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***Functional Borders and Sustainable Security:  
Integrating the Balkans in the European Union***

***IBEU***

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# **EU RESEARCH ON SOCIAL SCIENCES AND HUMANITIES**

## **Functional Borders and Sustainable Security: Integrating the Balkans in the European Union**

**IBEU**

**Final report**

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## Preface

Within the Fifth Community RTD Framework Programme of the European Union (1998–2002), the Key Action 'Improving the Socio-economic Knowledge Base' had broad and ambitious objectives, namely: to improve our understanding of the structural changes taking place in European society, to identify ways of managing these changes and to promote the active involvement of European citizens in shaping their own futures. A further important aim was to mobilise the research communities in the social sciences and humanities at the European level and to provide scientific support to policies at various levels, with particular attention to EU policy fields.

This Key Action had a total budget of EUR 155 million and was implemented through three Calls for proposals. As a result, 185 projects involving more than 1 600 research teams from 38 countries have been selected for funding and have started their research between 1999 and 2002.

Most of these projects are now finalised and results are systematically published in the form of a Final Report.

The calls have addressed different but interrelated research themes which have contributed to the objectives outlined above. These themes can be grouped under a certain number of areas of policy relevance, each of which are addressed by a significant number of projects from a variety of perspectives.

These areas are the following:

- ***Societal trends and structural change***

16 projects, total investment of EUR 14.6 million, 164 teams

- ***Quality of life of European citizens***

5 projects, total investment of EUR 6.4 million, 36 teams

- ***European socio-economic models and challenges***

9 projects, total investment of EUR 9.3 million, 91 teams

- ***Social cohesion, migration and welfare***

30 projects, total investment of EUR 28 million, 249 teams

- ***Employment and changes in work***

18 projects, total investment of EUR 17.5 million, 149 teams

- ***Gender, participation and quality of life***

13 projects, total investment of EUR 12.3 million, 97 teams

- ***Dynamics of knowledge, generation and use***

8 projects, total investment of EUR 6.1 million, 77 teams

- ***Education, training and new forms of learning***

14 projects, total investment of EUR 12.9 million, 105 teams

- ***Economic development and dynamics***

22 projects, total investment of EUR 15.3 million, 134 teams

- ***Governance, democracy and citizenship***

28 projects; total investment of EUR 25.5 million, 233 teams

- ***Challenges from European enlargement***

13 projects, total investment of EUR 12.8 million, 116 teams

- ***Infrastructures to build the European research area***

9 projects, total investment of EUR 15.4 million, 74 teams

This publication contains the final report of the project 'Functional Borders and Sustainable Security: Integrating the Balkans in the European Union', whose work has primarily contributed to the area 'Citizenship, governance and the dynamics of European integration and enlargement'.

The report contains information about the main scientific findings of IBEU and their policy implications. The research was carried out by seven teams over a period of 26 months, starting in December 2002.

The abstract and executive summary presented in this edition offer the reader an overview of the main scientific and policy conclusions, before the main body of the research provided in the other chapters of this report.

As the results of the projects financed under the Key Action become available to the scientific and policy communities, Priority 7 'Citizens and Governance in a knowledge based society' of the Sixth Framework Programme is building on the progress already made and aims at making a further contribution to the development of a European Research Area in the social sciences and the humanities.

I hope readers find the information in this publication both interesting and useful as well as clear evidence of the importance attached by the European Union to fostering research in the field of social sciences and the humanities.

J.-M. BAER,

Director

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## **List of main abbreviations & acronyms**

|         |  |
|---------|--|
| B&H/BiH | Bosnia and Herzegovina   |
| CARDS   | Community Assistance for Reconstruction, Development and Stabilization |
| ERM     | Exchange Rate Mechanism  |
| EU      | European Union   |
| FDI     | Foreign Direct Investment  |
| FRY     | Federal Republic of Yugoslavia   |
| FTA     | Free Trade Agreement   |
| GDP     | Gross Domestic Product   |
| IDP     | Internally Displaced Persons   |
| IMF     | International Monetary Fund  |
| NATO    | North Atlantic Treaty Organisation                                     |
| NGO     | Non-governmental Organisation  |
| PA      | Privatisation Agency   |
| P&PP    | Public and Private Partnership   |
| RIA     | Regulation Impact Analysis   |
| SAA     | Stabilisation and Association Agreement                                |
| SAC     | Supreme Administrative Court   |
| SAP     | Stabilisation and Association Process                                  |
| SEE     | Southeastern Europe  |
| UNDP    | United Nations Development Programme                                   |

## **Abstract**

Increasingly, references to the Balkans tend to underline the progress that has been accomplished since the early 1990s. At the same time, more often than not, it is argued that this progress falls well short of what is necessary and required.

High unemployment rates, significant macroeconomic imbalances, transactions undertaken outside the scope of the formal economy, discretionary applicability of rules and regulations, corruption, particularistic social capital and emigration, are highlighted as the region's main characteristics. In addition, regional co-operation across all sectors continues to be approached with caution and hesitation. These characteristics imply that there exist visible and invisible borders that cannot be easily overcome. Coupled to this, there exists a distance between formality and substance across the region. This distance breeds conditions of insecurity and unpredictability, and in turn nurtures reliance on informal networks and practices. Thus, security, in all its dimensions, remains the main issue in the Balkans.

Recourse to informal practice or informal exchange is a widespread phenomenon in South East Europe (SEE) because networks of economic and political agents, rather than markets, are the key features through which economic exchange is conducted. These networks operate as parallel, private systems of authority, advancing particularistic interests. Moreover, they create invisible borders of participation, often running along the lines of kinship, ethnicity or political affiliation, cutting across SEE societies and breeding insecurity. The scale and nature of involvement of state agents in these networks, where corruption, collusion and influence are instrumental, has made non-compliant behaviour into the norm at all levels of society. In turn, this has undermined social legitimacy of rules, thereby spreading informality and weakening social consensus against it. For businesses and individuals, the 'informality trap' becomes a matter of opportunity as much as of necessity.

Thus, IBEU research argues that for the Balkans to be able to develop into a security community and gradually become effectively integrated with the European Union, the key lies with the nature of borders across the region, its societies and its economies. It is crucial that the rule of law can be extended beyond state and ethnic borders, and that borders serve as platforms for co-operation.

In light of this, IBEU's key task was to explore the main reasons why Southeast Europe (SEE) continues to be subject to the above mentioned characteristics. It also aimed at outlining a number of policy-relevant issues relating to civil society, state institutions,

economic practices and cross-border initiatives that are pertinent to the prospects for regional co-operation, to the quality of democracy and market economy that is developing, and to their EU accession path. It does not intend to propose new instruments or approaches to integrate the Balkans in the EU. It argues in favour of concentrating and up-scaling co-ordination efforts aimed basically at expanding the rule of law and at facilitating the implementation of regimes and practices in a non-discretionary manner across formal and informal borders.

In the first instance, it is urgent to improve the quality of the services provided by state institutions in order to re-legitimise it and improve levels of trust towards the main institutions, while strengthening civil society and specifically targeting conditions that act as incentives to informality. It is equally important to pursue regional co-operation, in spite of current obstacles mainly related to 'hard' borders, not necessarily for its economic value, but mainly for its political implications.

In this, the role of the EU as a regional anchor and a promoter of regional co-operation is indispensable. This is principally due to the 'hub-and-spoke' relationship SEE maintains with the EU across all sectors (SEE countries are much better connected with the EU than between themselves).

Bringing down borders, both official and invisible, is the core priority. This is the case for cross-border co-operation on infrastructure or trade related issues just as much as it is internally, through increasing social capital and limiting the influence of informal networks/agents on the economy, society and governance of the countries across SEE.

Likewise, it is relevant in order to overcome the social, economic, or cultural marginalisation of population groups that have migrated, voluntarily or forcefully, either within the Balkans or from the Balkans to the EU Member States. The potentially disruptive implications of their continued exclusion are disconcerting for the region overall and for the individual host migration countries.

Addressing these soft-security issues would significantly contribute to increasing legitimacy of the democratic political regimes that are being consolidated. It would also contribute to the conditions for sustainable economic growth and regional stability, and for closer integration with the EU. The EU is instrumental and indeed for the time being, it appears that it is still required to both push and pull this progress across the Balkans. Until now, regional co-operation has not taken on a dynamic of its own within the region, though increasingly more so. Left to itself, the risk of digression is still present, with disconcerting consequences for the region and for the wider European continent.

**Core recommendations:**

- The rule of law must be expanded across formal and informal borders so that regimes and regulations are implemented in a non-discretionary manner;
- EU policies focusing on institutional efficiency must be complemented by social capital-building policies and by 'perception-enhancing' policies;
- EU policies must not be limited to the traditional approach focusing on public sector management and public finance sector reform. The institutional framework in place, the micro-economic level and the extra-economic causes of informality require more focused attention in order to make recourse to informality less of an incentive;
- There remain many unexploited opportunities in SEE and the EU's role as a promoter of regional co-operation is indispensable. The Union must persevere in promoting multi-lateralism and co-operation across all sectors of trade and finance within the region.
- The EU must be bold in maintaining the accession momentum and in continuing to provide push and pull factors to transform the domestic political agendas and economic strategies;
- The pace at which the countries of SEE are integrated in the transatlantic security community must be re-invigorated.

## **I. EXECUTIVE SUMMARY**

### **1. Main research scope of Ibeu**

The IBEU research project studied social capital, migration flows, the informal sector and the prospects for regional co-operation in different economic sectors within and across Southeastern Europe. It focused on these areas through the lens of the changing nature of borders and security. In the scope of IBEU, this basically concentrated on social and economic borders and on soft security issues. The combination of these elements is relevant for the region of Southeastern Europe (SEE) for a number of reasons.

First, security is the main issue in the Balkans and within this region, security is sought after through establishing new borders. Controlling borders and exploiting differences in terms of legal regimes, economic policies and relations with third parties (such as the European Union), sustains a particular type of political authority that has emerged to a significant degree across SEE. This type of political authority differs from a conventional notion of state and it finds its economic base in the informal economy mainly as a result of the combination of underdevelopment, war-economies, and the perverse impact of neo-liberal restructuring. It is frequently ordered along ethnic lines and exacerbates the inclusion-exclusion rationale of networks and groups; in this sense, these borders result in a number of security concerns ranging from migrations, to the informal economy, and to criminal activity.

Second, as in all post-communist transition societies, there exists a distance between formality and substance and this relates to the social and economic spheres of interaction equally. In both cases, the internal divisions that exist within Balkan societies and economies affect the economic and personal security of citizens. In light of this, social capital becomes particularly useful because it relates to the workings of formal and informal social networks that are structured along internal social borders and which are precisely aimed at providing to the soft security needs of the members of the networks. Studying social networks thereby helps identify the social borders that exist within and across these societies and the degree to which people manage to gain access to soft security. At the same time, though all democratic institutions appear to be in place and working, a closer study reveals that power relations, left over from the communist era, along with traditional ties have survived and continue to structure social interaction. The study of social capital and of the informal sector focuses precisely on these less transparent social exchanges and networks that cut through the surface of social life in SEE. The informal and hidden nature of these networks and exchanges creates an

insecure and unpredictable environment for economic, institutional and social development.

Through the concept of social capital, we refer to relationships of trust and solidarity, shared knowledge, beliefs, and patterns of social interaction. An in-depth definition and analysis of social capital is provided in the section of Workpackage II (p. 35 onward), however, it is pertinent to note that social capital is manifested in the way social networks are woven in societies and thereby is key to understanding the development of the particularistic characteristics of the societies and economies of SEE. Particularistic social trust, as opposed to universalistic social trust, encompasses every form of mutual trust that is exclusivist and that is based on bringing advantage to a group by disadvantaging the society as a whole. In other words, particularistic social trust, also commonly referred to as negative social trust, is conducive to the emergence and strengthening of social networks whose activities subtract (also referred to as predation) rather than add to the total value generated by society.

Third, the informal economy is at the focus of our study in order to understand how 'pervasive informality' (i.e. widespread, institutionalized informality) develops and what its impact is on security (i.e. property rights, personal security, employment security, etc). To do this, we have studied the affect of pervasive informality on borders at two levels: visible and invisible. The former involves studying informal, and to a lesser extent illegal, trade. The latter involves the study of the blurring of the lines between formal and economic activities principally because of the participation of state structures in this, but also because of the practical incentives for the vast majority of firms and businesses across the region to operate partly in the 'shadows' (i.e. taxation, reporting practices, etc). It equally involves the role of informal networks in the privatization processes across SEE. In the case of the former Yugoslav republics, the role of borders, even in their physical sense, is even more relevant given that the dissolution of Yugoslavia left assets to be privatized and political actors on opposite sides of the border.

Fourth, visible and invisible borders (for instance territorial and ethnic borders) are important in the Balkans not least because they tend to be in opposition to one another. Conflicts have at times been intense because the legal state has not been able to be an efficient, or even fair, provider of security (intended in all its dimensions) or to implement the rule of law. Lawlessness and a long history of conflicts contribute to rendering cross-border relations problematic given that some invisible borders may cut across visible borders, while others may co-incide and vice-versa, leading to disputed, contested or insurmountable borders. The changing role of borders is important for regional co-operation in the Balkans because, it is argued within IBEU, that borders

should not serve to differentiate between friends and foes, but rather provide for the concretization of political and legal responsibilities and for the extension of the rule of law beyond state and ethnic borders.

Thus, through a more perceptive understanding of the cleavages in and within this region, IBEU's aim was two-fold. It aimed at contributing to a deeper understanding of the key factors and of the underlying mechanisms of the political economy and society of the Balkans. It equally scrutinised the current state of relations with the European Union.

The relations between the EU and the countries of Southeast Europe have developed against the backdrop of their eventual EU accession perspective. This has necessarily determined the type, scope and nature of the political and economic relations between the EU and SEE (both as a region overall and with respect to each country individually). It follows that EU policies towards these countries are also framed within this background.

To this intent, the partners of the IBEU consortium carried out extensive empirical research. This research was principally carried out in Bulgaria, Romania, Serbia and Montenegro, FYR Macedonia, Croatia as well as in Italy and Greece. Our research combined sociological surveys, qualitative interviews, focus group analyses, literature review, economic and statistical analyses and ethnographic fieldwork, thereby bringing together the perspectives, the tools and the methodologies from various disciplines of the social sciences. Thus, the project's empirical research on the informal sector and regional co-operation along with our sociological surveys on social capital and migration flows have explored the influence of borders, both formal and informal, in shaping socio-economic developments in the Balkans.

The core of the findings of the IBEU research team have been presented in public conferences in Athens (Greece), Forlì (Italy), Belgrade (Serbia) and Brussels (Belgium) while the key papers of the project's work-packages have been published as work in progress on the partners' websites and as academic articles in academic journals focusing on the region. Furthermore, some of the work conducted within IBEU will be published in the form of an edited volume, while the policy relevant implications of our research has been disseminated to the wider public in the form of policy briefing notes and articles in European and Balkan newspapers and journals. Finally, specific aspects of research conducted within the individual work-packages have been presented and discussed in a wide number of conferences, seminars and workshops across Europe.

A synthesis of the region's key characteristics that have been highlighted during our research follows below, along with a summary of the principal policy implications of this work.

## **2. Key characteristics across Southeast Europe pertinent to the Balkan countries' development and to the prospects for regional co-operation**

The question of whether the countries of South East Europe (SEE) form a region has raised much debate. Regardless of their distinctive features, they do share common traits. These are pertinent to their individual development, to the prospects for regional co-operation, and to the region's relations with the European Union and its Member States. Among these key common traits, it is worth noting that:

### **2.1. Weak states, recourse to informal networks and low social capital**

Individuals, groups, and even businesses in contemporary South-Eastern Europe live/exist in an environment of relative economic and institutional underdevelopment and they cannot count much on state institutions, which are weak. Such a particular environment requires adjustments on the part of individual actors in their social and economic relations, transactions and strategies.

IBEU social capital survey results overall suggest that particularistic trust is abundant throughout SEE. This hinders the development of civil society, nurtures widespread recourse to informality and to non-compliant behaviour. In turn, these characteristics breed insecurity.

Across all countries that were surveyed, negative social trust is diffuse. People trust their own ethnic groups and distrust others (with the Roma scoring at the bottom of the social trust scale). In other words, social capital can be traced along networks that are based on kinship, neighbourhood, ethnic, religious or linguistic ties.

The cross-country survey also highlighted that individuals rarely travel to neighbouring countries in the region. Moreover, they consistently perceive ethnic minorities as constituting a threat to their homeland's territorial integrity. These results highlight the relative newness of the nation-states in the region, underlining that national borders are still not fully accepted. Against the background of the recent weight of national and inter-ethnic conflict in the region, these elements constitute an important hurdle for regional co-operation.

In addition, the results of the social capital survey repeatedly implied that people consider that state institutions function in a discriminatory manner persistently privileging certain groups and networks.

These low levels of universalistic social capital, of interpersonal trust, and of trust in state institutions/agencies feed the cleavage between 'have' and 'have-nots'.

It is important to note that throughout the region, this lacking trust tends to be based on perceptions (usually founded on predominantly negative stereotypes vis-à-vis certain populations or the functioning of institutions) and not on personal experiences. This is identified as the 'experience gap' that is frequently very pronounced across the region.

Particularistic trust nurtures pervasive informality leading to widespread particularistic behaviour; this behaviour is deviant from the formal, legally established norms of conduct and deeply impinges on the processes of privatisation, modernisation, liberalisation and democratic consolidation, and subverts the rule of law.

Informality involves non-compliance with rules regulating production and distribution of legal goods and service. Informal behaviour is characterised by arbitrariness and discretion in applying the rules and involves an element of rent seeking. Moreover, informality appears to be a diffuse post-communist phenomenon.

In the Balkans, informality has become pervasive and the conditions of state-economy relations are such that state institutions are heavily involved in informal practices. On the one hand, this has resulted in loss of trust towards the state institutions on behalf of individual, groups and firms. On the other hand, it has led to the reliance on parallel networks that come to operate as alternative means of resource allocation and respond to security needs.

Thus, informality is a matter of opportunity just as much as it is a case of necessity. At the same time, these parallel networks benefit by further undermining state capacity, thereby leading to situations of 'state capture' by 'predatory elites/networks'.

## **2.2. The informality trap**

For businesses to remain competitive, this 'informality trap' (i.e. self-sustaining informality) is principally nourished by heavy tax burdens (particularly labour taxes that are conducive to undeclared employment/under-reported wages) and by the high-level complexity in country tariff structures.

Most businesses resort to tax evasion, etc., in order to reduce transaction costs. The flip-side of the common strategy of under-reporting is that they have limited access to capital markets and do not present interesting investment options for foreign investors.

The informal economy in SEE is approximately twice the size of most transition countries and shows no substantial decline over the years - -with the notable exception of Croatia.

Informality and corruption exacerbate the ineffectiveness and the discriminatory services provided by public administrations. These are prevalent within all phases of the privatisation process, but also in relation to public procurement thereby rendering many processes highly non-transparent.

Business-related corruption is a variety of this phenomenon and, given that businesses require certain public services to be able to pursue their activities, they become passive supporters of corruption.

The absence of appropriate institutional and legal conditions to support the privatisation process permitted, or in certain cases provided an environment fertile for informality to prevail.

Furthermore, incomplete and/or ambiguous regulatory frameworks facilitated networks that were connected with the political establishment to benefit in a disproportionate manner from the re-distribution of state assets.

In this environment, the informality trap also results in firms preferring, and in a sense even being driven into trading only with known partners and in avoiding official institutions for contract enforcement.

### **2.3. A region of 'hard,' yet 'porous' borders**

Low levels of economic development are coupled with deep disparities that leave rural, peripheral and border regions lagging behind; these 'pockets of recession,' render the region's development more fragmented, more asymmetrical and thereby limit its overall growth.

'Hard' intra-regional borders impede large infrastructure projects that are necessary to strengthen communication and transportation within the region.

Insufficient liberalisation of the service sectors across the region do not provide incentives for public and private partnerships (P&PP) to be set up;.

Illegal trade in the Balkans is above the world average (particularly in certain goods such as textiles, petroleum, cars, electronics and medicine), while smuggling and transit smuggling is widespread.

War and armed conflict encouraged the prevalence of widespread informality in the economic and societal functioning in the Western Balkans, and equally affected this region's ability to attract foreign investors. For the other countries in the region that did not undergo the experience of armed conflict (such as Bulgaria and Romania), their unstable political environment, frequently marked by repeated governmental changes, equally created conditions encouraging informality. In both cases, privileged networks (i.e. having access to government and/or state institutions) functioning on the basis of particularistic interests, were thus adept in exploiting informal procedures and omissions in the institutional and regulatory framework, and in profiting from insider-operations and insider-trading.

Investment is still well below desired levels; inadequate legal and supervisory frameworks and the underlying money-laundering problem have allowed the proliferation of unsound and speculative schemes leading to acute financial crises.

#### **2.4. The hub-and-spoke relationship with the EU**

SEE has a 'hub-and-spoke' relationship with the EU, (i.e., the bilateral relations each country holds with the EU are more important than the regional ones, and even more important than the relations the region as a whole has with the EU).

Growth in regional trade can be noted. There exists, however, scope for substantial improvement due to the expected effects of EU membership (for Romania, Bulgaria and Croatia), the EU's unilateral trade concessions to the Western Balkans, the implementation of the bilateral FTAs, and with gradual infrastructural improvements.

Recent improvements in banks' profitability and loan adequacy ratios are encouraging, but there is still a long road to cover. At the same time, majority foreign ownership in the financial sector is reinforcing the hub-and-spoke relationship that ties SEE to the EU.

Migration flows from the Balkans into the EU are fundamentally the result of an exit choice (mainly on behalf of a young labour force). These provide yet another dimension of the hub-and-spoke relationship between SEE and the EU.

With regard to migration from the Balkans to the EU, the economic argument in favour is strong. An immigrant labour force tends to contribute to an increase in jobs and to more efficient production solutions since it supplies a flexible labour pool. It is, nonetheless,

important to underline that the degree to which migrants contribute to growth, prosperity and job creation in the EU Member States is directly related to the degree of acceptance they enjoy in the host societies.

As far as this latter point is concerned, cumbersome bureaucracies particularly in the new host Member States are inefficient in their handling of the regularisation processes. This renders migrants' legalisation difficult, time-consuming and very expensive, while it reinforces the vulnerability of their status and their insecurity in the host country.

With regard to public participation of migrants, the political opportunity structure of the host society affects migrants' capacity for agency and claims-making. The study of Albanian immigrants in the two neighbouring EU Member States, Italy and Greece, underlined that the rate of immigrant participation and the objectives of immigrant communities' associations is largely defined by the immigration regime in the host country. For example, Albanian associations in Italy are predominantly occupied with community initiatives and cultural politics. In Greece, the lacunae in the immigration policy-regime instigated significant mobilization mostly around regularization issues.

The Balkans have experienced both voluntary (rural-urban migration) and forced (in the countries of former Yugoslavia) migration flows. In both cases, state infrastructure and institutions have been largely unprepared to handle them thereby creating additional dividing lines within the Balkans. These dividing lines may be ethnic, social, economic and cultural in nature. They are further accentuated by slow, inefficient state administrations, limited economic perspectives and a general feeling of uncertainty of the (new) host country's stability.

The combination of these features results in a restricted enjoyment of citizenship rights and in the effective marginalisation of specific population segments (i.e. war-migrants, refugees and displaced persons, new city dwellers, Roma, etc) with potentially disruptive implications.

### **3. Policy implications**

Further to the above, IBEU's research suggests that:

- **EU policies focusing on institutional efficiency must be complemented with social capital-building policies and with 'perception-enhancing' policies.**

The Stabilisation and Association Process (SAP) is essentially built around a top-down approach that prioritises governance efficiency, the adoption of governance standards and institutional capacity building. For state agents and public institutions to fulfill their

responsibilities in an efficient manner independent from the pressures of privileged networks and groups, they require public support. At the very least, they require widespread compliance with regulations and formal procedures. This is necessarily underpinned by a generalised trust in state agents and institutions that are able to perform their functions on the basis of fair and equitable treatment. In these tired post-communist and post-conflict societies, where trust and patience are waning, it is important to complement the SAP with initiatives that will trigger popular consensus in support of the necessary reforms and adjustments.

This is in part addressed by the EU's Community Assistance for Reconstruction, Development and Stabilization (referred to as CARDS) focus on strengthening citizen participation, civil society at the local level, and the municipal level of government. However, CARDS has limited resources and by default this has limited the scope and the results of its work. For the 'implementation' challenge to be met, it is not sufficient to expect that improved institutional performance will automatically generate increased trust and universalistic social capital.

Priority must be accorded to strengthening open democratic political competition in parallel to 'revamping' the political institutions so that the individual institutions and the regime as a whole may be able to regain part of their lost legitimacy; the more competitive a system is, the more predatory elites are restrained in 'capturing' and disproportionately benefiting from state resources.

In addition, it can be argued that empowering local governments is likely to increase the levels of social trust and civic participation. If national governments in the region are more decisive in transferring real resources and decision-making powers to the local levels, higher levels of social capital may be achieved (in addition to other potentially beneficial consequences associated with decentralisation). When empowering local levels of governance, however, there is a significant risk that must be taken into account: more power to local government may inadvertently increase the scope of corruption due to the higher degree of clientelistic relations between state officials/representatives and the local community.

Improved institutional performance may increase social capital in the region; however, this is a very slow, gradual process that may not necessarily be easily identifiable. Thus, improved institutional performance must be complemented with perception-enhancing policies.

Income-related and educational policies are insufficient to increase social capital in Southeastern Europe. Therefore, explicit policies designed to address particularism are necessary to support the Balkan's 'Europeanisation' process.

Strong external pressure for increased political pluralism and transparency is pivotal. The EU, along with other international organizations, can provide this external pressure/motivation.

International and EU support toward NGOs and civil society initiatives that are willing to press for higher accountability and transparency can be expected to further promote domestic mobilisation with positive repercussions on the political systems in the region.

- **EU policies must not be limited to the traditional approach focusing on public sector management and public finance sector reform. The institutional framework in place, the micro-economic level and the extra-economic causes of informality require more focused attention in order to make recourse to informality less of an incentive.**

Recourse to informality has to be made less of an incentive, both for local and equally for international firms in order to allow these markets to economically and institutionally grow closer to the EU.

Regarding taxes: more moderate tax and quasi-tax rates along with simplified administrative levies may result in a significant increase in the tax base.

In particular, the IBEU survey results suggested that simplifying direct taxes (including mandatory social welfare contributions) eliminate incentives to informality, particularly if combined with the elimination of special exemptions and preferences.

Efforts should also target on promoting policies that facilitate entry and business registration, separate inspection/controls from commencing activities, reduce the number of licences and permits, and depersonalize the administrative process.

The privatisation process tends to be better protected from the influence and/or 'capture' of informal networks if the banking sector is privatized before the other sectors of the economy.

Other conditions that are necessary for the privatisation process include that the privatisation agency be immune from political patronage considerations, and that the necessary regulatory and institutional framework (i.e. bankruptcy law, corporate

governance, regulation concerning mergers and acquisitions, etc) is set up before embarking on large-scale privatisation projects.

Extending EU competition policy and anti-monopoly measures to the region should be further pursued, particularly as the state and private monopolies (especially foreign firms or banks) that are commonplace in the Balkans, have slowed down the integration process and have exacerbated the misallocation and even misappropriation of resources.

The integration process with the EU may have certain formalizing effects. Experience in the (Bulgarian) pre-accession period suggests that foreign-investment friendly legislation may facilitate foreign entry into sectors in which informal practices were widespread thereby diminishing the size of the informal economy.

EU accession is expected to affect the ways in which firms do business in these countries principally through external institutional shock, i.e. by significantly improving the judicial system and increasing the technical requirements (through the adoption of EU directives), the potential benefits of resorting to formal contract enforcement mechanisms may be increased while also increasing the costs of violating rules and regulations may provide an incentive towards more formal behaviour (providing the firm can bear the compliance cost without losing the competitive advantage).

At the same time, legislative reform should take into consideration the ability of national administrations to enforce new regulations and the ability of businesses to comply with these; a system able to assess the impact of new regulations would be useful in order to also avoid the risk of over-regulation and added bureaucracy.

- **There remain many unexploited opportunities in SEE and the EU's role as a promoter of regional co-operation is indispensable. The Union must persevere in promoting multi-lateralism and co-operation across all sectors of trade and finance within the region.**

As long as EU-SEE relations are defined in hub-and-spoke terms, regional co-operation can only be achieved with increased outside intervention. Thus, with respect to the individual countries and the region as a whole, the EU will have to alternate in its role as an anchor, a destination, a co-ordinator and an intervener.

Co-operation in fiscal policies should be encouraged for the following reasons: to simplify and render more transparent the fiscal systems across the region; to decrease the influence of local business lobbies and networks on tax policy aiming at retaining monopoly positions in the area/country; to reduce taxes where possible so as to lower the cost of doing business and eliminate exemptions and preferences.

Equally, co-operation with regard to exchange rate policies across the region, for instance through an indirect exchange rate co-ordination using the euro as an anchor, would be similarly useful. This is especially warranted given that exchange rate misalignments and shocks due to risks of devaluation further hold back intra-regional trade.

There are unexploited opportunities for trade and investment since SEE is also a transit region; therefore, the liberalisation of the services sector across the whole region has to be accelerated.

In line with the above, it is equally necessary to convince all sides that cross-border infrastructure and investment projects are beneficial to all involved. The role of the EU in inducing local public actors to co-operate and in raising the necessary funds is of course pivotal.

Given the choice between a multilateral free trade area and a customs union with the EU, the latter would be preferable since it is more in line with the prospect of EU integration. Regrettably, this is not a feasible option at the moment not only because the differences between the various Balkan countries on their EU path are too big (in terms of status of relations, etc), but also because the individual countries naturally give a higher priority to furthering their individual negotiations with the EU than those with the other countries of the region. Thus, the multi-lateralisation of the bilateral free trade agreements seems to be the most that can be achieved at present.

At the same time, expanding intra-regional infrastructure (road and rail) is important to encourage and facilitate increased communication, business, travel and transportation between neighbouring countries in this region. This is necessary to bring neighbouring populations closer together in order to overcome the 'perceptions gap' and increase positive social capital across territorial borders.

- **The EU must be bold in maintaining the accession momentum and in continuing to provide push and pull factors to transform the domestic political agendas and economic strategies.**

Multi-sided policies aimed at deconstructing clientelistic frameworks and networks that are based on tenure of political power must be pursued.

Although the relaxing of borders between the EU and SEE would not provide for an immediate boost to the region's economy, it would nonetheless have a significant soft-security impact and contribute to regional stability.

The EU learning and socialization process is the most suited to sharing information, experiences and expertise. The EU is now facing the huge challenge of 'digesting' its recent enlargement; at the same time, the new Member States have significant expertise to pass on and cannot become introvert. The countries of Central and Eastern Europe have faced similar post-communist (though naturally not post-conflict) trials and have recently gone through the accession experience. They have experienced the challenges of transition, notably of meeting the so-called EU standards, implementing the *acquis*, liberalising their markets, modernising their administrations, etc. It is important that this experience be shared. Just as important is the experience that older Member States (and especially Greece) can impart, particularly in addressing economic underdevelopment of certain regions, and absorbing cohesion and structural funds.

On the EU side, EU efforts must equally focus on increasing the visibility of the positive aspects of immigration, particularly in the new host countries. Campaigns promoting immigration-friendly attitudes must promote multi-cultural tolerance and cultural inter-connections. They must equally factor into their objectives measures aimed at easing the fears of potential 'losers'.

Visa requirements for nationals of the countries in SEE ought to be reconsidered. Restrictive immigration policies have been associated with increase in illegal immigrants that frequently resort to informal networks (also by necessity). These networks facilitate the spread of informality, the growth of shadow economies and even the spread of organized crime.

In addition, with regard to the immigration dimension, EU policies have to focus on more and better-targeted social inclusion initiatives. Here, immigrant associations and other networks of civic character may be useful interlocutors. Just as important is the need to pursue the modernisation of the public administration services of its own Member States. In order to minimise the proportion of immigrants that fall into illegality or irregular status in the host society (with consequences for the labour market, their socio-economic security, informality, etc), the regularisation processes have to be made more transparent, more efficient, and in many cases less discriminatory in their application.

Social inclusion is interlinked with integration in the public sphere; the role of the media in encouraging social and cultural integration ought to be enhanced both within the Balkans and in the EU Member States (particularly the new host countries that are less accustomed to immigration flows).

- **The pace at which the countries of SEE are integrated in the transatlantic security community must be re-invigorated.**

The EU should speed up and strengthen the accession process of the Balkans to provide the necessary push to transforming the domestic political agendas. Rendering candidate status tangible makes the prospect of eventual membership more realistic, more constraining and more of a catalyst for the much needed reform and co-operation throughout the region. Left to itself, the region risks reverting to 'Balkanisation', however, short-sighted and harmful this may be.

Lastly, given that the Balkans are not a foreign policy issue for the EU, moving the Western Balkans from DG RELEX to DG ENLARGEMENT is a very welcome move. The coordinated efforts of all the DGs and services of the Commission on addressing the socio-economic challenges the Balkans face must be further supported. It is through this concerted effort that the EU's soft-power capabilities can be best put to use in nurturing a security community of integrated economies and stable democracies.

## II. BACKGROUND AND OBJECTIVES OF THE PROJECT

### 1. Research objectives

IBEU was funded by the Third Call of the Key-Action: "*Improving the Socio-Economic Knowledge Base*" of the European Commission under *Theme 3: Citizenship, governance, and the dynamics of European integration and enlargement*. It was co-ordinated by the Hellenic Foundation for European and Foreign Policy (ELIAMEP) from Athens, Greece and ran from December 2002 through to January 2005. The main partners were the Vienna Institute for International Economic Studies (WIIW), the Centre for the Study of Global Governance at the London School of Economics (LSE), the Romanian Academic Society (SAR) in Bucharest, the Istituto per l'Europa Centro-Orientale e Balcanica (IECOB) in Forlì, the Centre for Liberal Strategies (CLS) and the Institute for Market Economics (IME) both in Sofia.

IBEU examined the changing nature of borders and security and its relevance particularly for the Balkans. IBEU aimed to understand the aspects and types of social and economic interaction that exist and take place within and among post-communist Balkan societies. To undertake this research endeavour IBEU put forward a series of questions to be tackled. In the first instance, we wished to understand the kind of borders that currently transcend South Eastern Europe.

We consider this to be important because borders dominate and determine the security agenda in Southeast Europe both with regard to intra-regional relations and with regard to the structure of societies within the region. The existence of borders may be an obstacle to integration, to cohesion, to development and security. This included the examination of formal and informal borders; of borders between states and regions, and of borders that exist within the economic and the socio-political spheres; of borders that have a clearly defined status and borders that are permeable or even contested through a variety of means and by different actors. In this respect, the evident question was to explore the functions these borders fulfill for society and for the economy. More specifically, we looked into whether there are circumstances under which borders are selectively permeable? In other words, do borders promote certain types of socio-economic interaction while hindering others?

This is inter-related with the EU's understanding of functional borders and the principles it attempts to project and promote into the region of SEE with regard to borders and cross-border relations. IBEU also explored the extent to which border issues may be intricately linked with security concerns. Special emphasis was on whether the pursuit of

specific security needs at the individual or the collective levels contribute to the creation of formal and informal cross-border relations, or functional border relations, while at the same time exacerbating security concerns between or within states? The underlying objectives were two-fold. In the first instance, IBEU aimed to consider these concepts in terms of their relevance to the post-communist societies of South-Eastern Europe and the challenges they are faced with. The second dimension focused on the implications for their future relations and their integration with the European Union.

The state of the art report that was produced in the initial months of the project reflected on the current academic debate and introduced the theoretical framework for analysis around the two key concepts of *functional borders* and *sustainable security* that constituted IBEU's working hypotheses. These were in turn explored in the four work-packages on: civil society and social capital; the informal sector; regional co-operation; and migration. Naturally, each work-package approached the concepts of functional borders and sustainable security from different angles. Their perspectives depended on the particularities of the countries analysed and on the issues that were studied. In all cases, however, the overarching aim was to:

- 1) Achieve a deeper understanding of the political economies and of the societies studied;
- 2) Offer a dynamic understanding of functional border relations, be these borders formal or informal, which contribute both positively and negatively to security in its wider sense in the region and in the region's relations with the EU;
- 3) And finally, to propose a series of policy recommendations relevant for EU-SEE relations at the regional level, in bilateral relations, and within the individual countries.

The inherent value of this research enterprise was that it offered an inter-disciplinary examination of the concept of borders from a political economy perspective rather than a nationally or ethnically defined security perspective thus contributing to the fields of political science, sociology and economics. This project did not pretend to exhaust all the relevant parameters of these dynamic areas of study. It was, however, an ambitious experiment to bridge across disciplines (particularly economics, political science, sociology, international relations, social anthropology) and to overcome language challenges and cultural interpretations (the mother-tongues of the core research team included Bosnian, Bulgarian, English, Greek, German, Italian, Romanian). In line with the European Commission's, and in particular DG Research's, expectations of the research projects that it has supported within the Fifth Community Framework, IBEU also built on

the knowledge that has been contributed to the European Research Area by other FP5 projects. Information was exchanged with other relevant research projects that were undertaken during this same period – for example EUBORDERCONF and EXLINEA were relevant research projects. In addition, IBEU provided the platform for many of the partner institutes and individual researchers to pursue other research proposals and seek other forms of collaboration beyond the scope of IBEU.

The research consortium focused exclusively on the Balkans in this cross-country, comparative initiative due to the region's pressing need for the re-emergence of a sustainable security environment and sustainable economic prosperity. This is relevant for the EU because it has invested significant financial, technical, human, political and military resources in the countries of the region. It has developed instruments for their reconstruction, stabilisation and association that are being called to respond to the region's pressing challenges. This is also particularly pertinent for the European Union in view of its enlargement and integration processes that have gained increased momentum: the recent enlargement to a Union of twenty-five Member-States, and the on-going debates on Europe's Constitutional Treaty that will provide the blue-print for the future architecture and democratic governance of the European continent. The European Union encircles and borders South Eastern Europe and is, therefore, necessarily affected, whether in its overall security or with respect to its borders, by the region's socio-economic situation.

## **2. Research context**

The EU has been fundamentally constructed around the premises that the functional spill-over effects of trans-border co-operation and integration are the foundations for a dynamic economic development, for the construction of a democratic peace and for a stable and secure regional community of like-minded states with common interests and values. This has entailed a shift in the understanding of security. On the European continent at the beginning of the twenty-first century, and as the EU example has demonstrated, the concept of security and of what constitutes national interest for a liberal democracy has been redefined on the basis of economic liberalism, inter-dependence, co-operation and integration, and ultimately, the pursuit of economic prosperity and a democratic peace. More importantly, for the EU Member States national security has been redefined to no longer be associated solely with the military protection of defined geographic borders and of the population within them. Rather, the EU has determined that national security can be achieved through good neighbourly relations based on deeper co-operation through cross-border tackling of common problems and challenges, attachment to common values and principles, and inter-dependency.

These issues currently occupy centre-stage in EU-Balkan relations and define the EU's roadmap for the Balkan countries. In effect, the 1999 Helsinki European Council announced the prospect of the Balkan integration into the European Union. The 2000 Feira European Council in turn encouraged co-operation between the states of the region so that the region as a whole can move towards greater economic and political stability and overcome its conflicts that are 'at odds' with the wider objective of security and prosperity of the European continent (CARDS 2002). The 2003 Thessaloniki Summit provided the clear political commitment on behalf of the EU that EU membership is a goal for the entire region. And, in what constitutes more than a mere formality, since 2004, relations with the Balkan countries have been assigned to the portfolio of the Commissioner for Enlargement (and are no longer the responsibility of DG External Relations).

Against this background, the EU and the international community have driven regional co-operation in South Eastern Europe in an attempt to reverse the disintegration process and to address the problems that result from the mutual distrust between the region's actors and their economic crises. The guiding rationale for regional co-operation is that economic growth requires economies of scale, an open trade policy and increased participation in regional and international trade. These are expected to eventually contribute to mutual vested interests, to reciprocal trust, and to the development of a security community. Regional co-operation has been considered a pre-condition and pre-requisite for European integration with a value for prosperity and stability independent of, or even beyond, EU accession. To this intent, the EU has defined the Stabilisation and Association Process (SAP), which currently frames EU-Balkan relations, and has earmarked 4,650-million euro through the CARDS Regulation for the period 2002-2006 for investment, institution-building, reconstruction, democratic stabilisation, reconciliation and the return of refugees, legislative development, structural reform, etc.

However, triggering the process of regional co-operation has been far from easy and continues to remain a challenge. The reasons are multiple. State disintegration, war and embargoes have had deep-rooted effects on the internal economies of the Balkans and on cross-border trade. They have also seriously undermined certain patterns of social and political cross-border interactions while exacerbating others. The lack of economic cohesiveness, the significance of the informal sector, delayed democratic transition and ethnic nationalism have been identified as characteristics of the region that hinder regional co-operation. In addition, it has been suggested that there exists a lack of a common notion of the region and of a genuine political will for co-operation. This may be illustrated by the fact that regional co-operation enters elite discourse rarely and usually is specifically directed at economic issues that tend to be acceptable by the parties

concerned. Overall, it appears that the value of regional co-operation *per se* is not recognised in the region. Rather, it is undertaken in areas that have been clearly defined by the EU as requiring regional responses (such as tackling organised crime, illegal immigration, other forms of trafficking, visa policies, border management and infrastructure projects), and only within the over-arching perspective of the objective of European integration. Finally, the EU itself and its Member States contributed to complicating certain situations throughout the 1990s. Co-ordination among national policies was often lacking, there was a difficulty in defining an appropriate and coherent regional strategy and in applying EU conditionality (for illustration purposes, we can refer to Germany's unilateral recognition of Croatia and Slovenia and Greece's embargo on FYR Macedonia). Just as relevant is the diversity of tools that has been directed towards two sets of countries within the same region – the Stabilisation and Association Process on the one hand functioning on bilateral conditionality and the Stability Pact on the other promoting regional co-operation.

It is thus argued that as a consequence of some of these aforementioned factors, currently, each of the actors in the Balkans experiences a different set of security challenges. These challenges involve their borders, their institutions, their status, their economy, or their society, and may be overlapping, cross-cutting and more or less relevant in each individual case. By expanding the notion of security to include social, cultural, identity and economic issues, and by applying its relevance to the individual and the collective levels, we are able to gain a deeper understanding as to the heterogeneity that characterises the Balkans. Security is approached both from a national security perspective, but equally from the perspective of individual security and of the relevance of 'soft-security' issues. Through this approach, it may be possible to discern the issues that are mutually inter-locking and inter-blocking in a region that has experienced, or is still experiencing, transition from communism, and in some cases from warfare; from regime collapse, and in some cases from state fragmentation often accompanied by institutional collapse or even vacuum. A region that is in a phase of state adaptation, of state rebuilding or even of nation-building. A region that is experiencing a transition towards democracy (in its European liberal understanding), towards a market economy, and towards what the region overall appears to consider as the guarantee of its future security, stability and economic prosperity, namely of its integration into the EU.

South-Eastern Europe consists of countries whose borders are contested, or whose borders remain unclear. There are states or state-like entities whose status is still unresolved, or who are in the process of asserting themselves. This process has implications on the status of certain borders in the region, which from internal regional boundaries may develop into new international borders. The list ranges from Kosovo to

Bosnia-Hercegovina, to the future development of the institutional arrangement between Serbia and Montenegro, and potentially even to Vojvodina, Sandzak and the western province of FYR Macedonia. Moreover, there exist new states or entities that are still involved or are trying to engage in nation-building, which in many cases has been pursued through violent means. These countries are engaging in nation and/or state building while equally experiencing a transition from conflict and bloodshed. In these situations, social, political and economic structures, attitudes and institutions are deeply wounded, and societal relations are affected. Reconstruction at all levels is a heavy burden for an already exhausted population transgressed with dichotomies involving ethnicity, religion and differential access to public services, protection, authority, etc. This also means that in many cases these states or state-like entities are still vulnerable to internal or cross-border rivalries. At the same time, they may equally be a threat to another minority or a neighbour, or a source of tension and persisting regional instability because of excessive nationalistic zeal or the need to assert and protect their identity. This is the case for Bosnia-Hercegovina, for instance, where international involvement and administration is required to ensure the central state functions; the downside being that it is transformed into an international protectorate still vulnerable, for example, to Republica Srpska's relations with Serbia. This is also the case for Kosovo where its pursuit of independence challenges actual state borders (Serbia) or may have potential implications for the region (Albania, FYR Macedonia).

Coupled to this, the institutions and processes that are in place in most of the Western Balkans are the result of negotiations to end warfare, rather than to put in place sustainable legal and political frameworks to assist democratic reform and the transition to market economy. This has contributed to the persistence of pre-war and wartime political economies. Cutting across all these, is the additional challenge of a wide-spread and increasing behaviour of non-compliance towards state rules and regulations in the political, legislative, judicial and socio-economic spheres, further fostering current disintegration of state legitimacy and trust that characterises the countries of the Balkan region. Pervasive informality and non-compliance are equally wide-spread in the Eastern Balkans.

Most countries in the region, though at varying degrees, face severe economic crisis with implications for civil society and the state and vice versa. This vicious circle is manifested through unemployment rates that surpass thirty percent of the population in some countries, and which have knock-on effects such as legal or illegal immigration. In turn, this has consequences for the structure and the quality of the labour force staying behind, on family structures, on the development of an economy energised by remittances, and on bilateral relations with the migration transition or destination

countries. From another perspective, the socio-economic vicious circle can also be illustrated by the high share of the 'shadow economy' and of informal activities aimed at ensuring subsistence or grabbing opportunities for enrichment. Such an environment nurtures relations based on bribing, the corruption of state institutions such as the fiscal, police or customs authorities, and results in loss of state funds through tax evasion hence feeding into the economic crisis and state inefficiency. The economic insecurity that characterises many Balkan states also results from aid dependency syndromes that do not make viable economies in the long term, small markets, de-industrialisation and non-transparent financial and equity markets to name but a few.

It is perhaps pertinent to focus in slightly more detail on the causes that breed corruption or economic insecurity that are currently so strongly associated with the Balkan region. High levels of corruption are a consequence of a number of factors, none of which are specific to this region only. However, the combination of some elements that are outlined in the individual workpackages make the phenomenon pronounced in SEE. Institutional or state breakdown leads to the proliferation of decision-making centres while it also leads to 'fuzzy' legislation (and even fuzzier implementation of this legislation) that leaves much room for interpretation and for discretionary powers. The dissolution of Yugoslavia provided such a context for the countries commonly referred to as the Western Balkans, while the transition from communist regimes equally left a void in Bulgaria and Romania. Moreover, privatisation in circumstances where property rights, formal procedures and corporate governance principles are not clearly defined, leaves scope for networks, or 'predatory elites' to take advantage of this to their personal benefit. In other words, where the state is unregulated in its actions, the opportunity arises for its powers (and assets) to be 'privatised.' Corruption, or corrupt practices, is reinforced by negative or particularistic social capital because it is circumscribed by illegal (or unethical) interaction among members of networks who share trust only amongst themselves. At the same time, where there are shortages because of instability, conflict or economic crisis, state opportunities and services are also rationed thereby increasing the opportunity for corruption in order to gain access to standard services and assets. The war economies of most of the countries of the Western Balkans and the profound economic imbalances that were caused as a result of the collapse of the communist regimes across the region provided fertile ground for the development of such practices not only as a result of opportunity, but also in certain cases as a need. Lastly, corruption and informal economy are inter-related. Given the substantial size of the informal economy in the region, there exists a considerable amount of informal money across the Balkans that creates incentives for administrations, that tend to lack transparency and accountability in their functioning, to be corrupted.

In short, in post-communist societies it can be argued that corruption is basically the particularistic distribution of public goods by the state to the benefit of certain individuals or groups. Thus, corruption manifests itself not only through the use of public position for personal gain, but more broadly, through the widespread infringement of the norms of impersonality and fairness that in principle characterises modern public services. The main 'currency' in this context is not so much money, or cash, rather it is influence, and thus power. In an environment of scarcity, status groups control access to all resources (and thus to security) --these status groups are referred to as 'predatory elites' who in the process of generating prosperity and 'influence' for themselves, produce social 'poverty' and 'capture' the state's resources and powers.

These issues are not equally relevant to all the countries of South-Eastern Europe. Their relevance fluctuates in intensity and in form between the countries and regions of former Yugoslavia that were involved in armed conflict on the one hand, and Bulgaria and Romania on the other. Their relevance depends on the specific contexts within which their transition from socialist regimes took place, or within which their relationship with the EU developed thus illustrating the diversity that characterises the region. The relations between the EU and the Western Balkans were framed by a context of state disintegration and pursuit of independence through armed conflict in most cases, negative conditionality and sanctions. The relations between the EU and the Eastern Balkans (Bulgaria and Romania) and Albania were framed in a context of state adaptation and economic transition. These differences are particularly pertinent in understanding the extent to which state institutions may be malfunctioning in the dichotomies that characterise social relations and social capital, in the divides that are reflected in the countries' economies and on their propensity to engage in cross-border relations.

### **III. SCIENTIFIC DESCRIPTION OF PROJECT RESULTS AND METHODOLOGY**

The IBEU research project was broken-down into six workpackages. This section will provide a description of the main research that was conducted within each workpackage and an overview of the key conclusions.

#### **In brief**

WP1 consisted of elaborating the theoretical framework and of ensuring consistency in the theoretical background among the various workpackages. This involved a kick-off meeting that was organized in the first month of the project where the concepts of security and borders were discussed; in addition, the scope of each WP was more clearly defined. The State of the Art Report on the changing notion of borders and security was also published in an article form in the *Journal on Southeast European and Black Sea Studies* (Frank Cass, London) in January 2004.

WP2 concentrated on civil society in Romania, Bulgaria, Serbia and Montenegro and FYR Macedonia and explored the concept of social capital in order to understand the dividing lines that exist within these societies and the factors that determine these dividing lines. Social capital was studied in terms of trust among population groups within each country and towards the state institutions. The survey that was conducted through the IBEU in these countries shed light on the factors that influence positive and negative social capital. In addition, workshop meetings were held in Sofia and in Bucharest to derive comparative conclusions from the analysis of each country's data and to further develop the concept of particularism with respect to Southeast Europe.

WP3 studied informal networks and the informal economy in the Balkan region. Special emphasis was placed on Bulgaria and Croatia for the case studies on the role of informal networks in influencing the privatisation process. Bulgaria was also the principal case-study for the survey on factors that function as incentives for firms to operate 'in the shadows.' This empirical data provided concrete information on the factors and conditions that lead domestic and international firms to conduct parts of their activities in an informal manner. In addition, research conducted within the WP estimated the size of illegal trade in the region.

WP4 focused on regional co-operation. The region's rail and road infrastructure was studied in order to understand practical factors that may hamper or encourage cross-border trade and communication patterns. In addition, regional trade and trading patterns within the region and between the region and the EU were studied to identify the areas and sectors with potential within which co-operation at the regional level can

be further pursued. The banking sector was also studied as a case-study of heavy foreign investment, illustrating even further the extent of the 'hub-and spoke' relationship that exists between SEE and the EU. In addition to the workshops, two conferences were held within the scope of this WP – one in Vienna and one in Belgrade – that provided the opportunity to discuss the challenges to regional co-operation with academics, policy-makers and officials from the countries of SEE.

WP5 explored migration trends within the Balkans and between the Balkans and the EU. With regard to internal migration trends, particular emphasis was placed on forced migration and rural-urban migration flows as a result of the disintegration of Yugoslavia. With respect to migration from this region and into the EU, our WP focused on Albanian migration into two relatively new EU host migration countries (Greece and Italy) that have been profoundly affected by the inflow of an Albanian workforce. This involved extensive surveys with Albanian immigrants and with employers of Albanian immigrants. A workshop and an edited volume on migration flows in Europe are among the key outputs.

WP6 brought together the conclusions and policy relevant implications of the research conducted by the IBEU research partners. In an interim meeting in Athens and in the final conference that was held in Brussels the final results of this inter-disciplinary research and of the empirical findings of the two major surveys that were conducted within IBEU were presented to a wider audience of policy-makers, EU officials, diplomats, journalists, economists and academics.

### **Detailed overview of each workpackage**

In what follows, this part includes a more detailed section on the progress accomplished within each workpackage. A similar structure has been attempted in these individual WP overviews, however, given the differences in the methodology and the approaches that have been adopted by each team, emphasis is unavoidably attributed to different issues. Nevertheless, each section overall comprises of a reference to the partner institutes and research team that constitute the WP, a summary of the WP's objectives, an overview of the methodology, an analysis of the conceptual frameworks and the policy implications, and where relevant a brief note on the planned activities after the formal end of IBEU.

## **A. Workpackage 1: theoretical framework**

**Co-ordinators:** Loukas Tsoukalis, Ruby Gropas (ELIAMEP)

**Partner institutes:** ELIAMEP, SAR, CLS and with the collaboration of the South East European Studies Programme (SEESP) of Oxford University (St. Antony's College).

**Principal researchers involved:** Loukas Tsoukalis, Ruby Gropas

### **1. Borders: a matter of geography and a matter of function**

The concept of borders may be approached from a number of perspectives, but in the context of this project it is useful to distinguish between opposing types of borders that may also be over-lapping or cross-cutting. Hence, reference is made to borders in their most typical sense, borders between countries and internal borders, within states. Equally though reference is made to a different conception of border; one that is unbundled from its territorial form, since it is neither spatial nor geographic in nature. It is proposed to consider a concept of borders that involves the way civil society, politics and the economy operates among and across states and regions and the functions that such informal borders fulfill.

With regard to the former and its mainstream definition, border equates the territorial delimitation of a state or region that may fluctuate depending on history. The formal territorial delimitation of a state simply involves determining the location of a border through a treaty and a map (Huth and Allee 2002) hence ensuring its recognition and international respect for its integrity. Throughout modern history, a number of different paths have defined states' relations with their population and with their territorial delimitations, thus associating territorial borders with security. Current international relations, the processes of globalisation and regional integration, along with growing inter-dependence and the multiplication of actors (international organisations, supranational organisations, NGOs, multinational companies, etc) have challenged traditional notions of security and borders both in principle and in practice. This is particularly the case on the European continent where a number of exogenous and endogenous factors have altered borders and their meaning. This has been happening gradually since the end of the Second World War and the beginning of European integration, but has accelerated in rhythm and has expanded in scope since the end of the Cold War.

Borders in their traditional meaning of geographic contours around a population have been adjusted. Their status has been adjusted or redefined to unite or reunite peoples, as it has been redefined to separate peoples that had existed within the same sovereign structure and usually under a communist regime for a number of decades. The former

can be illustrated by the European Union and German reunification, while the latter can be witnessed by the separation of Czechoslovakia and the disintegration of Yugoslavia. In cases where the dissolution of a state and the definition of a new international border has been accompanied by territorial disputes, then it has been likely for disputes to escalate to the level of military confrontation between the conflicting parties (Huth and Allee 2002). Such border issues are well in the realm of 'hard security' concerns.

Beyond this inter-state scope, however, borders have shifted at the regional level as well. The Iron Curtain dividing the socialist countries from the liberal democracies was torn down and previous almost impermeable borders became the platform for co-operation, association and integration in the economic, political and even military spheres. This can be certainly illustrated by the inclusion of the countries of Central Europe and subsequently South Eastern Europe into NATO and by their EU accession process. This change in borders at the regional level has been intricately linked with the shift in perceptions of security on the European continent. Until a little over a decade ago, the border between Eastern and Western Europe was very clearly demarcated between two very distinct models of governance, ideologies and economies and the security threat was fundamentally defined in military, national security terms. This is no longer the case for most of the European continent since these borders have been dismantled and these antagonisms are no longer relevant. Hence, in spite of latent concerns that may still exist in Eastern Europe, the defence of borders as well as their management is, generally, no longer considered in political and military terms against another's aggression. Security has shifted to the consideration of other issues relating to the permeability of borders which cannot be addressed through traditional military responses, such as illegal immigration, trafficking or terrorism. To all this there remains one exception, one region that continues to experience security concerns in their traditional forms due to expressed or still latent irredentist claims or secessionist threats. Moreover, the latter type of security concerns also challenges this region, namely South Eastern Europe, and much of Europe's near abroad.

Non-typical, internal and informal boundaries that delineate individual or collective activities within or across the territorial boundaries of states, these may be approached as gateways, between and across countries, economies, populations, communities, ethnic groups, social groups, family entities, etc. Hence, it may be argued that these boundaries are functional in many ways and individuals or communities engage in social and economic activities within and across them. In this perspective, the notion of *functional borders* is relevant insofar as functional relations, institutions and structures are trusted to provide the necessary context for social and economic exchanges at the individual, social, intra-state, inter-state and regional levels. Social and economic relations are thus

structured largely along and within these functional borders; this reality appears to currently characterize relations in SEE to a significant extent.

In the countries of South-Eastern Europe that have emerged from communism, conflict and warfare, it appears that the state has had difficulties, or has simply failed, in dealing with the challenges associated with its formal and informal borders. Typical cross-border issues that characterise the region and affect its relations with the EU include: the development of negative social capital<sup>1</sup>; non-compliance with laws, regulations and administrative norms when providing goods and services that are legal; an ever-growing illegal or outright criminal sector; and immigration pressures. These are responses by the populations to face, or even to survive, the challenges that they encounter in their everyday social, economic and political life. They are solutions enabling them to address their needs in light of the security vacuum, the institutional inefficiency and the economic collapse that has occurred. Paradoxically, these 'functional' solutions for the local populations, though perhaps functional only in the short term, may be considered to be dysfunctional elements that restrict formal regional co-operation, hinder the development of a nation-wide, egalitarian civil society, of a fair and inclusive system of democratic governance and the rule of law. Thus, the other side of the coin of such an environment created in response to security needs, breeds human, social and regional insecurity for the Balkans and by extension also for the wider European community.

## **2. Borders and the European Union: more and less permeable**

The history of EU integration has involved the intensification of cross-border activity and co-operation in all sectors of social, economic and political life. The political project of constructing the European Union has focused on reducing the importance of borders through making them increasingly permeable. It has concentrated on bridging elements of civil society, of politics and of the economy from either sides of the borders and linking them at the supranational level in order to transcend nationalistic or ethnically driven anxieties, and in pursuit of the ultimate objectives of security and prosperity. Borders, here, are considered in their territorial dimension first and foremost, which has involved the intensification of co-operation between the Member States. This developed gradually through the free-trade area and the incremental elimination of customs tariffs between the Member States, the Single Market, the Economic and Monetary Union, the free movement of people between the Member States and Schengen. Borders though are also

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<sup>1</sup> This refers to social capital that is useful to the development of local or sector particularistic ties but which does not contribute to the emergence of a strong nation-wide society, and that has been typical in communist regimes. It is the opposite of positive social capital which contributes to the development of civil society on a nation-wide basis.

considered in their sectoral or horizontal dimensions whereby Community policies in industry, agriculture, fishing or policies relating to the environment, consumer protection, and deregulation in the service and utilities sectors have cut across the Member States in view of harmonisation and the adoption and implementation of common solutions and approaches to these issues. In all of the above cross-border cases, the common characteristic has been to overcome, to reduce, or simply to eliminate borders and boundaries between nations and states.

The EU has been fundamentally constructed around the premises that the functional spillover effects of trans-border co-operation and integration are the foundations for a dynamic economic development, the construction of a democratic peace and a stable and secure regional community of like-minded states with common interests and values. This has entailed a shift in the understanding of security. On the European continent at the beginning of the twenty-first century, and as the EU example has demonstrated, the concept of security and of what constitutes national interest for a liberal democracy has been redefined on the basis of economic liberalism, inter-dependence, co-operation and integration, and ultimately the pursuit of economic prosperity and a democratic peace. More importantly, national security for the EU Member States has been redefined to no longer be associated solely with the military protection of defined geographic borders and of the population within them. Rather, the EU has determined that national security can be achieved through good neighbourly relations based on deeper co-operation through cross-border tackling of common problems and challenges, attachment to common values and principles and inter-dependency. This concerns the internal borders of the EU. Interestingly enough, this has also been taking place with the external borders of the EU. Let us see how.

It is usually considered that the EU is lowering its internal borders at the expense of strengthening or raising its external borders. Concerns have been particularly expressed with regard to the development of a protectionist internal market (by the US and Japan), or with regard to its asylum and immigration policies and the classic reference to 'Fortress Europe.' In effect, the protection of the external borders of the EU has been a central preoccupation of the EU institutions and of the Member States (Monar 2000; Council COMIX 398). As an example, in June 2002, the Presidency of the Council communicated a plan for the management of the external borders of the Member States and of the Union:

"The external borders of the EU play a key role in defining and protecting the area of freedom, security and justice that we all desire. The control and surveillance of borders contribute to managing flows of

persons entering and leaving that area and help protect our citizens from threats to their security (...). In addition, in an area like Schengen, characterized by the suppression of internal border controls, the surveillance and control of external borders is essential (...). This European Council calls attention to the fact that coherent, effective common management of the external borders of the Member States of the Union will boost security. It also serves to secure continuity in the action taken to combat terrorism, illegal immigration and trafficking in human beings (...)"(COMIX 398: 3)

This 'hardening' of EU borders, and the potential implications that it could have in the sphere of individual civil rights and liberties has raised much concern among academics, policy-makers and NGOs, and has triggered a rethinking of borders. Jan Zielonka has called for a new thinking of borders and has argued in favour of:

"Borders [being] more about civil rights and duties than about controlling flows of populations. They can be more about managing multiple cultural identities rather than about checking these identities and discriminating against some of them. They can be about different regimes of redistribution rather than about different regimes of policing. If democracy and identity argue for defining borders they do not argue for closing them. More attention could be paid to ways to facilitating cross-border movements in a humane and organized manner than to constraining such movements. The key terms in the border-related discourse may well be trade, tourism, cultural exchanges and foreign policy assistance. The current discourse is too much about border guards, surveillance techniques and visa restrictions." (2001: 530)

However, it cannot be argued that the EU's external borders are consistently hardening at all levels and in all spheres. In effect, the external territorial borders of the EU *stricto sensu* have been in a state of flux since the European integration process commenced and the successive enlargement waves have actually re-drawn these borders a number of times already. The applications for membership and the political commitment made on behalf of the EU to continue enlarging (with the subsequent debate on where the limits of this continent are), have implied that following the eastward expansion currently underway, in the medium or long term the external territorial borders of the EU may, or will, extend and expand southward (Balkans, Turkey) or even potentially beyond.

The geographic expansion of the EU borders and the subsequent expansion of the Community's sovereignty and authority, however, also extend beyond its actual membership enlargement. Through its external economic and political relations, it is increasingly difficult to delineate the EU's external borders. In effect, the accession and applicant countries focus their efforts on adopting, implementing and digesting the Copenhagen criteria and the *acquis communautaire* throughout the pre-accession procedure. Even in cases where the prospect of future integration and membership is not a factor at play, countries recipient of EU technical assistance or development co-operation are held to political and economic conditionality criteria (as in the case of the Lomé and Cotonou Convention with the African-Caribbean-Pacific states). Elements of the EU's common foreign policy and its security concerns also extend the EU's authority and competence across its external borders and into its neighbouring states' territories. The case of South Eastern Europe is particularly illustrative of this with the EU's involvement in Kosovo and Bosnia-Herzegovina for instance. Thus, EU policies, values, governance methods, go well beyond its external 'fuzzy' borders. Christiansen et al, have described the EU's borders as fuzzy because 'they produce interfaces or intermediate spaces between the inside and the outside of the polity (...). Fuzzy borders are moving zones and they can easily be crossed by persons, goods, capital and ideas' (2000: 393). By no means does this diffused notion of borders imply that they are vanishing or losing their salience. Rather, it is argued that the continuous spill-over process and the intentional political project on behalf of the European political and economic elites have fostered conditions conducive to moving away from an inclusion-exclusion or inside-outside dichotomy and altering the concept of borders.

In this sense, borders need not be considered as rigid or pre-defined cleavages, but rather they could be perceived as frontiers, or zones that undergo adjustments as and whenever is required. These adjustments may have a territorial or functional scope, and instead of being dividing lines between states or groups, borders may function as platforms for co-operation. This understanding of borders is not only applicable to the experience of the EU. As a consequence of the implementation of EU policies and initiatives across the Balkan region's borders and within the states, and in view of the Balkan countries' declared objective of EU membership, this model may be equally relevant for them.

### **3. Borders and South East Europe: blurry lines**

The concept of borders is approached differently in South Eastern Europe where the much studied decade of disintegration has re-drawn, or has attempted to re-draw, territorial boundaries and their status. Throughout the recent post-communist trajectory of the Balkan countries, primary emphasis has been placed on the (re)definition of borders (Veremis 2002). This is the natural path of any process of state-building and the attempt to define and secure geographic delimitations and to establish sovereign authority within these has been the primordial aim of the Nation-State. In this context, borders function in an inclusion-exclusion mechanism with the aim to form exclusive enclaves; this is precisely what motivated the course to independence of the former Yugoslav Republics and caused the subsequent tensions, conflicts and bloodshed in the region. Although specific territorial boundaries have been regarded as necessary characteristics of a Westphalian state, they are by no means sufficient in creating a functioning state. And, this appears to be the fundamental problem of South Eastern Europe where attempts to create fixed, hard borders are in fact faced with the reality of borders that are contested, permeable, blurred, simply disregarded or uncertain.

Inclusion-exclusion mechanisms along informal, invisible dividing lines are reinforced because of state weakness. In effect, state weakness has been identified as one of the principal failings in the region. In spite of authoritarian and wide-reaching state structures, the state has been unable to control or provide to the needs of its society and its economy. In its most simple definition, state weakness involves the inability of a state to solve the basic security needs of its citizens; further than this, state weakness refers to its inability to address citizens' needs in an equitable, just and transparent manner. State weakness has been defined as the state's incapability to perform its functions due to the fragility of its institutions, the uncertainty of its territory and population, the ineffectiveness and lack of public services and the limitations in its exercise of justice, legitimacy, rule of law and loyalty (Bianchini 2002). State weakness is associated with the issue of whether there exists too much or too little state. State weakness and size is quite relevant for the Balkans. A weak state may at the same time be quite 'big' (for instance in terms of its involvement in the economy), and it is argued that in order for it to become strong it must first become small (i.e. through privatization). Just as relevant to a state's strength is the extent of its resources. A state is thus weak if it does not dispose of resources, but also as is the case in the Balkans, if it disposes resources that are channeled to satisfy an oligarchy (aka privileged networks, rent-seekers, predatory elites, etc) rather than the public. This is referred to as state capture. Another dimension along which state weakness can be measured is the extent

to which it is autonomous in applying the rule of law and in formulating its interests independent of divergent societal interests.

Against this background, the question of whether it is state weakness that fosters informal networks or vice-versa becomes a chick and egg dilemma. There is no one way causality since given the extent of state capture, the state is inherent to the networks, while the state's malfunctioning fosters the creation of networks. Informal networks are provided with an opportunity to develop during the phase where state transformation (in post-communism and post-conflict situations) is coupled with economic transformation, thereby developing a system of rule and redistribution of resources to those that are part of the network. In the Balkans, where networks have appropriated state resources, it becomes extremely difficult to successfully assist the state building process that has to focus on parallel on assisting governments to put into place a sustainable constitutional and legislative framework while at the same time build its capacity to respond to challenges through informed and effective policies. And, in spite of the opposition of these aforementioned networks that will necessarily see their resources and influence become limited.

State malfunctioning has also been attributed to a still incomplete modernisation process; as Jurgen Habermas summarised:

“Even more important for the modernization process is the separation of the state from “civil society” (in Hegel’s sense of “*bürgerliche Gesellschaft*”); hence the functional specification of the state apparatus. The modern state is both an administrative and a tax-based state, which means that it limits itself to essentially administrative tasks. It leaves the productive tasks, which were formerly accomplished *within the framework* of political power, to a market economy differentiated from the state.” (Italics in the original, 1999: 108)

This separation of the state institutions from the economy and civil society has not yet been achieved in the region which continues to experience continued significant state interference in the methods, processes and means of production. The lack of distinction between the public and the private spheres creates institutions that are over-stretched, that tend to waste resources in areas where they lack expertise or efficiency criteria, and that are cumbersome. This in turn may nurture or even reinforce bureaucratic hurdles that hinder economic transition, that discourage private (foreign) investment and that provide fertile ground to informal networking so as to over-come or by-pass the economic and social consequences of institutional malfunctioning. Such weakness and

institutional breakdown nurture human, societal and state insecurity with implications for the internal stability of these countries and security at the regional level. This is even more so the case in SEE where civil society is weak and is unable to act as a checks and balance mechanism.

With regard to the implications of state failings on external territorial borders first, it should not be overlooked that until very recently, many of the states of SEE were engaged in military conflicts among one another. These states have not yet been able to successfully and constructively engage in political or economic relations with other states of the region, and in many occasions, they have simply preferred not to interact with other Balkan countries and have instead turned their efforts to trade or achieve a political rapprochement with the Member States of the EU. This has equally been witnessed at the level of civil society. European NGOs active in the region have been faced with the task of trying to convince public opinion in the Balkans that it may be worthwhile to connect and co-operate with neighbouring regions given that some societies do no longer wish to be considered as part of the 'Balkans' (Fischer and Scotto 2000).

This has had implications for their civil society building, their trade potential, their economic output, and their investment offering, all of which the EU and the international community have attempted to address through supporting regional co-operation initiatives across formal state borders. The Stability Pact, for instance, is based on the premise that if structural deficits are remedied and trade liberalisation is promoted, then this will enhance co-operation between states across their borders and the inflow of investment will overcome recent conflicts, delayed transition, and pave the way to integration in a functionalist manner. Co-operation and gradual functional interdependencies are considered in their long-term benefits as a security-building mechanism and as an economic growth engine for the region. Considerable progress has been achieved towards integrating the region into the world trade system (with the accession to the WTO of almost all the Balkan countries, the gradual elimination of non-tariff barriers and the reduction of tariffs on a most-favoured nation basis, etc). Nevertheless, there remain very significant deficiencies and weaknesses in trade-related institutions, in customs, in export finance, insurance, and in transport infrastructure (World Bank 2000). Intra-regional trade is very low in spite of geographic proximity,<sup>2</sup>

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<sup>2</sup> It is useful to consider the difference that exists in trade flows within South-Eastern Europe compared with trade between the region and the EU. For instance, 91.8% of Albania's exports are directed towards the EU whereas only 2.8% towards other Balkan countries. The data for Bosnia-Herzegovina are 46.3% for the EU versus 31.2% for the Balkans, for Bulgaria 55.2% versus 9.8%, for Croatia 55% versus 17.4%, for FYR Macedonia 41.4% versus 38.3%, for Romania 65.1% versus 3.1% and for Serbia and Montenegro 47% versus 28.7% respectively. The trends are very similar for the import structure. It is interesting to note that Serbia and

trade liberalisation is delayed, there exist limited opportunities for structural complementarities between the economies, the markets are small, and the privatisation process is incomplete or was mishandled by informal vested interests.

It is clear that the countries of South Eastern Europe have accorded priority to closer association with the EU rather than contact within their neighbourhood, and more 'ownership' towards the process of regional co-operation has been called for (van Meurs 2002). However, resistance to regional co-operation cannot only be attributed to unwillingness on behalf of the actors. Reconciliation and co-operation require time and incentives to be fruitful. It is important to consider other factors that are endogenous to these states and that refer to the existing internal and informal borders previously discussed. First, the actors in the region have simply not been able to respond to these challenges due to the structural and functional weaknesses that characterise their economies, bureaucracies and state institutions. Such deficits include an inefficient civil service, the lack of a meaningful separation of powers leading to a judiciary dependent on or influenced by the governing authorities, the lack of a tradition of police and army accountability, and political clientelism (Dawish and Parrot 1997; van Meurs and Yannis 2002). This is coupled with resistance to change on behalf of vested interests within state bureaucracies and the economic centers of power. This phenomenon is typical where 'state capture'<sup>3</sup> has occurred by certain groups which are either continuing the communist legacy of regime-affiliated or privileged nomenclature, or that have taken advantage of the power vacuum caused by state disintegration or armed conflict to assert their own control. Such groups have established their control and decision-making processes and have their network of trusted relations touching the social, economic and political spheres. Any change to this establishment, which functions as a parallel and particularistic state and economy, is resisted. In this context, rendering the state more functional and able to engage efficiently in relations with its economy and its society is a priority.

For co-operation to take on a dynamic of its own, it cannot be driven from the outside, nor can it be driven solely by the governing political elites. Cross-border co-operation or functional integration requires the input, the initiatives and the support of civil society in its broad definition. It requires a middle class that is not excessively intertwined with political power, an independent media, a NGO culture that is able to bridge across

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Montenegro, Bosnia and Hercegovina and FYR Macedonia top both lists in terms of trading with other Balkan neighbours (data from the IMF for 2001-2002).

<sup>3</sup> We use the expression 'state capture' (or capture of the state) to refer to the moment when the state, by means of its representatives, gets caught in the snares of a group of interests and shapes its public policy according to this group's desideratum.

segments of society either within the country or across the state borders. In short, co-operation requires a pluralistic society; and, the constitutive elements of a pluralistic society are still not sufficiently developed in the countries of South Eastern Europe.

Furthermore, the heterogeneity of the region, that is frequently overlooked, renders co-operation in some areas possible or even acceptable between some countries whereas not in others. This may be the result of varying levels of modernization, of democratic and corporate governance, of transparency, of the high degree of external commercial dependency, or of national interest. In this case, regional co-operation, in whatever form this may take (i.e. bilateral or multilateral), is most effective or feasible around pragmatic, local and interest-driven issues such as road (re)construction, border regimes, visa regimes, etc.

The Balkan countries have not been able to address yet another challenge connected with their external borders. They have not been able to harness the legal and illegal migration waves in and out of their borders, and usually in the direction of the EU. The roots of this phenomenon lie in the structural deficiencies of the region's economy and the decade of de-industrialisation that have resulted in extremely high levels of unemployment (Gligorov, Kaldor, Tsoukalis 2000). This economic crisis has been accompanied with the widespread belief, especially among the young labour-force, that migration is their only alternative.

The issue of migration does not only have implications for the societies of the Balkan region, such as the brain-drain countries like Bulgaria or Bosnia-Herzegovina are experiencing, or the economic growth generated by the immigrant remittances in the case of Albania. Migration is also intricately linked with borders, border politics, sovereignty and security. This has direct implications for the region's relations with the European Union since it is these borders in particular that the legal and illegal immigrants are targeting. In effect, the 'push' factors of the countries of origin have been combined with the 'pull' factors of certain EU host countries and the need for young, and relatively cheaper labour particularly in labour-intensive sectors of the economy (such as Greece and Italy). On the positive balance, immigration has significantly contributed to the EU's economic production (notably in the construction and infrastructure sectors, in tourism, in SMEs, etc). On the negative side, the inflow of immigrants has seen a reaction on behalf of groups within the host societies that feel their identity and welfare is being threatened, and that have 'securitized' immigration and have thus raised it to an internal security issue calling for the strengthening of the Union's external borders (Wæver 1995).

The Balkan states have been equally challenged in productively engaging with their civil society and with their economy in the case of their internal borders. Due to the prolonged instability that has characterised the region, new borders have been erected within these states or existing borders have been blurred. Characterised by high levels of bureaucratic inefficiency and corruption, most political or civil institutions have been increasingly faced with distrust and skepticism by the populations of post-communist successor states (Mishler & Rose 1997). As a result, civil society has resorted to informal yet functional networks and patterns of behaviour in seeking to fulfill their social, economic and security needs (Sotiropoulos 2002). In these circumstances, individual and collective actors have interacted within new patterns more suitable to their insecure environment and to their needs within this reality. These patterns of behaviour or affiliations are derived from membership in a group. This group may be a family, a racial, ethnic or religious group that can provide a cultural identity, or it may be an organisation or even a gang. Membership offers practical support and a reassuring set of values thus contributing to a sense of security. There is a downside to this as well though.

The reliance on networks of trusted relations has resulted in negative social capital formation and in an ever-increasing informal sector. These networks of relations and affiliations are in a sense delineated by informal borderlines that may be envisaged as 'social fences' around realms constructed from security needs. Though informal networks may provide to the individuals' and collectives' needs for support systems, they inevitably lead to patterns of social inclusion and exclusion as well as the construction of new social identities and loyalties. In the transition phase from communism, the formal legal order has been challenged by the development of informal networks that have transferred the loci of power away from the state (which remains nonetheless very extended and continues to interfere in most aspects of society). This has been accompanied by the creation of an uneven society in many cases, where access to public goods such as law and order, and access to social and economic security depends largely on the social network one belongs to or the social capital one has accumulated. Thus, access to security becomes increasingly defined across and within these functional borders.

#### **4. The expanded security agenda**

Security has been a dynamic field of study. Though it has traditionally been associated with international relations studies and in particular with strategic studies, it has been extended in a myriad of directions and has been studied from a multitude of perspectives, especially since the end of the Cold War. Studies have concentrated on what a broader understanding of security entails, on how security is defined in terms of what it means to be secure, on whose security is at stake, on what is at stake, and on what one is to be secured from (Walker 1997). Thus, the security agenda has been broadened beyond the strict focus of state and national security to also focus on individuals, communities, or the international collectivity. In parallel, it has moved away from traditionally military issues, epitomised by nuclear security, to encompass issues of economic well being, cultural identity, human and civic rights, and environmental concerns to mention but a few. Moreover, it has raised discussions as to the means through which security can be pursued, military or other, whether at the strategic or the tactical levels. This proliferation of referent objects and of threats, or of perceived threats, has been at the epicentre of scholars' (such as Buzan, Wæver, Øberg) and policy-makers' interest, and has been accompanied by equally numerous re-formulations of countries' foreign and security policies, not least in the case of the European Union.

Security involves survival in the face of an existential threat to the referent. The referent may be the state, the nation, a social group, a community, a family or an individual. This falls in line with the wider twentieth century academic and political debate that has strengthened the cosmopolitan conception of humans as members of the global community and holders of rights irrespective of geographic, political, social, ethnic, class, racial or other consideration (Vincent 1986 and 1992; Held 1995; Ruggie 1993 and 1998). And, it has evident implications for the current understanding of security. Hence, whereas in the case of the state, the security criterion is sovereignty, in the case of the individual and of society, the security criterion tends to be identity (Wæver 1995) and the fulfillment of socio-economic rights and needs. In all these cases, security involves the protection of political communities or of a population, or of a group with common attributes and interests. It follows that if common attributes or the sense of 'sameness' is the building element, then 'difference' constitutes a threat (Dalby 1997), or in any case a border. Such a perception raises a series of social and economic issues may be relevant to the region of SEE.

A rich academic debate resulted through the enlarged study of security from constructivist, post-modernist, neo-realist, environmentalist or gender schools of thought

and especially from strategic and peace studies. In parallel, however, the perpetual broadening of the security concept has been criticised. For instance, it has been approached with caution because it could lead to everything becoming a potential security concern. It could aggravate a potential issue and transform it into an actual threat; thus, the security dilemma, where the pursuit of security intensifies and exacerbates the issue and the responses from all sides culminating in a reduction in security for all (Collins 1997). Or, the concept of security may be rendered 'all-inclusive and is thereby emptied of content' (Wæver 1995, Huysmans 1998).

On the contrary, the expanded definition of security has been willingly embraced by international organisations such as the UN since the early 1990s with the UNDP dedicating its Human Development Report on 'New Dimensions of Security' in 1994. In effect, emphasis has been placed on supporting a sustainable development model in order to ensure peace, stability and security in the Third World. And, emphasis has been placed on the need to recognise that people's security is not limited to protection of borders or military might but that 'human security' is understood through economic security, income security, health security, food security, personal security, community security, environmental security and security from crime and terrorism. In these cases, the threats are unemployment, disease, hunger, crime, social conflict, political repression and environmental hazards. The characteristics of human security are that it is universal, its components are inter-dependent, prevention is preferable to reaction, it is people-centred and it is inter-twined with human development (UNDP 1994). In all cases, however, security is associated with peace, stability, the absence of violence or even more broadly, the absence of threat.

State or national security has been the primary challenge for the states of South Eastern Europe since the demise of the bipolar world given that the roles, alliances and security frameworks of the region disintegrated resulting in a security vacuum. Albania's privileged relationship with China and its comparative isolation ended, the Warsaw pact was dismantled leaving Bulgaria and Romania to seek NATO membership, and Yugoslavia's leading policy of non-alignment no longer made sense in the post-bipolar world order. This security vacuum unleashed internal, unresolved ethnic issues and the rise of nationalism polarised societies that were also facing severe economic challenges. Security was thus an issue at the state level since many of these tensions escalated to military conflicts over power, sovereignty and territory (in the case of the Western Balkans).

In both the Eastern and Western Balkans, security was equally challenged by non-military threats that were pertinent to the societal level, to ethnic groups, to the

individual unit. Therefore, the expansion of the concept's dimensions is particularly insightful in the case of the Balkans in terms of understanding the security implications of trans-border activity and how these may be addressed or included in the current stabilisation process and their gradual association with the EU. This is equally relevant in discerning the factors that induce cross-border activity which may be functional but may be inter-changeably formal or informal, legal or illegal, internal within a country or trans-national, inclusionary or exclusionary.

## **5. The relevance of 'soft' security**

Traditionally, the concept of 'state security' has been used inter-changeably with the term 'national security.' This may be problematic in itself given that states and nations do not always coincide, and in any case definitely do not coincide completely. According to the mainstream interpretation, state security is defined in terms of territorial integrity and sovereignty over a state's territory and the people residing within it. The realist school of thought thus argues that since states pursue their national interests defined in power terms (internally through monopolising the legitimate use of force to maintain law and order, and externally through securing state survival on the international scene), they are bound to compete and conflict. In these circumstances, military strength is the primary answer to ensure state security, with economic power being the runner-up (in terms of protection or access to natural resources, use of economic sanctions as an instrument of foreign policy, etc).

Since the nineteenth century, security has also gradually expanded to include the protection of minorities, ethnic or religious communities and their self-determination. This military, or 'hard' security dimension has undoubtedly characterised inter and intra-state relations in South Eastern Europe since the end of the Cold War. Hence, the history of inter-ethnic and inter-state conflict has led to considering the Balkan countries as security 'consumers' rather than security 'providers'. Although the situation has significantly improved in relation to the 1990s, 'hard' security risks persist and have yet to be addressed in a sustainable, long-term manner. Coupled to these, the region is festered by 'soft' security concerns.

During the 1990s, the concept of security was revisited and the notion of 'soft-security' emerged in parallel, or in contrast, to hard security concerns. Soft security refers to issues that are of a non-military nature and that require political and economic co-operation in order to be addressed. With regard to the European continent, soft-security risks have included political and economic instability, ethnic and religious conflict,

minority, refugee and asylum issues, environmental concerns, organised crime and trafficking (Archer 2001).

A large shadow economy, corruption, trafficking, organised crime have been defined as the most serious problems the Balkan countries face in their transition to market economies, stable democratic institutions and application of the rule of law. These 'problems' are cross-border in nature, they are a main concern of the EU and a primary source of instability and insecurity for the region and for EU-Balkan relations. They have been caused largely by, though by no means only, the violent disintegration of Yugoslavia and the embargos that were imposed resulting in smuggling of weapons, fuel and other goods within and across the Balkans. During this period of warfare and isolation, ethnic communities came to rely on criminal operatives within them due to the need to arrange cross-border transactions to obtain these goods. This frequently resulted in consolidating an informal bond between the criminal sector and the state security apparatus extending into the intelligence agencies, the police and military and governing officials. Given the weak, non-existent, or selective law enforcement and justice capabilities and the continuing impunity, these informal bonds have become part of the establishment and have resulted in state capture and lawlessness, polarising societies and impeding the normalization of relations between the Balkan countries (USIP 2002; Center for the Study of Democracy 2002).

In such a context, security may be affected at the level of the individual, of the community and of the economy. Very briefly, personal security refers to the threat of violence above all; this threat may be posed by an individual's own state (torture), another state (war), other groups of people (ethnic tensions), individuals or gangs (crime, organised crime, rape or domestic abuse). Community security, offered through belonging and affiliation to a group, may be threatened by the modernisation process (especially in the Third World) or by tensions and competition for access to social services from the state, employment and enrichment opportunities, power and authority over institutions and/or territory – usually defined as ethnic tension. Economic security involves at its most basic an income or a publicly financed safety net (UNDP 1994) and the protection of assets and investment. In areas of high unemployment and where there is a weak public safety net, individuals may resort to a family, or a community safety net in order to have access to income or enrichment; this usually implies the formation of an informal or 'parallel' economic activity.

Trans-border issues of this form are particularly important for security in the Balkans when translated to the individual, country or regional level and in EU-Balkan relations. Hence, at the individual level, soft-security threats include unemployment and exclusion,

and may lead to the option of legal or illegal immigration in order to improve one's socio-economic situation, or to form or participate in informal or even illegal networks and practices to obtain protection, ensure subsistence, make profit, or fulfill other societal needs that malfunctioning state institutions and structures can no longer provide. At a state level, soft security threats relate to distrust in the functioning of the system of governance and the extension of corruption within the state administration to the point of becoming common-practice. They equally relate to a fragmented civil society with increasing 'pockets' of negative social capital, borders porous to organised crime, trafficking and illegal immigration. They involve the loss of monopoly over the legitimate use of force to apply order and ensure protection, and feed distrust towards one's neighbours thus hindering formal socio-cultural, economic or political co-operation. They may also relate to identity issues where one group's (ethnic, religious, etc) pursuit of security usually threatens or competes with the security of another and may result in confrontation if secessionist or irredentist tendencies are manifested. In this case, the root of insecurity is the existence of malfunctioning states that are characterised by a power-deficit and weak civil societies. This is particularly the case in the Balkans where regime collapse and transition left inadequate institutions and a vacuum of authority and legitimacy opening the door to struggles for control of power, territory, and autonomy between ethnic groups.

At the same time, the 'parallel', 'shadow', 'grey', 'underground' or 'informal' economy (which excludes criminal activity and is generally characterised as being only partly subject to accounting and reporting), is what has enabled the majority of the population in South-Eastern Europe to simply get by. It is fed by undeclared earnings and tax avoidance by individuals and enterprises and this is greatly facilitated by the fact that these economies are still largely based on cash transactions. It is also supported by barter and/of humanitarian aid and through the remittances of the migrant diaspora. The inefficient or outdated fiscal, legal and labour legislation, and public welfare net, do not offer viable alternatives and further complicate implementation efforts to replace the regulatory frameworks. These are areas that remain problematic for the region since socio-economic and political instability has been detrimental to local entrepreneurship and has certainly discouraged, or at the very least raised concern among, much needed international foreign investors.

In sum, inter-linked and inter-dependent soft-security issues affect stability and security in inter-state relations at the regional level, they hinder the democratisation process and state functioning at the national level as well as social cohesion. These are trans-border questions that require co-operation and co-ordination among the players involved, but above all require targeted policy measures.

## **6. A sustainable security**

The expansion of the security concept has triggered a process of enrichment in tackling societal concerns; thus leading to our understanding of a sustainable security. Whether we consider hard or soft security issues, whether we address state or societal security, community or individual security, whether the tendency is towards securitisation or de-securitisation of an issue, the point remains that strategies, policies and instruments are required to meet these challenges. In view of the security dilemma and of the increasing inter-dependencies between sectors, functions, states, economies, peoples, civil societies that have characterised the world since the twentieth century, it has been increasingly argued that sustainable security can best be achieved through coalition, through collective actions, through mutual and common approaches and solutions. It is a common approach to 'hard security' that was the foundation for the EEC, and then the EU, and which has led to unprecedented attempts to orchestrate a common security and defence policy among the Member States (CFSP, ESDP). It is equally cross-border co-operation and concerted action at the supranational level on soft security issues (relating to economic development, social cohesion and civil society building) through functioning, legitimate institutions and democratic processes at the national level that were the foundation of the European security community. And, it is to this security community the Balkan states wish to adhere to.

How can a sustainable security be achieved for and within South Eastern Europe? First of all, sustainable security for the Balkans is considered by the EU and the international community to be ensured through the continuing respect for the Dayton Peace Accords, the Ohrid Agreement, and the UN Resolutions on Kosovo and Bosnia-Herzegovina. It is also considered that security for the region requires inclusion in a formal security architecture – thus the inclusion of the Balkan countries in NATO and even the imminent accession of Serbia to the PfP just four years after the NATO bombing. Indeed, the countries of the region themselves have been firm in their decision to join the trans-Atlantic security architecture and the European security community as their guarantee for future peace, stability and regional security. Furthermore, it appears that until the democratisation process matures to a degree that ethnic and nationalistic tension can be resolved through non-violent means, the region's security will require continued international military and related civilian presence. Military presence is increasingly coming under European administration as the case of FYR Macedonia witnessed in March 2003.

Turning to additional elements that are conducive and necessary for a security with a sustainable prospect focus must be placed on the Stability Pact. With all its shortcomings,

it stands for an effort to address economic concerns at the regional level through creating a free trade zone in the region, opening channels and avenues for exchange of people and capital, and capitalising on synergies offered by cross-border infrastructure projects. The SAP has also been providing the roadmap for each country to prepare for EU accession. Both instruments have been based on normative and prescriptive approaches on what co-operation should be, and have taken limited account of the obstacles to co-operation that in fact characterise the region (Anastasakis and Bojicic 2002). For security to become sustainable, frameworks, mechanisms and procedures cannot be imposed from outside actors or in a top down manner. They must include, endorse or address local perceptions and expectations, and they must be modeled around the realities that exist on the ground (economic and societal weakness, networks of trusted relations, local feelings of identity, etc). Otherwise, the efforts promoting regional co-operation will be unfruitful and the integration of the Balkans in the EU will be unsuccessful.

Adler and Barnett have argued that security communities emerge among actors with common identities, values and shared meanings. Actors that are socialised through a multiplicity of direct and indirect relations across a range of issues, gradually develop stable, dependable and peaceful expectations, common long-term interests and reciprocity of altruism (Adler and Barnett 1998). This is still not the way that the Balkan region can be described with respect to inter or intra-state relations. However, the instruments and the building blocks are in place for the region to proactively identify and focus on areas where cross-border co-operation can indeed support the internal democratisation and stabilisation process, and their goal of EU accession. The instruments are also there for the EU to assist these countries in creatively addressing their structural deficiencies and finding solutions so as to overcome inclusion-exclusion dichotomies through efficiently responding to the security needs that are at their roots.

## **7. To summarise**

Two contradictory processes regarding the definition and the salience of borders have been unfolding in current international relations and the experiences on the European continent are illustrative of both. The first process involves the functional and normative co-operation across borders and the permeability of borders to bridge economies, societies, communities, identities and policies. The second involves the erection of fortified borders, their defence and their significance as a protection and a fencing of national identity, of sovereignty, of resources. Both processes, paradoxically, are influenced by on-going globalisation, inter-dependence, the growing role of actors other than states and especially by the perceptions that the parties involved hold of security

and of what constitutes threats to this security. In this context, security is challenged at various levels over and above that which is defined in military and territorial terms.

The case of the European Union has been studied by scholars of political science, international relations, European studies, economics and sociology. Overall, it has been described as having achieved an exceptional degree of peace and security through cross-border integration and through attempts to define common approaches to current societal and human security concerns ranging from unemployment, to economic restructuring, to advancing social cohesion, to managing migration. Due to its success, the EU has functioned as a pull-factor towards its neighbouring countries that wish to benefit from a prospective membership that offers significant security advantages, the promise of economic prosperity and consolidated democracy.

However, there exist differing views and perceptions of borders and of the functions they fulfill. The utility of borders emanates from the manner through which security has been experienced by the actors concerned and the security concerns that need to be addressed. By many accounts, the experience of the Balkan region lies at the opposite end of the spectrum from that of the EU. Consequently, borders are a function of a different set of security concerns for the Balkans and this must be recognised before expecting regional cross-border co-operation to create and sustain a security community.

The reality of malfunctioning state institutions that lack control and legitimate authority over part of their territory, their functions, their borders, their institutions (such as the police, the army or border and customs control) is at the heart of the Balkan challenge. It is evidenced by the high degree of the informal sector, corruption and organised crime; it is reflected by the negative social capital formation and the levels of distrust in state institutions; it is illustrated by the restricted nature of formal trans-national co-operation; and lastly, it is evidenced by the successive waves of legal and illegal immigration through and out of the Balkans.

Regional co-operation is not only limited by state weakness and the recent smell of war, but equally by the heterogeneity and developmental differences in the Balkans. It is further exacerbated by persisting obstacles such as visa regimes and trade tariffs, infrastructural deficiencies, border and status issues. Nevertheless, regional co-operation has been defined as a prerequisite and pre-condition to EU membership, thus transforming the common prospect of EU membership also into the guiding motive for enhanced regional co-operation. At the same time, however, there exists a concern on behalf of certain Balkan countries that the region's heterogeneity should not be ignored, that integration should not proceed at the pace of the slowest candidate, and that

regional co-operation should not be encouraged by the EU as a second-rate alternative to full membership. In effect, heterogeneity does not just refer to issues of ethnicity, language, or religion; it equally relates to issues of state structure, state borders and state functioning (Bertelsmann & CAP 2002). Finally, it relates to levels of economic development, to the economic and institutional capacity of each state to harmonise with or adopt EU standards and regulations, to the ability to absorb and even more so to implement the *acquis communautaire* in the judicial, legislative, fiscal and financial spheres.

These factors must be addressed before regional co-operation can take on a dynamic of its own, before functional regional integration can be triggered, and before the Balkans' integration into the EU can proceed. The challenge for the EU is to apply conditionality policies to states bilaterally without risking the creation of 'drop-outs', i.e. states that may consider the prospect of membership too remote. Black-holes or pockets of benign neglect would not permit a sustainable security in the region and would intensify problematic borders in and between the region and the wider European continent.

## **B. Workpackage 2: civil society and social capital formation**

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### **1. The concept of social capital, the surveys' methodology, and the tasks of WP2**

Our concept of *social capital* is relational and multifold. Social capital is relational because it is embedded in the structure of relationships among actors. This kind of capital is not held individually by one actor, as, for instance, is the case with economic capital. Rather, the domain of social capital is not a physical entity or a human being, but the space of social relations among actors. Actors may be individual or collective (groups, organizations, etc.). The space among them is structured by social capital through defining, expanding or constraining social relations.

Social capital is multi-fold because it includes relationships of trust and solidarity, shared knowledge, beliefs, and patterns of social interaction. Social capital is manifested in the way social networks are woven in societies. Networks play an intermediary role between the emergence of social capital and the development of civil society. In detail, when social capital involves diffuse relationships of trust and solidarity, extended interaction, and the corresponding positive beliefs, then social capital plays a positive role: through weaving large-scale networks, social capital contributes to the development of civil society. The positive role is fulfilled by building and operating extended social networks, beyond one's local relations of affinity and limited social circles.

By contrast, when social capital involves selective relationships of trust and solidarity, limited patterns of social interaction, and the corresponding negative beliefs, then it plays a negative role: through weaving only small-scale, closely monitored social networks, social capital inhibits the development of civil society. The negative role is fulfilled by building and operating closely knit networks based on kin, neighborhood or other limited racial, ethnic, religious or linguistic ties. Networks among individual and collective actors, which are the domain in which social capital is found, are underpinned by social attitudes which are either conducive to or prohibitive of extended trust and solidarity. In the former instance, networks function constructively as intermediaries between social capital and civil society. In the latter instance, they function destructively, aborting the wider diffusion of trust and solidarity.

WP2's assumption was that it is possible to determine the positive or negative type and extent of social capital in contemporary South-European societies, by measuring attitudes of the general population. Such attitudes may be of various kinds:

- attitudes on social networks based on relations of trust and solidarity among citizens;
- general attitudes towards society;
- attitudes towards state institutions at the central, regional and local level in the aforementioned countries.

Attitudes by themselves do not reveal how social relations work in practice. Actual behavior may not match declared attitudes. Obviously, attitudinal survey research must be complemented by other techniques of social research. To this effect, we carried out parallel surveys of attitudes, based on a common questionnaire and complemented out research with case studies (local press and focus groups). The selected cases referred to social networks between private entrepreneurs, politicians and administrative officials. There are two case studies, one in Romania and one in Bulgaria. All involve aspects of privatizing property which was previously owned by the state in the period of communism. The goal of including case studies in our research was to follow the building and operation of social networks and the ensuing relations of trust and solidarity in detail. Our purpose was to identify dynamic aspects and complex factors of the workings of social capital, which may not be observed through the attitudinal surveys. More concretely, case studies helped identify how a certain social network adjusts to stimuli and changes coming from its external environment; and how the involved actors (individuals or groups) may interact in a complex manner as a certain process, e.g., an attempted privatisation of state property, unfolds.

Individuals and groups in contemporary South-Eastern Europe face challenges that are quite different from those in EU member-states. They live in an environment of relative economic and institutional underdevelopment and they cannot count on state institutions, which are weak. Such a particular environment requires adjustments on the part of individual actors, who were the respondents to the social survey. The survey included batteries of questions aiming to reveal such adjustments. Groups of questions ranged from relatively simple questionnaire items about the actual social networks which respondents tend to rely on (family, relatives, colleagues, state officials, market institutions, civil society associations), all the way to more fundamental inquiries about the respondents' general social and economic thinking (zero-sum perceptions about

economic interaction, perceptions of conflict in society, personal time horizons, trust towards others and abstract propensity to cooperate).

More concretely, the dependent variables, measured in such questions, included:

- social capital; Interpersonal trust; Abuse of confidence and cheating;
- interaction with and attitudes towards public authorities; Practice of handing out bribes; Efficiency of bribery; Perceived honesty of central and local government; Perceived functioning of selected state institutions in favor of public interest; Satisfaction with public services;
- attitudes towards the law; Perceived equality before the law; Respect and fairness of laws; Formal law versus informal moral standards; Perceived extent of privileges and particularistic treatment by the state;
- visible and invisible borders among social groups and population categories; Perception of nationwide social, political and ethnic conflict; Interaction among racial and ethnic groups other than one's own; Trust in racial and ethnic groups other than one's own.

The above items were dependent variables. In the analysis of survey results, the items are to be associated to a number of independent variables such as country, region, gender, age group, education, ethnicity, place of residence.

The empirical research-- the common questionnaire survey research on social capital and civil society in Bulgaria, FYR Macedonia, Serbia-Montenegro and Romania -- was carried out in the first year of the project and full details on the samples, methodology and procedure were included in the six month reports and in the first Annual Report that were submitted to DG RTD. These are also included in the Annexes to this report.

In the second year of the project, WP2 partners focused on concluding and fine-tuning the analysis of the survey data that had been collected; on collecting and analyzing new material for the two case studies of privatisation of state-owned enterprises in Bulgaria and Romania; on evaluating EU's institution-building strategies in Southeastern Europe (primarily CARDS – Community Assistance for Reconstruction, Development and Stabilization); as well as on finalising the relevant scientific papers.

In the beginning of the second year of the project, the partners of WP2 preoccupied themselves with controlling the quality of the data collected through the questionnaire surveys which had been conducted in Bulgaria, FYR Macedonia, Romania and Serbia-

Montenegro in the previous twelve-month-long period. The interpretation of the cross-national results was assumed principally by our Romanian partner, SAR, while the presentation and interpretation of the country-by-country results by our Bulgarian partner, CLS. As regards the questionnaire survey, data were "cleaned-up" and studied on an individual country-by-country basis. The collected data were integrated by the staff of SAR (Bucharest) in a wider "data pool" containing the results of the survey for all five samples from Bulgaria, FYR Macedonia, Romania, Serbia and Montenegro. Tables of descriptive statistics were drawn up in order to identify differences and similarities among the respondents of the national samples. The staff of CLS (Sofia) conducted regression tests to check which of the independent variables (age, gender, household, income, ethnic origin, urban or rural household and geographical origin) were statistically significant in explaining the trends observed in attitudes of trust and distrust towards other people and towards institutions. The staff of SAR conducted similar tests, not on the individual national samples, but on the pooled data.

In parallel, in the Winter of 2003-2004, members of the WP2 team from the SEESP programme (Oxford) undertook research on the institution – building strategies pursued by the EU in the Southeast European region. Research consisted mainly of interviewing EC officials and through the collection of relevant documents, specifically related to CARDS.

The partners of WP2 worked in a complementary fashion and also in parallel to one another. The first purpose of the above parallel field research projects was to specify the presumptions and attitudes of the general population in South Eastern Europe on various types of social and political trust. Such presumptions and attitudes reflect the types and spread of social capital in South Eastern Europe. The second purpose was to see how negative social capital (a concept defined in more detail in the next section of this report) works in practice. The purpose was to see how this kind of capital is diffused in the interaction among a limited number of powerful "players" in the policy field of privatisation. The third purpose was to construct a list of specific recommendations that would be potentially useful to national and international actors and organizations in terms of identifying the relevant priorities in the reform of institutions, practices and mentalities. Reform is necessary, if the consequences of the diffusion of negative social capital are to be overcome in the post-communist societies of Southeastern Europe.

Preliminary results of the above work were presented in the meeting of the participants of WP2, which took place on 24-25 April 2004 in Bucharest, Romania, and was organized by SAR. The emphasis of this meeting was on observed patterns in each national sample and across all samples. The writers of first drafts of papers received feedback, in view of

the fact that a second meeting would take place in the presence of the rest of IBEU team. Next was the prior- to- final meeting, where the papers were presented to the members of the rest of IBEU's working packages at the Interim Meeting, which was organized by ELIAMEP, took place on 14-15 May 2004 in Athens. The emphasis was on comparative results and policy options which were supported by the compiled data. The rest of the reported period, i.e., the late Spring and the Summer of 2004, was devoted to the preparation of papers and presentations for the final meeting of IBEU and to the concluding research on two case studies of privatisation (one in Bulgaria and one in Romania), which were part of our original research design. The final meeting of IBEU took place on 18 November 2004 in Brussels and was organized by ELIAMEP in collaboration with DG Research of the European Commission. Policy recommendations were emphasized and debated across all WP (full details on the Final Meeting are provided in the section of WP6 below). After this meeting, the lead of the WP wrapped up the general over-riding conclusions. The final papers can be downloaded from the IBEU Website [www.eliamep.gr/3/4/wp.asp?projectid=1&wpid=6](http://www.eliamep.gr/3/4/wp.asp?projectid=1&wpid=6), while some have already been published in the *Journal on Southeast European and Black Sea Studies*.

## **2. Conceptual overview**

There is a conceptual theme which runs through all the aforementioned parallel empirical projects of WP2 partners. This is the typology of positive and negative social capital. The first of the two types, which we have called "positive", is what is usually understood as social capital. This consists of trust in other people (not one's own relatives, friends, acquaintances or co-patriots exclusively of all other people), trust in institutions (particularly political and administrative institutions) and participation in voluntary associations.

The flip-side of this concept is "negative" social capital. As explained in previous reports on the IBEU project, social capital becomes negative, that is, it does not contribute to the development of civil society, when it has a limited scope. This occurs when social capital is shared among a circumscribed group or category of people. Practically, this means that social capital is negative whenever it can be traced in the construction and operational processes of particularistic, closely-knit networks, which purposefully exclude non-members. Typical examples are networks based on kinship, neighbourhood or other limited (or limiting) racial, ethnic, religious or linguistic ties.

Our parallel research efforts, in the context of WP2 of IBEU, have shown that negative social capital is quite diffuse in Southeastern Europe. Distrust, rather than trust, characterizes the attitudes of a large segment of the population towards other people and

towards (formal) institutions. Business and social ties are dense only among members of particular networks. This is particularly clear in the survey questionnaire and in the case studies of privatisations, on which more will be said below.

The centerpiece of this Working Package has been the cross-national questionnaire survey. It is important to note that it is still somewhat rare and difficult to conduct cross-national research in the post-communist Balkans. While there have been many individual country surveys and opinion polls, conducted at various time points between the beginning of the transition (1989-1991) and today, as well as comparative surveys on the quality of democracy, freedoms and political corruption, large scale comparative work on social attitudes, such as that done by the partners of WP2, is a less frequent exercise.

### **2.1. The questionnaire survey**

The partners of WP2 conducted empirical research on social capital and civil society through questionnaire surveys, which took place in Bulgaria, FYR Macedonia, Romania, Serbia and Montenegro in 2002-2003. In Romania, the survey was carried out by the Center for Regional and Urban Sociology and was supervised by SAR (Bucharest). In the rest of SEE countries, it was carried out by BSS Gallup International and was supervised by CLS (Sofia).

The samples were stratified random samples of the general population. In Bulgaria the sample included 1,021 respondents, in FYR Macedonia also 1,021, in Romania 1,600, in Serbia 816 and in Montenegro 402. (Serbia and Montenegro constitute a single independent state; however, for analytical purposes Serbs and Montenegrins were sampled separately.) In all cases the same research design was used. While the general picture coming out of the above surveys is expectedly that of a general distrust toward other people and towards institutions, some particular findings are interesting because they convey a more precise and differentiated image of stereotypes of the "other" in post-communist South East European societies. A full presentation of the surveys can be found in the papers produced by Alina Mungiu-Pippidi and by Georgy Ganev et al.

Generally, inter-ethnic suspicion is very high in FYR Macedonia and comparatively low in Bulgaria and Montenegro, with Serbia falling somewhere in between the above two extremes. Distrust shown by citizens of South East European countries also varies by country (see below).

Mutual distrust may be understood and measured in two ways. First, in an implicit fashion, as a factor of ethnocentrism; and secondly, explicitly, as the level of distrust expressed by citizens of one country towards citizens of other countries of the region.

The first of the above two ways refers to the percentage of respondents who agree ("definitely agree" or "rather agree") with the statement that their co-patriots can be trusted more than foreigners. For instance, respondents in Serbia were asked whether they agree or disagree with the statement "Serbs can be trusted more than foreigners". While only *one-third* of the Serbian respondents agreed with that statement, *two-thirds* of the respondents from FYR Macedonia agreed with the corresponding statement about FYR Macedonia. The percentage of agreement was extremely high for Albanians who are residents of FYR Macedonia and were asked about their own ethnic group. Montenegrins and Bulgarians fell in between the above two extremes: about half of the respondents from Montenegro and Bulgaria agreed with the corresponding statement. The other way of measuring inter-ethnic distrust involves distrust among people from different countries of the same region. For instance, among Bulgarians, 33 per cent distrust Romanians and 31 per cent distrust Serbs. These are low percentages, if one considers that among FYR Macedonians, 41 per cent distrust Serbs and 58 per cent distrust Bulgarians; whereas 78 per cent of the FYR Macedonians of non-Albanian origin, distrust Albanians. In Serbia-Montenegro, among Serbs, one-third distrusts Romanians and an equal share distrusts Bulgarians. However, two thirds of the Serbian respondents distrust Albanians. Finally, among Montenegrins, 42 per cent distrust Albanians, while only 10 per cent distrust Serbs.

The symbolic weight of recent national and inter-ethnic conflict in Southeastern Europe is reflected in the above attitudinal data, which show, among other things, that the rest of the nationalities of the Western Balkans particularly distrust Albanians. And, compared to other South East Europeans, FYR Macedonians do not trust the rest of nationalities in this region.

Another relevant and interesting topic is the frequency with which people travel to neighbouring countries. Generally, there is little such travel. Among Bulgarians, 75 per cent claim that they never travel to neighbouring countries. The corresponding figure for FYR Macedonians is 41 per cent, for Montenegrins 68 per cent and for Serbs 60 per cent.

Finally, another indicator of inter-ethnic suspicion has to do with the perception that the territorial integrity of one's own homeland is threatened by an ethnic minority. Among Serbs, 75 per cent consider minorities such a threat, and the figure is even higher for FYR Macedonians (85 per cent). Only 35 per cent of Montenegrins believe so, while Romanians and Bulgarians fall in between these extremes (44 per cent and 43 per cent).

## 2.2. The case studies

In addition, two case studies of privatisation were analyzed. The aim of our research on the basis of case studies was to obtain information on the kinds of networks, which were involved in the sensitive policy area of privatisations and on the patterns of interaction among the participants of involved networks. The overall result confirmed the main theme of this WP, namely the existence and functioning of particularistic networks, each of which contains a limited number of players sharing among themselves negative social capital.

The first of the analyzed cases was Romanian, while the second Bulgarian. The selection of the countries was guided by the fact that a lot of research on Southeastern today refers to the Western Balkans. This is related to the uncertain status of Kosovo, the possible partition of Serbia – Montenegro, the economic and other problems in FYR Macedonia, etc. Thus, our team considered it would be useful to see whether the problems of inefficient privatisation of state-run agencies and extensive corruption, which are often referred to when analyzing the situation in Western Balkans, assume a similar character in Romania and in Bulgaria. Obviously, the two cases studied in the context of WP2 may only be seen as pilot studies rather than comprehensive projects. Most of the information on these cases was collected through informal interviews with participants and informed observers, some of whom had been involved in the procedure of privatisations and could not be named or officially quoted. There are no publishable pieces of documentation for the relevant activities and linkages. Owing to the fact that a lot of action took place in the margins of official institutions, such documentation, which would have implicated participants of particularistic networks, remains unavailable. From our side, the use of concrete names and dates is deliberately avoided.

In detail, our first case of privatisation concerns an agricultural firm in the area of Bacau, Romania. The founding of this firm in the early 1990s foreshadowed what the World Bank would label - almost a decade later - "state capture". State capture (or capture of the state) is the moment when the state, by means of its representatives, gets caught in the snares of a group of interests and shapes its public policy according to this group's desideratum.

Briefly, the findings of this case study were the following: In the 1990s, the firm under study was managed by cadres with important connections in the Ministry of Agriculture and other agencies of the Romanian state apparatus, including district authorities. These cadres were members of the old communist nomenclature of Romania's agricultural sector. They were rather young and also versatile enough to adapt without any problems

to the growing terror exerted by the Romanian Communist Party in the 1990s. They can be described as 'survivors' whose influence did not fade away after December 1989.

The economic objective of the cadres and the rest of the people, with whom they were connected in the various state agencies involved in the case under study, was to integrate five smaller agricultural firms, already existing in Bacau, into a larger company and to set up a vertical chain of production. The larger company, which was founded eventually in the early 1990s, consisted of a producer of concentrated fodder, two growing societies dealing with breeding farm animals to which this fodder would be delivered, a slaughterhouse, and a trading company for food products. Given the lack of locally raised capital, the cadres managed to attract foreign investors, namely a German partner. The solution was simple and was based on an economic concept that, although very fashionable at that time, turned out to be a failure later on: the leasing agreement. The plan stipulated the founding of a new firm, with a share capital small enough to enable the German partner to hold 51 per cent of the shares. As noted above, the new firm would take over the five state societies from Bacau in a leasing agreement. The rest of the shares were distributed to a bank, an exporting company and a number of physical persons, that is, workers and managers of the five smaller firms and employees of the Ministry of Agriculture. As for the contribution of physical persons, it is worth mentioning a detail: nobody was allowed to buy all the shares they wanted. The purposes of distributing shares to all these people was to co-opt them to the project and to have them as allies in case of potential future troubles/difficulties. Indeed, in the mid-1990s there were charges of corruption against at least one of the founders who was also the general manager of the new large agricultural firm. He was relieved from his duties for a short while, only to take it back later and exploit any available opportunities for personal political and economic enrichment.

The firm managed assets worth approximately 18 billion Romanian lei, but had a share capital of only 300 million. During the first years after the transition from Ceausescu's rule, the firm had become a real power center in Bacau district and even abroad. Nominally, this could be called a successful case of privatisation, but the real issue obviously was that wealth was distributed among few people, participating in the network woven around the former communist cadres of the Romanian agricultural sector. Between 1992 and 2002, in a period of ten years, a handful of the firm's managers, one way or another, took into ownership assets, which totaled about 18 billion lei in 1991. They also succeeded in gradually lowering the German partner's shareholding to an insignificant 3 percent. The German participation was useful as long as it served the Romanian managers as an alibi of having a foreign investor in their business for ten years.

The second case study, analyzed in the context of WP2, referred to the privatisation of a firm in Bulgaria. The case represents a clear example of negative social capital and illustrates how a specific social network used its social capital to its own private gain. The network managed to block the potentially beneficial privatisation of a large monopolistic state-owned enterprise. In detail, this case refers to conflict among two different networks or coalitions of entrepreneurs and officials, who fought over the acquisition of a state - owned enterprise.

The first coalition consisted of the following organizations and/or players: a) a company created by a well-known Western European bank; the company was created specifically for the privatisation deal under study and b) the competent minister with a portfolio of responsibilities that included the state monopoly under privatisation. He was also responsible for overseeing the Privatisation Agency (PA). The second coalition consisted of a) a well-known businessperson, who held strategic positions in several sectors of the Bulgarian economy, and b) a powerful representative of the parliamentary majority in the Bulgarian Parliament. Along the way, each of the two networks built a wider net of connected persons and agencies.

The interests of the two coalitions were well defined and quite different. The first network was interested in purchasing the enterprise with as little future obligations and burdens as possible. Their intention was to restructure the monopoly and later sell it, or parts of it, to strategic global players. By contrast, the second network aimed at the acquisition of the state-owned enterprise in order to gain a monopoly position in an important sector of the Bulgarian economy. The clash between the two networks (or coalitions of interest) took place in a complicated environment. The Privatisation Agency, which was the institution responsible for carrying out the privatisation on behalf of the Bulgarian state, was only one of the four fronts. A second front was the media and overall public discourse on privatisation; a third one was the court system and, more concretely, the Supreme Administrative Court (SAC); and the fourth front was the Bulgarian Parliament itself, where the two networks developed their respective lobbies.

The two aforementioned networks were formed with respect to these four fronts that both tried to include in some form. Thus, with regards to the first of the networks, some of its links were the following: the minister involved in the case officially had direct administrative power over the Privatisation Agency (PA). The second link was provided through a well known and successful law firm, which had been employed by the Western bank, involved in the privatisation, on previous occasions. The law firm was skilled in dealing with both the PA's explicit and subtler procedures. The third link was a set of connections of the financial investor himself with some of the staff of the PA. The

connections were woven in the context of a preceding, high profile, complicated and eventually effective privatisation deal in another branch of the Bulgarian economy. Finally, the first of the two networks had built useful links with the Bulgarian Parliament. These links were owed to the minister's access to parliamentary deputies who belonged to the majority and also to the Western bank's already established access to a number of parliamentary deputies from different political parties.

The links of the second network were also numerous and widely spread. Possibly their weakest link was with the Privatisation Agency, where only the leader of the parliamentary majority has some indirect influence, because of his overall political clout. However, this network's social and media ties were very strong: the business magnate interested in the privatisation owned several newspapers and had significant influence in other media businesses. In addition, the magnate owned a popular sports club. This outreach gave him an indirect leverage with political power, which was actually used to influence decision-making.

The privatisation never took place, since the mobilization of each of the particularistic networks managed to cancel out the influence of the other network. While the privatisation under study could have benefited the Bulgarian economy as a whole, it was not materialized. Both networks reached a high level of internal cohesion in order to try to acquire a state-owned asset, yet neither succeeded in the end because they blocked each other out; this situation was a clear case of unsuccessful and socially detrimental use of negative social capital and the enterprise remained in state hands. In the meantime, the credibility of much of the media, the SAC, and the Bulgarian Parliament was severely damaged. The activities of both highly energetic, powerful, internally cooperative and determined particularistic networks eventually resulted in decreased social trust overall and thus dampened whatever positive social capital was available prior to the privatisation process.

### **2.3. Social capital and institution-building strategies in Southeastern Europe**

This part of the research was the responsibility of our British partner, the South East European Studies Programme (SEESP) at St. Antony's College, Oxford. The SEESP staff sought to evaluate the significance of social-capital formation in EU initiatives targeting the region. More specifically, the research project focused on assistance programmes in the Western Balkans exemplified by the CARDS programme.

As in the rest of the WP2 project, in this research strand social capital is understood as structures of trust between individuals and state institutions. In order to analyze how

these priorities are reflected in CARDS, SEESP researchers weighed the relative importance of civil society and local development compared to national-level capacity building. Their empirical findings have been derived from various types of sources: (1) the framework documents underpinning the EU's Stabilisation and Association Process (SAP); (2) CARDS regional and country-specific strategy papers, (2) the multi-annual indicative plans for each of the five Western Balkan countries. The research team also conducted a series of interviews in Brussels with officials from the DG External Relations at the European Commission managing CARDS assistance.

CARDS' relevance to social-capital creation varies from case to case. In certain post-conflict societies like FYR Macedonia and Bosnia-Herzegovina, projects have focused on priorities like strengthening ethnic communities' representation in local institutions and facilitating refugee returns. Through reinforcing reconciliation and state legitimacy, CARDS has been a very relevant trust-building instrument.

However, most of the assistance has been channeled into projects that seek to upgrade institutional efficiency in sectors such as justice and home affairs, judicial reform, public administration, and harmonization with the EU "acquis". The underlining policy assumption is that better-performing institutions generate social trust, which is problematic in light of the empirical findings of other research partners within WP2. Thus CARDS, and by implication the SAP, cannot contribute, at least in the short term, to closing the gap between citizens and institutions that is plaguing the Western Balkans. It follows that the EU ought to devise policies that enhance civic participation in the political process and build pro-reform constituencies. The capacity-building programmes at the national level should be complemented with projects at the local level, where greater efficiency translates more easily into trust in institutions.

### **C. Workpackage 3: the informal sector**

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**Partner institutes:** LSE, IME and with the collaboration of the WIIW

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#### **1. Understanding 'informality' and the tasks of WP3**

Recourse to informal practice or informal exchange is a pervasive phenomenon in South East Europe (SEE). It manifests itself in the enlarging zones of extra-legal activities at the expense of the formal economy, which has suffered sharp contraction since the onset of transition. In this process, where formal and informal exchange are increasingly intertwined, networks of economic and political agents, rather than markets, are the dominant mechanisms through which economic exchange is conducted. Against the inadequate institutional constraints representing public interests, these networks operate as parallel, private systems of authority, advancing particularistic interests.

IBEU has explored these networks in as far as they create invisible borders of participation, which often run along the lines of kinship, ethnicity or political affiliation, cutting across SEE societies and breeding insecurity. The scale and nature of involvement of state agents in these networks, where corruption, collusion and influence are instrumental, has undermined the social legitimacy of rules, spreading informality and weakening any social consensus against it. Disrespect for rules and widespread non-compliant behaviour, expressed in an attitude that "everybody is doing it", is encountered at all levels of society.

Hence, informality becomes a matter of opportunity as much as of necessity to remain competitive, pushing a large number of firms into an "informality trap" i.e. self-sustaining informality.

The informal economy in SEE is approximately twice the size that of most transition countries, and shows no substantial decline over the years -- Croatia being a notable exception. It exists mostly in the form of partial informality, with businesses complying with at least some regulations. The main incentive for informal exchange is a heavy tax burden, which diminishes firms' incentives to engage in productive activity. Labour taxes are identified as being the most conducive to informality. Consequently, shadow employment in the form of undeclared employment and/or under-reported wages appears as the predominant pattern of informality in SEE.

Informal trade as measured by faked invoicing in a number of SEE countries is twice the world average, involving most prominently textiles, footwear, cars, trucks, ships, electronics, medicines, petroleum and sugar. Smuggling of goods, based on cigarette smuggling as a proxy, appears to be fairly prevalent in SEE. The main incentive to informal trade is not only the level of customs duties, but also the complexity and variations in country tariff structures, which reflect differences in availability, quality and prices of various goods. Those involved in smuggling exploit these differences, and therefore, have no genuine interest in economic regionalism. The existence of many borders other than those of trade barriers, i.e. invisible (territorial, cultural and political) borders, is another factor fuelling informal trade in SEE.

While the extent of the regulatory burden in its various dimensions explains why informality occurs in the first place, an important element in explaining its scale is related to the state's arbitrariness and discretion in enforcing legislation. This underlines the crucial link between corruption and the informal economy, which tend to go hand in hand in SEE, accountings for the particularly pernicious impact informal activity has on the region's economic, political and security situation.

The privatisation process in SEE has been shaped and exploited by narrow political, social and economic elites, to their own private benefit. This has been one significant factor, among many, undermining trust in the state and its rules and thereby further weakening its capacity to provide public services efficiently and transparently. The way in which privatisation has been implemented has failed to generate sufficient impetus for far-reaching institutional change, contributing to the continuance of informality. Trade liberalisation has had modest impact on expansion of trade, especially within the region - rather informal trade has flourished.

These issues were studied by the LSE and the IME and the tasks were basically broken down in the following manner. The LSE was responsible for the overall theoretical framework, for the research on the privatisation processes, and for synthesising the work in the relevant policy brief. The IME conducted the survey on the firms 'operating in the shadows' and analysed the incentives to this behaviour and the strategies that firms in this region undertake. Both partners collaborated with the WIIW for the research on illegal trade in the Balkans. The work proceeded according to the regular schedules submitted. Please note that the one activity that has not been performed is the interviews with firm managers, government officials and international agencies to assess incentives for engaging in informal trade (Section 6.1. of the Work Package 3 entry in the Technical Annex). The reason was the lack of financial resources for this field work.

The work of WP3 has resulted in the following papers produced in the course of research: Study of Incentives, Characteristics and Strategies of Firms Operating in the Shadow Informal Sector in the Balkans; The Role of Informal Networks in the Privatisation Process in Croatia; Informality in Post- communist Transition: Determinants and Consequences of the Privatisation Process in Bulgaria; and Informal Trade in South East Europe. Further details about their publication and dissemination are available in the relevant section below.

## **2. Conceptual overview**

The first phase of the work was devoted to conceptual overviews aiming to establish common theoretical and methodological ground for the three subsequent segments of research: on the size of the informal economy in South East Europe, incentives, characteristics and strategies of firms operating informally, informality in privatisation and cross border trade. Within the framework of the study "Functional Borders and Sustainable Security: Integrating the Balkans in the European Union" one of the main research questions was how the informal sector contributes to explaining socio-economic and political dynamics in the Balkans. By their very nature informal practices tend to rely on networks of agents, often created along the lines of kinship, friendship, ethnicity or political affiliation, thus creating the invisible social borders. At the same time the emergence of the new and reinforcement of the existing physical borders in the aftermath of the break up of former Yugoslavia has been exploited by the various agents engaged in informal economic practices. The study of the informal sector attempted to analyse how these two types of borders influence the way these societies operate and to establish whether and the extent to which these may facilitate reform processes, contribute to economic and political stability (and hence human security), or are conducive to efforts at Europeanisation.

The conceptual work for the study of the informal sector provides an analytical framework that can explain specific features of the informal sector in the Balkans i.e. its size, pervasiveness, lack of clear distinction between formal and informal activities, and coexistence of state and non-state actors. There are several key points around which the framework is developed. First, the argument is advanced that informality in the Balkans is a phenomenon larger and more complex than the standard concept of informal economy assumes. It involves many other forms of breach and non-compliance with rules regulating production and distribution of legal goods and service, which originate within the nexus of state- economy relationship, are characterised by arbitrariness and discretion in applying the rules and involve an element of rent seeking. The conclusion is made that in studying informality in the Balkans it is beneficial to study in conjunction

the hitherto unrelated phenomenon of informal economy, corruption, influence and collusion, which shape the relationship between firms, groups or individuals and the agents of the state. Second, the analysis of the regulatory environment and the assessment of transaction costs, as the key motivation for the businesses to go informal, provide a basic explanation of the incentives to operate informally. However, it does not explain adequately two important features of informality in the Balkans: its pervasiveness and the involvement of state itself in informal practices. Rather, the proposition coming out of the regulationists' tradition, on social legitimacy of rules appear to offer a more plausible explanation of these specific features. This aspect is entirely missing in the main stream explanations on the legality of rules.

There are two main ways in which the social legitimacy of rules can be undermined: a) because they are seen as contradictory to the socially agreed set of principles since they are externally initiated or even imposed; b) because the institutions in charge of implementing the rules are not trusted. The Balkans provide evidence on both accounts leading to the third key point that, because of the erosion of the social legitimacy of rules, confidence in parallel networks on which informal activities rely tends to be often greater than the trust in formal institutions. This is directly related to the process of undermining of the state capacity, which in the transition context becomes a strategic goal of predatory elites. In such a context, economic relations are dominated not by the market but by specific networks of operators, which render economic laws subordinate to the rules salient to private relationship. These networks, which exist in parallel to formal institutions, therefore operate as alternative means of resource allocation that may be distributed along the lines of personal affiliation (kinship, friendship, ethnicity, political loyalty etc). Based on this approach, the conclusion is made that informality in the transition context (and hence in the Balkans) can not be explained by reference to path dependence only but has to include contextual factors. Following from this, an argument is advanced that privatisation and liberalisation, as two key reforms pursued in the course of transition, rather than being instrumental in building foundations for sustained economic development, provided a framework for redistribution of state owned assets involving informal economic practices. In the context of decline in the formal economy and the need for capital, privatisation and informal trade were the main channels for capital acquisition. The main beneficiaries were narrow groups of well connected and well informed individuals primarily interested in acquiring rather than developing assets. The Balkans' specific circumstances in the way of wars and sanctions provided a fertile ground in which these activities festered.

## **2.1. Measuring the size of the informal economy in the Balkans**

A literature survey was undertaken with an aim to establish the size of the informal economy in the Balkans as it appears in the existing body of research. The overview has incorporated most of the relevant existing research (including that by the Institute for Market Economy) into one picture, which facilitates cross-country comparisons and contributes to a more comprehensive understanding of the scope and scale of this phenomenon. The existing research on this issue is concentrated on specific segments and/or specific countries. By doing a literature survey, the goal was mainly to 'put the puzzle together' and provide a comprehensive picture of the size of the informal economy in SEE.

First, the so-called 'international' research investigating informal activities in more than one country in SEE as a subset of a larger pool of countries was analysed, followed by studies conducted for a specific country mainly by researchers with local expertise. The main finding from this exercise is that the informal economy in SEE is estimated to be approximately twice the size of that of the Central European transition countries. Observation of widespread non-compliant behaviour signals a formal system in distress. The emergence and growth of the shadow economy suggest that government policies (or at least some of them) during transition are misguided. Cross-country analysis appears to indicate that favourable macroeconomic performance plays a role in decreasing uncertainty and is therefore conducive to the "legalization" of the informal economy. The case in point is Croatia where the size of the informal economy has tended to decline in line with the improved macroeconomic performance.

The table below summarises the results of the literature review on the size of the informal economy in SEE. Bearing in mind the deficiencies of the methods applied, the general impression is that in Bulgaria, Romania and FYR Macedonia the informal economy with its ups and downs, and overall, as a share of GDP was on the rise during 1990-2000. In contrast, informal economy in Croatia appears to have stayed fairly close to the levels at the start of the transition. The available estimates for Albania and BiH suggest a phenomenon much larger in scale.

**Table 1.** The Size of the Informal Economy in SEE- Summary Table (% of GDP)

|                              | 1990              |                             | 1995                        |                   | 1999/2000         |                             |
|------------------------------|-------------------|-----------------------------|-----------------------------|-------------------|-------------------|-----------------------------|
|                              | 1990-1993         | 1990                        |                             |                   |                   |                             |
| <b>Albania</b>               | -                 | -                           | -                           | 81 <sup>9</sup>   | 33.4 <sup>1</sup> | -                           |
| <b>Bosnia</b>                | n.a.              | -                           | 56.3 <sup>4</sup><br>(1996) | -                 | 34.1 <sup>1</sup> | 51.2 <sup>4</sup>           |
| <b>Bulgaria</b>              | 27.1 <sup>2</sup> | 29.6 <sup>8</sup>           | 34 <sup>3</sup>             | 81.5 <sup>8</sup> | 36.9 <sup>1</sup> | 40.8 <sup>8</sup><br>(1998) |
| <b>Croatia</b>               | 24.6 <sup>2</sup> | -                           | 36 <sup>3</sup>             | 25 <sup>5</sup>   | 33.4 <sup>1</sup> | 25.3 <sup>5</sup>           |
| <b>Macedonia</b>             | 35.6 <sup>2</sup> | -                           | 44.2 <sup>3</sup>           | -                 | 45.1 <sup>2</sup> | -                           |
| <b>Romania</b>               | 27.3 <sup>2</sup> | 21.3 <sup>6</sup>           | 28.3 <sup>3</sup>           | 28.5 <sup>6</sup> | 34.4 <sup>1</sup> | 37.2 <sup>6</sup>           |
| <b>Serbia and Montenegro</b> | -                 | 31.6 <sup>7</sup><br>(1991) | -                           | 40.8 <sup>7</sup> | 29.1 <sup>1</sup> | 34.5 <sup>7</sup><br>(1997) |

Note: 1-9 refers to the source

## 2.2. The Survey on Incentives, Characteristics and Strategies of Firms Operating 'in the Shadows'

The primary goal of the second phase of WP3's research was to analyse how firms' behaviour is shaped in an environment of wide-spread informality. A survey was conducted to assess incentives to engage in informal activities and the resulting characteristics of company organization and strategy.

The data was collected through undertaking a sociological survey in Bulgaria, Romania and Serbia and Montenegro (sixty firms per country). Through close collaboration with the IME, the polling company GfK ([www.gfk.bg](http://www.gfk.bg)) conducted the survey through its regional offices in Bulgaria, Romania and Serbia and Montenegro (data collection took place in July 2003). The study is based on the general hypothesis that the choice of entering formal or informal transactions is determined by the incentives and costs associated with each of the options. Certain economic regulations create significant disincentives to operate formally. It is often the case that long-term strategies and market behaviour change when the environment is characterised by proliferating informal activities. The individual entrepreneur has to adjust his/her own intentions to a situation in which his/her competitors pay no (or less) taxes, and when in most cases contracts are informal and can hardly be enforced by courts.

The focus of the survey was on investigating market participants' perception of the major barriers to business related to the legislation framework. The assumption was that even

if the participants were not explicitly asked about unreported (informal) activities but were instead prompted to reflect on major obstacles to do business, this would unveil most relevant potential causes for businesses to operate 'in the shadows'. Some of the main findings on the incentives and forms of informality in the Balkans and the strategies of the firms operating informally based on the results of the survey are outlined as follows:

- 1) there is a widespread perception that the informal economy is large and that it is an exogenous factor;
- 2) tax burden appears as the most significant factor conducive to informality; but the overall administrative burden appears to be much higher than its visible part such as taxation;
- 3) evasion of labour tax is the most widespread form of tax evasion;
- 4) the rise in the tax burden diminishes incentives to engage in productive activity and encourages rent seeking;
- 5) the incentives to engage in protective (rather than productive activity) must be attributed to both the seller and the buyer of labour. Thus the motivation for informality must be ascribed to a much wider population than just the business community;
- 6) informal activities are one of the strategies firms choose to reduce transaction costs; the state contract enforcement mechanisms are considered unreliable by majority of firms, which then use 'informal' paths, which tend to rely on trust-based networks, to ensure completion of contracts;
- 7) operating informally often results in companies maintaining "double accounting" system and more direct involvement of owners or managers in the operation of the enterprise, which may undercut efficiency;
- 8) there are major implications from operating informally on the manager- labour relationship, on competitiveness and company growth;
- 9) because of under-reporting of their transactions, the firms engaged in informal practices have restricted access to capital markets.

Particular attention was paid to the potential influence of the EU integration on informal activities in SEE. Hence, the proposition was made that the relationship might act in both directions:

- *A large informal economy may hinder the process of the Balkan countries' integration in the EU (deflecting small and medium investments).*

The study has revealed that competing for resources with informal players may be a barrier to the entry of investors. At the moment, investment in the Balkan countries tends to be focused on sectors close to final consumer rather than in the intermediary stages of the production process, thus leaving the bulk of the resources non-integrated into value-production chains. Widespread exogenous informality might contribute to the preservation of this state of the economy and thus hinder integration in the EU production chains.

- *The integration process with the EU may have certain formalizing effects.*

Foreign investment-friendly legislation created in the pre-accession period may facilitate entry into sectors in which informal practices were widespread (such as the entry of foreign firms in the Bulgarian retail trade sector). This would diminish the size of the informal economy while at the same time changing the perception of an exogenous character of the informal sector.

In addition, major changes in firm strategy as a result of accession to the EU were also studied. The following common business strategies in South East Europe may be derived from the survey results:

- in an environment of overwhelming informality, firms trade with known partners and do not resort to official institutions for contract enforcement;
- vertical and horizontal integration operate as a means of reducing the costs of transactions;
- owners tend to dominate company structure and impose informal labour relations, thus preventing the use of formal, competitive market for specialized labour;
- in certain activities (non-specialized labour, mass commodities, etc) staying informal and avoiding taxes is the dominant competitive cost-reduction strategy and hence selling price; thus informality in these sectors is mutually generating;
- in the markets of direct, simple and self-enforcing transactions (which prevail in the Balkans) a firm can grow in the shadow without facing the opportunity costs of the lack of access to formal institutions.

It is argued, therefore, that the process of accession to the EU may induce three major changes in the company strategy:

- 1) External institutional shock whereby governments may be forced to significantly improve judicial systems, thus increasing both the potential benefits of the existence of the formal contract enforcement mechanisms as well as the risks of violating the rules and regulations (especially those pertaining to taxation). Such external rearrangement of incentives may cause a shift of companies from informal to the formal sector. A shift of this kind is only possible for companies that can bear the additional costs of compliance without losing the competitive advantage. Others will most probably exit the market thus changing the sectoral structure of the economy.
- 2) Expansion of the market and integration of longer international production processes. Increased access to larger markets may justify additional costs associated with becoming formal. In addition, the combined effect of economic integration and overall economic growth can lead to a change in the production structure i.e. its 'sophistication' or lengthening of the production process. Such a change requires greater reliance on market transactions, thus increasing the potential benefit of formal contract enforcing institutions.
- 3) Transposition of specific EU directives may alter the pattern on informality. The survey findings suggest that informality is widespread in the formal sector. The introduction of additional technical requirements (based on technology and qualifications) due to the adoption of EU directives may, however, increase the cost of entry into certain markets, and hence reduce the possibilities for firms operating in partial informality.

### **2.3. Privatisation in Croatia and Bulgaria**

During the first year of research, a literature survey was conducted on privatisation in Croatia and Bulgaria, and initial fieldwork consisted of identifying possible interviewees and case-studies. A pilot questionnaire was administered to a group of interviewees including members of the cabinet, members of parliaments, former heads and other employees of the privatisation agencies, experts, NGOs, academics and journalists. This was followed by further rounds of interviews in the second year of the project. In both countries the questionnaire focused on several main areas: the background to privatisation, including the main academic and political debates on the issue; the analysis of the legal framework (whether the most important issues were regulated; what were the areas insufficiently regulated or omitted altogether; how was this changed in the course of legislation amendments; the role of various agents in privatisation); implementation (the level of political control and interference in privatisation; the

incidence of informality with various methods of privatisation; the most common form of breaching the legislation on privatisation); outcomes and follow up; public perceptions on privatisation.

The main conclusions of this research on privatisation can be summarised as follows:

- *Role of networks.* Informal networks do appear to have played a role in the privatisation process. The 'informal' methods used for acquiring assets have often required the existence of an informal network, comprising someone with decision-making power in the privatisation authorities, a bank or other source of financing, and the 'purchaser' of the property. The network might also include the top management of the state asset, persons with responsibility for regulating the appropriate industry, and auditors or accountants involved in valuing the assets.
- *Character of networks.* Informal networks were ideological to the extent that success required connections to the governing political party; the other main sociological characteristic appears to have been regional, for instance, with various networks arising in different parts of Croatia and Bosnia-Herzegovina, e.g., around Herzegovina, Rijeka, Slavonia, Canadian diaspora.
- *Layers of informality.* Informal networks have been involved in the privatisation process at many stages:
  - The legal framework for privatisation allowed many areas of discretion for the principal actors. This created an opportunity for informal networks to play a role at the implementation stage.
  - Since informal networks played a role in the design of the legislative framework, there is a question as to whether these many areas of discretion were created intentionally –with the aim of subsequent exploitation- or not.
  - Informal networks can act in both formal and informal ways – i.e. the presence of a network is not in itself problematic, but rather the informal actions of the network might be.
  - The distinction between the formal and informal is not always clear. For example, where the legal process contains many gaps, or there is no clear definition of what constitutes a conflict of interest, is behaviour in this void formal or informal? It seems important also to ask, to what extent were 'formal' modes of behaviour possible?

Certain activities were 'off-limits' even for informal networks and transactions may have been regulated by strict sets of unspoken rules.

- *Reasons/motives for informality.* The motive behind informal acts and the use of informal networks varied for different actors. Political leaders often had an ideological objective – (for instance, the cultivation of an ethnically Croat business elite, for both nationalist and anti-communist reasons). Political leaders were willing to accept rewards for the party and payoffs in terms of political support, rather than purely being motivated by financial gain. Business people and tycoons were more likely to be motivated by personal interests. The advantage of networks is that payoffs do not necessarily need to come from the same person, rather it facilitates networks of exchange among several different people as payoffs for one transaction. Informal networks may also have been resorted to simply as a strategy for overcoming weak or uncertain institutional frameworks – a common transition strategy.
- *Role of the war.* The research to date has not revealed evidence of privatisation being used to finance arms purchases. However, it did create an environment of increased uncertainty in which political actors may have been more motivated to use informal means to secure political and economic power. It also lent an ideological justification to efforts to create a new elite.

#### **2.4. Informal trade in the Balkans**

Different methods of estimating informal trade were also identified within WP3. Given the framework of the research as well as financial and time constraints, the choice was made to focus on indirect methods in order to analyse the informal cross-border trade in Southeastern Europe. As the literature on indirect measurement of informal trade is relatively scarce, the team attempted to develop its own set of methods that could capture at least in rough terms the size and scope of informal cross-border trade in the Balkans. In the following sections a summary of the discussion of the approaches based on a gravity model for trade – 'Top-Down Approaches' and on selected key commodities – 'Bottom-Up Approaches' is outlined.

## **2.5. Approaches based on a gravity model for trade –“Top-Down Approaches”**

Two main exercises can be conducted based on a standard gravity model for trade in goods:

On the one hand, one may look at the difference between projected and observed trade flows. An initial idea would be to say that if the estimated flow is higher than the observed flow, then there is scope for informal trade, if one makes the assumptions that the projected (or estimated) flows reflect reasonably accurately what levels would be taking place if there were no distortions in the form of barriers to trade, and that smuggling carries lower expected costs than the monetary equivalent cost of the barriers that are formally in place. Regarding the costs of smuggling, one must take into account all of the following: risk of arrest and fines, cost of bribes, costs linked to ensuring distribution to informal networks in the destination country.

The problem with this approach is simple: neither assumption holds. First of all gravity models in their standard form do not model trade barriers. Then, given the high degree of country-pair heterogeneity, the differences between observed and projected flows are more a measure of “what the trade volume would be if a given country pair were like an average country pair, taking GDP and distance into account”, rather than the actual potential between the two countries in question. Also, one will find just as many flows to be above the regression line rather than below, and yet in such a case there is bound to be at least some informal trade as well. It is thus difficult to reconcile such an approach with basic logic.

The second approach using a gravity-type model would involve estimating a gravity model using not GDPs, but estimates of the size of the shadow economy instead. The coefficients usually meant for GDP will reflect the partial elasticity linked to the demand and supply effects of the shadow sectors in each partner country. Of course at this stage, in order for the model to be correctly estimated, one would need to have dozens of accurately measured observations of informal trade between countries in order for the coefficient estimates to be correct. This is of course not feasible. So the only way out would be to make assumptions using an already estimated gravity model, for example: take the share of the shadow economy in GDP, and then assume that this shadow sector’s openness to trade is of a certain level. This level would be based on country size primarily (large countries trade less, also informally), but could be refined by looking at key commodities and looking at the locations of the main production sites and distribution nodes. Finally, assuming some patchy data is available, one could conduct

additional calibration on the final coefficient values. But having said this, this approach again seems very unreliable.

## **2.6. Approaches based on selected key commodities – “Bottom-Up Approaches”**

The drawbacks of the gravity model approaches summarised above suggests that the so-called bottom-up approaches might be a better choice. Local knowledge suggests one should focus on the most visible commodities of interest, notably: cigarettes, petrol, handheld weapons, and counterfeit textile and clothing articles. The advantages of limiting the approach to a small number of goods are as follows: the current prices of these articles in the different countries of the region can be found out; it is possible to make reasonable estimates of the consumption and of the demand for these same articles (firearms less easy); it is possible to establish the domestic production and the official level of imports of these goods in most or all countries of the region. Based on these investigations, it is expected that it would be possible to come up with the estimates of smuggled volumes.

Looking at trade barriers would still be a very valid exercise. However, instead of looking at aggregate or average measures (e.g. average tariffs), the idea is to look in detail at the tariffs, quotas and other non-tariff barriers hitting selected goods, as well as each country's excise tax rates applicable (and applied) to these same goods. This would enable to identify in more detail the incentives for informal trade and the potential effects of changes on excise tax rates and on barriers to trade. The collection of the data necessary for this research would rely on local partners (for informal price data) and on standard published data for production and imports and exports data. The data on informal ('secondary market') prices will serve as a check for the overall method. It will also provide evidence about the market structures in place, e.g. the informal secondary market may have rather different transaction costs, and may be more or less competitive than its formal counterpart.

#### **D. Workpackage 4: regional co-operation**

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##### **1. Regional co-operation and main tasks of WP4**

WP4 analysed the regional aspects of development in the Balkans and attempted to shed light on the regional approach of the European Union. The areas covered are: trade, financial sector development, infrastructure development and policy co-ordination. The reasoning behind this selection was that these sectors reflect the basic elements of regionalism and also reflect the major areas in which the interaction of the region with the EU plays the most important role (with the Stability Pact for instance).

ELIAMEP concentrated mainly on the financial sector while the WIIW team that co-ordinated this workpackage were responsible for the theoretical framework, studied the above-mentioned sectors from a regional perspective and synthesized the policy relevant results of this research.

WP4 has been working on the hypothesis that the EU and the SEE have a hub-and-spoke relationship. This can be seen clearly from trade and investment patterns and in fact, focused research by members of the WIIW and ELIAMEP team has supported this. Similar picture emerges when it comes to infrastructure developments and to the banking sector. It therefore appears, that SEE is much better connected with the EU than with itself. As a consequence, regional co-operation mostly goes via co-operation with the EU. Thus, EU's role as a promoter of regional co-operation is indispensable. In line with the above conclusions, the overall conclusion that can be drawn is that historical and geographical borders play a significant role in shaping economic developments in the Balkans.

Invisible borders play a more important role in the case of the informal economy and illegal cross-border trade. Thus, the next step involves looking at the interplay of official and invisible borders for trade and investment in the Balkans. Bringing down borders, both official and invisible, has very significant soft-security aspect, though this would not necessarily provide for an immediate boost to the regional economy. However, the relaxing of borders with the EU would have major economic impact and would contribute significantly and in a soft way to regional stability.

## **2. Conceptual overview**

### **2.1. Hub and spoke**

It is assumed in this research, when it comes to trade, investments and pretty much everything else, Southeast Europe maintains a hub-and-spoke relationship with the European Union. In other words, from the point of view of the countries in the region, bilateral relations with the EU are more important than the regional ones and even more important than the relations of the region as a whole with the EU. Another possibility of representation is that of a broken cobweb, where there are also complex and significant relations between some countries in the region. For instance, in the case of Southeast Europe, there are a number of sub-regions, the most important one being that of Western Balkans. But the region is internally disintegrated and partially integrated in a number of different ways. This representation suggests that the centre has the same types of relationship with all the countries, which is in fact not so in the case of SEE. The process of integration with the EU is pre-dominantly bilateral, but also regional, so that quite a complicated web of relations emerges. This is important in this context because different types of trade regimes and policies apply to different countries depending on how advanced they are in the process of EU accession.

Still, the hub-and-spoke model (modified at times to include some broken and preserved regional ties, i.e., the broken cobweb model), represents the key relationship better than others. This model of international relationship may emerge because regional co-operation is weak and fragile, while that with the EU is the more desirable one. In that case, regional co-operation will either fail to emerge or would tend to produce sub-optimal equilibria. It may be assumed that, with a given process of co-operation with the EU, no-regional co-operation (regional autarchy) is the worst alternative. Better than that is some sub-regional co-operation (bilateral or multilateral). Even better than that is some restricted regional co-operation (functional regional integration). Full regional co-operation is, however, the best solution (regional integration). In other words, more co-operation is collectively better than less co-operation (levels of integration are Pareto-ranked). It is, still, possible to imagine that each of these outcomes, though not Pareto-optimal, are equilibria. To move from one equilibrium to another, certain institutional or political preconditions have to be met. For instance, to move from autarchy, one or the other country could take the lead to propose a bilateral agreement that could lead to a Pareto-improving contract. In the case of a sub-regional agreement, a two-step procedure could be followed. Two countries would agree to co-operate and then peer-pressure may induce the co-operation of the other countries in this sub-region. Similar mechanism may induce a restricted regional co-operation, that is a co-operation in one

or the other area of policy. Finally, full regional co-operation may be impossible to reach through regional leadership, a series of bilateral agreements and peer pressure. It may require an outside actor to move the region towards the Pareto-optimal level of co-operation. This actor can rely on competition, co-ordination, leadership and integration.

Co-ordination has been tried several times in the Balkans and has not produced results beyond some restricted regional or sub-regional co-operation. This is because co-ordination works where there is an institutional failure, but not where there is an adverse distribution of interests for co-operation. Leadership is the next possible strategy that could be tried, where the EU would lead with specific incentives that should sweeten the process of regional co-operation. This has also been tried, the best example being the extension of preferential treatment to the countries in the Western Balkans. This has initiated a series of bilateral free trade agreements, but not yet a regional free trade area. Integration would, in that sense, be the preferred instrument to achieve full regional co-operation. For instance, a customs union with the SEE would be a possibility. Also, inclusion of SEE in EU programmes could be useful. In the end, the initiation of the pre-accession process would be the best way to push for full blown regional co-operation. Similar, though perhaps inferior solutions, could be introduced in various sectors and in different policy areas. What precise form that would take may depend on the sector or on the issue. But the general point is that as long as regional relations are such as represented by the hub-and-spoke model, increased regional co-operation can be achieved only with the increased outside intervention.

As the relationship of the EU with the SEE is basically bilateral, the hub-and-spoke model produces a multi-speed process of integration. In SEE, there are countries that are in the pre-accession process (negotiation for membership) and those that are taking part in the Stabilisation and Association Process (SAP), which is in the end based on an association agreement (called Stabilisation and Association Agreement, or SAA). Within the second group, the SAP proceeds with different speeds for different countries. The word countries should be used cautiously, as some of the political entities in SEE are not states in the usual sense of that word. The efficiency of this process is difficult to assess *a priori*. It is presumed on a specific structure of public preferences. SEE countries should prefer EU integration to SEE disintegration or, in other words, they should see the solution to their domestic and regional problems within the process of EU integration. Somewhat more schematically, it could be argued that SAP is based on a number of assumptions:

**Assumption 1:** The Balkan region produces problems, the EU produces solutions.

**Assumption 2:** Solutions are preferred to problems.

**Assumption 3:** EU integration is the preferred goal for all the countries or political entities in SEE.

**Assumption 4:** EU integration is a solution to SEE problems.

If these assumptions are granted, then it follows that EU integration is the solution to SEE disintegration. Let us add another, continuity assumption:

**Assumption 5:** Process of EU integration is preferred, at every level, to SEE disintegration.

Then, the process of EU integration is self-sustainable however slow it may happen to be and however it is implemented. In that sense, SAP offers sufficient incentives for each and every country in SEE to place EU integration above regional disintegration. Assuming that the problems are generated within the domestic political process, then SAP should provide enough incentives for the transformation of domestic political agenda in the SEE in the direction of the EU integration climbing up to the top of every domestic political agenda. In order for the multi-speed process to work, this is not enough. It is necessary to add either an assumption that these bilateral processes are independent of each other or that they are reinforcing.

**Assumption 6:** Bilateral SAAs either do not interfere with each other (they are independent) or they complement each other (they produce positive peer pressure).

As is well-known, this will not be the case if there are externalities that separate bilateral agreements create. In that case, regional co-operation may be advisable. The SAP is aware of that, but it assumes that:

**Assumption 7:** Prospect of EU integration is enough to generate incentives for regional co-operation.

This, however, is a rather strong assumption and does not seem warranted just on the bases of the previous assumptions. An additional assumption is necessary:

**Assumption 8:** Regional co-operation is in the interest of each and every country in the region (even without the SAP).

This, as argued before, may not be enough for regional co-operation to emerge. And if the prospect of EU integration, structured as a process of bilateral convergence, is not enough to generate regional co-operation, more active role by the EU is necessary. Otherwise, with all the assumptions here made being true, they will still be too weak to produce regional co-operation.

**The EU can play a number of various roles that are already known from the experience of former accessions.**

*EU as an anchor.* In the enlargement process that is approaching its completion in 2004, EU played the role of an anchor. This is appropriate for a hub-and-spoke model of relationship, assuming that there is not so much to be gained from regional co-operation and there is a contractual commitment on both sides to work for integration.

*EU as a destination.* In the case of former Yugoslavia, the EU took the role of a desirable goal or a destination. At that time, late eighties, the process of integration of reforming socialist countries did not exist. Thus, the prospect of eventually joining the EU without additional incentives proved to not be sufficient for a country or a region to put this goal ahead of its internal problems.

*EU as co-ordinator.* Immediately after the Dayton Agreement (end 1995), EU started developing a regional policy for the Balkans. The basic idea was to presume the prospect of integration with the EU on regional co-operation. It was argued that regional integration has its advantages anyway, but those can be seen even more clearly if they are put in the context of EU integration.

*EU as an intervener.* In the Balkans, the EU's loose contractual relations with the countries and political entities in the region have been more than compensated with the direct involvement in the governing of these entities. This is certainly the case in Bosnia and Herzegovina and in Kosovo, but also in Macedonia and even in Serbia and Montenegro, where EU is deeply involved in the constitutional process. This does not produce very good results, because EU's strength is in integration, not in liberal imperialism. This also does not necessarily lead to greater regional integration, as it often means post-crisis management and not is not based on the strategy of integration. Still, the involvement of the EU makes it easier if not imperative to move from intervention to integration as a pull out is in most case not a good option.

*EU as a regional anchor.* Given the level of EU involvement, the expected integration of a number of countries in the region and the weak power of the other types of relationships, the best approach is that of increased commitment to integrate. This would introduce level plain field in a region where jalousie plays a huge role, a positive peer-pressure, and transform domestic political agendas. This approach could also increase the interest for regional co-operation, as it would be geared towards EU integration and coordinated by the need to converge to the EU institutions and policies. It can be hoped that the process of regional co-operation, which is emerging anyway, will be speeded up and will increasingly rest on regionally generated political preferences rather than on the *ad hoc*

institutions and outside facilitators. The only important outside actor, at least when it comes to the process of economic integration and co-operation, would be the EU.

**The key areas of co-operation that could be contemplated are:**

*Trade.* The choice is between multilateral free trade area or customs union with the EU. In a sense, the second is more in tune with the EU integration. Regional coordination of this process could be the best institutional approach.

*Investment.* There are advantages to the larger market when it comes to investments. Obviously, only some types of investments look for such markets. The Balkans produce small firms, but larger firms are a more difficult affair and those are often relying on government support either through subsidies or through a privileged position in the market. Outside firms adopt the same strategy as long as they have to deal with often weak and corrupt governments. To detach firms from the budgets and budgets from the firms, a regional market with firms competing in those could be one possibility. Besides providing for the benefit from the economy of scale, there is also the benefit from increased competition.

*Exchange rate policy.* One characteristic of the Balkans is that it is, with the exception of Romania, mostly on fixed exchange rate. In some cases, euro is used as the official currency. Fixed exchange rates bring problems. Competitiveness is a problem, external balances are a problem, and fiscal sustainability is a problem. Though intra-regional trade is relatively small, exchange rate misalignments and shocks, due to risks of devaluation, play some role in that. Thus, some regional co-operation in exchange rate policies could be useful. The usefulness will increase as the process of EU integration speeds up.

*Fiscal policy.* States in the Balkans tend to be characterised by weak fiscal sectors. Co-operation in fiscal policies would support trade liberalisation, decrease distortions and rent-seeking by firms, and bring in the informal economy.

*Competition policy.* As competition policies are quite under-developed in the region, EU could play a significant role in this area. Again, as the process of integration speeds up, EU competition policy could be extended to the region.

It is thus argued that the lack of regional co-operation can be remedied by the sped up of the process of EU integration. Though the current process will produce the same results, the difference in time and in risks is potentially quite significant.

## 2.2. Trade in SEE

The research of trade in SEE by the WIIW team stresses that there are enormous differences in total GDP levels between the countries of Southeast Europe and the major Western European economies. This implies that even if some regional integration does happen in Southeast Europe, many of the regional trade levels will be significantly below those with major Western Europe for the foreseeable future. This is especially true of trade with Germany of course. This general comment applies to trade in goods and to investment flows as well, in other words the countries of Southeast Europe – with the exception of Romania – are, and are set to remain, small peripheral economies with regards to Western Europe and their geographical proximity to one another only partly compensates for the small size of their economies.

Having said that, it is interesting to look at the potential effect of the common land border variable. This is particularly poignant in the case of the countries of the former Yugoslavia where some borders had turned into very stubborn barriers, at least from the point of view of the official economy (e.g. UN sanctions on Yugoslavia; conflict between Croatia and Serbia). Severed transport links as well as severed corporate and private links in the former Yugoslavia have had notoriously adverse effects on trade and investment levels, as is well known. More generally infrastructure development remains a key issue for the region, especially for Bosnia-Herzegovina, Albania, Kosovo and Moldova. Projected services trade flows between, for example, Serbia and Montenegro and Bosnia-Herzegovina, are not that low, in spite of both countries having very low GDPs. This in effect counter-balances the small sizes of the economies of the region.

All in all, the foreseeable trends for the region are rather positive. GDP growth performance has been quite good across the region over the last three years or so. Croatia, Romania and Bulgaria seem quite confident of joining the EU around 2007-2008, while the EU itself has granted some relatively generous trade concessions to the countries of the region. Regional co-operation has picked up. Though a multilateral route to regional trade liberalisation may have been preferable for efficiency reasons, at least the process which is in place is progressing and is forcing improved bilateral contacts between each pair of countries. Key international players are acting in a coordinated fashion on the major issues of interest, notably trade facilitation and infrastructure project coordination, while funds from these players are contributing to a whole set of badly needed improvements in these areas. Some notable improvements have already been achieved in terms of customs clearance times in many places. Also, the accession of the Central European countries, notably Slovenia and Hungary, should also have a positive effect on trade flows with the region. Some of the major processes at work,

especially those linked to infrastructure, are neither fast, nor should be expected to provide instant and spectacular results, but they are nevertheless on the right track. The outlook in the medium to long run, in terms of trade to, from and within the region, is therefore a positive one.

### **2.3. Transport infrastructure**

With regard to WIIW's analysis of the current state of the Southeast European rail and road transport infrastructure, WP4 research shows that while rail density is close to the European average, road density is significantly below the European average. Moreover rail and road transport infrastructure in the Balkans is of very poor quality compared to the other countries in Europe. Low levels of double track railway lines and only few motorways in the region constrain modern transportation services. The Southeast European countries' rail and road transport infrastructure has only low levels of efficiency. To sum up, these countries are poor countries with poor infrastructure. In this respect the central question is whether the Southeast European countries have enough infrastructure capacity given their current stage of economic development and whether the poor level of transport infrastructure is a constraint for further economic growth. Although we cannot give a definitive answer to the question at this stage, our first results indicate that with regards to paved roads, SEE countries have, in comparison with other European countries, a smaller level of total length of paved roads per capita than their current GDP levels would imply. Looking at the maps, one sees that most of the Balkan countries have better transport connections to the EU than with the other countries of the region. This is also a legacy of the cold war and the breakup of former Yugoslavia. Nevertheless the European Union and the International Financial Organisations are engaged in helping the countries of the region to establish a core transport network. International and regional co-operation could help to overcome the inherited infrastructure patterns from decades of regional disintegration.

In this context, the argument for "big push" via investments in infrastructure apply perhaps better to longer distances than to shorter ones. This is because these are partly investments in public goods, i.e., in goods with large fixed costs. The longer the distance, the higher the fixed costs. Consequently, higher is the element of the public good and of externalities. Therefore, in a region with small countries, development is SAPPed to the extent that borders impede large infrastructure projects. Conversely, investments in infrastructure lead to significant cross-border co-operation and can lead to increased economic and political integration. This is even more the case with a transit region and Southeast Europe is such a region. Current infrastructure partly testifies to that. With the other part, it testifies to the long history of disintegration due to political reasons. It

is this interplay of geography with politics that is of such an importance in the development or lack thereof in this region. With these two statements – that this is a transit region and that its infrastructure is distorted – it would then follow that investments in infrastructure would have positive effects for development and will also have to cut across borders.

How would it contribute to development? If it is true that the inherited infrastructure is distorted because of the history of political disintegration, then political normalisation should lead to reallocation of infrastructure that would by itself, without the added “big push” effects, lead to high growth. In addition, if it is true that this is a transit area, then “big push” effects could be expected to exist because, by assumption, lack of adequate infrastructure leads to the existence of unexploited opportunities for trade, investment and production of goods and services.

Here, the key problem issue is how to cross borders? The history of disintegration and conflicts has worked for the support for hard borders. Though they may in fact be porous for private businesses, they often prove to be quite hard for public agencies. The recent experience of the Stability Pact, which has been especially active in procuring infrastructure projects, testifies to the fact that those that are regional have hard time being put together and realised. The political economy of this is not simple because it involves three types of actors: private businesses, public budget centres and international (or multilateral) bodies. In a decentralised setting of decision-making, it may be difficult to come up with workable co-operation. Thus, unlike the classical case of institutional failure inherent in the working of the market that was analysed by the theory of the “big push”, there is an institutional failure due to political disintegration that has to be overcome. Clearly, once it is realised that cross-border infrastructure development is beneficial to all involved, these investments will in turn have beneficial effects on regional security and on the rationalisation of the behaviour of the local public agents, i.e., states and other political entities.

One reason that inter-state co-operation may be difficult to engineer is the effect that cross-border investments may have on the budgets. Not only some direct sources of public revenues may be lost – e.g., tariffs – but the reallocation of businesses may present various budget centres with a changing tax base. This may be temporary, but still important enough to make it difficult if not impossible for local public authorities to cooperate on common projects. For that reason, the public failure is perhaps more difficult to deal with than the market one, because there is, by assumption, no market solution to this problem. In that circumstance, an outside agent, either private or public, could play a useful role in moving the various local governments to cooperate on

common infrastructure projects. The same logic would work for the outside push for faster and more comprehensive reform in the sector of infrastructure services. It is indeed in this sector that public and private partnership (P&PP) play such a crucial role if that partnership is well organised and carried out.

The idea beside the P&PP is that public interest should be applied to the investment in the public good while private interest should be relied on to efficiently supply the private goods. For this partnership to work, it is important that proper procedures for competition are put in place. For that to be the case across border, it is necessary to liberalise the services sector in the whole region. In addition, the presence of an international or multilateral actor should induce the local public agents to cooperate not only in infrastructure projects but in the liberalisation of the services sector across borders also.

Infrastructure development may have far-reaching consequences for regional and inter-regional co-operation too. Common infrastructure leads to economic and political inter-dependencies. Those, in turn, work for regional investments, which eventually lead to policy inter-dependency. Those would then lead not only to the diminishing significance of the official borders, but also of the policy borders and so-called invisible borders too.

#### **2.4. Banking sector**

Another of WP4's areas of focus, is the banking sector in SEE. The main argument is that the process of restructuring, privatisation and function-homogenisation in the banking sector of SEE countries, is a key aspect both of their transition and integration projects. In this regard, it complements other studies focusing on other areas of economic activity covered by WP4 research, namely, trade, transportation, communication, energy, which show clearly a strong tendency toward integration of Balkan economies either at a regional or continental levels.

Developments in the banking sector during the past few years have contributed to the transition and integration projects in the following manner:

- the banking sector has been transformed in line with international practices in this field, and through the use of foreign capital, know how and expertise;
- banking developments confirm the commitment of national governments to create open, liberal and market oriented economies;

- banking developments contribute to the sustainability of economic growth as well as the expansion of trade, the development of infrastructure projects, and, more importantly, the development of small and medium size enterprises;
- banking developments provide the much needed financial stability and, therefore, enhance the legitimacy of the new states and their institutions.

The literature review, the historical account and the qualitative data of the banking sector presented in this study, serve two purposes. First, they measure the pace of development in the banking sector occurred so far and, second, they measure the pace of convergence of the SEE banking sector toward the European standards of function and performance. This "development" and this "convergence" signal a major shift in the transition process from reconstruction to institution building, which is a precondition for the eventual integration of SEE countries into the EU.

In addition, our research highlights that the institution building process has by far been the most difficult, time consuming and costly enterprise, and has required strong political will, human resources and capital expenditures in order to be successfully implemented. Recent developments in the banking sector point to the fact that changes came about more rapidly than previously assumed or predicted. This is, indeed, a very optimistic sign for reform policies to be implemented in other sectors of economic activity in SEE countries on their road toward full membership in the EU.

Finally, intensive research was conducted during the reported period on the banking reform developments from 1989 to 2003. Due to outdated information provided in the published literature on recent banking developments in the Balkan countries (frequently the relevant publications of the major International Financial Institutions include data one or two years before publication), a rigorous effort was made to draw information either directly from the web-site or from the publications of the Central Banks of the corresponding countries. In many cases, information drawn from various sources would differ making necessary an assessment of the available material, an evaluation of the source's credibility and a comparison with previously reported data. The quantitative data has been complemented by a section of the paper reporting on qualitative data regarding the function and performance of the banking sector; this is a very useful addition to the present study. It allows for an over all progress-assessment and permits for more systematic comparisons between the banking institutions in the Balkan countries.

## 2.5. Investment

Investment and privatisation were studied by IBEU principally from the perspective of networks and in terms of foreign ownership/investment in the banking sector. However, the Balkans countries are undergoing far-reaching and rapid changes in some sectors, principally due to the demands of their transition toward market economies. In addition, the gradual consolidation of political stability in the past two years (i.e. during the course of this project) have changed some of the realities in this area from the time that this proposal was submitted to the EU and the division of labour between the teams and the institutes was carved out.

In effect, since 2003, there has been an increase in Foreign Direct Investment (FDI) going into the Balkans. The upturn in FDI in the region in 2003 has coincided with a slowdown in central Europe. FDI is necessary for growth and expansion, for modernisation and for improving performance, and for the overall development of the business environment. For this reason, following some of the issues that were raised in the meeting in Belgrade (WP4) and also some of the discussions on the economic prospects of SEE that were connected with the discussions in WP3 and WP4 in the final meeting in Brussels (WP6), we considered that it would be relevant to include an analysis of the current FDI trends in the region.

In particular, our intention was to complement our work on better understanding the socio-economic realities of the region with an analysis of how these are perceived from the market, how they affect investor's confidence and propensity to invest in these countries, and on the role of the EU. Based on this, ELIAMEP expanded the scope of WP4 to explore the prospects for individual countries and for the region as a whole given the current FDI trends; the extent to which informality/corruption and the existing institutional framework influence FDI in these countries (i.e. socio-political and regulatory obstacles to business); the ways in which the EU could support the countries of the region to attract FDI.

All the papers of WP4 are available from the websites of both partner institutes and have been made public in a number of conferences and workshops. In addition, the work conducted within IBEU has been relevant to other projects and fora in which the WIIW is involved in.

### **3. Continuation of WP4 work in other projects/fora**

WIIW has continued to work on these issues in the region of Southeast Europe. It is relevant to refer to some of the projects/research consortium with which WIIW is also collaborating since there is significant overlap and interconnections between these and the work undertaken within IBEU.

The **Global Research Project (GDN)** phase II was finished in mid 2004. Final report as well as all of the papers can be found on our web-page. GDN phase III has started in autumn of 2004 and will run through the 2006. The project proposal that was accepted can also be found on our web-page ([http://www.wiiw.ac.at/e/gdn\\_see.html](http://www.wiiw.ac.at/e/gdn_see.html)).

In autumn of 2004, WIIW started to work on the project financed by the European Commission in Bosnia and Herzegovina. The consortium in which WIIW participates is to set up an **Economic Policy Planning Unit (EPPU)** in Sarajevo as a major arm of the EU to influence policy agenda and the accession process of Bosnia and Herzegovina.

At the same time, WIIW started to **consult the President of FYR Macedonia** on the issues of transition and EU accession. WIIW has a similar program with the **President of Croatia**, which is now in its fifth year of implementation.

Finally, WIIW has joined the large EU wide consortium on economic integration and security issues with the responsibility for the Southeast Europe.

## **E. WORKPACKAGE 5: MIGRATION**

**Co-ordinator:** Stefano Bianchini (IECOB)

**Partner institutes:** IECOB, ELIAMEP

**Principal researchers involved:** Federica Baroncini, Luisa Chiodi, Rando Devole, Silvia Francario, Antigone Lyberaki, Athanasios Maroukis, Francesco Privitera, Tanja Sekulic, Alban Trungu, Fabio Zuccheri

### **1. Migration flows and division of tasks of WP5**

The migration workpackage approached functional borders through studying the crossing of boundaries and their security, political, social and economic implications. Boundaries are also approached from an inclusion/exclusion perspective in terms of the extent to which the immigrant population is included in, or excluded from economic and political processes in the host societies. The migration phenomenon (alongside other factors such as the mobility of goods and capitals, tourism, information and universities networks, just to mention a few) renders the territorial borders of states, including European Member States, increasingly porous. Although it contributes to the development of transnational flows and of multicultural societies, at the same time, it also fosters growing concerns about security in the host populations. Threats to security are often perceived (individually or collectively) in terms of legal order, of culture and religion, of individual and collective rights, regardless of the veracity of these threats.

WP5's research focused its attention on the current situation in the field of people's movement, in and from the Balkans, and explored its implications for the process of EU integration. The research was divided into two main strands: the first was concerned with migration from the Balkans to the European Union, focusing in particular on migrations from Albania to Italy and Greece; the second examined the human displacement provoked mainly by the Yugoslav secession wars.

During this project, ELIAMEP was responsible for the first strand of research, and the IECOB was responsible for the WP's co-ordination and for the second strand of research on migration flows. In the context of the first strand, ELIAMEP carried out two large-scale surveys on the socio-economic integration of Albanians; the first focused on an in-depth household survey and was complemented by the second segment of the empirical research with the questionnaires directed to firms in the Athens metropolitan area that employ immigrants. In the context of the second strand, primary empirical research focused on war-migrant associations, on the city of Split as a case-study, and also studied transnationalism in the context of civic participation of Albanian immigrants in Italy.

WP5 research has been presented in a series of meetings in Forli, Athens, Belgrade and Brussels as well as outside the scope of the IBEU project.

## **2. Conceptual issues**

### **2.1. Migration from the Balkans to the EU**

The first layer of WP5 looked at the socio-economic integration of Albanians in Italy and Greece as well as their public participation from a comparative perspective. Since the collapse of the communist regimes, migration flows from Albania have been among the most important flows from the region towards EU member states, unrelated with armed conflict but associated with the post-communist transformation. Greece and Italy have constituted the first and most important destination countries for Albanian migrants during this period of time. The research shows that migration from the Balkans to the EU, despite barriers, is taking place and is conducive to some sort of integration from the bottom-up.

The presence of Albanian migrants in Greece and Italy is connected with the fall of the communist regime when, after nearly 50 years of impermeable borders, Albania suddenly broke its isolation. At the beginning of 1990, Albanian migrant presence was statistically insignificant, if we exclude the presence in both settings of Albanian speaking autochthonous minorities, however, a few months later, the situation was radically different and has since been the most important migration flow in numerical terms from a former communist country to EU countries. Albanian migrant flows were analyzed considering four main phases: the first phase (1990-1991) was characterized for its unrestrained nature; during the second phase (1992-1996) Albania was experiencing a complex political-economic transformation; the 1997 crisis marks the beginning of the third phase of migration when the collapse of state authority that followed the bankruptcy of investment pyramid schemes based on savings led to the sudden departure of hundreds of Albanians from their country; finally, the fourth phase (1998-2003) is still underway where two forms of migration coexist: legal migration and undocumented migration.

Albanian migration to Greece and Italy may be regarded as characterised by similar push and pull factors, and both have been host countries to all four phases of migration. The difference lies in the numbers, there were approximately 160,000 Albanians in Italy by 2002 thus corresponding to the second main migrant group, whereas Albanians in Greece comprise more than half of the total immigrant population estimated at around one million. Though both Greece and Italy are young host countries (last 15-20 years only), there exists another difference. According to the latest estimates the entire migrant

presence in Greece amounts to about 10% of the national population, whereas in Italy, not only is the absolute number of Albanian migrants lower, but also the overall percentage of migrants is even more modest (4,2% of the national population). Public policies in the field of migration management have had crucial consequences on the integration or exclusion of migrants in the Greek and the Italian host societies. As it was their first experience in such policy areas, both EU members were institutionally unprepared to deal with migration flows, and though somewhat differently, migration has been faced mainly as a security issue by both. Therefore, legalization laws have been crucial moments for migrants, as they constituted the only occasions to exit the clandestine condition and gain regular sojourn permits.

The literature review identified a discrepancy in terms of available information between the two recipient countries. In Italy, there are many comprehensive statistical sources available concerning the Albanian presence (notably the annual Caritas Dossier) and the push factors of the Albanian emigration towards Italy have been analyzed in a number of political, economic and cultural works, and the integration of Albanians in the local job market and communities has been studied. Overall, the data shows that Albanians are generally occupied in low qualified positions covering all sectors of the job market: agriculture, services, industry, construction, etc., though the construction sector is where most Albanians are self-employed. With regard to their integration in the Italian society, studies have shown that the 'negative image' that has been associated with the Albanian migrant in Italy has influenced their integration since most Albanians adopted a strategy of camouflage or social imitation facilitated by knowledge of the language and culture, as well as from somatic characters. In relation to negative stereotyping and problems of integration, the situation for Albanians in Greece has been similar and the camouflage strategy is common in both host countries. However, in Italy the easier learning of the language and a certain degree of similarities in names facilitate this camouflage whereas in Greece this was apparently motivated by additional forms of social pressure such as the push to religious conversion. Sojourn permits in Greece require the specification of religious affiliation. Albanians, in particular if Muslim, commonly change their names and become baptized in order to facilitate their inclusion in the local society.

The main concern of most academic literature in the case of Greece, on the other hand, has been on the legal and socio-political dimensions of the integration or exclusion of Albanian migrants in the Greek society as well as the positive effects of migration on the host economy. WP5 aimed to contribute to expanding the scope of the research in both countries. Thus, it focused on less studied aspects of Albanian migration in the field of associations. Albanian migrant associations have been created mainly in the urban centres - where communities are numerically important - and almost always by personal

initiative of one or more migrants sensitive to the relevance of the associative life. Their development as a point of reference or context of aggregation has been extremely limited and this has generally been interpreted as resulting from the cultural background, the evolution of the Albanian migration and the strategy of social camouflage. The first phase of the research constituted of collecting available data from administrative sources and literature/observatories, in order to estimate the number of immigrants, their length of stay, seasonal movement and occupations of Albanians in Greece and Italy. On the basis of the data collected, it was deemed necessary to estimate whether and to what extent immigrant/refugee associations have been established, and to identify their practices locally and transnationally. This was done through fieldwork in both EU Member States. This consisted of face to face interviews with individual migrants employed in construction and small firms in Greece and Italy; employers of Albanian immigrants; associations of migrants acting in the public sphere. Hence, WP5's surveys covered the degree of migrants' mobility (spatial as well as social), the organization of their labour relations, the interaction with locals in working and social frameworks, their integration in the labour market and therefore their socioeconomic integration in the host societies. The results of this research are relevant for furthering our understanding in the following fields:

- from a developmental/economic viewpoint: immigrants that participate in such associations and programmes offer an indication of 'flexible', active people interested in their rights and willing to acquire further skills and take on responsibilities. This is an important prerequisite for a development strategy resting upon an 'attractive', 'flexible' and active labour force;
- from a socioeconomic integration perspective: participation in trade unions and educational programmes indicates the efforts of immigrants to integrate economically and socially in the host societies; and, consequently,
- from a political perspective: the immigrants' organization in collective formations is crucial for the establishment of social and institutional spaces for their political articulation in the immigration host contexts.

Hence, WP5 concentrated on the social and cultural perspectives of boundaries.

ELIAMEP elaborated a household survey and conducted interviews in Athens and Emilia-Romagna (through its collaboration with IECOB) during 2003 (the first year of the IBEU project) to study socio-economic integration of Albanians in Italy and Greece. During the last of phase of the research - from June 2004 up to now - the analysis of the empirical data gathered was finalized. The analysis of the household survey resulted in two papers.

The first one by Antigone Lyberaki & Thanos Maroukis published in January 2005 in the *Journal of Southeast European and Black Sea Studies* and focuses on the case of Albanians in Athens in terms of employment and integration. The overwhelming thrust of the evidence draws the picture of a dynamic community whose main trait is the combination of individual success with collective deficits. A tentative conclusion is that although immigrants are doing well individually and the Greek economy benefits collectively from their presence, the derived benefits for all parties involved would be considerably greater had greater trust and co-operation attitude together with networks of civic engagement developed more densely. The second paper also by Antigone Lyberaki & Thanos Maroukis, "*Supply of and Demand for Immigrant Labour: Comparing Albanians in Athens and Emilia Romagna*" is available from the Eliamep web page and focuses on the comparative analysis of the findings in the two countries, notably for what concerns the supply and demand of immigrant labour.

Regarding the research group working in Athens, Antigone Lyberaki and Athanasios Maroukis have been responsible for coordinating three questionnaires in parallel on: a) Albanian immigrants in Athens, b) on associations of Albanian immigrants, c) on employers of Albanian immigrants. The first survey commenced in September 2003 after the samples had been defined; the results to over 500 questionnaires have been inserted in a data-base that was set up for this purpose. The field-work in Italy was conducted during the same period by Alban Trungu who interviewed 76 individual migrants carefully selected to constitute a comparable sample to the Greek context. Cesena, Forlì and Ravenna constituted the provinces in Emilia-Romagna where the interviews were carried out given that the Albanian population constitutes the largest migrant group. Here too, the focus of the research has concentrated on: determining the migrants' educational and occupational profile, their mobility, their status (undeclared, regularised, etc), their relationship with their country of origin (both with regard to intention to return and sending of remittances) and associational activity. These questionnaires have also been inserted in the ELIAMEP database and provided the basis for the comparative analysis.

The main finding of the comparative analysis is that the socio-political sphere of the Albanian migrant community develops at a different pace in Italy and Greece. The Albanian immigrant population in the Italian survey uses collective character means of integrating in host society and engaging with 'homeland' discourse (associations, Albanian tv and newspapers, internet) more than their co-nationals in Greece. This discrepancy highlights the distance between the two regularization regimes, the different pace of immigrant integration policies in Italy (language courses, public sphere/associations), and generally pinpoints towards the modernization histories of these two EU countries.

Primary fieldwork research on enterprises (mainly of the constructions sector) employing Albanian immigrants was conducted in Athens during the second half of 2004. We have applied qualitative and quantitative methods of data processing. This new empirical research aimed to enrich the discourse on a) the migrants' securitized presence in the host society/economy and b) the prospects that are unfolded for immigration in Greece after the 2004 Olympic Games. The main findings concern a) the skills and other characteristics of the immigrant labour from the employers' point of view, b) the modes of introduction of the immigrants in the labor market, c) the effects of the utilization of immigrant labour on the levels of the firm, the sector and the economy. The corpus of the findings of this piece of research is incorporated in the paper produced by Antigone Lyberaki & Thanos Maroukis, "*Supply of and Demand for Immigrant Labour: Comparing Albanians in Athens and Emilia Romagna*".

The sample consisted of 128 enterprises employing Albanian and other immigrants conducted in Athens. There was one employer interviewed from each firm. His/her position in the firm varied: he/she was either the manager (often management of human resources), director or owner of the enterprise. All of them were Greek, mostly men, and 40% approximately was in the 35-49 age cohort. These interviews were carried out by Thanos Maroukis (member of the WP5 research team of Eliamep for IBEU) with the support of an experienced team of experts in survey/interview research from the Greek survey firm 'Kappa-Research'. Their contribution was vital in transcribing the interviews and setting up a database that could include all relevant parameters. The WP5 research team of Eliamep had conducted an in-depth seminars with these interviewers right before the beginning of the survey when the questionnaires were discussed thoroughly, potential problems and questions were identified and guidelines for the analysis of the information were given. When the interviews finished and the database was being prepared, there was another meeting in order to run a second control through the fieldwork's findings and once the database was completed there was a final meeting within this team to go over the data in order to prepare the analysis of the results.

Key findings of this research can be summarised as follows. The main findings concern a) the skills and other characteristics of the immigrant labour from the employers' point of view, b) the modes of introduction of the immigrants in the labour market, c) the effects of the utilization of immigrant labour on the levels of the firm, the sector and the economy. The picture of the immigrant labour (and in particular, the Albanian one) from the employers' point of view is in a few words: a workforce that despite its deficiencies in basic skills and its low working culture seems productive and eventually turned out necessary for businesses. All in all, the most popular reason for hiring immigrants was "because they are the only ones we find." This demonstrates the volume of the demand

for this labour force; while it is consistent with the characteristics of the Greek labour market in the 1990s (raised living standards and aspirations, youth -family-subsidized; employment delay).

By and large, the citing of negative effects of immigrant labour use on the firm level was more likely than referring to positive ones. This seems to be dependent on the size of the firm and its success: the smaller and the less successful a firm is, the more likely it is to express negative views on the effect of foreign labour use. Interestingly views on the positive effect of migrant labour are more easily expressed on the sector level than the firm one. With regard to the effect of employing foreign workforce on Greek economy, the most positive attitude characterizes the employers of construction firms. Yet the percentage of construction firms' representatives that regard negative the effect of employing foreigners on the Greek economy seems high (1 in 4) when one considers the benefits foreign workforce offered to construction firms in terms of labour supply. As for the employment prospects unfolded for migrants in Greece after the 2004 Olympic Games they are not positive [the majority of the workers on sites for the Olympic Games are foreigners], if we consider the sayings of constructions sector employers.

With regard to the research on public participation of migrants from Albania in Athens and Italy, in-depth interviews with representatives of Albanian migrant associations and media were carried out between 2003 and 2004. During the last six months of the project the analysis of the interviews was completed. Two articles presenting the results of this part of the research will be published in 2005 in the book *'The Borders of the Polity. Migration and security across the EU and the Balkans'* by *The Centre for East-Central Europe and the Balkans (CECOB)/University of Bologna*. One of them is co-written by Luisa Chiodi and Rando Devole and explores the participation of Albanian migrants in Italy; the second has been prepared by Thanos Maroukis's and examines Albanian associations in Athens from a comparative perspective based on the respective survey held by IECOB in Italy.

What emerged on the issue of public participation of Albanian migrants in Italy and Greece corroborated findings in other case-studies: it is the political opportunity structure of the hosting context that affects migrants' capacity for agency and claims-making. The different context in the two EU countries have resulted in different rates of the Albanian community's participation in associations, higher in Italy then in Greece, and in different priorities in the associational agenda. In Italy, Albanian associations are predominantly occupied with community initiatives and cultural politics while in Greece, the immigration policy-regime has instigated significant mobilization on regularization issues.

The fact that in Italy active minorities are concerned with issues such as the restoration of the community name and cultural recognition reflects the experience of extreme negative representation in the hosting country. At the same time, the struggle for recognition is linked with their concerns towards a better quality of integration that in Greece cannot be dealt with yet. Here, among documented migrants' basic needs and rights have been by and large dealt with while in Greece problems with legal status and work permit remain. Moreover the sensitiveness of Greek public opinion on issues of pertaining to the sphere of the cultural pluralization of their nation-state is generally higher.

Nonetheless, the struggle for recognition that migrant public participation is central to further democratising and promoting tolerance for diversity in everyday life of the hosting countries. In return, one might expect that transformation within these EU member states can have positive influences on their relations with the other Balkan states. In case of the opposite, the resentment produced by the experience of misrecognition during the migratory experience might have long lasting implications. This is already clear if we were to consider episodes of unhealthy transnational identity politics at the Greek-Albanian borders. It is clear that grassroots transnational relations reflect the state of the political relations between countries. Yet, there is a circular dynamic between grassroots and elites in the definition of public issues both domestically and transnationally.

Moreover, there can be sizeable differences within nation-states in the creation of opportunities when, such as in cases of Italy, migrant public participation is mainly dealt with at local level. As for the EU level, it is clear that it is still too remote for active minorities such as those that mobilize among Albanians in Italy in their initial stage of organization.

Finally, even if some opportunities for participation are promoted at different institutional levels, there is evidence of dynamics of participation from the bottom-up. Beyond associations, printed and electronic media create some spaces for debate and for intellectual interaction across the borders of nation-states, involving the country of origins and the host one. Current dysfunctional borders, however, limit the mobility of people constraining the full expression of healthy transnational social, cultural as well economic dynamics.

The analysis of the produced results on the supply and demand of labor and public participation along with relevant policy recommendations were presented in the final

IBEU meeting in Brussels on 18<sup>th</sup> November 2004 and have been incorporated in the final papers presented in Brussels.

## **2.2. Migration within the Balkans**

The second layer of WP5 looked at population movements within the Balkans caused by the dissolution of former Yugoslavia and associated with extreme levels of violence and ethno-nationalist politics. In the case of Bosnia-Herzegovina (BiH), available data indicate that 1, 2 million people fled abroad and another million were displaced internally. UNHCR statistical sources consider 987,713 to be the total number of Refugees and Displaced Persons who returned to/within BiH from 1996 to the end of February 2004.

The point of observation chosen was that of the representatives of "war-migrant" associations that were considered as privileged observers in sociological terms of the repatriation process in Bosnia-Herzegovina (BiH). Two rounds of interviews with representatives of what were labelled 'war-migrant association' were completed in 2003 and 2004: organization of refugees, internally displaced people (IDPs), returnees. This was undertaken in order to consider all the possible situations in the field and highlight how these organizations display behaviours that resemble that of ordinary migrant groups once their situation stabilizes and they have to (re)integrate socially.

The research provided an overview of the presence of the dozen of "war-migrant" associations currently active in BiH and highlighted how the need to overcome fear and become actors of social, cultural and political transformations has grown with the years -- even if the way out of the "repatriation labyrinth" has not yet been found.

These associations are among the actors of the civil society that have gained more space in the local public spheres. They are quite present in the local/national media and often have influential intellectuals and even politicians among their members. In some cases they supported the establishment of political parties taking part in elections on the local level. These social actors imposed repatriation, re-integration and recognition as political actors as the most relevant political questions for stability and democracy in the region, something that is far from being achieved.

Interviews conducted show concerns among representatives of "war-migrant association" that transcend the simplified limited notion of collective ethnic/national identities. Although they underline their ethnical and national identity, they consider social and political problems predominant and common to all citizens in the region. They were persecuted as "Bosniaks, Serbs, Croats, Albanians", and also obliged to defend themselves as "Bosniaks, Croats, Serbs, and Albanians". What representatives of "war-

migrant associations" stress, is that neither "being among your own people", nor belonging to a minority among the "others", guarantees substantial respect of their human rights. As pointed out by representatives of 'war-migrant' associations, the full enjoyment of citizenship rights is hampered not only by ethnic cleavages, but also by slow and inefficient state administration, limited economic perspectives, a feeling of uncertainty about the stability of the country. The work of these associations is central as they are actively engaged with institutions; they work to develop a new relationship between social groups and the state increases their chances of developing a new culture of citizenship.

In opposition to the widespread culture of blaming the other of the injustice experience, these social actors stress that all citizens of BiH experience injustice and violation of human rights. Changing political narrative in the country and spreading the awareness of the problems that affect citizens of the country at large is central. Representatives of 'war-migrant' associations stress that together with the increasing responsiveness of state institutions, new economic prospects are equally central for all citizens. The two issues are intertwined and yet for the moment donors have been more engaged with state-building initiatives rather than economic welfare of the citizens. What is seen as central is to work for the revitalization of local economies with balanced investments.

The last segment of WP5 involved the case-study of the city of Split. The research by IECOB provided an in-depth examination of internal population movements in the region and their implications in identity construction. It constitutes a case study of migration and social changes. Historically, Split has been both a catalyst and a crossroad for migrations; during the XX century, the city underwent several waves of changes affecting its demographic and ethnic composition, its architecture and urban development. After the Second World War, the city's population has consisted mainly of five different kinds of communities: Croats from the Dalmatian coast and the islands, Croats that immigrated from the inland, an Italian community, a Serb community and Herzegovins that had arrived both as economic immigrants and, between 1991-1995, as war refugees.

During the summer of 2004, two researchers from IECOB devoted the last part of their field-work to finalize the analysis of the empirical data gathered. By interviewing people who hold vivid memories and perceptions of these changes, WP5 investigated the repercussions of these migrations on the formation of local identities, with the consequent process of construction of borders between communities, and their repercussions on security issues, regardless if these were/are really in place or were/are perceived as such by certain communities without any substantial ground. In-depth interviews with privileged observers in Split were conducted focusing on the themes of

borders and security; identity and citizenship; the perceived sense of 'belonging', the preservation of culture, the relationship between war and criminality within the different communities living in Split.

The aim of this part of the research was to scrutinise, on the one hand, the relation between migrations, changes and their memories and perception in the different communities, and on the other hand, the process of formation of different identities and their repercussions on the creation of borders and security issues among the local population. As a result, we have often obtained a contradictory picture of a microcosm, both real and imaginary, of interchangeable identities, borders and feelings of security in the different communities, which can help in putting a different light on the conventional meaning of ethnic borders and security issues in South East Europe.

Overall, research conducted within this WP seems to suggest that internal migrations within former Yugoslavia were and still are a phenomenon linked not only to ethnic conflicts and divisions but also to economic and social factors. In fact, a great deal of internal migration was the result of the communist centrally planned industrialization and urbanization which took place after the end of the Second World War and which took place after a great flow of emigration, especially of ethnic minorities (Italians, Germans, Hungarians), and of internal displacement of populations as a direct consequence of the world conflict. These internal movements had great consequences for the urban resettlement of the city of Split for instance, that more than doubled its population in less than a decade and lost its bourgeois character in favour of a more industrial outlook (as it is still possible to see). From the end of the 60's migrations were no longer state sponsored, but were motivated by individual economic factors, with migrants coming mainly from the poorer and more underdeveloped regions in the socialist federation (Kosovo, Montenegro, Herzegovina) and going to Slovenia, Vojvodina, Dalmatia and the cities of Zagreb and Belgrade. Clearly, the war of the 90's had a great repercussion on internal migrations. Also in Split, as presented in several interviews, many changes took place due to the arrival of refugees and the flight of great part of the small Serb community living in the city. In fact, 14% of the migrants who left Bosnia-Herzegovina during the war went to Croatia. However, while Muslims tended to be encouraged by local and state authorities to leave the city for other destinations, Herzegovins and other Bosnian Croats were encouraged to apply for Croat citizenship. This late migration, as the current one, is however linked to economic as well as to cultural and social factors (for instance, previous migrants from Herzegovina called for family reunifications, most Herzegovins feel they have a Croat identity and therefore they believe they are not abroad.

The results of the analysis of the case of Split converge with the findings from the research on the "war-migrant" associations: internal borders within former Yugoslavia are not merely ethnic and national, but also social and economical. This is evident from the interviews held in Split, where people usually changed their answer and approach depending on the kind of factors that were being taken into consideration. For instance, Italians and the so-called 'old Croat bourgeoisie' share the same values and, therefore, are united in blaming and despising the new comers, regardless of their ethnic affiliations, for being people who bring a different, often described as 'backward' (linked with the mountains and the countryside) culture and social patterns of behaviour. One important difference concerning the migrant associations in B&H and in Split is that the latter are formed by the people who lived in Split before the war, while the new comers do not think they need to have their own associations as they belong to the Croat nation and therefore to the city in any case.

The research results of the second layer will be included in the forthcoming book: *The Borders of the Polity. Migration and security across the EU and the Balkans* published by the Istituto per l'Europa Centro-Orientale e Balcanica (IECOB), University of Bologna with Longo Editore.

## F. Workpackage 6: conclusion and synthesis of results

**Co-ordinators:** Loukas Tsoukalis, Ruby Gropas (ELIAMEP)

### Summary

During the second year of the IBEU research project, WP6 was responsible for organising two meetings:

- The Interim Meeting that was held in May 2004 in Athens and brought together all the IBEU partner institutes as well as experts in the relevant fields to present the interim results and acquire feedback on the policy implications that were being proposed. Full details on this meeting were provided in the second six-month report submitted in mid-2004 and are also included in the annex to this report.
- The Final Meeting in Brussels that took place on 18<sup>th</sup> November 2004. This event was organised with the support of DG RTD of the European Commission and aimed to present to the public in Brussels – at the EU institutions and NGOs active in this field – with the final results and recommendations of the IBEU research.

WP6 also consisted of closely following the research that was being concluded in the individual WP 2-5 in order to ensure consistency and coherence among the various strands of our interdisciplinary research, and in order to synthesise the final policy-relevant recommendations that were put forward by the individual researchers.

In addition, in the context of bringing together the final aspects of IBEU research, WP6 has also served as a platform to include relevant publications and presentations and engage the involvement of other experts in the field on the subject of EU-SEE relations and on the latest developments in the Balkans. For this reason, the Co-ordinators have organised a series of workshops and seminars, and we have solicited a number of publications for the *Journal of Southeast European and Black Sea Studies* on issues that we identified as important within the scope of this work.

Lastly, WP6 also consisted of the drafting of the final paper on *Integrating the Balkans in the EU*. This serves as the conclusions and synthesis of the theoretical and empirical research that has been undertaken by our consortium. It was prepared by the Co-ordinators and is being published in the form of an ELIAMEP Policy Paper that will be disseminated throughout 2005.

## **IV. CONCLUSIONS AND POLICY IMPLICATIONS**

### **1. Conclusions**

The next few years will be decisive for the Balkans. The status and borders of some of the political entities of the region may become more definite; the character and nature of the international military and political presence in the region will gradually evolve; and, above all, the timetable of their path to EU accession will become more clearly defined.

In effect, the coming couple of years will see Bulgaria and Romania accede to the European Union, Croatia is expected to begin accession negotiations, the candidacy of FYR Macedonia will be assessed, Serbia and Montenegro will decide on the prolongation of their state union, Kosovo's future will have to be addressed, while Bosnia and Herzegovina will have to evolve from its status of international protectorate.

This is quite a list, and, the outcomes of each of these elements will have far-reaching repercussions for the nature of the region's internal borders and for its borders with the EU. In purely geographical terms, current territorial borders among Balkan states will soon become the EU's external borders. From a political and socio-economic perspective, the implications are extensive. It entails that more and more countries in this region will have fulfilled the Copenhagen criteria, and this is an impressive feat for the region's sustainable security.

In the meantime, the extent to which these borders will be increasingly 'functional' in benefiting from the advantages associated with lowering political and economic borders is not an easy call to make given the current challenges that the region's borders are up against. Still, the extent to which they make themselves 'porous' to formal and legal trade in goods and services, and the degree to which the countries of SEE pursue cross-border co-operation, co-ordination and collaboration is thoroughly linked to their EU accession course. The catch-22 in this situation is that the EU accession path and the rate at which the countries of SEE will move along it, thoroughly depends on their propensity to establish and consolidate functional borders. In practical terms, this includes their capacity to engage in fruitful cross-border co-operation concerning infrastructure projects, trade policy, fiscal and exchange rate policies, energy, etc. It equally involves their ability to manage borders that can address illegal migration and illegal trade challenges. Moreover, it involves prevailing over informal and even invisible dividing lines that may cut across these societies i.e., ethnic groups, socio-economic networks, privileged status groups, or in simple terms, between 'have' and 'have-nots.' These informal borders presently undermine the region's economic growth potential and

the quality of its democratic consolidation due to pervasive informality, arbitrariness, discriminatory public services and particularism.

The optimistic scenario sees the above political changes in the region to be set in motion by 2007. It urges for the 'Europeanisation' process of the Balkans to be speeded up and estimates EU accession to be achievable after 2013. Such a scenario is encouraged by the steady political and economic progress that has been accomplished across SEE as can be testified by the democratic legislative frameworks that have been set up, by the recovering growth rates and by the growing climate of 'friendship'<sup>4</sup> that has pervaded the region. The gradual shift of security matters from military questions to issues that fall within the remit of justice and home affairs further underlines this progress. In addition, progress has been accomplished in ensuring a more equitable representation of ethnic communities even though thorny issues, such as the status of Kosovo, remain unresolved. This line of reasoning is based on the premises that:

- democratic consolidation across the region will be pursued unhindered;
- political compromises and negotiated solutions will resolve the status issues that render certain areas in the region vulnerable to renewed conflicts;
- increased regional trade and EU investment in key sectors, especially in infrastructure, will push the region's economic growth potential;
- economic growth will nurture political stability and social cohesion;
- increased and improved regional co-operation will contribute to nurturing a security community in SEE;
- integration into NATO's security structures will contribute to demilitarising the region, it will offer a necessary security umbrella and will provide the region's political elites with a much-needed incentive to push forward political changes;
- and, the EU will continue to be able and willing to match its declared political commitment to integrating the entire European continent with concrete economic and institutional advances.

The pessimistic scenario stresses another set of facts. Among these, the most common concerns include the following:

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<sup>4</sup> EPC Event Report on "South East Europe five years on: can the Western Balkans make it to the EU?" 1 November 2004.

- co-operation with the Tribunal in The Hague is still very far from optimal;
- war criminals enjoy state protection, thereby indicating that 'post-conflict' politics continue to be very much influenced by the actors that provoked the conflicts during Yugoslavia's disintegration;
- the state and its resources are 'captured' by predatory elites and informal networks that promote their particularistic economic and political interests at the expense of their country's socio-political cohesion, quality of democracy and economic growth;
- wide-spread arbitrariness, corruption and informality breed distrust in state institutions, disregard for regulations and the rule of law, thereby negatively affecting the inflow of much needed foreign direct investment and enlarging the scale and size of the informal economy;
- SEE is experiencing transitional unemployment, dual markets, market breakdowns, and macroeconomic imbalances. These market failures are severely pronounced in certain regions and the prospects for economic growth are hampered by institutional and normative obstacles;
- regional co-operation remains extremely limited to specific sectors that have been practically imposed from outside agents, thus highlighting the distance that still has to be covered before we can speak of co-ordination, security and stability at the regional level;
- forced migration, voluntary migration for economic reasons, and the brain-drain that has characterised the region's demographics over the past fifteen years is not bound to be overturned in the foreseeable future;
- organised crime, trafficking and illegal trade are a fundamental challenge to the region's borders and security, and significantly obstruct the advancement of SEE-EU relations;
- the tensions that continue to characterise ethnic relations make the region vulnerable to renewed outbursts of conflict;
- the formal and informal cleavages and dividing lines that cut through and cross the region at all levels (social, political, territorial, ethnic, religious, economic) make the break from all the negative connotations that are associated with the term 'Balkanisation' extremely difficult to be overcome and reconciled in functional relations and platforms for co-operation;

- Fast, it is sometimes argued that EU and NATO eastward enlargement may risk intensify the marginalisation of the Balkan 'left outs'; this will effectively result in SEE remaining an region of instability and perhaps even a breeding ground (and exporter) of criminality and terrorism.

Yet, by no means does difficult mean impossible. It is necessary to be aware of the vulnerabilities and challenges that (for some perhaps strangely) persist in Southeast Europe since this is the only way through which to address their causes. The Balkans are often approached with a sigh of resignation. The perception that the region's problems and dilemmas are unsolvable, obstinate and bound to be perpetual, is hard to shed. Nevertheless, the EU has committed itself to break the 'vicious circles' and bring the Balkan countries into its security community. The fact that Slovenia is the second Balkan state to join the EU, and the anticipation that after Bulgaria and Romania, the road for the other countries in the region will be more clearly defined, are important catalysts for the region itself to believe that sustainable security and prosperity can be a tangible expectation in the foreseeable future. It is important to anchor the certainty that peace, wealth, prosperity and security can be tantamount to the 'Balkans.'

For change to be stimulated and for reforms to be implemented, it is useful to understand how a particular society functions, what borders transcend it, and to what extent certain formal and informal behaviours and perceptions remain recalcitrant. It is against this background that our research sought to study the Balkans with an aim at contributing to a better understanding of the cleavages and insecurities that define this region. Four areas of study were selected: civil society and the study of its social capital, the informal economy, regional co-operation and migration. These have been affected by the post-communist and/or post-conflict chronicle of the region over the past fifteen years; all have an impact, in different ways, on the region's path to EU integration, and, all have been at the core of EU policies, EU interest and EU concern. The IBEU project's main ambition has been to explore the degree to which borders are functional and security is sustainable in SEE, in an effort to provide policy-makers in the EU and in the region with useful insights on some of the particularities that characterise the region, and, hopefully, put forward some policy-relevant conclusions.

### 1.1. Rendering regional security sustainable

Since the end of World War II, economics and security have been considered 'two halves of the same walnut.' Transatlantic security co-operation was accompanied by European economic integration among liberal democracies throughout the Cold War period, thereby consolidating peace through integration across Western Europe. Political theory has long debated the factors that are conducive to peace and stability in international relations. It has been argued that political stability brings on economic growth that in turn ensures social stability. It has been argued just as convincingly that economic growth induces political and social stability that results from human and physical capital accumulation. Regardless of whether the starting point is economics or politics, it would appear that the relationship between the three elements – sustainable economic growth, political stability and social prosperity – resembles an isosceles triangle of equally important and interdependent sides. Far beyond the academic interest of debating the relevance of one approach over the other, for the Balkans, it is the practical implications of both paradigms that are more pressing.

The security-inducing effects of wealth, economic growth and regional trade are undisputed, but clearly, economic growth and commercial links alone are not sufficient to deter domestic social unrest, political crisis and tense cross-border relations. Nonetheless, improved economic conditions may indirectly foster peace and long-term sustainable security through encouraging trade links, investor confidence and improving the standard of living. Economic progress, in principle, encourages interdependence and the shared respect for the rule of law. These constitute the basis for co-operation and stability, and unavoidably raise the issue of sustainable security. Sustainable security is relevant to the human, individual level, to the internal, national level just as much as to sustainable security between states.<sup>5</sup> Increased economic prosperity may indeed facilitate regime stability, but only if it is accompanied by certain other factors. For one, increased prosperity ought to be associated with a widespread enjoyment of this prosperity across society. In other words, this prosperity is not restricted to particular groups and networks that are 'more equal than others.' Equally, political reform aimed at instilling efficiency and even-handedness in the state's administration and in its enforcement of rules and regulations, must be pursued in parallel to economic liberalisation.

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<sup>5</sup> The state of the art report produced within WP1 provides a theoretical discussion of the changing concepts of borders and security that are relevant in the Balkans and in EU-Balkan relations: see Gropas R., *Functional borders and sustainable security: integrating the Balkans in the EU and EU-Balkan relations*, in *Journal on Southeast Europe and Black Sea Studies* (Franck Cass: London) 4:1, 2004.

This reasoning has underpinned EU, and to an extent NATO policies toward the Balkans, ultimately aiming to create a secure environment for economic growth, free democratic institutions, political co-operation, and sustainable stability within its societies and in cross-border relations. However, it appears that the Balkan countries are still lagging behind in implementing the reforms that have been adopted in the political, institutional and legislative spheres, in engaging in fruitful cross-border co-operation, and in translating the economic improvements into social prosperity.

It has been repeatedly affirmed that regional co-operation is the only path toward the region's stability; it has been defined as "a practical means for promoting reconciliation and under-pinning reform."<sup>6</sup> Regional co-operation is put forward as a major prerequisite for the Balkan states to become integrated in the EU and NATO's security structure. Regional co-operation tends to be approached as a list of initiatives and policies that if put into place and then into motion, will help the economies of Southeast Europe launch their growth potential and in parallel develop a closer integration with the EU. The assumption is that the correct policies, combined with the appropriate incentives, or 'carrots' in EU jargon, will support growth in economic terms, which in turn will have a spill-over effect in the political and societal spheres. In other words, the spill-over is expected to consolidate democratic institutions and processes and increase social trust and optimism for the future within the region's populations. This rationale is the guiding force behind the EU's staunch promotion of regional co-operation in Southeast Europe.

On the political side, the ultimate intention is the re-establishment of good neighbourly relations. Regional co-operation is considered the means through which to achieve reconciliation among the people and the countries in the area, and through which to gradually establish a community of political trust and co-ordination. Equally, it facilitates all sides in addressing common problems and challenges, and an environment through which the countries can focus on improving their democratic procedures and their citizens' standard of living.

On the commercial and trade side, the checklist of priorities usually involves: trade integration and the dismantling of tariff barriers; infrastructural improvement in the transportation, energy and communications sectors in particular; institutional capacity-building, with focus on reforming institutions and creating the required legal and administrative environment that facilitates trade, or in the case of the financial sector, the movement of capital, thereby providing the catalyst for investment.

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<sup>6</sup> COM(2004) 202, 30.3.2004, p. 6.

These constitute the cornerstone of the Stabilisation and Association process that was launched back in 1999 and that is underpinned by the EU's CARDS assistance programme for the Western Balkans for 2002-2006.<sup>7</sup> However, in spite of improvements in the individual countries in the Balkans, regional co-operation is still stumbling and dragging its feet in the region. If we are to eventually see the desired results that are expected and perhaps even appearing to be long-overdue – though we must bear in mind that only five years have passed since NATO operations against FRY -, then efforts at the national level ought to be stepped up and, the Balkan countries are being strongly urged to do so. In practice, however, these efforts are up against a series of stumbling blocks, both real and perceived.

Let us first turn to impediments at the regional level.

### **1.2. Understanding and overcoming hurdles at the regional level...**

The key impediments to working down this checklist and triggering the growth potential of SEE comprise: the different levels of development between the components of this region; the infrastructural constraints to intra-regional connectivity inherited from Yugoslavia's economic structure and then its disintegration; the incompatibility of their economies; and the non-tariff barriers to trade. They also include political constraints that have not yet been overcome, such as recovering from the psychological and practical effects of the wars and sanctions, just as much as they result from continued instability and perceptions of uncertainty with regard to existing or future border configurations, and prevalent pessimism for the future.

It is important to note that the assumption on which regional co-operation is built, i.e. that the Balkans constitute a region, has been challenged. It has been challenged on the basis of the heterogeneity that in fact distinguishes the countries. For one, it can be challenged if we consider their membership in different international organisations, or their scaled association with the EU, or their political/sovereign status – ranging from Bulgaria as a candidate country to Bosnia and Herzegovina as an international protectorate, etc. It can be equally challenged by the reality on the ground of the existence of two sub-regions – the Western Balkans on the one side and the Southern Balkans on the other. In addition to the political/military factors that differentiate the

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<sup>7</sup> The EU's regional approach to SEE dates back to 1996 with the Royaumont Process that aimed to support the implementation of the Dayton Peace Agreements. It was followed by the Regional Approach, adopted in December 1997 by the European Council, which established political and economic conditionality in EU relations with the Western Balkans. The SAP and the Stability Pact also fall within the EU's approach of promoting regional co-operation (modelled on the EU integration logic). See [http://europa.eu.int/comm/external\\_relations/see/region/index.htm](http://europa.eu.int/comm/external_relations/see/region/index.htm)

countries, the international community's approach towards the individual states is determined for some by the Dayton Peace Agreement, for others by the PfP and for others still by NATO, etc.

There are a number of other aspects that necessarily influence the nature, scope, potential and intensity of regional co-operation. For illustration purposes, it is worth noting that GDP levels range between Croatia's per capita that is similar to the new member states, and Albania and Kosovo at the other end of the spectrum characterised by typical development economies. Moreover, the exchange rate policies that apply across the region include: Montenegro and Kosovo having unilaterally joined the euro-zone; Bulgaria and Bosnia-Herzegovina having introduced currency boards based on the euro; FYR Macedonia with a fixed peg and Croatia with a narrow band; and Serbia with a managed float moving towards an undeclared crawling peg.<sup>8</sup> Lastly, the differences in their formal relations with the EU determines not only how far ahead they are in the accession process, but the access to funds and support that they may have. For instance, Bulgaria and Romania that are candidate countries will have funds marked for them within CAP; the countries included in the SAP are being increasingly eligible for funding from pre-accession programmes; and Serbia and Montenegro that are not yet ready to negotiate a SAA are basically constrained to the CARDS instruments, IMF macro-financial assistance, and humanitarian assistance.

Recent reports are nonetheless indicating that the countries of SEE have been improving their economic performance. Inflation is declining, market oriented reforms are moving forward, and in some cases public finances are improving.<sup>9</sup> In 2004 the region appears to have recorded its fifth consecutive year of respectable output growth, which has also for the fourth year running outpaced growth in the leading reformers and new EU member countries of central Europe. The maintenance of macroeconomic stability and progress in fiscal consolidation complement the favourable growth trends.<sup>10</sup>

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<sup>8</sup> The Vienna Institute for International Economic Studies, Special Issue on the Transition Economies, "As East You Go, the More they Grow: Transition Economies in a New Setting," Research Report 308, by Vladimir Gligorov, Josef Poschl, Sandor Richter et al, July 2004.

<sup>9</sup> [http://europa.eu.int/comm/economy\\_finance](http://europa.eu.int/comm/economy_finance)

<sup>10</sup> Kekic L, *Foreign direct investment in the Balkans, recent trends and prospects*," Athens, December 2004, paper presented in the context of WP4.

**Table 2.** Real GDP growth (%)

|                           | 2001       | 2002       | 2003       | 2004       | Average annual<br>2001-04 |
|---------------------------|------------|------------|------------|------------|---------------------------|
| <b>Central Europe</b>     | <b>2.1</b> | <b>2.1</b> | <b>3.5</b> | <b>2.6</b> | <b>3.6</b>                |
| <b>Balkans</b>            | <b>4.6</b> | <b>4.7</b> | <b>4.2</b> | <b>4.6</b> | <b>4.7</b>                |
| Albania                   | 6.8        | 4.7        | 6.0        | 6.0        | 6.6                       |
| Bosnia and<br>Hercegovina | 4.4        | 5.5        | 3.5        | 5.0        | 4.6                       |
| Bulgaria                  | 4.1        | 4.9        | 4.3        | 5.0        | 4.7                       |
| Croatia                   | 3.8        | 5.2        | 4.3        | 3.7        | 3.6                       |
| FYR Macedonia             | -4.5       | 0.9        | 3.4        | 1.0        | 1.0                       |
| Romania                   | 5.7        | 5.0        | 4.9        | 7.8        | 5.1                       |
| Serbia and<br>Montenegro  | 5.5        | 4.0        | 2.2        | 6.0        | 4.7                       |
| <b>Transition region</b>  | <b>4.9</b> | <b>4.3</b> | <b>6.2</b> | <b>6.8</b> | <b>6.2</b>                |

*Source: Economist Intelligence Unit. Estimates for 2004.*

**Table 3.** Country summary: macroeconomic indicators, 2002–2003<sup>P</sup>

|                           | Population<br><i>million</i>                | Real GDP<br>growth %      |              | Inflation<br>(end period)<br>% |             | General govt.<br>balance <sup>(1)</sup><br>% of GDP |             |
|---------------------------|---|---------------------------|--------------|--------------------------------|-------------|---|-------------|
|                           | 2002  | 2002                      | 2003         | 2002                           | 2003        | 2002  | 2003        |
| Albania                   | 3.4   | 4.7                       | 6.0          | 1.7                            | 2.8         | -6.9  | -5.6        |
| Bosnia and<br>Herzegovina | 4.3   | 5.5                       | 3.5          | 0.3                            | 0.4         | -7.1  | -3.4        |
| Croatia                   | 4.4   | 5.2                       | 5.0          | 2.3                            | 1.5         | -4.8  | -4.5        |
| FYR Macedonia             | 2.0   | 0.9                       | 3.0          | 1.0                            | 2.4         | -5.7  | -1.5        |
| Serbia and<br>Montenegro  | 8.1   | 4.0                       | 4.0          | 14.2                           | 8.0         | -4.5  | -4.5        |
| Kosovo                    | 1.8   | 3.9                       | 4.7          | 3.6                            | 0.0         | 7.5   | 4.1         |
| <i>Western Balkans</i>    | <i>24.0</i>                                 | <i>4.5</i>                | <i>4.2</i>   | <i>5.4</i>                     | <i>3.4</i>  | <i>-4.9</i>   | <i>-4.1</i> |
|                           | GDP per<br>capita <sup>(2)</sup> <i>EUR</i> | Trade balance<br>% of GDP |              | Current<br>account<br>% of GDP |             | FDI <sup>(3)</sup><br>% of GDP                      |             |
|                           | 2002  | 2002                      | 2003         | 2002                           | 2003        | 2002  | 2003        |
| Albania                   | 1602  | -23.9                     | -22.8        | -6.6                           | -6.3        | 2.8   | 2.7         |
| Bosnia and<br>Herzegovina | 1383  | -36.8                     | -36.6        | -18.5                          | -17.5       | 4.4   | 4.9         |
| Croatia                   | 5420  | -23.5                     | -27.2        | -7.2                           | -5.4        | 4.6   | 6.2         |
| FYR Macedonia             | 1972  | -20.7                     | -17.2        | -8.6                           | -6.2        | 2.1   | 1.1         |
| Serbia and<br>Montenegro  | 2055  | -25.0                     | -25.1        | -8.8                           | -8.1        | 3.6   | 6.3         |
| Kosovo                    | 710   | -89.2                     | -95.4        | -33.5                          | -32.9       | 0.0   | 0.0         |
| <i>Western Balkans</i>    | <i>2380</i>                                 | <i>-27.2</i>              | <i>-28.1</i> | <i>-9.7</i>                    | <i>-8.4</i> | <i>3.9</i>  | <i>5.4</i>  |

<sup>P</sup>= Projections. <sup>(1)</sup> Before grants. <sup>(2)</sup> National GDP at current exchange rates. <sup>(3)</sup> Foreign Direct Investment (inward flows). *Sources:* National authorities, IMF and European

Commission. Data for Kosovo are preliminary estimates, which may be subject to significant corrections.

*Table from: European Commission, DG for Economic and Financial Affairs, "The Western Balkans in Transition," Occasional Paper No.5, Brussels, January 2004, p.2.*

Improvement is patchy depending on the country and depending on the sector. According to the Economist Intelligence Unit's business environment assessment model, the Balkans is the subregion within eastern Europe that is expected to see the greatest improvement in its business environment over the next five years. Of course, the recent economic improvements have not affected all countries equally, and there is considerable regional variation. Bosnia and Hercegovina, for example, is still lagging behind, as is FYR Macedonia, which still appears to be recovering from its 2001 inter-ethnic conflict.<sup>11</sup>

The improvements in the macro-economic indicators are by no means staggering, but in principle, the signs could be encouraging. Overall, it is expected that the Western Balkan economies have the potential to grow at a faster pace over the medium to long term thereby reducing official unemployment and increasing the standard of living. The volume of Foreign Direct Investment has also picked up, though most has been associated with transactions linked to privatizations. At the same time, improvements with regard to trade liberalisation have been undertaken within a network of over twenty Free Trade Agreements that have been set up; however, these still face implementation-related difficulties. In parallel, growing trade deficits are of concern and pockets of severe recession and market failures are present across the region. Much of the explanations to these difficulties and challenges can be found at the domestic level.

### **1.3. ...and at the national level.**

The core problem, in effect, is that the economic signs outlined above are not yet translating into improvements in the social indicators. In this light, the relationship between economic outcomes and social capital is relevant. Social capital has been identified as the missing link for development by the World Bank:

"Social capital refers to the norms and networks that enable collective action. Increasing evidence shows that social cohesion — social capital — is critical for poverty alleviation and sustainable human and economic development."<sup>12</sup>

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<sup>11</sup> Kekic L., op cit. p. 5.

<sup>12</sup> <http://www.worldbank.org/wbp/scapital/>

The concept of social capital has steadily paved its way into discussions on the Balkans. Positive and universalistic social capital are requisites for a strong civil society, the existence of which is widely considered to be strongly correlated with improved institutional performance, socio-political stability and economic growth. It has been approached as consisting of social networks and associated norms. The underlying foundations are that social capital facilitates co-ordination and co-operation through information sharing. Social capital involves relationships, shared knowledge, beliefs and patterns of interaction that groups or actors use. It is expressed in terms of interpersonal trust and trust towards civic and political institutions. Our research has focused on defining social capital – both in its negative and positive dimensions, in operationalising the concept, and in addressing its relevance for policy-makers in Southeast Europe.

In each of the countries studied individually, 'universalistic' social capital is low, and social trust and trust in political institutions is even lower. Even in states that appear to have secured their democratic status, dissatisfaction on behalf of the electorate with the political alternatives that are offered raises serious concerns as to the quality of democracy that is being consolidated. Internal political conflicts hamper the consolidation of transparent and efficient democratic institutions, procedures, and the application of the rule of law, mostly because this takes the form of 'tugs-of war' between competing informal networks of predatory elites. Trust in political elites on behalf of the larger public is eroded. This is not simply because of the general alienation and perceptions of a gap between the larger public and the political elites that is commonplace even within the EU Member States. The lack of trust is a result of the recent historic experience of disintegration, profound economic, political and social crisis, armed conflict and a socially painful erection of new physical borders and informal dividing lines. In parallel, the disproportionate access to influence over state institutions and resources that certain individuals/groups/networks have, lead to generalised discriminatory behaviour, social frustration and lack of confidence in formal procedures. Even though recent elections have been conducted in principle in accordance with international standards, in practice, more often than not, the elections have been severely problematic. To mention but a few examples, in the case of Albanian local elections in October 2003, there were problems with voter registers, and widespread problems with counting and tabulation of results;<sup>13</sup> the Serbian presidential elections in November 2003 had an disheartening voter turnout; while the elections in Kosovo in October 2004 were boycotted by the province's Serb minority.

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<sup>13</sup> OSCE/ODIHR Election Observation Mission Report on Local Government Elections in Albania (12 October 2003 – 25 January 2004), Warsaw, 25 February 2004, p.30.

A fundamental constitutive element to a functioning and functional democracy is the existence of a civil society that can express its priorities, preferences and expectations. The conditions for this include pluralism, open and transparent participation, trust and co-operation. For a democracy to be viable, social capital is more than relevant. And, this is intricately linked with the long-term sustainability of security in this region overall and in each country in specific.

Even if corruption, nepotism, state-capture by specific elites or networks is not as extensive and widespread as everyone might think it is, perceptions regarding it are widespread. In practical terms, this amounts to the same results. This is the case both for the international community and for the domestic electorate. In effect, almost all EU documents referring to the region include a mention on organised crime and corruption and the overall conclusion that is repeatedly underlined is that there continues to be "little progress in the fight against organised crime and corruption."<sup>14</sup> At the same time, public confidence in the elections does not score too highly since corruption is perceived to be institutionalised and there tends to be concern of the results this may have on the electoral outcome and on the prospective government.<sup>15</sup> In this environment, corruption is not necessarily restricted to financial exchanges or gain. Corruption often manifests itself as favours granted to acknowledge superior status or to establish one's one status in terms of 'influence.' Hence, this results in the population at large expecting to encounter discriminatory treatment, and in perceiving their society as unfair where some people enjoy disproportionate benefits. This constitutes a significant blow to the legitimacy of democratic institutions, procedures, and democratically elected elites that continue to be perceived as being 'the same people that are enjoying privileges regardless of the regime.' It would thus appear that externally-induced modernisation and liberalisation often translates in 'simulated change against the backdrop of structural, informal continuities'<sup>16</sup> in societies that are undergoing transition.

This is also closely associated with what we refer to as the phenomenon of the 'disillusioned winners.'<sup>17</sup> This refers to a segment of the population that has come out of the transition process as a winner in economic terms. However, they perceive their improved situation as having been achieved in spite of, and not thanks to, the state agents and institutions, which they treat with distrust. Increase in income is clearly not

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<sup>14</sup> COM(2004) 202, 30.3.2004, p.12.

<sup>15</sup> This is highlighted for instance by the OSCE/ODIHR Report on the November 2004 Presidential and Parliamentary Elections in Romania, Warsaw 21 October 2004.

<sup>16</sup> Mungiu-Pippidi A., Deconstructing Balkan Particularism: the ambiguous social capital of SEE, in WP2

<sup>17</sup> See WP2 papers on social capital and civil society, and in particular Ganev G., Papazova Y. & Dorosiev R., Social Capital in the Balkans: are socio-demographic factors important? Can policy assumptions be supported?

associated with an increase in universalistic, positive social trust, and this is common across all SEE countries that were studied within IBEU. Furthermore, our empirical results strongly suggest that there exists an *a priori* negative perception of public institutions (concerning their efficiency, their propensity to implement rules and regulations in a fair and just manner, the degree to which they are influenced by or are even at the service of specific actors/networks rather than the general public, etc) that is not necessarily connected with personal experience.

This starting point of low levels of trust toward the state and public sphere has knock-on effects for the general levels of societal and individual optimism in the country's future and in personal socio-economic prospects. Such a mentality provides fertile ground to further breeding a behaviour of non-compliance with formal rules and regulations, and to resorting to particularistic social trust, while it may also be a determining 'push' factor for migration. This backdrop encroaches on their prospects for EU membership. The existence of such 'invisible' borders hinders the administrative, political and institutional reforms that must be put in motion for adopting and implementing the *acquis communautaire* and for meeting the Copenhagen criteria.

Against this background, it is useful to note that the perception of poor national government feeds trust toward the EU and its institutions. The empirical data in the surveys conducted in the context of the IBEU project suggests that the EU is even more attractive for the people across SEE since they consider the EU procedures and institutions to be more competent and fair, and less corrupt and clientelistic.

Overall, this environment also impacts the region's attractiveness for foreign investors. Although there are some encouraging signs as previously mentioned, (and even Serbia & Montenegro succeeded in attracting over 1.5 billion USD in FDI in 2003 in spite of its high political risk), the still limited inflow of FDI and of greenfield investment throughout the region is a matter of general concern. In addition to basic objective criteria (existence of natural resources, geographic proximity, etc), FDI is influenced by the general environment in place ranging from legislation, to the regulatory frameworks, to the degree of domestic market integration, to business incentives, etc. The World Bank's good governance indicator incorporates six dimensions that concisely summarise the factors that hamper the much-needed flows of FDI across the region: (i) voice and accountability; (ii) political stability and absence of violence; (iii) government

effectiveness; (iv) regulatory quality; (v) rule of law; and (vi) control of corruption.<sup>18</sup> On the 'good governance' front, SEE overall scores quite poorly.

In the countries of SEE, interference by political and economic groups in the implementation of administrative policies and in the application and co-ordination of regulations and legislation is commonplace. The civil and judicial services are not only lacking in infrastructure, efficiency and resources. More importantly, they are generally unable to carry out their responsibilities independently from the pressures and particularistic interests of influential political and economic networks/actors; actors that have their fingers well in the 'honey pot.' The fundamental elements that could attract investors to the region and contribute to its self-sustaining economic growth continue to be missing, in spite of efforts to put into place FDI-specific policies.

SEE continues to be widely characterised by enlarging zones of extra-legal activities that are growing and functioning at the expense of the formal economy. Networks of economic and political agents, rather than markets, are the dominant mechanisms determining economic exchange, the privatisation processes, the (non)enforcement of rules. These are functioning as parallel systems of authority that advance particularistic interests, and thereby undermine the legitimacy of formal institutions and regulations.<sup>19</sup> This is reflected in informality becoming pervasive with far-reaching consequences not only for a country's economic growth and the extent to which its markets are attractive to foreign investors and businesses. It also affects employment practices, fiscal revenues, the security of its labour markets, and an overall behaviour of non-compliance that SAPs states' legitimacy and society's sense of security.

In order to attract investment, increase profitability and support a sustainable socio-economic development, the Western Balkans are being called to continue with their structural reforms and their political and economic stabilisation track. The expectation is that continued stabilisation will lower the country-risk score and thereby gradually enhance the region's reputation as an investment destination.

Nurturing the conditions that may contribute to the consolidation of a functioning democracy characterised by sustainable security in the economic, political and social

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<sup>18</sup> European Commission, DG for Economic and Financial Affairs, "The Western Balkans in Transition," Occasional Paper No.5, Brussels, January 2004, p.21

<sup>19</sup> See WP3 papers on the informal sector: Bojicic-Dzelilovic V., *Informal Sector in the Balkans*; Stanchev K. (ed), *Report: Study of Incentives, Characteristics and Strategies of Firms Operating 'in the Shadows'*; Barrett E., *The Role of Informal Networks in the Privatisation Process in Croatia*; Bojkov V. & Bojicic-Dzelilovic V., *Informality in Post-Communist Transition: Determinants and Consequences of the Privatisation Process in Bulgaria*.

spheres is not only important for the countries' path to EU accession. It is primarily important for the living conditions of the people in the region. Human insecurity constitutes one of the main challenges that a particular part of the population in this region, namely refugees and internally displaced persons, is up against. It remains a discouraging factor for the return and/or integration of these 'migrants' in the societies they lived in or in the new societies they are living in.<sup>20</sup> It is not only security in its political and physical sense that determines the region's population trends. Economic and social insecurity has also been triggering demographic changes resulting in major migration flows from the Balkans and across the borders toward the EU member states. The boundaries surrounding these population groups have equally been explored in the IBEU project.

Migration from the Balkans to the EU has been at the core of our study since these have been the largest 'source' of migrants in recent years in the EU Member States, and in particular in the new host EU migration countries. Migration flows that have characterised the European continent over the past decade can be distinguished by the following characteristics:<sup>21</sup>

- geographic proximity plays a significant role in migration flows;
- a number of European countries have been transformed from emigration to immigration countries, notably Southern European Member States;
- immigration for family reunification purposes continues to remain a key motivation;
- illegal immigration continues to be on an increasing trend (reflecting the lack of other legal ways to cross borders);
- research suggests that it is not the poorer segments of society that migrate;
- there has been an increase in female immigrants since 1990.

The 'push' factors may be schematically grouped into the following: the effects of the civil wars and the resulting physical insecurity; the quest for improved economic and social security (due to unemployment, collapse of social security safety nets and income levels in their country of origin); and, on occasion, high levels of local criminality. The 'pull'

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<sup>20</sup> WP5 on Migration touches on the role of war-associations in integrating internally displaced persons (Sekulic T.), while the paper by Lyberaki A. & Maroukis T., studied Albanian immigrants in new host EU member states.

<sup>21</sup> Lyberaki A., "Balkan Migration to Greece: A success story?," in Kyriakopoulos V. (ed), Olympia IV: Human Rights in the 21<sup>st</sup> Century: Migrants and Refugees, Human Rights Defence Centre, Sakoulas Publishers, 2004, pp.75-94.

factors in the EU have included Europe's aging demographic trends and employment needs in specific economic sectors and industries (for instance in the construction sector, in the tourist industry, in house-care, etc.) that are creating employment opportunities for young persons. Family reunification policies have also further changed the migration dynamics in flows from the Balkans into the EU and in the position of immigrants in the new host countries. It is these opportunities and changing trends that IBEU has concentrated on in an attempt to gain a deeper understanding of migration as a mechanism for greater cross-border co-operation where both the countries of origin and the countries of destination can stand to gain (especially in economic terms). The particularity of the Greek experience has served as a specific case-study that has been explored in its two-way relationship with Albania. The extent of the Albanian immigration into Greece in particular (for reasons of geographic proximity, historical links between the two countries, and economic push and pull factors) has created a relationship where developments (political, economic and social) on one side of the border have significant implications on the other, and vice versa.

To a large extent, migration flows are reflecting the labour needs in the EU Member States (ranging from need of skilled, semi-skilled or unskilled labour), and they are likely to be the most determining factor of population change in the EU over the next decades. Restrictive immigration policies are far from being the optimal solution since these do not reverse the flow; rather, they divert migrants to irregular, or outright illegal status. Illegal immigration is connected with precarious and insecure living and working conditions in the host country. This does not only have negative implications for the immigrant population, it equally has negative consequences for the host economy and society. It affects the labour-market performance and participation of migrants, it increases the shadow economy, and it equally hinders the social and economic inclusion of immigrants into the host society thereby exacerbating xenophobia and prejudice among the host population.

It is undisputed that the EU space has been deeply affected by the post-communist transition of SEE and, that its borders have been 'porous' to the socio-economic and political developments within the Balkan countries. The migration flows from the Balkans into the EU constitute the most evident manifestations of this permeability. It has been principally addressed as a security issue for the EU's external territorial borders, and as an internal socio-economic challenge in terms of their integration in the new host societies. At the same time, these population movements have further interlinked the states of the EU with the countries of SEE. In 'hub-and-spoke' terms, this constitutes yet another piece of evidence of the important role the EU plays for the Balkans. In its most minimal sense, this can be seen in terms of remittances repatriated to the Balkans and

enabling the subsistence of those that have stayed behind. In its more advanced sense, it can be seen in the transborder public sphere that is developing, in the intensification of contact, information, communication and exchange between the nationals of Southeast European countries and European Union countries. In classical Deutsch theory terms, increased communication and contact is the foundation for co-operation, interdependence and for deeper integration. The important issue at stake is to provide the framework for this exchange to take place in both formal and informal ways that do not create security concerns for all sides involved. For this, transparent and sound migration policies that regularise migrants in the host countries (thereby taking away the legal and economic insecurity factor) have to be coupled with efforts that make the positive aspects of immigration visible to the host society. In parallel, supporting the conditions that will trigger and sustain economic growth and improved living conditions and employment in the countries of origin will also address the push factors to migration.

#### **1.4. Peace, wealth, security and democracy in the Balkans**

The real value of regional co-operation is certainly not limited to economic gains. It may largely be found in its socialising effects for SEE: in the re-learning of norms and behaviour of co-ordination and co-operation, and in the normalisation of relations that gradually results from this interaction. These are important 'training' exercises in terms of working together and acquiring experience in implementing agreements and projects – experience that will significantly contribute to facilitating the path to EU membership, given that EU membership essentially involves co-operation, co-ordination and strengthening institutional capabilities. The accession process has been defined as serving as 'a catalyst for change, accelerating the implementation of complex and difficult political, institutional and economic reforms.'<sup>22</sup> For this socialising effect to produce the desired security community we require more time, more effort and more funding. And it appears that the region may be running thin on all three.

For the reforms and for regional co-operation initiatives to really take off, the prospect of eventually joining the EU without additional incentives is insufficient. For a country or a region to put its goal ahead of its internal problems, a clearly defined path toward EU membership is required to anchor expectations and provide incentives.<sup>23</sup>

All the countries of the region have affirmed and reaffirmed their European vocation. The key challenge ahead is for them to now materialise the prospect of EU membership. The EU is and will continue to be the dominant partner for SEE. The region on its side is

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<sup>22</sup> COM (2004) 202/2 final, 30 March 2004

<sup>23</sup> See Gligorov V., Southeast Europe: Regional Co-operation with Multiple Equilibria, in WP4.

expected to show its aptitude and willingness to normalize relationships within the region and with the rest of the EU.

Over the past four to five years, there have been calls on behalf of the EU for more regional ownership and for a greater indication on behalf of the countries of Southeast Europe that they are committed to take on deeper reforms. On behalf of SEE, there have been just as many calls for more EU commitment, for improved instruments, for more targeted approaches, for less overlap and for greater consistency. It could be argued that both sides have come a long way, though granted, not far enough.

The EU's approach towards the region has made huge leaps in the right direction. And, there is agreement in both the EU and in the region itself that overall, significant progress has been accomplished both in the economic and political spheres. However, the challenges that now lie ahead are in the implementation of the legislation and of the *acquis* that has been/is being adopted. On the path to EU accession, the devil is in the detail. For the countries of SEE to be able to take on this challenge, a clear 'carrot' and a solid support network ought to be provided.

As the history of EU integration and enlargement clearly testifies, the most successful foreign policy instrument and catalyst for democratic consolidation and for sustainable security on the European continent has been the clear and unequivocal perspective of EU membership. The EU has provided this to all the SEE countries through its political declarations, through the modeling of the Stabilisation and Association process and the European Partnerships, and more recently, by including the Western Balkans in the portfolio of DG Enlargement of the European Commission. But emphasis remains instilled in expanding and enhancing the pre- pre-accession process.<sup>24</sup> For the efforts and reforms that are associated with the perspective of EU accession to regain momentum and overtake the current fatigue that appears to be settling in on both sides, this process has to be speeded up.

In part, the momentum can be found in making candidate status more accessible, more within reach. From there, the stepping-stones and the timetable to accession will be purely determined by the merits and the efforts of each state,<sup>25</sup> but, given that the

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<sup>24</sup> See WP2 paper by Andreev S. & Bechev D., "Top-down v Bottom-up aspects of the EU institution building strategies in the Western Balkans"

<sup>25</sup> As the EU Commission itself has repeatedly stressed, each country will proceed towards membership on its own merits and at its own speed. This will be based on evaluations and assessments of the fulfillment of SAP and of the fundamental accession criteria. In other words, this is based on the political, economic and institutional criteria generally referred to as the Copenhagen criteria, the criteria specific to the Stabilisation and Association Process, and, where relevant, full co-operation with the International Criminal Tribunal for the

decision to integrate these states has been made, granting candidate status to the Western Balkans formalises the EU's commitment to not leave an enclave of insecurity and stifled economic growth within its midst. It is equally an indication of the political will to eventually face its next enlargement rounds (given the difficulties and tenuous challenges that Brussels will have to digest after the latest round) and in view of the decision on Turkey. In parallel, it offers the population in the region renewed optimism in the future prospects and its expectations for peace, wealth, democracy and security. Finally, it provides the political elites of the region with no excuses to obstruct regional co-operation initiatives and no justification in delaying reforms and in addressing the infamous 'implementation challenge.' Without a doubt, perhaps the most pressing challenge for the SEE countries that underlies the list of expectations and evaluation criteria is achieving adequate institutional capacity to be able to implement the *acquis*, govern a democratic society and put in place a liberal and transparent regulatory framework and a functioning market economy.

EU accession is not only the wished-for prize for the Balkans; it has equal symbolic significance for the EU. For the EU, it will represent the successful accomplishment of the much-awaited integration of the entire European continent. It will mean the EU was successful in its role as a regional anchor and a promoter of regional co-operation, in its role as catalyst and facilitator in the inter-ethnic and inter-state reconciliation process, and in spurring institutional-capacity, economic reform and growth. For the region of SEE, however, it will represent the achievement of a successful transition from a post-communist, post-conflict environment to stabilisation and to democratic consolidation. It will mean that the descriptions 'frustrated societies', 'weak states', 'market failures' will be characterisations of the past.

## **2. Policy implications of research**

### **2.1. Policy implications of research on social capital in SEE**

Many policy implications may be derived based on the questionnaire survey and on the case studies of privatisation as well as on the study of CARDS. The implications are relevant for EU policies and for national policies. Policy recommendations may be prioritized as follows:

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former Yugoslavia, respect for human and minority rights, the creation of real opportunities for refugees and internally displaced persons to return, and a visible commitment to regional co-operation. To support this effort, the European Partnerships are the instruments that have been introduced by the EU through which to identify short and medium term priorities that each state needs to address and outline a timetable and support the adoption of the *acquis*. These Partnerships will also be the basis for programming assistance (within CARDS) and supporting the region's infrastructure and market development.

The EU ought to devise policies that enhance civic participation in the political process and build pro-reform constituencies. The capacity-building programmes at the national level should be complemented with projects at the local level, where greater efficiency translates more easily into trust in institutions.

Above all, it is pertinent to build strong party systems and further enhance more open political competition. The development of strong party mechanisms in the context of truly competitive party systems may prevent the further capture of the state by networks of narrow interest relying on negative social capital.

In conjunction with the above, it is important, first, to strengthen the political institutions and the democratic political regime, and then proceed with the reform of public administration and the wider public sector. Currently in Southeastern Europe, trust towards the most important political institutions is low. This is translated into low political legitimacy for the institutions of the parliament, the government and the justice system, which are the three branches of modern democratic government. As a consequence, the legitimacy of the democratic regime as a whole may be put into question.

In brief, top priority should be given first to strengthen open democratic political competition and, second, to revamp political institutions, in order for each institution and the regime as a whole to regain part of their lost legitimacy. These top priorities are linked to political accountability. The latter relies a lot on external motivation and pressure by the EU. As it is well known, peoples and regimes of the region look to EU authorities for inspiration and advice. The increase of political accountability relies also on domestic political mobilization, in order to press for transparency and wider political pluralism. Domestic mobilization may stem from NGOs, civic initiatives and local communities.

As a consequence, there are two related policy options. First, the provision of support on behalf of the EU and international organizations to any NGOs and civil society initiatives that are willing to press for higher accountability. Second, since - on the basis of our questionnaire surveys - people seem to trust local institutions more than other central or regional ones, it is advisable to empower local authorities, which are better placed to promote the diffusion of positive social capital and participation among citizens.

In the same vein, the reform of the state institutions (central public administration, wider public sector, local government) should not only aim to make them more efficient, but also, above all, more legitimate. Increased efficiency, by itself, will not bring about higher legitimacy. If a corrupt state agency becomes more efficient, this may mean that it will continue its corrupt practices more efficiently. If a distrusted political institution becomes

more efficient, then distrust and suspicion about its role and place in the political system and about the way it functions may not decrease. In fact, suspicion and distrust may even increase because of the observed increased efficiency of the corrupt institution. In other words, a more efficiently corrupting and/or corrupted institution is no more legitimate than a less efficient one.

In the context of the requirement for greater legitimacy, relevant policy options are the following: first, to exert pressure on state institutions, in order to effect transparency and cut red tape which breed negative social capital; and second, to adopt full-proof processes, which will curb political patronage in appointments, promotions and transfers in the central public administration, the wider public sector and the local government.

## **2.2. Policy implications of research on the informal sector**

An important policy implication coming out of the conceptual work is that the issue of informality in the Balkans has to be approached in an integrated fashion- as a phenomenon with economic, political and cultural underpinnings. Therefore, policy approach can not be restricted to economic instruments only, nor to the formal exercise of designing rules and regulations. It has to involve policies, which address the crucial issue of rebuilding the Balkan states in a substantive sense as a precondition for recovering its legitimacy.

Based on WP3's research, the following issues have been identified as top priorities. First, tax and quasi-tax, including administrative, levies should be lowered and simplified. Due to the relative ease with which economic agents can cross over to the unofficial economy and the high tax, quasi tax and administrative burden, it appears that SEE countries fall into the negative sloping segment of the Laffer curve – that is higher tax rates may be resulting in lower tax revenues. On the contrary, more moderate and lower tax rates may result in a significant increase in the tax base. Tax-“harmonization” comments and “requirements” referring to lower direct taxation in new (2004) members-states do not take into account above impacts and do not seem justified.

Regarding taxes, the policy that helps eliminating incentives to informality is reduction and simplification of direct taxes, including mandatory social welfare contributions. It should include, besides tax cuts, unification of national treatment, elimination of special exemptions and preferences. Surveyed countries follow the overall 2004-accession pattern to lower and make direct taxes flatter.

Regarding quasi-taxes (i.e. costs of dealing with the government, compliance costs and administrative entry barriers) the prescriptions includes: policies related to facilitation of

entry and business registration; separation of inspections/controls from commencing activities; reduction of the number of licences and permits, depersonalisation of thus reformed administrative process e.g. use of one stop shops and e-government.

In addition, the transposition of the *acquis* and the stabilization and association process (SAP) results in new legislation and regulations. They should take into account the preparedness of local businesses and citizenry to comply and the capacity of national administrations to enforce new rules. This and other studies show that a significant incentive for informal economic activities are regulations that are too restrictive or costly, and at the same time, not uniformly applied to all businesses.

A step in this direction is the introduction of systematic Regulation Impact Analysis (RIA), be it in the form of cost efficiency and/or cost benefit analysis. The processes of both economic transition and EU accession involve adoption and implementation of an enormous amount of new legislation and regulations. An important option is the introduction (institutionalisation within a separate unit or within a ministry) of a RIA Unit for systematic preliminary assessments ensuring large public participation (compulsory consultation procedures) and public scrutiny (publication on Internet, other media).

The EU does not have a unified approach to this challenge; the member states vary in their accountability and government-in-the-sunshine experience. Accession countries, with a relative success, apply some version of RIA in an attempt to keep costs under control. Similar policies of future members (Bulgaria and Romania, and SAP countries) must be welcome and encouraged.

A third area that deserves priority attention is economic openness. State policies should target openness including free movement of goods, services, capital, people and improving accountability of procedures (e.g. public procurement) as a precondition for lengthening production processes and increasing value added instead of imposing protectionist measures. Integration in international value-added chains and corporate structures leads to formalization of business activity. Therefore, national policies should allow for free penetration and co-operation of capital in a larger economic space, thus providing opportunities for businesses to expand. Economic openness embraces liberalization.

The argument favouring radical versus gradual/partial economic liberalization is even stronger in settings like SEE with a large unofficial economy. The liberalization effort has to be sufficiently substantial so as to lower expected official costs of doing business to a level below those of operating unofficially.

Accountable provision and financing of public services is another significant priority. This may include two policy options: a) introduction of program-oriented budgeting in public spending and b) decentralization of spending and taxing decisions, i.e. fiscal decentralization.

The present prevalence of centralized and historic-based public finance is both non-transparent and not focused on providing public services used and demanded by most of the business community. Taxes, quasi-taxes and all other fees paid by citizens should therefore be closely related to specific public services in transparent and accountable manner. Decentralization, understood as accountability of those who collect and spend taxes, will increase the decision-making powers of individual business people who will then be able to decide how much to pay through taxes and fees and how to direct the public funds to serve their interest in the best manner.

Governments should equally put more emphasis on improving enforcement of existing regulations rather than increasing the number of laws and regulations to be enforced. At the same time, there is a natural tendency for bureaucrats to expand their agencies in both authority and resources. Therefore, governments should specifically address this problem and restrict proliferation of administrative units and regulations. Otherwise, the above-mentioned process of over-regulation leads to hypertrophy of laws and erosion of the rule of law curable through codification, deregulation and simplification.

Trade liberalization, investment liberalization and liberalization in services, coupled with simplification and unification of tariff structures as well as gradual diminishing of non-tariff barriers must be tackled in parallel. These measures combined with measures leading to stronger recovery of local production should reduce the importance of imports and lessen incentives to informal trade. Improved political co-operation would encourage such a development.

A set of multi-sided policies aimed at deconstructing clientelistic frameworks based upon the tenure of political power that has undermined official governance structures, ought to be developed. These should go beyond legislative process as an end in itself, to ensure rebuilding of social and political consensus behind the reforms and policies aimed at reinforcing respect for the state-sponsored rules and regulations. These policies could involve a range of social actors, including importantly civil society and political parties.

In parallel, the drawing up of new norms about proper conduct and ethics in public services would be useful. EU integration is a legislation-heavy process with inadequate verification of how well that legislation is implemented. The EU needs to create a framework in which the norms, the codes of conduct and the ethics in public services are

discussed and debated at the local level. This process has to feed into improved anti-corruption policies, which should focus on breaking the networks of influence linking various economic, political and social actors.

### **2.3. Policy implications of research on regional co-operation**

The research on regional co-operation concentrated on the theoretical issues of regionalism in the Balkans, on infrastructure development, trade, banking and investment and on policy coordination. In each of these areas the working papers that were prepared contain also concrete policy recommendations. Some of those will be summarized here.

Internal push for regional co-operation is weak, which indicates that balkanization is still a problem in this region. However, the interest in the integration into the European Union (EU) is high. For these reasons, but also because of the way the EU integration is structured, the Balkans or the Southeast Europe maintain a hub-and-spoke relationship with the EU.

This leads to the EU integration being the main instrument of regional co-operation. Indeed, even in the case of the association and integration with the EU, the initiative, in many cases, has to come from the EU rather than from the countries in the region or the region as a whole.

In some areas, however, the interest in regional co-operation is more pronounced. This is true of some aspects of infrastructure development. That development is clearly necessary and regional co-operation is clearly beneficial. There are problems when states have to cooperate, but those are minimized when the infrastructure development is seen as being part of a Europe wide network.

Similarly, trade liberalization has been significantly helped by the readiness of the EU to open up its markets to Balkan exports. This has led to the signing of bilateral free trade agreement between all countries in Southeast Europe. That, however, has not led to a multilateral agreement on the creation of a regional free trade area. With the speed up of the process of the EU Southeast European enlargement, this may not be very urgent any way. However, further trade liberalization would certainly be beneficial both from the political and from the economic point of view.

From the policy point of view, the EU should continue to lead at the same time pushing the countries in the region to increasingly open up their markets.

The banking sector has been improved in the region as a whole with predominant participation of the EU banks. Investments as well as credits for businesses have yet to pick up. Clearly, the EU could look for possibilities to support regional financial co-operation and liberalization and to spur investments in the new private sector in particular.

Economic policies of most countries in Southeast Europe are strongly influenced by their relations with the international financial institutions. These economic policies are not always in tune with those that are appropriate for countries integrating in the EU and which have to converge with the EU institutionally and also in terms of economic policy with the view of eventually joining the Economic and Monetary Union. Thus, there is greater scope for regional coordination in the areas of monetary, fiscal and regulatory policies.

In the case of monetary policy, the fixed exchange rates that are mostly used in the Balkans may prove to create problems if some countries decide to devalue. That may create problems for the development of regional trade and investments. Some kind of co-operation in this area would be useful. This could be done indirectly through the appropriately designed or applied mechanism of exchange rate coordination (e.g., similar to ERM II).

In the case of fiscal policy, similar reasoning would suggest the usefulness of certain regional co-operation, again mediated through the need for the harmonization of tax rates and the principles of public expenditures in the course of EU integration.

Finally, the co-operation in terms of regulation can be done through the institutional convergence with the EU.

In general, there is scope for a push for speedier regional liberalization in the domain of the four freedoms and for the co-ordination of policy co-operation with the view of EU integration.

#### **2.4. Policy implications of research on migration**

Integrating the Balkans in the EU requires widespread support for the construction of a common polity. A shared future can only be achieved if public opinion on both sides view present challenges as common. There is a need to promote a new approach to change both in the EU, and among Balkan public opinion in order to enhance their cultural capacity to face it. Migration is one of the most important dimensions of change and the distance that separates the views between the EU and its Balkan neighbours in terms of migration and security needs to be reduced.

There is a need to spread, in EU and Balkan public opinions, the awareness that any culture is that product of change and hybridization with other cultures while a pure culture simply does not exist. A gradual but systematic strategy needs to be defined to spread awareness of the interdependence of cultures as this is crucial for the future of regional integration. In order to achieve the aforementioned goal a new approach in the field of education is needed. Schools and universities are central to achieve this effort while what prevails is the rooted Nation-State view of culture.

Visas for Balkan countries ought to be abolished. The experience in the 90s shows that migration needs, both in the sending and the hosting countries, are too strong to be constrained. The consequence of restrictive immigration policies has been the increase of illegal migration, the spread of criminal organizations and, the growth of shadow economies.

The issuing of working permits should be made easier and less time consuming. Modernizing administrative capacity while fighting administrative harassment against migrants remains central. Legality is a powerful springboard for economic development and social advancement. Moreover, developing a positive relation with public institutions among migrants may have positive implications both in the hosting country, and a cascade effect in the country of origin where state-society relations are particularly difficult.

Inclusion of migrants in the body politics is a key strategy for European integration. The participation at local (administrative) level to election in hosting countries with the right of active and passive vote should be actively supported.

To achieve the aforementioned goals, there is a need to invest in the creation of immigration-friendly attitudes in the European (given the scope of our work, emphasis is placed on the cases of Italy and Greece) societies, politics and institutions. The positive aspects of immigration need to become more visible, while active additional measures should be also adopted to ease the fears of potential losers.

Social inclusion cannot but go hand in hand with integration in the public sphere. Public initiatives encouraging social and cultural integrations should be strengthened and better targeted, by a strong and informed involvement of media, TV and radio programs, public debate, cultural events.

In this field, the support to autonomous voices (migrant media and associations) is central. Supporting social actors able to pursue recognition's struggles is important not only for managerial purposes. The struggle for recognition of these organizations is

central to democratise institution and strengthening the plural character of the societies. All the more the trans-border character of the migrant media and associations may enrich the element the European (and in this context the Greek and Italian) civil society.

Although the questions of development aid and direct foreign investment are rarely linked with immigration policy, there is an obvious advantage in doing so. Official development aid cannot be compared to the importance of migrant remittances for sending economy. Yet once people settle in the hosting country remittances tend to dry out. The support to migrants in their role of economic actors in their context of origins can instead open new opportunity for long-term economic engagement. In particular, decentralized co-operation may start considering the active participation of migrant groups in their projects addressing the economic development of their countries of origin.

Beside migrant associations there are as well thousands of students from the Balkans that are enrolled in EU Universities. Supporting their involvement in the field of international co-operation may be positive in two ways: a straightforward transfer of know-how acquired in the hosting country is achieved; meanwhile, an opportunity for the 'brain return' is offered. Moreover, the co-operation between EU Universities and the Western Balkans should be strengthened in term of research, training, and mobility including the development of strategies to create conditions for a 'brain return.'

Support to civil society actors, such as 'war-migrant' associations, is important in as far as they work to make institutions responsive to the citizens, generate economic opportunities, and provide support to marginalized groups in societies. The support to national and transnational networks among these organizations may be central in strengthening their chance of participation in the decision-making processes at all levels.

A programme of speedier inclusion of the Western Balkans in the EU is required. Creating functional borders between the EU and the Balkans is not a national issue but a European one that requires a joint effort. Priorities should focus on strengthening not only the legal and economic framework of the countries, but also the implementation of laws and the respect of human rights, as a source of individual security and reliability of the institutions.

Within this framework the plurality of identities and cultures are to be protected.

## **V. DISSEMINATION AND EXPLOITATION OF RESULTS**

All partner institutes devoted a significant part of their human and financial resources to disseminating the research conducted within the IBEU project. Presentations in workshops, conferences, seminars, closed consultation meetings as well as publications on the web, in academic journals and books, and in the press have been some of the key means through which our research has been disseminated. Each regular report provided detailed accounts of the key presentations and publications. The emphasis below is mostly on the research presented in the second year of IBEU while references to some key events that took place in the first year of IBEU are also mentioned. Finally, all key meetings and workshops were posted on the co-ordinator's website and full information was provided relating to the agenda, list of participants and interim working papers that were discussed.

### **1. Dissemination during the first year of IBEU**

A number of experts from the EU and SEE were to participate in the Brainstorming Session and in the Interim Workshops of WP 2, 3, 4 and 5. This was considered as necessary not only to contribute to the discussion on each individual WP through feedback from other academics, experts, policy and opinion-makers, but equally to inform the wider community in the countries that are the focus of IBEU of this research's objectives and priorities.

In February 2003, during a visit to Brussels on behalf of the coordinating institute of the IBEU Consortium (ELIAMEP), Ruby Gropas visited a number of EU Commission Officials in DG External Relations and at the Council. These officials were informed of the research objectives of IBEU and have since been included in a mailing list and have been regularly informed of relevant papers, or invited to conferences and seminars on the Balkans.

Similar contacts were also pursued with the Greek Permanent Delegation to the EU during the 6 month Greek Presidency (January-June 2003) and with the Hellenic Ministry of Foreign Affairs given the priority that was accorded to the Balkans.

Information on the IBEU project (objectives, meetings, etc) has been included in the Newsletters of the participating institutes. The distribution lists of these newsletters are very wide, particularly within SEE, the EU and the EU (for example ELIAMEP has over 5,000 subscribers to its electronic newsletter and IECOB reaches 3,000 subscribers). In addition, the European Balkan Observer, is a bi-monthly newsletter published by WIIW and BeCEI.

Also, research undertaken within the IBEU project has been mentioned in [www.osservatoriobalcani.org](http://www.osservatoriobalcani.org) which is an Italian web page providing Italian civil society with news on the Balkans.

IBEU researchers have participated in or have organised a wide number of conferences, round table discussions and seminars that have provided fertile ground to discuss the hypotheses and ideas that are being studied in this project. Presentations have focused on developments in the Balkans, on EU-Balkan relations, and on specific concepts studied within IBEU (social capital, informal economy, integration of migrant communities, security, etc). Select examples include:

Research/policy workshop on the new dimensions of security and conflict resolution organised by DG RDT & DG RELEX, Brussels, 13/14-02-2003, (Participant with a paper presenting IBEU and *Processes and means to foster peace and stability*: Dr. Ruby Gropas).

Conference at St. Antony's College, Oxford, organised by the South East European Studies Programme (SEESP) on "Turkey, the EU and the 2004 Milestone: is this time for real?" 14-3-2003 (Organised by Dr. Othon Anastasakis).

European Parliament hearing on SEE and EU, Brussels, Belgium, March 2003 (Participant: Dr. Vladimir Gligorov).

Conference on *SEE and EU*, organised by the President of Macedonia, Skopje, March 2003 (Participant: Dr. Vladimir Gligorov).

Paper on "*EU Conditionality in South East Europe: Building Commitment to the Process*," by Dr. Othon Anastasakis and Dimitar Bechev, South East European Studies Programme, European Studies Centre, Oxford University, April 2003.

The WIIW, organised a Workshop on Enterprise Development, Labour Markets and Informal Economy, April 2003 in Vienna and Edward Christie, Vladimir Gligorov, Mario Holzner, presented a paper on "*Informal thoughts on informal economy*."

Conference organized by the Oxford University's Balkan Society on "*Border Crossings in the Balkans*", Oxford, 17/18-05-2003, (Participant with a paper presenting IBEU: Dr. Othon Anastasakis).

Seminar of the Hellenic Observatory of the London School of Economics and Political Science, "*Formal Weakness and Informal Strength: Civil Society in Contemporary*

*Greece*", London, 20-05-2003 (Seminar lead by Professor Kevin Featherstone. Invited speaker on the aforementioned topic: Dr. Dimitri A. Sotiropoulos).

Conference on the "*Perspectives of the EU Policy towards Croatia*", organized by the Croatian Institute for International Relations and the Delegation of the EC to the Republic of Croatia, Zagreb, 28-05-2003 (Participant: Dr. Othon Anastasakis).

CEPR workshop for *DFID on SEE*, London, UK, May 2003 (Participants: Dr. Vladimir Gligorov and Dr. Michael Landesmann).

Conference on "*Economic Development & Policies in the former-Yugoslavia countries*" held in Cavtat, Croatia, 8/10-05-2003, (Participant: Dr. Vladimir Gligorov) and organised by WIIW.

Conference on the competitiveness of the Croatian economy organised by the Croatian National Council for Competitiveness in Opatija, June 2003 (Participant: Dr. Vladimir Gligorov).

Talk on Regional Developments and Regional Issues in SEE, World Bank Office in Belgrade, Serbia and Montenegro, June 2003 (Participant: Dr. Vladimir Gligorov).

World Economic Forum meeting on Southeast Europe, Athens, 23/24-04-2003 (Participants: Dr. Vladimir Gligorov, mediator of the session on privatisation and Prof. Loukas Tsoukalis, mediator of the opening session).

Initiating and drafting a new "Law on reduction of administrative licenses and administrative controls on economic activities" in Bulgaria, adopted in June 2003 (Participants: Krassen Stanchev, Latchesar Bogdanov and Yordanka Gancheva).

Workshop at Sabanci University on Greece and Turkey in the Aftermath of the Copenhagen Summit "*Greek and Turkish policies in the Balkans: co-operation or rivalry?*", 13 June 2003, (Participant: Dr. Othon Anastasakis).

"Balkan Economics: Problems and Solutions" by Vladimir Gligorov, chapter 21 in V. Franicevic, K. Hiroshi, (ed.), *Southeast Europe: Transition, Integration and Globalisation*. Zagreb: Mediascan in co-operation with WIIW, 2003.

Halki International Seminar on "SEE and the Middle East: Learning from and about each other," 4-8/9/2003, in co-operation with the Bertelsmann Foundation, Guetersloh and the Centre for the Study of European Politics and Society at Ben Gurion University, Beersheva.

Conference on 'Good Governance – Impact on Investment and Growth in SEE,' Thessaloniki, November 2003. Co-organised by ELIAMEP with the Bertelsmann Foundation and the World Bank.

WIIW Talk on regional developments and regional issues in SEE at the World Bank office in Belgrade, Serbia-Montenegro, June 2003.

OECD Conference on Trade in Services in SEE, held in Bucharest in late June 2003 (Hermine Vidovic and Mario Holnzer).

WIIW International Conference on 'Southeast Europe: The Path towards EU Accession,' Vienna, 21 November 2003.

WIIW & Global Development Network Workshop "Understanding Reform in Southeast Europe," Vienna, 22 November 2003.

OECD Conference on Trade in Services in SEE, Paris, December 2003 (Participant: Vladimir Gligorov).

Conference on 'Danube: Europe is meeting. From Vienna to Belgrade for a Europe Beyond the Borders,' organised by Osservatorio sui Balcani, Belgrade (Serbia-Montenegro), 18<sup>th</sup> September 2003 (Participant: Luisa Chiodi).

Conference-Postgraduate Seminar on Migration organised by the Olympia Human Rights Defence Centre (K.E.P.A.D.), Nafplion, Greece 1-7<sup>th</sup> September 2003 (Participant: Antigone Lyberaki).

Conference on 'Confini e frontiere della nuova Europa', Università degli Studi di Milano-Bicocca, 20 October 2003 (Participant: Tanja Sekulić).

IV International Conference "Da Ulisse a... Il viaggio nelle terre d'oltremare" (From Ulysses to...-The journey in the overseas lands) organized by the University of Genoa, Imperia 9<sup>th</sup> October 2003 (Participants: Francesca Baroncini, Fabio Zuccheri).

Workshop organized by the Italian Consiglio per le Scienze Sociali on 'Stato delle ricerche su migrazioni e relazioni interetniche in Italia e in Europa' (state of the art of the research in the field of migration and inter-ethnicity), Rome, 29-30 November 2003 (Participant: Luisa Chiodi).

Professor Lyberaki has contributed to the OECD Special Report on Immigration in Greece to be published in 2004.

Workshop on "A Common European Migration Policy: A common policy for different problems?" organised by H.I.V.A. at the Leuven Katholieke Universiteit, 20-21 November 2003 (Participant: Athanasios Maroukis).

## **2. Dissemination of the concluding results of WP2**

The members of the WP2 team have presented the results of their work in various fora. They have also prepared papers for edited volumes, in which they use some of the findings of IBEU, making reference to this project.

First, all the papers of WP2 which contain data, analysis and policy implications on the basis of the research of WP2 were presented at the interim meeting in Athens (May 2004), at the meeting in Belgrade in October 2004 and at the final meeting of IBEU. The latter meeting took place on 18 November 2004 in Brussels, in the presence of Commission officials and some NGO activists. Representatives of all the institutions involved in WP2 were present and answered questions on each separate paper. The full texts of the papers and the executive summary of the work of this WP were available in printed format.

Secondly, individual members of the WP2 team have presented the products of their research in different instances. A list of the most relevant presentations and forthcoming publications follows:

Alina Mungiu-Pippidi, "Democratization without Decommunization: The Balkans' Unfinished Revolution", chapter in the forthcoming (2005) edited volume by Michael McFaul and Terry Lynn Karl, eds., *Transitions from Authoritarianism*, Stanford, California: Stanford University Press.

Alina Mungiu-Pippidi, "East of Vienna, South of Drina: Explaining the Contributions for South-Eastern Europe", chapter in the forthcoming (2005) volume by Steven Whitefield and Robert Rorschneider, eds., *Origins of Grassroots Support for Europe*, Oxford: Berghan.

Alina Mungiu-Pippidi, "Deconstructing Balkan Particularism: The Ambiguous Social Capital of Southeastern Europe", forthcoming (Jan 2005) in the *Journal of Southeast European and Black Sea Studies*, Frank Cass.

Alina Mungiu-Pippidi, "Lessons learned: from Nationalism to State Building After Communism," in *East European Studies EES News*, of the Woodrow Wilson International Center for Scholars, January – February 2005.

Dimitri A. Sotiropoulos, "*Civil Society and Social Capital in Southeastern Europe*", presentation of the IBEU project in the conference on regional co-operation organized by the NGO "G-17" and ELIAMEP, Belgrade, 1-2 October 2004.

Dimitri A. Sotiropoulos, "*Non-governmental Organizations and Civic Initiatives in South Eastern Europe: Towards a Transnational Civil Society?*", paper presented in the conference held by the Center for the Study of Global Conference at the London School of Economics and Political Science, 26-27 November 2004.

Dimitar Bechev, "*Interdependence and Regional Co-operation in Southeastern Europe*", paper presented in the conference held by the Center for the Study of Global Conference at the London School of Economics and Political Science, 26-27 November 2004.

Dimitar Bechev, *CARDS*, paper presented at Europe in Its Making: A Unifying Perception on Europe international colloquium at New Europe College in Bucharest, 11-12 Nov 2004. <http://library.nec.ro/program/prognov04.html>.

Georgy Ganev, presentation of IBEU and other data in a seminar which prepared the report "Emerging Bulgaria 2004", Oxford Business Group, December 2003.

Georgy Ganev, presentation of IBEU and other data in a seminar which included the final papers for the "Blue Bird Project", "Stiftung Wissenschaft un Politik", Berlin, 16 January 2004.

Alina Mungiu-Pippidi, "Deconstructing Balkan Particularism. The Ambiguous Social Capital of Southeastern Europe" (paper which can be found in [http://www.essex.ac.uk/ecpr/events/jointsessions/uppsala/workshop\\_details.aspx?workshop=18](http://www.essex.ac.uk/ecpr/events/jointsessions/uppsala/workshop_details.aspx?workshop=18)), European Consortium for Political Research, Joint Sessions of Workshops, Uppsala, 17-19 April 2004.

Alina Mungiu-Pippidi, "Rethinking the Balkans: Incongruities of State and Nation Building, Regional Stabilisation and European Integration", Berlin, Bertelsmann Foundation, 17-18 June 2004.

Alina Mungiu-Pippidi, "The Unbearable Lightness of Democracy: Poland and Romania after Communism", *Current History*, Issue Europe, November 2004.

Alina Mungiu-Pippidi, "How to Understand Corruption in Romania", Policy Warning Report, November 2004 (published by the Romanian Academic Society - SAR).

Sorana Parvulescu, "Patterns of corruption in the Balkans", 9<sup>th</sup> Regional Meeting of USAID Democracy Networks and NGO Development Program Directors – Watchdogs and Policy Actors in Democratic Transition, Sofia, 24-26 October 2004.

Sorin Ionita, presentation at the conference on "Central and Eastern European Countries Inside and Outside the European Union: Avoiding a New Divide" (12th NISPAcee Annual Conference), Vilnius, May 2004.

Svetlozar Andreev, "The Borders in South-Eastern Europe: Democratic Legitimacy and Security Issues in an Enlarging European Union," in *Journal of Southeast European and Black Sea Studies*, Vol. 4, No. 3, 2004, pp. 379-98.

Svetlozar Andreev, paper on "SEE borders and the EU Fifth Enlargement" presented in various forms at the following conferences: the Asia-EU Comparative Regional Integration Conference, 15-17 May, Prague, Czech Republic; at the ECPR EU WG Conference, 22-24 June, in Bologna, Italy; at the University of Liverpool, 3-4 July, Liverpool, UK; and at the Association of Borderland Studies Conference, 15-19 September, Graz, Austria.

Svetlozar Andreev, -paper on "Path-dependence in CEE and SEE enlargements," presented at the ECSA Conference in Canada, 27-19 May 2004, Montreal, Canada, and at the UACES Annual Conference, 6-8 September 2004, Birmingham, UK.

Othon Anastasakis has also presented research related to WP2 during his participation in the following conferences:

- The Third METU Conference, May 2004, "Europe in a Changing World" presentation on "The Western Balkans: The EU's unfinished Business";
- At the Halki International Seminar 2004 organised by ELIAMEP on *Transatlantic Co-operation in the Greater Middle East and SE Europe*, paper on "The nature of transition and the quality of democracy in the Balkans";
- Presentation and memorandum for the Foreign Affairs Committee, House of Commons, UK on "The EU and the Western Balkans", October 2004;
- Australian National University and Victoria University conference on "The Countries of South Eastern Europe on the Path to EU Membership" presentation on "Relationships in the Region", December 2004;

- Australian National University workshop on "Building Civil Society in South Eastern Europe; A role of Australia" presentation on "The nature of civil society in South East Europe", December 2004.

Related forthcoming presentations include:

- Keynote speech in The 7<sup>th</sup> Annual Kokkalis Graduate Student Workshop, Harvard, February 2005;
- UACES Annual Conference plenary session talk on "Enlarging Europe", Zagreb September 2005;
- Cumberland Lodge conference on Enlargement, September 2005.

In addition, the SEESP presented aspects of IBEU's research in the programme's events and publications. In particular, it is worth mentioning:

- the Research Workshop sponsored by SEESP on "Understanding Border, Conflict and Reconciliation in South East Europe" that was held in May 2004, University of Oxford;
- the SEESP Seminar Series on South East Europe, During Michaelmas term 2004;
- and the SEESP Newsletter, Issue no 2, in July 2004 contained an overview of the IBEU Research by Ruby Gropas and a special reference on WP2 "Social Capital and Institution Building in the Balkans" by Dimitar Bechev (<http://www.sant.ox.ac.uk/areastudies/SEESP-newsletter2004.pdf>).

This will also be pursued in the SEESP's forthcoming activities. For instance, the following events have been scheduled:

- Hilary term (January-March 2005) research seminar on South East Europe, University of Oxford;
- Conference on *South East Europe: The EU's next enlargement*, 29 April 2005;
- *Oxford Symposium on Transnationalism in South Eastern Europe*, June 2005.

### 3. Dissemination of the concluding results of WP3

Findings and policy recommendations of the segment of research on *Incentives and strategies of the Firms Operation in the Shadows* completed by IME team have been disseminated via electronic and paper media, participation in conferences and public discussions. In particular:

The IME organized a press conference in the building of the Bulgarian News Agency on the 4 August 2004. The focus of the conference was on the influence of fiscal policies on business environment in the context of widespread 'informality'. The event was used as a preliminary test for some of the policy recommendations derived from the research.

The IME also co-organized a meeting of think- thanks from Eastern and Central Europe - "Resource Bank Europe" in Borovetz (Bulgaria) on 28-30 October. The aim was to re-think the role of NGOs considering new challenges before the EU and Europe. New realities necessitate concerted co-operation efforts in order to broaden exchange of experience and to improve networking and co-operation. The informal economy was observed as one of the key challenges, especially for SEE countries.

In addition, the American University in Bulgaria organized a training seminar for experts from SEE administrations in Blagoevgrad 5- 16 July. Krassen Stanchev and Martin Dimitrov, key researchers of WP3, took part as lecturers on Regulation Impact Analyses - RIA (this is one of the measures recommended in IME report as a tool to improve business environment). The aim was twofold - to discuss prospective implementation of RIA best practices in SEE Europe and to provide training on RIA techniques.

In addition, members of the WP3 team have participated in a series of regional seminars:

Krassen Stanchev, presentation on *How to Step up EU Integration for the Remaining European Countries?* At the XIV Economic Forum, 9-11 September 2004, The EU and the Balkans – How to Speed Up the Accession, Krynica Górská Poland, organized by Fundacja Instytut Studiów Wschodnich (participant and moderator).

Krassen Stanchev, participated at the CRCE Symposium - Inhibited transition - Reasons and Remedies, 25-28 September 2004, organized by CRCE – Centre for Research into Post-Communist Economies in Slovenia.

Krassen Stanchev also took part in the Conference on "Strengthening think tanks in Eastern and Central Europe: Exchanging good practices", Vilnius, 11-14 November 2004, Lithuania, organized by Lithuanian Free Market Institute.

Vesna Bojicic-Djelilovic, Edward Christie and Krassen Stanchev, presented parts of their research undertaken within on *Informality in Privatisation* and the findings on *Measuring the Size of Informal Trade in South East Europe* were presented at the International workshop on Southeast Europe: Economic developments and regional co-operation, that was organised by WIIW in Belgrade, on Saturday, October 2<sup>nd</sup>, 2004 in the context of the WP4 of IBEU.

Vesna Bojicic-Djelilovic, presented a paper on the *Informal Sector in the Balkans* at the LSE conference on: Transnationalism in the Balkans: the emergence, nature and impact of cross-national linkages on an enlarged and enlarging Europe, 27-28 November, London.

In addition, segments of WP3 research have also been published by the *Journal of South East European and Black Sea Studies*. The Journal is a refereed journal edited and managed by ELIAMEP and published by the Taylor and Francis Group in London. More specifically, the following articles have/will appear in recent issues:

Krassen Stanchev, "Economic Perspectives on Organised Crime," in the Special Issue on Fighting Organised Crime in Southeast Europe, Edited by Ekavi Athanassopoulou, *Journal of South East European and Black Sea Studies*, Vol.4, No.2 May 2004, pp.241-249.

Vesna Bojicic-Djelilovic & Viktor Bojkov, *Informality in Post-communist Transition: Determinants and Consequences of the Privatisation Process in Bulgaria*, forthcoming January 2005 by the Journal of South East European and Black Sea Studies.

Elizabeth Barrett, presented 'Informal Networks in the Privatisation Process in Croatia', an early draft of the IBEU WP3 Croatia paper at Nuffield College, Oxford, on May 20<sup>th</sup>, 2004 at the Political Science Graduate seminar.

In addition, Elizabeth Barrett also presented an abridged version of this IBEU paper at the workshop on 'Cohesion and Division of Economic Elites in Central and Eastern Europe', Budapest University of Economic Sciences, September 4-5, 2004, (First Workshop of the Series 'Strategic Elites and European Enlargement')

Other publications include: Victor Bojkov, "Neither here, nor there: Bulgaria and Romania in current European politics", *Communist and Post-Communist Studies*, Vol. 37, No. 4, 2004, pp. 509-522.

In addition, all the papers on the Informal Trade in South East Europe, Informal Sector in the Balkans; Study of Incentives, Characteristics and Strategies of Firms Operating in the Shadow; The Role of Informal Networks in the Privatisation Process in Croatia;

Informality in Post- communist Transition: Determinants and Consequences of the Privatisation Process in Bulgaria have been published on the WIIW and on the ELIAMEP web sites.

Finally, V. Bojicic-Dzelilovic gave a seminar on *Informal Practices in Privatisation- Croatia and Bulgaria Compared* at Oxford University in January 2005, and, V. Bojicic- Dzelilovic and V. Bojkov are to give a seminar on *Informality in Post- communist Transition: The Case of Privatisation in Bulgaria and Croatia* at the London School of Economics in February 2005.

#### **4. Dissemination of the concluding results of WP4**

In October 2004, the WIIW organized its planned interim meeting in Belgrade, Serbia & Montenegro. As was explained in the six-month progress report that was submitted in June 2004, it was decided that the interim meeting would be used as an occasion to discuss the results with the local economists and disseminate the findings to the public in the region that is at the core of this research. It turned out that it was also a good decision in the sense that the political situation in Serbia has changed for the better over the past months and there was a climate conducive to debate and to discuss future expectations.

This meeting was organized in two parts. The first involved an international conference with key politicians and actors as the main speakers and with significant coverage by the local press. The second part consisted of a more closed scientific workshop where the papers of the IBEU teams were discussed with local economists, researchers and practitioners working in these areas in SEE; these were presented and critically discussed among the participants in the project and the outside experts.

The Conference and the Scientific Workshop covered:

- (i) regional overview of economic developments and policy reforms,
- (ii) regional trade in goods and services and the potential for their developments,
- (iii) the state of the regional infrastructure and its contribution to growth and development,
- (iv) the transformation of the banking sector and the role of inward foreign investments, and
- (v) the scope and possibilities for policy coordination in the context of EU association and future accession.

The Belgrade workshop was extensively covered in the Belgrade media, including the major TV and radio networks and in all the daily newspapers.

Following from this conference, the working papers were put on the web-page of the WIIW.

ELIAMEP also contributed to disseminating the papers of WP 3 and 4 in a meeting that was held at ELIAMEP's offices in Athens on Tuesday, 14<sup>th</sup> December 2004. This meeting included a group of Greek industrialists and representatives of the banking sector that have a significant presence in the Balkans (see Annexes). They were invited by ELIAMEP to be briefed with some relevant findings on current developments in the Balkans and to discuss with Mr. Laza Kekic issues pertaining to foreign direct investment in the region. In addition, the paper that was presented by Mr. Kekic on FDI in SEE has been accepted for publication by the *Journal of South East European and Black Sea Studies* (Taylor & Francis Publishers, London) and will appear within 2005.

In addition, the WP4 papers were also presented at various conferences and workshops. Perhaps the more important ones are:

- the presentation of the paper on regional co-operation by Vladimir Gligorov at the annual conference on Southeast Europe at Bled, Slovenia;
- the presentation of the paper on trade and regional co-operation by Vladimir Gligorov at the Southeast European Business Council meeting in Cavtat in late October;
- the presentation of the trade liberalization paper by Mario Holzner and Vladimir Gligorov at the conference in Sarajevo organized by the GTZ from Germany;
- the presentation of the GDN project on the EU policy impact on Southeast Europe in Dakar, Senegal, at the Global Development Conference organized by the GDN, January 20-26.

WIIW publishes a newsletter, **European Balkan Observer (EBO)** together with BeCEI from Belgrade, Serbia. Two issues have come out in the second half of 2004. One of them was completely devoted to the IBEU project and the papers prepared for the Brussels workshop.

An op-ed piece written by Vladimir Gligorov, "*Balkan End-Game*" was published in the Wall Street Journal, issue of 29-31.

Vladimir Gligorov continues to write regular columns in *Utrinski vesnik* (Skopje, Macedonia), *Ekonomist magazine* (Belgrade, Serbia), *Blic* (Belgrade, Serbia) and *Dnevnik* (Zagreb, Croatia).

## 5. Dissemination of the concluding results of WP5

As for the dissemination in the last phase of WP5 research the following publications, presentations and participations in conferences are worth noting:

Stefano Bianchini & Francesco Privitera, 6<sup>th</sup> December 2004 in Boston, USA, at the America Advanced Association of Slavic Studies (AAASS) participated at the roundtable '*The Balkans between EU Enlargement and nationalist revivals*' and presented IBEU finding on migration, minorities and national issues.

Federica Baroncini & Fabio Zuccheri, during their fieldwork in Split gathered ethnological data and interviews for the article that will be published in the WP5's book. In addition, iconographic material that was also gathered in Split was made available to the exhibition on *Shared Spaces in Times of Crises: Memories of Alexandria, Ancona, Beirut, Bethlehem and Split*, held at the Bibliotheca Alexandrina, Egypt, from Dec. 2004- Jan. 2005. This exhibition is organized in co-operation with Alex Med Research Center and will be shown in Ancona during the Spring of 2005.

Luisa Chiodi was invited at the conference organized by the Centre for the Study of Global Governance, London School of Economics and Political Science and Osteuropa Institute, Free University Berlin in London on the 26-27 November 2004 on *Transnationalism and the Balkans* to chair the session n.3 on '*Diaspora and Homeland Transnationalism with the Balkans*'.

Antigone Lyberaki presented the findings of the pieces of research on Albanian households and enterprises employing Albanian immigrants in Athens in the *Round Table for immigration inclusion policies* of the Conference "Immigration and Immigration Policy", organised by IMEPO (Institute of Immigration Policy) at the Athens Hilton in Athens, on 15<sup>th</sup> of November 2004.

Luisa Chiodi presented the WP5 Interim Report in Belgrade 1-2 October 2004 at the meeting organized W5 *Vienna Institute for International Economic Studies (WIIW): "Southeast Europe: Economic development and regional co-operation"*.

Thanos Maroukis presented the paper «*Albanian Migrants in Greece: transcending 'borders' in development*» at the International Conference: "New Perspectives on Albanian Migration and Development", organised by the Sussex Centre for Migration

Research, University of Sussex, in Korce, Albania on 16&17 September 2004. This paper includes findings from all the strands of research conducted in Athens.

Antigone Lyberaki, publication of the article "*Olympic Games and a Thank you*", which is about particular policy suggestions relating to migration policy, in the Greek newspaper Eleftherotypia (Ελευθεροτυπία), Wednesday 8 September 2004.

Stefano Bianchini, Francesco Privitera & Luisa Chiodi participated on the 20<sup>th</sup> July 2004 at Warsaw Special Convention of the Association for the Study of Nationalities (ASN) at the Centre for East European Studies of the University of Warsaw and organized the panel n.25 on *EU Enlargement by Three Perspectives: In, Out and in Between Europe*, where IBEU research was presented.

The IECOB organized the panel n.186 'The Wider Europe and EU Enlargement: Redefining Policies Toward the Balkans and Russia' at the *Second Pan-European Conference on EU Politics* (ECPR) at the Johns Hopkins University, Bologna 24 June 2004 where Stefano Bianchini, Francesco Privitera and Luisa Chiodi of WP5 and Victor Bojkov WP3 participated and made reference to IBEU's work.

The paper that presents the fieldwork research on Albanian immigrant households in Athens "Albanian Immigrants in Athens: New survey evidence on employment and integration" by Antigone Lyberaki & Thanos Maroukis will be published in January 2005 in the *Journal of Southeast European and Black Sea Studies*.

In addition, activities of WP5 have been enlarged to include relevant research of other experts in the field of migration, borders and security in order to expand the work undertaken within IBEU and to establish links with other research, other academics and other institutions in this field.

In particular, this is being done in the form of a publication of a book that follows the second interim meeting that had been organized by IECOB in Forlì last year. In effect, with the financial support of the Municipality of Forlì, in December 2003, WP5 organized a Review Meeting to discuss and disseminate within a wider group of researchers its preliminary findings. As a result of this workshop, a wider working group has been formed to discuss the issue of migration and security across the EU and the Balkans. This group comprised scholars belonging to different universities ranging from the New Bulgaria University in to the Middle East Technical University of Ankara; from the University of Maryland to the University of San Marino; from the University of Firenze to the University of Trieste. Naturally, the book comprises an introduction by Stefano Bianchini and Luisa Chiodi and articles by Tanja Sekulic, Fabio Zuccheri, Federica

Baroncini, Thanos Maroukis, Rando Devole & Luisa Chiodi for the IBEU-WP5 research group. In addition, it hosts the research by Lino Zonzini of the University of San Marino on migrations within Albania; by Anna Krasteva of the New Bulgaria University on Chinese Migration to Bulgaria; by Melita Richter of the University of Trieste on migration from Eastern Europe in the case of Trieste; by Zoran Lapov of the University of Florence on Roma Migration from Former Yugoslavia to Italy; by Fabio Salomoni of the Middle East Technical University of Ankara on migration from the Balkans to Turkey; by Cornel Ban of the University of Maryland on transnational migration between Romania and Italy.

The book is currently under preparation by the Italian Publishing House Longo Editore with the title: *The Borders of the Polity. Migration and security across the EU and the Balkans*. The academic publication is in English and it will be distributed in Europe, USA and Canada thanks to the «Europe and the Balkans International Network», co-ordinated by the Istituto and established in 1993 with the support of the European Commission. There are already a number of book presentations foreseen for 2005 among which one at the University of Milan Bicocca.

The paper by Tanja Sekulic, included in the IBEU book, will be translated in Bosnian-Serbo-Croatian in a shorter version by the journals *Dijlog* and/or *Krug 99*. The research on the issue of internal migration in the Balkans is expected to continue in 2005 widening the scope of the research to the issue of the brain drain.

The paper by Luisa Chiodi and Rando Devole, included in the IBEU book, will be translated and published in Italian in a shorter version.

Thanos Maroukis will present findings of the three surveys conducted under the auspices of ELIAMEP (Albanian households, associations, and enterprises) in 2005 in the Sociology Department of the University of Bristol, U.K.

The 2005 edition of the IECOB yearbook *Guida ai paesi dell'Europa Centrale e Balcanica* published with Il Mulino, this year is devoted to 'Post-authoritarian societies of Central-Eastern and Balkan Europe' and will host an article on migration.

The web page of IECOB ([www.eurobalk.net](http://www.eurobalk.net)) and ELIAMEP ([www.eliamep.gr](http://www.eliamep.gr)) and the electronic newsletter of IECOB have been used to inform about the ongoing research. The web page of ELIAMEP hosts the paper produced by Antigone Lyberaki & Thanos Maroukis, "Supply of and Demand for Immigrant Labour: Comparing Albanians in Athens and Emilia Romagna" with the main research results.

## 6. Dissemination of the concluding results within WP6

The two main dissemination events that were organised within WP6 were:

- IBEU's Interim meeting in Athens 14-15 May 2004, organized by ELIAMEP within WP6. This brought together all the workpackages and partner institutes to present their working papers, consolidate the linkages between the conclusions and draw common policy-relevant deductions. External experts were invited to comment. Details can be found in the Annex section;
- the Final Conference at the EU Commission in Brussels in November 2004. The full programme and certain indicative material can be found in the Annex section at the end of this report.

Also, the January-February 2005 issue of ELIAMEP Times has a featured section dedicated to the issues that were raised and presented in Brussels. The organization of this event in Brussels was a very useful opportunity to present this project's findings to a varied audience. In addition to the experts and practitioners that were invited and that were able to attend this meeting, the preparation of this meeting allowed us to contact over 200 persons and institutions that are working on EU-SEE relations or on economic and political issues that are relevant to the EU course of the countries of SEE. All the invitations were accompanied with a short overview of IBEU thus enabling us to familiarise a large number of persons with our work, and in many of the follow-up emails the Policy Briefs of each WP were also sent. Therefore, even those who were unable to actually be present during the meeting were informed and will be able to receive a copy of the Policy Paper that is being finalised.

In effect, the co-ordinators are in the process of completing the Conclusions & Synthesis of the IBEU research that will be published in the form of an **ELIAMEP Policy Paper**. This Policy Paper will be published in the first trimester of 2005 and its distribution will commence immediately – it will be disseminated at all relevant ELIAMEP events in the next couple of years, and it will be mailed to a mailing list that will be drawn up (in collaboration with the other partner institutes) to experts, academics and practitioners in the field. The input of DG RTD will be sought for additional institutions/organisations and experts to mail this Policy paper to.

Over the past year, the following forums have served as a platform to discuss and present relevant aspects of IBEU – with regard to the changing concept of borders, security and the Balkans' EU accession path:

Loukas Tsoukalis took part in the *Annual Conference: "L'Union, acteur de sécurité global"* (9-10/9/2004) of the EU Institute for Security Studies in Paris, that was relevant to the dissemination and promotion of EU-SEE relations.

He also gave a lecture on European integration: *What is at stake now (for British, Greeks and others)?* on the 6<sup>th</sup> December 2004 at the Hellenic Observatory of the LSE in London.

Professor Tsoukalis also met with the Ambassador of Croatia to Greece, Ambassador Neven Madey on 19<sup>th</sup> October 2004 where the EU future of the country and the region overall were discussed.

In addition, the European prospects and the challenges that the Balkan countries are facing were the focus of a number of television and radio interviews that Loukas Tsoukalis has given throughout the months of October, November and December. Interviews have been conducted in Greek for ANT1 TV, the central news bulletin of ALPHA TV, NET and radio station Flash

Ruby Gropas has given the following lectures that have focused on EU-SEE relations and have highlighted findings from the IBEU workpackages:

- 2 June 2004, Lecture on EU foreign policy and implications for SEE to the post-graduate programme of the Military Academy of the Joint Armed Forces in Thessaloniki, Greece;
- 7 December 2004, Lecture on the challenges ahead for the foreign policy of the enlarged EU and the implications of enlargement for SEE, to 4<sup>th</sup> year students of the Department of International Relations and European Studies at Panteion University, Athens, Greece.

The conceptual backbone on security and borders is also being used in the context of a course on the Middle East for fourth-year undergraduate students that are on a visiting – programme from the US.

In addition, findings of the surveys and empirical research that was conducted on Albanian immigrants in Greece (WP5), were also presented in the State of the Art Report that Ruby Gropas co-authored on *"Active Civic Participation of Immigrants in Greece"* (December 2004, co-authored with Anna Triandafyllidou) in the context of the POLITIS research project (FP6).

The Halki International Seminars (HIS) that are organised every year by ELIAMEP have also served as a platform to discuss IBEU research.

The first session of the HIS in 2004 04.1 on *Transatlantic Co-operation in the Greater Middle East and Southeastern Europe* was held on 16 – 21 June 2004, co-sponsored by NATO Public Diplomacy Division (Brussels), & organised with the support of the Dodecanese Prefecture (Rhodes), EU ISS (Paris), General Secretariat for Research and Technology (Athens), General Secretariat for Youth (Athens), Hellenic Aid - Ministry of Foreign Affairs (Athens), Kosova Foundation for Open Society (Prishtina), Mayor of Halki, Ministry of Culture (Athens), Open Society Foundation (Sofia), and the Public Affairs Section, US Embassy in Athens. It focused on the role of the Trans-Atlantic relationship as a factor for stability in the Wider Middle East and the Balkans, particularly through contribution to the process of democratisation and the management of security threats. Coherent and coordinated policies ensure sustainable development, good governance, and accurate assessments of security threats; therefore, the main objectives of the seminar were to discuss both how to constructively manage Trans-Atlantic co-operation over security matters in these regions, and also how the two regions might be approached within a broad inter-regional framework. Emphasis was placed on understanding regional complexities and differences while outlining common characteristics. Members of the IBEU team were among the participants invited to present their work to this audience.

The second session 04.2 was on *Redefining the European Project*. Held between 23 – 27 June 2004, and organised with the support of the EU Commission and with special thanks to The Friederich Ebert Stiftung (Greek Project), the Eleni Nakou Foundation (London), the EUI (Florence) and The Dodecanese Prefecture. In light of the 10 new Member States' accession, the EP elections and the Constitutional Treaty, which are beyond any doubt changing some of the fundamentals of regional integration, ELIAMEP organized a Halki Seminar devoted to re-examining key aspects of European integration and in particular the European political scene, the European economy and the EU's external relations. This session also focused on the implications of the latest enlargement for the region of SEE, and on key aspects of SEE-EU relations. Members of the IBEU team were among the participants invited to present their work to this audience.

The Centre for the Study of Global Governance, LSE, in collaboration with the Osteuropa Institute, FU Berlin, Germany organised the conference: *Transnationalism in the Balkans: The Emergence, Nature and Impact of Cross-national Linkages on an Enlarged and Enlarging Europe* on 26-27 November 2004, at the LSE in London. Sessions focused on the emergence of transnational civil society in the Balkans, on cross-border linkages of transnationalism, diaspora and various cultural expressions of the transnational sphere as well as the drivers and obstacles to economic interconnectedness and the impact of transnational actors on the Balkans. The lead of WP3, Vesna Bojicic-Dzelilovic was one of

the key organisers and key researchers from across the IBEU WP were invited to present their work, notably, Dimitri Sotiropoulos (paper on NGOs and civic initiatives in the Balkans), Luisa Chiodi (discussant on homeland transnationalism), Dimitar Bechev (paper on interdependence and regional co-operation in SEE) and Othon Anastasakis (discussant on cross-border linkages). This conference provided a very valuable platform for the dissemination of our findings to a very diverse and multi-disciplinary audience from across the EU member states and from SEE.

In addition, Mr. Laza Kekic, Regional Director, Central and Eastern Europe, and Director of Country Forecasting Services, at the Economist Intelligence Unit, London, was invited to comment on the papers within WP4 at the Final Conference in Brussels in November 2004. He was also solicited to write and present a paper on *Foreign direct investment in the Balkans: recent trends and prospects*. This paper was presented to a closed group of industrialists and investors that were invited by ELIAMEP in Athens on 14 December 2004. The aim was to add a practitioner's perspective in order to complement our research on the financial sector in the Balkans and to increase the relevance of our project and make it pertinent to the business sector as well. An updated version of this paper will be published in *the Journal on Southeast European and Black Sea Studies* within 2005.

## **7. Collaboration with other projects/networks**

ELIAMEP has also heavily emphasised on bridging aspects of the work undertaken within IBEU with other projects it is involved in. For this reason, IBEU researchers have been repeatedly invited to other relevant events, or external experts have been invited to ELIAMEP to offer additional perspectives on issues that are covered within IBEU.

The co-ordinator, ELIAMEP, has traditionally accorded primary importance to the region of SEE. In addition to IBEU, it is involved in a number of projects and schemes, and organises numerous events on the Balkans. These have consistently been used as a platform through which to promote IBEU and disseminate its findings to different audiences, and also to complement research that has been undertaken within this project with other relevant areas of research. A number of selected projects and conferences are mentioned here – this list is not exhaustive but it is meant to be indicative of the various partners and programmes with which we have collaborated over the past year and with which **collaboration is on-going**.

The issue of borders and security was also studied within the context of the **FONSI – Forum on New Security Issues in SEE** that is coordinated by ELIAMEP. On 19-22 June 2004, ELIAMEP organised a workshop entitled *Avoiding Another Crisis - The Question of*

*Inter-ethnic Relations in Kosovo: Domestic, Regional and International Views.* The workshop was held in Halki, Greece in co-operation with the Bertelsmann Foundation and with the support of the German Marshall Fund of the US. Surprisingly few meetings between the parties involved in the Kosovo question have taken place since the March 2004 outbreak of ethnic violence there. Therefore, ELIAMEP took the initiative of organising this workshop to bring together leading Kosovar Albanians, Serbs and representatives from the international community, to frankly discuss the delicate issue of their inter-ethnic relations. The success of this workshop on such a hot and sensitive topic clearly shows that FONSI is making a fundamental contribution to debates regarding security issues in SEE. Participants expressed their satisfaction with the workshop and strongly recommended follow up activities. The advantages of such initiatives were also stressed in an article that appeared in *The Economist* on the 26<sup>th</sup> of June, 2004. In this article, Tim Judah noted the urgency of constructively using these platforms of communication between Serb and Albanian policymakers to break the deadlock. It was thus strongly encouraged that ELIAMEP and other related institutes organise, 'a series of structured, low profile meetings at which Serbs and Albanians should be asked to work out what they can agree upon, and how to put that into practice'. Following from this workshop, the special issue of the *Journal of Southeast European and Black Sea Studies* Vol. 4, No. 2 (2004) was published that focuses on *Fighting organized crime in Southeast Europe*. It offers a global approach to the problem ranging from its economic perspectives to its West European dimensions, and from the role of the UN to civil society. The main contributors include: Ekavi Athanassopoulou, Susan Woodward, Krassen Stanchev, Misha Glenny, Radoslava Stefanova, Ahmet Igduygu, Emi Velkova, Saso Georgevski, Aleksandar Fatić and Plamen Ralchev. Another workshop was organized on 4-6 March 2005, that workshop focused on Kosovo and was held in Thessaloniki, Greece. In the aftermath of the recent violence in Kosovo there has been a lot of discussion on the final status of Kosovo as well as on the role of the international community in achieving a sustainable status settlement. The challenge for the actors involved is to promote the maintenance of a multi-ethnic society in Kosovo as well as to accelerate final status negotiations in order to prevent another crisis from developing. What role does the international community have to play to this end? What are the enabling and what are the limiting factors to this effort? Are local societies ready to accept a painful compromise? What are the implications for the region's border and security? These were among the main issues that were examined during the two-day workshop. The dialogue was open and candid and allowed participants to put forward specific policy proposals about the role of the international actors guaranteeing a sustainable status in Kosovo, the protection of minorities and the protection of Serbian cultural and religious sites.

ELIAMEP also hosts **Onassis Research Fellows**. Professor Nadia Alexandra-Arbatova, Head of the Department on European Political Studies at the Institute of World Economy and International Relations in Moscow, was an Onassis Fellow in 2003. Her research on security issues in the Balkans was relevant to aspects of WP3 and 4 and was published in the Journal of Southeast European and Black Sea Studies (vol.4, No.3, September 2004) *European Security and International Terrorism: the Balkan Connection*.

ELIAMEP is also one of the main partners in the POLITIS research project. **POLITIS (Building Europe with New Citizens? A Qualitative Enquiry into the Civic Participation of Naturalised Citizens and Permanent Residents in 25 Countries (POLITIS))** is also funded by the EU Commission DG RTD (6<sup>th</sup> Framework Programme, Thematic Priority 7, 2004-2007) Project site: <http://www.uni-oldenburg.de/politis-europe/>. One of the main strands of POLITIS' research focuses on first generation immigrants, i.e. persons born in currently non-EU-member states that have migrated to a member state, either for a limited time or with the prospect of staying, and the extent of their civic participation. There is a significant number of issues that were raised in the context of WP5's work, notably regarding Albanian immigrants in Greece and Italy and on transnationalism, that will be taken up also within the POLITIS Research. This will be facilitated by the fact that the IBEU Assistant Scientific Co-ordinator, Ruby Gropas, is one of the principal researchers on behalf of ELIAMEP that is involved in POLITIS.

The Regional Conference: **SECURING PEACE & DEMOCRACY IN THE BALKANS** that was organized in Thessaloniki, 22-23 May 2004, by the Club of Madrid, together with the Hellenic Foundation for European and Foreign Policy (ELIAMEP), the Greek Foreign Affairs and Defence Ministries, and NATO's Public Diplomacy Division (Brussels), provided another platform from which ELIAMEP could further work on EU-SEE relations. This high-level meeting discussed best-practices through which to forward democratic security reform in the region, and in Serbia-Montenegro in particular. The seminar explored how far the region has come on the path to peace, democratic reform, integration and security.

This was also the case for the **10<sup>th</sup> Annual Thessaloniki Forum: EU-US-RUSSIA: REDEFINING ROLES AND INTERESTS IN SOUTHEASTERN EUROPE** (24-25 May 2004) The 10<sup>th</sup> Annual Thessaloniki Forum was organized by the Hellenic-American Chamber of Commerce, the Federation of Industrialists of Northern Greece and ELIAMEP. This Forum underlined two important and interrelated issues: (a) the need for coordination among the most influential actors of the international community, namely, the EU, the US and Russia, in the area of SEE, and (b) the importance of SEE for security and stability in Europe and the western hemisphere in general.

**Together in Europe** was launched in June 2004. It brings together the Hellenic Foundation for European and Foreign Policy (ELIAMEP), the Hellenic Centre for European Studies (EKEM) and the European Centre for Communication, Information and Culture (EKEPP) under the aegis of the Hellenic Ministry for Foreign Affairs. Together in Europe – a Consortium aiming to support SEE’s EU path -- is a dynamic initiative aiming to transfer expertise and share knowledge throughout the Balkan neighbourhood. The Consortium’s objective is to assist the countries of South-Eastern Europe in their efforts to become members of the European Union. This will be primarily pursued through the organisation of regular training activities and seminars for officials from the public sector. The aim is to transfer knowledge, experience and expertise on adopting and implementing the *acquis communautaire*. Seminars and workshops will be organised depending on each country’s specific needs. The countries involved include Bulgaria, Romania, Turkey, Croatia, Serbia and Montenegro, Bosnia and Herzegovina, Albania, and FYR of Macedonia. Seminars will be scheduled throughout 2005 and 2006. This initiative reaffirms the Hellenic Republic’s commitment to the European perspective of its Balkan neighbours. Greece’s commitment to the integration of the Balkans in the EU has been repeatedly demonstrated both through its firm support of the accession of Bulgaria and Romania, and through its initiatives during the Greek Presidency of the European Union in the first half of 2003 that culminated in the “Thessaloniki Declaration”. It becomes even more important in light of the Greek Presidency of the Southeast European Co-operation Process (SEECp), starting in April 2005 (<http://www.mae.ro/seecp/>). The Consortium’s next steps will involve identifying the sectors where the training seminars would be most useful for the countries involved.

**Security Sector Transformation in Southeast Europe**, has been at the focus of ELIAMEP’s work as well. ELIAMEP has already organised a training seminar on security sector transformation in Albania, and is now working on expanding this effort in the context of NATO’s Mediterranean dialogue within 2005. This will also be coupled with a policy-oriented ‘manual of instructions’ for the reform of security services.

IBEU has also promoted links with the **TRANSFUSE Association**. Elisabeth Barrett, involved in WP3, served as a member of the Executive Board of the TRANSFUSE Association, an interdisciplinary network of young professionals working together for the future of Southeastern Europe, from 2002 to 2004. The Association is a continuation of the TRANSFUSE Program that was run from May 1998 to December 2000 by the Aspen Institute Berlin with generous support from high-profile international foundations and multilateral institutions. The TRANSFUSE participants established the TRANSFUSE Alumni Association e.V. as an independent organisation to oversee implementation of the projects developed during that time and to serve as an institutional framework for the

group's future activities. According to its statutes, the principal objectives of the TRANSFUSE Association are:

- to promote international understanding;
- to nurture dialogue, co-operation and integration within Southeastern Europe as well as on the transatlantic scale, by establishing a lasting and evolving interdisciplinary network of professionals from Southeastern Europe, broader Europe and the United States;
- to develop program activities that identify and advance international leadership within Southeastern Europe;
- to disseminate relevant knowledge within and with regard to Southeastern Europe.

Recent activities have included the holding of workshops and development of project proposals on the theme of good governance. In 2004, the Association organised an international conference in Berlin on the theme of Security in SEE.

## **8. Summary of main next steps**

The most important point to stress is that there will continue to be intense collaboration between the partner institutes- either in the organisation of conferences on the Balkans or in future research projects. The partner institutes within IBEU already had a strong history of having worked together prior to IBEU, but after this project there exists even more scope for common research.

The table below is by no means exhaustive, it simply emphasises some of the key events/products that are already foreseen in the first few months after the project end-date.

In addition to the information provided in the above sections, the individual researchers will continue to produce additional publications on the concepts of social capital, the informal sector, migration and regional co-operation in SEE.

Table 4.

| Partner | End result/product   | Short Description   |
|---------|--|---|
| ELIAMEP | ELIAMEP Policy Paper "Integrating the Balkans in the EU."                                | Policy booklet that will include the conclusions and policy recommendations that have resulted from the IBEU research   |
| ELIAMEP | <i>Journal of Southeast European and Black Sea Studies</i>                               | Published by Taylor & Francis in London, this Journal produced by ELIAMEP focused on the Balkans. It has hosted the key papers within each WP throughout 2004 while some are forthcoming within the 2005 issues.  |
| ELIAMEP | Follow-up on the theoretical work on functional borders and sustainable security         | In the context of other research projects coordinated by ELIAMEP – such as the Forum on New Security Issues, the work on borders and security will be relevant. (Ex. Conference on Kosovo in March 2005, etc)   |
| ELIAMEP | Follow-up on the work on migration   | In the context of the POLITIS research project (FP6), the information collected within the survey on Albanian immigrants in Greece and Italy will be used.  |
| ELIAMEP | Halki International Seminar 05.1 "Global Threats and Challenges to Security"             | The first session of our annual International Seminars will be a Summer School with emphasis on the expanded security agenda. The theoretical backbone of IBEU on sustainable security will be discussed in this training seminar for young researchers and young leaders from the EU, SEE and the Middle East.                     |
| ELIAMEP | Other research projects on the Balkans, European integration, border issues and security | Issues on borders, EU integration and security studied within IBEU will be further explored in other research projects/networks within which ELIAMEP is currently involved in (ex. EU-CONSENT, EUROREG), or in its potential future collaborations.   |
| IECOB   | <i>"The Borders of the Polity. Migration and security across the EU and the Balkans"</i> | Book is currently under preparation by the Italian Publishing House Longo Editore. The academic publication is in English and it will be distributed in Europe, USA and Canada thanks to the «Europe and the Balkans International Network».  |
| SEESP   | Aspects of IBEU will be included in the programme's events and publications              | For instance, the following events have been scheduled:<br>-Hilary term (January-March 2005) research seminar on South East Europe, University of Oxford<br>-Conference on <i>South East Europe: The EU's next enlargement</i> , 29 April 2005<br>- <i>Oxford Symposium on Transnationalism in South Eastern Europe</i> , June 2005 |
| WIIW    | Global Research Project  | Global Research Project (GDN) phase II was  |

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|------|--|--|
|      |  | finished in mid 2004. Final report as well as all of the papers can be found on WIIW web-page. GDN phase III has started in autumn of 2004 and will run through the 2006. The project proposal that was accepted can also be found on our web-page ( <a href="http://www.wiiw.ac.at/e/gdn_see.html">http://www.wiiw.ac.at/e/gdn_see.html</a> ) |
| WIIW | Economic Policy Planning Unit (EPPU) in Sarajevo   | In autumn of 2004, WIIW started to work on the project financed by the European Commission in Bosnia and Herzegovina. The consortium in which WIIW participates is to set up an Economic Policy Planning Unit (EPPU) in Sarajevo as a major arm of the EU to influence policy agenda and the accession process of Bosnia and Herzegovina.      |
| WIIW | Consultation to the President of FYR Macedonia and of Croatia  | WIIW started to consult the President of FYR Macedonia on the issues of transition and EU accession. WIIW has a similar programme with the President of Croatia, which is now in its fifth year of implementation  |
| WIIW | Other research projects on economic integration and security   | WIIW has joined the large EU wide consortium on economic integration and security issues with the responsibility for the Southeast Europe  |
| LSE  | Seminars and workshops on the informal sector  | A series of workshops and seminars on informality and the privatisation process are planned to be held at the LSE in 2005.   |
| IME  | Consultations and seminars on the informal sector and on targeting incentives to informality             | In view of Bulgaria's EU accession, the IME will be holding a number of consultation meetings and seminars presenting the survey results to policy-makers in the region.   |
| CLS  | Consultations and follow-up research on strengthening civil society and state institutions in the region | In view of Bulgaria's EU accession, the CLS will be holding a number of consultation meetings and seminars presenting the survey results to policy-makers in the region on public policies, improving institutional legitimacy, etc. In addition, CLS research work continues on democracy and transition.                                     |
| SAR  | Consultations and follow-up research on strengthening civil society and state institutions in the region | In view of Romania's EU accession, SAR is heavily involved in combating informality, corruption and rebuilding trust in state institutions, etc. Through consultation work and through publications, relevant aspects of IBEU research will be made pertinent to Romania's policy and decision-makers.   |

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For more focused bibliography, please refer to the individual working papers published within the IBEU project.

## **VII. ANNEXES**

### **ANNEX I**

Copy of letter by the Co-ordinator on behalf of the IBEU partners for atwo-month extension of the duration of the project (date 11 October 2004).

Copy of the Amendment No. 2 to the contract by DG RTD granting a two-month extension of the duration of the project (date 22 November 2004).

List of completed deliverables.

### **ANNEX II**

Relevant Documents of WP6 Interim Meeting organised in Athens, 14-16 May 2004. Includes: agenda of the international conference, list of participants.

### **ANNEX III**

Relevant Documents of WP4 Meeting and International Conference organised in Belgrade, 1-2 October 2004. Includes: press release, agenda of the round-table, agenda of the international conference, list of participants.

### **ANNEX IV**

Relevant Documents of Final Meeting, Brussels, 18 November 2004. Includes: agenda, list of invitees that confirmed their intention to participate, list of papers.

### **ANNEX V**

List of participants for meeting organised by ELIAMEP with Greek industrialists and representatives of the banking sector (in the context of WP4 & 6) in Athens, December 2004.

## **ANNEX VI**

Information and methodology on survey on social capital and civil society in SEE.

## **ANNEX VII**

Information and methodology on surveys on migration

## 1. Deliverables

### 1.1. Coordinator letter requesting a two-month extension to IBEU

Scientific Officer,

DG RTD, European Commission

Athens, 11 October 2004

Reference: HPSE - CT-2002-00131

Subject: Request for two-month extension of contract

Dear Ms. Bursi,

On behalf of our partners in the IBEU project "Functional Borders and Sustainable Security" we would very much appreciate if you could grant us a two-month extension to our contract, i.e. until 31<sup>st</sup> January 2005.

We are requesting this extension in order to be able to disseminate the results of our work more fully and effectively, and potentially, to be able to organise the planned key dissemination event at a more suitable date (in late November or early December 2004). Moreover, this additional time will be very useful for the workpackage teams to incorporate comments and suggestions in our final papers and briefs following the final review meeting in Brussels.

I remain at your disposal for any clarifications you may need regarding the progress of our work.

Thank you very much in advance.

Yours sincerely,

Ruby Gropas

IBEU Assistant Scientific Coordinator

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**1.2. Amendment No 2 to contract, granting two-month extension to the project**

### 1.3. List of deliverables

With regard to the second year of the IBEU and according to the Technical Annex to the Contract, a number of workshops and reports have been identified as Deliverables. The table below provides a list of these deliverables, the planned and expected delivery dates, their nature and dissemination level.

| Title                            | Short Description  | Planned Delivery month | Date Completed              | Nature | Dissemination level |
|----------------------------------|--|------------------------|-----------------------------|--------|---------------------|
| Interim Workshop Report          | Interim reports on research conducted within WP2: Civil Society  | 17                     | April 2004                  | R      | RE                  |
| Conference                       | Conference in Bucharest to present & discuss interim report (WP2: Civil Society)   | 17                     | Bucharest, 19-20 March 2004 | CO     | RE                  |
| Interim Workshop Report          | Interim report (WP3: Informal Sector)  | 17                     | April 2004                  | R      | W                   |
| Conference                       | Conference in Athens to present & discuss all interim reports of all WP with all partners  | 18                     | Athens, 14-16 May 2004      | CO     | W                   |
| Interim Reports                  | All interim papers were made available on the Co-ordinator's website   | 18                     | www.eliamep.gr<br>May 2004  | R      | PU                  |
| Interim Meeting/Conference       | Interim meeting of WP4 that was initially planned for April 2004 was combined with a Public Conference and was organised by WIIW in Belgrade – open to a larger public | 17                     | Belgrade, 1-2 October 2004  | CO     | PU                  |
| Final Conference                 | Final conference, synthesis and dissemination of results in Brussels (WP6)   | 22                     | Brussels, 18 November 2004  | CO     | PU                  |
| Report on Policy Recommendations | Draft of final report with policy recommendations to be presented at Final Conference (WP6)  | 22                     | November 2004               | R      | PU                  |
| Final Report                     | Final report and dissemination of results (WP6)  | 24                     | March 2005                  | R      | PU                  |

R = Report; W = Workshop involving people external to the project; PU = Public; RE = Restricted to a group specified by the consortium (including the Commission Services); CO= Conference.

## 2. WP6 Interim meeting documents

### INTERIM WORKING MEETING (WP6)

14-16 May 2004, Athens. Organised by ELIAMEP

#### 2.1. Agenda

Friday 14 May 2004

- |               |   |
|---------------|---|
| 16:15         | Registration & coffee   |
| 16:30 – 17:00 | Welcome by Loukas Tsoukalis, ELIAMEP<br><br>Introduction: Ruby Gropas, ELIAMEP  |
| 17:00 – 19:00 | WP 5 Migration: Borders, Security and People Mobility within & from the Balkans<br><br>Luisa Chiodi, IECOB: "Albanian migrants in Italy and the construction of a trans-border public sphere"<br><br>Tanja Sekulic, IECOB: "Fight for Recognition: War-Migrant Associations as a Resource for Integration"<br><br>Antigone Lyberaki, ELIAMEP: "Albanian Migrants in Greece: routes of socio-economic and political integration"<br><br>Thanos Maroukis, ELIAMEP: "Preliminary findings of Albanian immigrant households (Emiglia-Romagna survey) and initial comparison with the respective findings of the Greek case" |
| 21:15         | Group dinner at Divani Caravel Hotel  |

Saturday 15 May 2004

- |               |  |
|---------------|--|
| 09:00 – 11:00 | WP 2 Civil Society & Social Capital<br><br>Dimitri A. Sotiropoulos, ELIAMEP: "Social capital: conceptual and policy-related aspects" |
|---------------|--|

Alina Mungiu-Pippidi & Emanuel Rauta, SAR: "Deconstructing Balkan Particularism. The Ambiguous Social Capital of SEE"

Georgy Ganev & Yana Papazova & Rashko Dorosiev, CLS: "Social Capital in the Balkans: are socio-demographic factors important? What policy assumptions can be supported?"

Dimitar Bechev, PSEE: "Social Capital and EU Assistance Programmes in the Western Balkans"

11:00 - 11:15

Coffee break

11:15 - 13:30

WP 3 Informal Sector

Vesna Bojicic-Dzelilovic, LSE: "The informal sector in the Balkans"

Krassen Stanchev & Martin Dimitrov, IME: "Informality & Challenges: A Study on the Incentives for Firms to operate in the 'shadows'"

Victor Bojkov & Vesna Bojicic-Dzelilovic, LSE: "The informal sector and the privatization processes in Croatia and Bulgaria"

Mario Holzner "Illegal trade in SEE"

13:30 - 15:00

Lunch

15:00 - 17:30

WP 4 Regional Cooperation

Vladimir Gligorov, WIIW: "Regional cooperation with multiple equilibria"

Edward Christie, WIIW: "Trade Developments in SEE"

Mario Holzner & Edward Christie, WIIW: "Infrastructural needs & economic development in SEE"

George Stubos, ELIAMEP: "Banking sector developments in SEE"

17:30 - 17:45

Coffee break

17:45 – 19:00

Closing session & discussion on next steps

Issues to be discussed include:

- Dissemination of results
- Publications
- Policy reports by each WP
- Meeting in Belgrade (WP 4)
- Final Conference in Brussels (publicity, list of invitees, etc)

20:30

Group dinner

|                    |
|--------------------|
| Sunday 15 May 2004 |
|--------------------|

Free morning

Departure of participants

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### 3. WP4 meeting and international conference documents

#### 3.1. WP4 Press release of the Belgrade Conference

International Workshop and Roundtable on

Southeast Europe: Economic developments and regional co-operation

October 1-2, 2004, Belgrade

The **Vienna Institute for International Economic Studies** (wiiw) is presenting the results of work by an international research consortium on regional co-operation in Southeast Europe within the larger project on 'Functional Borders and Sustainable Security: **Integrating the Balkans in the European Union** (IBEU)' at a workshop in Belgrade, October 1-2.

The question that was asked was: What are the advantages of regional co-operation in Southeast Europe in trade, investment, infrastructure development, and policy coordination? One of the expected advantages is the contribution that regional co-operation can make to the **security** of the region. Another is its significance for **economic growth** and welfare of the region's citizens. Finally, it can play a role in the process of integration of Southeast Europe with the European Union.

An important emphasis of wiiw's research is that **European Union integration** has to play the leading role in regional co-operation. Regional will for co-operation is still quite weak. A number of bilateral or multilateral security and constitutional problems have proved difficult to solve without the perspective of wider international integration, where the European Union plays the pivotal role. Thus, improvement in the prospects for European Union integration has a positive impact on regional co-operation and on the security in the region.

The crucial role of EU integration is also reflected in the area of **trade liberalization**. The countries in Southeast Europe have concluded bilateral free-trade agreements, but those will be fully harmonized and develop more powerful effects once a full common market with the European Union is established. The European Union's trade policies towards this region should thus follow a twin strategy: that of Southeast Europe's integration with the markets of the European Union and that of removing barriers and distortions in the regional trade.

Similar conclusions can be drawn for **investment**. The financial and banking system in Southeast Europe is already predominantly owned and operated by European banks. However, their contribution to economic development and to regional investment projects could be much bigger. Insufficient attention has been paid to policies and measures that the European Union could initiate that would make finance to enterprises more widely available, which would improve the investment climate and investment flows into this region.

Southeast Europe is a developing region and investments in **infrastructure**, both physical and institutional, are clearly needed. This has been recognized for instance within the Stability Pact for Southeast Europe. Resources have been committed to investments in reconstruction. In particular, finance for projects is needed that make the region more internally integrated. Thus, further efforts in the development of infrastructure are vital both from the point of view of regional development as well as furthering the goal of regional security.

As a result of the wars and insufficient institutional development, economic activity in Southeast Europe is characterized by large shares of **illegal trade** and **informal economic activities**. Those have significant distorting effects for economic development and for various aspects of security. Overall liberalization in the region should lead to a decrease in illegal trade. A reduction of the very large size of the informal sector requires, however, further measures. This is to a large extent connected with the restructuring of the public sector and of the state institutions in particular. In this the process of European Union integration has to strengthen its strategy and the instruments used and this would play a most important role. The anchor provided by the European Union has basically no substitute.

Given the importance that European Union integration has for all the countries in the region, other issues of **policy integration** have to be considered as well. With increased liberalization and integration, the European Union's policies will increasingly coordinate a wide range of policies in Southeast Europe. As mentioned above, this is true for trade policy, but also for monetary and fiscal policies and especially for the various aspects of institutional and regulatory reform. The European Union has initiated bilateral policy dialogues with the countries in the region. It would be useful if those had a regional dimension too. In large parts of Southeast Europe internal political agendas have been dominated by regional problems and shortsighted policy considerations. Perhaps the key contribution that regional co-operation within European Union integration can bring is to restructure these domestic policy agendas **away from Balkanization and towards**

**Europeization.** All the policy recommendations emanating from the studies in this project point in that direction.

The workshop on Oct. 2<sup>nd</sup> will be preceded by a high-level roundtable on Oct. 1<sup>st</sup> with the participation of **Erhard Busek**, Co-ordinator of the Stability Pact for South East Europe, **Miroljub Labus**, Deputy Prime Minister of Serbia, **Kolinda Grabar-Kitarovic**, Minister of European Integration, Croatia and **Viktor Dimovski**, Macedonian Ambassador to Belgrade.

Vladimir Gligorov

The Vienna Institute for International Economic Studies (wiiw)

### 3.2. Programme of the Round Table Discussion on October 1, 2004

The Vienna Institute for International Economic Studies (wiiw),

in co-operation with G17 Institute, Belgrade

Round Table on

Southeast Europe: Economic developments and regional co-operation

Belgrade, October 1<sup>st</sup>, 2004, 2 p.m.

• *Welcome address:*

**Milan Pajevic**, Director of G17 Institute Belgrade.

• *Keynote speaker:*

**Erhard Busek**, Co-ordinator of the Stability Pact for South Eastern Europe (confirmed).

• *Panelists:*

**Miroljub Labus**, Deputy Prime Minister, Serbia (confirmed).

**Kolinda Grabar-Kitarovic**, Minister for European Integration, Croatia (confirmed).

**Viktor Dimovski**, Macedonian Ambassador in Serbia and Montenegro (confirmed),  
delegate of Ms. Radmila Sekerinska, Deputy Prime Minister of Macedonia.

**Mojmir Mrak**, University of Ljubljana.

**Vladimir Gligorov**, The Vienna Institute for International Economic Studies (wiiw).

• *Chair:*

**Michael Landesmann**, Scientific director at The Vienna Institute for International Economic Studies (wiiw).

### 3.3. Programme of the scientific workshop on October 2, 2004

International workshop on

Southeast Europe: Economic developments and regional co-operation

Belgrade, Saturday, October 2<sup>nd</sup>, 2004

- 9.30                    Opening remarks
- Ruby Gropas, Hellenic Foundation for European and Foreign Policy (ELIAMEP)
- Michael Landesmann, wiiw
- 10.00                   Policy co-ordination in SEE
- Vladimir Gligorov, wiiw
- Appointed discussants: Mojmir Mrak, University of Ljubljana
- Discussion
- 10.45                   Banking sector in SEE
- George Stubos, Bank of Greece
- Appointed discussant: Kori Udovicki, Economics Faculty, University of Belgrade
- 11.30                   Coffee break
- 12.00                   Infrastructural needs in SEE
- Mario Holzner, wiiw
- Appointed discussant: Michael Landesmann, wiiw
- Discussion
- 12.45                   Lunch

- 14.15 Briefing on other IBEU research results: Luisa Chiodi, University of Bologna: Migration in SEE
- Dimitris Sotiropoulos, ELIAMEP: Social Capital in SEE
- Vesna Bojicic-Dzelilovic, LSE: Informal Networks in Privatisation
- 15.30 Illegal trade and shadow economy in SEE
- Mario Holzner, wiiw
- Vladimir Gligorov, wiiw
- Appointed discussant: Vesna Bojicic-Dzelilovic, LSE
- Discussion
- 16.15 Coffee break
- 16.45 Trade developments in SEE
- Edward Christie, wiiw
- Vladimir Gligorov, wiiw
- Appointed discussant: Daniel Gros, CEPS
- Discussion

### 3.4. List of participants of the Belgrade Conference on October 1-2, 2004

The Vienna Institute for International Economic Studies (wiiw), in co-operation with

G17 Institute, Belgrade

Roundtable and Scientific Workshop on

Southeast Europe: Economic developments and regional co-operation

| Surname                | First name | Organisation  | Country                |
|------------------------|------------|---|------------------------|
| Aralica                | Zoran      | The Institute of Economics, Zagreb                                | Croatia                |
| Ateljevic              | Vladimir   | European Integration Office,<br>Government of Serbia              | Serbia                 |
| Berka                  | Sigrid     | Austrian Embassy in Belgrade                                      | Serbia &<br>Montenegro |
| Bojicic-Dzelilovic     | Vesna      | London School of Economics  | United Kingdom         |
| Bonifacic<br>Kalinovic | Gorica     |   | Serbia &<br>Montenegro |
| Brankovic              | Aleksandra | G17 Institute Belgrade  | Serbia &<br>Montenegro |
| Busek                  | Erhard     | Special Co-ordinator of the Stability<br>Pact for SEE             | Belgium                |
| Cetinic                | Goran      | European Movement in Serbia                                       | Serbia &<br>Montenegro |
| Chiodi                 | Luisa      | Istituto per l'Europa Centro-Orientale<br>e Balcanica             | Italy                  |
| Christie               | Edward     | The Vienna Institute for International<br>Economic Studies (wiiw) | Austria                |
| Dimovski               | Viktor     | Macedonian Ambassador to Belgrade                                 | Serbia &<br>Montenegro |
| Gajic                  | Dejan      | G17 Institute Belgrade  | Serbia &<br>Montenegro |
| Gligorov               | Vladimir   | The Vienna Institute for International<br>Economic Studies (wiiw) | Austria                |
| Grabar-Kitarovic       | Kolinda    | Minister for European Integration                                 | Croatia                |
| Gropas                 | Ruby       | Hellenic Foundation for European and<br>Foreign Policy            | Greece                 |
| Gros                   | Daniel     | Centre for European Policy Studies<br>(CEPS)                      | Belgium                |
| Holzner                | Mario      | The Vienna Institute for International<br>Economic Studies (wiiw) | Austria                |

|             |           |  |                     |
|-------------|-----------|--|---------------------|
| Porges      | Ivana     | Ministry for European Integration                              | Croatia             |
| Jansson     | Eric      | Finacial Times   | United Kingdom      |
| Janyrova    | Veronika  | The Vienna Institute for International Economic Studies (wiiw) | Austria             |
| Jovicic     | Milena    | University of Belgrade   | Serbia & Montenegro |
| Kovacevic   | Radovan   | Chamber of Commerce and Industry of Serbia                     | Serbia & Montenegro |
| Kronja      | Radovan   | International CG, Belgrade                                     | Serbia & Montenegro |
| Labus       | Miroljub  | Deputy Prime Minister  | Serbia              |
| Landesmann  | Michael   | The Vienna Institute for International Economic Studies (wiiw) | Austria             |
| Lazovic     | Mirjana   | European Integration Office, Government of Serbia              | Serbia & Montenegro |
| Lopandic    | Dusko     | Ministry of International Economic Relations                   | Serbia & Montenegro |
| Majstorovic | Srdjan    | European Integration Office, Government of Serbia              | Serbia & Montenegro |
| Mihelin     | Dario     | Ministry for European Integration                              | Croatia             |
| Milivojevic | Ksenija   | European Integration Commettee, Parliament of Serbia           | Serbia & Montenegro |
| Milivojevic | Radmila   | European Integration Office, Government of Serbia              | Serbia & Montenegro |
| Mrak        | Mojmir    | University of Ljubljana  | Slovenia            |
| Obrenovic   | Alexander | CHF International  | Serbia & Montenegro |
| Oustinova   | Galina    | Prospective MA Student in European Studies                     | Serbia & Montenegro |
| Pajevic     | Milan     | G17 Institute Belgrade   | Serbia & Montenegro |
| Paola       | Maieli    | Progetto Sviluppo CGIL   | Italy               |
| Pejovic     | Andrija   | European Integration Office, Government of Serbia              | Serbia & Montenegro |
| Perkovic    | Nenad     | Bluewaters, Project Development and Environmental Engine       | Serbia & Montenegro |
| Petreski    | Mihail    | Pexim Solutions  | Macedonia           |
| Preclik     | Herbert   | Austrian Federal Economic Chamber                              | Serbia & Montenegro |
| Presnall    | Aaron     | Jefferson Institute  | Serbia & Montenegro |

|              |          |   |                     |
|--------------|----------|---|---------------------|
| Racic        | Domagoj  | The Institute of Economics, Zagreb                      | Croatia             |
| Savic        | Nebojsa  | Faculty of Economics, Finance and Administration (FEFA) | Serbia              |
| Sotiropoulos | Dimitris | University of Athens                                    | Greece              |
| Stjepanovic  | Dejan    | MA Student, Central European University                 | Serbia & Montenegro |
| Stubos       | George   | Bank of Greece  | Greece              |
| Teokarevic   | Jovan    | Institute for European Studies, Belgrade                | Serbia & Montenegro |
| Thisse       | Julie    | French Embassy in Belgrade                              | Serbia & Montenegro |
| Todoric      | Vladimir | European Integration Office, Government of Serbia       | Serbia & Montenegro |
| Udovicki     | Kori     | Economics Faculty, University of Belgrade               | Serbia & Montenegro |
| Zdravkovic   | Miroslav | National bank of Serbia                                 | Serbia & Montenegro |
| Zivkovic     | Jelena   | G17 Institute Belgrade                                  | Serbia & Montenegro |

## 4. Final review meeting documents

### 4.1. Agenda

Functional Borders and Sustainable Security:

Integrating the Balkans in the EU

Date: Thursday, 18 November 2004, 09:00 – 17:00

Venue: Eastman Building, Room 300, Rue Belliard 135, 1040 Brussels

09:00 – 09:15

#### **Welcome**

Dr. Achilleas Mitsos [Confirmed], Director General, DG Research, European Commission

09:15 – 09:30

#### **Introduction**

IBEU's research objectives & conclusions: borders and security in the Balkans & EU Balkan relations

Prof. Loukas Tsoukalis, ELIAMEP (Co-ordinator)

09:30 – 11:00

#### **The relevance of social capital for SEE**

Chair:

Ms. Minna Järvenpää, Brussels Outreach, European Stability Initiative

The importance of Social Capital for SEE's EU trajectory

Dr. Dimitri A. Sotiropoulos, ELIAMEP

Particularism and the Balkans: comparative results and policy implications

Prof. Alina Mungiu-Pippidi, SAR & Dr. Georgy Ganev, CLS

Revisiting the EU's strategy in the Western Balkans

Mr. Dimitar Bechev, SEESP

Discussant: Prof. Wim van Meurs, Nijmegen University

11:00 coffee break

11:15 – 12:30 **The Informal Sector in SEE**

Chair: Dr. Peter Grasmann, Head of Unit, ECFIN-D-1, Economic affairs within candidate countries and Western Balkans, European Commission

'Pervasive informality'

Dr. Vesna Bojicic-Dzelilovic, LSE

Incentives to operate in the 'shadows'

Dr. Krassen Stanchev, IME

Discussants: Mr. Laza Kekic, Economist Intelligence Unit

12:30 ***Lunch***

13:45 – 14:45 **Can we talk of regional co-operation in SEE?**

Chair: Prof. Susan Woodward, City University New York

Regional co-operation and policy coordination

Prof. Vladimir Gligorov, WIIW

Investment opportunities and regional co-operation in the financial sector

Prof. George Stubos, ELIAMEP

Discussants Dr. Vassilis Monastiriotis, Hellenic Observatory, LSE

14:45 ***coffee break***

15:00-16:00 **Migrating borders within and across the Balkans**

Chair: Dr. Myria Vassiliadou, European Commission, DG Research, Directorate K, Unit K3 - Research in Social Sciences and humanities

Crossing borders: routes to integration and perceived challenges to security

Ms. Luisa Chiodi, IECOB

Migration challenges for new host countries

Prof. Antigone Lyberaki, ELIAMEP

Discussant: Dr. Ankica Kopic, EUI

16:00 – 17:00

**EU-SEE: Going forward**

Round table discussion & concluding comments by Professors Tsoukalis, Gligorov and Woodward

17:00

**Closing**

#### 4.2. List of invitees that confirmed their intention to participate

Organised by

the Hellenic Foundation for European and Foreign Policy (ELIAMEP)

& the European Commission, Brussels

18 November 2004,

Eastman Building, Room 300, Rue Belliard 135, 1040, European Commission, Brussels

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### 4.3. Biographical Notes of Speakers

#### **WP1: Introduction and theoretical framework**

- 1) Gropas R., "Functional borders and sustainable security: Integrating the Balkans in the EU and EU-Balkan relations," State of the Art Report, 2003.
- 2) SUMMARY: WP2: Civil society & social capital in South East Europe.
- 3) SUMMARY: WP3: The informal sector in South East Europe.
- 4) SUMMARY: WP4: Regional co-operation
- 5) SUMMARY: WP5: Migration

#### **WP2: Civil society & social capital**

- 6) 2.1. Sotiropoulos D.A., "Social Capital in Southeastern Europe: Conceptual, Empirical and Policy-Related Aspects."
- 7) 2.2. Mungiu-Pippidi A., "Deconstructing Balkan Particularism: The Ambiguous Social Capital of Southeastern Europe."
- 8) 2.3. Ganev G., Papazova Y., and Dorosiev R., "Social Capital in the Balkans: Are Socio-Demographic Factors Important? Can Policy Assumptions be Supported?"
- 9) 2.4. Bechev D. & Andreev S., "Top-Down Versus Bottom-Up Aspects of the EU Institution Building Strategies in the Western Balkans."

#### **WP3: The informal sector**

- 10) 3.1. Bojicic-Dzelilovic V., "Informal Sector in the Balkans."
- 11) 3.2. Bojkov V. & Bojicic-Dzelilovic V., "Informality in Post-Communist Transition: Determinants and Consequences of the Privatisation Process in Bulgaria."
- 12) 3.3. Barrett E., "The Role of Informal Networks in the Privatisation Process in Croatia."
- 13) 3.4. Gligorov V. & Holzner M., "Illegal Trade in SEE."
- 14) 3.5. Stanchev K. (ed), "Report: Study of Incentives, Characteristics and Strategies of Firms Operating 'in the Shadows'."

**WP4: Regional co-operation**

- 15) 4.1. Gligorov V., "Southeast Europe: Regional Co-operation with Multiple Equilibria."
- 16) 4.2 Christie E., "Trade flows in SEE."
- 17) 4.3. Christie E., Gligorov V. & Holzner M., "Infrastructural needs and economic development in SEE: The case of Rail and Road Transport Infrastructure."
- 18) 4. 4. Stubos G. & Tsikripis I., "Regional Integration Challenges in SEE: Banking sector trends."

**WP5: Migration**

- 19) 5.1. Bianchini S. & Chiodi L., "The Borders of the Polity: Migration and security across the EU and the Balkans."
- 20) 5.2. Lyberaki A. & Maroukis T., "Supply of and demand for immigrant labour: comparing Albanians in Athens and Emilia Romagna."
- 21) 5.3. Sekulić T., "Forced migration and perception of borders: war-migrant associations as a resource of integration."
- 22) 5.4. Baroncini F. & Zuccheri F., "Migrations and the formation of identities and borders in the city of Split."
- 23) 5.4. Chiodi L & Devole R., "Albanian migrants in Italy and the construction of a transborder public sphere"

**WP6: Conclusion of IBEU Results & Synthesis of Policy Implications**

- 24) Gropas R., "Integrating the Balkans in the EU"

## **5. ELIAMEP meeting participants' list**

"Economy & Investments in the Balkans"

Presentation by Mr. Laza Kekic

THE ECONOMIST INTELLIGENCE UNIT

Director for Central and Eastern Europe, and for Country Forecasts

Discussant: Mr. Jens Bastian

### **1. Alpha Bank**

Mr. Jens Bastian

Senior Investment Analyst for South-Eastern Europe & Germany

### **2. Intracom S.A.**

Mr. John Mitsos

Deputy Director for Public Relations

### **3. Frigoglass S.A.**

Mrs Lillian Phillips

Investor Relations

Mr. Konstantinos Giorgatzis

Marketing Director

### **4. Coca – Cola Hellenic Bottling Company**

Mr. Kostas Sfakakis

Chief Financial Officer

### **5. National Bank Of Greece**

Mr. Panagiotis Thomopoulos

Deputy Governor

Mrs Dafni Nikolitsa

Consultant

Dr. George Stubos

Advisor to the Deputy Governor and Research Associate ELIAMEP

### **6. EFG Eurobank Ergasias**

Mrs Athina Desipri

Advisor to the Management

### **7. ELIAMEP**

Prof. Theodore Couloumbis

General Director of ELIAMEP, Professor Emeritus of International Relations, University of Athens

Prof. Thanos Veremis

Vice President of the Board of Directors of ELIAMEP, Professor of Political History, University of Athens

Dr. Ruby Gropas

Research Fellow ELIAMEP, Assistant Scientific Co-ordinator of IBEU

## 6. Social capital and civil society survey methodology

### 6.1. WP2- Social Capital Questionnaire

#### SECTION A: HONESTY AND ALTRUISM

A1. Would you say that people in this country are in habit of abusing other people's confidence?

- |                   |                     |                               |
|-------------------|---------------------|-------------------------------|
| 1. Strongly agree | 2. Agree            | 3. Neither agree nor disagree |
| 4. Disagree       | 5 Strongly disagree | 0. DK/NA                      |

A2. Has anybody abused your confidence in the last year?

- |        |       |       |
|--------|-------|-------|
| 1. Yes | 2. No | 0. NA |
|--------|-------|-------|

A3. Would you say about yourself that you keep your word...

- 1, Regardless of whom you are dealing with.
2. Only to those who deserve it.

How much do you agree or disagree to the following statements:

A4. People should also consider others when they act, not just follow their interests.

- |                   |                     |                               |
|-------------------|---------------------|-------------------------------|
| 1. Strongly agree | 2. Agree            | 3. Neither agree nor disagree |
| 4. Disagree       | 5 Strongly disagree | 0. DK/NA                      |

A5. Each person stands just for herself in this world.

- |                   |                     |                               |
|-------------------|---------------------|-------------------------------|
| 1. Strongly agree | 2. Agree            | 3. Neither agree nor disagree |
| 4. Disagree       | 5 Strongly disagree | 0. DK/NA                      |

**SECTION B: SOCIAL CAPITAL SCALE**

B1. By large, how much do you agree or disagree with the following statements?

|   | Disagree entirely | Disagree in part | Neither agree nor disagree | Agree in part | Agree entirely | DK/NA |
|---|-------------------|------------------|----------------------------|---------------|----------------|-------|
| B1_1 Only your kin can be trusted                   | 1                 | 2                | 3                          | 4             | 5              | 0     |
| B1_2 BG/MC/S/Ms can be trusted more than foreigners | 1                 | 2                | 3                          | 4             | 5              | 0     |

I would rather deal with people I know than to strangers when

|                                | Disagree entirely | Disagree in part | Neither agree nor disagree | Agree in part | Agree entirely | DK/NA |
|--------------------------------|-------------------|------------------|----------------------------|---------------|----------------|-------|
| B1_3a renting an apartment     | 1                 | 2                | 3                          | 4             | 5              | 0     |
| B1_3b buying a second-hand car | 1                 | 2                | 3                          | 4             | 5              | 0     |

B2. Do you know people you trust enough you would associate in a business with them?

1. None      2. A few      3. Some      4. Plenty

B3. Do you agree that most people can be trusted?

1. Strongly agree                      2. Agree                                      3. Neither agree nor disagree  
 4. Disagree                              5 Strongly disagree                      0. DK/NA

## SECTION C: EXPERIENCE

C1. Have you had dealings with ... during the last year?

|                           | Yes | No | NA |
|---------------------------|-----|----|----|
| C1_1 Town hall            | 1   | 2  | 0  |
| C1_2 Court                | 1   | 2  | 0  |
| C1_3 The police           | 1   | 2  | 0  |
| C1_4 Public Health System | 1   | 2  | 0  |
| C1_5 Tax office           | 1   | 2  | 0  |
| C1_6 Education            | 1   | 2  | 0  |

C2. How were you treated?

|                           | Fairly | Not fairly | Not the case (2 at C1) | NA |
|---------------------------|--------|------------|------------------------|----|
| C2_1 Town hall            | 1      | 2          | 3                      | 0  |
| C2_2 Court                | 1      | 2          | 3                      | 0  |
| C2_3 The police           | 1      | 2          | 3                      | 0  |
| C2_4 Public Health System | 1      | 2          | 3                      | 0  |
| C2_5 Tax office           | 1      | 2          | 3                      | 0  |
| C2_6 Education            | 1      | 2          | 3                      | 0  |

C3. Did you offer 'gifts' to facilitate a deal?

|                           | Yes | No | Not the case<br>(2 at C1) | NA |
|---------------------------|-----|----|---------------------------|----|
| C3_1 Town hall            | 1   | 2  | 3                         | 0  |
| C3_2 Court                | 1   | 2  | 3                         | 0  |
| C3_3 The police           | 1   | 2  | 3                         | 0  |
| C3_4 Public Health System | 1   | 2  | 3                         | 0  |
| C3_5 Tax office           | 1   | 2  | 3                         | 0  |
| C3_6 Education            | 1   | 2  | 3                         | 0  |

C4. How satisfied were you with the service received at ...?

|                           | Not satisfied at all | Not satisfied | Neither satisfied nor unsatisfied | Satisfied | Very satisfied | Not the case<br>(2 at C1) | NA |
|---------------------------|----------------------|---------------|-----------------------------------|-----------|----------------|---------------------------|----|
| C4_1 Town hall            | 1                    | 2             | 3                                 | 4         | 5              | 9                         | 0  |
| C4_2 Court                | 1                    | 2             | 3                                 | 4         | 5              | 9                         | 0  |
| C4_3 The police           | 1                    | 2             | 3                                 | 4         | 5              | 9                         | 0  |
| C4_4 Public Health System | 1                    | 2             | 3                                 | 4         | 5              | 9                         | 0  |
| C4_5 Tax office           | 1                    | 2             | 3                                 | 4         | 5              | 9                         | 0  |
| C4_6 Education            |                      |               |                                   |           |                |                           |    |

## SECTION D: RULE OF LAW

By large, how much do you agree or disagree with the following statements?

|  | Disagree entirely | Disagree in part | Neither agree nor disagree | Agree in part | Agree entirely | DK/NA |
|--|-------------------|------------------|----------------------------|---------------|----------------|-------|
| D1. People are equal in front of law               | 1                 | 2                | 3                          | 4             | 5              | 0     |
| D3. In this country some people are above the law. | 1                 | 2                | 3                          | 4             | 5              | 0     |

If 1,2 and 3 at D3, jump to D4.

D3\_A. (ONLY if 4 or 5 at D3) What groups do you have in mind when you state the above?

|  | Yes | No | DK/NA |
|--|-----|----|-------|
| D3_A1. Politicians                       |     |    |       |
| D3_A2. Policeman                         | 1   | 2  | 0     |
| D3_A3. The rich                          | 1   | 2  | 0     |
| D3_A4. People with the right connections | 1   | 2  | 0     |
| D3_A5. Criminals                         | 1   | 2  | 0     |
| D3_A6. Others (please mention)           | 1   | 2  | 0     |

|  | Disagree entirely | Disagree in part | Neither agree nor disagree | Agree in part | Agree entirely | DK/NA |
|--|-------------------|------------------|----------------------------|---------------|----------------|-------|
| D4. Only good laws should be respected   | 1                 | 2                | 3                          | 4             | 5              | 0     |
| D6. Custom is more important than law.   | 1                 | 2                | 3                          | 4             | 5              | 0     |
| D8. Laws should not be barriers for those who need to accomplish something (in practice) | 1                 | 2                | 3                          | 4             | 5              | 0     |
| D9. In the end, people cannot escape penalty for their bad deeds                         | 1                 | 2                | 3                          | 4             | 5              | 0     |
| D10. Too many people get away with illegal acts these days                               | 1                 | 2                | 3                          | 4             | 5              | 0     |

D11. To get fair treatment from authorities nowadays one has to

1. enjoy wealth
2. have the right connections
3. have an education
4. Other. Which?
0. DK/NA

D12. Politicians ask us to respect the laws which they infringe daily. (for WP 3)

| Disagree entirely | Disagree in part | Neither agree nor disagree | Agree in part | Agree entirely | DK/NA |
|-------------------|------------------|----------------------------|---------------|----------------|-------|
| 1                 | 2                | 3                          | 4             | 5              | 0     |

## SECTION E. NETWORKS AND CONTEXT

By large, how much do you agree or disagree with the following statements?

|  | Disagree entirely | Disagree in part | Neither agree nor disagree | Agree in part | Agree entirely | DK/NA |
|--|-------------------|------------------|----------------------------|---------------|----------------|-------|
| E3. People cannot do anything to curb corruption.  | 1                 | 2                | 3                          | 4             | 5              | 0     |
| E4. Government is serious in fighting corruption.  | 1                 | 2                | 3                          | 4             | 5              | 0     |
| E5. One must compromise with what is right to be able to make a living.  | 1                 | 2                | 3                          | 4             | 5              | 0     |
| E6. A good deed always finds reward.   | 1                 | 2                | 3                          | 4             | 5              | 0     |
| E7. A person should not try to act differently than those who surround her.  | 1                 | 2                | 3                          | 4             | 5              | 0     |
| E8. People who work hard and are honest are better off in the end than those who cheat.  | 1                 | 2                | 3                          | 4             | 5              | 0     |
| E9. There is nothing wrong in hiring one's own relatives over strangers if this is a family business.<br>(обяснения за family) | 1                 | 2                | 3                          | 4             | 5              | 0     |
| E10. There is nothing wrong in hiring one's own relatives over strangers when working in the public sector either.             | 1                 | 2                | 3                          | 4             | 5              | 0     |
| E11. Same people enjoy privileges regardless of changes of governments and regimes.  | 1                 | 2                | 3                          | 4             | 5              | 0     |

*Section E will also contain two groups of questions asking respondents further about their prior beliefs — about whether human, esp. economic, interaction is a 0-sum game*

and about their rate of time preference, i.e. how much they value the short run vs. the long run.

(E13). Some people do better than others in life. Why do you think this happens?

|  | Disagree entirely | Disagree in part | Neither agree nor disagree | Agree in part | Agree entirely | DK/NA |
|--|-------------------|------------------|----------------------------|---------------|----------------|-------|
| E13_1. They work harder.                     | 1                 | 2                | 3                          | 4             | 5              | 0     |
| E13_2. They are less scrupulous than others. | 1                 | 2                | 3                          | 4             | 5              | 0     |
| E13_3. They have more luck.                  | 1                 | 2                | 3                          | 4             | 5              | 0     |
| E13_4. They know the right people.           | 1                 | 2                | 3                          | 4             | 5              | 0     |
| E13_5. Other. Please specify                 | 1                 | 2                | 3                          | 4             | 5              | 0     |

#### SECTION F. SOCIAL CONTEXT (Regional development).

Do you have or have access to where you live ...?

|   | Yes | No |
|---|-----|----|
| F1. A full-time physician                                       | 1   | 0  |
| F2. A hospital  | 1   | 0  |
| F3. A train station with regular train stops (at least daily)   | 1   | 0  |
| F4. An elementary school  | 1   | 0  |
| F5. A high-school   | 1   | 0  |
| F6. A bank  | 1   | 0  |
| F7. An asphalted road connecting to a county or a national road | 1   | 0  |
| F8. A newsagent to sell the daily newspaper the same day        | 1   | 0  |
| F9. Cable TV  | 1   | 0  |
| F10. A direct telephone connection (not through operator)       | 1   | 0  |

## SECTION G. PAROCHIALISM

How often do you travel to the following destination?

|                                | Weekly | Monthly or more often | Every six months | Every year or so | Never | DK/NA |
|--------------------------------|--------|-----------------------|------------------|------------------|-------|-------|
| G1. To county capital          | 1      | 2                     | 3                | 4                | 5     | 0     |
| G2. To regional capital        | 1      | 2                     | 3                | 4                | 5     | 0     |
| G3. To country capital.        | 1      | 2                     | 3                | 4                | 5     | 0     |
| G4. To a neighboring country   | 1      | 2                     | 3                | 4                | 5     | 0     |
| G5. To another foreign country | 1      | 2                     | 3                | 4                | 5     | 0     |

In your experience, how often have you personal acquaintances/interact with...?

|  | Never | Seldom | Sometimes | Often | DK/NA |
|--|-------|--------|-----------|-------|-------|
| G6. Roma people  | 1     | 2      | 4         | 5     | 0     |
| G7. За всяка страна<br>Hungarians from Romania             | 1     | 2      | 4         | 5     | 0     |
| G8. За всяка страна<br>Hungarians from Hungary             | 1     | 2      | 4         | 5     | 0     |
| G9. За всяка страна<br>Moldavians (Republic of<br>Moldova) | 1     | 2      | 4         | 5     | 0     |
| G10. За всяка страна<br>Ukrainians                         | 1     | 2      | 4         | 5     | 0     |
| G11. За всяка страна<br>Bulgarians                         | 1     | 2      | 4         | 5     | 0     |
| G12. За всяка страна Serbs                                 | 1     | 2      | 4         | 5     | 0     |
| G10. To a distant foreign<br>country                       | 1     | 2      | 4         | 5     | 0     |

## SECTION H. XENOPHOBIA.

By large, how much do you agree or disagree with the following statements?

|   | Disagree entirely | Disagree in part | Neither agree nor disagree | Agree in part | Agree entirely | DK/NA |
|---|-------------------|------------------|----------------------------|---------------|----------------|-------|
| H1. There are ethnic groups within our borders which pose a threat to our sovereignty.. | 1                 | 2                | 3                          | 4             | 5              | 0     |
| H2. There are parts of other countries which belong to us.                              | 1                 | 2                | 3                          | 4             | 5              | 0     |
| H3. You can trust that NATO wants what's best for this country.                         | 1                 | 2                | 3                          | 4             | 5              | 0     |
| H4. You can trust that EU wants what's best for this country                            | 1                 | 2                | 3                          | 4             | 5              | 0     |

On a scale from one to ten in which ten is the most trustworthy and one the least please rank the following groups of people

|  | Scale |   |   |   |   |   |   |   |   |    | DK/NA |
|--|-------|---|---|---|---|---|---|---|---|----|-------|
| H5. За всяка страна Romanians                            | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| H6. Roma   | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| H7. За всяка страна Hungarians                           | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| H8. За всяка страна Germans                              | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| H9. За всяка страна Hungarians from Hungary              | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| H10. За всяка страна Ukrainians                          | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| H11. За всяка страна Moldavians from Republic of Moldova | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| H12. За всяка страна Bulgarians                          | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| H13. За всяка страна Serbs                               | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| H14. За всяка страна Albanians                           |       |   |   |   |   |   |   |   |   |    |       |
| H14. За всяка страна Americans                           | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |

**SECTION J. SOCIAL STATUS.**

J1. In the last ten years, has anybody in your close family lost their job?

1. Yes            2. No            0. DK/NA

J2. In the last ten years, did you or anybody in your close family work without a labor contract?

1. Yes            2. No            0. DK/NA

J3....Is this still on?

1. Yes            2. No            0. DK/NA

J4. How do you appreciate the economic situation of your household nowadays?

1. Very good                            2. Good.                            3. The same  
 4. Poor                            5. Very poor                            0. DK/NA

**SECTION K. SOCIAL STATUS.**

How often, do you.....

|   | Daily | A few times a week | A few times a month | A few times a year | DK/NA |
|---|-------|--------------------|---------------------|--------------------|-------|
| K1. Do you read political news in the newspapers? | 4     | 3                  | 2                   | 1                  | 0     |
| K2. Do you watch politics on TV?                  | 4     | 3                  | 2                   | 1                  | 0     |
| K3. Do you discuss politics with friends/family?  | 4     | 3                  | 2                   | 1                  | 0     |

## SECTION M. CIVIC PARTICIPATION AND COLLECTIVE ACTION

|  | Yes | No | NA |
|--|-----|----|----|
| M1. Are you a member in any formal non-political organisation, such as trade union, civic or human rights group, environment, social, tourism club, professional association, etc?                 | 1   | 2  | 0  |
| M2. Are you a member in any informal but permanent non-political organisation, such as sports fan group, fishing or hunting party group, church support group, neighbours association of any kind? | 1   | 2  | 0  |
| M3. Are you a member in any formal (registered) political organisation, such as political party?   | 1   | 2  | 0  |
| M4. Have you participated to any political meeting or other form of electoral campaigning in the past ten years?   | 1   | 2  | 0  |

*A group of questions will be added to question m6, asking respondents about other groups and people which they rely on in overcoming problems and threats both at present and in the past, aiming at establishing the types of social networks used by the respondents, and their historical dynamic, extent and usefulness. Това вече не е ясно дали е валидно м6 отпада*

M7. In the past year did you or any one in your household participate in any communal activities, in which people came together to do some work for the benefit of the community?

1. Yes          2. No          (Skip to M9)

M8. (ONLY if YES at M7) How many times in the past year? \_\_\_\_\_

**SECTION N. CORRUPTION**

N1. In the last year, did your household have to pay some additional money to government officials to get things done?

- 1. Yes, often
- 2. Yes, occasionally
- 3. No      →      Jump to N3

N2. Are such payments effective in getting a service delivered or a problem solved?

- 1. Yes, usually
- 2. Yes, but only occasionally
- 3. Usually not
- 0. DK/NA

N3. In general, compared to transition period/ten/five years ago, has the honesty of local government improved, deteriorated, or stayed about the same?

Deteriorated

Stayed about the same

Improved

DK/NA

N4. What about the central government?

Deteriorated

Stayed about the same

Improved

DK/NA

N5. I shall now read a list of institutions. Please tell me how do you evaluate their performance in terms of serving the public interest effectively.

|                        | Great extent | Important extent | Some extent | Little extent | Not at all | DK/NA |
|------------------------|--------------|------------------|-------------|---------------|------------|-------|
| N5_1 PRESIDENT         | 5            | 4                | 3           | 2             | 1          | 0     |
| N5_2 GOVERNMENT        | 5            | 4                | 3           | 2             | 1          | 0     |
| N5_3 PARLIAMENT        | 5            | 4                | 3           | 2             | 1          | 0     |
| N5_4 COURTS            | 5            | 4                | 3           | 2             | 1          | 0     |
| N5_5 LOCAL GOVERNMENT  | 5            | 4                | 3           | 2             | 1          | 0     |
| N5_6 PROSECUTOR        | 5            | 4                | 3           | 2             | 1          | 0     |
| N5_7 POST OFFICE       | 5            | 4                | 3           | 2             | 1          | 0     |
| N5_8 TELEPHONE COMPANY | 5            | 4                | 3           | 2             | 1          | 0     |
| N5_9 HEALTH SYSTEM     | 5            | 4                | 3           | 2             | 1          | 0     |
| N5_10 SCHOOLS          | 5            | 4                | 3           | 2             | 1          | 0     |
| N5_11 Tax office       | 5            | 4                | 3           | 2             | 1          | 0     |
| N5_12 PUBLIC TV        | 5            | 4                | 3           | 2             | 1          | 0     |
| N5_13 PUBLIC RADIO     | 5            | 4                | 3           | 2             | 1          | 0     |
| N5_14 NEWSPAPERS       | 5            | 4                | 3           | 2             | 1          | 0     |
| N5_15 POLICE           | 5            | 4                | 3           | 2             | 1          | 0     |

*A group of questions will be included here asking about comparison between the situation at present relative to some moments in the past.*

## **SECTION O. DEMOGRAPHICS**

Standard questions on age, education, employment, standard and place of living, etc

### **ADDITIONAL SECTIONS:**

#### *SECTION?. EMPOWERMENT AND POLITICAL ACTION*

*This is an additonalsection of several questions based on the World Bank integrated social capital questionnaire asking about propensity for optimism and social participation.*

#### *SECTION?. INFORMATION AND COMMUNICATION*

*The questions in this added section will ask respondents about their preferred sources of information and their communication habits with the goal to establish the actual functioning of the networks discussed in the previous section.*

## 6.2. WP2 - Method Design for Bulgaria

### Survey: description

|                            |   |
|----------------------------|---|
| Method:                    | Ad-hoc social study   |
| Interview method:          | Face to face personal interviews in-home                    |
| Interview structure:       | Structured questionnaire with basically pre-coded questions |
| Piloting of questionnaire: | 20 pilot semi-structured interviews                         |

### Fieldwork: description

The Balkan British Social Surveys will conduct nationally representative survey 'Civil Society and Social Capital' among the Bulgarian population aged 18+ year olds. The projected sample size amounts to 1250 effective interviews.

### Sampling methodology and procedure

The sample is designed to represent the national population in voting age by: region, urban/rural residence, gender and age. The sample will reflect the population distribution by ethnicity.

In carrying out all surveys that are representative of the adult population aged 18+ in Bulgaria, BBSS employs the pattern of double-clustered random sampling. For this survey double-clustered random sampling with universe stratification by regions (28 in total) was used. As a basis for the sample the database of ESGRAON was used which is the best one currently available in Bulgaria. This register system contains every inhabitant in terms of the following characteristics:

- full three names of each person;
- address (settlement, street and number of home of the person).

Upon this basic information various other aggregates are later superimposed, such as:

- election precincts
- settlements
- municipalities
- regions.

For the purposes of the sampling design procedure, the following steps will be made:

- universe will be stratified by regions (28 in total);
- lists of election precincts in each of the regions will be prepared containing the number of persons aged 18+ in each precinct;
- given the targeted size of the final sample (1 250), the number of individuals to be interviewed in each region will be determined. This size is in direct proportion to the relative share of the respective region within the universe;
- next stage relates to random selection of sampling points to be used in the survey.

Within conditions such as the above, the random selection of the sampling points will be done by the following algorithm:

- calculation will be made of the number of clusters to be achieved in each region (number is proportional to the size of the region);
- sampling points in each region will be arranged in a descending order based on the criterion 'number of persons aged 18+ in the cluster'. (NB: sampling points, that is, election precincts are comparatively uniform in terms of scale. Each sampling point (cluster) contains between 400–1 000 persons aged 18+.);
- a cumulative column will be formed by the number of individuals contained in each cluster (Based on this cumulative column, the systematic selection will be achieved of the necessary number of sampling points starting by using a random start-up figure, and then a step will be applied for moving down the cumulative column which step is the quotient of the size of the regional sub-universe and the number of addresses in each sampling point);
- This procedure will be repeated in each one of the 28 regions with the final result being formation of the list with the 180 clusters (sampling points);

- The transition from 'sampling point' to 'persons with addresses' will be achieved through systematic stepped selection from the initial list of individuals in each election precinct;
- The final product of this procedure will be a list of 1 620 persons with their full three names and precise addresses, that were grouped per sampling point, settlement and region;
- The projected sample plan comprises of 181 sampling points — 69 % Urban and 31 % Rural, seven respondents per sample point.

Attention: Sample specifics:

Sample sub-categories hard to cover: self-employed/those with own business (5–8 % total sample); Roma population: 5–6 %.

Sample sub-categories with key importance to the project: those that have changed their professional status & branch of industry

### **Projected sampling plan implementation**

Number of sampling points: 181

Addresses to be provided for the interviewing: list of 1 629 (9 for each sampling point)

Number of effective interviews per sampling point to be requested: 7

Total number of effective interviews to be achieved: 1 250

### **Interviewing**

#### **1. Principles**

Method of registration: 'face-to face' in-home interview, paper and pencil.

Language: Bulgarian

The following principles will be observed during the practical implementation of the projected sample:

- interviewers should start with the first address on the list;
- provided that the addressee is real (the identified person does live at this address) up to three attempts at contact with this person will be made;
- no replacement is allowed of this person with another person (regardless of whether this might involve persons within the same household or living at other addresses);
- provided that the person does not live any longer at the specified address, or will not be available at this address during field work, or refuses cooperation: then it will be proceeded to another person/address from the list.

In the occasion that all of the addresses from the list are tried and nevertheless insufficient number of effective interviews is done, the procedure is to ask the central office of BBSS for additional addresses for the same electoral precinct.

Each of the interviewers will be provided with a report form in which each contact should be described in details. As a result, BBSS registers all refusals and why the respondent refuses to cooperate.

## **2. Field force**

A total number of 28 regional supervisors (each responsible for the region) will be assigned. 'Fieldwork department' of BBSS supervises and coordinates the work of all local supervisors.

Each supervisor will be provided with the full list with names and addresses for their respective regions.

A total of 160 interviewers will be employed in the survey.

Out of the total 160, 64 are males and 96 females.

28 persons are between 18–25 years old, 49 are aged 26–35, 68 interviewers are between 36–47, 12 between age 48–58. There are three interviewers between 58–62 years old.

## Projected Sampling Plan

| Region         | Number of sampling points | Number of sampling points split by type of settlement within the respective region |  |   |
|----------------|---------------------------|--|--|---|
|                |                           | Village  | Town (less than 50 thousand inhabitants) | City (50 thousand and more inhabitants) |
| BLAGOEVGRAD    | 7                         | 3  | 3  | 1                                       |
| BOURGAS        | 9                         | 2  | 3  | 4                                       |
| VARNA          | 10                        | 3  | 1  | 6                                       |
| VELIKO TARNOVO | 7                         | 3  | 2  | 2                                       |
| VIDIN          | 3                         | 1  | 0  | 2                                       |
| VRATSA         | 6                         | 3  | 1  | 2                                       |
| GABROVO        | 4                         | 1  | 1  | 2                                       |
| DOBRITICH      | 5                         | 3  | 1  | 1                                       |
| KARDJALI       | 4                         | 3  | 0  | 1                                       |
| KUJSTENDIL     | 4                         | 1  | 2  | 1                                       |
| LOVECH         | 4                         | 2  | 1  | 1                                       |
| MONTANA        | 5                         | 3  | 1  | 1                                       |
| PAZARDHIK      | 6                         | 3  | 1  | 2                                       |
| PERNIK         | 3                         | 1  | 0  | 2                                       |
| PLEVEN         | 7                         | 1  | 3  | 3                                       |
| PLOVDIV        | 16                        | 4  | 4  | 8                                       |
| RAZGRAD        | 4                         | 2  | 1  | 1                                       |
| ROUSSE         | 6                         | 1  | 1  | 4                                       |
| SILSTRA        | 3                         | 2  | 0  | 1                                       |
| SLIVEN         | 5                         | 1  | 1  | 3                                       |
| SMOLYAN        | 3                         | 0  | 2  | 1                                       |
| SOFIA CITY     | 27                        | 0  | 0  | 27                                      |
| SOFIA DISTRICT | 6                         | 3  | 3  | 0                                       |
| STARA ZAGORA   | 9                         | 2  | 3  | 4                                       |

|             |   |   |   |   |
|-------------|---|---|---|---|
| TARGOVISHTE | 3 | 2 | 0 | 1 |
| HASKOVO     | 6 | 3 | 1 | 2 |
| SHOUMEN     | 5 | 1 | 2 | 2 |
| YAMBOL      | 4 | 1 | 1 | 2 |

**Total Bulgarian population aged 18+ \***

Total population aged 18+: 6 418 800

Gender:

|        | (%)  |
|--------|------|
| Male   | 48.2 |
| Female | 51.8 |

Age:

|             | (%)  |
|-------------|------|
| 18–29 years | 21.0 |
| 30–39 years | 16.5 |
| 40–49 years | 17.5 |
| 50–59 years | 17.2 |
| 60+ years   | 27.8 |

Residence:

|       | (%)  |
|-------|------|
| Urban | 69.0 |
| Rural | 31.0 |

Ethnicity:

|                  | (%)  |
|------------------|------|
| Bulgarian        | 83.4 |
| Turk             | 8.4  |
| Roma             | 5.3  |
| Bulgarian-Muslin | 1.8  |
| Other            | 1.1  |

\* *Official statistics from the Population Census 2001*

### 6.3. WP2 - Method Design for Serbia and Montenegro

#### Survey - Description

|                            |   |
|----------------------------|---|
| Method:                    | Ad-hoc social study   |
| Interview method:          | Face to face personal interviews in-home                    |
| Interview structure:       | Structured questionnaire with basically pre-coded questions |
| Piloting of questionnaire: | 20 pilot semi-structured interviews                         |

#### Fieldwork - Description

**MEDIUM INDEX** will conduct nationally representative survey '**CIVIL SOCIETY AND SOCIAL CAPITAL**' among the Serbian and Montenegro population aged 18+ year olds. The projected sample size amounts to 1 000 in Serbia, 500 in Montenegro effective interviews.

#### Sampling methodology and procedure

The sample will be designed to represent the national population in voting age: by age, gender, income, urban/rural split and ethnicity.

In carrying out surveys that are representative of the adult population aged 18+ in Serbia and Montenegro, **MEDIUM INDEX** employs the following procedures for multi-staged random selection of respondents:

- Country will be divided into the following territorial units/strata: 1. Belgrade, 2. Vojvodina, 3. Western Serbia, 4. Southern-Eastern Serbia. The strata will be represented in the projected sample proportionally to their share in the total population of a given unit.
- In the second stage sample points will be selected. Statistical base of polling stations will be used as a source for selecting sample points (a sample point corresponds to a polling station). Sample points will be selected *randomly*, with

probability of selecting which is proportional to their share in the total number of voters in the stratum.

An *optimal territorial coverage* would be achieved when implementing these two criteria: random selection + 10 respondents per a sample point. The final product of this procedure will be a list of 120 sampling points.

- In the fourth stage respondents will be *randomly* selected. Interviewers will be given starting points in each of the selected sample points. They would start from the starting point and enter every second household (Household is defined as all persons living in the flat).
- Selection of a respondent in the household will be carried out using 'next birthday' method.

Attention: Sample specifics:

Sample sub-categories hard to cover: Young entrepreneurs and those that have educated abroad

Sample sub-categories with key importance to the project: Internally displaced persons from other former YU countries

## **Interviewing**

### **1. Principles**

Method of registration: 'face-to face' in-home interview, paper and pencil.

Language: Serbian

Note: Each of the interviewers will be provided with a report form in which each contact should be described in details. As a result, **MEDIUM INDEX** registers all refusals and why the respondent refuses to cooperate.

## 2. Field force

A total number of nine regional supervisors (each responsible for the region) will be assigned. 'Fieldwork department' of **MEDIUM INDEX** supervises and coordinates the work of all local supervisors.

A total of 120 interviewers will be employed in the survey.

Out of the total 120, 34 are males and 86 females.

36 persons are between 18–25 years old, 47 are aged 26–35, and 22 interviewers are aged 36–47, 15 aged 48–58.

### Projected Sampling Plan

| Region                | Number of sampling points | Number of sampling points split by type of settlement within the respective region |       |
|-----------------------|---------------------------|--|-------|
|                       |                           | Rural  | Urban |
| BELGRADE              | 12                        | 0  | 12    |
| VOJVIDUNA             | 13                        | 1  | 12    |
| OTHER PARTS OF SERBIA | 25                        | 12   | 13    |
| MONTENEGRO            | 25                        | 10   | 15    |

### Total Serbia And Montenegro population aged 18+ \*

Total Serbia Population (Without Kosovo) Aged 18+: 6 270 000

Total Montenegro Population Aged 18+: 500 000

Total Population aged 18+ Serbia (Without Kosovo) and Montenegro: 6 770 000

Gender:

|        | (%)  |
|--------|------|
| Male   | 52.9 |
| Female | 47.1 |

Age:

|             | (%)  |
|-------------|------|
| 18-25 years | 13.0 |
| 26-35 years | 22.3 |
| 36-45 years | 22.4 |
| 46-55 years | 21.0 |
| 56-60 years | 7.8  |
| 60+ years   | 13.4 |

Residence:

|          | (%)  |
|----------|------|
| Urban    | 59.2 |
| Rural    | 35.1 |
| Suburban | 5.7  |

Ethnicity:

|             | (%)  |
|-------------|------|
| Serbian     | 79.2 |
| Montenegrin | 7.5  |
| Bosnian     | 0.9  |
| Yugoslav    | 4.8  |
| Croat       | 1.4  |
| Hungarian   | 0.9  |
| Other       | 5.3  |

*\*Statistics based on the Population Census 1991*

## 6.4. WP2 - Method Design for FYR Macedonia

### Survey: description

|                            |   |
|----------------------------|---|
| Method:                    | Ad-hoc social study   |
| Interview method:          | Face to face personal interviews in-home                    |
| Interview structure:       | Structured questionnaire with basically pre-coded questions |
| Piloting of questionnaire: | 20 pilot semi-structured interviews                         |

### Fieldwork: description

BRI MA will conduct nationally representative survey 'Civil Society and Social Capital' among the Macedonian population aged 18+ year olds. The projected sample size amounts to 1 000 effective interviews.

### Sampling methodology and procedure

The sample will be designed to represent the national population in voting age by: sex, age, region, urban/rural settlement and ethnicity.

In carrying out surveys that are representative of the adult population aged 18+ in Macedonia, BRIMA employs the following procedures for multi-staged random selection of respondents:

- The sample will be stratified per regions and per estimates of the residential profile within the regions. Within each region the sampling points will be selected executing a step over the list of settlements, ordered per their size of population, one with the highest number of dwellers being on the top of the list.
- The final product of this procedure will be a list of 150 sampling points.

Selection of households is based on random route method, whereby the household to be selected is each third address on the left-hand side of the street in urban areas, applying left turn at junctions and going back to the last crossing, if one has reached a dead-end,

and further proceeding at random but not along the branching one had been through. In a block-of-flats of up to four floors, the selected household will be every fifth apartment, counting from the first on the left on the ground floor. In cases of unsuitable household (e.g. Macedonian family when needed Albanian one) procedure instructs to approach the next-door apartment and to contact each further till reaching the required one, from which point to resume the standard step of every fifth apartment. In a block-of-flats of five floors and more, the selection is every tenth apartment counting them the same manner.

In rural areas, the selected household will be every fourth inhabitable house/dwelling on both sides of the interviewer's route/track and where the houses are aligned or scattered over larger territory, the instruction requires applying wave-wise approach selecting the fourth, counting from the first house on the left. In compounds of several houses behind a common fence, the procedure instructs to select the fourth one from the left (counting from the gate), or if there are less than four houses behind a common fence, then the interviewer to get out of the common yard, counting the houses as if they were along the street. In compact and well-structured villages the selection procedure follows the instructions for urban areas.

Selection of a respondent will be carried out using 'next birthday' method.

Attention: Sample specifics:

Sample sub-categories hard to cover: Ethnic Albanians economically active

Sample sub-categories with key importance to the project: individuals with relatives in neighboring countries

## **Interviewing**

### **1. Principles**

Method of registration: 'face-to face' in-home interview, paper and pencil.

Language: Macedonian and Albanian

*Note:* Each of the interviewers will be provided with a report form in which each contact should be described in details. As a result, BRIMA registers all refusals and why the respondent refuses to cooperate.

## 2. Field force

A total number of seven regional supervisors (each responsible for the region) will be assigned. 'Fieldwork department' of BRIMA supervises and coordinates the work of all local supervisors.

A total of 150 interviewers will be employed in the survey.

Out of the total 150, 101 are males and 49 females.

52 persons are between 18–25 years old, 46 are aged 26–35, 33 interviewers are aged 36–47, 19 aged 48–58.

### Projected Sampling Plan

| Region       | Number of sampling points | Number of sampling points split by type of settlement within the respective region |       |
|--------------|---------------------------|--|-------|
|              |                           | Rural  | Urban |
| SKOPSKI      | 47                        | 13   | 34    |
| PELAGONISKI  | 16                        | 5  | 11    |
| OHRIDSKI     | 17                        | 8  | 9     |
| POLOSKI      | 24                        | 14   | 10    |
| POVARDAVSKI  | 14                        | 6  | 8     |
| KUMANOVSKI   | 7                         | 2  | 5     |
| BREGALNISHKI | 25                        | 13   | 12    |

**Total Macedonian population aged 18+ \***

Total Population Aged 18+: 1 664 000

Gender:

|        | (%) |
|--------|-----|
| Male   | 50  |
| Female | 50  |

Age:

|             | (%) |
|-------------|-----|
| 18–25 years | 22  |
| 26–35 years | 21  |
| 36–45 years | 19  |
| 46–55 years | 14  |
| 56–60 years | 7   |
| 60+ years   | 17  |

Residence:

|       | (%) |
|-------|-----|
| Urban | 59  |
| Rural | 41  |

Ethnicity:

|            | (%) |
|------------|-----|
| Macedonian | 70  |
| Albanian   | 20  |
| Turks      | 4   |
| Serb       | 2   |
| Roma       | 2   |
| Vlah       | 1   |
| Other      | 2   |

*\* Statistics based on the Population Census 1994, updated according to information presented in the Statistical yearbook 2000.*

## **6.5. WP2 - Quality Control**

### **Quality control/back-checks on fieldwork**

In each of the three countries (Serbia, Macedonia, Bulgaria) the quality control/back-checks on fieldwork procedures are standardized within the following pattern:

#### **Training of interviewers:**

##### **Typical briefing/training agenda includes:**

- ✓ Brief presentation of specific survey
- ✓ Overview of sampling (methods of selection of respondents)
- ✓ Profile of questionnaire
- ✓ Importance of listed in the questionnaire instructions
- ✓ How to properly read questions
- ✓ How to properly record answers
- ✓ How and when to probe
- ✓ Working in the field/Communicating with respondents
- ✓ Reporting to supervisor

**Quality control focuses on the following key issues:**

- ✓ Respondent verification
- ✓ Substitutions/Non-accessible respondent rates
- ✓ Refusal rates
- ✓ Time and duration of interview
- ✓ Data response patterns
- ✓ Interviewing manning (probing, prompting, filter questions, showcards)
- ✓ Don't know/no response rates
- ✓ Missing and inconsistent data
- ✓ Open ended questions (legibility and level of detail)

**Control over quality will be organised at the various stages of survey as follows:**

At the preparation stage:

- Pre-test of translated questionnaire (a small pilot study with up to 20 completed questionnaires);
- Extensive briefing of regional supervisors carried out by research executive from head office. For some studies extensive briefings are done centrally with interviewers with practical session.

At least 15 % of the effective interviews will be subject to the back-checks done by the local controller/supervisor. The distribution of the back-checks is according to the relative share of the respective region in the sample.

Three options for back-checks will be used in the following proportion:

- 1) Direct supervision during interview — 5 %
- 2) Back-check in person by supervisor/local controller — 50 %
- 3) Back-check by telephone by local supervisor or agency head office — 45 %

## 7. Migration surveys methodology

### 7.1. WP5 - Questionnaire for individual immigrants

We shall depict the issues our questions attempt to address and in particular elevate the different angles/perspectives from which a group of questions might be interpreted.

#### Features of the migrants (characteristics of the supply of labour)

##### *Demographics and self-perceptions*

1. Name of the respondent.

Is there any other name by which you are called in work or else?

2. Age of the respondent (years).

3. Gender of the respondent: 1 male                      2 female.

4. a. Where exactly do you come from?

Albania                      Kosovo                      Macedonia                      Other

b. Which Albanian city/village do you come from?

c. How do you identify yourself in the host country?

1 Refugee<sup>26</sup>

2 Albanian immigrant

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<sup>26</sup> When he/she denotes 'refugee', he/she stresses that he/she's been displaced violently from his country, with fear for his/her life.

3 Vorioepiotes (he/she feels more Greek than Albanian)<sup>27</sup>

4 And Albanian and Greek/Italian

5 Neither Albanian nor Greek/Italian (he/she feels immigrant without referring to ethnicity as the crucial element of his/her identity)

6 Citizen of Greece/Italy (he/she feels more Greek/Italian than Albanian)

d. For how long have you been in this country?

5. a. Religion: with which religion, if any, would you associate yourself?

1 Christian Orthodox/Catholic      2 Muslim      3 Other      4 None

b. Have you been baptized in the host country? Yes      No

c. Was the baptism an act of your own will? Yes      No      DK/DA

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<sup>27</sup> This is only relevant for the Greek case. Furthermore, the difference between identifying oneself as Vorioepiotes and as Citizen of Greece is situated in the ethnic-civic terms with which they respectively define themselves in the host context. In the former instance, they say they feel more Greeks than Albanians by taking up their ethnic origins as the constitutive element of their identity; while in the latter, they say they feel more Greeks than Albanians taking more into account their settlement experience in Greece and less their ethnicity.

## ***Social mobility***

### **Housing**

Issues of housing are crucial for the display of the living standards of the immigrants, which in turn are indicative of their social mobility in the host context. Size and type of the household (presence of children, elder members, single-parent families etc) are crucial for the management chances that the household will come up with.

#### **6. Who and how many live in this household?**

|                       | <b>Number of people</b> |
|-----------------------|-------------------------|
| Friends/acquaintances |                         |
| Family                |                         |
| Alone                 |                         |
|                       |                         |

By this question we are given direct answers on the size and type of the immigrants' household; in addition these answers offer indications for the temporal frame that their stay might extend<sup>28</sup> or has already extended (see following question) and the possible difficulties that the household might have in sustaining itself (the chances of socio-economic mobility of a household comprised by a sole couple with children are different to the chances that one family might have when having to further support elder, non active economically, members). Furthermore, the size of the household, the residence conditions under different periods of settlement and the current household equipment (the two following questions) offer indication for the living standards and their evolution.

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<sup>28</sup> The experience of countries with longer histories of immigration than Greece and Italy suggests that even when migrants say and think that their stay is for a few years and keep the 'myth of the return' quite vivid in their representations, the likelihood of their permanent settlement in the host society increases especially when their children become adults.

7. a. Residence conditions under period of settlement in Greece/Italy

|                                      | 1st | 2nd | 3rd | 4th | Current |
|--------------------------------------|-----|-----|-----|-----|---------|
| Location/area (e.g. Plaka of Athens) |     |     |     |     |         |
| Region/City/Village                  |     |     |     |     |         |
| Number of rooms                      |     |     |     |     |         |
| Floor                                |     |     |     |     |         |
| Number of tenants in apartment       |     |     |     |     |         |
| Condition of building <sup>29</sup>  |     |     |     |     |         |
| Rent/how much                        |     |     |     |     |         |
| Privately owned                      |     |     |     |     |         |
| Period of stay                       |     |     |     |     |         |
| Guest rooms                          |     |     |     |     |         |
| Host of friends/relatives            |     |     |     |     |         |
| Hotel                                |     |     |     |     |         |
| Space let by employer                |     |     |     |     |         |
| «outside»                            |     |     |     |     |         |

b. Via whom did you find your current house?

1 friends      2 relatives                      3 co-nationals      4 newspaper advert                      5 agency

6 public services                      7 assistance services (religious organisations, NGOs, etc)

8 Albanian (ethnic) immigrant associations

9 inter-ethnic immigrant/refugee associations

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<sup>29</sup> 1 is for 'bad', 2 is for 'not many comforts', 3 is for 'good'.

**8. a. Current household equipment**

| <b>House equipment</b>         |  |
|--------------------------------|--|
| 1 Heating: central             |  |
| 2 Heating: electrical radiator |  |
| 3 Heating: petrol              |  |
| 4 Telephone (landline)         |  |
| 5 Cellular phone               |  |
| 6 Radio - stereo               |  |
| 7 TV usual reception           |  |
| 8 TV cable                     |  |
| 9 TV satellite dish            |  |
| 10 Video                       |  |
| 11 Computer                    |  |
| 12 Use of internet             |  |
| 13 Electrical kitchen          |  |
| 14 Stove                       |  |
| 15 Laundry                     |  |
| <b>Other equipment</b>         |  |
| 16 Bicycle                     |  |
| 17 Motorcycle                  |  |
| 18 Private car                 |  |
| 19 Vehicle from your work      |  |
| 20 Other                       |  |

**b. Are you generally satisfied with your current housing conditions?**

Yes                      No                      DK/DA

**c. Property. Do you own:**

- |                 |                           |
|-----------------|---------------------------|
| 1 Apartment     | 2 More than one apartment |
| 3 Land holdings | 4 No property             |

### ***Education + particulars of everyday life***

Education issues are important for they reveal their educational background and already obtained skills. In case of children in the household, particularly, the education issue displays the levels and potential of integration in the host society. It also consists on its own a factor for staying permanently in the host country (immediate plans). The education of immigrants' children is also crucial from a developmental perspective since it concerns the qualifications of the future labour force.

#### **9. a. Number of family members, ages and educational background**

|                    | Situated in GR/IT/Albania <sup>30</sup> | Age | Gender (F/M) | None <sup>31</sup> | Elementary school | High school | Vocational school | University <sup>32</sup> | IEK <sup>33</sup> |
|--------------------|---|-----|--------------|--------------------|-------------------|-------------|-------------------|--------------------------|-------------------|
| Husband            |   |     |              |                    |                   |             |                   |                          |                   |
| Wife               |   |     |              |                    |                   |             |                   |                          |                   |
| Child 1            |   |     |              |                    |                   |             |                   |                          |                   |
| Child 2            |   |     |              |                    |                   |             |                   |                          |                   |
| Child 3            |   |     |              |                    |                   |             |                   |                          |                   |
| Child 4            |   |     |              |                    |                   |             |                   |                          |                   |
| Child 5            |   |     |              |                    |                   |             |                   |                          |                   |
| Grandmother        |   |     |              |                    |                   |             |                   |                          |                   |
| Grandfather        |   |     |              |                    |                   |             |                   |                          |                   |
| Others<br>How many |   |     |              |                    |                   |             |                   |                          |                   |
| Alone              |   |     |              |                    |                   |             |                   |                          |                   |

<sup>30</sup> G/I for situated in Greece/Italy, A for situated in Albania and O for situated in other country.

<sup>31</sup> Class of elementary school attended: 1, 2, ...

<sup>32</sup> G/IU: Greek/Italian University, AU: Albanian University, OU: other country's university

<sup>33</sup> Certain institutions in Greece offering post high school private education besides the state-university one.

**b.** In the case of a university degree, where exactly was it obtained?

|             | Gr/It | Albania | Kosovo | Macedonia | Other EU countries | Other Balkan countries | Other countries |
|-------------|-------|---------|--------|-----------|--------------------|------------------------|-----------------|
| Husband     | 0     | 1       | 2      | 3         | 4                  | 5                      | 6               |
| Wife        | 0     | 1       | 2      | 3         | 4                  | 5                      | 6               |
| Child 1     | 0     | 1       | 2      | 3         | 4                  | 5                      | 6               |
| Child 2     | 0     | 1       | 2      | 3         | 4                  | 5                      | 6               |
| Grandmother | 0     | 1       | 2      | 3         | 4                  | 5                      | 6               |
| Grandfather | 0     | 1       | 2      | 3         | 4                  | 5                      | 6               |
| Man alone   | 0     | 1       | 2      | 3         | 4                  | 5                      | 6               |
| Woman alone | 0     | 1       | 2      | 3         | 4                  | 5                      | 6               |
| Other       | 0     | 1       | 2      | 3         | 4                  | 5                      | 6               |

**10. a.** Does your child go to nursery school?

Yes                      No

**b.** Does your child go to school?

Yes                      No

**c.** Did you or someone else enroll your child(ren) to school?

We                              Other:Greek/Italian                      Other:Albanian

Immigrant with other nationality

(Question 10.c. offers an indication of social integration, since it displays the fact of a type of approach with the host public services.)

d. To what type of school is your child enrolled in?

|         | Public | Private | 'Returnees' School | 'Intercultural' School |
|---------|--------|---------|--------------------|------------------------|
| Child 1 | 1      | 2       | 3                  | 4                      |
| Child 2 | 1      | 2       | 3                  | 4                      |
| Child 3 | 1      | 2       | 3                  | 4                      |
| Child 4 | 1      | 2       | 3                  | 4                      |
| Child 5 | 1      | 2       | 3                  | 4                      |

The above types of school refer specifically to the Greek case. This question explores, in the context of social exclusion, the incidence of the evolution of some 'Returnees' and 'Intercultural' schools into 'schools-ghettoes'.

e. Difficulties in school

|         | Language | Teaching material | Teachers | Classmates | Other |
|---------|----------|-------------------|----------|------------|-------|
| Child 1 |          |                   |          |            |       |
| Child 2 |          |                   |          |            |       |
| Child 3 |          |                   |          |            |       |
| Child 4 |          |                   |          |            |       |
| Child 5 |          |                   |          |            |       |

Number 1 for the greater difficulty and 2 or 3 for the less arduous one.

f. Do your teachers face all of your classmates with the same criteria?

Yes                  No                  DK/DA

g. If not, why do you reckon some of your classmates are treated differently?

Because of their performance                  because of their nationality                  other

**h.** Do you reckon that you need to attend extra classes<sup>34</sup> in order to perform better in school? Yes            No            DK/DA

**i.** Do you reckon that you need extra classes in order to have a high performance and enter in the university? Yes            No            DK/DA

**ia.** Do (did) you send your children to attend extra classes out of school?

Yes            No            DK/DA

**ib.** Nationalities of their best friends in school

Greek            Italian            Albanian            Other

**ic.** Would you prefer that your friends be

1 Albanians    2 Greeks       3 Others       4 No such particular preference

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<sup>34</sup> The 'extra classes' refer to 'mainstream' private sector classes («Frontistiria») that most pupils attend in Greece (in addition to the school classes) in order to have more chances of a good performance in the University Entry exams.

**id. Foreign languages**

|             | <b>Greek</b> | <b>Italian</b> | <b>English</b> | <b>Other</b> |
|-------------|--------------|----------------|----------------|--------------|
| Husband     | 1            | 2              | 3              | 4            |
| Wife        | 1            | 2              | 3              | 4            |
| Child 1     | 1            | 2              | 3              | 4            |
| Child 2     | 1            | 2              | 3              | 4            |
| Child 3     | 1            | 2              | 3              | 4            |
| Child 4     | 1            | 2              | 3              | 4            |
| Child 5     | 1            | 2              | 3              | 4            |
| Grandmother | 1            | 2              | 3              | 4            |
| Grandfather | 1            | 2              | 3              | 4            |
| Others      | 1            | 2              | 3              | 4            |
| Man alone   | 1            | 2              | 3              | 4            |
| Woman alone | 1            | 2              | 3              | 4            |

**ie. How do you learn English or other languages?**

|             | <b>Via private institutions (frontistiria)</b> | <b>Via public (school, state funded programs)</b> | <b>Alone (informally)</b> |
|-------------|--|---|---------------------------|
| Husband     | 1  | 2   | 3                         |
| Wife        | 1  | 2   | 3                         |
| Child 1     | 1  | 2   | 3                         |
| Child 2     | 1  | 2   | 3                         |
| Child 3     | 1  | 2   | 3                         |
| Child 4     | 1  | 2   | 3                         |
| Child 5     | 1  | 2   | 3                         |
| Grandmother | 1  | 2   | 3                         |
| Grandfather | 1  | 2   | 3                         |
| Others      | 1  | 2   | 3                         |
| Man Alone   | 1  | 2   | 3                         |
| Woman alone | 1  | 2   | 3                         |

if. Frequency with which the Greek/Italian language is used in the house in relation with the Albanian.

|             | More | The same | Less | At all |
|-------------|------|----------|------|--------|
| Husband     | 1    | 2        | 3    | 4      |
| Wife        | 1    | 2        | 3    | 4      |
| Child 1     | 1    | 2        | 3    | 4      |
| Child 2     | 1    | 2        | 3    | 4      |
| Child 3     | 1    | 2        | 3    | 4      |
| Child 4     | 1    | 2        | 3    | 4      |
| Child 5     | 1    | 2        | 3    | 4      |
| Grandmother | 1    | 2        | 3    | 4      |
| Grandfather | 1    | 2        | 3    | 4      |
| Others      | 1    | 2        | 3    | 4      |
| Man Alone   | 1    | 2        | 3    | 4      |
| Woman alone | 1    | 2        | 3    | 4      |

ig. Do you feel that there should be more opportunities provided for the preservation of the Albanian language?

|             | Yes | No | DK/DA |
|-------------|-----|----|-------|
| Husband     | 1   | 2  | 3     |
| Wife        | 1   | 2  | 3     |
| Child 1     | 1   | 2  | 3     |
| Child 2     | 1   | 2  | 3     |
| Child 3     | 1   | 2  | 3     |
| Child 4     | 1   | 2  | 3     |
| Child 5     | 1   | 2  | 3     |
| Grandmother | 1   | 2  | 3     |
| Grandfather | 1   | 2  | 3     |
| Others      | 1   | 2  | 3     |
| Man Alone   | 1   | 2  | 3     |
| Woman alone | 1   | 2  | 3     |

ih. Would you be interested in requiring the introduction of Albanian language courses in the school curriculum<sup>35</sup>?

|             | Yes | No | DK/DA |
|-------------|-----|----|-------|
| Husband     | 1   | 2  | 3     |
| Wife        | 1   | 2  | 3     |
| Child 1     | 1   | 2  | 3     |
| Child 2     | 1   | 2  | 3     |
| Child 3     | 1   | 2  | 3     |
| Child 4     | 1   | 2  | 3     |
| Child 5     | 1   | 2  | 3     |
| Grandmother | 1   | 2  | 3     |
| Grandfather | 1   | 2  | 3     |
| Others      | 1   | 2  | 3     |
| Man Alone   | 1   | 2  | 3     |
| Woman alone | 1   | 2  | 3     |

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<sup>35</sup> When addressing this question to husband, wife, grandparents, man/woman alone, we mean whether they would require these courses for their children and/or their future children growing up in Greece.

ii. Would you be interested in requiring the introduction of courses covering the history of the Balkan countries (and not only Greece's/Italy's) in the school curriculum?

|             | Yes | No | DK/DA |
|-------------|-----|----|-------|
| Husband     | 1   | 2  | 3     |
| Wife        | 1   | 2  | 3     |
| Child 1     | 1   | 2  | 3     |
| Child 2     | 1   | 2  | 3     |
| Child 3     | 1   | 2  | 3     |
| Child 4     | 1   | 2  | 3     |
| Child 5     | 1   | 2  | 3     |
| Grandmother | 1   | 2  | 3     |
| Grandfather | 1   | 2  | 3     |
| Others      | 1   | 2  | 3     |
| Man Alone   | 1   | 2  | 3     |
| Woman alone | 1   | 2  | 3     |

ik. Interviewee's assessment of Greek/Italian language knowledge for each of the household members

|               | Excellent | Good | Moderate | None |
|---------------|-----------|------|----------|------|
| Understanding | 1         | 2    | 3        | 0    |
| Speech        | 1         | 2    | 3        | 0    |
| Writing       | 1         | 2    | 3        | 0    |

The following questions are specifically correlated with the particulars of the immigrants' everyday life (hours spent at work etc), while viewed from a wider perspective they offer indications of social mobility and therefore social integration:

11. a. How do you learn Greek/Italian?

|             | Children | TV | Greek/Italian Press | In the context of work | Educational programs participation | Other |
|-------------|----------|----|---------------------|------------------------|------------------------------------|-------|
| Husband     |          |    |                     |                        |                                    |       |
| Wife        |          |    |                     |                        |                                    |       |
| Grandfather |          |    |                     |                        |                                    |       |
| Grandmother |          |    |                     |                        |                                    |       |
| Other       |          |    |                     |                        |                                    |       |
| Man alone   |          |    |                     |                        |                                    |       |
| Woman alone |          |    |                     |                        |                                    |       |

Note with 1 the most and with 3 the least important source of instruction.

b. Do you think there are enough opportunities to learn Greek/Italian?

|             | Yes | No | DK/DA |
|-------------|-----|----|-------|
| Husband     | 1   | 2  | 3     |
| Wife        | 1   | 2  | 3     |
| Grandfather | 1   | 2  | 3     |
| Grandmother | 1   | 2  | 3     |
| Other       | 1   | 2  | 3     |
| Man alone   | 1   | 2  | 3     |
| Woman alone | 1   | 2  | 3     |

c. Would you like more opportunities to learn Greek/Italian?

|             | Yes | No | DK/DA |
|-------------|-----|----|-------|
| Husband     | 1   | 2  | 3     |
| Wife        | 1   | 2  | 3     |
| Grandfather | 1   | 2  | 3     |
| Grandmother | 1   | 2  | 3     |
| Other       | 1   | 2  | 3     |
| Man alone   | 1   | 2  | 3     |
| Woman alone | 1   | 2  | 3     |

## 12. Particulars of everyday life

The following questions are posed for the period 'Mon.- Fri.':

a. How many hours do you work every day?

|             | More than 8hrs | 8hrs | Less than 8hrs |
|-------------|----------------|------|----------------|
| Husband     | 1              | 2    | 3              |
| Wife        | 1              | 2    | 3              |
| Child 1     | 1              | 2    | 3              |
| Child 2     | 1              | 2    | 3              |
| Child 3     | 1              | 2    | 3              |
| Child 4     | 1              | 2    | 3              |
| Man alone   | 1              | 2    | 3              |
| Grandmother | 1              | 2    | 3              |
| Grandfather | 1              | 2    | 3              |
| Others      | 1              | 2    | 3              |
| Woman alone | 1              | 2    | 3              |

b. And how many hours do you lose on the way for and return from work?

|             | Up to 1hr | Up to 2 hrs | Up to 3hrs | Up to 4hrs |
|-------------|-----------|-------------|------------|------------|
| Husband     | 1         | 2           | 3          | 4          |
| Wife        | 1         | 2           | 3          | 4          |
| Child 1     | 1         | 2           | 3          | 4          |
| Child 2     | 1         | 2           | 3          | 4          |
| Child 3     | 1         | 2           | 3          | 4          |
| Child 4     | 1         | 2           | 3          | 4          |
| Man alone   | 1         | 2           | 3          | 4          |
| Grandmother | 1         | 2           | 3          | 4          |
| Grandfather | 1         | 2           | 3          | 4          |
| Others      | 1         | 2           | 3          | 4          |
| Woman alone | 1         | 2           | 3          | 4          |

Weekend:

c. How many hours (total) do you work in the weekend?

|             | More than 8hrs | 8hrs | Less than 8hrs |
|-------------|----------------|------|----------------|
| Husband     | 1              | 2    | 3              |
| Wife        | 1              | 2    | 3              |
| Child 1     | 1              | 2    | 3              |
| Child 2     | 1              | 2    | 3              |
| Child 3     | 1              | 2    | 3              |
| Child 4     | 1              | 2    | 3              |
| Man alone   | 1              | 2    | 3              |
| Grandmother | 1              | 2    | 3              |
| Grandfather | 1              | 2    | 3              |
| Others      | 1              | 2    | 3              |
| Woman alone | 1              | 2    | 3              |

d. And how many hours of your weekend do you lose on the way for and return from work?

|             | Up to 1hr | Up to 2 hrs | Up to 3hrs | Up to 4hrs |
|-------------|-----------|-------------|------------|------------|
| Husband     | 1         | 2           | 3          | 4          |
| Wife        | 1         | 2           | 3          | 4          |
| Child 1     | 1         | 2           | 3          | 4          |
| Child 2     | 1         | 2           | 3          | 4          |
| Child 3     | 1         | 2           | 3          | 4          |
| Child 4     | 1         | 2           | 3          | 4          |
| Man alone   | 1         | 2           | 3          | 4          |
| Grandmother | 1         | 2           | 3          | 4          |
| Grandfather | 1         | 2           | 3          | 4          |
| Others      | 1         | 2           | 3          | 4          |
| Woman alone | 1         | 2           | 3          | 4          |

13. a. How do you spend your day when not working (apart from sleep)?

|             | TV | Cooking/<br>having meals/<br>Housework | Helping their<br>children with<br>homework | Reading newspaper<br>s/books | Occupied<br>with<br>association<br>activities | Participate<br>in<br>educational<br>programs | Entertainment<br>(café, cinemas,<br>theatres, other) | Other |
|-------------|----|--|--|------------------------------|---|--|--|-------|
| Husband     |    |  |  |                              |   |  |  |       |
| Wife        |    |  |  |                              |   |  |  |       |
| Child 1     |    |  |  |                              |   |  |  |       |
| Child 2     |    |  |  |                              |   |  |  |       |
| Child 3     |    |  |  |                              |   |  |  |       |
| Child 4     |    |  |  |                              |   |  |  |       |
| Man alone   |    |  |  |                              |   |  |  |       |
| Woman alone |    |  |  |                              |   |  |  |       |
| Grandmother |    |  |  |                              |   |  |  |       |
| Grandfather |    |  |  |                              |   |  |  |       |
| Others      |    |  |  |                              |   |  |  |       |

Mark with '1-3,4' the activities occupying most of your time commencing with '1' for the most time consuming.

b. What kind of TV channels do you most watch?

|             | <b>Greek/Italian</b> | <b>Albanian (satellite)</b> | <b>Others via satellite</b> |
|-------------|----------------------|-----------------------------|-----------------------------|
| Husband     | 1                    | 2                           | 3                           |
| Wife        | 1                    | 2                           | 3                           |
| Child 1     | 1                    | 2                           | 3                           |
| Child 2     | 1                    | 2                           | 3                           |
| Child 3     | 1                    | 2                           | 3                           |
| Child 4     | 1                    | 2                           | 3                           |
| Man alone   | 1                    | 2                           | 3                           |
| Woman alone | 1                    | 2                           | 3                           |
| Grandmother | 1                    | 2                           | 3                           |
| Grandfather | 1                    | 2                           | 3                           |
| Others      | 1                    | 2                           | 3                           |

c. What kind of newspapers do you most read?

|             | <b>Greek/Italian</b> | <b>Albanian</b> | <b>Others</b> |
|-------------|----------------------|-----------------|---------------|
| Husband     | 1                    | 2               | 3             |
| Wife        | 1                    | 2               | 3             |
| Child 1     | 1                    | 2               | 3             |
| Child 2     | 1                    | 2               | 3             |
| Child 3     | 1                    | 2               | 3             |
| Child 4     | 1                    | 2               | 3             |
| Man alone   | 1                    | 2               | 3             |
| Woman alone | 1                    | 2               | 3             |
| Grandmother | 1                    | 2               | 3             |
| Grandfather | 1                    | 2               | 3             |
| Others      | 1                    | 2               | 3             |

d. Question posed to each member of the household:

If you read Albanian newspapers, do you focus:

More                      the same                      less, on issues referring to Albania than/with issues referring to the host country?

|             | More | The same | Less |
|-------------|------|----------|------|
| Husband     | 1    | 2        | 3    |
| Wife        | 1    | 2        | 3    |
| Child 1     | 1    | 2        | 3    |
| Child 2     | 1    | 2        | 3    |
| Child 3     | 1    | 2        | 3    |
| Child 4     | 1    | 2        | 3    |
| Man alone   | 1    | 2        | 3    |
| Woman alone | 1    | 2        | 3    |
| Grandmother | 1    | 2        | 3    |
| Grandfather | 1    | 2        | 3    |
| Others      | 1    | 2        | 3    |

e. How often do you go on holidays?

|             | Once a year | Up to 3 times a year | More than 3 times a year | Very rarely go | At all |
|-------------|-------------|----------------------|--------------------------|----------------|--------|
| Husband     | 1           | 2                    | 3                        | 4              | 0      |
| Wife        | 1           | 2                    | 3                        | 4              | 0      |
| Child 1     | 1           | 2                    | 3                        | 4              | 0      |
| Child 2     | 1           | 2                    | 3                        | 4              | 0      |
| Child 3     | 1           | 2                    | 3                        | 4              | 0      |
| Child 4     | 1           | 2                    | 3                        | 4              | 0      |
| Man alone   | 1           | 2                    | 3                        | 4              | 0      |
| Woman alone | 1           | 2                    | 3                        | 4              | 0      |
| Grandmother | 1           | 2                    | 3                        | 4              | 0      |
| Grandfather | 1           | 2                    | 3                        | 4              | 0      |
| Others      | 1           | 2                    | 3                        | 4              | 0      |

Where do you go?

Greece/Italy                      Albania                      Elsewhere

|             | <b>Greece/Italy</b> | <b>Albania</b> | <b>Elsewhere</b> |
|-------------|---------------------|----------------|------------------|
| Husband     | 1                   | 2              | 0                |
| Wife        | 1                   | 2              | 0                |
| Child 1     | 1                   | 2              | 0                |
| Child 2     | 1                   | 2              | 0                |
| Child 3     | 1                   | 2              | 0                |
| Child 4     | 1                   | 2              | 0                |
| Man alone   | 1                   | 2              | 0                |
| Woman alone | 1                   | 2              | 0                |
| Grandmother | 1                   | 2              | 0                |
| Grandfather | 1                   | 2              | 0                |
| Others      | 1                   | 2              | 0                |

f. Would you like to go more often?

|             | <b>Yes</b> | <b>No</b> | <b>DK/DA</b> |
|-------------|------------|-----------|--------------|
| Husband     | 1          | 2         | 0            |
| Wife        | 1          | 2         | 0            |
| Child 1     | 1          | 2         | 0            |
| Child 2     | 1          | 2         | 0            |
| Child 3     | 1          | 2         | 0            |
| Child 4     | 1          | 2         | 0            |
| Man alone   | 1          | 2         | 0            |
| Woman alone | 1          | 2         | 0            |
| Grandmother | 1          | 2         | 0            |
| Grandfather | 1          | 2         | 0            |
| Others      | 1          | 2         | 0            |

g. Can you go more often?

|             | Yes | No |
|-------------|-----|----|
| Husband     | 1   | 2  |
| Wife        | 1   | 2  |
| Child 1     | 1   | 2  |
| Child 2     | 1   | 2  |
| Child 3     | 1   | 2  |
| Child 4     | 1   | 2  |
| Man alone   | 1   | 2  |
| Woman alone | 1   | 2  |
| Grandmother | 1   | 2  |
| Grandfather | 1   | 2  |
| Others      | 1   | 2  |

h. Why not?

|             | Money | Time | Other |
|-------------|-------|------|-------|
| Husband     | 1     | 2    | 3     |
| Wife        | 1     | 2    | 3     |
| Child 1     | 1     | 2    | 3     |
| Child 2     | 1     | 2    | 3     |
| Child 3     | 1     | 2    | 3     |
| Child 4     | 1     | 2    | 3     |
| Man alone   | 1     | 2    | 3     |
| Woman alone | 1     | 2    | 3     |
| Grandmother | 1     | 2    | 3     |
| Grandfather | 1     | 2    | 3     |
| Others      | 1     | 2    | 3     |

14. a. Would you characterize your social life in the host country more or less introverted/closed than your life in Albania?

|             | More | Less | The same |
|-------------|------|------|----------|
| Husband     | 1    | 2    | 3        |
| Wife        | 1    | 2    | 3        |
| Child 1     | 1    | 2    | 3        |
| Child 2     | 1    | 2    | 3        |
| Child 3     | 1    | 2    | 3        |
| Others      | 1    | 2    | 3        |
| Man alone   | 1    | 2    | 3        |
| Woman alone | 1    | 2    | 3        |
| Grandmother | 1    | 2    | 3        |
| Grandfather | 1    | 2    | 3        |

b. Overall, how much do you agree or disagree with the following statements?

|  | Disagree entirely |   | Disagree in part |   | Neither agree nor disagree |   | Agree in part |   | Agree entirely |   | DK/NA |   |
|--|-------------------|---|------------------|---|----------------------------|---|---------------|---|----------------|---|-------|---|
|  | M                 | F | M                | F | M                          | F | M             | F | M              | F | M     | F |
| B1_1 Only your kin can be trusted                              | 1                 | 1 | 2                | 2 | 3                          | 3 | 4             | 4 | 5              | 5 | 0     | 0 |
| B1_2 Albanians can be trusted more than foreigners             | 1                 | 1 | 2                | 2 | 3                          | 3 | 4             | 4 | 5              | 5 | 0     | 0 |
| B1_3 Greeks/Italians can be trusted                            | 1                 | 1 | 2                | 2 | 3                          | 3 | 4             | 4 | 5              | 5 | 0     | 0 |
| B1_4 Other immigrants can be trusted more than Greeks/Italians | 1                 | 1 | 2                | 2 | 3                          | 3 | 4             | 4 | 5              | 5 | 0     | 0 |

c. I would rather deal with people I know than with strangers when

|                                | Disagree entirely |   | Disagree in part |   | Neither agree nor disagree |   | Agree in part |   | Agree entirely |   | DK/NA |   |
|--------------------------------|-------------------|---|------------------|---|----------------------------|---|---------------|---|----------------|---|-------|---|
|                                | M                 | F | M                | F | M                          | F | M             | F | M              | F | M     | F |
| B1_3a renting an apartment     | 1                 | 1 | 2                | 2 | 3                          | 3 | 4             | 4 | 5              | 5 | 0     | 0 |
| B1_3b buying a second-hand car | 1                 | 1 | 2                | 2 | 3                          | 3 | 4             | 4 | 5              | 5 | 0     | 0 |
| B1_3c buying land              | 1                 | 1 | 2                | 2 | 3                          | 3 | 4             | 4 | 5              | 5 | 0     | 0 |

The answers collected from the above «particulars of everyday life» questions (12, 13) will contribute in exploring a) the potential of learning the language of the host country, b) the use of free time as an indication of integration in the mainstream patterns of the host society everyday life and c) the living standards themselves, which all constitute indications of social integration and therefore indirect indications towards the duration of stay, the bonds with the country of origin and the contingent of repatriation. In addition, all questions are broken down by gender and age.

### ***Access to welfare services***

This issue functions as an indication of integration of the Albanian immigrants in the Greek/Italian society. It is particularly interesting for the issue of participation in the civil society. It also constitutes a cross-check of integration (social exclusion terms) in that it serves for an exploration of phenomena of racism and xenophobia within the welfare services personnel. It is crucial from the developmental viewpoint as every other integration/exclusion indication. Integration means good use of human resources while socio-economic exclusion equals to human resources being wasted.

**15. a.** Do you have a health booklet?

Yes                      No                      DK/DA.

**b.** Have you ever been seriously ill/had an accident during your stay in Italy/Greece?

Yes                      No                      DK/DA

c. If yes, where did you undergo treatment?

Private hospital                      Public Hospital                      Private doctor  
Alone                      Immigrant/refugee associations/organisations                      Other

d. Which of the above will you prefer in the case of another serious illness/accident?

Private hospital                      Public Hospital                      Private doctor  
Alone                      Immigrant/refugee associations/organisations                      Other

e. Did you come up with any problems in the service provided?

Staff behaviour                      Medical equipment adequacy                      None                      Other

f. How often do you go for check-up (or to your doctor)?

Once a month                      Once per 2 months                      Once per 3 months  
Once per 6 months                      Once per year.

g. Did you use to go: More times    Less times    The samewhen you where in Albania  
(or your whichever sending country)?

i. Do you have investments in Bank? Yes                      No

16. a. What is your citizenship?

1 Albanian    2 Greek/Italian    3 Other    4 Vorioepiotes

If they don't have the Gr/It citizenship:

Is the acquisition of the Greek/Italian citizenship part of your future plans?

Yes                      No                      DK/DA

**b.** Do you have documents for staying/working in Italy/Greece?

Yes                  No                  DK/DA

**c.** For how long does it last?

It ended                  6months                  1 year                  3 years

**d.** Do you face difficulties in the document renewal process in the relevant public services of the State?

Yes                  No                  DK/DA

Yes, I did during this year      Yes, during the last two years      Yes, always\_

**e.** What kind of difficulties do you face?

|                                       |                         |       |
|---------------------------------------|-------------------------|-------|
| Staff behavior/servicing              | Servicing time schedule |       |
| Servicing spaces/equipment (quantity) | Information sources     | Other |

Mark with 1 the most important and with 3 the less common difficulty.

**f.** Is the queuing order kept when Greek clients are waiting next to you?

Yes      Yes, most of the times      No      No, most of the times\_

**g.** Have you ever paid a third party (apart from the servicing staff) in order to be serviced?

Yes                  No                  DK/DA\_

**h.** If yes, did it happen the first time you came in touch with the host public services?

Yes                  No                  DK/DA

i. If this is still going on, how often does it occur?

Every now and then                      Always                      Rarely

ia. What do you think is the biggest problem in the legalisation process?

1 The immigration services                      2 The legislation itself                      3 Other

If 2, 3 are answered, ask what in particular constitutes the biggest problem.

The above questions (q. 15, 16) are important for they offer indications of integration in the mainstream patterns of the host society everyday life (using health services, bank facilities, participation in civil society, etc), and offer grounds for investigating the contingent of racism and discriminatory politics phenomena departing from the reluctance of immigrants to visit health services.

17. Social contacts with host population (to be cross-checked with 'particulars of everyday life' answers).

a. Meeting Greeks/Italians out of working context

|                                | Once a week |   | Once a month |   | Not too often |   | Rarely/ never |   |
|--------------------------------|-------------|---|--------------|---|---------------|---|---------------|---|
|                                | M           | F | M            | F | M             | F | M             | F |
| Albanian with family in Greece |             |   |              |   |               |   |               |   |
| Albanian alone                 |             |   |              |   |               |   |               |   |
| Albanian arrived this year     |             |   |              |   |               |   |               |   |
| After 3-4 years stay           |             |   |              |   |               |   |               |   |
| More than 4years stay          |             |   |              |   |               |   |               |   |
| Good language knowledge        |             |   |              |   |               |   |               |   |
| Moderate                       |             |   |              |   |               |   |               |   |
| Poor/none                      |             |   |              |   |               |   |               |   |

b. Do you have relationships (apart from working ones) with Italians/Greeks?

Yes                  No                  DK/DA

|       | Yes | No | DK/DA |
|-------|-----|----|-------|
| Man   | 1   | 2  | 3     |
| Woman | 1   | 2  | 3     |

c. If yes, what kind of relationships are these?

Friend                  Relative (married, godfather/godmother, other)                  Other

|       | Friend | Relative | Other |
|-------|--------|----------|-------|
| Man   | 1      | 2        | 3     |
| Woman | 1      | 2        | 3     |

d. Working relationship (if any) with your Italian/Greek friend

Employer                  Colleague                  None

|       | Employer | Colleague | None |
|-------|----------|-----------|------|
| Man   | 1        | 2         | 3    |
| Woman | 1        | 2         | 3    |

e. Do you feel close to any political party of the host country?

Yes                  No                  DK/DA.                  If yes, which one?

|       | Yes | No | DK/DA |
|-------|-----|----|-------|
| Man   | 1   | 2  | 3     |
| Woman | 1   | 2  | 3     |

f. Working relationship (if any) with members of other immigrant groups

|       | Employer | Colleague | None |
|-------|----------|-----------|------|
|       | Employer | Colleague | None |
| Man   | 1        | 2         | 3    |
| Woman | 1        | 2         | 3    |

g. Non-working Relationships with members of other immigrant groups

|       | Yes | No | DK/DA |
|-------|-----|----|-------|
|       | Yes | No | DK/DA |
| Man   | 1   | 2  | 3     |
| Woman | 1   | 2  | 3     |

h. If yes, what kind of relationships are these?

|       | Friend | Relative (married, other) | Other. |
|-------|--------|---------------------------|--------|
|       | Friend | Relative                  | Other  |
| Man   | 1      | 2                         | 3      |
| Woman | 1      | 2                         | 3      |

i. During your experience in Greece/Italy, how often have you met...?

|                                   | Never |   | Seldom |   | Some-times |   | Often |   | DK/NA |   |
|-----------------------------------|-------|---|--------|---|------------|---|-------|---|-------|---|
|                                   | M     | F | M      | F | M          | F | M     | F | M     | F |
| G6. Roma people                   | 1     | 1 | 2      | 2 | 4          | 4 | 5     | 5 | 0     | 0 |
| G7. Albanians from Albania        | 1     | 1 | 2      | 2 | 4          | 4 | 5     | 5 | 0     | 0 |
| G8. Vorioepirotos from Albania    | 1     | 1 | 2      | 2 | 4          | 4 | 5     | 5 | 0     | 0 |
| G9. Albanians from Kosovo         | 1     | 1 | 2      | 2 | 4          | 4 | 5     | 5 | 0     | 0 |
| G10. Albanians from FYR Macedonia | 1     | 1 | 2      | 2 | 4          | 4 | 5     | 5 | 0     | 0 |
| G.11. Bosnians                    | 1     | 1 | 2      | 2 | 4          | 4 | 5     | 5 | 0     | 0 |
| G12. Romanians                    | 1     | 1 | 2      | 2 | 4          | 4 | 5     | 5 | 0     | 0 |
| G13. Bulgarians                   | 1     | 1 | 2      | 2 | 4          | 4 | 5     | 5 | 0     | 0 |
| G14. Serbs                        | 1     | 1 | 2      | 2 | 4          | 4 | 5     | 5 | 0     | 0 |
| G15. Nigerians/Pakistanis/Indians | 1     | 1 | 2      | 2 | 4          | 4 | 5     | 5 | 0     | 0 |
| G16. Moroccans                    | 1     | 1 | 2      | 2 | 4          | 4 | 5     | 5 | 0     | 0 |
| G17. Russians/Ukrainians          | 1     | 1 | 2      | 2 | 4          | 4 | 5     | 5 | 0     | 0 |
| G18. Poles                        | 1     | 1 | 2      | 2 | 4          | 4 | 5     | 5 | 0     | 0 |

ia. On a scale from one to ten in which ten is the most trustworthy and one the least please rank the following groups of people

|                                   | Scale |   |   |   |   |   |   |   |   |    | DK/NA |
|-----------------------------------|-------|---|---|---|---|---|---|---|---|----|-------|
| G6. Roma people                   | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| G7. Albanians from Albania        | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| G8. Vorioepirotos from Albania    | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| G9. Albanians from Kosovo         | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| G10. Albanians from FYR Macedonia | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| G.11. Bosnians                    | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| G12. Romanians                    | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| G13. Bulgarians                   | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| G14. Serbs                        | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| G15. Nigerians/Pakistanis/Indians | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| G16. Morrocans                    | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| G17. Russians/Ukrainians          | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |
| G18. Poles                        | 1     | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 0     |

**18. Verification of legality/illegality stay status in host country**

a. How did you come to Greece/Italy?

Being checked at borders

Without checks at borders

DK/DA

b. If he/she was checked: What documents did he/she have?

VISA

Labor contract

Other

c. How long did it take to have a permit of stay issued (permesso di soggiorno) starting from the day you entered the host country?

1-4 months

4-8 months

8-12 months

more than 1 year

d. Have you ever had any bad experiences with the police?

YES                      NO

e. If you did how many?

Once                      Up to 4 times                      More than 5 times.

***Economic mobility (integration in the labor market)***

**19. a. Occupation in Albania or other country before coming to Italy/Greece**

|             | Worker in industry | Employee of the state <sup>36</sup> | Farmer/stock-farmer | Professional <sup>37</sup> | Craftsman <sup>38</sup> | House-wife | Pupil/student | Un-employed <sup>39</sup> | other | Employee |
|-------------|--------------------|-------------------------------------|---------------------|----------------------------|-------------------------|------------|---------------|---------------------------|-------|----------|
| Husband     | 1                  | 2                                   | 3                   | 4                          | 5                       | 6          | 7             | 8                         | 9     | 0        |
| Wife        | 1                  | 2                                   | 3                   | 4                          | 5                       | 6          | 7             | 8                         | 9     | 0        |
| Child 1     | 1                  | 2                                   | 3                   | 4                          | 5                       | 6          | 7             | 8                         | 9     | 0        |
| Child 2     | 1                  | 2                                   | 3                   | 4                          | 5                       | 6          | 7             | 8                         | 9     | 0        |
| Child 3     | 1                  | 2                                   | 3                   | 4                          | 5                       | 6          | 7             | 8                         | 9     | 0        |
| Child 4     | 1                  | 2                                   | 3                   | 4                          | 5                       | 6          | 7             | 8                         | 9     | 0        |
| Man alone   | 1                  | 2                                   | 3                   | 4                          | 5                       | 6          | 7             | 8                         | 9     | 0        |
| Woman alone | 1                  | 2                                   | 3                   | 4                          | 5                       | 6          | 7             | 8                         | 9     | 0        |
| Grandmother | 1                  | 2                                   | 3                   | 4                          | 5                       | 6          | 7             | 8                         | 9     | 0        |
| Grandfather | 1                  | 2                                   | 3                   | 4                          | 5                       | 6          | 7             | 8                         | 9     | 0        |
| Others      | 1                  | 2                                   | 3                   | 4                          | 5                       | 6          | 7             | 8                         | 9     | 0        |

<sup>36</sup> Including police and military officers, teachers

<sup>37</sup> Including doctors, engineers, professors etc

<sup>38</sup> Including construction workers, artisans etc

<sup>39</sup> Over 16 years old and without carrying on with studies

b. Did your job in Albania satisfy you more than the current one in Greece/Italy?

|             | Yes | No | DK/DA |
|-------------|-----|----|-------|
| Husband     | 1   | 2  | 3     |
| Wife        | 1   | 2  | 3     |
| Man alone   | 1   | 2  | 3     |
| Woman alone | 1   | 2  | 3     |
| Grandmother | 1   | 2  | 3     |
| Grandfather | 1   | 2  | 3     |
| Others      | 1   | 2  | 3     |

c. In terms of what does your current job in Greece/Italy satisfy you more than the one you had in Albania?

|             | Higher pay | Higher mobility chances | Better equipment to work with | Other |
|-------------|------------|-------------------------|-------------------------------|-------|
| Husband     | 1          | 2                       | 3                             | 4     |
| Wife        | 1          | 2                       | 3                             | 4     |
| Man alone   | 1          | 2                       | 3                             | 4     |
| Woman alone | 1          | 2                       | 3                             | 4     |
| Grandmother | 1          | 2                       | 3                             | 4     |
| Grandfather | 1          | 2                       | 3                             | 4     |
| Others      | 1          | 2                       | 3                             | 4     |

d. In terms of what does your job in Greece/Italy satisfy you less than the one you had in Albania?

|             | <b>Worse working environment (relations in work)</b> | <b>Worse working conditions</b> | <b>Lower social status of the job done</b> | <b>Other</b> |
|-------------|--|---------------------------------|--|--------------|
| Husband     | 1  | 2                               | 3  | 4            |
| Wife        | 1  | 2                               | 3  | 4            |
| Man alone   | 1  | 2                               | 3  | 4            |
| Woman alone | 1  | 2                               | 3  | 4            |
| Grandmother | 1  | 2                               | 3  | 4            |
| Grandfather | 1  | 2                               | 3  | 4            |
| Others      | 1  | 2                               | 3  | 4            |

20. a. What job(s) have you been doing in Greece/Italy? (man)

| Employment            | Period of employment | Employment Conditions |                |                                   |           |  |         |  | The employer        |                               |              |        |
|-----------------------|----------------------|-----------------------|----------------|-----------------------------------|-----------|--|---------|--|---------------------|-------------------------------|--------------|--------|
|                       |                      | Self-employment       | With insurance | Seasonal/part-time(1), regular(2) | Timetable |  | Pay     |  | Number of Employees | Number of Foreigner Employees | Working Area | Sector |
|                       |                      |                       |                |                                   | His own   | Greeks/Italians' in respective positions | His own | Greeks/Italians' in respective positions |                     |                               |              |        |
| Builder/painter       | 1                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
|                       | 2                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
| Small industry worker | 1                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
|                       | 2                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
| Craftsman as.         | 1                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
|                       | 2                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
| Waiter                | 1                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
|                       | 2                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
| Transportations*      | 1                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
|                       | 2                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
| Deliveries            | 1                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
|                       | 2                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |

|                |   |  |  |  |  |  |  |  |  |  |  |  |  |
|----------------|---|--|--|--|--|--|--|--|--|--|--|--|--|
| Kitchen-maid   | 1 |  |  |  |  |  |  |  |  |  |  |  |  |
|                | 2 |  |  |  |  |  |  |  |  |  |  |  |  |
| Cleaner        | 1 |  |  |  |  |  |  |  |  |  |  |  |  |
|                | 2 |  |  |  |  |  |  |  |  |  |  |  |  |
| Field labourer | 1 |  |  |  |  |  |  |  |  |  |  |  |  |
|                | 2 |  |  |  |  |  |  |  |  |  |  |  |  |
| Stock-farmer   | 1 |  |  |  |  |  |  |  |  |  |  |  |  |
|                | 2 |  |  |  |  |  |  |  |  |  |  |  |  |
| Unemployed     | 1 |  |  |  |  |  |  |  |  |  |  |  |  |
|                | 2 |  |  |  |  |  |  |  |  |  |  |  |  |
| Businessman    | 1 |  |  |  |  |  |  |  |  |  |  |  |  |
|                | 2 |  |  |  |  |  |  |  |  |  |  |  |  |
| Other          | 1 |  |  |  |  |  |  |  |  |  |  |  |  |
|                | 2 |  |  |  |  |  |  |  |  |  |  |  |  |

(\*)Transportations: we refer to porters that are without fixed timetable. They are on call.

b. What job(s) have you been doing in Greece/Italy? (woman)

| Employment            | Period of employment | Employment Conditions |                |                                   |           |  |         |  | The employer        |                               |              |        |
|-----------------------|----------------------|-----------------------|----------------|-----------------------------------|-----------|--|---------|--|---------------------|-------------------------------|--------------|--------|
|                       |                      | Self-employment       | With insurance | Seasonal/part-time(1), regular(2) | Timetable |  | Pay     |  | Number of Employees | Number of Foreigner Employees | Working Area | Sector |
|                       |                      |                       |                |                                   | His own   | Greeks/Italians' in respective positions | His own | Greeks/Italians' in respective positions |                     |                               |              |        |
| Domestic help         | 1                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
|                       | 2                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
| Small industry worker | 1                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
|                       | 2                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
| Waitress              | 1                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
|                       | 2                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
| Kitchen maid          | 1                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
|                       | 2                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
| Cleaner               | 1                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
|                       | 2                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
| Field labourer        | 1                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |
|                       | 2                    |                       |                |                                   |           |  |         |  |                     |                               |              |        |

|               |   |  |  |  |  |  |  |  |  |  |  |  |  |
|---------------|---|--|--|--|--|--|--|--|--|--|--|--|--|
| Housewife     | 1 |  |  |  |  |  |  |  |  |  |  |  |  |
|               | 2 |  |  |  |  |  |  |  |  |  |  |  |  |
| Translator    | 1 |  |  |  |  |  |  |  |  |  |  |  |  |
|               | 2 |  |  |  |  |  |  |  |  |  |  |  |  |
| Businesswoman | 1 |  |  |  |  |  |  |  |  |  |  |  |  |
|               | 2 |  |  |  |  |  |  |  |  |  |  |  |  |
| Unemployed    | 1 |  |  |  |  |  |  |  |  |  |  |  |  |
|               | 2 |  |  |  |  |  |  |  |  |  |  |  |  |
| Office        | 1 |  |  |  |  |  |  |  |  |  |  |  |  |
|               | 2 |  |  |  |  |  |  |  |  |  |  |  |  |
| Other         | 1 |  |  |  |  |  |  |  |  |  |  |  |  |
|               | 2 |  |  |  |  |  |  |  |  |  |  |  |  |

c. Current monthly income in Greece/Italy (man/woman)

d. Money spent during 2003 (consumption)

|  |      |                       |                   |
|--|------|-----------------------|-------------------|
| Food/clothing  | Rent | Telephone/electricity | Car/motorbike buy |
| Emergency  |      |                       |                   |
| Entertainment (holidays, cinema/theatres, restaurants/cafés) |      |                       | Other             |

The above questions offer us information about their background (skills, education etc), their employment conditions and characteristics and their mobility in the labor market. The questions 20.c. and 20.d. contribute in the dispersal of xenophobic views according to which «immigrants only take jobs and money and don't leave anything to the country» and indicate that immigrants don't live in different and isolated worlds from the natives but are (no matter if someone wants it or not) an integral part of the host society.

21. a. Was there this occupation before your taking over?

Yes                  No                  DK/DA

b. If yes, who was exercising this occupation?

Greek/Italian                  Other immigrant                  DK/DA

22. a. How do you find work in Greece/Italy?

|  | Man | Woman |
|--|-----|-------|
| 1 Friends                                |     |       |
| 2 Relatives                              |     |       |
| 3 'Piatses' <sup>40</sup>                |     |       |
| 4 Newspaper                              |     |       |
| 5 State organisations                    |     |       |
| 6 Immigrant associations                 |     |       |
| 7 Alone                                  |     |       |
| 8 People from same location/village/city |     |       |
| 9 Other                                  |     |       |

b. How do you move from one job to another?

|                                      | Man | Woman |
|--------------------------------------|-----|-------|
| 1 Reference from employer            |     |       |
| 2 Informal (verbal) reference        |     |       |
| 3 Without intervention from employer |     |       |

c. Have you helped someone to find a job? YesNo\_DK/DA.

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<sup>40</sup> Non-institutionalised/outdoor places of gathering (squares, corners etc), where working agreements are made between employers and immigrant workers.

d. If yes, was he...?

|                               |  |
|-------------------------------|--|
| 0 Greek/Italian               |  |
| 1 Roma people                 |  |
| 2 Albanian from Albania       |  |
| 3 Albanian from Kosovo        |  |
| 4 Albanian from FYR Macedonia |  |
| 5 Bosnian                     |  |
| 6 Romanian                    |  |
| 7 Bulgarian                   |  |
| 8 Serb                        |  |
| 9 Nigerian/Pakistani/Indian   |  |
| 10 Moroccan                   |  |
| 11 Russian/Ukrainian          |  |

23. a. Why do you reckon your current employer hired you?

|                                       | Man | Woman |
|---------------------------------------|-----|-------|
| 1 Lower pay from 'natives'            |     |       |
| 2 Job that 'natives' don't do because |     |       |
| 3 Unhealthy/dangerous                 |     |       |
| 4 Low status                          |     |       |
| 5 Hard work                           |     |       |
| 6 Other                               |     |       |
| 7 Rare specialisation                 |     |       |
| 8 Higher productivity                 |     |       |
| 9 Other                               |     |       |

Mark the 3 most important reasons (1 the most important – 3 the least important reason)

**b.** Is your current employer Greek/Italian, Albanian or other?

|                 | Man | Woman |
|-----------------|-----|-------|
| 1 Greek/Italian |     |       |
| 2 Albanian      |     |       |
| 3 Other         |     |       |

The above questions (22, 23) refer to the certain patterns with which the labor relations are organised.

**24. a.** Do you have now the same duties in your work that you had when you commenced it?

|       | Yes | No   |      |
|-------|-----|------|------|
|       |     | More | Less |
| Man   | 0   | 1    | 2    |
| Woman | 0   | 1    | 2    |

**b.** Are you getting paid for the extra duties?

|       | Yes | No |
|-------|-----|----|
| Man   | 1   | 2  |
| Woman | 1   | 2  |

**c.** Are you getting paid for overtime?

|       | Yes | No |
|-------|-----|----|
| Man   | 1   | 2  |
| Woman | 1   | 2  |

d. Are you offered insurance?

|       | Yes | No |
|-------|-----|----|
| Man   | 1   | 2  |
| Woman | 1   | 2  |

By these questions (24a, b, c, d) it is possible to explore whether the case of a permanent job for an Albanian immigrant is translated in labor/economic mobility or does not eventually constitute an advantage. As far as the issue of socio-economic integration is concerned, one should also consider that some jobs (like domestic help, house-cleaner etc) encircle the immigrants and have detrimental consequences for all the levels of their lives (economic, social, political, private and public sphere). The introduction, therefore of a gender perspective in the findings analysis would be useful for the assessment of the immigrant families' chances of integration in the host society. Towards this direction we form the following questions:

e. Do you reckon that your work offers more\_less\_the same\_than/with that of your wife?

f. Do you reckon that your work offers more\_less\_the same\_than/with that of your husband?

g. Who would you say that offers the most in the family?

|             | Husband | Wife | Other | Everybody offers more or less the same |
|-------------|---------|------|-------|--|
| Husband     | 1       | 2    | 3     | 4                                      |
| Wife        | 1       | 2    | 3     | 4                                      |
| Child 1     | 1       | 2    | 3     | 4                                      |
| Child 2     | 1       | 2    | 3     | 4                                      |
| Child 3     | 1       | 2    | 3     | 4                                      |
| Child 4     | 1       | 2    | 3     | 4                                      |
| Grandmother | 1       | 2    | 3     | 4                                      |
| Grandfather | 1       | 2    | 3     | 4                                      |
| Others      | 1       | 2    | 3     | 4                                      |

To be seen in parallel with question 13.a. in order to cross-check whether non-paid services like housework and helping children with homework are appreciated by the family members or not.

**h.** In the case of children under 4, do they go to nursery school? Yes NoDK/DA

If not, who takes care of them in daily basis?

Father\_MotherGrandparentsOther.

**i.** In the incident that your wife found an office job with the same pay that receives now as domestic help, what would you prefer that she did?

Get the new job

Continue her current job

DK/DA

Through these questions we aim, amongst other things like gender equal labor chances, to investigate the way the woman's occupation<sup>41</sup> is considered by the members of the household; we check on a first level whether it is considered as occupation with rights and duties, and on a second level whether it is regarded as equal or secondary to other members' jobs. This checking has serious consequences on the labor rights she poses to her employer and on her efforts to search for a different job, i.e. on her chances for socio-economic integration; in this respect, we further assess the possibility of 'double exclusion' experienced by the females of the household.

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<sup>41</sup> We choose the occupation of domestic help for it is exercised by a high percentage of immigrant women.

25. a. Participation in ethnic associations, trade unions, educational programs

|             | Ethnic associations | Interethnic associations for immigrants/refugees | Other (cultural, religious, sports) | Trade unions | Educational programs |                   |       |
|-------------|---------------------|--|-------------------------------------|--------------|----------------------|-------------------|-------|
|             |                     |  |                                     |              | Language             | Profession skills | Other |
| Husband     | 3                   | 4  | 5                                   | 6            | 0                    | 1                 | 2     |
| Wife        | 3                   | 4  | 5                                   | 6            | 0                    | 1                 | 2     |
| Man alone   | 3                   | 4  | 5                                   | 6            | 0                    | 1                 | 2     |
| Woman alone | 3                   | 4  | 5                                   | 6            | 0                    | 1                 | 2     |
| Grandmother | 3                   | 4  | 5                                   | 6            | 0                    | 1                 | 2     |
| Grandfather | 3                   | 4  | 5                                   | 6            | 0                    | 1                 | 2     |
| Others      | 3                   | 4  | 5                                   | 6            | 0                    | 1                 | 2     |

b. If not, do you intend to participate in any of these? Which one?

|             | Ethnic associations | Interethnic associations for immigrants/refugees | Other (cultural, religious, sports) | Trade unions | Educational programs |                   |       |
|-------------|---------------------|--|-------------------------------------|--------------|----------------------|-------------------|-------|
|             |                     |  |                                     |              | Language             | Profession skills | Other |
| Husband     | 3                   | 4  | 5                                   | 6            | 0                    | 1                 | 2     |
| Wife        | 3                   | 4  | 5                                   | 6            | 0                    | 1                 | 2     |
| Man alone   | 3                   | 4  | 5                                   | 6            | 0                    | 1                 | 2     |
| Woman alone | 3                   | 4  | 5                                   | 6            | 0                    | 1                 | 2     |
| Grandmother | 3                   | 4  | 5                                   | 6            | 0                    | 1                 | 2     |
| Grandfather | 3                   | 4  | 5                                   | 6            | 0                    | 1                 | 2     |
| Others      | 3                   | 4  | 5                                   | 6            | 0                    | 1                 | 2     |

Why do you intend (or not intend) to participate to (each of) the above?

c. If participating in an ethnic or interethnic association, how many hours do you spent on that per week?

|             | Up to 6 hours | Up to 12 hours | More than 12 hours |
|-------------|---------------|----------------|--------------------|
| Husband     | 1             | 2              | 3                  |
| Wife        | 1             | 2              | 3                  |
| Man alone   | 1             | 2              | 3                  |
| Woman alone | 1             | 2              | 3                  |
| Grandmother | 1             | 2              | 3                  |
| Grandfather | 1             | 2              | 3                  |
| Others      | 1             | 2              | 3                  |

d. What does a visit/gathering in the association offer you?

|             | Company/<br>Place of<br>socialisation | News<br>from<br>Albania | Political step<br>from which<br>they place and<br>fight for their<br>rights in the<br>host society | Special<br>financial<br>offerings/<br>contributions<br>/other | Cultural<br>activities | Other |
|-------------|---------------------------------------|-------------------------|--|---|------------------------|-------|
| Husband     |                                       |                         |  |   |                        |       |
| Wife        |                                       |                         |  |   |                        |       |
| Man alone   |                                       |                         |  |   |                        |       |
| Woman alone |                                       |                         |  |   |                        |       |
| Grandmother |                                       |                         |  |   |                        |       |
| Grandfather |                                       |                         |  |   |                        |       |
| Others      |                                       |                         |  |   |                        |       |

Mark in a hierarchical order with 1, 2, 3 the most important reasons for which you go to the association.

e. What are the reasons for which you participate in the association?

|             | <b>Consolidating bonds with homeland</b> | <b>Sociability</b> | <b>Political means of earning rights</b> | <b>Other</b> |
|-------------|--|--------------------|--|--------------|
| Husband     |  |                    |  |              |
| Wife        |  |                    |  |              |
| Man alone   |  |                    |  |              |
| Woman alone |  |                    |  |              |
| Grandmother |  |                    |  |              |
| Grandfather |  |                    |  |              |
| Others      |  |                    |  |              |

Mark in a hierarchical order with 1, 2, 3 the most important reasons for which you participate in the association.

f. With which issues are you mostly occupied there?

|             | <b>Situation in Albania</b> | <b>Situation in Greece/Italy</b> | <b>Equal share of activity between the two</b> |
|-------------|-----------------------------|----------------------------------|--|
| Husband     | 1                           | 2                                | 3  |
| Wife        | 1                           | 2                                | 3  |
| Man alone   | 1                           | 2                                | 3  |
| Woman alone | 1                           | 2                                | 3  |
| Grandmother | 1                           | 2                                | 3  |
| Grandfather | 1                           | 2                                | 3  |
| Others      | 1                           | 2                                | 3  |

g. The message the association disseminates tends to show towards

|             | Settlement issues | Networks with Albania and repatriation issues | Balance between the two objectives |
|-------------|-------------------|---|------------------------------------|
| Husband     | 1                 | 2   | 3                                  |
| Wife        | 1                 | 2   | 3                                  |
| Man alone   | 1                 | 2   | 3                                  |
| Woman alone | 1                 | 2   | 3                                  |
| Grandmother | 1                 | 2   | 3                                  |
| Grandfather | 1                 | 2   | 3                                  |
| Others      | 1                 | 2   | 3                                  |

Questions that offer indications for a) immigrants' plans and action taking which are crucial from a socio-economic integration perspective and b) bonds held with homeland (transnational orientations): quotidian/everyday life reasons for which one visits/participates in the association. Investigating the gap between reality and claims of participation in associations; convergence/divergence of associations' goals with practices held.

## 26. Entrepreneurship

a. Does any member of your household exercise commercial activity?

1 Yes      2 No

If yes, is it commerce of Greek/Italian products with Albania?

1 Yes    2 No

Is it commerce of Albanian products with Greece/Italy?

1 Yes    2 No

**b.** If no, is there any intention of realising such entrepreneurial activities in the near future?

1 Yes            2 No            3 DK/DA

Do you know people you trust enough you would associate in a business with them?

1. None            2. A few            3. Some            4. Plenty

What kind of enterprise do you have in mind?.

**c.** If there already is an enterprise:

What goods/services does it produce?

How many employees does it involve?

Have you taken a bank loan/support (state, EU)?

1 Yes    2 No

Are your clients mainly Albanians and in general immigrants?

1 Yes            2 No            3 Not necessarily

What are the biggest problems that your enterprise faces?

Funding                      Bureaucracy                      Restricted demand of services/goods

Other

Mark according to the importance: 1, 2, 3 (1 the most important, 3 the least important)

Entrepreneurship and self-employment of immigrants. When there is low percentage of self-employment observed amongst an immigrant group, the international immigration experience (e.g. Britain) displays that this group shall face many problems in dealing with unemployment or in creating on its own opportunities for socio-economic mobility. Less self-employment means less stability, less chances for knowledge/skills provision and more likelihood for social exclusion.

**Specific source economy – migration interplay questions**

**27. Remittances**

**a. Do you send money in Albania?**

1 Yes            2 No

**b. Via whom do you send your money in Albania?**

1 relatives            2 friends            3 personally            4 banks

5 agencies            6 post            7 other

**c. If yes, how much did you send this year, the median and after your first year in Greece and Italy in equipment/goods, in money for various reasons or other destinations?**

|  | In equipment and goods | In money for      |             |             | Other |
|--|------------------------|-------------------|-------------|-------------|-------|
|  |                        | Sustaining family | Buying land | Investments |       |
| This year (2003)                       | 0                      | 1                 | 2           | 3           | 4     |
| The median year of stay                | 0                      | 1                 | 2           | 3           | 4     |
| After the 1 <sup>st</sup> year of stay | 0                      | 1                 | 2           | 3           | 4     |

**d. In the case that goods are sent: What kind of goods have you sent to Albania?**

1 electrical equipment            2 computer            3 clothes            4 cars

5 work machinery            6 medicine            7 other

These questions explore the development of transnational networks. Questions like «Do they send remittances home and how often», «Do they have economic or entrepreneurial links with economic activities in Albania» are directly addressed. The answers given are important for they constitute indications for the entrepreneurial bonds with the country of origin, their strategies and immediate plans, and in general they display the opportunities for the formation/expansion of transnational networks of inter-entrepreneurial relations. Furthermore, we witness the familial and wider social bonds with which the immigrants are related to their country of origin, a discourse which shall be more particularly addressed by the following questions.

**28. a.** In the case of assets and entrepreneurial management in Albania, who is the one that has taken over?

- 1 the immigrants themselves
- 2 relatives
- 3 friends
- 4 other physical or legal entity

**b.** Do you intend to

- 1 expand these activities in Albania
- 2 are you more oriented in bringing these investments to Greece/Italy
- 3 develop the entrepreneurial network between Greece/Italy and Albania
- 4 other

29. Why did you choose to migrate to Greece/Italy and not some other country?

|  | Man | Woman |
|--|-----|-------|
| 1 Easier to enter legally  |     |       |
| 2 Easier to enter illegally  |     |       |
| 3 Easier to work legally   |     |       |
| 4 Easier to work illegally   |     |       |
| 5 There are high status jobs   |     |       |
| 6 There are well paid jobs   |     |       |
| 7 Close to Albania (easier to visit Albania)                           |     |       |
| 8 Intermediary stop for elsewhere                                      |     |       |
| 9 Greek/Italian mentality is closer to the Albanian                    |     |       |
| 0 Greek/Italian origin   |     |       |
| 10 Presence of friends and relatives in Greece/Italy (chain migration) |     |       |

30. a. Do you intend to settle down in Greece/Italy?

|             | Yes | No | DN/DA |
|-------------|-----|----|-------|
| Husband     | 1   | 2  | 3     |
| Wife        | 1   | 2  | 3     |
| Child 1     | 1   | 2  | 3     |
| Child 2     | 1   | 2  | 3     |
| Child 3     | 1   | 2  | 3     |
| Others      | 1   | 2  | 3     |
| Man alone   | 1   | 2  | 3     |
| Woman alone | 1   | 2  | 3     |
| Grandmother | 1   | 2  | 3     |
| Grandfather | 1   | 2  | 3     |

If not, where do you intend to go?

Go back to Albania

Migrate elsewhere

DK/DA

|             | Back to Albania | Migrate elsewhere | DK/DA |
|-------------|-----------------|-------------------|-------|
| Husband     | 1               | 2                 | 3     |
| Wife        | 1               | 2                 | 3     |
| Child 1     | 1               | 2                 | 3     |
| Child 2     | 1               | 2                 | 3     |
| Child 3     | 1               | 2                 | 3     |
| Others      | 1               | 2                 | 3     |
| Man alone   | 1               | 2                 | 3     |
| Woman alone | 1               | 2                 | 3     |
| Grandmother | 1               | 2                 | 3     |
| Grandfather | 1               | 2                 | 3     |

b. If he/she doesn't want to settle down in Greece/Italy or is indecisive about it: why do you want to leave Greece/Italy?

|             | Racism/discriminations | Factors related to host labor market conditions | Other | DK/DA |
|-------------|------------------------|---|-------|-------|
| Husband     | 1                      | 2   | 3     | 0     |
| Wife        | 1                      | 2   | 3     | 0     |
| Child 1     | 1                      | 2   | 3     | 0     |
| Child 2     | 1                      | 2   | 3     | 0     |
| Child 3     | 1                      | 2   | 3     | 0     |
| Others      | 1                      | 2   | 3     | 0     |
| Man alone   | 1                      | 2   | 3     | 0     |
| Woman alone | 1                      | 2   | 3     | 0     |
| Grandmother | 1                      | 2   | 3     | 0     |
| Grandfather | 1                      | 2   | 3     | 0     |

c. When did you first come here, how many times and for how long did you go back to Albania this year and what did you do during that period?

|             | When did you come to Greece/Italy | How many times did you go to Albania during this year | For how long did you stay there in total | Why did you go back to Albania |      |       |
|-------------|-----------------------------------|---|--|--------------------------------|------|-------|
|             |                                   |   |  | Holidays / family              | Work | Other |
| Husband     |                                   |   |  |                                |      |       |
| Wife        |                                   |   |  |                                |      |       |
| Child 1     |                                   |   |  |                                |      |       |
| Child 2     |                                   |   |  |                                |      |       |
| Child 3     |                                   |   |  |                                |      |       |
| Child 4     |                                   |   |  |                                |      |       |
| Man alone   |                                   |   |  |                                |      |       |
| Woman alone |                                   |   |  |                                |      |       |
| Grandmother |                                   |   |  |                                |      |       |
| Grandfather |                                   |   |  |                                |      |       |
| Others      |                                   |   |  |                                |      |       |

d. Are you generally happy with your life in Greece/Italy?

|             | Yes | A little | It's neither bad nor good | No | DK/DA |
|-------------|-----|----------|---------------------------|----|-------|
| Husband     |     |          |                           |    |       |
| Wife        |     |          |                           |    |       |
| Child 1     |     |          |                           |    |       |
| Child 2     |     |          |                           |    |       |
| Child 3     |     |          |                           |    |       |
| Child 4     |     |          |                           |    |       |
| Man alone   |     |          |                           |    |       |
| Woman alone |     |          |                           |    |       |
| Grandmother |     |          |                           |    |       |
| Grandfather |     |          |                           |    |       |
| Others      |     |          |                           |    |       |

These questions are indicative of the immigrants' strategies and intentions of settlement in Greece/Italy broken down by gender and age. Useful findings about the degree and experience of their integration efforts may be drawn from these questions. Furthermore, the groundings of transnational networks are explored.

## **2. WP5 - Questionnaire for immigrant associations**

The most apparent objective of this questionnaire is to check the (*more institutionalised*) formation and development of transnational networks between the country of origin and the host country. The conclusions of this objective also constitute indication/piece of evidence for (or are also correlated with) the place of the migrants in the host society, their bonds with the latter (and not only with the country of origin) and therefore their integration in the host polity and society. The above objective of this questionnaire is also of decisive importance from an economic perspective since a) the struggle of a group for political rights in a society is a prerequisite for the production (and institutionalisation) of a social infrastructure of equal chances that can promote an active, educated labor force and b) networks between host and source countries contribute to the cooperation, information flows and activity the economic ordeal needs. It should be noted that in the source economy – migration interplay questions (see questionnaire for immigrant groups) we have attempted a first estimation of the entrepreneurial (economic), familial and wider social/political networks of the immigrants with their country of origin, Albania. This set of questions shall illustrate the role of ethnic associations in the establishment of these transnational networks. In addition we shall check whether these associations rotate their activity around homeland or host society issues, and therefore gather information for the converging or diverging orientations of the immigrant associations and the wider immigrant group they represent. The discourse of the immigrants' self-representation/self-definition in these associations will also be explored in order to check the grounds and viability of these networks (check possible contradictions with the self-representation outside these associations).

### **Association Agenda and Activities**

#### **1. When was the association founded?**

The significance of this question is that it offers the opportunity to check the particular association's evolution with other associations in a certain time frame; these temporal coordinates might further be indicative of the reasons for which the association was founded.

#### **2. a. How many are the inscribed members?**

b. Distinction between male and female members

c. The ethnicity of the association's members

|                                 | Numbers |
|---------------------------------|---------|
| 1 Greeks                        |         |
| 2 Roma people                   |         |
| 3 Albanians from Albania        |         |
| 4 Vorioepirotos from Albania    |         |
| 5 Albanians from Kosovo         |         |
| 6 Albanians from FYR Macedonia  |         |
| 7 Bosnians                      |         |
| 8 Romanians                     |         |
| 9 Bulgarians                    |         |
| 10 Serbs                        |         |
| 11 Nigerians/Pakistanis/Indians |         |
| 12 Moroccans                    |         |
| 13 Russians/Ukrainians          |         |
| 14 Poles                        |         |

d. How many are inscribed every year starting from the founding year?

3. a. What would you say that you are more occupied with in the association?

1 Issues concerning life in Italy/Greece

2 Issues in Albania

3 Both issues

b. What are the official goals of the association?

- 1 Fighting exclusion in host context                      2 Strengthening bonds with Albania
- 3 Equal share between the two goals                      4 Other
- 5 More fighting exclusion than strengthening bonds
- 6 More strengthening bonds with Albania than fighting exclusion.

Control questions for the convergence/divergence of association goals with a) reality (practices followed), and b) the self-definition of the members of the association (identity forged within the association).

c. Activities of the association and their hierarchical order along the years

|               | <b>Briefing for evolutions in Albania (by press and gatherings)</b> | <b>Specific services to immigrant community <sup>42</sup></b> | <b>Activation (gatherings/discussions/conducting suggestions for Greek ItalianState)</b> | <b>Activation/occupation around issues between immigrants &amp; sending country</b> | <b>Cultural demonstrations/festivals</b> |
|---------------|---|---|--|---|--|
| Founding year |   |   |  |   |  |
| Median year   |   |   |  |   |  |
| Current year  |   |   |  |   |  |

Mark the activities with which you are mostly occupied (1 on the most time consuming and important activity – 3or4 on the less significant activity).

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<sup>42</sup> Such services: briefing for the Greek/Italian legislation modifications concerning directly and indirectly immigration, help with documentation, organisation of nursery schools etc.

d. Difficulties that the association faces at its activities (recognized – non-recognized association distinction)

| Spheres of difficulties   | Degrees of difficulty |          |                 |
|---|-----------------------|----------|-----------------|
|   | A lot of              | A lot of | No difficulties |
| 1 Organisational (issues having to do with personnel, time, space adequacy)                       |                       |          |                 |
| 2 Economical (funding)  |                       |          |                 |
| 3 Political (problems related to the presence of the association in the host political landscape) |                       |          |                 |
| 4 Cultural  |                       |          |                 |

e. If problems are attributed to the cultural sphere, what are these 'cultural difficulties' in particular? Do they refer to the...

1 culture of cooperation/communication (cohesion) within the association

2 culture of communication (cohesion) with the wider Albanian immigrant community

3 culture of communication with the wider immigrant community

4 difficulty in acquainting the host Greek/Italian context with the values of the Albanian culture (preservation/promotion difficulties)

f. Where do you reckon this difficulty is indebted?

1 the different locations/cultures the association's members come from<sup>43</sup>

2 Albanians have a low cultural level (come from traditional society)

3 low cultural level due to Hoxha's communist regime experience

4 the xenophobic host Greek/Italian society

5 other

4. How do you exactly organise your tackling with issues that are related to the country of origin?

|   | Marking |
|---|---------|
| Personal services provision   |         |
| Cooperation platform with legal entities and enterprises in Albania; subcontracting |         |
| Telephone centre development  |         |
| Publishing newspaper circulating in both sending and host countries                 |         |
| Other   |         |

Mark from 1 up to 3 the serial number of importance and time/capital involvement disposed.

The two latter questions (3, 4) aim to indicate the informative or intervening/active character of involvement in the associations, and therefore the dynamics of the transnational network under formation; further indication of the economic, political or social content of the transnational network. More in particular, there occurs an investigation of the relations of the association with the immigrant community, and the degree and content/character of the association's contribution in the establishment of

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<sup>43</sup> There are Albanians coming from northern and southern Albania, Tirana and villages, Kosovo and Macedonia (lest the fact that in the case of an inter-ethnic association there are people coming from Greece or/and other countries).

'diasporic/transnational' networks between the immigrant community and the country of origin.

5. How many members are *actively* involved (i.e. have certain duties) in the association's activities?

6. Evolution of the size of participation in the association's activities across time

|               | Attendance in gatherings/discussions | Attendance in festivals | Staff occupied on regular basis |
|---------------|--------------------------------------|-------------------------|---------------------------------|
| Founding year |                                      |                         |                                 |
| Median year   |                                      |                         |                                 |
| Current year  |                                      |                         |                                 |

7. How often do you organise gatherings/discussions?

1 At least 3 times per month                      2 At most                      3 times per month.

Control questions for the dynamic of the association and, further, the dynamic of the transnational network under formation. In particular, according to the field where the attendance is mostly concentrated, we discern the extent to which their goals (and accordingly their self-definition) go in tandem with the practical operation of their association.

**Communication, dissemination patterns**

Relations with host authorities and society, relations with immigrant community, relations with other immigrant communities, relations with country of origin.

**8. Relations with host authorities and society**

**a.** Is your association officially recognized as a political interlocutor by the Greek/Italian polity?

1 Yes            2 No

In both cases, check the practices/channels through which the association is rendered a political entity in the Greek/Italian polity:

**b.** Which are the most common paths you use in communicating with the host polity and society?

|   | <b>Recognized associations</b> | <b>Non-recognized associations</b> |
|---|--------------------------------|------------------------------------|
| Personal meetings with governmental representatives |                                |                                    |
| Conducting views on Greek/Italian press             |                                |                                    |
| Through the association's newspaper/proclamations   |                                |                                    |
| Through the immigrant community's newspapers        |                                |                                    |
| WebPages  |                                |                                    |
| Other   |                                |                                    |

Mark the three most common paths of communication (1 the most common – 3 the least common)

c. How many meetings per year did and do you have with governmental representatives?

|                          | Recognized associations |             |              | Non-recognized associations |             |              |
|--------------------------|-------------------------|-------------|--------------|-----------------------------|-------------|--------------|
|                          | Founding year           | Median year | Current year | Founding year               | Median year | Current year |
| More than once per month |                         |             |              |                             |             |              |
| Up to 3 in 3 months      |                         |             |              |                             |             |              |
| Up to 3 in 6 months      |                         |             |              |                             |             |              |

d. Are you satisfied from these discussions in terms of:

|                                | Recognized associations |        |        | Non-recognized associations |        |        |
|--------------------------------|-------------------------|--------|--------|-----------------------------|--------|--------|
|                                | Fully                   | Partly | At all | Fully                       | Partly | At all |
| Duration of discussions        |                         |        |        |                             |        |        |
| Frequency of discussions       |                         |        |        |                             |        |        |
| Findings                       |                         |        |        |                             |        |        |
| Materialisation of commitments |                         |        |        |                             |        |        |

With the above questions, we check whether the political recognition (institutionalisation) of an association does matter in practice, as well as the extent to which the immigrant group itself strives to consolidate its recognition terms; we witness the efforts of associations towards the consolidation of a social infrastructure of equal labor chances within and across the immigration host context. Simultaneously we draw useful remarks with regard to the character and the functioning of the host political system.

***Relations with immigrant community***

We already explored above the degree and how the associations help immigrant groups in the establishment of transnational networks. Another question that needs to be explored concerns the relations with other associations within the immigrant community:

**9. a.** If having cooperation with any other Albanian immigrant associations, what is its framework?

|  | <b>Recognized associations</b> | <b>Non-recognized associations</b> |
|--|--------------------------------|------------------------------------|
| Publishing newspaper   |                                |                                    |
| Constructing web page  |                                |                                    |
| Inter-associational gatherings/discussions                               |                                |                                    |
| Personal meetings between them and between them and the host authorities |                                |                                    |
| Other  |                                |                                    |

Mark the most common pattern of cooperation starting from 1–3.

**b.** Are the issues brought up in discussions with governmental representatives produced:

- 1 After agreement with other associations of the immigrant community
- 2 Without agreement with other associations of the community
- 3 After agreement with associations of other immigrant communities.

**10. a.** Do you believe that your involvement in the association’s activities covers a spectrum of issues that represents

- 1 A certain faction of the immigrant community
- 2 The wider immigrant community

**b. Whom do you represent?**

- 1 Those under the 'Vorioepiotes' legal status<sup>44</sup>
- 2 Those under the status of the Albanian immigrant
- 3 The Albanians without documentation
- 4 All three institutionally distinguished groups of Albanians
- 5 All immigrants and refugees
- 6 Other.

This is a control question that checks the relationship of the association with the wider Albanian immigrant community (indications of possible fissures/bonds within the immigrant community) and also serves as an indicator of self-identification of the association's members; and, therefore, serves further as a control question for the goals of the association.

**11. a. Do you believe that there are opportunities for active interference in the political life of Albania provided via the association?**

- 1 Yes            2 No            3 A few            4 Enough            5 DK/DA

**b. Where in the scale of the association's priorities is the interference in the political life of Albania possibly situated?**

- 1 High            2 Medium            3 Low            4 DK/DA

0 Nowhere near the association's agenda

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<sup>44</sup> The 'Vorioepiotes' legal status refers to a special institutionalised category of Albanian immigrants that have the documents to prove that they have Greek origins.

***Relations with other immigrant communities***

**12. a.** How is your relationship with associations of other immigrant communities organised?

|                                     | <b>Recognized Associations</b> | <b>Non-Recognized Associations</b> |
|-------------------------------------|--------------------------------|------------------------------------|
| Informal meetings                   |                                |                                    |
| Formal Inter-associational meetings |                                |                                    |
| Joined newspaper publishment        |                                |                                    |
| Other                               |                                |                                    |

Mark the 3 most common patterns of communication/cooperation (1 the most common – the least common)

**b.** How often do you organise inter-associational gatherings/discussions with associations of other immigrant communities?

|                   | <b>Recognized Associations</b> | <b>Non-Recognized Associations</b> |
|-------------------|--------------------------------|------------------------------------|
| Once per month    |                                |                                    |
| Once per 6 months |                                |                                    |
| Once per year     |                                |                                    |

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