



Western Balkans Stability Monitor

May 2020 Issue

Table of contents

Upside Down	4
Albania	6
Government Stability	7
Opposition Activities	9
Regional Relations	9
Security	10
Looking Forward	11
Bosnia-Herzegovina	12
Government Stability	13
Opposition Activities	16
Regional Relations	16
Security	17
Looking Forward	17
Kosovo	18
Government Stability	19
Opposition Activities	23
Regional Relations	23
Security	24
Looking Forward	25
North Macedonia	26
Government Stability	27
Opposition Activities	29
Regional Relations	30
Security	31
Looking Forward	31
Montenegro	32
Government Stability	33
Opposition Activities	36
Regional Relations	37
Security	37
Looking Forward	38

Serbia	39
Government stability	40
Opposition activities	42
Regional relations	43
Security	44
Looking Forward	45
About Risk Dimensions	46
War	46
Terrorism	46
Government Instability	46
Civil Unrest	46
Ethnic Unrest	46
About	47
Contact	47

Upside Down

In the space of two months, life, work and politics in the Western Balkans – along with much of the rest of the world – has been turned upside down. In the previous issue of the Western Balkans Stability Monitor, we wrote about 2020 taking on a ‘make or break’ character in many corners of the region. Decisive elections beckoned in many countries, while in others different political crises brewed.

Then, during the first half of March, the coronavirus pandemic reached south-east Europe. Elections were deferred and political crises put on hold or shoved to the side. Across the region, governments scrambled to deal with the public health emergency and prevent local health systems from being overloaded. Given the chronic problems and limited capacities of most public health systems in the Balkans, it was clear that large numbers of COVID-19 patients would overload them very quickly, with the potential to create even more dramatic scenes than in countries such as Italy or Spain.

As a result, governments across the region put the focus of their efforts on stemming the spread of virus in the first place, so as not to test the limits of what their health systems could handle. Tough curfews and lockdowns were imposed, severely limiting the freedom of movement of most citizens. Over 65s were particularly affected, with several countries preventing them from leaving home at all, considering this age group to be at particular risk if they caught the virus. The return of tens of thousands of migrant workers from the EU – particularly in Bosnia and Serbia – did not make efforts to control the spread of the pandemic any easier. Sadly, these same returning migrant workers also provided convenient scapegoats for governments wanting to avoid blame themselves, most clearly in Serbia.

As in much of the rest of Europe, ‘social distancing’ became the new buzzword for the citizens of the Balkans. While some enjoyed the experience of working remotely, still a rare practice in most of the region, others worried whether they would have any jobs to return to. While many struggled with being stuck at home, others sought to make the best of it, discovering new hobbies or skills.

With the pandemic, or more likely its first wave, passing, the region is tacking stock. All things considered, the countries of the Balkans fared the first wave of the pandemic better than most had dare hope and better than much of Western and Southern Europe. Health systems were not overloaded and the number of registered cases and COVID-19 related deaths remained comparatively low, both in absolute and per capita terms.

On the economic front, dark clouds are gathering on the horizon. Timely fiscal measures by governments have helped to 'flatten the curve' of job losses. However, it seems all but certain that COVID-19 will have pushed the world economy into a heavy recession, the Balkans being no exception. Countries with large tourism sectors – such as Croatia, Greece and Montenegro - will be particularly badly affected, with the IMF forecasting that their GDP will contract by as much as 9%-10%. Albania, which also has a significant tourism sector, is expected to take a 5% hit, while North Macedonia's economy contracts by 4% and Serbia's by a more modest 3%.

With this in mind, not only are countries that had to delay their elections - such as North Macedonia and Serbia – keen to get them out of the way, but others – such as Croatia and Montenegro – which had elections due in the autumn are considering bringing them forward.

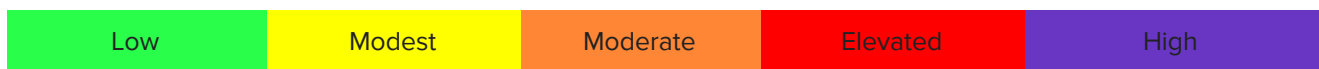
Although there are signs that the first wave of the pandemic is passing, it seems premature to assume that life will now return to normal, however tempting this may seem. Most experts believe that further waves of the pandemic will come and go. With no vaccine or effective treatment at hand yet, more waves of the virus will likely mean more lockdowns, more pressure on public systems, and even more economic disruption and strain on the public finances.

In this sense, 2020 could prove to be a year of much more dramatic 'make or break' moments for the countries of the south-east Europe.

Albania

Albania was affected by the coronavirus pandemic slightly earlier than other Western Balkan countries, with the first case registered on March 8. There ensued a total halt in cross-border travel as well as a general paralysis of the economy, which is expected to shrink by 5% of GDP this year. Albanian Prime Minister Edi Rama had imposed some of the toughest lockdown measures in Europe and declared a state of natural calamity which grants him extraordinary powers until late June. Albania also withdrew temporarily and partially from the European Charter of Human Rights due to the public health emergency caused by the coronavirus. The government has put together a plan for financial discipline while facing a further increase of the public debt from already high levels. As regular political life came to a halt, opposition activities also became limited to exchanges of barbs in social media. On a more positive note, the European Council gave conditional approval for the opening of accession negotiations with Albania. While this is an important success for the government, it was hard to hide the conditions attached to its decision by the EU, while the coronavirus pandemic made it difficult for the Government to capitalize on the decision.

Trajectories		Outlook		
		1 month	6 months	12 months
Risk Dimension	War	Low	Low	Low
	Terrorism	Modest	Modest	Modest
	Government Instability	Modest	Moderate	Moderate
	Civil Unrest	Moderate	Moderate	Modest
	Ethnic Unrest	Low	Low	Low



Government Stability

With COVID-19 officially arriving in Albania on March 8 – the date when the first officially registered case was confirmed - the government of Prime Minister Edi Rama moved quickly to impose measures aimed at halting the spread of the pandemic. Schools, restaurants, nightclubs, gyms, bars and cafes were among the venues closed very quickly, while Friday prayers at mosques were also suspended. Proximity to Italy, one of the worst affected countries in Europe, seems to have been one of the reasons for a particularly energetic response by the Government. An estimated 600,000 Albanian citizens live and work in Italy – fearing their return and the spread of the virus, the Rama Government quickly moved to halt air and sea links to the country and impose a quarantine on those returning from Italy. On March 24, the Government proclaimed a state of natural disaster, giving Rama and his Cabinet sweeping powers. A month later, Parliament met to extend the state of natural disaster to June 23. To date, there have been 795 registered COVID-19 cases and 31 related deaths.

However, the Government's stringent measures also had a more bizarre side. On March 13, mobile phone customers using the country's Vodafone network received a recorded voice message from the PM advising them: "Wash your hands, don't move from your house for pleasure, open windows as much as you can, protect yourself from the media". Reportedly mobile phone users could not evade listening to the message when they tried to make calls. The message was just one example of the Rama Government using the coronavirus pandemic to continue its campaigns against what it perceived as its domestic 'enemies', such as independent media in Albania.

While such moves generated both anger and comic amusement, other, more draconian measures imposed by the government had no funny side. Thus, along with measures aimed at preventing public gatherings, or regulating social distancing in everyday situations, came stiff fines for those found to be violating them, imposed as emergency regulations. Organizing group gatherings would thus result in a €40,000 fine; more than two people in the same room on a television talk show would result in an €8,300 fine. The stiffest fines - €83,000 – were reserved for businesses trading in food or medicines which did not respect Government prescribed safety rules. In mid-April, the Albanian Parliament also adopted changes to the criminal code

which imposed stiff prison sentences for violating a range of pandemic-related measures, which were extensively criticized by civil society groups.

Not surprisingly, political issues which had dominated life in Albania were pushed to the side during the pandemic. There was no real talk about election reforms or judicial reforms, while the dispute between Rama's Government and President Ilir Meta also became more muted. Meta cancelled planned political rallies, while a Special Investigative Parliamentary Commission established in 2019 to scrutinise the President's actions delayed any impeachment proceedings until July.

As the pandemic gained steam, on March 26 leaders of the EU approved a decision to grant the opening of accession negotiations to Albania and North Macedonia. This was a major achievement for the Rama Government, although the public health emergency prevented it from capitalizing fully on the EU decision. While the decision to open accession negotiation was doubtless positive for Albania, somewhat bitter for the Rama Government were the broad conditions attached by European leaders to the decision. Thus, Tirana was told to adopt long-delayed election reforms in agreement with the opposition, ensure the filling of vacated positions in the Constitutional and Supreme Courts, as well as take a range of energetic steps to fight organized crime and corruption.

The Albanian Government has also been under pressure since mid-March to do more to contain the economic fallout from the pandemic. An estimated 66,000 people have lost their jobs, while the much-awaited tourist season is expected to be heavily affected as well. The IMF predicts an economic recession totalling 5% of GDP in 2020 and has already granted the country loans to help with balance of payment problems amid broader concerns regarding Albania's macroeconomic stability.

Due to the ongoing 'state of natural disaster' imposed by the government, political life seems set to remain at a standstill until the end of June. Consequently, we have decided to upgrade the Government instability outlook from moderate to modest. However, we retain a slightly worse 6- and 12- month outlook.

Opposition Activities

Opposition activities have been seriously curtailed by the social distancing rules imposed due to the COVID-19 pandemic. Having previously resigned their Parliamentary mandates, opposition politicians could not use the legislature as a platform from which to be heard; at the same time, the ban on public gatherings deprived them of a previously popular tool for mobilising supporters and pressuring the Government. A planned rally against the Government, which had been planned by President Ilir Meta, had to be abandoned, for example. Thus, opposition politicians have mainly been reduced to occasionally criticising Government decisions or mistakes in the traditional and social media.

Regional Relations

Albania's relations with regional neighbours were mostly calm and positive during the pandemic.

Relations with Greece – traditionally on the brink of tension – seemed more positive. The Greek Government sought to find ways to allow Albanian migrant workers to cross into the country, which is dependent on Albanian labour in certain sectors, such as agriculture.

Albania also showed solidarity with another important neighbour, Italy. At the end of March, Tirana despatched 30 doctors to help Italy fight the coronavirus pandemic. On April 20, a group of 60 Albanian nurses were also despatched to Italy.

Security

The security situation in Albania remained calm and uneventful over the last few months. The country's armed forces were mobilised to help with enforcing the country-wide lockdown. However, at times this caused more ridicule than anything else. The sight of armoured vehicles with machine guns patrolling the streets of the capital led to ridicule by opposition leaders on social media, who wondered whether Rama planned to 'kill' the virus very literally.

On April 30, Albanian authorities arrested a 24 year old Tajikistani national wanted on a German Interpol arrest warrant. The man was accused of involvement in an ISIS terrorist cell in Germany, which had plotted attacks on US bases in the country.

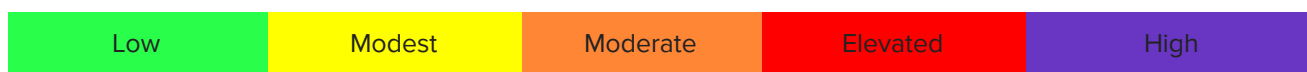
Looking Forward

- **Coronavirus pandemic:** The country is expected to emerge slowly from limitations imposed in order to limit the spread of the coronavirus. As of the end of April, some businesses were being allowed to re-open, but not those deemed 'risky' such as beauty salons, restaurants, bars, fitness centres etc. It will be important to watch whether the state of natural disaster is lifted at the end of June, a precondition for ordinary life and politics returning to normal.
- **Judicial reforms:** Progress in implementing judicial reforms is a condition for actually beginning EU accession negotiations. Yet the vetting process of judges and prosecutors had been halted for the moment due to the pandemic, putting in danger an important component of the justice reforms. The vetting institutions have a time limit of five years, which is to expire in 2022. The commission is already behind schedule in reassessing around 1000 officials of the justice system, with around 225 processed so far. Further delay of the process poses additional risks since it will require an extension of the mandate of the institutions, otherwise a large part of the judges and prosecutors will escape scrutiny.
- **Macroeconomic stability:** The International Monetary Fund foresees increasing pressure on the country's currency in the next few months due to a growing current account deficit and the need to run a relatively large budget deficit in the face of the crisis. Although macroeconomic stability has been preserved so far, it will be important to watch how the situation evolves.

Bosnia-Herzegovina

The coronavirus pandemic has forced an about turn in the rhythm of Bosnian domestic politics. Deadlock and ethno-political disagreements in government seem to have all but evaporated during the course of the pandemic, with some minor exceptions. Government at all levels of the state were handing down rapid decisions and rolling out measures to stem the spread of the pandemic which – even more remarkably – seemed to be well coordinated among them as well. Political disagreements, institutional boycotts and threats of referendums seem to have been shelved, at least for the time being. Yet it would be dangerous to assume that this is the beginning of a permanent change. Signs of a return to ‘business as usual’ can already be seen, even if the lingering threat of the spread of COVID-19 may force a slightly less confrontational politics to emerge, at least for a while.

Trajectories		Outlook		
		1 month	6 months	12 months
Risk Dimension	War	Modest	Modest	Modest
	Terrorism	Modest	Modest	Modest
	Government Instability	Moderate	Moderate	Moderate
	Civil Unrest	Moderate	Moderate	Moderate
	Ethnic Unrest	Moderate	Modest	Modest



Government Stability

After years of bitter disagreements between political leaders and general policy and decision making gridlock, Bosnia's politicians have surprised their own citizens and seasoned Bosnia-watchers with their ability to work together when a crisis forces them to do so. With the arrival of the coronavirus pandemic, different levels of government were not only making decisions at a fast pace, but also in successful coordination with each other.

This transformation was all the more impressive when juxtaposed against the political context prior to the coronavirus pandemic, when Bosnian Serb political representatives had staged a walkout from central institutions, vowing to block all decision making at the state level over a disputed Constitutional Court decision. Having threatened not to allow even the smallest decision making to proceed until legal changes to the functioning of the Court were adopted, the onset of the pandemic forced a quiet, almost unnoticed reversal of this position. Demands to overhaul the working of the Constitutional Court were barely mentioned, as were threats of a referendum in the RS.

The first two registered cases of COVID-19 were confirmed in the Republika Srpska (RS) entity on March 5. To date, Bosnia has registered 1,857 cases of COVID-19, along with 77 related deaths. The RS authorities closed schools on March 10 and moved to impose an emergency situation in mid-March, followed by a state of emergency later in the month. In the Federation a 'disaster situation' was declared, with a similar state being proclaimed at the state level. Both the Federation and RS banned all those over the age of 65 years from leaving their homes, while the Federation entity also banned minors from leaving their homes. Daily curfews were imposed from the early evening until the early morning in both entities, while quarantines were set up at the border for citizens returning to the country.

Aside from the seemingly coordinated imposition of measures to stem the spread of the coronavirus pandemic, the political leaders of the different ethnic groups also seemed to abandon their sharply polarising and antagonistic rhetoric. While the spread of COVID-19

brought its own tensions and uncertainty, for a while the usual ethno-political source of tensions in the country was lifted at least.

More recently, as the pandemic has showed signs of waning, there are signs that the country's political system is returning to 'business as usual'. At the end of March, the state-level Council of Ministers adopted a draft state budget, but without the support of ministers from the RS. Adoption of the budget thus remained deadlocked. While officials from the Federation wanted the budget adopted and spending increased in order to enable more effective efforts to fight the COVID-19 pandemic, RS officials insisted that, at a time when the entities were needing to adopt supplementary budgets in response to the pandemic, it was unrealistic for the state budget to reflect a state of 'business as usual'.

This turned out to be a prelude to an even more typically counterproductive stand-off over securing a €330 million loan disbursement from the International Monetary Fund (IMF). As the IMF's Board was due to meet on April 20 to approve the disbursement of loans to Bosnia and other countries, the leaders of the different ethno-political factions failed to agree on a Letter of Intent to be sent to the Fund as a precondition for securing the loan. Initially, there were disagreements over how the IMF's funds would be distributed between the Federation and RS. Once this had been resolved, the issue of how the loan funds would be allocated within the Federation – between the entity and cantonal levels – suddenly became a problem between Bosniak and Bosnian Croat politicians. The IMF found a way to disburse the loan anyway, with the funds being transferred subject to agreement between the political leaders. While a formula has been found on how to allocate money within the Federation, there are now disagreements over who will be responsible for repaying the IMF loans.

The hold-up in accessing the IMF loan has, in part, led to a delay in rolling out decisive measures to support local businesses. Neither of the entities seem sure what funds they will have at their disposal, hence measures rolled out to date have been piece-meal.

Disagreements between the entity governments are also appearing over how to implement a return to normality as the coronavirus pandemic wanes. After a month of restrictions, on Friday April 24 authorities in the Federation decided to abolish the police curfew which had lasted from 8pm to 5am daily. Moreover, they abolished collective quarantines for all those entering

Bosnia through crossings in the Federation, replacing them with (less effective) home quarantine measures. Given that the decision was made with little consultation, forewarning, or even necessary thought, it raised many eyebrows. Authorities in the RS were particularly incensed, arguing that such decisions could not be made unilaterally and undermined collective efforts to prevent the spread of COVID-19 in the country.

Finally, another potential bone of contention beginning to emerge pertains to the holding of local elections, due in October of this year. Various pre-election activities in Bosnia are due to begin as early as May (such as registering voters, collecting signatures, etc.). Yet without a state budget in place, the Central Election Commission (CIK) has no dedicated funds for organizing the elections. Aware of the fact that a second wave of the coronavirus might well return later in the year, in mid-April CIK sent an initiative to the Bosnian state Parliament to adopt the necessary legislation which would allow it to defer the elections in the event of an emergency situation. Not surprisingly, political parties once again diverged in terms of their reaction and it remains to be seen whether any common decision will be reached in response to the CIK initiative. The Bosnian Serb SNSD seems to favour the holding of local elections in October, while the Bosniak SDA seems more inclined to delay the elections.

Despite signs that Bosnian politics is returning to its usual state of discord, we have decided to upgrade the government instability outlook from elevated to moderate. This is primarily on the back of our view that, while we expect political wrangling and deadlock to return, we also believe that the lingering coronavirus emergency will force political leaders to act in a more constructive manner when dealing with each other.

Opposition Activities

As noted in previous reports, in Bosnia's complex and decentralised institutional system with many tiers of government, few political parties are ever in complete opposition, hence it can sometimes be difficult to determine which parties should be treated as belonging to 'the opposition'.

This aside, during the coronavirus pandemic, the opposition parties have been all but invisible. In mid-March, opposition parties in the RS entity threatened to organize street protests, after the ruling majority initiated changes to the RS Assembly's procedures. The opposition claimed that the changes were intended to muzzle opposition scrutiny and criticism. However, in the end, the amendments were adopted unanimously on March 23.

Regional Relations

With the countries of the region focused inward, Bosnia's bilateral relations with its neighbours have been rather calm and uneventful. True to form, Bosnian Serb leader Milorad Dodik went to meet with Serbian President Aleksandar Vucic in Belgrade on March 23 to discuss Serbia's assistance to RS, while his Croatian counterpart and HDZ leader Dragan Covic met with Croatian Prime Minister Andrej Plenkovic on the same day to discuss the same topic. Three days earlier, Bosniak political leader and SDA party head Bakir Izetbegovic had discussed Turkish assistance to Bosnia via telephone with Turkish President Recep Tayyip Erdogan. Meanwhile, rather unusually, it was the decision of Hungary to send assistance in the form of protective medical equipment to the RS – rather than Bosnia as a whole – which elicited some tensions within the country, being condemned mainly by Bosniak politicians.

Security

The security situation within the country has remained calm and uneventful as attention remains focused on dealing with the coronavirus pandemic.

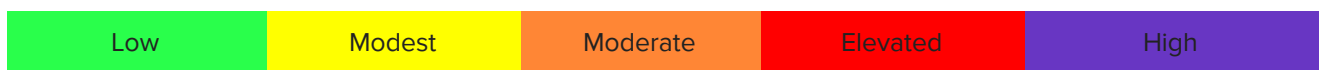
Looking Forward

- **Return to ‘normal’:** as the coronavirus pandemic appears to be waning, politics is showing signs of returning to ‘normal’. As the pressure of the pandemic eases off, a challenge which is rapidly emerging is how to coordinate measures regarding entry into the country from outside and quarantine, as well as social distancing in all its various forms. This threatens to be one of the main challenges in the short-term, as the pandemic wanes yet continues to lurk in the shadows.
- **Economic measures:** just as big of a challenge – if not bigger – will be how to agree some kind of coordinated economic measures aimed at helping businesses deal with the pandemic’s economic effects. Particularly pressing – and important to watch – will be whether politicians within the Federation can unblock the disbursement of the €330 million IMF loan.
- **Local elections:** although October’s local elections may seem far away, pre-election activities are due to begin as early as May. More importantly, with no state budget in place for 2020, CIK has no funds allocated for the organizing of the elections. More fundamentally, it will be important to watch whether any further waves of COVID-19 emerge, which could force delays to the holding of the elections.

Kosovo

Kosovo seems to be the one corner of the Balkans where the coronavirus pandemic has not been able to push regular politics aside and disrupt ‘normal’ political life. The government of Prime Minister Albin Kurti had not been in office for two months when, on March 25, it suffered a vote of no confidence. Ostensibly, the government fell over a disagreement between the coalition partners over introducing a state of emergency, which culminated in Kurti dismissing the Democratic League of Kosovo (LDK) appointed Minister of Interior. However, lurking in the background of the Kurti Government’s collapse appears to be US pressure – in the form of Richard Grenell, the White House’s special envoy to the Kosovo-Serbia negotiations – for Kurti to be removed from power due to his intransigence to removing tariffs imposed on Serbian goods and (possibly) back an apparent deal with Serbia. What will happen next in Kosovo is uncertain. Kurti is demanding Parliamentary elections, from which he believes that he will emerge with an increased vote share. Meanwhile, almost all the other actors on Kosovo’s political scene seem to be working towards cobbling together a new government without Kurti and Vetevendosje.

Trajectories		Outlook		
		1 month	6 months	12 months
Risk Dimension	War	Moderate	Moderate	Moderate
	Terrorism	Modest	Modest	Modest
	Government Instability	Elevated	Elevated	Moderate
	Civil Unrest	Modest	Modest	Modest
	Ethnic Unrest	Moderate	Moderate	Moderate



Government Stability

Two months is a very long time in Kosovo politics it seems – long enough for a government to be sworn in *and* voted out of office. The Government of Prime Minister Albin Kurti – a coalition between his Vetevendosje (VV) and the LDK – was sworn in on February 3, after protracted coalition negotiations which had dragged on since October. The ruling coalition was always going to be an uneasy marriage of two very different parties and turbulence was to be expected. However, few observers could imagine that the Kurti Government would collapse less than two months after it had been formed.

Tensions within the VV-LDK coalition began to spiral, almost from the first day, primarily over the differing attitudes of the two parties towards the tariffs imposed on Serbian and Bosnian goods by the previous Haradinaj Government and the broader issue of negotiations with Serbia. From the first moment that the Kurti Government was sworn in, the US Administration – personified most clearly in this case by Ambassador Richard Grenell, the White House’s Special Envoy to the Kosovo-Serbia negotiations – demanded the speedy removal of tariffs, seen as an obstacle to resuming negotiations between Belgrade and Pristina. While the LDK supported a quick abolition of the tariffs, Kurti resisted, insisting that tariffs could only be abolished reciprocally, if Serbia also removed non-tariff barriers to Kosovo goods entering Serbia.

With Grenell and the White House in no seeming mood to wait and discuss reciprocity, pressure on the new Kosovo Government was quickly turned up, with hints that the US could even withdraw its troops from Kosovo, seen as a sign of Kosovo losing Washington’s strategic support. Kurti found himself under strong domestic pressure – both within the Government, from the LDK, and outside the Government, from President Hashim Thaci – not to jeopardize US support and revoke the tariffs.

The coronavirus pandemic reached Kosovo as this domestic political battle was reaching its peak and played right into it. The focus of the power struggle between Kurti, Thaci and LDK leader Isa Mustafa shifted from the issue of tariffs to handling the COVID-19 pandemic. With the first two cases of COVID-19 confirmed on March 13, President Hashim Thaci moved to have a state of emergency declared. Under Kosovo’s constitution, a state of emergency must be

declared by the President and approved by Parliament. Crucially, once a state of emergency is declared, power effectively shifts to Kosovo's Security Council, chaired by Thaci. Kurti rejected the possibility of imposing a state of emergency, at least in part to avoid losing power to Thaci, but the LDK supported Thaci's proposal. When the LDK-appointed Minister of Interior, Agim Veliu, came out in favour of the state of emergency on television, arguing that the number of COVID-19 cases was spreading rapidly, Kurti responded by sacking him, claiming that he was undermining Government decisions and spreading panic.

Not surprisingly, this move incensed the LDK leadership, which demanded Veliu's reinstatement and an apology, threatening a vote of no confidence in the Kurti Government if this did not happen. With Kurti refusing to budge, the LDK tabled a motion of no confidence, which was passed on March 25 with 82 votes in favour, 34 against and 1 abstention. In effect, all parties except VV backed the motion. Significantly, the LDK's deputy leader, Vjosa Osmani, and several other LDK MPs, did not support the vote of no confidence.

Most political analysts in Pristina agree that the handling of the coronavirus pandemic and the sacking of Veliu merely served as a pretext for toppling the Kurti Government. In reality, US pressure is seen as the primary driving factor behind its overthrow. However, it is also true that the LDK was uneasy with the coalition from the first day. At the same time, Kurti also seems rather unphased by his government's collapse, hoping that he would be able to secure an even stronger mandate to govern in fresh elections.

Rather than providing some kind of closure to the political crisis which had been building for two months, the overthrow of the Kurti Government seems to have only complicated matters further. For his part, Kurti has demanded the holding of fresh Parliamentary elections, once the coronavirus pandemic is brought under control. On the other hand, insisting that Kosovo needs a stable government capable of fighting the pandemic, Thaci has declared himself in favour of forming a new governing coalition, supported by the LDK and most other political parties. After asking VV several times to nominate a new Prime Minister, in line with Thaci's understanding of Kosovo's constitution, and Kurti's stalling in doing so, on April 23 Thaci handed the mandate to form a new government to Avdullah Hoti of the LDK.

This was preceded by an announcement by LDK leader Isa Mustafa and Ramush Haradinaj, the leader of the Alliance for the Future of Kosovo (AAK) that they had agreed to work towards forming a new government. The LDK also plans to include Fatmir Limaj's Social Democratic Initiative (NISMA) and Behgjet Pacolli's New Kosovo Alliance (AKR) in the new coalition. Together, these parties have 47 votes in Parliament, well short of the 61 MPs needed to form a majority. Furthermore, it seems doubtful that Vjosa Osmani and a couple of other LDK MPs who voted against the overthrow of the Kurti Government would support this new coalition. In order to build a majority, the LDK has two options. One is to bring the Belgrade-backed Srpska Lista and other minority MPs on board. The other would be to bring the Democratic Party of Kosovo (PDK) led by Kadri Veseli into government. Given that the LDK vowed not to work with the PDK during the previous election campaign, it seems likely to opt for the former option. A tentative agreement between the potential future coalition partners suggests that the LDK would have the position of Prime Minister and 7 ministries in the new government, the AAK would secure 4 ministries, NISMA and Srpska Lista 2 each, while Pacolli's AKR would have 1 ministry.

However, despite hopes within the LDK that the new government could be sworn in by early May, Kurti has managed to place a spanner in the wheels of this plan by filing an appeal with the Constitutional Court. In his appeal, Kurti challenged the constitutionality of the decision to hand the mandate to form a new government to another party rather than calling early elections. The Constitutional Court has now placed the formation of a new government on hold until the end of May, so that it may consider the appeal.

Most experts seem to agree that Kosovo's Constitution is not entirely clear on whether new elections should be held or whether indeed a new government can be formed. The Constitutional Court has a lot of leeway to use its own judgement, hence it is hard to predict with certainty how it will rule. Nevertheless, it is worth noting that most of the Constitutional Court judges have been appointed during the rule of previous governments presided over by Thaci, Mustafa, the LDK, PDK and AAK. They may well, thus, lean in favour of the view of these parties and leaders.

The fate of Kosovo's politicians now hangs in the hands of the Constitutional Court, at least formally. Kurti is hoping for new elections, believing that they will enable him to capitalise on a massive rise in support for VV. His optimism is based on polling data, such as that released by UBO Consulting at the beginning of April, which suggested – based on polling conducted in mid-March before the no confidence vote – that VV enjoyed the support of 52.8% of voters, while the LDK was on 17.2%, the PDK 12.4% and AAK on 6.6%. Such data probably also help to explain why Kurti felt comfortable digging his heels in against pressure from the LDK and the US administration ahead of the no confidence vote in his government. While such numbers should be taken with a pinch of salt, it does seem that the other political parties would fare worse in any new elections and therefore have a strong interest in avoiding them at present.

Consequently, although any new government led by the LDK from which VV and the PDK would be excluded would have a fragile majority, it would also have a strong interest in remaining in power and avoiding elections. Yet such a new government would be unlikely to be effective and could quickly come to resemble the previous government led by Ramush Haradinaj, which for months and months lacked a majority to pass legislation, yet without a clear majority to oust it from power either. Moreover, it seemingly has an unenviable task awaiting it, should it ever be elected – playing 'second fiddle' to President Thaci's supposed negotiations with his Serbian counterpart, Aleksandar Vucic, on a deal to normalise relations, including a possible land swap component.

In light of this, we are downgrading the government instability outlook for Kosovo in the 1-month, 6-month and 12-month periods.

In terms of the coronavirus pandemic, the current government has broadly been able to manage the situation. To date, there have been 806 registered cases and 22 deaths attributed to the virus. A general curfew was imposed early on during the pandemic, lasting from 9.30pm to 6am. This was accompanied with more severe lockdown measures in certain municipalities deemed to be COVID-19 hotspots at different moments. Despite a Constitutional Court ruling on March 31 that found certain curfew rules were unconstitutional, on April 15 the outgoing caretaker government imposed further movement restrictions. These mean that all citizens will have a 90

minute slot to leave their homes during the day, based on their ID card numbers. The decision was made in anticipation of an increase in COVID-19 cases.

Opposition Activities

Exactly who will be the opposition in Kosovo over the next few months remains to be seen. If a new LDK-led government is formed, as seems most likely at present, VV and the PDK are likely to be the parties of opposition in the Kosovo Parliament. Yet while VV would be a bitter opponent of an LDK-led government, the PDK, the party formerly led by Thaci, would likely be a more passive opposition, given Thaci's seeming desire to see a deal with Serbia pushed through.

Aside from these two parties, it will be important to watch whether Vjosa Osmani and a couple of other LDK MPs close to her end up leaving the party formally. At present, Osmani seems to have been all but excluded from her own party. While she is not powerful enough within the party structures to cause a major internal rupture, she does have a strong degree of popularity with the ordinary public and could use the time in opposition to launch a new party.

Regional Relations

Kosovo's relations with its neighbours were calm, with the partial exception of Serbia.

From April 1, the Kurti Government scrapped all tariffs on goods from Bosnia without any conditions. At the same time, tariffs on goods from Serbia were also abolished, but with 'reciprocity' measures applied. What these entail exactly seems rather unclear still, but seems to refer to imposing certain non-tariff barriers applied by Serbia, or demands that documentation accompanying Kosovo-bound goods be in line with Kosovo's constitution (for example, by

referring to Kosovo as the Republic of Kosovo). The suspension of tariffs on goods coming from Serbia is to be reassessed in mid-June, assuming Kurti's Government is still in office by then.

Meanwhile, a much bigger question hangs over what is going on in US-mediated negotiations between Belgrade and Pristina, if anything. During the Parliamentary debate over the no confidence motion in his government, Kurti claimed that a secret land swap agreement had already been negotiated by Thaci and Vucic with US mediation and that his government was being ousted because it was an obstacle to its adoption. Such claims were immediately denied by senior US diplomats, including Grenell. Whether a deal exists or not is hard to ascertain, but there has been a clear rise in speculation that a deal is in the process of being negotiated – and forced through by Grenell and the White House – behind the scenes.

As we have noted in the past, whether anything will come of any talks that may be under way is hard to gauge with any accuracy. Kosovo-Serbia relations are anything but a simple problem to solve. Some observers have speculated that the US might simply be looking for a broad agreement to be signed, without being too concerned about its implementability. In any case, while Vucic may be able to ram such a deal through in Serbia, whether Thaci has the ability to deliver anything other than his own signature in Kosovo is still far from clear.

On a more positive note, the Serbian government donated 1000 COVID-19 tests to Kosovo. While the Kosovo Government accepted the donation, it was heavily criticised by the opposition, which accused it of allowing Serbia to stage a positive public relations stunt.

Security

The security situation in Kosovo remained calm and uneventful. As noted in the previous report, the biggest potential source of instability remains the possible raising of indictments by the Kosovo Specialist Chambers in the Hague against former members of the Kosovo Liberation Army. The Court seems to be edging ever closer to raising formal indictments, which could certainly change political dynamics in Kosovo.

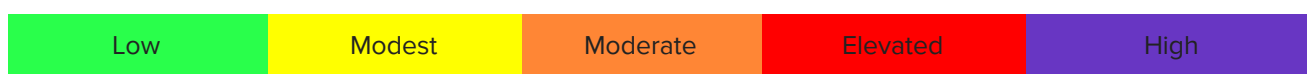
Looking Forward

- **Constitutional court decision:** Over the next month, the Constitutional Court will consider Kurti's appeal and likely hand down a decision. Whether Kosovo will hold fresh Parliamentary elections or get a new, LDK-led government, largely now hinges on what the Court will decide. Consequently, any movement on issuing a ruling should be closely watched.
- **New government v new elections:** Following the Constitutional Court's ruling, it should become clearer whether Kosovo is heading towards a new governing coalition or new elections. In this sense, it will be important to keep an eye on relations between the parties aspiring to form a new government in Kosovo. At present, a new LDK-led government seems to have slightly better odds of coming about than fresh elections.
Belgrade-Pristina negotiations: While rumours of a secret deal between Belgrade and Pristina being mediated by the US administration are intensifying, there is precious little detail of what exactly this deal might entail, other than some kind of possible land swap component. In the coming months, it will be important to keep an eye on any more outlines of the supposed deal emerging.

North Macedonia

The spread of the coronavirus pandemic to North Macedonia resulted in a state of emergency being imposed in the country on March 18. This, in turn, led to Parliamentary elections, scheduled for April 12, being deferred. The state of emergency has been extended once and is now due to expire in mid-May. Assuming there is no spike in the number of COVID-19 cases, it is unlikely that the state of emergency will be extended further. Once it comes to an end, a new date for when to hold elections will need to be agreed by political parties, although a date in June seems most likely at present. Yet the outcome of the elections still hangs in the balance, with the ruling SDSM being tied neck-and-neck – enjoying perhaps a tiny lead – relative to the opposition VMRO-DPMNE. In all likelihood, the winner of the elections will not be known until most of the votes are counted and even then who will actually be able to form the government is likely to be determined by the distribution of seats.

Trajectories		Outlook		
		1 month	6 months	12 months
Risk Dimension	War	Low	Low	Low
	Terrorism	Low	Low	Low
	Government Instability	Elevated	Elevated	Moderate
	Civil Unrest	Moderate	Moderate	Modest
	Ethnic Unrest	Modest	Modest	Modest



Government Stability

COVID-19 arrived in North Macedonia roughly at the same time as the pre-election campaign in the country kicked off ahead of the early Parliamentary elections originally scheduled for April 12. However, the imposition of a state of emergency on March 18 forced the elections to be deferred until the coronavirus pandemic had passed.

On the whole, the caretaker government has done a good job of handling the arrival of the pandemic in North Macedonia. At the time of writing, the number of registered cases stood at 1,511, while the number of deaths stood at 84. As in most other countries in the region, the government has encouraged social distancing and imposed police curfews. Thus, initially the police curfew in the country lasted daily from 4pm until 5am, subsequently shortened so as to last from 7pm to 5am. Longer curfews lasting 48 hours or more have been imposed during several weekends. More extensive movement restrictions have been imposed on all those over the age of 65, as well as minors.

For the duration of the pandemic, regular politics has been pushed aside into a deep corner, perhaps even more so than in other countries of the region. The fact that the country is led by a caretaker government - which includes representatives of both the ruling SDSM and the opposition VMRO-DPMNE but not the leaders of either party – has probably helped in this regard. Many analysts believe that there has been a slight rise in support for the SDSM, still the ruling party, part of the ‘rally around the flag’ effect of a crisis visible in most of the countries of the region. In particular, Venko Filipcev, the SDSM appointed Minister of Health, has emerged as a ‘rising star’ during the crisis thanks to his handling of the health system and calm, collected manner of communicating with the public, which has, in turn, helped the SDSM.

No reliable public opinion polling has been carried out since the pandemic began however. Indeed, the last reliable polling data comes from the International Republican Institute (IRI), released in mid-March. According to polling carried out in January and February, support for the SDSM stood at 17%, while the opposition VMRO-DPMNE was on 16%. The Democratic Union for Integration (DUI), currently in government with the SDSM, was on 7% of support. Crucially, the

small ethnic Albanian BESA party, which has entered into a pre-election coalition with the SDSM, was on 4%, which could give the SDSM-led coalition a slight lead in terms of seats over the VMRO-DPMNE. Another ethnic Albanian party and potential SDSM ally, the Alliance for Albanians, was on 5%.

However, it is worth noting that 21% of respondents declared themselves as undecided, while 12% refused to answer. All of this suggests that there is still a sizeable pool of voters to play for by the parties. Most observers believe that much about who will be able to form the next government will hinge on whether the SDSM is able to convince its less committed supporters, who had much higher expectations of the party while it was in power, to turn out and support it once again.

As things stand, the state of emergency, imposed for a period of 30 days on March 18 and extended for another 30 days a month later, is due to expire in mid-May. Barring any unexpected spike in cases, President Stevo Pendarovski is unlikely to extend it further. Pendarovski has already mooted the possibility of holding a meeting with political party leaders in early May to discuss a date for when the elections might be (re)scheduled. At present, it seems most likely and logical that voters could be asked to go to the polls in mid-June. However, it is also possible that the election might be pushed into July, or even early September.

A quick election would certainly favour the SDSM more than a longer delay. As in most of the countries of the region, the global economic downturn which is anticipated as a result of the coronavirus pandemic is unlikely to be felt in full force before the second half of the year, or perhaps even autumn. Consequently, the ruling party seems keen to cash in on any possible rise in support resulting from its handling of the pandemic and avoid any damage from an economic recession. However, the (re)scheduling of the election will in part be subject to a political deal between the SDSM and VMRO-DPMNE. Should the latter dig in its heels hard and demand that the election be delayed for longer, the SDSM may be forced into some kind of compromise.

The COVID-19 pandemic will also force a shake-up of the rather stale political narratives of both the SDSM and VMRO-DPMNE, with the state of public healthcare likely becoming a new – and rather unexpected – topic in the elections, along with the government’s handling of the public health emergency. Yet the SDSM also hopes to be able to cash in on the fact that the EU has finally given approval for the opening of accession negotiations with Skopje on March 25. Ironically, failure to approve the opening of the negotiations in October 2019 is what sparked a political crisis which led the SDSM to opt for early elections. While the approval of the opening of the accession negotiations will no doubt be a boost for the SDSM, the fact that the decision came at the height of the coronavirus pandemic, when most Macedonian voters were preoccupied with the public health emergency, means that this boost will be smaller than it could have been. On the other hand, it may help to persuade those ‘soft’ SDSM supporters in particular to come out and vote for the ruling party.

Ultimately, whenever the elections are held, voters are likely to deliver a muddled message, so muddled that who the ‘winner’ is may not be clear in the absence of a clear majority. This, in turn, may lead to more post-election tensions over who can – as well as who has the right – to form the next government. Consequently, we have opted to leave the government instability outlook at elevated.

Opposition Activities

By and large, the Macedonian opposition parties have had little room to make themselves seen or heard. The VMRO-DPMNE has made some attempts to criticise the SDSM’s handling of the public health emergency, including lack of preparedness to handle the pandemic, but has not enjoyed much traction. Equally, its generalized accusations that the SDSM is seeking to profit politically from the crisis have not made much headway beyond its core supporters.

For the VMRO-DPMNE, the main challenge going into the Parliamentary elections still remains its inability to break out of its core base of hardcore supporters. The party’s image is still tarnished by its past track record in power. Indeed, its best chance of returning to power is if the

supporters of its main rival, the SDSM, stay away from the polls. During the election campaign, it will likely stick to its mix of messages focusing on the alleged corruption of Zoran Zaev's SDSM (what the VMRO-DPMNE calls the 'Zaev cartel') together with its focus on defending Macedonian identity. Aside from stirring up lingering resentment over the country's changed name, the VMRO-DPMNE will also seek to exploit Bulgaria's recent threats to use the EU accession process to secure concessions from the Macedonian side on long-disputed identity issues.

Regional Relations

Relations between North Macedonia and its neighbours remained calm over the previous two months, with all sides caught up with handling the COVID-19 virus.

The only partial exception to this were relations with Bulgaria. After the dust had settled on the initial news that the EU had approved the opening of accession negotiations with North Macedonia, it turned out that the decision of the Council of Ministers also included a separate statement by Bulgaria. In it, Sofia repeated its past demands that references to the Macedonian language should be scrapped, as well as any references to the existence of a Macedonian minority in Bulgaria. Rather than using the term 'Macedonian language', Bulgaria wants the EU to use the term 'official language of the Republic of North Macedonia', a reflection of Sofia's rejection of the existence of a distinct Macedonian language. The Bulgarian side also has various demands regarding other issues of identity and history which are very sensitive for Macedonians. At present, it seems that the Bulgarian side will not use these issues to block the opening of accession negotiations, but it is clear that numerous veto points exist in the accession negotiations which Sofia could press.

Security

The security situation remained calm in North Macedonia during the previous period. The biggest development was that, at long last, North Macedonia became the 30th member of NATO. The country officially became a full member on March 27, after its instrument of accession had been deposited with the State Department in Washington. On March 30, the country's flag was raised outside the NATO headquarters in Brussels. However, Macedonian officials were forced to follow the flag-raising ceremony via video-link, unable to attend due to the COVID-19 pandemic.

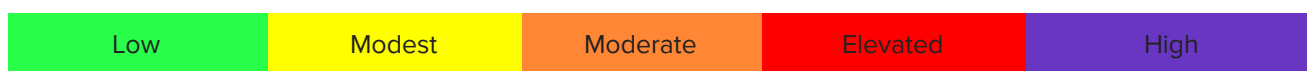
Looking Forward

- **State of emergency:** the current state of emergency is due to expire in mid-May. Barring any worsening in the coronavirus pandemic, President Stevo Pendarovski is unlikely to extend it beyond this date, which will be a sign that life in the country is slowly returning to normal.
- **Parliamentary elections:** Once the state of emergency is lifted, or comes to an end, the path will be clear for setting a date for the holding of Parliamentary elections. A date in the second half of June seems most likely to be chosen, although it is possible that elections could be pushed back further, into July, or even early September.
- **EU accession negotiations:** With the European Council having approved the opening of accession negotiations with North Macedonia, a negotiating framework is being drawn up. There are hopes that accession negotiations may formally begin as early as June.

Montenegro

After an unexpectedly turbulent start to the year, the arrival of the coronavirus pandemic has imposed a political ‘time out’ of sorts on Montenegro. With public gatherings banned, the protest processions - organized by the Serbian Orthodox Church in opposition to the controversial Law on Freedom of Religion – have been suspended. Local elections in Tivat – seen as a bell weather for much of the country – have also been deferred. To date, the Montenegrin Government has done a relatively good job of handling the pandemic. However, the economic fallout in Montenegro is expected to be particularly bad, given the large tourism sector, high public debt levels and extremely limited fiscal space for the Government to intervene to help businesses. All of this means that there is a strong possibility that Parliamentary elections – due in October – could be brought forward to July, so that the ruling Democratic Party of Socialists can avoid facing voters in the autumn when the expected recession bites.

Trajectories		Outlook		
		1 month	6 months	12 months
Risk Dimension	War	Low	Low	Low
	Terrorism	Low	Low	Low
	Government Instability	Modest	Modest	Modest
	Civil Unrest	Moderate	Moderate	Modest
	Ethnic Unrest	Modest	Modest	Modest



Government Stability

Montenegro was among the last of the countries in the Balkans to register its first case of COVID-19. On March 17, authorities confirmed that two individuals had tested positive. At the time of writing, a total of 322 cases of COVID-19 have been registered, along with 8 deaths. The Montenegrin authorities did not close the country's borders, although they were in effect closed thanks to the fact that most other neighbours did close their borders. No formal state of emergency was declared either. Instead, the authorities managed the public health emergency through the National Coordination Body for Infectious Diseases (NKT). Some observers see this as a shrewd move – the NKT allowed the government to put some distance between itself and the management of the pandemic in case things were mishandled, but also reap any points if the pandemic was managed well, given that the coordination body was largely made up of DPS-appointed officials. In terms of specific measures, as with most other countries in the region, a police curfew was imposed – initially from 7pm until 5am on weekdays and longer on weekends. Cafes, restaurants and non-essential shops were closed, trains and busses between towns cancelled, while public gatherings of more than one person were banned and no more than two adults were allowed to travel in cars. Religious communities were also affected, with only clergy allowed to partake in services, with no worshippers present.

The ban on public gatherings forced a suspension of the protest processions organized by the Serbian Orthodox Church since the end of December against the controversial Law on Freedom of Religion. Yet tensions between the Government on the one hand and the Church and worshippers persisted. Metropolitan Amfilohije was questioned by police following a service on Palm Sunday, apparently over the number of believers attending. Priests at the main church in Podgorica were also questioned by police over the presence of worshippers outside the temple during the same holiday. In other towns as well, police and members of the Church at times seemed to play a game of cat and mouse over attendance at religious services.

The ban on public gatherings also forced the Tivat local elections, originally due on April 17, to be deferred. The elections were awaited with much interest by both the ruling DPS, opposition and political observers, primarily because the municipality was seen as a good bell weather for

the rest of the country. In particular, the local election was seen as a good test of whether the Law on Freedom of Religion had dented support for the ruling DPS. Many observers expected that, if the DPS performed well, it would bring Parliamentary elections, due by October, forward to June.

The coronavirus pandemic has of course changed this political arithmetic. With the pandemic waning, measures intended to impose social distancing are set to be phased out slowly during the course of May. If all goes according to plan, they will be more or less fully abolished by the beginning of June.

Once the ban on public gatherings is lifted, there are widespread expectations that the Serbian Orthodox Church will call for a resumption of the protest processions demanding the revocation of the controversial Law on Freedom of Religion – specifically, its articles which pave the way for confiscating Church properties predating 1918. Prior to the spread of the pandemic, Government and Church officials had agreed to begin a dialogue regarding the Law. However, this was put on hold during the COVID-19 emergency. The Church will therefore do what it can to restore pressure on the Government to revoke the Law, or amend the most controversial articles on religious properties. Ironically, the ban on attending religious services during the pandemic has probably ensured that members of the Church feel antagonized enough to resume protests.

Yet the DPS-led Government of Dusko Markovic now faces a much bigger challenge. Most economic forecasts predict that a severe global recession will kick in during 2020. Yet Montenegro is particularly vulnerable. Across the world, tourism is expected to be among the most impacted industries – in Montenegro, the sector accounts for as much as 25% of GDP by some estimates. Meanwhile, the Government has very limited fiscal space to intervene and help those businesses and workers most affected by the pandemic. Due to a loan taken out from Chinese banks to fund the first phase of the construction of an expensive motorway, at the end of 2019 public debt already stood at around 80% of GDP. With the economy expected to contract by 9% of GDP according to IMF projections, the public debt will likely rise above 90%. With falling revenues, the Government will struggle to meet its existing budgetary obligations, let alone raise the necessary funds to offer significant assistance to affected businesses. The

Finance Ministry has stated that, at present, it is anticipating a budgetary funding shortfall in the range of €300-400 million. So far, it has offered to pay out minimum wages to employees of companies affected by the closures for April, May and June. Companies have been relieved of paying some tax obligations and social contributions in the same period. Despite this, around 3300 people have lost their jobs so far.

Given the particularly sharp decline in GDP forecasted by the IMF during 2020, we have decided to downgrade the civil unrest outlook from modest to moderate in the one- and six-month outlooks.

It is these considerations which may well push the DPS towards bringing Parliamentary elections forward to July, fearing that it will suffer a loss in support once the expected recession bites in the second half of the year. The Tivat local elections would also likely be timed to coincide with the Parliamentary elections. Such a move would likely help ensure the relatively easy re-election of the DPS, particularly as it would leave the sharply divided opposition parties little time to regroup. It would also allow the DPS to exploit the feel-good factor of the limited financial assistance that the Government could channel to citizens before then. In this regard, the relevant articles of the election law which prevent the disbursement of fresh social assistance in an election year – often abused by the ruling DPS in the past – has been scrapped, on the justification that COVID-19 necessitates extending broader assistance to citizens.

It remains to be seen how the Church-led protest processions will play themselves out in the context of a July Parliamentary election. The DPS would like to defer any serious negotiations with the Church for after the elections are held, when it will be in a less vulnerable position. However, should the protest processions remain sizeable and a focal point for opposition to the regime, the DPS may feel compelled to find a compromise to end the protests before the elections. Such a scenario does seem less likely however. In all likelihood, a societal atmosphere in which identity issues prevail could be the best distraction from other issues, such as the dark economic clouds gathering on the horizon, or the DPS' corrupt and clientelist manner of rule.

Opposition Activities

Opposition parties have been very quiet during the coronavirus pandemic, as was to be expected. Criticism of the governing DPS has been limited to accusations that it is using the pandemic for self-promotion, as well as that it is channelling financial assistance to those affected by the pandemic to its own supporters. Opposition and civil society groups also roundly condemned the arrest of a DF activist from Bijelo Polje, accused of spreading fake news.

In an effort to score some populist points, the Democratic Front (DF) proposed that a minimal salary should be paid out to all adult citizens (unless they refused it) while half the minimal salary should be allocated to minors. The DF also proposed raising the salaries of health workers, but such proposals were quickly rejected.

Parliament did not meet for most of the duration of the public health emergency, depriving the opposition of a possible platform from which to address the public. Given that no state of emergency had been declared, the opposition argued that the Government needed to request Parliament's approval for a range of COVID-19 related decisions, particularly various economic measures. However, Parliament is now slowly coming back to life, with the president and vice presidents of Parliament now beginning meetings.

Given the bad blood running between the different opposition parties, at present there seems little prospect of some kind of coordinated, let alone united, anti-DPS front emerging ahead of elections that could be held in July.

Regional Relations

With all countries in the region preoccupied with handling the coronavirus pandemic, Montenegro's relations with its neighbours have been quiet and uneventful.

The only partial exception to this were relations with neighbouring Serbia. At the end of March, a brief – albeit ugly – spat broke out between authorities in the two countries, as officials in Podgorica claimed that Serbia had confiscated artificial ventilators bought by Montenegro. Serbian officials vehemently denied that anything of the sort had happened. While Vucic offered to donate artificial ventilators to Montenegrin towns with a sizeable ethnic Serb population, Podgorica responded that it did not need such divisive gifts. This souring of relations was in part offset by Belgrade's assistance to Podgorica regarding the evacuation of Montenegrin citizens stranded abroad.

Security

The security situation in Montenegro has remained broadly stable and uneventful. Security analysts noted that even clashes between criminal clans in the country had quietened down.

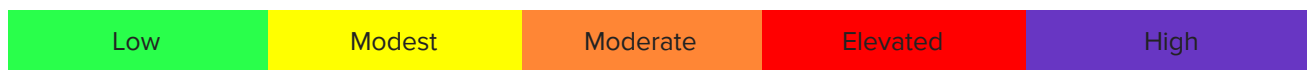
Looking Forward

- **Resumption of Church protests:** once bans on public gatherings are lifted, it will be important to watch whether Church-led protest processions resume with the same intensity as prior to the pandemic. The Church will certainly try hard to resurrect the protests in order to keep up pressure on the Government. It remains to be seen how the DPS would respond to such protests ahead of any early Parliamentary elections.
- **Elections:** Local elections in Tivat, which should have been held in April, will need to be rescheduled once all COVID-19 measures have been lifted. However, there is a strong likelihood that Parliamentary elections, due in October, will be brought forward to July. The DPS fears that holding elections in the autumn, when the economic recession bites, could damage its support. Should the party opt for early elections, it will need to move quickly, ahead of (what remains of) the summer tourist season.
- **Public finances:** given the already very high public debt levels and the large share of tourism in the country's GDP, the country will be particularly badly affected by the pandemic yet find itself with extremely limited room for manoeuvre in supporting the most affected businesses. In the medium term, it will be important to follow the state of the public finances, particularly how any revenue gaps will be filled.

Serbia

As elsewhere, the spread of COVID-19 has led to elections – Parliamentary and local – being deferred until the pandemic passes. Indeed, regular politics has been completely suspended as (almost) the only news becomes coronavirus news. Serbian authorities have implemented fairly sharp lockdown measures and had relative success in organizing the country’s public health system to respond to the influx of COVID-19 patients as well as could realistically have been expected. Consequently, the number of registered cases and deaths seems to have been prevented from exploding. In a political sense, the pandemic has allowed Serbian President Aleksandar Vucic to claim the media limelight even more than normal, leaving no one in any doubt that he is the person in charge. As the pandemic subsides, speculation is beginning on when delayed Parliamentary and local elections will now be rescheduled. Most observers believe that, barring another bout of COVID-19 cases, the elections could be held in the second half of June.

Trajectories		Outlook		
		1 month	6 months	12 months
Risk Dimension	War	Low	Low	Low
	Terrorism	Low	Low	Low
	Government Instability	Modest	Modest	Low
	Civil Unrest	Moderate	Moderate	Moderate
	Ethnic Unrest	Low	Low	Low



Government stability

No sooner had Serbian President Aleksandar Vucic set the date of Parliamentary elections for April 26th on March 4th then the elections had to be postponed. On March 15th, the Serbian authorities imposed a state of emergency due to the appearance of the first registered cases of COVID-19 in Serbia. A day later, the Republic Electoral Commission (RIK) suspended all election activities, including the holding of elections. A new date for the elections will now need to be set, once the state of emergency is lifted.

With Serbia seemingly having weathered the worst of the pandemic and the number of new cases flattening out, speculation is beginning regarding when the state of emergency could be lifted and – just as importantly – when elections might be held. Assuming that there is no second wave of COVID-19, a tentative schedule might see the state of emergency formally lifted in mid-May, with elections then being scheduled for the second half of June.

Although the coronavirus pandemic has turned political life – and indeed ordinary life – upside down, one thing it seems not to have changed is the near certainty that the ruling Serbian Progressive Party (SNS) will emerge victorious from the elections. No reliable opinion polling has been conducted recently, but some public opinion analysts believe that the popularity ratings of Vucic, as President and SNS party leader, have likely risen further. In this sense, the main risk for the SNS remains not defeat in the elections, but any fresh bout of COVID-19 which could keep voters away from polling stations, or general fears, particularly among the elderly, over turning out to vote while the virus still lingers.

Overall, Vucic and the SNS have likely benefitted from their handling of the crisis. The first registered case of COVID-19 was confirmed on March 6. The authorities imposed a fairly restrictive regime during the pandemic, with daily curfews from 5pm till 5am being the norm for much of the period since the imposition of the state of emergency, while weekend-long curfews have also been imposed, all with the aim of preventing the spread of the virus. To date, the longest curfew took place during Orthodox Easter, lasting a record 84 hours. Meanwhile, those over the age of 65 have been ordered indoors permanently – with only occasional

opportunities to emerge in order to buy groceries. While such measures are not relished by anyone, they have – by and large – been accepted as necessary by most of the public. The number of registered COVID-19 cases and deaths – 9,464 and 193 respectively at time of writing – remains relatively low, both in the sense of absolute and per capita figures.

Crucially, despite fears over how the struggling public health system would cope, the government also seems to have done a good job of (re-)organizing the system and preventing it from being overloaded by the influx of patients. This is not to say that there were not problems of course. During the course of the pandemic, many patients complained of a lack of clear procedures and guidelines regarding how to get tested, while there were also initial problems with securing the necessary protective equipment needed for health workers.

While regular political disputes have quietened down during the pandemic, Serbia has become a somewhat unexpected battle ground for international diplomatic activity centred around the coronavirus pandemic. Following the rapid spread of COVID-19 within many European countries, the EU decided to impose controls – sometimes reported as a ban – on the export of medical and protective equipment. This move led neighbouring candidate countries to feel as if they had been left high and dry by the EU. Vucic appeared particularly infuriated, referring to European solidarity as a fairy tale. Yet the EU's move also presented a perfect opportunity for China to expand its soft power in Serbia, quickly sending over much needed supplies of protective equipment. As Vucic personally met a planeload of Chinese equipment and medical experts on the tarmac of Belgrade Airport and hailed Chinese leader Xi Jinping as his 'brother' and Serbia's saviour, alarm bells set off in many corners of the EU. Brussels seemed to be jolted out of its own 'diplomatic lockdown', announcing an assistance package for Serbia and the countries of the region.

Although the embrace of China by Serbia was interpreted in many corners of Europe as a strategic geopolitical shift by Belgrade, in all likelihood this will prove to have been a simplistic analysis. The Serbian leadership is certainly keen to cultivate its relations with China. Yet once the pandemic passes, Serbia will still be very much in the EU's – rather than China's – backyard, politically, economically and culturally plugged into the Union and its markets.

More worrying, perhaps, has been the concentration of power and pressure on the media visible within Serbia during the pandemic. President Vucic has made it clear to everyone that he is the one firmly in charge and responsible for all political and government decisions. Parliament has not met once since mid-March. It remains to be seen whether, once the state of emergency is lifted, democratic freedoms will be returned to their – already problematic – pre-pandemic levels.

While some job losses have occurred during the pandemic and economic activity has ground to a halt, socio-economic stability has been largely preserved. The government was quick to roll out a raft of economic measures worth just over €5 billion according to the government's estimates. Among them was a clear focus on preserving jobs, with the government offering all companies and entrepreneurs support in the form of three minimum monthly wages if they did not fire workers, among others. While such measures to support companies and employment were largely met with approval among economists, a plan to distribute €100 to all Serbian adults was criticised as a pointless act of populism that should have been directed towards the truly needy.

Despite this, the inevitable global economic slowdown will affect Serbia, with job losses likely to be felt particularly in the second half of the year. **Given this – as well as wider uncertainty regarding how the coronavirus pandemic will affect economic activity around the world – we are downgrading the civil unrest outlook from modest to moderate in the 12-month outlook.**

Opposition activities

Unsurprisingly, opposition activities have largely gone quiet during the coronavirus pandemic and state of emergency. Most opposition parties were supportive of the decision to defer elections, pointing out that they had already ceased their activities and that campaigns could not be organized under such conditions. Criticism of the government has been rather quiet and muted. Indeed, a sort of informal truce between the ruling SNS and opposition parties seemed to reign in the first weeks of the pandemic, although it seems to have frayed since, with Vucic

choosing to make barbed attacks against his opponents and opposition leaders feeling compelled to respond in return.

It is likely that opposition parties will step up their criticism of the ruling SNS once the state of emergency is lifted and election activities resume. In particular, the opposition is likely to look for angles from which to criticise the government's response to the pandemic. Criticism will most probably focus on claims that the health system should have been better prepared for the pandemic; authoritarian attacks on the media during the pandemic; and the question of whether some restrictions on individual freedoms should have been so severe or not. At the local level, opposition leaders such as Sabac mayor Nebojsa Zelenovic have complained that their communities suffered deliberate neglect during the pandemic.

The question of whether to stick to boycotting the upcoming elections will also return. In all likelihood, the largest opposition block – the Alliance for Serbia (SZS) – is likely to remain on this course. However, the pandemic could, in theory, provide opposition leaders cover to climb down from the planned boycott, centred on the argument that citizens need the opportunity to elect a political leadership more capable of dealing with any future public health challenges. On balance, we believe that this is less likely than a continued opposition boycott.

Regional relations

Relations between Serbia and its neighbours were calm, with two notable exceptions.

Relations with Kosovo remained modestly tense, albeit at the lower end of the normal 'tenseness' spectrum. Indeed, aside from being preoccupied with the coronavirus pandemic, Belgrade seemed to be content to sit back and watch the political implosion going on in Pristina, as the LDK moved to topple its coalition government with Albin Kurti's Vetevendosje. While the formal reason for moving to topple the Kurti Government was its handling of the coronavirus pandemic in Kosovo, Kurti accused the LDK and its leader Isa Mustafa of conspiring with President Hashim Thaci to remove his government and replace it with one more favourably inclined towards approving what Kurti claimed was an already negotiated land swap deal with

Belgrade. In terms of the coronavirus, the pandemic also highlighted the institutional duality in the life of the Kosovo Serb community, with Belgrade largely in control of the health system, while both Belgrade and Pristina tried to apply their curfew measures in Kosovo Serb areas.

The issue of Montenegro's controversial Law on Religious Freedom, which had caused sharp tensions between Serbia and Montenegro since late December, largely fell off the radar, eclipsed by the pandemic. However, at the end of March, a brief – albeit ugly – spat broke out between authorities in the two countries, as officials in Podgorica claimed that Serbia had confiscated artificial ventilators bought by Montenegro. Serbian officials vehemently denied that anything of the sort had happened. While Vucic offered to donate artificial ventilators to Montenegrin towns with a sizeable ethnic Serb population, Podgorica responded that it did not need such divisive gifts.

Security

The security situation in Serbia remained calm and uneventful over the reporting period, with few significant developments.

Looking Forward

- **State of emergency:** With the coronavirus pandemic seemingly winding down, Serbia will likely move to end its state of emergency towards the middle of May. This, however, will be conditioned on any further spikes in the number of registered cases being avoided. However, the lifting of the state of emergency will not lead to a suspension on all coronavirus-related restrictions, which will most probably be wound down in a phased manner.
- **Parliamentary elections:** Assuming that the state of emergency is lifted in mid-May, the path would be open for setting a new date for Parliamentary, local and Vojvodina provincial elections. A date in the second half of June seems most likely. Key to the holding of the elections will be avoiding any second wave of COVID-19 cases which might necessitate a further delay of the elections. Aside from this, it will be important to watch whether the opposition SZS sticks to its plan to boycott the elections, as well as how this will affect electoral turnout.
- **Dialogue with Kosovo:** after a brief lull at the height of the coronavirus pandemic, speculation that the US administration is pushing a quick deal between Belgrade and Pristina, likely including a swap of territories, has returned. A precondition for pushing through any such deal would be the election of a new government in Pristina with a semblance of a stable majority. However, the odds of a deal being struck as well as implemented still seem long at this point.

About Risk Dimensions

War

We understand 'war' as the state use of armed force beyond regular policing. This category includes the risk of the state use of force in the context of inter-state war, civil war, border disputes, but also in response to terrorism or civil disorder.

Terrorism

Terrorism refers to activities, or the risk thereof, of organised groups (large or small) who are causing, or pose a credible risk of causing, death, injury, property damage, kidnapping or other forms of terror using violence (which may include shootings, assassinations, bombings, arson, beatings, etc). At risk may be individuals or assets. Motives may be wide ranging – religious, political, ideological, nationalist, ethnic, etc.

Government Instability

This category covers the risk of government collapse, protracted government instability and/or paralysis and/or deadlock and/or inability to take decisions, the risk of early elections, or even a protracted institutional or constitutional crises.

Civil Unrest

The category refers to unrest and/or disorder which is primarily political, socio-economic, labour, land/property issues, corruption or rights-based in terms of motives, or directed against a specific actor or issue. It can include mass protests, riots or strikes, whether peaceful or violent and national-level, regional or local.

Ethnic Unrest

This category refers to unrest and/or disorder which is primarily motivated by ethnic, religious or nationalist factors and/or grievances (real or imagined). It can include mass protests, riots, communal attacks or frequent physical attacks against members of a group. It can be violent or non-violent and national-level, regional or local in nature.

About

The Western Balkans Stability Monitor is produced by BIRN Consultancy, part of BIRN Ltd. BIRN Consultancy is an independent analysis, advisory and corporate investigation consultancy with a regional focus on the Balkans. Our mission is to help our clients better understand both the opportunities and challenges facing them in the south-east Europe. Often, our clients already have a degree of familiarity with the region. They turn to us for more detailed analysis of developments and trends or to investigate a particular problem, because our unique mix of knowledge and expertise gives us a competitive edge over others.

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