EU DEMOCRACY PROMOTION IN UKRAINE:
‘THE PRIVILEGED NEIGHBOR’

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Abstract

This research investigates the impact of the EU’s democracy promotion in Ukraine based on the EU’s democratic conditionality, and evaluates the role of Ukraine’s domestic conditions – state capacity and political stability – in relation to its level of democracy. As this study focuses specifically on Ukraine, I thus assess the EU’s democratic conditionality in a Neighborhood context. The literature indicates that the impact of democratic conditionality depends on the size of the incentives, and the credibility of the EU’s conditional incentives. Based on rational institutionalist theory, this implies that Ukraine’s level of democracy increases when the size and the credibility of the incentives increase. In addition, the theory posits that state capacity is a significant domestic factor that affects EU democracy promotion. The reason for this is that a target state must be able to absorb external aid and democracy promotion efforts in order to transform these into democratic reforms. Furthermore, Ukraine’s political instability is often perceived to constrain Ukraine’s democratic development. The typology of this research is a single case study, as Ukraine is an object of interest in its own right. To answer the research question, I used mixed research methods. The EU’s democratic conditionality is evaluated by using process tracing, whilst I carry out a regression analysis for state capacity and political stability. For both variables, I distinguished between three time blocks: a pre-ENP period which includes 2003 and 2004, an ENP period from 2005-2009, and an EaP period which ranges from 2010-2014. This allows me to detect whether variation in size and credibility of the incentives affects Ukraine’s level of democracy on a macro level, and helps me to identify patterns in Ukraine’s state capacity and political stability. I expected Ukraine’s level of democracy to increase with the size and credibility of the EU’s conditional incentives. This expectation is only partly confirmed for the size of the incentives. The results illustrate that Ukraine’s level of democracy does not increase when the credibility of the EU’s incentives increase, which means that this expectation is rejected. Overall, the results imply that the EU’s democracy promotion efforts were insufficient to bring about macro-level changes due to weak incentives and low credibility during the first two time periods, and a weak application of democratic conditionality. This study demonstrates that there is a negative relationship between political stability and Ukraine’s level of democracy (B = -0,354, Std. Error = 0,128, p = 0,02 < 0,05). The regression results for state capacity suggest that government effectiveness has a positive effect on level of democracy (B= 1,399, Std. Error = 0,591), whilst regulatory quality has a negative effect on level of democracy (B= -1,382, Std. Error = 0,926). However, the model proves to be statistically insignificant (p = 0,062 > 0,05), which implies that there is no correlation between state capacity and level of democracy in the case of Ukraine.
Foreword

Before you lies the master thesis ‘EU Democracy Promotion in Ukraine: The Privileged Neighbor’. This piece is the end result of the Master program International and European Governance, that I followed at the Faculty of Governance and Global Affairs in the Hague. Coming from a very different disciplinary background with regards to my bachelor degree, it was the fulfilment of finally having found the perfect fit that brought me to finish the program with much joy and satisfaction.

First of all, I would like to thank my supervisor, prof. dr. ir. J.J.C. Voorhoeve, for his guidance and for being a very inspiring professor I had the pleasure of learning from. In addition, I would like to thank Ms. Dimitrova for being the second reader of this thesis, and for sharing her expertise and knowledge as her course ‘democratization in a changing world’ inspired me to write a thesis on this subject, which is a theme that I hope to work with in the future. Furthermore, I want to thank Vasilis Karakasis for always being willing to answer all my questions.

Above all, I would like to express my gratitude to my loving family and friends, as without their support this piece would not have been in front of you. A very special thanks goes out to my mother Monique, stepfather Jim, sister Shanna, and my dear boyfriend Joey, for their endless support and patience, and for their trust in my choices. Their encouragement dragged me through the times that insecurity took over. They always believed that I could make this thesis come to a good end, which is what motivated me to work as hard as I did.
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<th>Abbreviation</th>
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<tbody>
<tr>
<td>AAP</td>
<td>Annual Action Program</td>
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<tr>
<td>CEE</td>
<td>Central and Eastern Europe</td>
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<td>CIS</td>
<td>Commonwealth of Independent States</td>
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<td>CSP</td>
<td>Country Strategy Paper</td>
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<td>CS</td>
<td>Common Strategy</td>
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<td>DCFTA</td>
<td>Deep and Comprehensive Free Trade Area</td>
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<td>EaP</td>
<td>Eastern Partnership</td>
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<td>EIDHR</td>
<td>European Instrument for Democracy and Human Rights</td>
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<td>EI</td>
<td>European Integration</td>
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<td>ENI</td>
<td>European Neighborhood Instrument</td>
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<td>ENP</td>
<td>European Neighborhood Policy</td>
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<td>ENPI</td>
<td>European Neighborhood and Partnership Instrument</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
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<td>NIP</td>
<td>National Indicative Program</td>
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<td>NIT</td>
<td>Nations in Transit</td>
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<td>OSCE</td>
<td>Organization for Security and Co-operation in Europe</td>
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<td>PCA</td>
<td>Partnership and Cooperation Agreement</td>
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<tr>
<td>SIGMA</td>
<td>Support for Improvement in Governance and Management</td>
</tr>
<tr>
<td>TACIS</td>
<td>Technical Aid to Commonwealth of Independent States</td>
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<tr>
<td>TAIEX</td>
<td>Technical Assistance and Information Exchange</td>
</tr>
<tr>
<td>VLAP</td>
<td>Visa Liberalization Action Plan</td>
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<td>WGI</td>
<td>World Bank Governance Indicator</td>
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1. Introduction

The impact that the European Union (EU) has in member states, acceding countries, and candidate countries has been researched extensively (Borzel, 2010, p.5; Langbein & Wolczuk, 2012, p.863). The EU’s accession conditionality is generally regarded as a successful tool to advance political and economic reforms in candidate states (Kelley, 2004; Schimmelfenig & Sedelmeier, 2005, p.3; Borzel, 2010, p.6; Dimitrova & Dragneva, 2013, p.658). Even though the post-communist transitions were more complex than previous democratization waves, the EU served as a structural building block in steering reforms and overcoming domestic barriers to democratic reforms in Central and Eastern Europe (Schimmelfenig & Scholtz, 2008, p.188). In the European Neighborhood – defined as all countries with a European Neighborhood Policy (ENP) action plan – this has been a different story. While acknowledging Ukraine’s aspirations of becoming an EU member in the future, in a speech held in October 2015 the current president of the European Commission, Jean-Claude Juncker, stated: ‘the Union and our citizens now need to digest the addition of thirteen Member States in the past ten years. The EU needs to take a break from enlargement so that we can consolidate what has been achieved among the twenty-eight’ (Schimmelfenig, 2015). It became clear that Ukraine will not become an EU member anytime soon.

The attitudes of EU citizens and their respective governments regarding enlargement became increasingly negative since the 2004-2007 expansion to Central and Eastern Europe (henceforth: CEE) and the Mediterranean (Sedelmeier, 2014). This ‘enlargement fatigue’ generated alternatives to the EU’s enlargement policy, in order to find other ways to influence its neighbors (Dimitrova & Dragneva, 2013, p.660). Therefore, the European Neighborhood Policy (henceforth: ENP) was created after the 2004 ‘big bang’ enlargement to manage relationships with the new neighboring countries. The ENP is a fundamental part of the EU’s foreign policy and meant to ‘strengthen the prosperity, stability and security’ along Europe’s borders (European Parliament, 2016). In 2009, recognizing the limitations of a single framework for two very distinct continents, the Eastern Partnership (henceforth: EaP) was created, focusing solely on political association and economic integration with the Eastern neighbors. Drawing on the underpinnings of the Partnership and Cooperation Agreement, the ENP and the EaP can be regarded as alternatives to membership. They have the same workings as EU enlargement, but the ultimate reward (EU membership) is left out. This presented scholars with yet another – as Borzel calls it – ‘real-world experiment’ (2010, p.5). Although the EU is certainly not the only international democracy promoter in the Neighborhood, it is considered to be a prominent one (Borzel, 2010, p.5).
1.1 Type and Purpose of Research

When it comes to assessing EU influence in third states, it is important to distinguish between the different forms ‘Europeanization’ takes on: membership, accession and neighborhood Europeanisation (Langbein & Borzel, 2013, p.571). Neighborhood countries are defined as all countries with an action plan under the ENP. In view of this research – covering Ukraine – I thus specifically look at neighborhood Europeanisation. The European Commission sees Ukraine as a priority country within the ENP and EaP (European External Action Service, n.d.-b). The EU and Ukraine have had a long-standing and relatively intense relationship since Ukraine’s independence. Additionally, due to Ukraine’s membership aspirations, I expect a minimum degree of openness to EU influence. This enhances the likelihood that EU democracy promotion had an impact on the level of democracy in Ukraine. Thus, Ukraine presents a ‘most-likely’ case among the Eastern ENP countries.

The existing theory generally distinguishes between two modes of EU democracy promotion: leverage and linkages. A relatively new mode of EU democracy promotion – governance – was recently explored by scholars who argue that the EU can transfer democratic governance principles through its functional policy-specific cooperation between administrative actors (Freyburg, Lavenex, Schimmelfenig, Skripka and Wetzel, 2015, p.168).

This research focuses on the impact of the EU’s democratic conditionality (leverage) in a Neighborhood context. In doing so, I draw on existing Europeanisation literature, the new institutionalism, literature on post-communist transformations and democratization theory. Following the rational institutionalist logic, the EU is perceived to be an additional actor in the democratic transition, providing external restrictions and opportunities to domestic elites that add to their cost-benefit calculations (Schimmelfenig, 2008, p.918).

The impact of democratic conditionality depends on the size of the incentives and the credibility of the EU’s conditional incentives (Schimmelfenig & Scholtz, 2008, p.190). Political conditionality refers to the adoption of democratic rules and practices by a target state, conditioned on incentives provided by the EU, such as financial assistance, institutional association or – ultimately – membership (Schimmelfenig & Scholtz, 2008, p.190). Credibility refers to the probability that the EU’s actually delivers or withholds the incentive based on the target country’s democratic progress. I argue that the effectiveness of EU democracy promotion through conditionality increases with the size and credibility of the incentives. Nonetheless, I believe that the impact of the EU’s democracy promotion cannot be assessed by looking solely at the EU’s transformative power. The theoretical framework indicates that effective conditionality depends not only on the strength of external factors (EU), but also on favorable domestic conditions (Schimmelfenig, 2008, p.918). Although the democratization
literature seem to embrace the fact that there are no fixed set of domestic conditions that enhance democracy, I considered political stability and state capacity to be the most significant domestic factors – specifically in the context of Ukraine – that could constrain Ukraine’s level of democracy. Hence, the main purpose of this study is to assess the impact of the EU’s democracy promotion on Ukraine’s level of democracy by answering the following research question: what has been the impact of the EU’s democracy promotion on the level of democracy in Ukraine? And what has been the role of political stability and state capacity in relation to Ukraine’s level of democracy? In order to answer the research question, I used process-tracing as a research method, for which I combined both qualitative and quantitative research elements. In order to evaluate the impact of the EU’s democracy promotion in Ukraine, I distinguished between three time blocks: a pre-ENP period from 2003 and 2004, an ENP period from 2005-2009, and an EaP period which ranges from 2010-2014. This allows me to detect whether variation in size and credibility of the incentives affects Ukraine’s level of democracy on a macro level.

1.2 Theoretical and Practical Relevance
As already explained previously, the ‘enlargement fatigue’ of EU citizens and their respective governments generated alternatives to the EU’s enlargement policy. This resulted in the creation of the ENP, and later the EaP. Therefore, the existing scholarship has been increasingly devoted to investigating the effectiveness of the EU’s democracy promotion in a Neighborhood context. Although there have been multiple studies that assessed the EU’s democracy promotion within the context of rational institutionalism, this paper can contribute to existing theory as it covers a broad time frame and combines the new institutionalist theory with context specific conditions. In addition, as this is a single case study, I can assess the impact of the EU’s democracy promotion more extensively. Most studies that researched the EU’s democracy promotion in the Neighborhood focused on the early years of the ENP. The broad time frame of this study (2003-2014) – which also includes the EaP – allows me to test the theoretical predictions over a longer period. Moreover, I also included two domestic conditions – political stability and state capacity – that are relevant specifically in the context of Ukraine. Nonetheless, the results of the domestic conditions could be generalized to countries with similar historical linkages, classified as a hybrid regime, i.e. Georgia and Armenia. This way, this study could contribute to existing knowledge on favorable domestic conditions in relation to post-communist democratic transitions.

The practical relevance of this study is illustrated by the political developments in Ukraine in the last few years. Ukraine has experienced considerable political and economic turmoil in
the last decade. This has not only affected the country itself, but also had consequences for EU-Russia relations. After the Orange Revolution, the cooperation between the EU and Ukraine became more intense. When Ukraine came closer to the signing of the Association Agreement in 2014, Russia became increasingly provocative and aggressive towards Ukraine. However, it was not only in Russia that closer EU-Ukraine relations were not well received. In the Netherlands a non-binding referendum on the EU-Ukraine Association Agreement was held on the 6th of April 2016. Even though the turnout was just enough for the result to be valid, the Dutch voters overwhelmingly voted against the Agreement. This illustrates the significance of Ukraine as a single case study.

1.3 Structure of the Research

This research is divided into seven chapters. In order to provide the necessary background information to understand Ukraine in a political context, chapter two outlines Ukraine’s historical trajectory from the fall of the Soviet Union in 1991 until December 2015. In doing so, I deal with Ukraine’s independence (1991), the Orange revolution (2004), and the Euromaidan revolution (2014). Chapter three – the theoretical framework – draws on the literature of EU external governance, the new institutionalism, post-communist transformations theory and democratization literature in order to determine the causal mechanisms of EU democracy promotion, and to ultimately formulate hypotheses. In chapter four, I discuss the institutional foundations that have composed EU-Ukraine relations since Ukraine’s independence in 1991. This includes three overarching bilateral and multilateral frameworks: the Partnership and Cooperation Agreement (henceforth: PCA), the ENP, and the Eastern Partnership (henceforth: EaP). This is followed by chapter five, in which I explain and justify the research design I adopted for this study. Additionally, chapter five outlines the case selection, the variables of this research, and provides an operationalization of the dependent variable and the independent variables. Lastly, I address the research limitations by explaining the advantages and disadvantages for the data collection method(s), and by explicating its reliability and validity. In chapter six, I carry out the analysis and outline the results for each hypothesis. In doing so, I divided the analysis into three sections, in which the first addresses the EU’s democratic conditionality, the second includes the results for Ukraine’s political stability, and the third section evaluates Ukraine’s state capacity in relation to the level of democracy. In the final section of chapter six, I interpret the results more extensively. Finally, I answer the research question in the last chapter – the conclusion – and make suggestions on how future studies might proceed.
2. Ukraine: History, Politics and the Economy

It is important to look at Ukraine’s historical trajectory in order to understand the current political and economic situation in Ukraine. Significant in this regard is Ukraine’s relationship with Russia. Its history traces us back to the former Soviet Union, but Ukraine’s history is also intertwined with Central Europe (Kappeler, 2014, p.108). It is beyond the scope of this research to provide an extensive historical overview that covers centuries. Although I do make some necessary references to historical events, I mainly focus on Ukraine’s trajectory from the fall of the Soviet Union – simultaneously Ukraine’s independence – in 1991 until December 2015. This chapter provides a summary of the context that is necessary to understand Ukraine today. In doing so, I deal with Ukraine’s independence (1991), the Orange revolution (2004), and the Euromaidan revolution (2014). In the following chapter – the theoretical framework – I discuss more extensively the external governance models and mechanisms that the EU adopts to advance democratic reforms in Ukraine.

2.1 The Road to Independence

For centuries, Ukraine has been occupied by competing powers. In the 16th century major parts of Ukraine were ruled by Poland and Lithuania (Conant, 2014). In the 17th century, war broke out between the tsarist Russian empire and the Polish-Lithuanian Commonwealth (Conant, 2014). This resulted in a division of Ukraine, where the part east of the Dnieper River fell under Russian rule, and the remaining Western part under Polish rule (Conant, 2014). Up to World War I, control over Western Ukraine shifted between European powers such as Poland and the Austro-Hungarian Empire (Conant, 2014; The Economist, 2015). In 1917, at the end of World War I and the dissolution of the Russian and Austro-Hungarian empires, Ukraine declared its independence in Kiev (Bates, 2014). This was only brief. Until World War II, Western Ukraine fell under Polish rule again, and Eastern Ukraine was incorporated into the Soviet Union (Bates, 2014). The Western part of Ukraine, the ‘right bank’, only became part of the Russian empire after the Second World War when the Soviets annexed Ukraine after the German occupation.

In the 1930s, the Ukrainian Famine, or also referred to as Holodomor (starvation by death), killed at least five million Ukrainians (Krushelnycky, 2003). It is widely believed – albeit not recognized by Russia – that Stalin under the guise of his Russification policy, coordinated the famine by imposing agricultural collectivization on Ukraine in order to deter any sense of Ukrainian nationalism, and minimize the chances of an anti-Soviet revolution (BBC, 2015b; Conant, 2014; Kappeler, 2014, p.111). Following the famine, Stalin repopulated the most
affected areas – Eastern Ukraine – by importing Russian and other Soviet citizens that had few or no ties to Ukraine, nor any knowledge of the Ukrainian language (Conant, 2014). This is, among others, an important historical reason that explains why the Eastern part of Ukraine has been more inclined to favor closer ties with Russia, whilst the Western part leans more towards Europe (Conant, 2014; The Economist, 2015). In 1954, following Stalin’s death, Soviet leader Khrushchev granted the Crimea, then part of the Russian Soviet Republic, to Soviet Ukraine (BBC, 2015b; Kappeler, 2014, p.108). In 1992, the Crimea was renamed the Republic of Crimea and became an autonomous entity within Ukraine (Kappeler, 2014, p.108).

Only after the dissolution of the Soviet Union in 1991, Ukraine declared its independence on the 24th of August 1991 (Kravchuk & Chudowsky, 2005, p.133). This was overwhelmingly supported by the population, when 90.3% voted for an independent Ukraine in a referendum held in December 1991, and elected Leonid Kravchuk as Ukraine’s first president (Kravchuk & Chudowsky, 2005, p.133). Elected on a pro-nationhood platform, Kravchuk continued to distance Ukraine from Russia by trying to build a distinct international identity (Wolchik & Zviglyanich, 2000, p.16). During the dissolution of the Soviet Union, the Commonwealth of Independent states (henceforth: CIS) was created. The CIS serves as an association of states that, in theory, serves economic cooperation and among others, tries to coordinate on security, humanitarian and judicial matters. In practice, this seems to be less the case. Although Ukraine is one of CIS’ founding members, it was reluctant to subject itself to a Russia-dominated regional trade organization (Sasse, 2012, p.560). Yet, this reluctance fluctuated under the rule of different presidents of Ukraine. Nonetheless, Ukraine never ratified the CIS Charter, which means that de jure it never was a CIS member.

2.2 An Independent Ukraine
Kravchuk’s goal of creating an independent international status for Ukraine appealed to many pro-independence and pro-reform forces. However, at the same time Kravchuk had to uphold his conservative grounds (Kravchuk & Chudowsky, 2005, p.134). Therefore, the Ukrainian government consisted of both reformers and conservatives (Kravchuk & Chudowsky, 2005, p.134). In doing so, he put together an administration with conflicting ideologies (Kravchuk & Chudowsky, 2005, p.134). Mainly due to a fragmented government and economic difficulties – specifically the 1993 hyperinflation – Kravchuk did not manage to get re-elected in the 1994 elections. It became clear that independence did not remove the deeply imprinted communist ideology. This is closely related not only to Ukraine’s traces of history, but also to the knowingly difficult transitional period of post-communism (Kravchuk & Chudowsky, 2005, p.131). Since Ukraine had never functioned as an independent state before, it had no
experience regarding state-building whatsoever (Freyburg, Lavenex, Schimmelfenig, Skripka & Wetzel, 2015, p.168). With independence came the heritage of the former Ukrainian Soviet Republic; its territory, the political elites, the oligarchs, the networks, its political culture, and its state infrastructure (Freyburg et al., 2015, p.168). A new state had to be built on the legacy that the former Soviet Republic left behind (Freyburg et al., 2015, p.168).

In 1994, former premier Leonid Kuchma was elected as the second president of Ukraine, this being the first democratic transfer of power in Ukraine’s history. Kravchuk and Chudowsky (2005, p.159) extensively studied the different factors that accounted for this presidential electoral outcome. Although most scholars attribute the regional division to ethnic, religious, and linguistic factors, They found that economic factors – particularly, variations in regional economic strength and changes in employment preceding the elections – are strong indicators for voting behavior (Kravchuk & Chudowsky, 2005, p.159). In contrast to Kravchuk, who believed that cutting cords with Russia was necessary to protect an independent Ukraine, Kuchma argued that closer ties to Russia would actually minimize the temptation for the Russians to reassert control over Ukraine (Wolchik & Zviglyanich, 2000, p.20). Kuchma preached economic reforms, including free trade, and privatization, federalism, and the adoption of Russian as the second language (Kravchuk & Chudowsky, 2005, p.137). Under Kuchma, the first post-communist constitution (1996) was adopted and a new currency, the hryvnia, was introduced. Furthermore, in 1997, a bilateral treaty between Ukraine, and the Russian Federation named the Treaty on Friendship, Cooperation, and Partnership was signed (Wolchik & Zviglyanich, 2000, p.37). As an attempt to rebuild Ukraine-Russia relations, several other agreements and treaties went into force the same year.

2.3 The Orange Revolution, a New Beginning?

In 1999, regardless of the allegations about corruption and the failing economy during his first term, Kuchma got reelected and started his second term (Freedom House, 2016a). However, international observers denounced voting irregularities (Freedom House, 2016a). Most of Kuchma’s second term was characterized by corruption, and scandal. The most notorious scandal is known as the ‘Kuchmagate’, in which Kuchma is allegedly complicit in the murder of an opposition journalist (Kuzio, 2005, p.29). From 1999 until 2001, Viktor Yushchenko – known for being anti-corruption, and a strong supporter of economic reforms – was prime minister. However, powerful business oligarchs strongly resisted the reforms Yushchenko proposed (Feifer, 2010). Following a no-confidence motion against Yushchenko’s government, he was dismissed as prime minister, and shifted to opposition (Feifer, 2010). During the 2002 parliamentary elections, Yushchenko’s party Our Ukraine, emerged as a powerful left
opposition party, and set the stage for what was about to become the Orange revolution (Kuzio, 2005, p.29). In the same year, after the authentication of tapes that included evidence of Kuchma’s approval to sell radar systems to Iraq, and the ordered killing of journalist Georgiy Gongadze, the opposition demanded Kuchma to resign (Kuzio, 2005, p.42; BBC, 2015b). Even though the court approved that Kuchma could seek a third term, he instead supported Yanukovych’s presidential candidacy, who is widely perceived to be ‘pro-Russia’ (Kuzio, 2005, p.30). On the 21st of November 2004, Yushchenko lost the presidential election against Yanukovych. There was a widespread belief that the elections were rigged, which evoked civil resistance in the form of mass protests, sit-ins and strikes. The Orange revolution – named after Yushchenko’s campaign color – ended Kuchma’s second term. The Supreme Court overruled the electoral outcome of the first run-off and ordered new elections. On December 26, 2004, Yushchenko won the elections, and became the third president of Ukraine.

The Orange revolution marked an entirely new step in the democratization process in Ukraine. During Kuchma’s second term, it seemed like Ukraine was sliding back into a ‘soft’ authoritarian regime. However, the victory of pro-Western Yushchenko seemed to promise far-reaching political changes and reforms. Already in the beginning of his presidency, Yushchenko expressed his long-term goal of becoming an EU member and his aspirations to join NATO. Nevertheless, it became clear that the EU was not considering to offer Ukraine EU membership any time soon. Instead, the EU initiated the European Neighborhood Policy – an alternative to membership – to assist Ukraine in moving towards European norms and standards (Wolczuk, 2005, p.4).

In February 2005, Yushchenko appointed his former ally, Yulia Tymoshenko, with whom he led the Orange revolution, as prime minister. However, after allegations of corruption and many resignations of government officials, Yushchenko dismissed the government in September 2005 (Freedom House, 2016b). After his party finished third in the 2006 parliamentary elections, Yushchenko had no choice then to appoint his former rival Yanukovych – whose party won the parliamentary elections – as prime minister (Freedom House, 2016b). In September 2007, following a political crisis Yushchenko called for pre-term parliamentary elections (Kuzio, 2013, p.228). Yet again, Yushchenko’s party did poorly, and in order to gain majority in the government, he was forced to form a coalition with Tymoshenko, who was appointed prime minister. In 2008, Ukraine officially applied for NATO membership. However, these plans were stalled after Yanukovych – defeating Tymoshenko – won the presidential elections in 2010. The Orange revolution thus turned out to be a missed opportunity. The high expectations of a fast consolidation to democracy were not realized (Freyburg et al., 2015, p.169).
2.4 Authoritarian Backsliding and the Euromaidan Revolution

Under Yanukovych’s presidency, Ukraine was backsliding into an authoritarian regime mainly by relying on public coercion, and political patronage (Kudelia, 2014, p.21; Dragneva & Wolczuk, 2015, p.52; Freyburg et al., 2015, p.169). In addition, Yanukovych made constitutional amendments which made sure that his formal powers were far greater than any president had ever enjoyed before (Kudelia, 2014, p.21; Dragneva & Wolczuk, 2015, p.53). Furthermore, he turned his party – Party of Regions – into a party of power, which refers to a party that has close ties with the executive, and is comprised of supporters of the administration, rather than supporters of a particular ideology (Dragneva & Wolczuk, 2015, p.53). Thus, with institutions designed to serve the president and a majority in the Verkhovna Rada (parliament), Yanukovych planned to stay (Dragneva & Wolczuk, 2015, p.53). Being accused of abusing her power over a gas deal with Russia in 2009, opposition leader Tymoshenko was prosecuted and ultimately sentenced to prison for seven years (Kudelia, 2014, p.29). Nevertheless, despite his authoritarian tendencies, Yanukovych publicly spoke about his aspirations of becoming an EU member (Kudelia, 2014, p.24). The 15th Ukraine-EU summit in December 2011, was supposed to technically complete the Association Agreement that Ukraine and the EU had been negotiating for years (Kudelia, 2014, p.29). However, the EU repeatedly warned Yanukovych over the consequences that the Tymoshenko verdict would have for EU-Ukraine relationships (Kudelia, 2014, p.30). Therefore, the EU conditioned the signing of the Association Agreement among others, on the release of Tymoshenko (Kudelia, 2014, p.29; Dragneva & Wolczuk, 2015, p.52). However, the EU’s leverage proved to be ineffective. Yanukovych disregarded Western appeals for Tymoshenko’s release.

In October 2012, Ukraine’s parliamentary elections took place and Yanukovych’s party of Regions won the elections. What became clear though, was that Yanukovych’s popularity started to decline (Kudelia, 2014, p.25). There was a widespread belief that the 2012 parliamentary elections were fraudulent (Dragneva & Wolczuk, 2015, p.59). Caught between economic pressure from Moscow on the one side, and political conditionality of the EU on the other, Yanukovych ordered the suspension of EU talks about the trade pact on November 21, 2013 (Kudelia, 2014, p.28). This is broadly regarded as the critical turning point that sparked the Euromaidan – named after Kyiv’s independence square – revolution (Kudelia, 2014, p.28; Shveda & Ho Park, 2015, p.85). Thousands of people took over the streets in Kiev, and other cities mostly in the West (Onuch, 2014, p.44). The protestors advocated for a European future, less corruption, and denounced the violation of their rights (Applebaum, 2014; Onuch, 2014, p.46). The demonstrations illustrated the widespread desire of Ukrainians to integrate the European norms and values, which represents democratic principles and practices. However,
compared to the Orange revolution, the Euromaidan revolution was much more violent, as hundreds of people died during the protests. After a vote by parliament, Yanukovych was forced out of office, and ultimately fled Ukraine with the help of Putin on February 22, 2014 (Onuch, 2014, p.46). In March 2014, Russian forces – claiming that the peninsula originally belonged to Russia – annexed Crimea. Not much later, pro-Russian separatists took over government buildings in the Donetsk Oblast and Lugansk oblast – the Donbass – and declared independence (BBC, 2015a). Since then, there have been several conflicts between pro-Russian separatists and the Ukrainian government in eastern Ukraine. In September 2014, a first attempt to broker a peace deal, referred to as the Minsk Protocol, between the two forces failed. Following negotiations – overseen by the OSCE – between the leaders of Ukraine, Russia, Germany and France, a second Minsk peace agreement (Minsk II) was signed on February 12, 2015. Nevertheless, there have been occasional clashes and the provisions of the agreement yet to be fully implemented with both sides accusing each other of violating Minsk II.

After Euromaidan, there were hardly any democratic institutions to work with (Minakov, 2016). The few democratic institutions that were established after independence, diminished under the rule of Kuchma, Yanukovych and powerful oligarchs (Minakov, 2016). On May 25, 2014, Petro Poroshenko, who is considered to be ‘pro-European’ and ‘pro-reform’, was elected president (Minakov, 2016). One month later, the delayed Association Agreement that strives for political and economic cooperation between the EU and Ukraine was signed on the 27th of August. Furthermore, the October 2014 parliamentary elections created a pro-reform coalition in the Rada (Minakov, 2016). Yet, the democratization process in Ukraine is a slow one. More than two years after Euromaidan, corruption, powerful oligarchs and a weak economy still prevail (Minakov, 2016). However, as will become clear in the next chapter, democratization requires patience. Especially in a post-communist context, in which the transitional states undergo a triple transformation in contrast to earlier European democratic transitions (Offe, 2004, p.501). In addition, Ukraine is missing what many other Central European states did enjoy after independence: the prospective of EU membership.

2.5 The Ukrainian Economy

In the preceding parts of this chapter I provided a brief historical overview of Ukraine since its independence in 1991. Ukraine’s problems are not only of political nature, the country has also been struggling with a weak economy. Russia as a powerful geopolitical player has been abusing Ukraine’s economic and security interdependencies since the signing of Association Agreement between the EU and Ukraine in 2014. Nonetheless, Ukraine’s weak economy can
not only be attributed to Russia. The continuous political instability, the two revolutions, the post-communist legacy of predatory elites had a deteriorating effect on the economy.

Ukraine has long relied on an agrarian-based economy, which has suffered immensely from the forced collectivization discussed above, and the drive to industrialization (Sutela, 2012). As a result, Ukraine became dependent upon natural resources and cheap gas from Russia (Sutela, 2012). Additionally, after independence Ukraine had to deal with a ‘triple transition’, something that is inherent in post-communist transitions (Offe, 2004, p.504). In the next chapter, I deal with this notion more extensively. What this means for Ukraine’s economy is that the post-communist legacy left a planned economic system without an entrepreneurial class that is deemed necessary for marketization. Such a system is a plagued by corrupt politicians and powerful business oligarchs, creating a shadow economy of which the size is unknown (Sutela, 2012). According to Ganev (2005) it is exactly for this reason that the former socialist states inherited such a weak infrastructural capacity (p.426). Thus, when Ukraine became independent it had to deal with multiple facets of a transition, in which nation building was dominant in the first few years of independence (Sutela, 2012). This together with the continuous political instability hinders the establishment of functioning administrative institutions, which in turn favors the rent-seeking elites. All these elements are connected and creates a vicious circle, which Ukraine has still not been able to break.

Figure 2.5. Ukraine’s annual GDP growth (%) between 1991 and 2014 (The World Bank, 2016).
As can be seen in figure 2.5, Ukraine’s economic growth – as measured by annual gross domestic product (henceforth: GDP) growth in percentages – declined significantly between 1991 and 1994. Ukraine’s economy only started to grow in 2000 and was relatively stable until 2008 with an average annual GDP growth of 6.9%. One can see a significant drop in Ukraine’s annual GDP growth (%) in 2009, after it was hit by the Great Recession. Furthermore, the war with Russia exacts a heavy toll on Ukraine’s economy (Wilson, 2015). This is reflected in Ukraine’s GDP growth which shows a sharp decline in 2014. According to Åslund, this was mainly because of the annexation of Crimea, the trade war that Russia initiated, and the intermittent suspension of natural gas supplies by Russia (2015). Therefore, Ukraine continues to be highly dependent on international aid, mostly from the IMF, which are conditioned on the implementation of economic reforms. In 2015, Ukraine’s economy started to show small signs of stabilization, it is still likely to be strained by Russian aggression and the post-communist legacy of corruption.
3. Theoretical Framework

In the previous chapter I discussed Ukraine’s historical context. In this chapter, I elaborate on the theoretical foundations of this study. Most recently, the literature on European integration has moved away from assessing the broader frameworks of the EU to a more sectoral approach in evaluating the EU’s impact on its neighbors (Dimitrova & Dragneva, 2013; Freyburg et al., 2015). Most of these studies evaluate the EU’s influence in terms of approximation to specific parts of the acquis communautaire (Dimitrova & Dragneva, 2009, p.854; Langbein & Borzel, 2013, p.571; Langbein, 2014, p.157). In these studies the EU’s impact is assessed on a policy level. However, as this study focuses on democracy promotion, I study the EU’s impact on a macro-level, thus the polity level. In doing so, this research draws on existing Europeanisation literature, theory on post-communist transformations and the new institutionalism, and democratization literature. However, when it comes to assessing EU influence in third states, it is important to distinguish between the different forms ‘Europeanization’ takes on: membership, accession and neighborhood Europeanisation (Langbein & Borzel, 2013, p.571). Neighborhood countries are defined as all countries with an action plan under the ENP. In view of this research – covering Ukraine – I thus specifically look at neighborhood Europeanisation.

This chapter includes five sections and is organized as follows. First, I explore the existing understandings and definitions of democracy in order to identify what constitutes a democracy, and to ultimately conceptualize it. In the second section, I focus specifically on democratization in the context of post-communism by identifying how these transitions differ from previous democratization waves, and by explaining the ‘triple transformation’ post-communist states go through in a democratic transition. In section three, I assess how the EU operates as an external agent, and what mechanisms they use to exert influence. In addition, I illustrate the EU’s democracy promotion efforts by means of three models. In the fourth section, I discuss two democracy promotion strategies – conditionality and socialization – from an institutionalist perspective. Finally, I conclude the chapter by providing the theoretical argument and pertaining causal mechanisms derived from the analyzed theory.

3.1 Democracy and its Elements

It is important to acknowledge that there is no absolute definition of democracy, nor agreement on what elements constitute a democracy. Moreover, there is no one set of circumstances, or conditions that nurture the development of democracy (Tilly, 1995, p.384). Every democratic regime is unique, and cultivates in different ways depending on its
socioeconomic conditions and rooted state structures (Schmitter & Karl, 1991, p.76). The literature can however, try to identify general mechanisms that might foster and sustain a democracy (Tilly, 1995, p.384). Indeed, after what Huntington labeled the ‘three waves of democracy’, many scholars sought to explain factors that lead to democracy and once a democratic regime has been established, how this can be maintained (Huntington, 1991, p.12; Ishiyama & Breuning, 2011, p.276). Regardless of the countless definitions of democracy, one can roughly distinguish between two major understandings of democracy: the narrow electoral conception of democracy, and the broader liberal approach to democracy. It is not my intention to classify the definitions I discuss, but rather to find elements that overlap.

A rather narrow definition of democracy is one provided by Schumpeter (1950), who states that ‘the democratic method is that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people’s vote’ (Schumpeter, in Barro, 1999, p.160). Huntington adopts a similar definition, emphasizing ‘the selection of leaders through competitive elections by the people they govern’ (Huntington, 1991, p.6). The narrow approach is more inclined to see democracy as purely a system of governance, and associates it with regularly held, free and fair elections. From this perspective, the government’s legitimacy is derived from elections, and not sociologically from the underlying population (Landman, 2007, p.3; Hillebrandt, 2014, p.19). However, once these leaders are elected, they decide what is in the best interest for their citizens. Citizens can express their preferences and concerns by means of the public debate, but there is little room for broader citizen involvement and participation (Hillebrandt, 2014, p.19). In addition, electoral principles – particularly those of free, and fair elections – can be circumvented. According to Newberg and Carothers (1996) elections thus rather introduce democracy, than guarantee it (p.97).

American political scientist Robert Dahl has been significant in the development of contemporary democratic theory. In his book *polyarchy* (1971), Dahl provides a list of (minimal) procedures that condition the existence of a modern political economy which is as follows: elected officials, free and fair elections, inclusive suffrage, the right to run for office, freedom of expression, the right to seek alternative information, and associational autonomy (Dahl, 1971, p.8; Schmitter & Karl, 1991, p.81). Compared to the electoral understanding of democracy that I described above, Dahl’s perception is already more extensive as it includes some civil liberties. Furthermore, there is a greater emphasis on participation, as Dahl states that it is essential for a political regime to be ‘highly inclusive, and extensively open to public contestation’ (Dahl, 1971, p.8). According to Diamond and Molino (2004) democracy minimally requires (1) universal adult suffrage, (2) frequently held, free, competitive and fair elections,
(3) multiple political parties, and (4) alternative sources of information (p.21). Only when these basic requirements are met, one can turn to assessing the extent to which the ‘ideal elements’ of a democracy are present (Diamond & Molino, 2004, p.21). They consider political and civil freedom, popular sovereignty, political equality, and a broader framework of good governance, which should include transparency, legality, and responsible rule to comprise the ‘ideal’ democracy (Diamond & Molino, 2004, p.21).

After the fall of the Soviet Union, good governance – with a strong emphasis on democratization – became a guiding principle for effective reforms of states. In his influential essay ‘the End of History’, Francis Fukuyama already described this development when he stated that the end of the Cold War marked ‘the end point of mankind’s ideological evolution, and the universalization of Western liberal democracy as the final form of human government’ (Fukuyama, 1989, p.2). From the broader perspective, democracy is perceived to be more than just a system of governance (Ersson & Lane, 2003, p.25). The broader approach is more comprehensive, it does not only include political rights, but also civil liberties, human rights, and an increasing emphasis on good governance (Cranenburgh, 2011, p.452). According to Woods, there are three principles that are at the core of good governance: participation, accountability, and fairness (Woods, 1999, p.41). This closely resembles what Freyburg et al. consider to be the elements of democratic governance, namely: participation, accountability, and transparency (2015, p.2). However, according to Munck, one must separate democracy as a regime, and democratic governance as two distinct concepts (2003, p.2). He argues that a democratic regime must be regarded only in ‘Schumpeterian terms’, thus solely as a system to elect political leaders, whilst democratic governance describes the practice of making and implementing legally binding decisions by the government (Munck, 2003, p.2).

The list of elements that constitute a democracy is long. The question that then rises is, when is a democracy fully developed? As the literature indicated, there is no universally accepted answer. In practice, there are multiple data sets that measure the level of democracy in nation states. This can thus be done dichotomously – following Schumpeter’s logic – where the presence of free, fair, and competitive elections determine that a regime is either democratic or non-democratic. Two very well respected data sets on democracy – Freedom House and Polity IV – adopt a broader conceptualization of democracy. Freedom House measures democracy along two dimensions: political rights and civil liberties (Freedom House, 2012a). Polity IV measures the level of democracy based on ‘the presence of institutions, and procedures through which citizens can express their effective preferences about alternative policies, and leaders; the existence of institutionalized constraints on the power of the executive; the guarantee of civil liberties to all citizens in their daily lives, and in acts of political

3.2 Marketization and Democratization in a Post-Communist Context

Although it may seem appealing, the post-communist transitions cannot be added to Huntington’s third wave of democracy (McFaul, 2002, p.213; Bunce, 2003, p.167; Offe, 2004, p.504). The transitions in Central and Eastern Europe proved to be more complex than their Western counterparts. Bunce (2003) critically reflects on the assumptions about transitions from autocracy to democracy and the generalizations about what serves as the ideal approach to a democratic transition by comparing the third wave of democracy – democratic transitions in Latin America, and Southern Europe – to the post-communist transitions. Bunce found that the transitions differ on several dimensions namely: the role of the masses, the level of uncertainty of the transition, strategies in the approach to transition, the role of the military, and the implications of nationalist protests (2003, p.170). In contrast to the third wave transitions, mass mobilization actually facilitated the transition as it created a large opposition, raised awareness that things could be different, and generated a relatively fast break with the old regime (Bunce, 2003, p. 172). The most successful post-communist transitions all started with mass protests (Bunce, 2003, p. 172). Where the Latin American and Southern European transitions were highly uncertain, the post-communist transitions varied more in the level of uncertainty (Bunce, 2003, p.173). In some transitions, there was a strong indication for a democratic regime after the breakdown of communism, whilst in others this was far less definite (Bunce, 2003, p.173). Instead of compromising – bridging between the new and the old regime – the most successful transitions in CEE involved breaking ties with the old regime (McFaul, 2002, p.222; Bunce, 2003, p.174). Thus, according to Bunce (2003) the strategies in the post-communist transitions were different from those in the third wave transitions (p.174).

Moreover, Bunce developed three generalizations about what is perceived to be the optimal approach to transition. The first is that a successful transition seems to require prior settlement of issues with regard to statehood (Bunce, 2003, p.171; Offe, 2004, p.504). The second generalization involves the idea that bargaining about the new regime and the rules of the game should be limited to the authoritarian elites, and representatives of the democratic opposition (McFaul, 2002, p. 222; Bunce, 2003, p.171). Finally, it is assumed that transitions are highly uncertain, and therefore it requires compromises – pacting – for the purpose of political stability during the construction of the new regime (Bunce, 2003, p.171). McFaul provides similar arguments, but provides them in the form of two models: the cooperative approach to regime change and the non-cooperative approach. His cooperative approach greatly resembles the ‘third wave approach’ to democratization, which includes an uncertain
balance of power between the status quo and the opposition, demobilized publics, and pacting as a core strategy (McFaul, 2002, p.221). On the contrary, the non-cooperative approach is highly applicable to the post-communist transitions, which includes a rather unequal balance of power, the involvement of the masses, breaking instead of pacting with the old regime, and a relatively low level of uncertainty (McFaul, 2002, p.223).

Bunce provides several lessons for comparatively studying the third wave- and post-communist transitions. First, the level of uncertainty in the post-communist transitions varied considerably, which in turn affected the strategies of the transition and the outcomes (Bunce, 2003, p.188). Where there is a low level of uncertainty – an unequal balance of power in the form of a strong opposition – the new regime has the opportunity to break with the old order. As already stated previously, mass mobilization can reduce the uncertainty of the transition (Bunce, 2003, p. 189). Moreover, nationalist mobilization can further the transition, but varies on the timing of the protests and the strength of the opposition. One of the most important conclusions that can be drawn from Bunce’s study, is that historical factors are crucial in defining the path and trajectory of the transition. According to Bunce, this means that one can only define optimal conditions, because optimal strategies do not exist (Bunce, 2003, p.190). In her view, the choices available to elites are defined by the context of each particular case, which in turn affects the strategies and pertaining outcomes (Bunce, 2003, p.190).

Offe argues that post-communist transitions differ from the previous democratization waves in two respects: the presence of stateness issues and the triple transition (Offe, 2004, p.504). Stateness refers to the territorial integrity of the state and the ‘willingness of the people to be citizens of the nation-state claiming sovereignty over the territory in which they reside’ (Clark, 2002, p.19). It is considered to be a necessary precondition of democracy (Linz & Stepan, 1996, p.7). Furthermore, Kuzio states that the higher the level of cultural, linguistic, and religious pluralism, the higher the complexity of the democratic transition (2001, p.169). The triple transition refers to the transformation which post-communist states go through on three dimensions: (1) statehood, (2) the economy, and (3) constitutional politics (Offe, 2004, p.504). Where the transitions in the earlier democratization waves were strictly political and constitutional, the post-communist states thus had to deal with the additional issue of statehood (Kuzio, 2001, p.168; Offe, 2004, p.504).

After the fall of communism, the goal for most Central European states was a democratic regime and a market economy. However, in the former socialist states, there was no capitalist economic system. On the contrary, they had a planned economic system in which almost everything was state-owned. Ganev (2005) argues that it is exactly for this reason that the former socialist states inherited such a weak infrastructural capacity (p.426). In its simplest
form, Ganev’s logic runs as follows. In Western Europe, the dominant elite project – war-making – required the constant supply of resources (Ganev, 2005, p.433). These resources were extracted from the population and this unintentionally created state structures as the practice of extraction became institutionalized, and subjected to rules and regulations (Ganev, 2005, p.435). On the contrary, the legacy of communism (state-owned economy) facilitated a predatory project in which political elites extract from the state, rather than from the population (Ganev, 2005, p.432). Hence, elites deliberately weaken state structures in order to manipulate the flow of resources within the state (Ganev, 2005, p.435).

Where democratization and marketization are normally regarded as reinforcing, this relationship is more complex in the context of post-communism. Offe argues that these two elements could not have been developed simultaneously in Eastern Europe, due to the unprecedented nature of the transformations (2004, p.507). There is much debate about whether the marketization of the economy should precede the transition to democracy, or the other way around. The paradox is that if the state starts with the economy first, property rights are redistributed, but the state fails to regulate the new economic system (Offe, 2004, p.508). On the contrary, if the transition to democracy – constitutional and political – precedes the marketization of the economy, the state creates infrastructure and state capacity, but the economic system remains the same. In Eastern Europe, this enormous decision load for political elites was partly eliminated by the EU, which provided external support for the new order.

3.3 Models of Democracy Assistance

Carothers (2009) distinguishes between two approaches to democracy assistance, namely the political approach and the developmental approach (p.6). These understandings are similar to what I discussed in section 3.1 as the narrow approach to democracy and the broader conception of democracy. Even though European democracy aid is diverse and mixes components of both approaches, the developmental approach clearly dominates (Carothers, 2009, p.16). Carothers provides some key features of European democracy promotion, which involves technocratic governance aid; building local-level infrastructure; an inclusion of both social and economic rights, as well as political and civil rights; the perception of elections and political change as a process of slow maturation, and lastly, a tendency to stress partnerships, rather than being politically challenging (2009, p.16). Hence, the EU views democracy as a highly gradualist process in which democracy assistance is part of a larger development agenda (Carothers, 2009, p.17).

In the existing democratization literature, one can generally distinguish between
explanations that stress the significance of structure, and theoretical models that emphasize agency (domestic actors). Arguing that there was no sufficient model to analyze regime change, Levitsky and Way (2006) developed a (structural) framework that can be used to assess post-Cold War regime outcomes (p.379). They contend that after the Cold War, regime changes were influenced significantly by (1) Western leverage and (2) linkages to the West. In their framework, leverage refers to a governments’ vulnerability to democratizing pressures from the West and linkage to the density of ties to the West (Levitsky & Way, 2014, p.151). Following this line of reasoning, the effects of external influence thus depend on the strength of exogenous factors rather than on (domestic) endogenous factors. Hence, structural factors include geographic proximity (contagion of norms), the level of interdependency and power asymmetries (Kubicek, 2005, p.272; Tolstrup, 2013, p.719). Following this approach, an external actor is most likely to influence a target state when leverage is high (asymmetrical power) and linkages dense (high interdependence). On the contrary, Tolstrup (2013) rather sees linkage as a political process in which domestic actors – gatekeeper elites – determine the capacity of external actors by upgrading or downgrading linkages (Tolstrup, 2013, p.718). Thus, he finds that Levitsky and Way’s model overemphasizes structure and overlooks the influence of domestic actors (Tolstrup, 2013, p.718). Therefore, Tolstrup tries to combine macro-logic and micro logic by adding gatekeeper elites to their model (see figure 3.3 on p.26). Tolstrup’s theoretical model implies that linkages are not only determined by structure – geographic, historical and cultural traits – but also by gatekeeper elites as they can condition the structural prerequisites of the relationship or develop linkages on their own (2013, p.721).

According to Freyburg et al. (2015), when analyzing the EU’s democracy promotion one can generally distinguish between three models of democracy assistance: linkages, leverage and governance (p.4). The linkages model aims to facilitate democratization from below by means of cross-border flows of trade, communication and people, this is often referred to as socialization (Levitsky & Way, 2006, p.379; Freyburg et al., 2015, p.11). In this context, linkages involve the density of economic, political, diplomatic, social and organizational ties between the external actor and the target country (Levitsky & Way, 2006, p.379). Kubicek (2005) refers to this strategy as ‘convergence of norms’ and indicates that following this approach, democratic norms should be internalized by the society and ultimately the elites (p.272). On the contrary, the second model – leverage – promotes democracy by offering the elites of the target state (significant) rewards in exchange for the adoption of democratic institutions and reforms (Freyburg et al., 2015, p.11). Following this perspective, democratization is induced by offering either the carrot (rewards) or the stick (punishment). It follows a rational institutionalist approach in which actors are assumed to calculate costs and benefits, and
maximize utilities; it resembles a hierarchical, top-down approach (Kubicek, 2005, p.273). As already discussed earlier in this chapter, an example of such an approach is the EU’s accession conditionality. There is a rich body of research on the determinants of successful political conditionality. According to Schimmelfenig, regardless of whether this is in the context of membership or non-accession, effective political conditionality depends on a combination of both external and domestic factors (2008, p.920). In her study on membership, accession and neighborhood Europeanization, Borzel (2010) finds state capacity to be one of the determining factors in affecting the effective Europeanization as the target state has to be able to absorb external assistance, and needs to have the capacity to comply with EU demands (p.11). Furthermore, corruption is perceived to have a detrimental effect on both socio-economic and political development (Borzel, 2010, p.11).

The last model – governance – focuses on the transfer of democratic governance principles through functional cooperation between administrative actors across policy fields (Freyburg et al., 2015, p.11). The logic that this sectoral approach follows is that through sectoral cooperation the EU can indirectly transfer democratic norms and principles such as transparency and accountability (Freyburg et al., 2015, p.3). In its simplest form, this means that because the EU’s values – such as respect for human rights, democracy and the rule of law – underpin European legislation and standards, these are reflected in its bilateral frameworks (Freyburg et al., 2015, p.3). Although the latter approach is without a doubt promising for future sectoral assessments, considering the scope of this research I only focus on the first two ‘traditional’ mechanisms – conditionality and socialization – of EU democracy promotion. In the next section I elaborate upon these notions by using theory of the new institutionalism.

Figure 3.3. Tolstrup’s theoretical model of external influence (2013, p.721)
3.4 EU External Governance: Conditionality and Socialization

External governance refers to ‘the extension of internal rules, and policies beyond formal membership’ (Lavenex & Schimmelfenig, 2009, p.791). In the previous section, it became evident that the ENP combines element of a top-down approach by using a soft form of conditionality, with a rather bottom-up approach that emphasizes joint-ownership and partnership based on trans-governmental networking and inter-administrative cooperation (Freyburg et al., 2015, p.69). There are two dominant theories in the field of democratic politics that try to explain what makes humans follow certain rules: rational choice institutionalism and sociological institutionalism. March and Olsen define institutions as ‘a relatively stable collection of practices and rules defining appropriate behavior for specific groups of actors in specific situations’ (1998, p.948).

They distinguish between two logics of action by which human behavior can be interpreted: the logic of consequences and the logic of appropriateness. The logic of consequences is based on the notion that humans are rational actors that act upon the expected consequences (March and Olsen, 1998, p.948). Hence, humans choose among alternatives based upon the likely consequences for their own – may they be personal or collective – objectives (March and Olsen, 1998, p.948). This means that in terms of political integration, or in the context of this study, the effectiveness of democracy promotion hinges on the cost-benefit calculations of the receiving (domestic) actors. Schimmelfenig and Sedelmeier (2004) proposed a model that entails this rationalist perspective. Their external-incentive model is a rationalist bargaining model, in which actors are utility-maximizers (Schimmelfenig & Sedelmeier, 2004, p.663). When applying this model to EU external governance, the EU follows a strategy of conditionality (Schimmelfenig & Sedelmeier, 2004, p.663). This resembles the concept of leverage as discussed in the previous section; the EU either pays or withholds the reward depending on the compliance of the target government. Hence, the general idea of the external-incentive model is as follows: the target state is likely to adopt EU rules if the benefits of EU rewards exceed the domestic adoption costs (Schimmelfenig & Sedelmeier, 2004, p.664). In turn, this strategic cost-benefit calculation depends on 1) the determinacy of conditions, 2) the size and speed of rewards, 3) the credibility of threats and promises, and 4) the size of the adoption costs (Schimmelfenig & Sedelmeier, 2004, p.664). However, they distinguish between two types of conditionality which also alters the significance of the above mentioned mechanisms. Democratic conditionality concerns the ‘fundamental principles of the EU, the norms of human rights and liberal democracy’ (Schimmelfenig & Sedelmeier, 2004, p.669). Acquis conditionality refers to the specific rules of the *acquis communautaire* (Schimmelfenig & Sedelmeier, 2004, p.669).
The latter is most prominent in the preparatory process for candidate countries. For democratic conditionality the size of the incentives and the credibility of threats and promises (membership perspective) were decisive for rule transfer (Schimmelfenig & Scholtz, 2008, p.199). On the contrary, the effectiveness of acquis conditionality depends mainly on whether or not there is a credible membership perspective (Schimmelfenig & Scholtz, 2008, p.199).

In contrast to the rational-choice model, the social learning model developed by Schimmelfenig and Sedelmeier (2004) follows the logic of appropriateness. According to March and Olsen (1998) linking action solely to the logic of consequences ignores the role of identities, rules and institutions in shaping behavior (p.951). Hence, following the logic of appropriateness actors behave according to one’s identity rather than interests. In this regard, appropriate action is behavior that ‘fits’ the actor’s conception of self and the meaning that is given to particular situations (March & Olsen, 1998, p.951). However, socialization can be gradually induced by providing alternative interpretations of the self and the situation; thus trying to alter the conception of what is deemed appropriate (March & Olsen, 1998, p.951). The reason that it is so important to acknowledge the existence of these logics is because it influences the way we perceive the international system. Based on the consequentialist logic, the international system is perceived as a system that arises from the interaction between autonomous actors that pursue their self-interests (March & Olsen, 1998, p.951). On the contrary, when one looks at the international system from the logic of appropriateness, the rules and institutions that actors base their actions on are believed to be socially constructed. It is obviously very difficult to measure when actors behave according to the logic of appropriateness. Some tools through which the EU tries to induce socialization are to enhance people-to-people contacts through mobility and educational cooperation, and networking and information exchange between civil society groups (Schimmelfenig & Sedelmeier, 2005, p.140).

3.5 Theoretical Argument
The theory that I discussed in this chapter provides several important insights. It became apparent that even though there is no universally accepted definition of democracy, it should constitute more than merely electoral rights. As this research tries to measure the impact of EU democracy promotion on the level of democracy in Ukraine, it is important to establish the substance of democracy the EU promotes in third states. The significance of this conceptualization can be easily illustrated with the following example. According to Carothers, even though European democracy aid is diverse and mixes components of both approaches, the developmental approach clearly dominates (Carothers, 2009, p.16). Carothers (2009)
defines the concept of democracy under the developmental approach as going beyond an exclusive political definition by including socioeconomic rights and outcomes such as equality, welfare and justice (p.8). If I would measure the level of democracy in Ukraine by focusing solely on political rights and regular elections, this would empirically undermine this research substantially. Wetzel and Orbie (2015) carried out extensive research on the substance of the EU’s democracy promotion and state that, as the EU has not adopted a single definition of democracy that guides its promotion efforts, the EU’s democracy promotion can be described as ‘fuzzy liberalism’ (p.1). Here, fuzziness refers to the pluralistic way in which the EU promotes democracy in third states. Although there is thus no clear conceptualization on the kind of democracy that the EU promotes, in its reports the EU often refers to deep and sustainable democracy as including: ‘free and fair elections; freedom of association, expression and assembly and a free press and media; the rule of law administered by an independent judiciary and the right to a fair trial; the fight against corruption; security and law enforcement sector reform (including the police) and the establishment of democratic control over armed and security forces’ (European Commission and European External Action Service, 2011, p.3). This means that when measuring the dependent variable – level of democracy – I must use an index that reflects the EU’s norms in their measurement. Therefore, I use the annual Freedom in the World and Nations in Transit ratings, for the measurement of the dependent variable. This allows me assess whether there is a correlation between the EU’s democracy promotion efforts – transmitted through political conditionality and socialization – and Ukraine’s level of democracy. Whilst this will not prove direct causation, if a clear trend of progress can be detected, a lack of such implies that the EU’s efforts were insufficient to bring about macro-level changes.

I recognize the difficulty in establishing the extent to which the EU had an impact on democratic reforms in Ukraine. The reason for this is that I cannot rule out the possible influence of other external actors such as the USA, NATO, the Council of Europe, and the OSCE. However, according to Schimmelfenig and Scholtz (2008), studies that have taken into account the impact of other international actors regarding democracy promotion, revealed that the efforts of regional organizations outweigh bilateral national efforts (p.198). In addition, when the international actor does not offer clear political incentives, domestic obstructions are too robust to overcome (Schimmelfenig & Scholtz, 2008, p.198). Even if these international actors would have an impact, I assume that the USAID, NATO, the Council of Europe, and the OSCE all aim to further democratization in Ukraine. Lastly, EU and NATO conditionality have worked in parallel (Schimmelfenig & Scholtz, 2008, p.198). This implies that, as they generally use the same conditions and same incentives, the impact of these two actors are difficult to
distinguish. Nevertheless, the EU has focused more on economic and political incentives whilst NATO dominantly devotes itself to security concerns. In addition, Ukraine has long been aspiring EU membership. Thus, based on the arguments I provided above, I assume that the EU’s democracy promotion efforts has outweighed the influence of other international actors in terms of democratization. However, it should be noted that not all international actors are active as democracy promoters in Ukraine. There have been multiple studies that assess the constraining role of Russia in relation to the EU’s external governance efforts (Langbein & Borzel, 2013, p.574; Dimitrova & Dragneva, 2009, p.854). Although I certainly acknowledge the potential negative influence Russia could have on the EU’s external governance efforts, the central concern of this research is evaluating the impact of the EU’s democracy promotion efforts in Ukraine rather than the impact of Russia on the EU’s democracy promotion efforts.

The measurement of the second causal mechanism, socialization, poses more difficulties. The reason for this is that I cannot measure the extent to which socializers have internalized norms and values, and if they did, which ones. In addition, the extent to which socialization results in a higher level of democracy is equally difficult to measure. In contrast to political conditionality, socialization is an indirect form of democracy promotion, intended to induce change from within (bottom-up). I considered adopting transnational exchange as a proxy for socialization. Due to the time frame of this research (2003-2014), there are some serious limitations regarding the availability of data. In addition, measuring the effects of socialization over such a period would be an entire study on its own and therefore is not feasible. In addition, I believe that the rational-institutionalist perspective is the most appropriate for evaluating the impact of EU democracy promotion on a macro-level. Several scholars documented the implementation of democratic policies by former communist and authoritarian leaders for self-interested, rational reasons (Schimmelfennig, Engert & Knobel, 2003, p.514). Vanderhill (2008) illustrates this notion with a convincing example, namely if it was the logic of appropriateness that directed the political elites in for example Bulgaria and Hungary, then the absence of the membership incentive should not have changed their behavior (p.57). In other words, this implies that even without a membership perspective, these states would have implemented the same political and economic reforms as the political elites found these reforms to be appropriate. Therefore, this study evaluates the impact of the EU’s democracy promotion in Ukraine based on 1) its democratic conditionality, and affected by 2) domestic conditions consisting of state capacity and political stability. Now that I have established the possible causal mechanisms for EU democracy promotion, I formulate hypotheses for each mechanism in the following sections.

Democratic conditionality in the context of the European neighborhood, mainly includes
financial support, visa liberalization, access to the internal market and association. According to Schimmelfenig and Scholtz, who applied rational institutionalist theory to non-member neighboring countries, successful conditionality depends on the size of the incentives and the credibility of the EU’s conditional incentives (2008, p.190). The adoption of liberal political norms by third states must be balanced by tangible incentives, which implies that the effectiveness of EU democracy promotion will increase with the size of the incentives (Schimmelfenig & Scholtz, 2008, p.190). As Ukraine declared its commitment to becoming an EU member multiple times, I assume that when the EU’s incentives become more attractive (higher), the targeted state (Ukraine) enjoys a higher level of democratization as measured by the Nations in Transit (henceforth: NIT) index. Moreover, the same applies to the credibility of the EU’s conditional incentives. In the next chapter, I elaborate on the operationalization of these independent variables by providing a table with a categorization of low, medium, and high credibility, and a scale (from 0 to 5) for the size of the incentives. Credibility refers to the probability that the EU’s actually delivers the reward it promised, or the threat in cases of non-compliance. Based on the rational institutionalist perspective, this leads me to pose the following hypotheses:

H1a: When the incentives that the EU offers increase, the level of democracy in Ukraine increases.

H1b: When the credibility of the incentives the EU offers increase, the level of democracy in Ukraine increases.

Yet, as already stated, the impact of EU democracy promotion in the neighborhood is highly dependent on domestic conditions. The reasons for the development of democracy are contingent and context-specific, and therefore must be studied domestically. Whereas in the CEE enlargement countries domestic obstructions were overshadowed by the ultimate reward of EU accession, this is not the case for the ENP countries. Thus, the last hypotheses try to assess the extent to which domestic conditions either constrain or facilitate Ukraine’s level of democracy. Even though the literature indicates that there is no fixed set of conditions that initiate the development of a democratic regime, the theory does imply that state capacity is a significant domestic factor that affects EU democracy promotion. The reason for this is that a target state must be able to absorb external aid and democracy promotion efforts in order to transform these into reforms. Although the literature does not clearly explicate the role of political stability in relation to democracy, I believe that in the context of the case in question—
Ukraine – this domestic condition can constrain or enhance Ukraine’s democratic development. In the theoretical framework, I explained how democratic transitions in a post-communist context differ from earlier democratization waves after World War II. The most significant differences in this regard, are the post-communist legacy of rent-seeking elite, weak state capacity and the mutual obstruction of marketization and democratization. If a relationship – be it positive or negative – between these two domestic conditions and the dependent variable (level of democracy) exists, this is likely to affect the EU’s democracy promotion efforts. However, if the latter would be true, I cannot define the extent to which these factors impede or enhance the EU’s democracy promotion efforts nor can I rule out the potential influence of other domestic factors. Nonetheless, I consider these two factors to be the most significant in relation to the EU’s democracy promotion, and specifically in the context of Ukraine. For both domestic conditions I use the World Governance Indicators (henceforth: WGI). State capacity is measured by using two WGI’s: regulatory quality and government effectiveness. This leads me to pose the following hypotheses:

H\textsubscript{2a}: When Ukraine’s political stability decreases, Ukraine’s level of democracy decreases.

H\textsubscript{2b}: When Ukraine’s state capacity – indicated by regulatory quality and government effectiveness – decreases, Ukraine’s level of democracy decreases.
4. EU-Ukraine Relations

In this chapter I discuss the institutional foundations that have composed EU-Ukraine relations since Ukraine’s independence in 1991. This includes three overarching bilateral and multilateral frameworks: the Partnership and Cooperation Agreement (henceforth: PCA), the ENP, and the EaP. EU-Ukraine relations have generally been dominated by the reluctance of the EU to offer Ukraine membership (Dimitrova & Dragneva, 2009, p.855). The attitudes of EU citizens and their respective governments regarding enlargement became increasingly negative after the 2004-2007 expansion to CEE and the Mediterranean (Sedelmeier, 2014). This ‘enlargement fatigue’ generated alternatives to the EU’s enlargement policy, in order to find other ways to influence its neighbors (Dimitrova & Dragneva, 2013, p.660). Drawing on the underpinnings of the PCA, the ENP and its Eastern dimension (EaP) can be regarded as alternatives to membership; they have the same workings as EU enlargement, but the ultimate reward (membership) is left out. For every framework I discuss the main objectives and instruments, and I put them in a historical context by referring to the second chapter of this study in which I discussed Ukraine’s political history.

4.1 Partnership and Cooperation Agreement and the Common Strategy

Already in the early years of independence Ukraine expressed its European aspirations. Ukraine only started its path towards European integration under Kuchma’s rule, when the first legal framework laying the foundation for EU-Ukraine relations – the PCA – was signed in 1994, and officially entered into force in 1998 (Axyonova, 2016, p.12). Ukraine was the first of the Newly Independent States to sign such an agreement. The PCA serves as an institutional framework for political dialogue and consists of several bilateral arrangements such as EU-Ukraine summits, a cooperation council, and several subcommittees (Freyburg et al., 2015, p.170). The main objectives of the PCA were to provide a framework for political dialogue; to foster economic integration; to provide a foundation for ‘mutually advantageous economic, social, financial, civil scientific technological and cultural corporation’; and to support a consolidation to democracy and complete the transition to a market economy in Ukraine (Partnership and Cooperation Agreement EU-Ukraine, 1994, article 1). These objectives were to be realized by means of financial and technical assistance, provided by macro-financial assistance and the Technical Aid to the Commonwealth of Independent States (henceforth: TACIS) program. The first TACIS program addressed three sectors: institutional reform and development; economic reform and private sector development; and energy and the environment (Bratu, 2016, p.7). The PCA does impose soft conditionality (leverage), but the
incentives were clearly too weak to trigger domestic change. Moreover, the EU’s foreign policy towards Ukraine included little democracy promotion, but rather emphasized stability and the development of a market economy (Axyonova, 2016, p.12).

In 1999, the Common Strategy (henceforth: CS) was initiated to ‘strengthen the strategic partnership between the EU and Ukraine’ (European Council, Common Strategy on Ukraine, 1999). In addition, the CS served as an acknowledgement of Ukraine’s aspirations for European integration. From the very beginning, Ukraine clearly expressed that it viewed association with the EU as a step towards membership. The CS in turn declared its support for Ukraine’s ‘pro-European’ choice, but did not include any reference to membership (Moroney, Kuzio & Molchanov, 2002, p.73; Dimitrova & Dragneva, 2009, p.856). However, the CS was not revolutionary for EU-Ukraine relations; it could be perceived as merely a symbolic declaration of support. From Ukraine’s perspective, both the PCA and CS were seen as insufficient as being denied an accession trajectory, it did not fulfil its expectations. Ukraine demanded a new bilateral framework (Dragneva & Wolczuk, 2014, p.214). Similarly, the EU was disappointed by Ukraine’s slow progress on reforms, and non-compliance with EU demands (Kubicek, 2005, p.275). As a result both sides found the shape of EU-Ukraine relations unsatisfactory. The PCA expired in 2009 and was replaced by the Association Agreement under the ENP. The first decade of EU-Ukraine relations was mostly ‘binding in rhetoric but shallow in action’, a mode of integration that Wolczuk calls ‘declarative Europeanization’ (Wolczuk, 2003, p.3; Korosteleva, 2012, p. 84).

4.2 European Neighborhood Policy

The EU and its accession conditionality is generally regarded as successful with regards to enhancing democratization in CEE (Kelley, 2004; Schimmelfenig & Sedelmeier, 2005, p.3; Borzel, 2010, p.6; Dimitrova & Dragneva, 2013, p.658). Even though the post-communist transitions were more complex than previous democratization waves, the EU served as a long-term, structural building block in steering reforms in CEE. For acceding countries, EU membership works as a catalyst for political and economic reforms. Although the process is obviously more complicated, in its simplest form states simply cannot become an EU member if they do not fulfil the accession criteria. The very first step is for countries to fulfil the key ‘Copenhagen criteria’. When a country is found eligible for EU membership, the timing of the candidate’s adoption, implementation, and enforcement of the acquis is negotiated (European Commission, 2015d). Through accession conditionality the EU ties the reward of membership to certain criteria, which in turn should create incentives for aspiring countries to adopt reforms (Sedelmeier, 2010, p.421; Dimitrova & Dragneva, 2013, p.660). Even though
enlargement is often referred to as ‘the EU’s most successful foreign policy tool’, political conditionality only works when it faces favorable domestic conditions (European Commission, 2003, p.5; Schimmelfenig, 2008, p.918; Sedelmeier, 2010, p.421).

The ENP was created after the 2004 ‘big bang’ enlargement to manage relationships with the ‘new’ neighboring countries. The ENP is a fundamental part of the EU’s foreign policy and meant to ‘strengthen the prosperity, stability and security’ along Europe’s borders (European Parliament, 2016). Compared to the PCA, the ENP clearly includes a wider range of instruments, and a greater focus on the promotion of deep and sustainable democracy. It pursues the highest possible political association and economic integration. However, the degree of association and integration depends on the receiving country. In the 2010-2011 review of the ENP, the EU introduced the ‘more-for-more’ principle; the greater the progress towards democratic reforms in the receiving country, the stronger the cooperation with the EU and the higher the incentives the EU offers (European Neighborhood Info Centre, 2013). The latest review of the ENP (2015) put forward revised joint priorities for cooperation (European Commission, 2015e). Apart from the ones already in place – good governance, democracy and the rule of law – the revised priorities put more emphasis on stabilization with regard to politics, economy and security. These revised priorities in light of ‘current challenges’ include economic development for stabilization, a greater focus on security, and cooperation with regards to migration and mobility (European Commission, 2015e).

The institutional framework of the ENP greatly resembles that of EU accession, and includes a wide range of available instruments. By applying conditionality – although a softer form – it ties rewards such as market access, visa liberalization, and financial and technical support to the implementation of particular reforms. Hence, the idea is thus that third countries come closer to the EU by following EU rules and standards. This phenomenon is usually referred to as approximation. The political and economic reforms that the neighborhood country should pass are laid out in the ENP action plans for that particular state. The Action Plan includes short, medium and long-term priorities and provides standards that can be used as a point of reference for evaluating performance (Freyburg et al., 2015, p.65). The European Commission evaluates and oversees progress on the ENP action plans, and publishes annual reports on the level of compliance to the mutually agreed objectives in each neighborhood country (Freyburg et al., 2015, p.65). The ENP action plans for Ukraine build on the PCA, and later the Association Agreement. Ukraine’s ENP Action Plan includes twelve key areas of democracy promotion, among which: strengthen the stability and effectiveness of institutions guaranteeing democracy and the rule of law with a special attention to a fair conduct of elections; legislative and judicial reforms promoting the independence of judiciary
and impartiality of prosecution; anti-corruption policies with a special focus on transparency and accountability of administration; promotion of the respect for human rights and fundamental freedoms; foster the development of civil society; guaranteeing the respect for the freedom of media; ensure respect for rights of persons belonging to national minorities; prevention of ill-treatment and torture; ensure equal treatment and respect for Children’s rights; ensure international justice; ensure respect for trade unions’ rights and core labor standards (European Commission, EU-Ukraine Action Plan, 2005).

The EU has always considered Ukraine as a priority country under the ENP. However, as chapter two already indicated, the high expectations for the aftermath of Orange revolution were not met. Nonetheless, under Yushchenko the EU and Ukraine started negotiating an Association Agreement in 2007, with a Deep and Comprehensive Free Trade Area (henceforth: DCFTA) only later in 2008. In 2009, Yushchenko lost the presidential elections to Yanukovych. Despite his authoritarian tendencies, Yanukovych publicly spoke about his aspirations of becoming an EU member and also pursued further negotiations. The 15th Ukraine-EU summit in December 2011, was supposed to technically complete the Association Agreement that Ukraine, but was stalled due to the Tymoshenko case I discussed in chapter two. In the early years of the ENP, priority areas for dialogue and reform were stipulated in the Action Plans. However, the most recent one - the Association Agenda – replaced the Action Plan and is focused on the facilitation of the implementation process of the Association Agreement. Regardless of Ukraine’s reputation of rhetorical commitment and selective rule transfer, the partnership between Ukraine and the EU revived with the signing of the Association Agreement on the 27th of June 2014. According to this Association Agreement, both parties are committed to ‘a close and lasting relationship that is based on common values, namely respect for democratic principles, the rule of law, good governance, human rights and fundamental freedoms, including the rights of persons belonging to national minorities, non-discrimination of persons belonging to minorities and respect for diversity, human dignity and commitment to the principles of a free market economy, which would facilitate the participation of Ukraine in European policies’ (Association Agreement EU-Ukraine, 2014, p.4). However, the degree of political association and economic integration will depend on Ukraine’s implementation of the Association Agreement.

Until 2006, financial assistance under the PCA and the early years of the ENP, was provided through TACIS (Saurenbach, 2012, p.21). The European Neighborhood and Partnership Instrument (henceforth: ENPI) replaced TACIS and became operational in 2007 (European Commission, 2016a). The ENPI serves as an overriding financial framework for the entire Neighborhood, with the objective of supporting the implementation of the ENP as
specified in the Action Plan and Association Agenda (Saurenbach, 2012, p.21). Financial assistance is mostly provided through bilateral programs that the EU and the receiving state jointly agreed upon. The ENPI dominantly employs aid modality that works on a sectoral basis and relies on budget support. This means that the amount of funding and the intensity of cooperation and support varies per sector, which in turn is dependent upon the defined strategic objectives. The allocation of funding, priorities and strategies are stipulated in the Country Strategy Papers (henceforth: CSP) and National Indicative Programs (henceforth: NIP). The CSP includes a financial plan for a period of seven years, whilst the NIP lays down the allocation of funding for specific strategic priorities for a period of three years (Saurenbach, 2012, p.22). In addition, the Annual Action Programs (henceforth: AAP) outline the ongoing projects, the amount of funding for each project, and a timetable for implementation (European Commission, 2016b). Besides funding, there are also socialization tools that the EU uses to influence neighbors: the Technical Assistance and Information Exchange instrument (henceforth: TAIEX), Support for Improvement in Governance and Management (henceforth: SIGMA), and TWINNING. All three instruments focus on supporting public administrations of beneficiary countries with regard to approximation to EU legislation and standards. The latter three instruments (TAIEX, SIGMA and TWINNING) try to induce change from the bottom-up through learning, whilst (some) financial aid, visa liberalization and association are examples of top-down approaches as they are conditioned on EU demands. This illustrates the way external governance under the ENP follows the two models – socialization and conditionality – discussed in the literature review.

4.3 Eastern Partnership

The ENP does not only include Europe’s Eastern neighbors, but also its Southern neighbors: Morocco, Algeria, Tunisia, Libya, Egypt, Jordan, Syria, Israel, the Palestinian territories, and Lebanon (EU Neighborhood Info Centre, n.d.). Recognizing the limitations of a single framework for two very distinct continents, Poland and Sweden proposed an Eastern dimension for the ENP. At the Prague Summit on May 7th 2009, the Eastern Partnership (EaP) was created, in order to advance political association and economic integration with the Eastern neighbors. Whereas the ENP only works bilaterally, the EaP includes both a bilateral and a multilateral component. The bilateral dimension is committed to strengthen sector cooperation, increase the mobility of citizens and visa-free travel, and to advance political association and economic integration with the EU (European Commission, 2015c). Under the umbrella program additional assistance can be earned when the beneficiary country shows progress in deep and sustainable democracy. The multilateral aspect concentrates on thematic
platforms and flagship initiatives that address collective challenges and transboundary issues (see figure 4.3). The thematic platforms focus on four areas: 1) the strengthening institutions and good governance, 2) enhancing mobility and people-to-people contacts (through visa facilitation and readmission agreements), 3) promoting sustainable and inclusive economic development (through AA/DCFTA), and 4) to improve energy security, infrastructure and the EaP transport network (European External Action Service, n.d.-a; European Commission, 2015f). The flagship initiatives serve as regional cooperation tools on issues such as energy, environment, and border management (European Commission, 2015c). In addition, Ukraine joined the DCFTA with the EU in January 2016.

**Figure 4.3.** The Eastern Partnership platforms (European Commission, 2015f).

The ultimate goal for these areas is to bring them closer to EU practices and standards. The idea of comparing the level of European integration among the Eastern countries developed soon after the EaP’s launch. Therefore, the European Integration Index for Eastern Partnership Countries (henceforth: EaP Index) was created, and published its first results in 2012. The Index perceives European integration as a process that constitutes two distinct but mutually reinforcing processes: 1) the growth of social, economic and political linkages, and 2) approximation of the EaP country’s institutions and policies to the EU. The country assessments of the level of European integration according to the EaP Index builds on three dimensions: linkages, approximation and management (see table 4.3). As already stated
above, linkages refer to social, economic and political interdependencies, approximation to convergence with EU legislation, practices and institutions, and management applies to the structures in place in the EaP country to control (European Integration Index for Eastern Partnership Countries, 2013, p.12). These dimensions are assessed on a scale from 0 to 1, where 0 refers to negative European Integration, and 1 represents positive European Integration. Table 4.3 outlines the EaP Index results for Ukraine in 2012, 2013 and 2014. The average scores for every dimension do not show significant changes from 2012 to 2014. Among all the Eastern partners, Ukraine has been in third position – behind frontrunners Moldova and Georgia – in terms of overall performance.

**TABLE 4.3 The EaP Index for Ukraine**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Linkage</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Political dialogue</td>
<td>0.64</td>
<td>0.65</td>
<td>0.66</td>
</tr>
<tr>
<td>Trade and economic integration</td>
<td>0.68</td>
<td>0.72</td>
<td>0.74</td>
</tr>
<tr>
<td>Sectoral cooperation</td>
<td>0.70</td>
<td>0.66</td>
<td>0.66</td>
</tr>
<tr>
<td>People-to-people</td>
<td>0.48</td>
<td>0.54</td>
<td>0.52</td>
</tr>
<tr>
<td>Assistance</td>
<td>0.42</td>
<td>0.46</td>
<td>0.48</td>
</tr>
<tr>
<td><strong>Approximation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deep and sustainable democracy</td>
<td>0.61</td>
<td>0.60</td>
<td>0.61</td>
</tr>
<tr>
<td>Market economy and DCFTA</td>
<td>0.53</td>
<td>0.54</td>
<td>0.56</td>
</tr>
<tr>
<td>Sectoral approximation</td>
<td>0.56</td>
<td>0.60</td>
<td>0.62</td>
</tr>
<tr>
<td><strong>Management</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional arrangements for EI*</td>
<td>0.46</td>
<td>0.43</td>
<td>0.42</td>
</tr>
<tr>
<td>Legal approximation mechanism</td>
<td>0.70</td>
<td>0.66</td>
<td>0.57</td>
</tr>
<tr>
<td>Management of EU assistance</td>
<td>0.50</td>
<td>0.44</td>
<td>0.50</td>
</tr>
<tr>
<td>Training in the field of EI*</td>
<td>0.36</td>
<td>0.50</td>
<td>0.43</td>
</tr>
<tr>
<td>Awareness raising on EI*</td>
<td>0.00</td>
<td>0.36</td>
<td>0.36</td>
</tr>
<tr>
<td>Participation of civil society</td>
<td>0.70</td>
<td>0.75</td>
<td>0.70</td>
</tr>
</tbody>
</table>


*Note: EI refers to European Integration*
5. Research Design

In this chapter, I explain and justify the research design I adopted for this study. As such, I divided this chapter into five sections. First, I describe the type of research design I adopted, and the time frame this research covers. This is followed by an explanation of the case selection. In the third section, I discuss the variables of this research, which I then operationalize in order to make them measurable. In section four, I describe how I intend to collect data, and what the advantages and disadvantages for this data collection method(s) are. Finally, I discuss the limitations as of this research by addressing its reliability and validity.

5.1 Type and Scope of Research

In this study, I aim to explore the relationship between the EU’s democracy promotion and the level of democracy in Ukraine by looking at the probable impact of the former. In addition, I evaluate the relationship between two domestic factors, namely state capacity and political stability, and Ukraine’s level of democracy. Therefore, this research is based upon a case study design. Case study research is concerned with the complexity and particular nature of the case in question. Yin defines the case study as ‘an empirical inquiry about a contemporary phenomenon, set within its real-world context, especially when the boundaries between phenomenon and context are not clearly evident’ (Yin, 2009, p.18). This implies that examining the context and other significant conditions related to the case is integral for understanding the phenomenon being researched. Both chapter two and chapter three of this research illustrate the significance of context, and as such, the uniqueness of domestic conditions in relation to the topic this research covers. Therefore, the typology of this research is a single case study, as Ukraine is an object of interest in its own right.

The single case study involves an analysis of extensive data about a single case rather than on cross-case comparisons. The point is that unlike more generalizing methods, the single case study allows me to provide a high level of detail and understanding. This means that instead of focusing on a small number of variables for multiple cases, I assess various causal mechanisms for one case. Moreover, this explanatory research project is deductive – theory guided – in nature, as I will be testing whether the hypothesized causal mechanisms that the literature generated, account for the effects realized. However, one must recognize the difference between deterministic causality and probabilistic causality (Blatter & Haverland, 2012, p.39). The difference between these two is defined by the researcher’s assumption about a specific relationship. We speak of deterministic causality when a hypothesis is formulated as a law, when one is certain that ‘if X has a specific score, a specific score for variable Y will always
occur’ (Blatter & Haverland, 2012, p.39). On the contrary, when referring to probabilistic causality, the researcher assumes that ‘if X has a specific score, the probability that Y has a certain score is high’ (Blatter & Haverland, 2012, p.39). The latter applies to this research design, which is mainly a result of the assumption that the causal effect between X and Y is dependent on contextual conditions. However, due to the limited time and scope of this research it is impossible to account for all the factors that might influence the level of democracy in Ukraine. Rather, I explore the most important conditions that the theory put forward in relation to EU democracy promotion in Ukraine. The literature review thus helped to specify a priori plausibility for the expected relationships (Blatter & Haverland, 2012, p.39).

I adopt process-tracing as a research method for evaluating the hypotheses. According to George and Bennet (1997) one must distinguish between two forms of process-tracing: process verification and process induction (p.5). Hence, I use the former, as this involves the testing of variables in relation to what the theory predicted (George & Bennet, 1997, p.5). Process-tracing is useful in that it first helps establish whether the EU’s democracy promotion is correlated to Ukraine’s level of democracy, and second, in that it either confirms or eliminates other potential explanations. The process-tracing is combined with a document(s) analysis and statistical data derived from the World Bank Governance Indicators dataset, and the Freedom House/NIT annual reports. The specific data sources I use for each hypothesis are outlined in section 5.4.

5.2 Case Selection

The Eastern dimension of the ENP includes six countries that all share a common Soviet past: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. However, in terms of European integration they can be divided into two groups (European Integration Index for EaP Countries, 2015, p.8). The former three states, with the exception of the unclear position in between these groups of Armenia, have increasingly shown authoritarian tendencies (European Integration Index for EaP Countries, 2015, p.9). Based on the Economist Intelligence Unit’s Democracy Index (henceforth: EIU Democracy Index), both Azerbaijan and Belarus are ranked as authoritarian (EIU Democracy Index, in European Commission, 2015a, p.9). On the contrary, the latter three countries have consistently shown the best performance regarding EU integration (European Integration Index for EaP Countries, 2015, p.9). The EIU Democracy Index (2013) regards Armenia, Georgia and Ukraine as hybrid regimes – mixed democratic and authoritarian elements – whilst Moldova, the frontrunner, is ranked as a flawed democracy (EIU Democracy Index, in European Commission, 2015a, p.9). Moreover, Moldova, Georgia and Ukraine have long aspired EU membership, whilst the other three countries have been
reluctant to cooperate more closely with the EU. In 1997, the EU suspended negotiations with Belarus over a PCA due to the undemocratic political situation. Therefore, for Belarus there is no ENP Action Plan in place.

However, as this study evaluates the EU’s democracy promotion, the case requires an ENP Action Plan, and relatively intense relations with the EU. Thus, the three ‘closed’ cases – Armenia, Azerbaijan and Belarus – do not suffice. The other three cases share similar historical characteristics as they are all caught between Europe and Russia with an East-West political divide, and have ‘frozen’ conflicts over territory with Russia. However, as already explained in the previous section, I chose to do a single-case study. Considering the recent events in Ukraine – the Euromaidan and the annexation of the Crimea – I decided to adopt Ukraine as a case. The European Commission sees Ukraine as a priority country within the ENP and EaP (European External Action Service, n.d.-b). Furthermore, as I illustrated in chapter 2, despite some drawbacks, the EU and Ukraine have had a long-standing, and relatively intense relationship since Ukraine’s independence. Additionally, due to Ukraine’s membership aspirations, I expect a minimum degree of openness to EU influence. This enhances the likelihood that EU democracy promotion had an impact on the level of democracy in Ukraine. Therefore, Ukraine presents a ‘most-likely’ case among the Eastern ENP countries. This means that in the context of this study, Ukraine is most likely to fulfill the theoretical predictions derived from the literature review. I thus used purposive sampling – a non-probability method which enables the researcher to use the most appropriate case(s) given the research strategy – to select the case for this research.

5.3 Variables, Hypotheses and Operationalization

In this section, I discuss the dependent and independent variables for this research. This is followed by a translation of the most important concepts in this research into researchable entities by providing a definition, indicators and data sources for each variable. However, before I do so, I explain the time period that this research covers. In chapter four, I outlined the legal and institutional foundations of EU-Ukraine relations. This includes three overarching bilateral and multilateral frameworks: the PCA, the ENP, and the EaP. Therefore, I assess the hypotheses according to three time blocks: a pre-ENP that includes 2003 and 2004, an ENP period from 2005-2009, and an EaP period which ranges from 2010-2014. I did this for two reasons. First, by including the pre-ENP period in which EU-Ukraine relations were relatively weak, I can more easily evaluate the probable impact of the EU. Second, the immediate effects of democracy promotion cannot be observed instantly. It has to be noted however, that the EaP officially started in 2009. Yet, I presume that it takes some time for these policies to come
into effect. The pre-ENP period includes only two years due to the lack of data for Ukraine’s level of democracy based on the NIT.

5.3.1 Dependent Variable

In this study, the dependent variable is (Y) the level of democracy. In the theoretical framework I already discussed the many conceptualizations of democracy. However, as this research tries to measure the impact of EU democracy promotion on the level of democracy in Ukraine, it is important to establish the substance of democracy the EU promotes. As the EU has not adopted a single definition of democracy to guide its promotion efforts, Wetzel and Orbie (2015) define EU democracy promotion as advocating ‘fuzzy liberalism’ (p.1). Although there is thus no clear conceptualization on the kind of democracy that the EU promotes, in its reports the EU often refers to *deep and sustainable democracy* as including: ‘free and fair elections; freedom of association, expression and assembly and a free press and media; the rule of law administered by an independent judiciary and the right to a fair trial; the fight against corruption; security and law enforcement sector reform (including the police) and the establishment of democratic control over armed and security forces’ (European Commission and European External Action Service, 2011, p.3). This means that when measuring the dependent variable – level of democracy – I must use an index that reflects the EU’s norms in their measurement.

Therefore, I use the Freedom in the World political rights rating and the Nations in Transit (henceforth: NIT) score for the measurement of the dependent variable. Freedom House defines freedom as ‘the opportunity to act spontaneously in a variety of fields outside the control of the government and other centers of potential domination’ (Freedom House, 2012a). Political rights is measured on the basis of a nation’s electoral process, political participation, and proper functioning of the government (Freedom House, 2012a). It is rated on a scale ranging from 1, indicating the highest degree of freedom, to 7 which is the lowest level of freedom. The average of a country’s political rights rating determines the status of free (1.0 to 2.5), partly free (3.0 to 5.0), or not free (5.5 to 7.0). I complement the ratings on political rights ratings with the Nations in Transit score (henceforth: NIT score) which is also provided by Freedom House. The NIT score measures a country’s average democracy score and assigns a regime typology to this particular score. The NIT score includes ratings on national democratic governance; electoral process; civil society; independent media; local democratic governance; judicial framework and independence; corruption (Freedom House, 2016c). All elements are rated on the same scale where 1 represents the highest level of democratic progress and 7 the lowest level of democratic progress. The average score of these
six elements serves as the ultimate democracy score (Freedom House, 2016c). The ratings follow a quarter-point scale, where minor to moderate developments typically involve a positive or negative change of a quarter point (0.25), while significant developments require half a point (0.50). Based on the country’s NIT score, it then assigns one of the following regime typologies to that particular country: consolidated democracy (1.0 to 2.99), semi-consolidated democracy (3.0 to 3.99), transitional government/hybrid regime (4.00 to 4.99), semi-consolidated authoritarian regime (5.0 to 5.99), consolidated authoritarian regime (6.0 to 7.0) (Freedom House, 2016c). When we compare the EU’s definition of deep and sustainable democracy as provided above to the elements included in the Freedom House ratings, one can see a significant overlap. However, as already stated, the NIT scores for Ukraine are only available from 2003. Yet, I still include a pre-ENP period including 2003 and 2004, as this illustrates Ukraine’s level of democracy before the start of closer cooperation between the EU and Ukraine under the ENP and EaP. In order to establish one average democracy score including the Freedom in the World political rights rating and the NIT score, I consider the former to be part of the latter. The literature clearly indicated that a democracy does not evolve around a certain regime type or elements that only relate to the government, but should also include the existence of rights that for example include the freedom of speech, and freedom of association. By adding the political rights ratings to the elements that are part of the NIT score, I thus ultimately calculate one average score.

5.3.2 Independent Variables and Hypotheses

In the previous chapter, I already explained the causal mechanisms for EU democracy promotion that the literature revealed. I posit that the EU’s democracy promotion in Ukraine is transmitted through 1) democratic conditionality and affected by 2) domestic conditions, specifically state capacity and political stability. I define political conditionality as the adoption of democratic rules and practices by a target state, conditioned on incentives provided by the EU, such as financial assistance, institutional association or – ultimately – membership (Schimmelfenig & Scholtz, 2008, p.190). The theoretical framework indicated that it is important to distinguish between democratic conditionality and acquis conditionality. Therefore, it is important to recognize that in this study, political conditionality refers to the former, that is democratic conditionality. Political conditionality in the context of the European neighborhood, mainly includes financial support, visa liberalization and association which also includes access to the internal market. The impact of conditionality depends on the size of the incentives and the credibility of the EU’s conditional incentives. The effectiveness of EU democracy promotion through conditionality increases with the size and credibility of the
incentives (Schimmelfenig & Scholtz, 2008, p.190). Credibility refers to the probability that the EU’s actually delivers or withholds the incentive based on the target country’s democratic progress. This led me to pose the following hypotheses:

**H1a:** When the incentives that the EU offers increase, the level of democracy in Ukraine increases.

**H1b:** When the credibility of the incentives the EU offers increase, the level of democracy in Ukraine increases.

The ultimate reward for neighborhood countries is institutional association with the EU. Schimmelfenig and Scholtz (2008) provide an overview of what they perceive to be high and credible incentives (p.196). I use their categorization, but made some adaptations to make it fit the incentives in a Neighborhood context (see table 5.3.2). The size of the incentives are rated from 0 (no incentives) to 5 (membership perspective). Credibility can be either low (-), medium (-/+), or high (+). I can find data on the size and credibility of the incentives in official ENP progress reports, and EaP Index reports, as well as European Commission press releases and existing literature.

**TABLE 5.3.2** Categorization of high and credible incentives

<table>
<thead>
<tr>
<th>Size of Incentives (0-5)</th>
<th>Credibility of Incentives (-/+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>No tangible incentives (before the PCA)</td>
</tr>
<tr>
<td>1</td>
<td>Partnership including minor economic and financial incentives, <em>Partnership and Cooperation Agreements</em></td>
</tr>
<tr>
<td>2</td>
<td>European Neighborhood Policy including solely financial incentives, <em>Association Agenda or Action Plans</em></td>
</tr>
<tr>
<td>3</td>
<td>Visa Liberalization under the Eastern Partnership, <em>Visa Liberalization Action Plan</em></td>
</tr>
</tbody>
</table>
The second independent variable, domestic conditions, is indicated by political stability and state capacity. For both variables I use the World Bank Governance indicators data set. The World Bank's political stability and absence of violence indicator measures ‘perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism’ (The World Bank, 2015a). In her study on membership, accession and neighborhood Europeanization, Borzel (2010) defines state capacity as one of the determining factors to comply with EU demands as a country needs to be capable to adopt and implement reforms (p.11). Here, state capacity is measured according to two World Bank governance indicators: regulatory quality and government effectiveness. Regulatory quality is defined as ‘perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development’ (The World Bank, 2015a). Government effectiveness refers to ‘perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies’ (The World Bank, 2015a). All World Bank governance indicators are measured on a scale from -2,5 (very weak) to 2,5 (very strong), for which I made the following classification: -2,5 to -1,50 represents very weak performance, -1,49 to -0,50 represents weak performance, -0,49 to 0,50 represents moderate performance, 0,51 to 1,50 represents strong performance, and 1,51 to 2,5 represents very strong performance. The theoretical framework led me to pose the following hypotheses:

H2a: When Ukraine’s political stability decreases, Ukraine’s level of democracy decreases.

H2b: When Ukraine’s state capacity – indicated by regulatory quality and government effectiveness – decreases, Ukraine’s level of democracy decreases.

The reason for including these domestic factors is that low levels of state capacity and political stability might hamper the EU’s democracy promotion efforts. The logic behind this is that target states need to have some degree of state capacity to comply with EU demands as a country needs to be capable to adopt and implement reforms (Borzel, 2010, p.11). Yet, I strongly recognize the difficulty in establishing the direct links of how these factors might either enhance or constrain the EU’s democracy promotion. Nonetheless, taking into consideration the three EU-Ukraine periods of this study, if I find that Ukraine scores low on these domestic conditions, the EU’s democracy promotion efforts are more likely to be constrained. Whilst on the other hand, if Ukraine has positive scores with regards to the domestic conditions, this puts more pressure on the EU’s efforts to alter the cost-benefit calculations of political actors.

In order to measure the hypotheses in relation to domestic conditions, I carried out a linear regression for hypothesis 2a (model 1) and a multiple regression for hypothesis 2b (model 2) as state capacity consists of two indicators. The reason for this is that although I can already detect correlation through scatter plots, the regression analyses help me establish the form of the relationship between the domestic conditions and Ukraine’s level of democracy. Regression is a statistical technique that measures the strength of the relationship among variables. I used SPSS (IBM Statistical Package for Social Science) to carry out the regression analyses. The statistical tests are conducted at a confidence level of 95%, which means that for a statistically significant effect to appear the p-value must be less than 0.05.

For data collection, I thus combine qualitative and quantitative elements in order to generate an intensive, detailed examination of the case. For the majority of the variables I turn to existing data such as the World Wide Governance indicators (henceforth: WGI), the Freedom of the World scores, and the NIT score. For in-depth explanations on an increase or decrease of specific variables, I turn to the annual Freedom of the World Reports, annual NIT reports, annual ENP progress reports, and the EaP index reports. I thus mix official documents from the European Commission with reports from independent organizations. This increases the validity of this research as combining multiple empirical materials helps to overcome the weakness of intrinsic biases.

5.4 Research Limitations
In this section I address the threats to reliability and validity of this research. In section 5.1, I already briefly discussed issues with regards to generalizability that are typical for single case studies. As I adopted a single-case study design, the intended domain of generalization is rather small. Validity refers to the probability that a measure that is devised of a concept,
actually reflects the concept that it is supposed to be denoting. The literature review clearly laid out the causal mechanisms through which the EU tries to promote democracy in Ukraine. Nonetheless, I only assess one dimension of democracy promotion, that is conditionality. In section 3.5 (p.30), I outlined the reasons for excluding the second causal mechanism of democracy promotion – socialization – from this research. This was mostly because of problems with data availability. In addition, the theory clearly explained the strength of rational institutionalist theory for measuring EU democracy promotion on a polity level. The most prominent critique of single case studies is the issue of external validity or generalizability (whether the results of a study can be generalized beyond the specific research context). Due to its unique domestic political circumstances, Ukraine is a unique case which poses difficulties to the external validity of this research. However, the results of this research could be generalized to countries with similar historical linkages, classified as a hybrid regime, f.e. Georgia and Armenia.

Furthermore, any research method involves necessary trade-offs. The generalizability of this single case study might be weak, but a single case study does provide the opportunity for a comprehensive and detailed examination of the phenomenon of EU democracy promotion. The theory confirmed the importance of domestic conditions in terms of external influence and democratization. Therefore, I chose the single-case study as this allows me to take into account multiple domestic factors that might influence the dependent variable. Reliability has to do with the question of whether the results of a study are repeatable. The quantitative elements of this research can easily be repeated. However, this is less applicable to the qualitative elements (reports and documents) I use. Therefore, it is important to extensively describe each step taken in the research process. This helps to clarify certain choices and thinking processes throughout the research.

Furthermore, a well-known limitation of Europeanization research is the problem of direct causality. It is difficult to directly attribute changes in a country’s level of democracy to the EU. I singled out the EU as an external actor; thus not including other international actors which might either enhance or undermine EU influence. In the theoretical argument, I already briefly discussed why I chose to focus exclusively on the EU as an external actor. Based on existing studies, I provided several arguments that explain this exclusion (p.26). It became apparent that the EU’s democracy promotion efforts has outweighed the influence of other international actors in terms of democratization. Nonetheless, I did not include Russia as a constraining factor to EU influence, as the central concern of this research is assessing the impact of the EU’s democracy promotion in Ukraine. Yet, by also assessing the relevant domestic conditions in Ukraine, I hope to eliminate some of these research insecurities.
There are many ways in which future research could evaluate the EU’s democracy promotion in Ukraine. Future studies could include Russia as an external actors to see whether, and if so, how Ukraine-Russia relations affects EU democracy promotion in Ukraine. A promising framework to assess the EU’s democracy promotion on the policy level, rather than the polity level is the governance model provided by Freyburg et al. (2015; see page 26 of this study). The model focuses on the transfer of democratic governance principles through functional cooperation between administrative actors across policy fields (Freyburg et al., 2015, p.11).
6. Analysis

The purpose of this study is to answer the research question: what has been the impact of the EU’s democracy promotion on Ukraine’s level of democracy? In addition, this study evaluates the role of political stability and state capacity in relation to Ukraine’s level of democracy. I used process-tracing as a research method, for which I combined qualitative and quantitative research elements. In addition, the previous chapters are relevant as I can trace back developments in Ukraine’s level of democracy to important historical events (chapter two), the theory (chapter three) and developments regarding EU-Ukraine relations (chapter four). I posit that the EU’s democracy promotion in Ukraine is transmitted through democratic conditionality, and affected by state capacity and political stability. Therefore, I structured this chapter as follows. I evaluate each of the hypotheses according to three time blocks: a pre-ENP period from 2003 and 2004, an ENP period from 2005-2009, and an EaP period which ranges from 2010-2014. First, I start with describing Ukraine’s level of democracy scores for the previously mentioned periods. Second, I analyze the size and credibility of the incentives offered by the EU in Ukraine, and ultimately score them based on the categorization provided in the previous chapter (p.45-46). Third, I evaluate Ukraine’s state capacity and political stability scores, and examine what their relationship is with Ukraine’s level of democracy. However, even though I evaluate all variables independently from each other, it is important to recognize that these factors are likely to be complementarily. Hence, I assume that political conditionality precedes democratic progress in Ukraine, but the domestic conditions under scrutiny can in turn enhance or undermine the EU’s political conditionality. Therefore, I not only interpret and discuss the results of the hypotheses independently, I also describe how they might interact with each other in the last section (6.4).

6.1 Level of Democracy in Ukraine

Table 6.1 (see p.53) includes Ukraine’s level of democracy scores – consisting of a combination of the Freedom in the World political rights score and the NIT score – from 2003 until 2014. Both are rated on a scale ranging from 1, the highest obtainable score, to 7 which is the lowest obtainable score. Remember that the ratings follow a quarter-point scale, where minor to moderate developments typically involve a positive or negative change of a quarter point (0.25), while significant developments require half a point (0.50). The pre-ENP period only included two years as Ukraine’s democracy scores based on the NIT index are only available from 2003. I still included this period because I want to see the status of Ukraine’s democracy before the EU started to more intensively promote democracy in Ukraine under the enhanced
framework of the ENP, and later under the EaP.

Ukraine’s democracy scores have never been under 4.00, which means that following the NIT typology, it has always been considered a transitional government/hybrid regime (see figure 6.1). According to the NIT typology, countries that fall under this categorization are ‘typically electoral democracies that meet only minimum standards for the selection of national leaders’ (Freedom House, 2013b). In addition, democratic institutions in hybrid regimes have always been relatively weak with substantial challenges to both political rights and civil liberties (Freedom House, 2013b).


During the pre-ENP period (2003 and 2004) Ukraine’s democracy score slightly worsened with 0.14, as it went from 4.61 in 2003 to 4.75 in 2004. Ukraine’s political rights and corruption score remained the same with a 4.0 for the former and a 5.75 for the latter. The elements that showed negative change with 0.25 point, include the electoral process, civil society, the judicial framework and independence, and the national governance (see table 6.1 on p.48). Nonetheless, the overall change in the average score (negative change of 0.14) remains under the 0.25. It must be noted however, that it is only from 2005 that the NIT started including local governance in there score.

At the start of the ENP period (2005-2009) and right after the Orange Revolution by the
end of 2004, Ukraine’s democracy score positively changed from 4.75 in 2004 to 4.44 in 2005. In 2006, Ukraine reached its best democracy score – 4.06 – over the entire period being studied in this research. The democracy scores remained relatively stable during the entire ENP period with a score of 4.09 for 2007, 2008 and 2009. Although corruption and local governance remained the same over the entire period, Ukraine’s political rights, civil society and independent media significantly improved. Ukraine’s electoral process also improved from 3.5 in 2005 to a 3.0 in 2007 and 2008, but then worsened again in 2009. Ukraine’s national governance, and judicial framework and independence scores fluctuated between 2005 and 2009. In 2005, the national governance score started with a 5.0, improved with half a point in 2006, but then dropped to 5.0 again in 2009. In 2005, Ukraine’s judicial framework and independence scored a 4.25 and showed positive change (-0.50) compared to 2004. After negative change in 2007 and 2008, the judicial framework and independence showed significant positive change in 2009 which ultimately resulted in a 4.0.

From 2010 to 2014 – the EaP period in this study – Ukraine’s democracy score started showing negative change again. During this period Ukraine’s democracy score gradually declined each year, hitting the lowest score (4.81) in 2014. This is interesting as this was the period with the highest incentives offered by the EU. Furthermore, it is fair to say that these scores are clearly connected to the domestic events and political leaders of that time. In the ENP period, when Yushchenko became president, the democracy scores were relatively stable. During the EaP period, it was Yanukovich who was in power in Ukraine. From 2009 to 2010, there was a negative change of 0.13. Based on the quarter point scale that the NIT index uses, this is still below the 0.25 that is required to count as minor or moderate change. However, over the years the negative change in Ukraine’s average democracy scores increased. Ukraine’s democracy score worsened with 0.19 from 2010 to 2011, and negatively changed again with 0.31 from 2011 to 2012.

Hence, the overall change in Ukraine’s average democracy score from 2010 to 2014 is 0.72. As this is far above the 0.50 (suggesting significant change), this implies that democracy in Ukraine deteriorated quickly during this period. The only element that remained stable and ultimately improved in 2014 was that of civil society. This is a logical improvement considering the mass protests of the Euromaidan revolution in 2014. The biggest setbacks can be found in Ukraine’s judicial framework and independence, national governance, and political rights. The scores for these democratic elements all dropped with 1.0 (see table 6.1). Independent media in Ukraine also showed negative change as it went from a 3.5 in 2010 to 4.25 in 2014. Moreover, Ukraine’s electoral process and corruption deteriorated with 0.50 point. The lowest
level of negative change can be found in Ukraine’s local governance, which went from 5.25 in 2010 to 5.50 in 2014.

**TABLE 6.1 Ukraine’s NIT democracy scores for 2003-2014**

<table>
<thead>
<tr>
<th>Democracy</th>
<th>Pre-ENP</th>
<th>ENP</th>
<th>ENP</th>
<th>ENP</th>
<th>ENP</th>
<th>ENP</th>
<th>EaP</th>
<th>EaP</th>
<th>EaP</th>
<th>EaP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political rights</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Electoral process</td>
<td>4</td>
<td>4.25</td>
<td>3.5</td>
<td>3.25</td>
<td>3</td>
<td>3</td>
<td>3.5</td>
<td>3.5</td>
<td>3.75</td>
<td>4</td>
</tr>
<tr>
<td>Civil society</td>
<td>3.5</td>
<td>3.75</td>
<td>3</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
</tr>
<tr>
<td>Independent media</td>
<td>5.5</td>
<td>5.5</td>
<td>4.75</td>
<td>3.75</td>
<td>3.75</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.75</td>
<td>4</td>
</tr>
<tr>
<td>Judicial framework</td>
<td>4.5</td>
<td>4.75</td>
<td>4.25</td>
<td>4.25</td>
<td>4</td>
<td>4.75</td>
<td>4</td>
<td>5</td>
<td>5.5</td>
<td>6</td>
</tr>
<tr>
<td>Corruption</td>
<td>5.75</td>
<td>5.75</td>
<td>5.75</td>
<td>5.75</td>
<td>5.75</td>
<td>5.75</td>
<td>5.75</td>
<td>5.75</td>
<td>5.75</td>
<td>6</td>
</tr>
<tr>
<td>Local governance</td>
<td>n/a</td>
<td>n/a</td>
<td>5.25</td>
<td>5.25</td>
<td>5.25</td>
<td>5.25</td>
<td>5.25</td>
<td>5.25</td>
<td>5.25</td>
<td>5.5</td>
</tr>
<tr>
<td>National governance</td>
<td>5</td>
<td>5.25</td>
<td>5</td>
<td>4.5</td>
<td>4.75</td>
<td>4.75</td>
<td>5</td>
<td>5</td>
<td>5.5</td>
<td>5.75</td>
</tr>
<tr>
<td>Average score</td>
<td>4.61</td>
<td>4.75</td>
<td>4.44</td>
<td>4.06</td>
<td>4.09</td>
<td>4.09</td>
<td>4.09</td>
<td>4.22</td>
<td>4.41</td>
<td>4.72</td>
</tr>
</tbody>
</table>

**Note:**

### 6.2 Political Conditionality

Political conditionality refers to the adoption of democratic rules and practices by a target state, conditioned on incentives provided by the EU, such as financial assistance, institutional association or – ultimately – membership (Schimmelfenig & Scholtz, 2008, p.190). Political conditionality in the context of the European neighborhood, mainly includes financial support, visa liberalization and association which includes access to the internal market. The impact of conditionality depends on the size (hypothesis 1a) and the credibility (hypothesis H1b) of the EU’s conditional incentives. As these two elements of political conditionality are highly connected, I assess the impact of these two variables upon the dependent variable – Ukraine’s level of democracy – simultaneously in the upcoming section.

#### 6.2.1 Size and Credibility of the EU’s Incentives

The adoption of liberal political norms by third states must be balanced by tangible incentives. This implies that the effectiveness of EU democracy promotion will increase with the size of the incentives (Schimmelfenig & Scholtz, 2008, p.190). As Ukraine declared its commitment to becoming an EU member multiple times, I assume that when the EU’s incentives become more attractive (higher), the target state (Ukraine) enjoys a higher level of democracy. In the previous chapter (table 5.3.2, p.45-46), I provided a scale for both indicators that determines when incentives in terms of size increase (scale of 0 to 5) and when the credibility is absent (x),...
low (-), medium (-/+), or high (+). The highest external incentive in the neighborhood context is
the association agreement. Ideally this would ultimately lead to the opening of accession
negotiations, but this is not the case for Ukraine. Furthermore, credibility refers to the EU’s
ability and willingness to actually grant or withhold the incentive, depending on the
democratic performance of the target country. For each period I start with describing the
incentives the EU offered, which conditions were tied to these incentives, and what this did for
the credibility of the EU’s incentives. I close each period by stating the size of the incentives
and the credibility of EU incentives based on the categorization provided in chapter 5.

In the pre-ENP period (2003 and 2004) the incentives that the EU offered were low; under
the PCA, the EU only provided financial and technical assistance through TACIS. The main
objectives of the PCA were to provide a framework for political dialogue; to foster economic
integration; to provide a foundation for ‘mutually advantageous economic, social, financial,
civil scientific technological and cultural corporation’; and to support a consolidation to
democracy and complete the transition to a market economy in Ukraine (PCA EU-Ukraine,
1994, article 1). These objectives were ought to be realized by macro-financial assistance and
the TACIS program. Between 1991 and 2004 only 3.2 million was attributed to the European
Instrument for Democracy and Human Rights (henceforth: EIDHR), the only instrument that is
directly dedicated to the support for democracy (ENPI, 2007, p.30). Apart from direct financial
support, the PCA limited democracy promotion to political dialogue and consultations on the
‘observance of the principles of democracy’ (PCA EU-Ukraine, 1994, article 6). Thus, within this
first institutional framework, there were no clear commonly agreed priorities, nor were they
implemented or carefully monitored by either the EU or Ukraine (Wolczuk, 2009, p.197). As
became apparent in chapter four of this study, both the PCA and CS were seen as insufficient
as it did not fulfil Ukraine’s expectations, being denied an accession trajectory. Similarly, the
EU was disappointed by Ukraine’s slow progress on reforms and non-compliance with EU
demands (Kubicek, 2005, p.275).

The EU-Ukraine Summit of October 2003 acknowledged the new opportunities the ENP
brought, which ‘should facilitate Ukraine’s progressive participation in the EU’s internal market
and in EU policies and programs, taking into account Ukraine’s strategic goals and priorities’
(European Commission, 2004, p.5). Yet, this was seen differently by Kuchma, Ukraine’s
president until 2004. When speaking to the European Economic Forum in Warsaw in April
2004, Kuchma stated the following: ‘we do not ask much from the European Union, we only
want to find out whether the European Union wants to see Ukraine among its member-
countries or not’ (Molchanov, 2006, p.12). The ENP was adopted by the European Commission
in May 2004. Whilst the EU’s offer of a more intense institutional framework for cooperation –
the ENP – was thus perceived as a positive development from the EU’s side, it clearly implied that the answer to Kuchma’s question was a no. The ENP was designed as a substitute to an Association Agreement and a membership perspective, whilst Kiev actually hoped for the latter (Molchanov, 2006, p.12). Moreover, the EU’s member states were giving inconsistent signals to Ukraine, with some being supportive of Ukraine’s aspirations for becoming an EU member, whilst some older member states were more cautious (Fedirko, 2013, p.4).

Hence, in the pre-ENP period both the size and credibility of the EU’s conditional incentives in Ukraine were very low. There was no strict political conditionality (credible threat) nor a credible membership perspective (credible promise), which means that the starting point for the incentives was 1 and credibility low (-). As I explained in the previous section, the pre-ENP period actually showed negative change regarding Ukraine’s democracy score. According to the NIT report of 2004, this was a combination of several developments that all evolved around the 2004 presidential elections (Freedom House, 2004). There was a growing pressure against opposition parties and politicians during that year and efforts to limit the influence of NGOs in the run up of the elections (Freedom House, 2004). Moreover, Kuchma’s constitutional amendments – to limit the (future) presidential power – deepened the political split between the opposition and pro-Kuchma parties (Freedom House, 2004). The theoretical framework stated that the effectiveness of democracy promotion hinges on the cost-benefit calculations of the receiving (domestic) actors. Thus, following this line of reasoning, I presume that the political elites behave according to what would maximize their utilities (logic of consequences). When I apply this notion to the pre-ENP period, it is clear that the size of the incentives and the credibility of the EU was clearly too weak to alter the cost-benefit calculations of domestic actors in favor of the EU’s democratic conditions. Compliance with the EU’s democratic demands would clearly affect the power-base of domestic political elites, for which the EU did not give much in return.

I now turn to the assessment of EU democracy promotion through conditionality – dependent upon the size and credibility of the incentives – for the ENP period (2005-2009). Whilst the pre-ENP period was characterized by solely declarative European integration under Kuchma, the political elites – Yushchenko’s party and the Tymoshenko bloc – that came to power after the Orange Revolution in 2005, were keen to revive Ukraine’s relations with the EU (Wolczuk, 2009, p.197). However, it is for two reasons that the EU’s democracy promotion – although favorably timed with the Orange revolution – under the ENP was significantly weakened. First, in contrast to the other two areas of the ENP (economic and JHA cooperation) the incentives for democratic change remained low and by far did not meet the expectations of the political elites in Ukraine after the Orange Revolution (Wolczuk, 2009, p.197). In his
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address at the first part of the 2005 Ordinary Session of the Council of Europe Parliamentary Assembly, Yushchenko stated the following: ‘we welcome the intention of the European Union to develop a new strategy of relations with Ukraine. This is an important signal. I am convinced that the new paper should contain a prospect of membership. We believe that the EU-Ukraine Action Plan should be reviewed’ (Viktor Yushchenko, Speech to the Council of Europe, January 1st 2005, Strasbourg). Many believed that after the mass demonstrations for European values, membership would most likely be on the table (Wolczuk, 2009, p.198). Hence, the EU’s credibility was dependent upon nothing less than a prospect of EU membership for Ukraine. Yet, this did not change the EU’s closed door policy towards Ukraine.

The EU adopted a three year ENP Action Plan in February 2005, which put more focus on democracy promotion than the PCA did (Gawrich, Melnykovska & Schweickert, 2010, p.1218; Youngs, 2010, p.62). Additionally, Ukraine was given much more specific, yet non-binding, conditions in the AP than in the PCA (Wolczuk, 2009, p.196; Youngs, 2010, p.62; Fedirko, 2013, p.5). The ENP Ukraine Action Plan can generally be divided into three broad categories: 1) political dialogue and reform including reforms on democracy, rule of law, human rights and fundamental freedoms; 2) economic cooperation including reforms that should advance the functioning of a market economy, trade relations and a prospect of deep and free trade with the EU, which was mostly conditioned on Ukraine’s WTO accession; and 3) cooperation in Justice and Home Affairs (EU-Ukraine Action Plan, 2005). For the latter a separate Action Plan on Justice and Home Affairs (henceforth: JHA) was already adopted in 2001, which was mainly conditioned on visa facilitation agreements and ultimately visa liberalization. Ukraine’s ENP Action Plan includes twelve key areas of democracy promotion (see chapter 4, p.33). For every key area the activities that should be undertaken by the target country are stipulated. Overall, the main incentives for compliance with democratic standards are purely financial support. In addition, there are no strict conditions to the disbursement of direct financial support. Technically, a pre-condition for granting macro-financial assistance is ‘the respect of human rights and effective democratic mechanisms, including a multi-party parliamentary system and the rule of law’ (European Commission, 2016c). However, when one looks at the Commission’s proposals for macro-financial assistance to Ukraine, the pre-condition is mentioned but not assessed.

According to the European Commission, the second reason for the EU’s weakened democracy promotion under the ENP involves Ukraine’s political instability, which is perceived to be a major factor impeding on the implementation of the ENP Action Plan (European Commission, 2006; Wolczuk, 2009, p.198). In Ukraine’s first progress report (December 2006) the European Commission acknowledged Ukraine’s sudden turn to democratic change, but
stated that Ukraine’s reforms in 2006 were lagging behind (p.3). According to the European Commission ‘with the preparation and conduct of overall free and fair parliamentary elections in March 2006, Ukraine consolidated the breakthrough in conducting a democratic election process that began with the Orange Revolution, which is also a key element of the Action Plan’ (2006, p.3). In addition, ‘considerable steps have been taken towards consolidating respect for human rights and the rule of law (e.g. removing pressure on the media and civil society, reform of the customs service) and a wide range of legislative reforms has been introduced’ (European Commission, 2006, p.2). However, according to the Commission further democratic progress was hindered by corruption and by the lack of an independent judiciary (European Commission, 2006, p.2). In addition, notwithstanding Ukraine’s democratic progress since 2005, the Commission stated that ‘the implementation of reform strategies has lagged behind since the beginning of 2006, mostly due to long pre- and post-election periods of political instability’ (European Commission, 2006, p.3; Razumkov Centre, 2007, p.33).

In 2007, the Razumkov Centre published a report on the implementation of the ENP between 2005 and 2007 in Ukraine. From the twelve conditions related to democracy, rule of law, human rights and fundamental freedoms (see chapter 4), all were only partially implemented (Razumkov Centre, 2007, p.4). According to the Razumkov Centre, the main reason for non-implementation ‘stems from the postponement of the review of draft laws that resulted from the suspension of the work of the Verkhovna Rada (fifth convocation) and subsequent change in the government’s leadership after the parliamentary elections and formation of a new parliamentary coalition’ (2007, p.2). This had the most negative impact on the implementation of the conditions related to democracy, rule of law, human rights and fundamental freedoms (Razumkov Centre, 2007, p.2). However, this cannot be attributed to Ukraine only. Although the conditions as stipulated in the ENP Action Plan are an improvement compared to the PCA, the EU’s demands in relation to democracy remain vague, and its monitoring mechanisms even more so. For example, the implementation of the JHA Action Plan is monitored and illustrated in a scoreboard. If the same would be applied to the ENP Action Plan, this would greatly enhance the EU’s effectiveness and transparency of monitoring progress. In addition, for the democracy related conditions other incentives than financial ones are hard to identify. The allocation of funding does not – at least not in the ENP period – seem to depend on democratic progress. However, the financial allocation under the ENP did increase with the introduction of a new funding instrument, the ENPI, which replaced TACIS. With a total budget of €494 million for 2007-2010, one of the three ENPI priorities ‘support for democratic development and good governance’ accounted for 30% (€148 million) of the budget (European Commission, 2009, p.20). Compared to financial funding under TACIS, this is
significant increase.

Nonetheless, the second progress report on the implementation of the ENP in 2007 did mention some successfully implemented priorities. ‘Ukraine continued to make progress in most areas, although the pace of progress stalled somewhat compared to the previous years, in particular as regards economic and structural reforms, also due to the political instability which characterized most of 2007’ (European Commission, 2008, p.2). Nonetheless, significant achievements were the launch of negotiations on the New Enhanced Agreement (henceforth: NEA), the successful preparation of Ukraine’s WTO accession process and thus subsequently, negotiations on a deep and comprehensive Free Trade Area as part of the NEA, and the entrance into force of visa facilitation and readmission agreements (European Commission, 2008, p.2). Although some efforts were made to advance anti-corruption legislation, the formal adoption remained absent due to ‘the political crisis following the April 2007 presidential decree on early elections and dissolution of the Parliament’ (European Commission, 2008, p.4). As I explained in chapter two, the political stability that the EU refers to has most likely to do with Yushchenko’s call for pre-term parliamentary elections after a political stand-off between the coalition and opposition forces (Kuzio, 2013, p.228). Hence, the consolidation to democracy was significantly hindered by a lack of a unified government and subsequently the continuous political unrest. The 2006 elections already illustrated the rise of Yanukovich’s Party of Regions. This triggered mostly Eastern European member states, led by Lithuania and Poland, to take a stronger and more outspoken stand in favor of offering Ukraine a membership perspective, whilst the older member states (France, Germany, Spain, Belgium and the Netherlands) strongly opposed (Youngs, 2008, p.8). According to the Polish government, the latter was mainly due to the EU’s Russia first policy (Youngs, 2008, p.8).

The third progress report on Ukraine’s implementation of the Action Plan in 2008, is almost a repetition of the former two. The Commission stated that ‘the continuing political instability was not conducive to reform’ (European Commission, 2009, p.2). Based on the EU’s evaluation, Ukraine made very limited to no progress of key political reform measures including constitutional and judicial reform, and the fight against corruption (European Commission, 2009, p.2). However, political reforms were also obstructed by the global economic crisis that hit Ukraine especially hard in 2009 (European Commission, 2009, p.2). This was combined with weak incentives offered by the EU, and low credibility due to the EU’s constant refusal to express at least some degree of openness to the idea of a membership perspective. After the disappointing offer (the ENP) following the Orange Revolution, Ukraine had put its hopes on an inclusion of a membership perspective in the Association Agreement which remained absent (Youngs, 2008, p.18). In 2009, the EU-Ukraine Action Plan was replaced
by the Association Agenda in order to prepare and facilitate the entry into force of the Association Agreement in Ukraine (European External Action Service, 2009, p.2). The Association Agenda included the same democratic principles as the former Action Plan.

The Orange Revolution’s make-or-break moment was a missed opportunity for both Ukraine and the EU. Considering the weak incentives offered by the EU in the ENP period, democratic progress in the first years after the Orange revolution can most likely be attributed to domestic forces driven by a combination of the logic of appropriateness and membership aspirations, as a membership perspective was not the table. Ukraine had to accept the new realities with regards to the EU’s offer, and considered the Association Agreement as a necessary step to bring them closer to their ultimate goal of EU membership (Borzel & Lebanidze, 2015, p.8). Overall, there was no strict political conditionality (credible threat) nor a credible membership perspective (credible promise), which means that just as for the pre-ENP period, the credibility of the EU’s incentives was low (-) in the ENP period. Under the enhanced cooperation in the ENP and the negotiations for the Association Agreement, Ukraine continued to be the ‘privileged’ neighbor. Even though, the financial allocations of the EU to Ukraine increased during the ENP period, the funding was not conditioned on specific democratic outcomes. However, I consider the size of the incentives to have increased from 1 in the pre-ENP period, to 2 in the ENP period (see table 5.3.1, p.45-46). The reason for this is that financial funding under the ENP increased significantly, and the EU offered Ukraine an association agenda including a Deep and Comprehensive Free Trade Area (henceforth: DCFTA). Now, even though there were no democratic conditions tied to the latter during the ENP period, in the next period being studied (the EaP period) the EU used the Association Agreement and the DCFTA to address democratic conditions in Ukraine (Dragneva & Wolczuk, 2012, p.12; Borzel & Lebanidze, 2015, p.10).

In now turn to the analysis of EU’s democracy promotion in Ukraine in the EaP period. As I explained in chapter four, the EaP was created because of the presumed limitations of one single framework (ENP) for two distinct continents. Therefore, Poland and Sweden proposed an Eastern dimension for the ENP. Whilst the majority of the Eastern partners welcomed the EaP, Ukraine and Moldova were more critical of the new partnership (Meister & May, 2009, p.3; Wisniewski, 2013, p.3). As was the case with the ENP and the Association Agreement, the EaP also did not reflect on membership openings. Ukraine’s critical stance was mostly based on the fact that it was grouped together with other Eastern states that – according to Ukraine’s leaders – were ‘far less advanced’ with regards to European integration than Ukraine was (Meister & May, 2009, p.3; Wisniewski, 2013, p.3). In addition, Ukraine did not see the added value of the EaP as it did not include anything that was not on the table already
A significant change in the EU’s neighborhood policy was the introduction of the ‘more-for-more’ principle in 2011, as a result of the ‘changing neighborhood’ (European Commission, 2013c). Based on this principle, the European Commission stated that: ‘increased EU support to its neighbors is conditional. It will depend on progress in building and consolidating democracy and respect for the rule of law. The more and the faster a country progresses in its internal reforms, the more support it will get from the EU’ (European Commission, 2013c). Hence, the EU adopted a more strict incentive based approach for democratic progress with the launch of the 'Eastern Partnership integration and cooperation' (henceforth: EaPIC). For the Eastern partners, the umbrella program served as an additional funding mechanism, based on progress in ‘building and consolidating democracy and respect for the rule of law’ (European Commission, 2013c). Although Ukraine was the main beneficiary among the Eastern partners of (planned) financial funding under the ENPI, these financial allocations were not conditioned on the adoption and implementation of specific democratic principles. Moreover, under the EaP the Visa Liberalization Action Plan (henceforth: VLAP) was presented to Ukraine (November 2010), the negotiations on the Association Agreement were finalized (December 2011), and – the biggest achievement under the EaP – the Association Agreement was finally signed on the 27th of June 2014.

Even though EU-Ukraine cooperation intensified together with the size of the incentives during the EaP period, Ukraine’s level of democracy scores started to deteriorate. In the 2010 progress report, the Commission stated that ‘Ukraine has experienced a deterioration of respect for fundamental freedoms notably as regards the freedom of the media, freedom of assembly and democratic standards’ (European Commission, 2011, p.3). In addition, there was no sign of progress with regards to the fight against corruption and constitutional reform. Moreover, after the good conduct of the 2010 presidential elections, the local elections that year ‘were heavily criticized by international and domestic observers, in particular as regards the legal framework and the poor administration of the electoral process’ (European Commission, 2011, p.3). Democracy further deteriorated in 2011, and the adoption and implementation of structural reforms as stipulated in the Association Agenda were far below the EU’s expectations (European Commission, 2012, p.3). As a result, the EU froze its direct budget support to Ukraine on several instances in 2010-2011 (European Commission, 2012, p.3; EAP Index Report, 2012). The Commission expressed its increased concern over the further deterioration of media freedom, the rule of law, the strengthening of the judiciary, and the stagnation on the fight against corruption and constitutional reform (European Commission, 2012, p.6). Moreover, more than twenty members of the former government and
opposition leaders – including Tymoshenko – were either being investigated or convicted (see chapter two, p.15). According to the Commission, the trials were not in line with international standards of fair, transparent and independent legal processes, which ‘confirmed the perception that selective justice is being applied through politically motivated persecutions’ (European Commission, 2012, p.6). Although the 2012 progress report included some positive notes on changes in the field of legal reform and freedom of association, the Commission stated that Ukraine’s progress on deep and sustainable democracy was mixed (European Commission, 2013b, p.3). The selective justice vis-à-vis opposition leaders and former government remained unchanged, as did progress in the area of media freedom and the fight against corruption (European Commission, 2013b, p.3).

Following these domestic events and the enhanced incentive-based approach the EU adopted, the EU took a more critical stance towards Ukraine’s implementation of the Association Agenda after 2011. As a result, the EU made the signing of the Association Agreement conditional on action and tangible progress in ‘actions to remedy electoral shortcomings, progress in addressing the issue of selective justice and preventing its recurrence, and action to implement reforms set out in the Association Agenda’ (European Commission, 2013b, p.3). The second condition referred to the release of opposition leader Tymoshenko, and the fair trials of other former government members. This significantly enhanced the EU’s credibility as the latter was a serious threat to the signing of the Association Agreement, which is the ultimate reward for Neighbors. It was for the first time that the EU tied specific conditions to progress in the area of democracy and human rights, including a specific deadline for the respective demanded actions, namely the Eastern Partnership Summit in Vilnius of November 2013 (European Commission, 2013b, p.3). Ukraine confirmed its determination to comply with these demands at the 16th EU-Ukraine Summit in February 2013 (European Commission, 2014, p.2). At the same summit, the EU in turn also affirmed its commitment to sign the Association Agreement as soon as Ukraine demonstrated tangible results with regards to the EU’s demands. Barosso – president of the European Commission at that time – stated: ‘I am glad that Ukraine, through President Yanukovich, has expressed its unequivocal commitment to seizing this opportunity to pursue genuine reforms and to uphold democratic values’ (European Commission, 2013a). However, on November 21st 2013, Ukraine ‘unexpectedly decided to suspend preparations for signing the Association Agreement, citing national security interests and the need to restore lost trade with Russia and the CIS’ (European Commission, 2014, p.2). The EU lost its biggest carrot in the Neighborhood context, and thus the reform processes were stalled. As I extensively discussed in chapter two, this sparked the Euromaidan protests. After Yanukovych was forced out of office he fled Ukraine,
and the perceived to be ‘pro-EU’ leadership put Ukraine back on its European course (EAP Index Report, 2014, p.8). Although this is not reflected in Ukraine’s NIT scores, according to the 2015 Progress Report, Ukraine ‘made overall good progress on deep and sustainable democracy, on human rights and fundamental freedoms’ (European Commission, 2015b, p.3). The report based Ukraine’s good progress on the conduct of presidential and parliamentary elections that were in compliance with EU standards. In addition, a public prosecution law and several anti-corruption laws were adopted. In the area of judicial reform, several proposals were developed, but the development of actual legislation remained absent. Although the situation with regards to freedom of expression, freedom of media and the freedom of assembly was worrying, it improved gradually in 2014 (European Commission, 2015b, p.3). Moreover, the development of the civil society was advanced by the municipalities giving insight into their decision-making process (European Commission, 2015b, p.3). According to the report, these democratic developments must be seen ‘in a very difficult political, economic, social and security context of armed conflicts’ (European Commission, 2015b, p.2).

In 2014, Ukraine received €365 million of funding under the ENI, the highest amount ever committed for bilateral aid to Ukraine (European Commission, 2015f). A part of this funding (€40 million) was granted under the umbrella program. Ukraine received increased financial aid based on its progress in building deep and sustainable democracy in 2014. This is surprising as for the period being studied in this research (2003-2014), Ukraine’s average democracy score was actually the worst (4.81) in 2014. However, these divergent outcomes could be explained by the timing of the NIT’s measurement. Democracy further deteriorated significantly in the beginning of 2014 under Yanukovych’s rule, whereas the democratic progress the EU refers to, were made under the new Ukrainian leadership of Yatsenyuk and Poroshenko.

Both the size and credibility of the incentives increased significantly under the EaP period. However, it must be noted that most of the incentives granted in the EaP period were a result of negotiations that were initiated in the ENP period. The credibility of the EU’s incentives increased as the EU adopted a more enhanced and strict conditionality approach with regards to democratic progress. The signing of the Association Agreement was tied to specific democratic conditions (credible threat), and the introduction of the ‘more-for-more’ principle put more focus on rewarding democratic progress. Hence, the credibility in the EaP period was high (+). The ultimate incentive – the Association Agreement – in a Neighborhood context was finally granted to Ukraine in 2014, which means that the size of the incentives went from 2 in the ENP period to 4 in the EaP period. However, incentive 3 (visa liberalization) was only offered to Ukraine in 2016, which falls outside the period being studied here. Yet, in 2013 the
EU concluded a visa facilitation agreement with Ukraine. However, regardless of the Association Agreement as a major achievement in this period, it was only signed in 2014, which means that I cannot assess the direct result of the agreement on Ukraine’s level of democracy. Nonetheless, whilst the size and the credibility thus increased, it became evident that Ukraine’s level of democracy actually worsened. This implies that the EU’s efforts were insufficient to bring about macro-level changes. In addition, as became apparent in this part of the analysis, it is very likely that domestic conditions constrained the EU’s democracy promotion efforts as they negatively influenced Ukraine’s level of democracy.

6.3 Domestic Conditions
The second independent variable, domestic conditions, is indicated by political stability and state capacity. The reason for including these domestic factors is that low levels of state capacity and political stability might impede the EU’s democracy promotion efforts. Both the EU and the Razumkov Centre stated that political instability is perceived to be the most significant factor constraining further progress on the ENP action plan. Moreover, the theoretical framework indicated that state capacity is one of the determining factors to comply with EU demands as a country needs to be capable to adopt and implement reforms (Borzel, 2010, p.11). I strongly recognize the difficulty in establishing the direct links of how these factors might either enhance or hinder the EU’s democracy promotion. Additionally, I cannot rule out the potential influence of other domestic factors, as I believe it is beyond the scope of any research to include all possible influences on democracy. Nonetheless, it seems plausible that in general the domestic factors I adopted in this research are likely to facilitate or constrain Ukraine’s level of democracy for the reasons I mentioned above.

Taking into consideration the three EU-Ukraine periods of this study, if I find that Ukraine scores low on these domestic conditions, the EU’s democracy promotion efforts are more likely to be constrained. Whilst on the other hand, if Ukraine has positive scores with regards to the domestic conditions, this puts more pressure on the EU’s efforts to alter the cost-benefit calculations of political actors. First, I start with evaluating Ukraine’s political stability scores to see how these correspond to Ukraine’s level of democracy over the entire period (2003-2014). Second, I look at Ukraine’s state capacity scores – indicated by regulator quality and government effectiveness – to see how these have developed in the pre-ENP, ENP, and EaP period. However, as the focus of this research is on the EU’s democracy promotion through conditionality, I discuss the domestic conditions more briefly compared to section 6.2. All World Bank governance indicators are measured on a scale from -2,5 (very weak) to 2,5 (very strong), for which I made the following classification: -2,5 to -1,50 represents very weak
performance, -1.49 to -0.50 represents weak performance, -0.49 to 0.50 represents moderate performance, 0.51 to 1.50 represents strong performance, and 1.51 to 2.5 represents very strong performance. In order to determine the form the relationship between political stability (model 1), state capacity (model 2) and Ukraine’s level of democracy (Y) takes on, I carried out a regression analysis for both independent variables. This helps me establish whether there indeed is a relationship among the variables, and if so, how significant this relationship is.

6.3.1 Political Stability

As can be seen in figure 6.3.1, Ukraine’s political stability scores have generally been low. In addition, the scores for this independent variable seem to run parallel to Ukraine’s level of democracy scores. However, this could imply two things. Most empirical studies associate political stability with democracy as the latter inherits more stable and predictable institutions (Feng, 2005; Begović, 2013). The prevailing notion in these studies is that political stability is the mechanism through which democracy indirectly affects economic growth (Feng, 2005; Begović, 2013). Yet, as the previous section already indicated, in the case of Ukraine it is argued that its political instability has negatively affected further progress in democracy (see p.56-57).

Following hypothesis 2a, I expect Ukraine’s level of democracy to decrease when political stability decreases. The regression analysis will indicate the form this relationship takes on. Before I discuss the results of the linear regression, I first evaluate the condition of Ukraine’s political stability for each period.

In the pre-ENP period from 2003 to 2004, political stability slightly worsened, but for both years the scores still fall in the category of moderate performance. Even though this period is mainly characterized by the Orange Revolution, this is not reflected in the political stability scores. This could well be explained by the fact that the Orange Revolution was much less violent than the Euromaidan revolution. In the ENP period, similarly as Ukraine’s democracy scores, the political stability scores start to show positive change from 2005 to 2008, a period of ‘stable instability’. Yet, as also in the pre-ENP period, the scores for the ENP period remain in the category of moderate performance. Nonetheless, in 2007 and 2008 Ukraine had a positive score (above 0) for the first time over the entire period being studied in this research. However, from 2007 to 2008 Ukraine’s political stability started to decline again, with a significant deterioration in 2009. As I explained in section 6.2, the European Commission acknowledged Ukraine’s democratic progress during the ENP period, but stated that the implementation of reforms were hindered by long pre- and post-election periods of political instability (European Commission, 2006, p.3; Razumkov Centre, 2007, p.33). According to the Razumkov Centre, the implementation of democratic conditions – as stipulated in the ENP
action plan – was mostly due to the suspension of the work of the Verkhovna Rada (fifth convocation) and the subsequent change in the government’s leadership after the parliamentary elections and formation of a new parliamentary coalition (2007, p.2). Thus, this implies that further progress in democracy after the Orange revolution, including the implementation of the Action Plan and later the Association Agenda, has been continuously hindered by low levels of political stability.

In 2009, Ukraine’s political stability showed negative change again, but remained relatively stable – although with negative scores – from 2010 to 2012. From 2013, Ukraine’s political stability shows a sharp decline again, hitting an all-time low in 2014. This negative change can most likely be attributed to the sudden suspension of EU talks about the Association Agreement by Yanukovych in 2013, which is broadly regarded as the critical turning point that sparked the Euromaidan revolution. After a vote by parliament, Yanukovych was forced out of office, and ultimately fled Ukraine in February 2014. In addition, in March 2014, Russian forces – claiming that the peninsula originally belonged to Russia – annexed the Crimea. Since then, there have been several conflicts between pro-Russian separatists and the Ukrainian government in eastern Ukraine. These domestic developments might explain the extreme drop of Ukraine’s political stability in 2014 (-1.93), which means that based on the scale I developed, the score falls in the ‘very weak’ category.

The patterns in Ukraine’s political stability overlap significantly with those in Ukraine’s level of democracy. In order to determine what form the relationship between political
stability and level of democracy takes on, I carried out an OLS linear regression analysis. The results of the regression are surprising as they indicate that there indeed is a significant relationship, but that it is a negative one. Model one shows that the coefficient is negative ($B = -0.354, \text{Std. Error} = 0.128$) which means that when political stability increases with 1.0, Ukraine’s level of democracy decreases with 0.354. The model is statistically significant at the $p < 0.05$ level as the $p$-value is 0.02. The adjusted $R^2$ for this model is 0.376 which means that political stability explains 37.6 % of the variation in Ukraine’s level of democracy. It must be noted that as this is a single-case study, the outcomes are not generalizable beyond this case.

### 6.3.2 State Capacity

Although I strongly recognize that state capacity can be as much an outcome of EU democracy promotion as a pre-condition for the latter, I assume that there must be minimum degree of state capacity. The reason for this is that the literature implied that the EU’s democracy promotion is expected to be weakened in Neighborhood countries as its state capacity levels are lower than it was in the CEE accession countries (Borzel, 2010, p.12). This notion is closely connected to hypotheses 1a and 1b (section 6.1) of this study, as the costs of complying with the EU’s demands with regards to democracy are lower when the target state has a strong level of state capacity. Thus, without denying that in general state capacity is likely to be a positive outcome of democracy, the purpose in this study is to assess the relationship between these two variables to determine if negative levels of state capacity restrain democratic development. Hence, hypothesis 2a expected that a decrease in state capacity – indicated by regulatory quality and government effectiveness – negatively affects level of democracy in Ukraine.

#### TABLE 6.3.2 Ukraine’s state capacity scores for 2003-2014

<table>
<thead>
<tr>
<th>State Capacity</th>
<th>Pre-ENP</th>
<th>ENP</th>
<th>EaP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average score</td>
<td>-0.56</td>
<td>-0.51</td>
<td>-0.53</td>
</tr>
</tbody>
</table>


As can be seen in table 6.3.2, Ukraine’s state capacity – indicated by regulatory quality and government effectiveness – scores have generally been low, shifting between weak and
moderate performance. The scores for both indicators fluctuated during all three periods – pre-ENP, ENP and EaP – but the most significant changes both positive and negative, can be seen in Ukraine’s government effectiveness. During the pre-ENP period from 2003 to 2004, both indicators showed minor improvement, but remained weak. During the ENP period, regulatory quality remained relatively stable with minor positive change from 2006 to 2007, but negative change in 2008 and 2009. However, the second indicator for state capacity – government effectiveness – showed significant negative change during the ENP period as can be seen in table 6.3.2. Although government effectiveness decreased more significantly compared to regulatory quality, both indicators showed negative change from 2005 to 2009. This is surprising as Ukraine’s level of democracy actually increased during this period. Therefore, whilst I expected a decrease in Ukraine’s level of democracy scores when state capacity decreases, the scores for the ENP period already illustrate the negative outcome of this assumption.

During the EaP period, regulatory quality gradually decreased from 2010 to 2014. Surprisingly, government effectiveness showed significant positive change from 2010 to 2014. Thus, whilst Ukraine’s level of democracy decreased in the EaP period with the lowest democracy score over all three periods in 2014, Ukraine’s government effectiveness – although the score remains negative – was the highest among all three periods in 2014.

![Graph](image)

**Figure 6.3.2.** State capacity – indicated by regulatory quality and government effectiveness – plotted against Ukraine’s level of democracy.
Figure 6.3.2 illustrates the relationship between the independent variable – state capacity – and the dependent variable which is level of democracy. If there would be a correlation between the two, there would be a clear pattern along the linear lines. The results of the multiple regression for state capacity and level of democracy (model two) verifies this notion. The regression results suggest that government effectiveness has a positive effect on level of democracy ($B= 1.399$, Std. Error = 0.591), whilst regulatory quality has a negative effect on level of democracy ($B= -1.382$, Std. Error = 0.926). However, the model proves to be statistically insignificant ($p = 0.062$), which implies that there is no correlation between state capacity and level of democracy.

6.4 Interpretation of the Results

Based on the analyses I carried out in the previous sections, I interpret the results by addressing the outcomes of the expected relationships as set out in the four hypotheses. Moreover, I do not only discuss the results for each hypothesis separately, I also describe how the variables might interact with each other. In the first section I discuss the results for the first independent variable – democratic conditionality – which was covered by hypotheses $H_{1a}$ and $H_{1b}$. In section two, I focus on the possible influence of domestic conditions – indicated by political stability and state capacity – formulated in hypotheses $2a$ and $2b$.

6.4.1 Hypotheses $1a$ and $1b$

In the pre-ENP period both the size and credibility of the EU’s conditional incentives in Ukraine were very low. There was no strict political conditionality under the PCA and no incentives that were tied to democratic progress, which means that the starting point for the incentives was $1$. As I explained in section 6.1, the pre-ENP period actually showed negative change regarding Ukraine’s democracy score. The ENP was favorably timed as it coincided with Ukraine’s Orange Revolution. Based on the theoretical framework, I presume that the political elites behave according to what would maximize their utilities (logic of consequences). When I apply this notion to the pre-ENP period, it is clear that the size of the incentives and the credibility of the EU was clearly too weak to alter the cost-benefit calculations of domestic actors in favor of the EU’s democratic conditions. This is not a surprising result as before the ENP, the EU was not very active in terms of democracy promotion.

The first hypothesis ($1a$) – when the incentives that the EU offers increase, the level of democracy in Ukraine increases – was partly confirmed. The reason for this is that the size of the EU’s incentives increased from $1$ in the pre-ENP period, to $2$ in the ENP period (see table 5.3.2, p.45-46). Simultaneously, Ukraine showed significant positive change in its level of
democracy at the start of the ENP period. In 2006, Ukraine reached its best democracy score – 4.06 – over the entire period being studied in this research. Ukraine’s level of democracy score remained stable during the ENP period. The reason for this is that financial funding under the ENP increased significantly, and the EU offered Ukraine an Association Agenda including a prospect of a Deep and Comprehensive Free Trade Area (henceforth: DCFTA). Thus, although the most attractive incentives in a Neighborhood context were granted to Ukraine under the EaP, negotiations for these incentives actually started under the ENP. Even though the size of the incentives increased from the pre-ENP to the ENP period, the incentives offered by the EU during the ENP period were still clearly too weak to consolidate democracy in Ukraine. Democratic progress in the first years after the Orange revolution can most likely be attributed to domestic forces driven by the logic of appropriateness and expectations of a membership perspective. Moreover, the EU not only offered weak incentives, its credibility was low due to the weak application of democratic conditionality. There were no specific incentives tied to democratic progress, and therefore no credible threat or promise.

During the EaP period, the EU showed significant change in the application of its democratic conditionality. A significant change in the EU’s neighborhood policy was the introduction of the ‘more-for-more’ principle in 2011, as a result of the ‘changing neighborhood’ (European Commission, 2013c). For the first time, the EU adopted a more critical stance in its support for democratic progress. Moreover, under the EaP the Visa Liberalization Action Plan (henceforth: VLAP) was presented to Ukraine (November 2010), the negotiations on the Association Agreement were finalized (December 2011) and – the biggest achievement under the EaP – the Agreement was finally signed on the 27th of June 2014. Thus, I expected Ukraine’s level of democracy to increase in the EaP period as the EU’s incentives increased significantly. Nonetheless, it became evident that Ukraine’s level of democracy actually worsened during the EaP period. Thus, hypothesis 1a can only be confirmed partly as democracy only increased with the size of the incentives in the ENP period. Additionally, it is questionable to attribute this directly to the EU’s democracy support, as it is likely to have been a combination of domestic forces driven by the logic of appropriateness and Ukraine’s expectations of a membership perspective. It must be noted that the Association Agreement was only signed in 2014, which means that I cannot assess the direct result of the Agreement on Ukraine’s level of democracy. As this is the ultimate incentive in a Neighborhood context, I expect it to currently be the only effective leverage that the EU could use to advance democratic reforms in Ukraine. Overall, the results of this study imply that the EU’s democracy promotion efforts in Ukraine were insufficient to bring about macro-level changes from 2003 to 2014.
The second hypothesis (1b) – when the credibility of the incentives the EU offers increase, the level of democracy in Ukraine increases – is rejected. Whilst the credibility of the EU’s incentives is closely connected to the size of the incentives, the results of the former are slightly different. Whilst the size of the incentives increased under the ENP period, the credibility of the EU’s incentives remained low (-). The EU’s credibility was dependent upon nothing less than a prospect of EU membership for Ukraine. Yet, the Orange Revolution did not change the EU’s closed door policy towards Ukraine. During the ENP period, the main incentives for compliance with democratic standards were purely financial support, which were not conditioned on the adoption and implementation of democratic reforms. Under the enhanced cooperation in the ENP and the negotiations for the Association Agreement, Ukraine continued to be the ‘privileged’ neighbor. This means that there was no strict political conditionality (credible threat) nor a credible membership perspective (credible promise) during the ENP period. Nonetheless, even without credible EU incentives, Ukraine made significant democratic progress during the ENP period. As stated previously, this was most likely the result of the domestic democratic forces that came to power after the Orange Revolution, whom were driven by high expectations regarding an EU membership perspective.

During the EaP period, the credibility of the EU’s incentives significantly increased. This has not only to do with the fact that the size of the incentives also increased, but rather the EU’s stricter approach to the application of democratic conditionality. As a result of Ukraine’s further democratic deterioration in 2011, and the enhanced incentive-based approach the EU adopted (‘more for more’), the EU conditioned the signing of the Association Agreement on action and tangible progress in ‘actions to remedy electoral shortcomings, progress in addressing the issue of selective justice and preventing its recurrence, and action to implement reforms set out in the Association Agenda’ (European Commission, 2013b, p.3). The second ‘democratic condition’ referred to the release of opposition leader Tymoshenko and the fair trials of other former government members. The application of strict political conditionality enhanced the EU’s credibility, as the latter was a serious threat to the signing of the Association Agreement. Whilst I expected an increase in Ukraine’s level of democracy when the credibility of the EU’s incentives increase, the results indicate that this was not the case. Ukraine made democratic progress in the period where credibility was low (ENP), and democracy actually decreased in the period where credibility was the highest (EaP). This outcome might well be explained by the country’s political leadership during these periods. Even though credibility increased significantly in the last period, the effectiveness of the EU’s democratic conditionality is likely to be enhanced by showing at least some ‘opening’ of possible membership in the future.
6.4.2 Hypotheses 2a and 2b

The theoretical framework implied that regardless of whether this is in the context of membership or non-accession, effective political conditionality depends on a combination of both external and domestic factors. Therefore, this study tried to combine more agency related accounts (logic of consequences) with an assessment of domestic specific conditions. The previous section focuses on the line of reasoning related to agency, which posits that the effects of external influence depends on the cost-benefit calculations of domestic actors. However, I address the agency part of the literature slightly different. Instead of focusing on veto players - domestic agents - I focus on domestic political factors that might influence democracy. The reason for this is that the democratization literature indicated that the reasons for the development of democracy are contingent and context-specific, and therefore must be studied domestically. Hypotheses 2a and 2b tried to assess the extent to which domestic conditions either constrain or facilitate Ukraine’s level of democracy.

The first domestic condition refers to political stability, which both the EU and the Razumkov Centre put forward as a significant constraining factor to Ukraine’s level of democracy. However, the results actually indicate that there indeed is a significant relationship between political stability and level of democracy, but that it is a negative one. Model one showed that when political stability increases with 1 unit, Ukraine’s level of democracy decreases with 0.354. Therefore, hypothesis 2a – when Ukraine’s political stability decreases, Ukraine’s level of democracy decreases – is rejected. However, I measured the direct relationship between political stability and level democracy, which means that I cannot determine how this has affected the EU’s democracy promotion. Nonetheless, it became evident that low levels of political stability do not lower Ukraine’s level of democracy. This does not mean however that political stability cannot indirectly affect democracy. It could well be that politically instable periods took away attention of the political elites and therefore indirectly affected democratic progress. The statistical results illustrate the direct relationship between political stability and democracy, and did not include potential mechanisms that might affect their relationship.

I now address hypothesis 2b which expects that when Ukraine’s state capacity – indicated by regulatory quality and government effectiveness – decreases, Ukraine’s level of democracy decreases. Even though the literature implied that there is no fixed set of conditions that initiate the development of a democratic regime, the theory posits that state capacity is a significant domestic factor that affects EU democracy promotion (Borzel, 2010). The reason for this is that a target state must be able to absorb external aid and democracy promotion efforts in order to transform these into reforms. However, the regression results for hypothesis 2b
implied that there is no correlation between state capacity – indicated by government effectiveness and regulatory quality – and level of democracy. A theoretical explanation might be that the relationship is reversed. This means that with progress in a state’s level of democracy, state capacity increases as well. This is illustrated by the EU’s socialization efforts (SIGMA, TAIEX and TWINNING), which are focused on capacity building in third states. This implies that state capacity could be an outcome of democracy, rather than a precondition for the latter. However, as this is a single case study the results of the relationship between these two variables cannot be generalized to other cases.
7. Conclusion

This single case study combined both external and domestic driven theoretical explanations to assess the impact of the EU’s democracy promotion in Ukraine. This research draws on existing Europeanisation literature, theory of the new institutionalism, post-communist transformation theory, and democratization literature. However, when it comes to assessing EU influence in third states, it is important to distinguish between the different forms ‘Europeanization’ takes on: membership, accession and neighborhood Europeanisation (Langbein & Borzel, 2013, p.571). Neighborhood countries are defined as all countries with an action plan under the ENP. In view of this research – covering Ukraine – I thus specifically looked at neighborhood Europeanisation. The purpose of this study was to answer the following research question: what has been the impact of the EU’s democracy promotion on the level of democracy in Ukraine? And what has been the role of political stability and state capacity in relation to Ukraine’s level of democracy? In order to answer the research question, I combined both qualitative and quantitative research methods and distinguished between three time periods: a pre-ENP period, an ENP period and an EaP period.

As stated above, this study addressed two dimensions regarding EU democracy promotion in Ukraine. First, following the theoretical foundations of rational institutionalist theory, I evaluated the EU’s democratic conditionality in Ukraine. The literature implied that the EU’s democratic conditionality in a Neighborhood context depends on the size and the credibility of the incentives the EU offers. Based on the logic of consequences pertaining to rational institutionalism, I expected Ukraine’s level of democracy to increase when the size and credibility of the EU’s incentives increase. However, the results indicate that this expectation is only partly confirmed for the size of the EU’s incentives. Nonetheless, it is questionable whether this can be attributed solely to the EU’s democracy promotion as the start of the ENP coincided favorably with the Orange Revolution. In 2007, the Razumkov Centre published a report on the implementation of the ENP between 2005 and 2007 in Ukraine. From the twelve conditions related to democracy, rule of law, human rights and fundamental freedoms (see chapter four), all were only partially implemented (Razumkov Centre, 2007, p.4). Thus, this supports the notion that the increase in Ukraine’s level of democracy during the ENP period was most likely the result of the domestic democratic forces that came to power after the Orange Revolution, whom were driven by EU membership aspirations.

In addition, the expectation with regards to the credibility of the EU’s incentives does not hold ground. In the EaP period, where the EU’s credibility significantly increased due to its stricter application of democratic conditionality, Ukraine’s level of democracy scores
deteriorated. The analysis indicates that there are two major reasons that obstruct Ukraine’s compliance with EU democratic demands. First, in contrast to the other two areas of the ENP (economic and JHA cooperation) the incentives for democratic change remained low, and by far did not meet the expectations of the political elites in Ukraine after the Orange Revolution (Wolczuk, 2009, p.197). The second reason for the EU’s weakened democracy promotion under the ENP was perceived to be Ukraine’s political instability. Both the European Commission and the Razumkov Centre argued that political stability has been a major factor impeding on the implementation of the ENP Action Plan (European Commission, 2006; Razumkov Centre, 2007, p.33; Wolczuk, 2009, p.198). In addition, from the ENP period to the EaP period, Ukraine’s political leadership changed. However, EU-Ukraine negotiations on the Association Agreement under Yanukovych’s rule progressed and Ukraine declared its commitment to the implementation of the democratic conditions tied to the signing of the Agreement at the 16th EU-Ukraine Summit in February 2013. Whilst the EU welcomed Ukraine’s commitment to seizing the opportunity to pursue genuine reforms and to uphold democratic values, Yanukovych unexpectedly decided to suspend preparations for signing the Association Agreement stating that ‘due to national security interests and the need to restore lost trade with Russia and the CIS’ in November 2013 (European Commission, 2014, p.2).

Overall, the results imply that the EU’s democracy promotion efforts through democratic conditionality were insufficient to bring about macro-level changes. This was mainly because until 2014, in which the EU and Ukraine signed the Association Agreement, the incentives that the EU offered for the adoption and implementation of democratic reforms were weak. Furthermore, the credibility of the EU’s incentives was low during the pre-ENP and the ENP period. It was only under the Eastern Partnership, after the introduction of the ‘more-for-more’ principle, that the EU took a more critical stance towards the application of its democratic conditionality. During the EaP period it was for the first time that the EU tied specific conditions to progress in the area of democracy and human rights. Moreover, the credibility of the incentives was very low during the pre-ENP and ENP period, as there was no application of strict democratic conditionality. To answer the first part of the research question, I conclude that the EU’s democracy promotion had very little impact on Ukraine’s level of democracy due to the weak application of democratic conditionality, consisting of weak incentives and overall low credibility.

The literature review indicated that successful democracy promotion does not only depend upon external factors (EU), but also on favorable domestic conditions. The democratization literature mostly agrees on the fact that there are no fixed set of domestic conditions that enhance democracy. However, specifically for the case of Ukraine, I considered
political stability and state capacity to be the most significant domestic factors that could impede Ukraine’s level of democracy. The findings of this study suggest that there is a negative relationship between political stability and Ukraine’s level of democracy. This means that whilst I expected Ukraine’s level of democracy to decrease when political stability decreases, the reversed seems to be true. Yet, this does not mean that political stability cannot indirectly affect democracy. It could well be that politically unstable periods took away attention of the political elites and therefore indirectly affected democratic progress. As already stated, the prevailing notion the existing scholarship is that political stability is the mechanism through which democracy indirectly affects economic growth (Feng, 2005; Begović, 2013). This implies that the relationship between democracy and political stability might be indirect, in which the latter serves as an intervening variable. Another theoretical explanation that might explain the negative relationship between democracy and political stability, is that democracy invites pluralism, with a larger presence of interest groups and independent associations, and therefore democratic regimes are prone to political instability (Tusalem, 2015, p.1). However, further study on the relationship between political stability and level of democracy is necessary to determine whether these explanations could be true. The regression results for the second domestic factor – state capacity – which is indicated by government effectiveness and regulatory quality, showed that there is no relationship with Ukraine’s level of democracy. Thus, the expectation that a certain level of state capacity is necessary to advance democratic progress did not hold ground in the case of Ukraine.

Although the first two hypotheses related to the EU’s democratic conditionality did not prove to be successful, I still consider rational institutionalist theory to be an appropriate theory in addressing the EU’s democracy promotion. Nonetheless, I recognize that it would be useful to include the logic of appropriateness into future studies that aim to assess the EU’s democracy promotion in a Neighborhood context. The reason for this is that overall the EU’s leverage in the Neighborhood is weak. In addition, according to March and Olsen (1998) linking action solely to the logic of consequences ignores the role of identities, rules and institutions in shaping behavior (p.951). As explained in the theoretical argument, I did not include the second mechanism of EU democracy promotion – socialization – in this research due to data limitations. Moreover, there are several other ways in which future studies can proceed. I focused solely on the EU as an external actor which means that I ruled out the potential influence of other actors. I provided several reasons for doing this, but depending on the research question, researchers could make a comparison between democracy promoters in Ukraine or include constraining actors (f.e. Russia) in the analysis. In addition, I assessed the impact of the EU’s democracy promotion on a polity level. However, Freyburg et al. (2015)
provide a promising framework for assessing democratic governance on a *policy* level. Above all, including multiple cases rather than a single case would enhance the quality of the findings and enable the researcher to generalize the results more easily. Future studies could for example include more domestic factors – as I chose the two that I considered to be the most significant in the case of Ukraine – in the analysis and compare their potential effect on democracy in the Eastern Partnership countries.
References


EU Democracy Promotion in Ukraine


