedonia (Macedonia then) was considered as a potential candidate for EU membership. In 2004 North Macedonia signed a Stabilisation and Association Agreement (SAA) with the EU, being the first country in the Western Balkans region. In 2005, North Macedonia achieved a candidate country status (EU Commission, 2016). Accession proceeds via the Stabilisation and Association Process. Financial assistance is provided via the Instrument for Pre-Accession Assistance. Besides, the visa liberalization process between North Macedonia and the EU resulted in lifting the visa obligation for citizens in December 2009. In the same month, Montenegro and Serbia were provided visa-free travel as well. It is also important to note that the EU Commission was repetitively recommending to open accession negotiations with North Macedonia since 2009. However, accession negotiations were granted only in 2020.

The process of accession was seriously hampered in 2015 and 2016 due to the political crisis. This was also reflected in the previously shown figures. The “deep” political crisis mostly occurred due to the revelation of illegal interception of communications (wiretaps) disseminated by the opposition party SDSM⁹ (EU Commission, 2016a, p. 6). This caused

⁹ The Social Democratic Union of Macedonia

a massive wave of protests in the country. The situation was worsened by the decision of the President to pardon 56 individuals involved in the illegal surveillance (Ibid). However, the political tension started in December 2012 when a large number of opposition Representatives and journalists was removed from the plenary hall during the adoption of a controversial 2013 budget (Ibid). Moreover, the election of Ivanov as the president for the second five-year term was not endorsed by the SDSM and two ethnic Albanian parties, DUI¹⁰ and NDR¹¹. According to DUI, he was not considered as a “consensual” president (EU Commission, 2014, p. 6). As part of the protest, those parties did not attend the inauguration ceremony. Nevertheless, in 2015 and 2016, the wiretapping scandal and then “pardons” of the president became a reason for country-wide protests, organized by both the opposition SDSM party and NGOs.

Political crisis yielded uncertainty and practical dysfunction of the parliament that was criticized by the EU as lacking inclusivity due to the boycott of the main opposition party (Ibid). To solve this, the EU stood as a broker by assisting in the cross-party dialogue between SDSM and ruling party VMRO¹². Negotiated deal on 2 June 2015 is known as a Przino agreement which aimed at ending political uncertainty and ensuring the commitment to the Euro-Atlantic path of North Macedonia (*Przino Agreement*, 2015). Its main idea was to establish a “transitional period” that should have resulted in free and fair elections by the end of April 2016. Essentially, the Przino agreement and Urgent Reform Priorities were a new conditionality from the EU to ensure the accession negotiations process with a heavy focus on Chapters 23 and 24 of the acquis. Przino agreement was partially a logical result of the so-known Priebe Report, concluded by the independent experts, which recorded that the Macedonian national legislation was aligned within the accession process, but implementation and enforcement thereof suffered (Foundation Open Society - Macedonia, 2016, p. 11). This explains why there was steady progress in the EU-issued reports and a sharp drop in years of political crisis. In accordance with the Przino agreement, a newly created government included ministers from both parties, and the Prime Minister was appointed from the ruling party VMRO.

¹⁰ Democratic Union for Integration

¹¹ National Democratic Revival

¹² Internal Macedonian Revolutionary Organization

Accused of wiretapping, the former Prime Minister stepped down on 15 January 2016 (Deutsche Welle, 2016).

Although new parliamentary elections were supposed to be held by the end of April, they were postponed several times, and the final date was set for 5 December 2016 (Danias, 2016). Both parties were accusing each other. Gruevski, the former Prime Minister from the VMRO party, was accusing SDSM of avoiding elections, while the SDSM was not sure that there were conditions set for the free and fair elections. Ruling party VMRO gained 51 seats, while SDSM 49. As the formation of the government requires the support of a minimum of 61 MPs, smaller ethnic Albanian parties became crucial. DUI, previously been in the coalition with the ruling party, decided not to ally with VMRO again. Instead, DUI formed a coalition with the opposition SDSM party (Balkan Insight, 2017b). However, President Ivanov, who belonged to the VMRO party, refused to grant a mandate to the SDSM leader, Zoran Zaev, condemning him as a threat to the sovereignty of Macedonia due to his tight partnership with Albanian parties (Ibid). It should be noted that the President had to grant him a mandate in accordance with constitutional provisions. The critical point in the political crisis was the election of Talat Xhaferi, ethnic Albanian, as a speaker of the parliament. Gradual ethnicization of the political crisis and accusation of the foreign forces and Albanians resulted in the storming of the parliament by the VMRO supporters on 27 April 2017. Several people, including Xhaferi and Zaev, were injured. A couple of weeks later, given also a high international pressure exerted by the EU and US, on 17 May 2017 Ivanov agreed to give a mandate to Zaev to form a new government (Balkan Insight, 2017c). On 31 May 2017, the new government composed by Zaev was elected by the Assembly. Finally, the EU annual report of 2018 marked a positive change since the new government started to operate (EU Commission, 2018). A positive trend can be also seen from our data, with a steep increase in the level of progress in the fight against corruption (Figure 12).

Causal mechanisms

The narrative above aimed at giving the background information of what happened in North Macedonia during the years of the political crisis. To recall, the objective of this

study is to understand the effects of mechanisms and conditions that lead to success in the fight against corruption. Thus, with the regard to the particular case of North Macedonia, this study traces two mechanisms that should hypothetically lead to progress in the fight against corruption.

Causal mechanism 1:

Progress in the fight against corruption is conditioned by the presence of close communication of the EU with the civil society organizations where unbiased feedback is given to the former. Domestic ownership of the reform is a necessary condition of success.

Causal mechanism 2:

Progress in the fight against corruption can be possible if there is a preferential fit of the reforms on a domestic level and the presence of policy-specific conditionality from the EU side. Progress still can be partly achieved in presence of policy-specific conditionality only.

Analysis

Causal mechanism 1: Civil Society

Available annual progress reports, starting from 2008, recorded minimal level of involvement of the civil society in the policy development process. One of the main concerns was the lack of “sufficient financial resources” which made CSO heavily dependent on foreign funding (EU Commission, 2008, 2009). In a 2011 report, the EU addressed this issue by providing “extensive financial support” under the IPA Civil Society Facility which provided more support, along with national programmes, to enhance cooperation with the government and monitoring the implementation of the EU aid (EU Commission, 2011). According to the report issued in 2013, the government of North Macedonia showed modest progress in implementing an action plan on cooperation with CSO. However, there were positive signs on the involvement of the civil society in the work of the National Council for European Integration (NCEI), established in 2007

(EU Commission, 2013). The same dynamic was noted in the reports issued in 2014-2016.

One of the main constraints of the civil society to influence the government was its high level of polarisation. Polarisation among civil society organizations was noticed by the EU in its annual reports and by the reports of Freedom House (Freedom House, 2015). Vankovska (2015, pp. 49–50) shows that before the protest against Gruevski and the wiretapping scandal in May 2015, there were massive student protests that later transformed into the #protestiram movement. After the scandal, this movement assumed a political form with distinct demands to change the government. At the same time, the main opposition party SDSM formed its movement “Citizens for Macedonia”, while the ruling party VMRO mobilized an equally large group of their supporters (Balkan Insight, 2017a). Despite several meetings with the Civil Society of North Macedonia (European Western Balkans, 2017b; U.S. Embassy in North Macedonia, 2016), the EU and US mostly preferred to negotiate with political parties.

Interestingly, the EU-issued report of 2018 (EU Commission, 2018) noted that the new government, led by the SDSM party, achieved good progress in involving civil society in the policy-making process. The new government developed a “3-6-9” plan together with the civil society to enhance compliance with the Urgent Reform Priorities. This indicated the emergence of domestic ownership over the reforms, while in the political crisis period all reforms were established and imposed by the EU as a conditionality. According to the document, civil society organizations reported “increased pressure, inspections and investigations by law enforcement agencies between December 2016 and 2017”. Besides, the previous government launched the “De-Sorosisation” process that created a difficult environment for the CSO (Ibid, p.14).

Overall, given the background information and the EU reports, it can be concluded that civil society involvement serves as one of the main criteria that help the EU to assess the progress in third countries. The EU had a connection with civil society which is reflected in their knowledge of the environment in which the CSO operated. Active engagement of CSOs in the protest activity was an initial impetus to bring attention to the ongoing

political crisis that translated into high-level negotiations between the EU and the main parties of North Macedonia. What regards the direct influence of the CSO on policy adoption and implementation, there is less evidence. In the years of political crisis, the reforms were stalled as well as government cooperation with NGOs. This changed with the new government which indicates a high level of dependence of civil society engagement on the political will.

Causal mechanism 2: Policy fit and policy-specific conditionality

Policy-specific conditionality

Besides the “enlargement fatigue” and then ongoing “name dispute” with Greece, the accession process of North Macedonia was further worsened by the political crisis. If starting from 2009 the EU Commission recommended opening accession negotiations, in 2015 it became conditional on the success of the implementation of the Przino agreement. According to the agreement, the deal should have resulted in the new free and fair parliamentary elections with the composition of a new government. Besides, Urgent Reform Priorities (URP) were introduced to address the issues in the areas of judiciary, fundamental rights, and fight against corruption (EU Commission, 2018). Thus, the Przino agreement together with URP was a short-term policy-specific conditionality with a focus on 23 and 24 chapters of acquis that determined the fate of the accession process. Technically, this policy-specific conditionality reconstituted the credibility of the membership offer.

Preferential fit

During the political crisis years, the implementation of those reforms was rather slow. The postponement of elections raised concerns that were explicitly expressed in the joint EU-US letter, reporting a poor state of media reforms and lack of necessary conditions for “organizing credible elections” along with the notion of the pressure of voters (Aivo Orav & Baily, 2016). According to Maja Kocijančič, spokesperson for the EU Commission, both parties were in favour of the EU reforms and adhere to the EU path

(European Western Balkans, 2017a). However, the commitment of the government to the transitional period was highly contested. In May 2016, the Government adopted the Decision for Establishment the Council for Cooperation between the Government and the Civil Sector which was criticized by a number of civil society organizations. Despite the feedback and recommendations, the government ignored the civil society and proceeded to the Call for selection of members which resulted in a joint statement of 89 civil society organizations that condemned the Decision and the new Council for its discordance with good international practices and bias towards the government representation (CIVICUS, 2021). Besides, the EU reports issued in 2015 and 2016 mark that there was no political will in implementing anti-corruption reforms and expressed concerns about state capture of institutions. Moreover, despite the appointment of several ministers from the SDSM party, the EU reported “obstructionism and lack of cooperation” within the government (EU Commission, 2016a, p. 8). As a result, the progress was limited during the political crisis that is also reflected in the low commitment of the government at that time.

On 31 May 2017, the Assembly elected a new government composed by the opposition leader, Zoran Zaev. A week prior, before Zaev was officially sworn in as a Prime-Minister, he had already had a meeting with the EU’s High Representative, Federica Mogherini, where they discussed an opening of chapters 23 and 24 and accession negotiations in 2018 (European Western Balkans, 2017e). Two weeks later there was another meeting with the EU’s High Representative, where Zaev once more reassured the EU of its high political commitment to the reforms:

“In the interest of the citizens of Macedonia, there is an initiative for a new dynamic in the EU integration process. Our goal is to ensure sufficient progress in key reform areas by Autumn, which will give sufficient arguments to the European Commission to present a new report to the Member States, with a renewed recommendation to start negotiations for Macedonia’s membership in the EU”. (European Western Balkans, 2017c).

Besides, Zaev showed progress in relations with two countries that were main blockers on the path of North Macedonia towards EU membership, namely Bulgaria and Greece. In the same year of taking office, Zaev managed to sign “The Agreement for friendship,

good neighbourly relations, and cooperation between Republic of Macedonia and Republic of Bulgaria” on 1 August 2017 (European Western Balkans, 2017d). Also, the name agreement was reached and ratified by the parliament on 20 June 2018, but it met resistance from the president who vetoed the ratification. Finally, on 11 January 2019, the parliament completed the implementation of changes in the Constitution (AP News, 2019). Overall, the new government, despite existing resistance, managed to solve two issues that smoothed the further accession process to the EU and NATO.

Results

The causal mechanism 1 is partly confirmed. There was a communication between the EU and CSOs traced in the EU progress reports. The presence of domestic ownership and involvement of the civil society correlated with the high level of progress concluded by the EU. But given the dependence of CSOs on the government’s will and capacity to include them into the policy-making process, civil society strength and its engagement were necessary, but not sufficient condition to explain the progress in the fight against corruption. In process tracing terms, evidence of causal mechanism 1 passes the “hoop test”. This means that we cannot eliminate this hypothesis.

The causal mechanism 2 is partly confirmed in the case of North Macedonia. The political will exerted by the new government resulted in the advancement of the EU rule transfer, the inclusion of the civil society organizations into the policy-making decision, and resolution of issues imposed by Bulgaria and Greece. Przino agreement and Urgent Reform Priorities played a role of policy-specific conditionality that enhanced progress in the field of Judiciary and fundamental rights, where the fight against corruption stands as an essential element. Thus, both political will and policy-specific conditionality were present. The progress, despite its absence in the Control of Corruption index, is reflected in the EU issued reports. This means that the country was primarily focused on adopting rules and norms expected within the Europeanisation process. However, as the policy fit was also demonstrated by the previous government under the VRMO party, evidence under causal mechanism 2 fails the “double decisive” test but passes the “hoop test”. As

policy fit was much stronger presented in the new government, the probability of the causal mechanism 2 is slightly higher.

The main conclusion of this part is that the external and domestic factors of Europeanisation are intertwined. Brief results of the analysis can be found in Table 5. In the case of North Macedonia, civil society, despite having communication with the European Union (observed from the reports), could not affect the progress in the fight against corruption because the government was reluctant to include them in the process. However, its engagement during the new government made it possible to develop new policies that took a faster pace towards compliance with the EU rules. To recall, the Control of Corruption index has shown deterioration despite the resolution of the political crisis and re-engagement of the civil society. The case of North Macedonia confirms that the EU's perception of the progress included a higher level of CSO involvement in the policy-making process, while it does not affect the alternative measurement. Besides, the new government was an antecedent condition that enabled the impact of civil society. At the same time, the political crisis was solved due to the Przino agreement that was heavily mediated by the EU on a high-political level. Active engagement of the EU into domestic politics served as a reassuring mechanism of the credibility of the membership offer. Thus, one can infer that presence of policy fit and engagement of civil society in policymaking become necessary and sufficient conditions to enable EU-perceived progress.

Table 5. Results of the process tracing analysis.

Result	Elements of the mechanism	Before political crisis	After political crisis
		No progress in the EU reports	Good progress in the EU reports
		VMRO-ruled and transitional governments.	SDSM-ruled government.

Causal mechanism 1:

Progress in the fight against corruption is conditioned by the presence of close communication of the EU with the civil society organizations where unbiased feedback is given to the former. Domestic ownership of the reform is a necessary condition of success.

Passes the hoop test. Necessary, but not sufficient	Communication with the EU	Present (based on the EU reports)	Present (based on the EU reports)
	Domestic ownership of the reforms	Not present (the government was fully following the EU imposed rules and agreements)	Present (the new government worked out supplementary domestic policies to approximate with the EU acquis)
	Engagement in policymaking	Not present (based on the EU reports and statements produced by the NGOs)	Present (based on the EU reports and factual evidence)

Causal mechanism 2:

Progress in the fight against corruption can be possible if there is a preferential fit of the reforms on a domestic level and the presence of policy-specific conditionality from the EU side. Progress still can be partly achieved in presence of policy-specific conditionality only.

Passes the hoop test. Necessary, but not sufficient	Policy fit	Partly present	Strongly present
	Policy-specific conditionality	Present (Przino agreement + Urgent Reform Priorities)	Present (Przino agreement + Urgent Reform Priorities)

Conclusion

Aim

The aim of the thesis was to understand and analyse the effects of Europeanisation mechanisms and domestic conditions on the progress in the fight against corruption in Western Balkan and Eastern Partnership countries. Although field of fight against corruption has not been a main focus of EU Enlargement process, it gained more and more importance within and after the 2004 Big Bang when the EU was extended by new post-soviet states with inherent patterns of corruption. Success in curbing corruption in some of the joined countries was attributed to EU membership conditionality. The theoretical part of this work discovered that membership conditionality has an ambiguous nature that can produce state capture and legitimisation of status-quo instead of actual anticorruption progress and democratization that are at the core of the EU Enlargement and Neighbourhood Policy. Thus, this study attempted to unravel that ambiguity through comparative analysis of 12 neighbouring countries that are subjects to two different EU policies: Western Balkan countries get the membership opportunity, while Eastern Partnership countries are limited to the benefits of the European Single Market. Thus, this study looked at the effect of other mechanisms besides conditionality-related ones: namely, socialization and impact of civil society organisations.

Theory

In order to fulfill the aim and address research question, the thesis developed theoretical framework to define the dependent variable – progress in the fight against corruption – and independent variables – Europeanisation mechanisms and domestic conditions; and deduced the way to measure and validate factors by adjusting most suitable methods for robust conclusions. As a theoretical framework, this study referred to External Governance model that helped to define relevant factors of progress in the fight against corruption. Three models were helpful in outlining existing factors: external incentives model shed light on conditionality and domestic factors; governance model highlighted importance of new soft mechanisms, such as a policy-specific conditionality that avoids

highly politicized issues through implementation of the EU rules in governance-related dimension; and diffusion model that pays attention to emulation and socialisation processes that are also important in achieving compliance. To define and measure dependent variable, this study preferred holistic approach by taking into account reforms in state, economic and democratic domains as necessary in building up effective anticorruption strategy. Technically, this resulted in reassembling Mingiu-Pippidi's Index of Public Integrity with the results of EU-assessed annual reports and its comparison against existing World Bank's Control of Corruption index.

Data

The main data source were the annual reports produced by the EU where each policy was assessed and commented for all countries of interest. Its assessment lies at the core of our measurement, but due to potential EU bias and unavoidable distortion or misinterpretation from the author's side, our index was juxtaposed with widely used Control of Corruption index. In total, the study codified 148 reports from 2004 to 2020 for 12 countries on wide set of policies that corresponded to chapters of *acquis communautaire*. Independent variables were taken from the EU official documents and websites, from the V-Dem and Freedom House databases. Data for qualitative part of study was drawn from the EU official documents and relevant news to recreate process and factual data.

Methods

The study decided to approach the answering of research question by employing mixed methods. After testing out several models and their modifications to address panel data nature and beta distribution of dependent variable, beta regression with fixed effects and lagged dependent variable was selected as the most reliable model. The complex hypotheses derived from the theoretical framework were tested through the process tracing method which allowed us observe development and interaction of mechanisms and distinctive elements within the mechanisms in order to understand what essentially led to success or failure of anticorruption progress.

Results of statistical models

Analysis of theoretically derived factors showed that there was no clear and strong relationship that held true for both EU-assessed progress and the Control of Corruption index. Although membership conditionality was statistically non-significant, odds of having higher progress were higher for countries without membership opportunity, while the opposite was in the Control of Corruption model. This can be explained by the fact that the EU tends to apply stricter criteria of assessment for countries with higher rewards. This means that the EU prefers hierarchical mode towards countries who pretend for deeper integration. Conditionality hypothesis was partly confirmed where policy-specific conditionality measured through visa facilitation process was statistically significant for two alternative measurements. It is interesting that odds of higher progress are higher at the negotiation stage, and after achieving the rewards – visa-free travel – progress decreases. This goes along with external incentives model theorising that compliance is highest on the eve of getting the reward. Socialisation is positively associated with the progress in the fight against corruption, however, it holds non-significant for both models which resulted in not confirming this hypothesis. Political polarisation showed controversial directions for two models. Higher polarisation leads to higher performance in the EU-assessed progress, but it is not confirmed statistically. However, the Control of Corruption model shows that lower polarisation is positively associated with the progress at statistically significant level. This contradiction does not let us draw any conclusions, although the process tracing reveals that high polarisation helps to raise anticorruption agenda, and lower polarization is a period when the progress has been achieved which is mostly preferred for the EU. The most interesting factor – the strength of civil society – yielded controversial results. CSOs play a great role in the fight against corruption assessed by the EU; the stronger CSO is, the more likely a country will get higher grade on the fight against corruption. This is statistically non-significant for the model with the Control of Corruption model. Given the existing communication of the EU with civil society organisations and reliance on them in the process of drawing the reports, the EU is essentially biased towards countries with more independent and active NGOs.

Results of process tracing

Case of North Macedonia and its political crisis in 2015-2016 was taken as most suitable in order to test two causal mechanisms that lead to anticorruption progress. The first mechanism requires communication of the EU with the civil society and their ability to deliver unbiased feedback which helps to shape the best strategy for the EU. The second mechanism states that compliance is achieved by the presence of policy-specific conditionality and preferential fit from the local government. The results have shown that these two mechanisms are intertwined and both necessary for achieving progress in the fight against corruption. Both mechanisms fail to become sufficient. Comparison of two periods with and without progress show that involvement of civil society is crucial for improving anticorruption strategy; however, this can happen only when the government enables such mechanism. It means that preferential fit dominates over CSO, but it cannot achieve compliance alone. Presence of policy-specific conditionality and EU communication was in both periods, however appearance of the government committed to the EU-induced reforms leads to EU-assessed success. Nevertheless, the Control of Corruption index continued to drop which demonstrates another drawback of the EU assessment: the EU is more focused on rule adoption rather than rule application. Formal compliance and clear commitment from the government side are sufficient to gain higher grade from the EU Commission which can lead to bias.

Policy implications

This study has several policy implications that can be considered by the EU in their strategy towards democracy and good governance promotion:

- Policy-specific conditionality, like visa facilitation process, is more effective in EU rules and norms export as it has higher credibility and feasibility for a partner country. However, the effect has a tendency to drop after the reward is achieved which should be prevented by development of sustainable post-conditionality monitoring process and conditional nature of rewards.
- Civil society organisations are crucial in achieving progress in the fight against corruption as they create opportunity for local ownership of the EU-induced

reforms. They also have a significant effect on the results of the EU monitoring progress which means that the biased communication with CSO can result in formation of ineffective conditionality strategy.

- EU monitoring process is focused on rule adoption part which distorts real picture of anticorruption progress in neighbouring countries. Besides, the EU favours countries that are more committed to the Euroatlantic path and tends to overestimate progress when the EU is interested in rewarding a country, like in case of Croatia that showed much less progress than ascribed by the EU in last two years before joining the EU. Thus, the EU should add the rule application measures as well that help to indicate the real progress along with formal intentions to avoid status-quo legitimisation.

Contributions

This study contributed to the field in several ways:

- Theoretical: this study studied an effect of conditionality, domestic conditions and CSO on progress in fight against corruption in 12 EU neighbouring countries across several years. It managed to measure and analyze the size and significance of factors discussed in the literature. It confirmed positive effect of policy-specific conditionality and civil society organisations on compliance with the EU demands which is quite a novel discussion in the related literature. This study again highlighted importance in empowering civil society in order to promote democracy and good governance, at least by imposing more benchmarks for measuring civil society strength in monitoring reports.
- Methodological: this study employed beta regression model to deal with beta distributed dependent variable ranging from 0 to 1. It compared it against panel regression where the dependent variable was logit transformed to comply with the linear regression assumptions. Adjusted model with lagged dependent variable and fixed effects showed similar results as a panel regression which adds validity to recently introduced beta regression models. This helps to use variable as it is without transforming them into logit forms that is challenging to interpret after.

Limitations

Nevertheless, this study has certain limitations (noticed by the author) that could be addressed in the future studies:

- This study had 148 observations for 12 countries which is considered to be little for using panel regression. Besides, such small number of observations within panels creates a potential bias of results with introducing lagged dependent variable. In this study, it was unavoidable since it helped to eliminate autocorrelation of residuals in all models.
- Holistic approach towards fight against corruption enables us to cover a wide range of anticorruption policies, however, it does not let to capture details or specific fields, like bribery or grand corruption, which can be different from country to country. Our assumption was that all countries share post-communist legacy which serves as a control variable for fixing corruption patterns. Thus, the future research could analyze specific type of corruption with application of the same logic.
- Initially, two causal mechanisms were planned to be tested via Bayesian process tracing where each evidence is weighted or assigned with probability against existing hypotheses. This results in posterior probabilities for each hypothesis which makes process tracing transparent for a reader. However, this is possible when hypotheses or causal mechanisms are mutually exclusive. In social sciences it is rare when factors are independent from each other which makes it difficult to apply such a formal approach. However, the more detailed conceptualization of mechanisms could help in usage a formal process tracing where each new evidence could be tracked and assigned with probability.

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Appendix 1

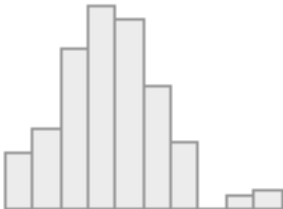
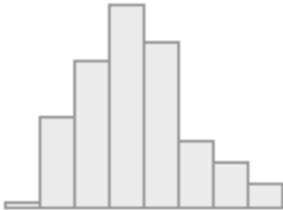



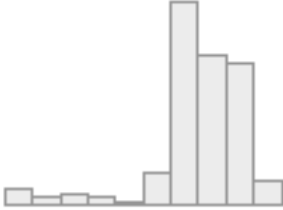
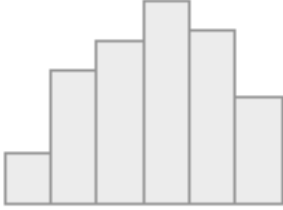
Elements included in the measurements of the progress in the fight against corruption.

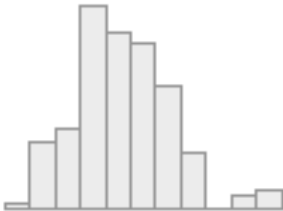
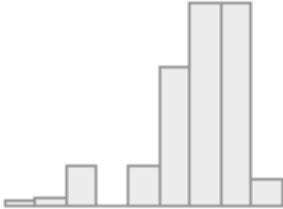
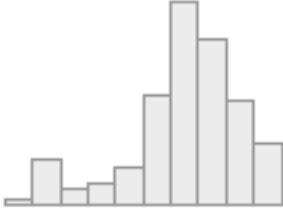

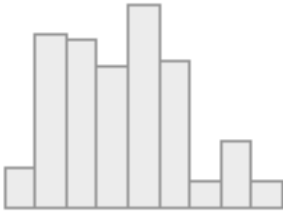
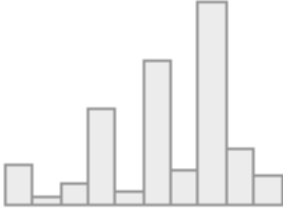
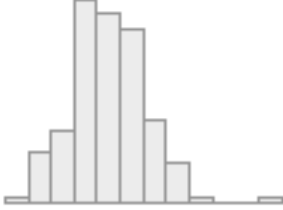
Measurement	Components	Sources	Comments
Progress in the fight against corruption (Borzel's approach)	State reforms: Public administration Anti-corruption policy Independence of judiciary Economic reforms: Taxation Competition policy Customs policy Business environment Financial control Enterprise and industrial policy (SME) Public procurement Money laundering Democratic reforms: Elections Human rights Minority rights Freedom of expression	EU annual progress reports	
Progress in the fight against corruption (IPI approach)	Independence of judiciary (taken from the report) Administrative burden: Taxation Enterprise and industrial policy (SME) Business environment Trade openness: Competition policy Customs Money laundering Budget transparency: Public procurement	EU annual progress reports Freedom House International Telecommunication Union	

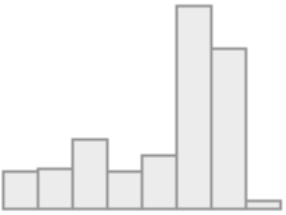
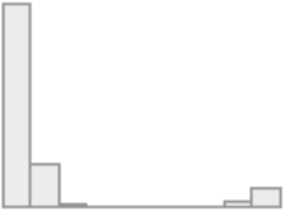
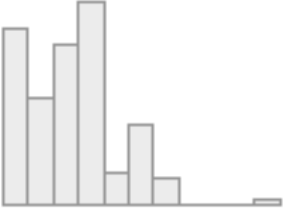
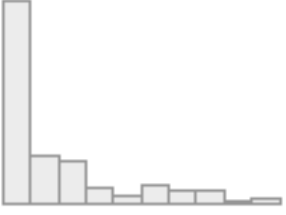
	<p>Financial control</p> <p>E-citizenship: Internet users (% of the population) Fixed broadband subscriptions (% of the population)</p> <p>Freedom of the press: Freedom of expression FH independence of media (Nations in Transit)</p>		
Control of Corruption by the World Bank	<p>Respondents are asked to assess the state by answering the following questions or tasks:</p> <p>‘Is corruption in government widespread? ‘</p> <p>‘Public trust in financial honesty of politicians Diversion of public funds due to corruption is common’</p> <p>‘Level of petty, large-scale and political corruption ‘</p>	<p>Economist Intelligence Unit Risk-wire & Democracy Index</p> <p>World Economic Forum Global Competitiveness Report</p> <p>Gallup World Poll</p> <p>Institutional Profiles Database</p> <p>Global Insight Business Conditions and Risk Indicators</p>	<p>Includes the results of surveys from experts, NGOs, business and the general public.</p> <p>Originally indicator ranges from -2.5 (most corrupt) to 2.5 (least corrupt).</p>

Appendix 2

Statistical summary of variables.

Variable	Stats / Values	Freqs (% of Valid)	Graph
<u>Dependent Variables</u>			
Control of Corruption (rescaled) coc_norm [numeric]	Mean (sd) : 0.4 (0.2) min < med < max: 0 < 0.4 < 1	136 distinct values	
Progress in fight against corruption (IPI) progress_ipi [numeric]	Mean (sd) : 0.5 (0.2) min < med < max: 0.2 < 0.5 < 0.9	147 distinct values	
<u>Independent Variables</u>			
membership [numeric]	Min : 0 Mean : 0.6 Max : 1	0 : 60 (40.5%) 1 : 88 (59.5%)	
visa_free [numeric]	Min : 0 Mean : 0.4 Max : 1	0 : 83 (56.1%) 1 : 65 (43.9%)	
visa_dialogue [numeric]	Mean (sd) : 1.1 (0.8) min < med < max: 0 < 1 < 2	0 : 43 (29.1%) 1 : 40 (27.0%) 2 : 65 (43.9%)	
Civil Society (FH) fh_civil_society [numeric]	Mean (sd) : 4.6 (0.9) min < med < max: 1 < 4.8 < 5.8	17 distinct values	
Corruption (FH) fh_corruption [numeric]	Mean (sd) : 2.8 (0.7) min < med < max: 1 < 2.8 < 4	13 distinct values	

Variable	Stats / Values	Freqs (% of Valid)	Graph
Control of Corruption Index e_wbgi_cce [numeric]	Mean (sd) : -0.5 (0.4) min < med < max: -1.2 < -0.5 < 0.8	136 distinct values	
Civil Society Index (V-Dem) v2x_cspart [numeric]	Mean (sd) : 0.6 (0.2) min < med < max: 0.1 < 0.6 < 0.8 IQR (90 distinct values	
Corruption (V-Dem) v2x_corr [numeric]	Mean (sd) : 0.6 (0.2) min < med < max: 0.1 < 0.7 < 1	96 distinct values	
Political regime (FH) e_fh_status [numeric]	Mean (sd) : 1.9 (0.5) min < med < max: 1 < 2 < 3	1 : 26 (18.4%) 2 : 99 (70.2%) 3 : 16 (11.3%)	
Government effectiveness (World Bank) e_wbgi_gee [numeric]	Mean (sd) : -0.2 (0.4) min < med < max: -0.9 < -0.2 < 0.7	87 distinct values	
Freedom of press (FH) fh_independent_media_norm [numeric]	Mean (sd) : 1.2 (0.5) min < med < max: 0 < 1.3 < 2	15 distinct values	
Socialization (IPI) socialisation_ipi [numeric]	Mean (sd) : 0.5 (0.1) min < med < max: 0.3 < 0.5 < 0.8	148 distinct values	

Variable	Stats / Values	Freqs (% of Valid)	Graph
Socialization (CoC) socialisation_coc [numeric]	Mean (sd) : 0.4 (0.1) min < med < max: 0.2 < 0.4 < 0.5	141 distinct values	
population [numeric]	Mean (sd) : 7371468 (12164712) min < med < max: 615025 < 2981282 < 47451626	142 distinct values	
Financial assistance per capita assistance_man_per_capita [numeric]	Mean (sd) : 27.4 (18.5) min < med < max: 0.8 < 27.6 < 105.7	142 distinct values	
Export per capita export_per_capita [numeric]	Mean (sd) : 3714.5 (4649.5) min < med < max: 27.7 < 1468 < 19803.3	140 distinct values	

Appendix 3

EU annual reports included in the analysis.

<i>country</i>	<i>year</i>																	<i>Total</i>
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Albania	-	+	+	+	+	+	-	+	+	+	+	+	+	-	-	+	+	13
Armenia	+	-	-	+	+	+	+	+	+	+	+	-	-	+	+	-	-	11
Azerbaijan	+	-	-	+	+	+	+	+	+	+	+	-	+	-	+	+	-	12
Bosnia and Herzegovina	-	-	+	+	+	+	+	+	+	+	+	+	+	-	+	+	+	14
Croatia	-	+	+	+	+	+	+	+	+	-	-	-	-	-	-	-	-	8
Georgia	+	-	-	+	+	+	+	+	+	+	+	-	+	-	+	-	-	11
Kosovo	-	+	+	+	+	+	+	+	+	+	+	+	+	-	+	+	+	15
Moldova	+	+	-	+	+	+	+	+	+	+	+	-	+	+	+	-	-	13
Montenegro	-	-	+	+	+	+	-	+	+	+	+	+	+	-	+	+	+	13
North Macedonia	-	-	-	-	+	+	+	+	+	+	+	+	+	-	+	+	+	12
Serbia	-	+	+	-	+	+	+	-	+	+	+	+	+	-	+	+	+	13
Ukraine	+	+	-	+	+	+	+	+	-	+	+	-	+	+	+	+	-	13
Total	5	6	6	10	12	12	10	11	11	11	11	6	10	3	10	8	6	148

Appendix 4

Correlation analysis between the elements included in the index of the progress in the fight against corruption retrieved from the EU annual reports.

	<i>taxation</i>	<i>customs</i>	<i>public_procurement</i>	<i>competition</i>	<i>business_environment</i>	<i>sme_development</i>	<i>money_laundering</i>	<i>budget_control</i>	<i>anticorruption_policy</i>	<i>public_administration</i>	<i>elections</i>	<i>judiciary</i>	<i>civil_society_development</i>	<i>freedom_of_expression</i>	<i>human_rights</i>	<i>minority_rights</i>	<i>freedom_of_assembly</i>
<i>taxation</i>		0.126	0.189*	0.098	0.204*	0.065	0.235**	0.091	0.066	0.095	0.036	0.088	0.071	-0.027	0.120	-0.142	-0.195*
<i>customs</i>	0.126		0.290***	0.174*	0.288***	0.255**	0.267**	0.123	0.170*	0.216**	0.199*	0.195*	0.159	0.086	0.146	0.112	0.119
<i>public_procurement</i>	0.189*	0.290***		0.122	0.170*	0.191*	0.238**	0.138	0.305***	0.131	0.304**	0.267*	0.266**	0.224**	0.145	0.030	0.074
<i>competition</i>	0.098	0.174*	0.122		0.211**	0.321***	0.162*	0.086	0.128	-0.012	0.257*	0.006	0.115	0.193*	0.291***	0.301***	0.267**
<i>business_environment</i>	0.204*	0.288***	0.170*	0.211**		0.353***	0.059	0.177*	0.232**	0.147	0.224*	0.254*	0.230**	0.081	0.167*	0.018	0.082
<i>sme_development</i>	0.065	0.255**	0.191*	0.321***	0.353***		0.254**	0.248**	0.356***	0.191*	0.193*	0.238*	0.301***	0.136	0.117	0.103	0.129
<i>money_laundering</i>	0.235**	0.267**	0.238**	0.162*	0.059	0.254**		0.219**	0.161	0.265**	0.163*	0.234*	0.242**	0.116	0.122	0.091	0.031
<i>budget_control</i>	0.091	0.123	0.138	0.086	0.177*	0.248**	0.219**		0.270***	0.272***	0.033	0.150	0.212**	0.061	0.206*	0.112	0.006
<i>anticorruption_policy</i>	0.066	0.170*	0.305***	0.128	0.232**	0.356***	0.161	0.270***		0.349***	0.196*	0.251*	0.262**	0.173*	0.115	-0.033	0.130
<i>public_administration</i>	0.095	0.216**	0.131	-0.012	0.147	0.191*	0.265**	0.272***	0.349***		0.024	0.212*	0.092	0.074	0.046	0.057	0.053
<i>elections</i>	0.036	0.199*	0.304***	0.257**	0.224**	0.193*	0.163*	0.033	0.196*	0.024		0.246*	0.345***	0.427***	0.271***	0.231**	0.334***
<i>judiciary</i>	0.088	0.195*	0.267**	0.006	0.254**	0.238**	0.234**	0.150	0.251**	0.212**	0.246*		0.356***	0.168*	0.264**	0.123	0.141

<i>civil_society_development</i>	0.071	0.159	0.266**	0.115	0.230**	0.301***	0.242**	0.212**	0.262**	0.092	0.345* **	0.356* **		0.314***	0.238**	0.191*	0.262**
<i>freedom_of_expression</i>	- 0.027	0.086	0.224**	0.193*	0.081	0.136	0.116	0.061	0.173*	0.074	0.427* **	0.168*	0.314***		0.280***	0.255**	0.322***
<i>human_rights</i>	0.120	0.146	0.145	0.291***	0.167*	0.117	0.122	0.206*	0.115	0.046	0.271* **	0.264* *	0.238**	0.280***		0.126	0.212**
<i>minority_rights</i>	- 0.142	0.112	0.030	0.301***	0.018	0.103	0.091	0.112	-0.033	0.057	0.231* +	0.123	0.191*	0.255**	0.126		0.186*
<i>freedom_of_assembly</i>	- 0.195 *	0.119	0.074	0.267**	0.082	0.129	0.031	0.006	0.130	0.053	0.334* **	0.141	0.262**	0.322***	0.212**	0.186*	

Computed correlation used spearman-method with listwise-deletion

Appendix 5

Full result of the beta regression model, DV: IPI-based progress.

Dependent variable: IPI-based progress in the fight against corruption (EU-perceived)						
	Model 1. Fixed effects model		Model 2. FE + lagged DV		Model 3. Membership model + lagged DV	
<i>Predictors</i>	<i>Odds Ratio</i>	<i>std. Error</i>	<i>Odds Ratio</i>	<i>std. Error</i>	<i>Odds Ratio</i>	<i>std. Error</i>
(Intercept)	0.08 *** (0.04 – 0.18)	0.03	0.08 *** (0.04 – 0.17)	0.03	0.24 *** (0.19 – 0.32)	0.03
country [Armenia]	1.46 (0.94 – 2.26)	0.33	1.14 (0.75 – 1.74)	0.25		
country [Azerbaijan]	3.39 *** (1.98 – 5.82)	0.94	1.84 * (1.09 – 3.11)	0.49		
country [Bosnia and Herzegovina]	0.57 ** (0.38 – 0.85)	0.12	0.69 (0.46 – 1.02)	0.14		
country [Croatia]	1.03 (0.56 – 1.89)	0.32	1.05 (0.63 – 1.75)	0.27		
country [Georgia]	1.81 ** (1.19 – 2.76)	0.39	1.17 (0.78 – 1.76)	0.24		
country [Kosovo]	1.63 * (1.01 – 2.63)	0.40	1.53 (0.99 – 2.37)	0.34		
country [Moldova]	2.42 *** (1.78 – 3.31)	0.38	1.68 ** (1.22 – 2.31)	0.28		
country [Montenegro]	0.82 (0.51 – 1.34)	0.20	0.75 (0.45 – 1.24)	0.19		
country [North Macedonia]	1.19 (0.78 – 1.82)	0.26	0.94 (0.65 – 1.37)	0.18		
country [Serbia]	1.27 (0.92 – 1.76)	0.21	1.08 (0.78 – 1.51)	0.18		
country [Ukraine]	1.16 (0.80 – 1.70)	0.23	1.08 (0.75 – 1.54)	0.20		
Financial Assistance	1.00 (0.99 – 1.01)	0.00	1.00 (0.99 – 1.01)	0.00		
Economic dependence (export per capita)	1.00 (1.00 – 1.00)	0.00	1.00 (1.00 – 1.00)	0.00		
Visa facilitation - opened	1.77 *** (1.44 – 2.18)	0.19	1.27 * (1.02 – 1.58)	0.14		

Visa-free travel	1.70 *** (1.26 – 2.28)	0.26	1.09 (0.81 – 1.45)	0.16
Political polarisation	0.95 (0.79 – 1.15)	0.09	0.90 (0.77 – 1.06)	0.07
Socialization	1.11 (0.40 – 3.06)	0.58	1.35 (0.51 – 3.56)	0.67
Civil Society strength	12.87 *** (4.97 – 33.36)	6.26	6.41 *** (2.37 – 17.31)	3.25
Financial Assistance * State Capacity	1.01 (1.00 – 1.02)	0.01	1.01 (1.00 – 1.03)	0.01
Lagged DV			6.40 *** (3.46 – 11.82)	2.00
				20.13 *** (12.11 – 33.46)
Membership conditionality				0.91 (0.79 – 1.06)
Observations	148	148	148	
R ²	0.533	0.624	0.515	
AIC	-208.428	-225.835	-238.609	
log-Likelihood	144.214	154.917	125.305	

• $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

Appendix 6

Full result of the beta regression model, DV: Control of Corruption index.

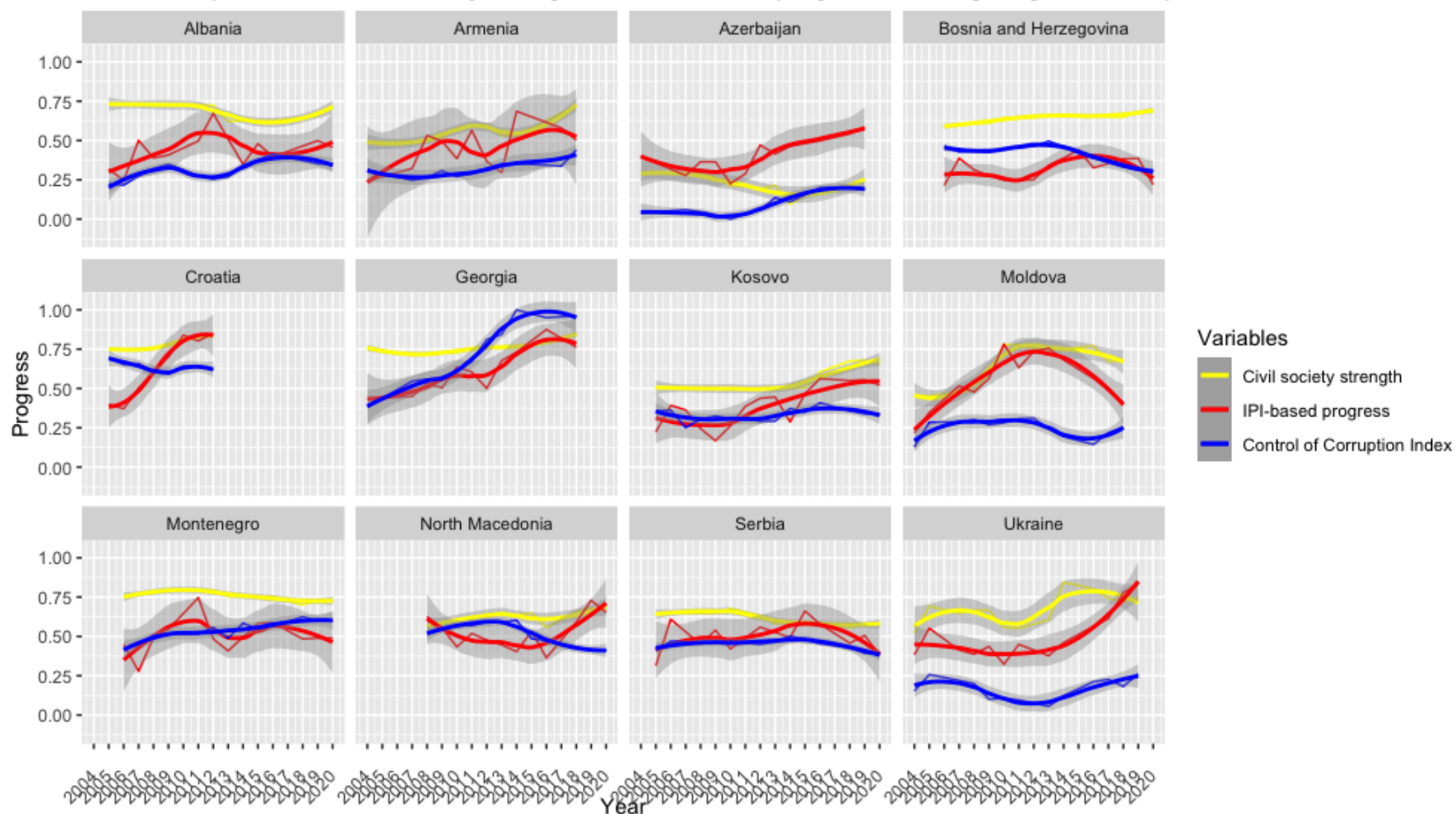
Dependent variable: World Bank Control of Corruption Index						
	Model 1. Fixed effects model		Model 2. FE + lagged DV		Model 3. Membership model + lagged DV	
<i>Predictors</i>	<i>Odds Ratio</i>	<i>std. Error</i>	<i>Odds Ratio</i>	<i>std. Error</i>	<i>Odds Ratio</i>	<i>std. Error</i>
(Intercept)	0.59 * (0.36 – 0.97)	0.15	0.21 *** (0.13 – 0.33)	0.05	0.12 *** (0.10 – 0.15)	0.01
country [Armenia]	0.97 (0.78 – 1.21)	0.11	1.09 (0.90 – 1.30)	0.10		
country [Azerbaijan]	0.30 ** (0.13 – 0.71)	0.13	0.35 * (0.14 – 0.85)	0.16		
country [Bosnia and Herzegovina]	1.75 *** (1.44 – 2.11)	0.17	1.33 *** (1.17 – 1.52)	0.09		
country [Croatia]	5.28 *** (4.52 – 6.16)	0.42	1.77 *** (1.40 – 2.24)	0.21		
country [Georgia]	6.81 *** (3.37 – 13.74)	2.44	1.83 ** (1.17 – 2.84)	0.41		
country [Kosovo]	1.02 (0.81 – 1.29)	0.12	0.77 ** (0.63 – 0.93)	0.07		
country [Moldova]	0.77 * (0.61 – 0.96)	0.09	0.88 (0.71 – 1.09)	0.10		
country [Montenegro]	2.21 *** (1.83 – 2.68)	0.21	1.64 *** (1.37 – 1.95)	0.15		
country [North Macedonia]	3.33 *** (2.74 – 4.04)	0.33	1.73 *** (1.44 – 2.08)	0.16		
country [Serbia]	2.21 *** (1.90 – 2.59)	0.18	1.40 *** (1.21 – 1.61)	0.10		
country [Ukraine]	0.49 *** (0.35 – 0.67)	0.08	0.74 (0.54 – 1.02)	0.12		
Financial Assistance	1.00 (1.00 – 1.01)	0.00	1.00 *** (1.00 – 1.00)	0.00		
Economic Dependence (export per capita)	1.00 *** (1.00 – 1.00)	0.00	1.00 *** (1.00 – 1.00)	0.00		
Visa facilitation - opened	1.28 *** (1.16 – 1.40)	0.06	1.06 (0.98 – 1.15)	0.04		

Visa-free travel	1.45 *** (1.32 – 1.59)	0.07	1.08 (0.98 – 1.18)	0.05		
Political polarisation	0.98 (0.91 – 1.05)	0.03	1.11 ** (1.04 – 1.18)	0.04		
Socialization	0.54 (0.26 – 1.11)	0.20	1.27 (0.68 – 2.35)	0.40		
Civil Society Strength	0.76 (0.43 – 1.33)	0.22	0.67 (0.44 – 1.04)	0.15		
Lagged DV			17.62 *** (10.61 – 29.24)	4.56	63.86 *** (48.32 – 84.40)	9.09
Membership conditionality					1.00 (0.81 – 1.22)	0.10
Observations	148		148		148	
R ²	0.387		0.425		0.402	
AIC	-433.453		-491.395		-440.432	
log-Likelihood	254.726		285.698		226.216	

• $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

Appendix 7

Relationship between Civil Society strength and the level of progress in the fight against corruption



Appendix 8

IPI-based index

Model name	Type	Components	Breush-Pagan test (Heteroscedasticity)	Inherent diagnostics	Durbin-Watson test (Autocorrelation of residuals)	Autocorrelation plot	R-squared (overall)	R-squared (within) for PLM	AIC	Conclusion
model_ipi_only_fixed	Beta regression	Only fixed effects	Present	Passed	Present	Strong 1-step lag autocorrelation	0.324		-172.62	Failed
model_ipi_only_pred	Beta regression	Only predictors	Absent	Passed	Present	Strong 1-step lag autocorrelation	0.471		-209.816	Failed
model_ipi_fe_pred	Beta regression	Fixed effects + predictors	Absent	Passed	Present	Strong 1-step lag autocorrelation	0.533		-208.428	Failed
model_ipi_fe_pred_lag	Beta regression	Fixed effects + predictors + lagged	Absent	Passed	Absent	Absent	0.624		-225.835	Passed
plm_model_fe_pred	PLM regression	Fixed effect + predictors	Absent	Passed	Present	Present	0.291	0.273	191.317	Failed
plm_model_fe_pred_lag	PLM regression	Fixed effect + predictors + lagged	Absent	Passed	Absent	Absent	0.475	0.369	171.194	Passed

Appendix 9

Control of Corruption index

Model name	Type	Components	Breush-Pagan test (Heteroscedasticity)	Inherent diagnostics	Durbin-Watson test (Autocorrelation of residuals)	Autocorrelation plot	R-squared (overall)	R-squared (within) for PLM	AIC	Conclusion
model_coc_only_fixed	Beta regression	Only fixed effects	Present	Failed	Present	Strong 1-step lag autocorrelation	0.368		-395.565	Failed
model_coc_only_pred	Beta regression	Only predictors	Present	Failed	Present	Strong 1-step (up to 4 steps) lag autocorrelation	0.216		-236.217	Failed
model_coc_fe_pred	Beta regression	Fixed effects + predictors	Present	Failed	Present	Strong 1-step (up to 4 steps) lag autocorrelation	0.387		-433.453	Failed
mode_coc_fe_pred_lag	Beta regression	Fixed effects + predictors + lagged	Absent	Passed	Absent	Absent	0.425		-491.395	Passed
plm_model_coc_pred	PLM regression	Fixed effect + predictors	Present	Passed	Present	Present	0.133	0.232	-177.269	Failed
plm_model_coc_pred_lag	PLM regression	Fixed effect + predictors + lagged	Absent	Passed	Absent	Absent	0.926	0.672	-302.171	Passed