



Western Balkans Stability Monitor

May 2021 Issue

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A STORM IN A TEACUP

According to the Merriam-Webster online dictionary, the idiom ‘a storm in a teacup’ can be defined as ‘a situation in which people are very angry or upset about something that is not important’. This just about sums up the frenzy generated in the Balkans by several diplomatic ‘non-papers’ pertaining to the future (re)organization of the region, whose (alleged) existence has been revealed by the local media.

It all began with the so-called ‘Slovenian non-paper’, whose alleged existence came to light on April 12th thanks to a Bosnian media outlet. The non-paper, delivered to EU institutions, sought to tackle the problem of the region’s stalled EU accession process, identifying unresolved national issues in the region as one of the root causes of failure to draw closer to the EU. Accordingly, the non-paper purportedly engaged in some ‘bold’ thinking. It called for the effective dissolution of Bosnia, with the Republika Srpska entity joining Serbia and Bosnian Croat cantons in the Federation joining Croatia. Meanwhile, Kosovo would be united with Albania, with a strong degree of autonomy for Serbs in north Kosovo. Slovenia officially denied the existence of the non-paper, but Slovene and EU officials seemed to leave enough room to suggest that such a non-paper was indeed circulating, regardless of who its author might be.

The next ‘Franco-German non-paper’ to excite the region was ‘uncovered’ in Pristina on April 27th and primarily dealt with how to resolve relations between Kosovo and Serbia. This particular non-paper, to the extent that its details were known, was far less bold in its thinking, envisaging many of the things already stipulated under the Ahtisaari Plan, but going a little further in terms of autonomy for Serbs and the Serbian Orthodox Church in Kosovo. Serbia and Kosovo were to respect each other’s sovereignty, with a final deal between the two being reached by February 2022. German and French diplomats in the region denied its authenticity, yet Serbian President Aleksandar Vucic, ever mysterious, commented that it had been written by someone ‘very, very clever’, describing this person as a ‘fantastically clever woman’.

Perhaps more as a gimmick than a serious move, professor Daniel Serwer of John Hopkins University and a long-standing expert on the Balkans decided to publish his own non-paper on the future of the Balkans at the beginning of May.

If the measure of a non-paper's success were the amount of hype and heated conversation aroused, then these three non-papers – particularly the 'Slovenian' one – could be considered tremendous successes. Beyond that, it would be hard to give any other real assessment. If measured against the yardstick of receiving or generating wider support, then most of the non-papers – particularly the 'Slovenian' one – were complete failures.

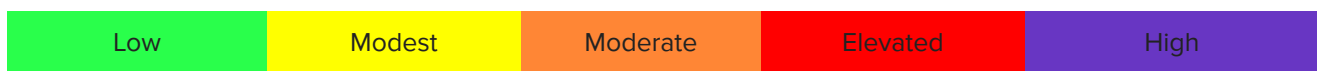
Yet it is interesting to note that the most talked about and most rejected 'Slovenian' non-paper also aroused the greatest passions, including talk of a new conflict in the region. It seems incredible that a non-paper so unrealistic in its ideas could be given so much credence and so much serious attention, rather than being rejected, ignored or - laughed at. In this sense – being taken seriously while putting forward incredibly unrealistic ideas – some of these non-papers could indeed be seen to have succeeded, despite the odds.

Given the excitement and frenzy which they caused, it is only to be expected that this is not the last non-paper onslaught that the region will see.

Albania

Parliamentary elections on April 25th came and went with the usual, expected tensions, as well as allegations of fraud and, not least, a shootout that left a local politician dead. In the elections themselves, Rama’s Socialist Party (SP) won a resounding victory and a record third consecutive term in power. However, the electoral campaign was tarnished by allegations of massive vote buying, apparent failure of law enforcement agencies to act independently from the ruling Socialist Party and involvement of organized crime groups in the elections, all of which could cause setbacks in the country’s EU accession hopes. Overall, despite the tensions and violence which accompanied them, the outcome of the elections can be considered a net positive outcome for Albania – the main opposition Democratic Party (DP) is poised to return to Parliament, ending its period of institutional boycott, while Rama will lose the super-majority he has enjoyed and which posed a threat to the country’s fledgling democracy.

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



GOVERNMENT STABILITY

The ruling SP won 48.7% of votes and a clear majority of 74 MPs out of 140 in the new Parliament. Both in terms of absolute votes, vote share and number of MPs, this is in fact almost exactly the same tally as in the previous Parliamentary elections held in 2017. In addition to this, the SP can rely on the support of a further three MPs from the Social Democratic Party of Albania (PSD), who will have three MPs in the new Parliament and amount to little more than proxies for the SP. In any case, with or without the Social Democrats, Rama and the SP have an absolute majority, which provides for a stable government capable of seeing out a full four year term.

With a stable government in sight and the elections providing a path for the opposition Democratic Party to return to Parliament and end its period of institutional boycott, we are upgrading the government instability outlook from moderate to modest in the six- and twelve- month outlook. In addition to this, with the elections out of the way, we are upgrading the civil unrest outlook from elevated to modest in the one- and six- month outlook.

At the same time, the image of the ruling Socialists has clearly been tarnished during the election campaign by massive use of state resources, apparent links with organized crime groups and credible evidence of vote buying. All of these elements were relied upon to create the SP victory. Given this, the country's progress toward EU accession may well take another hit. Several European ambassadors congratulated the Socialists on their victory, though without forgetting to request investigation and punishment of reported irregularities. Yet overall the next Rama Government is not expected to face much pressure over these issues.

Among most followers of Albanian politics, the SP victory is seen not as a result of the power of the Socialists' ideas, electoral platform, program or policies - there was no such thing as a party program and Rama himself claimed that the electoral race was a game of leader's personality and not party platforms). Rather, it is seen as a result of the strength of the party's political machinery, its ability to track each voter and its perceived pressure on the public administration to vote for the ruling party.

Overall, while the results provide clarity and stability, the government and various state institutions - including the much awaited Special Anti-Corruption Body (SPAK), a special judicial body, and police - are poised to face increased scrutiny by the public over their actions, or inactions. SPAK was created in 2019 as part of a major reorganization of the justice system, aiming to fight high level corruption and organized crime. Yet its failure to raise indictments against any high level officials and some plain failures to investigate perceived widespread corruption have made the institution a laughing stock.

Meanwhile, the country's police force is increasingly seen as a party police force, unwilling or unable to confront organized crime groups and ever more often willing to use violence in support of the ruling socialists. Its failure to stop a bloodbath in Elbasan a few days before the election and its apparent failure to make arrests among government supporters suspected for vote buying, is clearly eroding public trust in the force.

Police and prosecutors are not merely being seen as toothless fighters of endemic corruption but are – even worse - suspected of being used as tools of the ruling party. In particular, the police have been accused of selectively fining opposition and independent candidates for violating COVID-19 restrictions on rallies while failing to do so in case of SP rallies, including a large one in Tirana to celebrate the party's victory. Police and prosecutors are being accused for failing to prosecute very apparent cases of vote buying by ruling party supporters while, on the other hand, harassing opposition candidates with controls and inspections.

Public trust in Albanian institutions will thus be eroded even further. However, it is unclear if this will damage the government of Prime Minister Edi Rama in any way, aside from damaging its international reputation further.

The police is not the only state institution that is facing criticism. A major scandal exploded before the elections when local media discovered the existence of a massive database containing personal information of voters, information that is thought to have been stolen from other state institutions. One of the 'prime suspects' is the country's agency managing information technology. The database, which is believed to be the work of the Socialist Party, contains very personal information on voters, including place of work details and phone

numbers. In the database, each voter is assigned a party official called 'the patronage official'. In one case, a notorious drug dealer is an apparent patronage official, which suggests that the personal data of the voters had not ended up merely in the hands of Socialist Party officials, but also in the hands of organized crime. Furthermore, the army of Socialist Party officials that are used disburse patronage to voters are often state employees.

OPPOSITION ACTIVITIES

While the main opposition Democratic Party failed to achieve victory in the elections, it would be wrong to cast it completely in the role of loser. Namely, in the 2017 parliamentary elections, the DP won 456,413 votes – only 28.9% of the total cast – and won 43 seats. This time around, the party increased its number of votes by roughly 170,000, winning 39.4% of the votes cast and increasing its number of MPs to 59 (an increase of 13 seats). Despite not winning, the DP seems to be back on its feet.

In terms of its overall strategy, the DP seems to have understood that resigning its seats in Parliament in 2019 and boycotting the previous local elections were mistakes which achieved little. By radicalising its politics and turning to violent street protests, as well as through its previous resistance to EU and US sponsored judicial reforms, the DP not only handed power at different levels to the Socialists but also pushed the US and European governments into the arms of Rama's Socialists. Clearly, Western countries did not see a partner they could count on, let alone support, in the radicalised Democrats. All of this occurred in the context of an Albanian population that is very much pro-EU and pro-US, with the US and European countries enjoying various forms of soft power.

Given all of this, it is to be expected that in the near future the DP could return to acting constructively within the country's institutional framework. Even during the election campaign, the DP had clearly drifted in this direction, limiting confrontation and inflammatory rhetoric and concentrating on constructive politics.

DP leader Lulzim Basha faces some form of pressure to resign from some segments of his party, yet these circles are not particularly influential. Overall, he is likely to survive, as he has shown that the opposition can recover with constructive politics despite being heavily disadvantaged by the transformation of the Socialist Party into a massive political machine which can rely on the state apparatus.

While the DP could find some consolation in its defeat, the same cannot be said for the Socialist Movement for Integration (LSI), which suffered significant losses in the elections. Indeed, the party barely survived, losing more than half its votes compared to 2017 and going from 19 MPs in the previous Parliament to just four in the new one. The result is not surprising, given that LSI evolved as a party of power and patronage in 2009, yet can no longer rely on the levers of power to build support. Given that the LSI is set to continue in opposition, its fate seems highly uncertain. Monika Kryemadhi, the party leader and wife of President Ilir Meta, promised that her party will be 'reborn from the ashes'. To most observers, this seems like a tall order. President Meta, who used the most aggressive language of all before the elections, even calling for violence at times and earning rebukes by the US Ambassador for doing so, appeared calm and accommodative immediately following the elections. For their part, the Socialists had threatened again to oust the President from office, as they have done in the past, but this seems like an empty threat as they no longer control two thirds of the Parliament. Meta most probably will continue to cause limited problems for the next Rama Government.

REGIONAL RELATIONS

Following an effective strike by air traffic controllers in Albania at the beginning of April, the Government of Prime Minister Edi Rama was given a helping hand by Turkish President Recep Tayyip Erdogan. With air traffic in and out of the country blocked, normal services were restored after Erdogan dispatched Turkish air traffic controllers to Albania, via Montenegro, in a clear act of solidarity with Rama. In addition to this, Turkey also helped Prime Minister Edi Rama by building - for free - a hospital in the region of Fieri in southern Albania.

It remains to be seen how relations between Albania and Kosovo will evolve. There is no love lost between Albanian Prime Minister Edi Rama and Kosovo's Prime Minister Albin Kurti. The fact that Kurti tried to wade into the Albanian elections by giving clear support to three members of his party's Albanian branch who ran as independents will not endear him to Rama. Kurti appeared in several rallies and used his Albanian citizenship to vote in Tirana. However, his candidates failed to impress, with Vetevendosje Tirana leader Broiken Abazi getting just 3,000 votes in the capital (out of an electorate of 484,000).

The President of Serbia, Aleksandar Vucic, openly supported Rama, as did the North Macedonian Prime Minister Zoran Zaev. Vucic's support was seen as symbolic, while Zaev's call was directed to several thousand ethnic Macedonians in Albania.

SECURITY

The security situation has remained calm and uneventful.

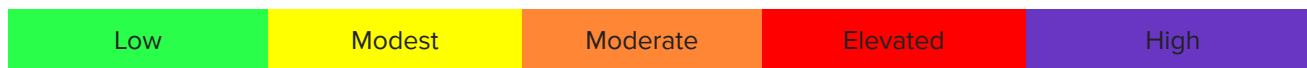
LOOKING FORWARD

- **Government formation:** While it is clear that Prime Minister Edi Rama has a clear mandate to rule for the next four years, it will be important to keep an eye on ministerial appointments in his next cabinet for any clues regarding policy directions and reform priorities, if any.
- **Justice Reforms:** Given Albanians – and many foreign diplomats - had high expectations from the EU supported justice reforms, the apparent failure of the special prosecutor to investigate and bring charges against high level officials to date will probably erode the public trust in the reforms.
- **Migration wave:** Albania is a poor country where public jobs and social payments play an important role. After the 2013 elections, a wave of baseless asylum seekers from Albania appeared in Germany and other EU countries. The possibility of another wave of emigration by supporters of the opposition parties in search of jobs cannot be excluded.

Bosnia-Herzegovina

Political tensions in Bosnia have been boosted by a reported Slovenian non-paper delivered to the EU, proposing a redrawing of regional borders along ethnic lines, including the effective dissolution of Bosnia. While the non-paper was not taken particularly seriously, particularly in Brussels, it did help to set off a new war of words in Bosnia, with plenty of sabre rattling and some beating of war drums. Yet while this storm has come and largely gone, 2021 could, in many ways, become a make or break year for Bosnia-Herzegovina. Bosnian Croat leaders are demanding electoral reforms to ensure that Bosnian Croat representatives in state and entity institutions are elected by Bosnian Croat, rather than Bosniak, voters. Backed up by Bosnian Serb leaders, they are threatening to boycott national elections in 2022 unless electoral reforms are adopted this year. However, there does not appear to be much local interest in actually defusing this looming crisis. The political stage is thus set for a cliff-hanger year.

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



GOVERNMENT STABILITY

Political tensions in Bosnia are once again on the rise, both in the short and medium to long terms. **While the short-term tensions will come and go without having much impact on the outlook for our risk dimensions, we are downgrading the 6 and 12 month government instability outlook to elevated.**

A short-term spike in tensions in Bosnia – as well as much of the region – was sparked on April 12th, after a Bosnian media outlet published details of an alleged Slovenian non-paper, delivered to EU institutions, which detailed proposals for redrawing borders in the region. Namely, the non-paper identified one of the main obstacles to the speedier EU accession of the region as being unresolved state and national issues in the region and the root of the moribund enlargement process. In line with this diagnosis, the non-paper allegedly proposed the redrawing of borders along ethnic lines within the region. In a nutshell, these proposals included the effective dissolution of Bosnia, with the Republika Srpska entity joining Serbia and Bosnian Croat cantons in the Federation joining Croatia. Equally, Kosovo would be united with Albania, something that Serbia would accept, according to the non-paper authors, if it was compensated in Bosnia.

Not surprisingly, the non-paper set off a storm in Bosnia, with plenty of sabre rattling and even the beating of some war drums. Bakir Izetbegovic, the leader of the main Bosniak Party of Democratic Action (SDA), appealed for EU protection from the ideas outlined in the paper, warning – pointedly – that redrawing borders in the region was not possible without triggering a regional war. Meanwhile, Bosnian Serb leader Milorad Dodik used the non-paper to reiterate his often repeated arguments that Bosnia was not a functional country and that the leaders of its constituent peoples should begin talks on the country's peaceful dissolution. Similar rhetoric was voiced by other political leaders in the country, helping to ratchet up tensions further.

Calls from the Bosnian Serb leadership for RS secession and rhetoric from Bosniak leaders that they would never permit the dissolution of the country are nothing new. Yet they do serve to keep tensions elevated and distract from other, more real problems facing the country. More

fundamentally, the talk of redrawing borders and using armed force to prevent this is, in a country which saw bloody war precisely over these same conflicting goals in the 1990s, akin to playing with matches while sitting on a barrel of gunpowder – while it may not set off the gunpowder, it does increase the risk of events spinning out of control, intentionally or unintentionally, at some point.

For the time being, the tensions set off by the supposed ‘non-paper’ have peaked and subsided somewhat, without necessarily doing much more damage beyond keeping alive the flame of potentially dangerous border redrawing ideas. Quite possibly, the non-paper and reactions to it in Bosnia may have been an opening shot for the beginning of the long campaign ahead of the October 2022 national elections, which will clearly, yet again, be fought out on the terrain of destructive national(ist) discourse, rather than more real governance problems faced by the country.

While the storm over the non-paper may have come and (largely) gone, it is hard to ignore the fact that, at least on one point, the diagnosis given by the document is not far off the mark – the region’s EU enlargement process is largely stalled with no signs of being revived any time soon. Without the EU perspective, it is to be expected that regional politicians will, with increasing frequency, begin to contemplate other, potentially more destructive alternatives, such as the redrawing of regional borders.

Yet the main reason for downgrading Bosnia’s government instability outlook in the 6 and 12 month outlook is the continuing stand-off – and looming crisis – over reforms to the country’s election law ahead of the 2022 national elections. Bosnian Croat parties gathered around the HDZ are adamant in their demands that the electoral system must be changed in order to ensure that Bosnian Croats are represented in state and entity institutions by representatives genuinely elected by this community to represent it, rather than by other, more numerous communities, such as Bosniaks. The most obvious case in point is that of Zeljko Komsic, the nominally Bosnian Croat representative on the State Presidency, largely elected by Bosniak votes.

Fearing that the same will be repeated in the next national elections in 2022, as well as that something similar will happen when it comes to the election of members of the Federation and State House of Peoples (i.e. that a majority of nominally Bosnian Croat representatives will actually be elected by – and represent – Bosniak interests), the HDZ is threatening to boycott the 2022 national elections unless electoral reforms are implemented this year. This threat has been backed up by Bosnian Serb leader Milorad Dodik, who has threatened not only to boycott the elections but also to obstruct their holding. In doing so, Dodik is seeking to both cement his alliance with HDZ leader Dragan Covic, but also to forestall anything similar happening in the future when it comes to the election of Bosnian Serb representatives.

For his part, SDA leader Bakir Izetbegovic is not formally opposed to changing the electoral law. Yet in reality, the SDA and Izetbegovic believe that their own interests – and those of the Bosniaks as they perceive them – are better served by the existing electoral arrangements, which give them an upper hand. Most recently, Bosniak political leaders have begun linking electoral reforms to the adoption of constitutional changes which, conversely, would dilute some of the more explicitly ‘ethnic’ stipulations in the Bosnian constitution.

What has become apparent over the last couple of months is that none of the main ethno-nationalist leaders in the country have any real interest in striking a compromise on the issue of electoral reforms, but will – given a choice – continue with their political grandstanding and zero-sum political games. Given this, the initiative to try and push through a deal and defuse the crisis has passed to foreign diplomats in the country. US Ambassador Eric Nelson and the Head of the EU Delegation, Ambassador Johann Sattler have thus cajoled representatives of the SDA and HDZ to begin some kind of discussions, with the first draft proposals for electoral reforms expected in September.

The stalemate over electoral law reforms will thus remain on a moderate-to-low burner for much of the spring and summer, before reaching maximum heat in the autumn, when any proposals are unveiled and debated. What seems evident at this point is that local leaders have little interest in striking a deal, while locally-based diplomats seem to lack the necessary clout to force a deal through without more active involvement from their own capitals. In reality, only

more vigorous and coordinated engagement from Washington, Brussels and Berlin has any hope of ensuring that a deal on electoral reform will actually be pushed through.

The political stage for 2021 is thus largely set in Bosnia and it does not suggest a calm period ahead. In principle, the adequate representation of Bosnian Croats in the Federation and State level institutions could be ensured in various ways, but some kind of territorial component – which ensures that Bosnian Croat representatives are elected from an electoral unit with a clear Bosnian Croat majority – will be needed in order to avoid an explicitly ethnic electoral model where only Bosnian Croats can vote for a Bosnian Croat representative. Agreeing and adopting such legislative changes is not particularly complex, by Bosnian standards at least. Yet it requires political leaders abandoning short-term political grandstanding, adopting a more medium- and long- term view of what is in the country's best interests and finding a degree of mutual trust.

Unfortunately, all of the above are in short supply, while at the same time, in this particular case, the stakes are rather high. Izetbegovic and the SDA could choose to call the bluff of Dodik and Covic over electoral boycott and obstruction in 2022. Yet even the partial success of Dodik and Covic in this regard could leave the country without any functioning institutions whatsoever, with the prospect of state dissolution and breakup hanging in the air.

Avoiding this scenario is entirely possible, but it requires responsible, compromise-oriented thinking by local leaders, as well as some heavy lifting by international actors, who also appear 'tuned out' at the moment. In the absence of a deal on electoral reform, the only – rather shaky – fail safe mechanism would be for the Central Election Commission to hand down some kind of decree which would, in practice at least, ensure the fair representation of Bosnian Croats in the various Parliaments of Bosnia without changing the existing law itself. However, this remains a shaky fail safe option, at best. It would rely on a lot of good will by the HDZ leadership to abandon their threatened boycott and – crucially – there is still no way to resolve the issue of the election of a Bosnian Croat representative on the State Presidency.

OPPOSITION ACTIVITIES

With the local 2020 elections in the rear-view mirror and the October 2022 elections still relatively far away, opposition parties in Bosnia are still half way between their own usual internal feuding and plans for cooperation ahead of the next electoral cycle. Yet, for the most part, their leaders find themselves in the shadows of more dramatic political events engulfing the country, from the tensions sparked by the Slovenian non-paper to the dispute over election law reforms.

In the Federation entity, a plan for opposition parties to elect Bogic Bogicevic, a veteran Bosnian politician – and ethnic Bosnian Serb – as mayor of Sarajevo fell through at the end of April amid politicking and bickering between the opposition parties, much to the dismay of more civic-minded inhabitants of the capital. In a wider sense, the failure of the plan to elect Bogicevic was also a sign of the disintegrating cooperation among the opposition parties in the Federation following the 2020 local elections, which saw some modest cooperation. Meanwhile, at the end of April, the SDA suffered another defection by a senior figure to the opposition, when Semir Efendic, the head of Sarajevo's Novi Grad municipality, announced that he was leaving the SDA to become the acting leader of the now small Party of Bosnia-Herzegovina, once led by Bosniak politician Haris Silajdzic.

REGIONAL RELATIONS

Relations with Bosnia-Herzegovina's neighbours have been calm and quiet over the past few months. Looking ahead, it is to be expected that relations with Croatia will become more tense during the course of the year, as the issue of amending electoral legislation comes to dominate the political agenda. Official Zagreb will continue to support the HDZ in its efforts to secure changes to the election law. As efforts to secure changes to the election law intensify, it is to be expected that relations between official Zagreb and Sarajevo – particularly its Bosniak component – will become more and more tense. In particular, Zeljko Komsic, the current nominally Bosnian Croat member of the Bosnian State Presidency, is likely to prove particularly critical of any meddling by official Zagreb.

Relations with Serbia are likely to remain calmer. At the end of March, hundreds of Bosnians headed to Serbia over the course of a weekend to be vaccinated against COVID-19, as Serbia made a limited amount of spare doses available to the citizens of neighbouring countries. On the tails of this diplomatic and PR vaccine achievement, Serbian President Aleksandar Vucic visited Banja Luka to receive the Key to the City on the occasion of the Day of the City of Banja Luka. Vucic used the occasion to play down talk of redrawing borders in the region floated by the alleged Slovenian non-paper, despite suspicion among some observers of the region that he was one of the instigators of the non-paper.

SECURITY

The security situation within the country has remained calm, aside from the ‘Slovenian non-paper’ which has had a destabilising effect. To be clear, while there has been no radical deterioration in the security situation, any mention of redrawing borders in Bosnia and the region inevitably leads to debates regarding whether this could happen without renewed armed conflict. With the conclusion of such debates generally being that it is hard to imagine the redrawing of borders without war, (re)opening the issue of redrawing borders is, in the context of security, akin to playing with Pandora’s box. The mere talk of the possibility of war is destabilising for the security environment.

Meanwhile, reflecting ethnic tensions within the country – and particularly between Bosniaks and Bosnian Croats – on April 24th a group of football hooligans, thought to be supporters of a mainly Bosnian Croat football team from Mostar – smashed their way through a Bosniak neighbourhood in the still divided city of Mostar, causing damage to property and injuring several individuals. Although some were arrested, the incident left many residents of the city in fear of further violence.

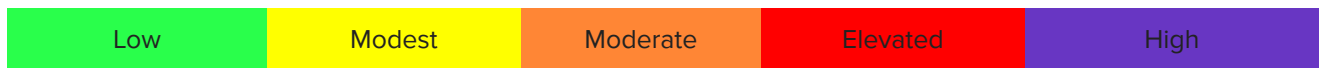
LOOKING FORWARD

- **Electoral changes:** At present, local leaders seem more interested nationalist grandstanding and politicking when it comes to resolving the issue of electoral reform than striking a deal. In reality, a deal is unlikely before the autumn and will most probably require heavy lifting by the international community. Nevertheless, given that this is perhaps the most challenging issue faced by Bosnia in 2021, it will be important to keep an eye on whether there are any early signs of a future deal crystalizing or, indeed, failing to crystalize.
- **Federation Government formation:** more than two years after the last national elections in 2018, no government has been elected in the Federation entity. The prospects for a new government to be formed before the 2022 elections appear slim, yet the acting Federation government is also becoming increasingly non-functional. Consequently, there may at least be some limited moves to fill ministerial vacancies which may be worth looking out for.
- **EU and US diplomatic efforts:** Whether a deal is reached on electoral law reforms will largely hinge on the efforts of foreign diplomats in Bosnia to cajole Bosniak and Bosnian Croat leaders into accepting one of a number of possible solutions. However, for this to happen, more involvement will be needed from Washington, Brussels and Berlin. In analysing the prospects for success of the electoral reforms, it will be important to watch out for signs of greater external involvement in the process of finding a solution to this problem.

Kosovo

Kosovo’s new Government was voted in on March 22nd, becoming the second government led by Vetevendosje leader and Prime Minister Albin Kurti to be voted into office in just over a year. Unlike the previous Kurti Cabinet - which was voted in at the beginning of February 2020 and lasted less than two months before losing a vote of no confidence – the present one has a stable Parliamentary majority and could be the first Kosovo government to see out a full term. Domestically, its biggest challenge will be meeting over-inflated expectations regarding improvements in governance, rule of law, fighting corruption and raising general standards of living. Yet its biggest challenge perhaps will be how to handle the international community’s expectations regarding negotiations on normalising relations with Serbia.

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



GOVERNMENT STABILITY

Following the landslide victory in the February 14th Parliamentary elections in which the Vetevendosje (VV) list won 49.95% of votes cast and 58 seats – a record in Kosovo, a new Government led by the party's leader and now Prime Minister Albin Kurti was sworn into office on March 22nd. The second Kurti Cabinet was sworn in with the support of 67 MPs in the Kosovo Parliament, while 30 votes were cast against, suggesting that the new Government will enjoy a comfortable majority in the 120 seat Parliament. Aside from the MPs elected on the Vetevendosje list, the new government will be able to rely on most of the 10 non-Serb minority representatives in the new Parliament and, on occasion, the MPs of Srpska Lista.

Aside from Prime Minister Kurti, the new government has 17 ministers, nine of whom are members of Vetevendosje. A further four hail from Kosovo's minority communities, though Srpska Lista, the party representing Kosovo Serbs in Parliament, has challenged the fact that it was given only one ministry in the new Government before Kosovo's Constitutional Court, claiming that it has the right to a second minister. Another two ministers are nominally non-party appointments, while the remaining two – Foreign Minister Donika Gervalla-Schwarz and Agriculture Minister Faton Peci – are members of Guxo, a political group formed by Vjosa Osmani, formerly a senior member of the now opposition Democratic League of Kosovo (LDK), which ran as part of the VV list.

When it comes to individual appointments, there were few surprises. Most of the VV appointees had already served in the previous Kurti Cabinet of 2020. A rather unexpected surprise – well received inside Kosovo – was the appointment of Gervalla-Schwarz as Foreign Minister, a German-educated member of Kosovo's diaspora and daughter of a former dissident in Kosovo. In the past, she has criticized the politicization of appointments in Kosovo's Foreign Ministry, vowing to reform and professionalize the institution.

Kosovo's new government navigated another major hurdle on April 4th, when it succeeded in securing the election of its candidate, Vjosa Osmani, as President of Kosovo. This was no small achievement, given that the election of the President in Parliament could not be completed

without at least the cooperation of some opposition MPs, as two-thirds of MPs were needed to provide the quorum for electing the President.

With VV and/or its allies in control of the Government and the Presidency, the conditions for ensuring stable governance seem to be in place. So far, relations between VV and Osmani's Guxo remain good. Of the 58 seats originally won by VV, 7 went to Guxo candidates. However, following the appointment of two of them as government ministers and Osmani's election as President, their number in Kosovo's Parliament has dropped to 4. It remains to be seen whether Guxo will evolve into a party distinct from VV, or whether it will melt into VV. While Vjosa Osmani enjoyed strong popular support as Guxo leader, since becoming President she has had to resign from the party leadership, which has passed to Foreign Minister Gervalla-Schwarz. Whether she will have the political abilities to mould Guxo into an independent political movement remains to be seen.

In any case, there are no visible splits between VV and Guxo at present, though it will be worth keeping an eye out for any tensions along this faultline in the future. One of the biggest challenges facing the new Kurti Government – and potential line of division between VV and Guxo – will be how to conduct negotiations on normalising relations with Serbia. The previous Kurti Government in 2020 was ousted primarily because of Kurti's intransigence in the face of US demands in the negotiations with Belgrade. Kurti may have drawn lessons from this experience, yet he remains reluctant to negotiate with Belgrade on just about anything short of Belgrade's unconditional recognition of Kosovo's independence. On the other hand, the international community – primarily the US and EU – expect Kurti to re-engage with new vigour in the moribund talks between Belgrade and Pristina, in which the issue of (non-)recognition is more likely to be the end, rather than starting point. To date, Kurti has dragged his feet on entering into the negotiations with Belgrade, without rejecting doing so in principle. While it is to be expected that Kurti will, in the end, agree to sit down at the negotiating table with Serbian President Aleksandar Vucic, it remains to be seen how flexible and constructive he will be in the actual negotiations. Should Kurti find himself in yet another stand-off with the US and/or EU over the conduct of negotiations with Belgrade, it is likely that he would lose the support of President Osmani, opening up problems within the ruling coalition.

However, while it is worth watching out for any such signs of trouble, they are unlikely to surface in the next few months. In the meantime, the new Kurti Government will have a long list of domestic reform priorities to tackle. Indeed, Kurti has on numerous occasions underlined that pursuing domestic reforms is his main goal and agenda. Fifty days in, the Kurti Government has published an ambitious policy agenda. The pledges that it makes are diverse and include a commitment to ensure that 60% of Kosovars have been vaccinated by the end of the year, as well as cash payments to families who have lost their head of family during the pandemic.

Another important promise is to launch a system for vetting Kosovo's judges and prosecutors to weed out those involved with crime or corruption, similar to the process carried out in neighbouring Albania. Kurti – not inaccurately – believes that it will not be possible to fight organized crime and corruption with Kosovo's existing line-up of judges and prosecutors. This pledge in particular is likely to secure the support of the international community, itself frustrated by the prevalence of corruption and organized crime in Kosovo. However, the Kurti Government has also pledged to deliver visa liberalization for Kosovo, something that is very much in the EU's – rather than Pristina's – hands.

Finally, a whole raft of promises have been made by VV regarding social policies, including maternity pay for unemployed mothers, child benefits, or the opening of more than a hundred new kindergartens in Kosovo. All of these are admirable promises, but it remains to be seen how they will be funded. The same goes for a promise to provide cheap housing to some 4,000 families in Kosovo.

Despite the high domestic expectations and foreign policy challenges faced by the Kurti Cabinet, we believe that, on balance, the new Government will be stable and is could see out its full term, despite obvious risks. **Consequently, we have decided to improve the government instability outlook to modest in the one-month outlook, as well as improving the civil unrest outlook to modest in the one- and six- month outlooks amidst a calmer political environment in Kosovo.**

OPPOSITION ACTIVITIES

One of the Kurti Government's main trump cards in potentially seeing out its full term will be the weakness of opposition parties in Kosovo.

The Democratic Party of Kosovo (PDK) remains in disarray, with its founder and former Kosovo President Hashim Thaci, as well as its current leader Kadri Veseli currently facing war crimes charges before the Kosovo Specialist Chambers in the Hague. Enver Hoxhaj, the party's deputy leader and a former Foreign Minister of Kosovo is the acting leader, yet there are no plans to elect a new leader any time soon. Indeed, the PDK seems to be hoping that Veseli and Thaci will return from the Hague absolved of any guilt. In the meantime, the party is struggling to offer any kind of credible alternative vision on how to improve life and governance in Kosovo, particularly given that it is blamed for much of the corruption afflicting Kosovo.

Meanwhile, the formerly ruling LDK is in only slightly better shape. The LDK is still licking its wounds following a crushing defeat in the last Parliamentary elections, in which it was pushed into third place in the Kosovo Parliament, losing half its seats and achieving one of its worst performances ever. Following this disastrous performance, Isa Mustafa resigned as party leader after a decade at the helm of the LDK. Following the holding of an electoral convention on March 14th, the LDK elected Lumir Abdixhiku as party leader. An economist by education, Abdixhiku was elected party leader with Mustafa's backing in a landslide internal election victory. Observers in Kosovo do not expect him to make a radical break with Mustafa and his time as the LDK leader, but do expect him to act independently of Mustafa, as party leader in his own right. To date, he has begun setting out his own ideas on how to reform the LDK, trying to combine a mix of the party's 'old guard' and 'young blood' on the party's new presidency. Yet perhaps Abdixhiku's biggest challenge will be assembling a team of people within the LDK with which to try to re-invent the party in a new guise more appealing to Kosovar voters tired of the old, established parties. For his part, Abdixhiku does at least enjoy a degree of popularity in Kosovo, having received one of the highest number of preferential votes on the LDK list in the last elections.

REGIONAL RELATIONS

In terms of regional relations, the biggest challenge for Kosovo in the coming months will be handling the negotiations on normalising relations with Serbia and – not least – handling the international community’s high expectations on this front. Kosovo Prime Minister Albin Kurti is not only reluctant to engage in the negotiations but also wants to see real change in the way that the negotiations are conducted. According to Kurti’s view, Kosovo has too often been a topic of the negotiations rather than a side in the negotiations in its own right. Rather than – as Kurti sees it – fulfilling demands and requests as part of the dialogue, Kurti wants Kosovo to have its own voice. To what extent this will be possible remains to be seen, particularly as the US and EU member states are used to acting as Kosovo’s tutors. For now, the leaders of Serbia and Kosovo will find themselves at the same table at an informal dinner meeting in Brussels expected in the second half of May. A direct meeting between Serbian President Aleksandar Vucic and Kurti is not expected before early June. Yet even then, the course of negotiations will not be easy, to say the least. Unfortunately for both Kurti and Vucic, given their strong positions at home, international expectations – and pressure – for a deal to be reached are likely to be high.

Relations with Albania are broadly calm, yet the victory of Edi Rama’s Socialists in the recent Albanian elections is hardly a good omen for future relations between Albania and Kosovo. It is no secret that there is no love lost between Kurti and Rama. For one thing, both men are trying to position themselves as pan-Albanian leaders, and are each other’s main obstacle in claiming this title. In the recent elections in Albania, the candidates for MPs put forward by the Albanian branch of VV failed to secure any seats.

With regard to Montenegro and North Macedonia, relations remained calm and uneventful.

SECURITY

The security situation in Kosovo remained calm and uneventful, with little prospect of being destabilised.

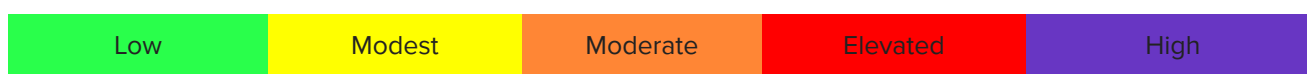
LOOKING FORWARD

- **Dialogue with Serbia:** Albin Kurti is reluctant to resume negotiations with Serbia, yet he is under immense international pressure to do so quickly. Over the coming months, it will be important to follow the tone and progress of any negotiations, assuming that the EU is able to revive them. Plenty of friction is to be expected. Indeed, with neither the Kosovo nor Serbian leadership keen to engage in substantive negotiations, it is entirely possible that both sides will look for ways to derail talks.
- **Vaccination:** Kosovo is very much behind other neighbours in the region in terms of rolling out vaccines against COVID-19. While the government has made bold pledges about the number of people it will vaccinate by the end of the year, it has set out little in terms of clear plans as to when vaccines will begin arriving in greater quantities to Kosovo.
- **Judicial system vetting plans:** While Kurti and VV have pledged to carry out a vetting process of judges and prosecutors in Kosovo, there are little or no details of what this process will entail. Yet a well thought-out and implemented vetting process will be crucial for strengthening rule of law in Kosovo, hence the importance of keeping an eye on any announcements regarding what the vetting process will look like.

North Macedonia

The political and security situation has been rather calm and uneventful over the last couple of months. The Zaev Government remains broadly stable, with a narrow but more or less functional majority, barring any absence due to sickness among its MPs. North Macedonia's prospects of opening EU accession negotiations seem to be fading in the short term, as no new government has been elected following an inconclusive Parliamentary election in Bulgaria in April, hence there is no one in Sofia to lift the Bulgarian blockade of North Macedonia's accession negotiations. Bulgaria will not repeat Parliamentary elections at the beginning of July, yet whether this will bring about any reopening of accession negotiations is far from certain. Within North Macedonia, the census due to take place in April has been pushed back at least until September. Meanwhile, most political parties are turning their gaze towards local elections in October, which will be an opportunity to test their strength vis-à-vis each other.

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



GOVERNMENT STABILITY

Following a snap vote of confidence that it called itself in early March, the Government of Prime Minister Zoran Zaev has remained broadly stable. Its majority of 62 MPs in the 120 seat North Macedonian Parliament remains stable. Indeed, the biggest challenge that the ruling majority faces is that of its MPs being absent from Parliament due to sickness, either from COVID-19 or other illnesses. In situations when this has happened, opposition parties – in particular the VMRO-DPMNE have used the opportunity to exit the Parliamentary chamber, thus depriving it of a working quorum. In practice, this has helped to slow down or block debate on legislation, or indeed its adoption.

A brief moment of turbulence came in mid-March, when an Italian newspaper, *La Verita*, published articles accusing Health Minister Venko Filipce of pursuing the acquisition of 200,000 Chinese Sinopharm vaccines against COVID-19 through a dodgy deal with a shady intermediary company. North Macedonia's Anti-Corruption Commission began looking into accusations that there were corrupt intentions behind the vaccine acquisition effort. However, since then the dust seems to have settled on this nascent affair.

Earlier in the year, the disappearance of former secret police chief Saso Mijalkov – and his possible flight from the country – threatened to destabilise the Zaev Government. The failure to prevent the flight of a senior figure of the previous Gruevski regime was all the more damaging following the flight of former Prime Minister Nikola Gruevski himself from North Macedonia a few years ago. However, Mijalkov is now safely in detention. In the meantime, the Organized Crime Prosecution has raised a new indictment against Gruevski and several of his associates – including Mijalkov – over a case which centres on the illicit purchase of building lots in Skopje via offshore companies. Aside from helping the Zaev Government maintain some semblance of prosecuting the abuses of the former Gruevski regime, the move will also help to ensure that Mijalkov is remanded in detention and prevented from fleeing the country.

The looming crisis over the holding of a census in North Macedonia, which has been due to begin on April 1st, appears to have been defused, at least for the time being. The census is of major significance for the country, the last one having been conducted back in 2002. The most sensitive aspect of the census is the ethnic breakdown of the country's population that it will produce. Yet at the same time, these results will not have practical implication for minority – or majority – rights. Yet the opposition VMRO-DPMNE has been busily undermining the process, threatening to call for a boycott of the census. In order to forestall any boycott, days ahead of the census Prime Minister Zaev and VMRO-DPMNE leader Hristijan Mickoski agreed to defer the census to September. However, with local elections due in October, this could prove an even more sensitive time to hold the census. Consequently, some political observers are warning that the whole idea of holding the census may be shelved for the time being.

The biggest problem facing the Zaev Government at present is the hopeless outlook for North Macedonia's EU accession process, on the progress of which Zaev has staked so much. After Sofia decided to veto the adoption of the EU's negotiating framework for North Macedonia on November 17th, the process is at an impasse. The dispute between Skopje and Sofia relates to the Macedonian language, joint heroes from the Ottoman era, shared (albeit disputed) history, and their respective minorities. In a wider sense, Bulgaria appears to be challenging the very idea that a distinct Macedonian history and identity existed prior to the Second World War, arguing instead that it is a Titoist construct. Bulgaria's demands seem to amount to more or less an acceptance by Skopje that the present day Macedonian identity is a Communist-era construct, in return for Sofia's acceptance of the present-day existence of the Macedonian state and nation.

Realistically or not, the Zaev Government and many others in North Macedonia had hoped that Parliamentary elections held in Bulgaria on April 4th would produce a new government in Sofia, which would be more reasonable and willing to lift the blockade on North Macedonia's accession negotiations. However, in the end the elections delivered a fragmented Parliament and no majority capable of governing. Consequently, Bulgaria now has a caretaker government

in place and fresh elections due on July 11th. As Bulgaria's caretaker Foreign Minister Svetlan Stoev made clear, the caretaker government has no mandate to change Bulgaria's position on (un)blocking North Macedonia's accession process.

Given this, Skopje's EU accession hopes are effectively left hanging and at the mercy of Bulgarian voters and politicians. No decision is likely to be reached at the upcoming June summit of EU leaders, where decisions on enlargement are traditionally made. At best, North Macedonia could hope for some progress in October or December this year. Yet perhaps the biggest concern in Skopje is that the longer North Macedonia's EU accession process remains blocked by the Bulgarian veto, the more cemented the Bulgarian veto will become and the harder it will be to dislodge it. Equally worrying were suggestions coming from some quarters in the EU that the opening of accession negotiations with Tirana and Skopje could be decoupled in order to allow Tirana to move forward. However, a number of EU officials have since declared that there are no such plans for the time being.

OPPOSITION ACTIVITIES

The main opposition party, the VMRO-DPMNE, is doing its best to put pressure on the ruling SDSM and frustrate its efforts to push through legislation, given its narrow majority. However, despite the lack of popular enthusiasm for the SDSM, there is even less enthusiasm for the VMRO-DPMNE among ordinary Macedonians. The party is still essentially stuck and unable to break out of its base of core nationalist supporters.

Its leadership scored a small success of sorts in managing to force the ruling SDSM to defer the population census until the autumn. In doing so, it not only won a small battle of wills with the Government, but also managed to worsen relations between the SDSM and ethnic Albanian parties, which are keen to see a census held. Yet the raising of fresh charges against former VMRO-DPMNE leader and Prime Minister Nikola Gruevski helps to remind ordinary voters of the abuses of power committed during the party's previous stint in power.

With the approach of local elections in October this year, there is speculation that the VMRO-DPMNE leadership could try to launch a fresh round of popular protests against the government in an effort to mobilise its supporters. However, at present it seems to lack a good issue on which to mobilise protesters. Even if a reasonably good issue is found, it seems unlikely that this trick will work. Meanwhile, current VMRO-DPMNE leader Hristijan Mickoski has much riding on the outcome of the local elections. A poor performance by the party could easily cost him his post as party leader.

REGIONAL RELATIONS

Aside from the obvious tensions with Bulgaria, North Macedonia's relations with other neighbouring countries remain positive.

On May 13th, North Macedonia's Prime Minister Zoran Zaev visited Athens, where he held a warm meeting with Greek Prime Minister Kyriakos Mitsotakis. In a role reversal between Bulgaria and Greece, Zaev and Mitsotakis exchanged warm words, with Greece now expressing its support for North Macedonia's EU accession hopes. Several deals and investments relating to the energy sector were also discussed during the meeting.

Relations between Skopje and Pristina have also remained calm, although the decision of Kosovo Prime Minister Albin Kurti to wade into the North Macedonian census issue by appealing to North Macedonia's Albanian diaspora to take part in the census briefly threatened to create a modest upset. It remains to be seen how this relationship will evolve in the future, particularly given Kurti's ambitions to position himself as a pan-Albanian leader and closeness to the small opposition Alternative party.

SECURITY

The security situation remained calm and uneventful in North Macedonia during the previous period. North Macedonian authorities plan to purchase new armoured personnel carriers and light tactical vehicles to replace outdated vehicles currently used by the country's army.

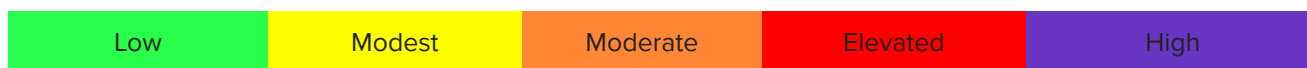
LOOKING FORWARD

- **EU accession/Bulgarian elections:** Following the inconclusive April 4th Bulgarian elections, North Macedonia's hopes of removing the Bulgarian veto on the country's accession process at present hinge on the outcome of the repeated July 11th elections. Consequently, it will be important to keep an eye on the outcome of these elections and whether they will produce a ruling majority more sympathetic and accommodating to Skopje.
- **Census conduct:** With the country's population census deferred to September, it will be important to keep an eye on whether preparations are made to hold the census then or not. Failure to hold the census could worsen relations between the SDSM and ethnic Albanian parties. Yet if it presses ahead with the census, the Zaev Government risks giving the opposition VMRO-DPMNE a perfect theme on which to mobilise voters ahead of the October local elections.
- **Local elections:** Political parties in North Macedonia will slowly but surely begin gearing up for the local elections due in October this year. The elections will be an important test of the relative strength of the SDSM vis-à-vis the VMRO-DPMNE. Equally, they will be a test of how enthusiastic ordinary citizens are towards any of the mainstream political parties. It is to be expected that the political temperature will rise as the elections approach, with the VMRO-DPMNE doing its best to radicalise the political environment in particular.

Montenegro

The Government of Zdravko Krivokapic remains fragile and beset by disagreements in the governing majority backing it, which complicates efforts to push through any reforming legislation. However, having survived a number of crises, the Krivokapic Government seems to have adjusted to functioning in a state of permanent instability. An apparently weak performance by the Democratic Front (DF) bloc in the Niksic and Herceg Novi local elections has taken much of the pressure off the Government. Early Parliamentary elections in the autumn now seem much less likely. Nevertheless, the DF's exclusion from ministerial posts means that either a government reshuffle will need to take place to include the party in government, or early elections in 2022 will be increasingly unavoidable.

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



GOVERNMENT STABILITY

Tensions within the ruling majority in Montenegro persist, which is reflected in the parallel tensions and partial paralysis within the government of Prime Minister Zdravko Krivokapic. A case in point has been the high political drama over Minister of Justice Vladimir Leposavic. At the beginning of April, Leposavic appears to have been wrong-footed by MPs of the opposition Democratic Party of Socialists (DPS) who questioned him over his views on rulings by international courts on the Srebrenica genocide. Leposavic initially appeared to refute rulings established by international courts that genocide had occurred in Srebrenica in 1995. Not surprisingly, his altercation with opposition DPS MPs quickly caused a political storm; on April 5th, Prime Minister Zdravko Krivokapic formally sent a request to the Montenegrin Parliament to remove Leposavic from his ministerial post, suggesting the minister should resign in any case.

Yet Leposavic refused to be forced out. Meanwhile, the Democratic Front (DF), the biggest block within the ruling coalition, made it clear that it would not support the ouster of Leposavic. This left Krivokapic and the other parties in the ruling coalition in the unenviable position of potentially needing the support of the opposition DPS to remove Leposavic. While Deputy PM Dritan Abazovic and his URA Movement tried to suggest that it did not matter whose support would be relied on to remove Leposavic, the Democrats, led by Parliamentary Speaker Aleksa Becic, made it clear that they would not vote for Leposavic's removal together with the DPS.

In the aftermath of this entire episode, a stalemate has ensued with no clear victor in the battle of wills – and authority – within the government and ruling coalition. The request to Parliament, sent by PM Krivokapic, to remove Leposavic is so far being buried in Parliamentary procedure. While this keeps the issue of Leposavic's removal from coming to a head, the vote on his removal cannot be deferred indefinitely. Yet if it is put to a vote, it seems more likely that Krivokapic would emerge as the loser than Leposavic. Precisely because of this, the most likely solution to this problem would probably be to find a way to withdraw the request for Parliament to remove Leposavic from his post.

Either way, the crisis has yet again exposed the weakness of Prime Minister Zdravko Krivokapic. Yet despite this crisis, underlying developments and realignments in public support suggest that the Government and ruling majority are 'stabilising' in their instability.

Two key local elections – in the municipalities of Niksic and Herceg Novi – over the last couple of months have shown strong support among voters for the Democrats together with Krivokapic and lukewarm support for the DF. Niksic was the first to hold local elections on March 14th. While the opposition DPS emerged as the largest single party in these local elections, the real victors of the election were the current ruling majority at the national level – the DF, Democrats and URA, who together won more than half the votes cast. Yet within this block, although the DF came first, winning 25.9% of votes, it underperformed relative to the August 30th Parliamentary elections, when its coalition won 37.5% of the votes cast in Niksic. The DF thus lost a third of its support. Meanwhile, the Democrats (Peace is our Nation) won 23.2% of the votes in this election, up from 14.3% of votes won in the Parliamentary elections. The Democrats clearly benefitted from their growing popularity, as well as the clear support of Prime Minister Krivokapic in these elections and, not least, the support of Bishop Joanikije, the Serbian Orthodox Church's leading bishop in Montenegro. Meanwhile, support for URA has been stagnant – 4.5% in the local elections compared to 4.2% in the Parliamentary election in Niksic – a worrying sign given the personal popularity of its leader, Deputy PM Dritan Abazovic.

Local elections held in the coastal town of Herceg Novi on May 9th only helped to further seal the impression of the Democrats as a party on the rise and the DF as a block that was struggling to maintain the support it had won in the August Parliamentary elections. Comparing the local elections in Herceg Novi to the Parliamentary ones in August is nevertheless difficult, as a local grouping – Novi List – gained 19.1% of the votes in the local elections. Nevertheless, despite the large share of votes taken by the Novi List, the Democrats – again backed by PM Krivokapic – managed to increase their share of the votes from 20.6% in the August Parliamentary elections to 27.3% in the local elections. Making comparisons regarding the DF-led block is more complicated, as some parties which ran with them in the Parliamentary elections choose to run on their own this time, yet it is evident that while in the August Parliamentary elections their block won a whole 43% of votes, this time around they won only 19.4% of the votes cast.

The effective under-performance of the block grouped around the DF has taken the wind out of the sails of their demands for a reshuffle of the Krivokapic Government. The DF no longer appears to be in such a strong position either to threaten the overthrow of the Government, or to demand that its appointees be included as ministers. Equally, given the DF's underwhelming performance, the likelihood of early Parliamentary elections in October also seems to have receded. Finally, it is also noteworthy that, despite all the crises engulfing it, the ruling coalition has adjusted to instability as its 'new normal' and is thus less likely to lose its balance with each now crisis that comes along.

Given these changing underlying factors, we have decided to improve the six month government instability outlook to moderate. Barring some major unforeseen crisis, we believe that early Parliamentary elections are no longer likely before the end of the year. As things stand, this does not seem to be in the interests of any of the ruling parties. The DF must come up with a plan to build its own support; the same applies to URA, which has failed to capitalise in votes its sizeable role in the new government and public visibility. Meanwhile, the Democrats and Krivokapic believe that their support is slowly but steadily growing and that time is on their side. Although at first sight Krivokapic may appear a weak leader who is struggling to find his way in the dark art of politics, it is precisely this image of a naïve, well-intentioned non-politician which he has cleverly projected that has helped him to take supporters away from the DF.

A further sign of the stabilisation of the ruling majority is the recent adoption of the much-disputed amendments to the Law on public prosecutors on May 12th. The original amendments were proposed on February 3rd by the ruling majority, in order to pave the way for the removal of the Supreme State Prosecutor Ivica Stankovic and the Special State Prosecutor Milivoje Katnic, seen as being DPS loyalists. Yet they were withdrawn on February 16th, at the behest of EU officials, over concerns that they could pave the way for the politicisation of the judicial system. This, in turn, generated uproar in the DF, which demanded the immediate adoption of the legal changes, as a precursor to enabling the prosecution to launch investigations into DPS abuses. Crucially, the DF proclaimed that it would not support any other legislation by the Government until the amendments to the Law on the prosecution were adopted. This stance effectively blocked any other legislative initiatives, including the adoption of the 2021 budget and left the rest of the governing majority in the tricky position of having to

choose between ignoring the EU and the DF's blocking action. After much back and forth, a slightly amended version of the original legal changes was adopted in the Montenegrin Parliament on May 12th, paving the way for the election of a new Prosecutorial Council and – crucially – the election of new prosecutors. This, in turn, should unblock the government's legislative agenda, allow the passage of the 2021 budget and calm tensions within the ruling coalition.

In the more long-term one-year outlook, we retain the government instability risk at elevated.

Primarily, this comes down to the fact that, while we believe the DF will not force an early Parliamentary election this year, it cannot allow itself to be kept out of the government indefinitely and watch its popular support melt away. Sooner or later, if it does not secure inclusion in the allocation of ministerial posts through a government reshuffle, it will feel compelled to force an early election. The only thing that could stop it going down this route, other than a reshuffle, would be a more calamitous decline in popular support.

OPPOSITION ACTIVITIES

All things considered, after a three decade stint in power, the formerly ruling DPS is adjusting to life in opposition rather well. Given its fall from power, the DPS' biggest achievement is, perhaps, that it has managed to avoid disintegrating. A party congress held on January 24th helped to infuse some new blood into the party leadership and remove some particularly controversial figures as well. Since then, the party has adopted a firmly pro-Montenegrin nationalist stance. On the whole, it has attacked the new governing coalition as either being inexperienced – trying to accentuate its own supposed governing experience – or under the sway of Serbia. The latter is a particularly popular DPS theme, which tries to present itself as the defender of Montenegro in the face of a governing majority that would hand the country over to Serbia.

In the recent local elections, the DPS has not performed particularly well. In Niksic, the home town of President Milo Djukanovic, the DPS led coalition won 40.4% of the votes, roughly the same share of votes as it won in the August Parliamentary elections, but with the support of a number of other small, pro-Montenegrin parties. Meanwhile, in the Herceg Novi local elections, the DPS' share of votes declined from 26% in the August 2020 Parliamentary elections to just 21%. Perhaps the biggest test for the DPS will be the Cetinje local elections in September, given that this municipality is a traditional stronghold of the DPS and other pro-Montenegrin parties, while the pro-Serb parties have traditionally been weak there.

REGIONAL RELATIONS

Montenegro's relations with its neighbours have remained quiet and uneventful. Even traditionally volatile relations with Serbia seem to have quietened down, though there is still no love lost between Serbian President Aleksandar Vucic and Montenegrin Prime Minister Zdravko Krivokapic.

At the end of April, Prime Minister Zdravko Krivokapic declared that his government would form a new commission tasked with solving the long-running border dispute with Croatia on the Prevlaka peninsula.

SECURITY

The security situation within Montenegro remains broadly calm. In a friendly gesture to Serbia, and at the request of the DF, the Montenegrin Government stated in mid-May that Montenegrin troops would not take part in the NATO KFOR contingent in Kosovo.

On April 20th, Montenegrin police arrested Slobodan Kascalan, the alleged leader of the notorious Kavac drug clan and several of his associates. Over the last few years, the Kavac and rival Skaljari clans have allegedly been involved in numerous murders and clan warfare on the streets of Montenegro, Serbia and beyond. Demonstrating the difficulties of fighting organized crime in Montenegro, on the same day High Court judge Miroslav Basovic released Kascalan and his associates from detention, only for them to be rearrested hours later. Basovic's move was criticised by a number of officials from the ruling coalition, while police claimed to have uncovered evidence that the Kavac clan had plotted an attack on Deputy PM Dritan Abazovic.

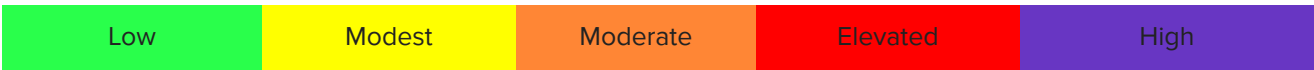
LOOKING FORWARD

- **Government stability:** the governing coalition seems to have regained some stability, particularly after the weak performance of the DF in the Niksic and Herceg Novi local elections. Yet there are numerous points of dispute and disagreement within the government and ruling coalition. One problem to watch out for is how the fate of Justice Minister Vladimir Leposavic will be resolved, as well as any new crises which may beset the government. On balance, early Parliamentary elections are less likely this year, but not impossible, hence it will be important to watch out for any signs of a radical unravelling of relations within the ruling coalition.
- **Economic recovery and tourism:** Montenegro suffered one of the biggest economic recessions in Europe last year, primarily due to a washout tourist season last year. With public debt rising and growing difficulty in servicing public debt, it will be important to keep an eye on whether tourism recovers this year. On balance, another disastrous tourist season would be a hefty blow to the current government.
- **Relations with the Serbian Orthodox Church:** On May 24th, the bishops of the Serbian Orthodox Church will gather in Belgrade to elect new bishops to empty sees, including the empty see of the Metropolitan of Montenegro. Given the Church's influential role in Montenegrin politics, it will be important to watch who is elected to this leading ecclesiastical position in the country. In parallel to this, Montenegro is also due to sign an agreement with the Serbian Orthodox Church regarding its status in Montenegro, which has the potential to spark controversy within the country.

Serbia

Over the past couple of months, Serbia has been gripped by the revelations surrounding the arrest of the organized crime group of Veljko Belivuk and its ties to senior officials within the police and ruling party. This has been coupled with revelations about the wiretapping of the conversations of Serbian President Aleksandar Vucic, which were of a dubious legality at best. Vucic and other senior government officials have even referred to an ‘attempted coup’ and possible threat to the President’s life. Further revelations surrounding these events are expected over the coming months and could well insert further tension into political dynamics, particularly relations within the ruling SNS. In parallel to this, the expected beginning of negotiations between the ruling and opposition parties on the conditions under which future elections will be held is also expected to raise the political temperature.

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

The current Serbian Government led by Prime Minister Ana Brnabic remains stable, enjoying the backing of almost all MPs in the current Parliament following the opposition's boycott of last year's elections. Yet below the surface, a settling of scores, or perhaps more accurately a purge, seems to be under way within the ruling Serbian Progressive Party (SNS).

The year began in Serbia with no end of political excitement, following revelations by Serbian President Aleksandar Vucic that his conversations had been illegally wiretapped by 'domestic actors', something that he described as amounting to a coup d'état. Further suspense was added at the beginning of February, when authorities rounded up members of Veljko Belivuk's organized crime group, accused of drug trafficking, kidnap and murder. Belivuk's group was also said to have infiltrated the police and security agencies. Tabloids close to the ruling SNS pointed to connections between Belivuk's clan and senior figures in the Ministry of Interior.

It appeared clear to observers at the time that the entire story was, at least in part, a continuation of the settling of scores between Vucic and Nebojsa Stefanovic, one of Vucic's (previously) most loyal allies within the SNS, the former Minister of Interior and current Minister of Defence. It is hard to miss the fact that Stefanovic has been conspicuously absent from official press conferences at which Vucic, Vulin and other senior figures have detailed the crimes allegedly committed by Belivuk's clan. Moreover, the insinuations regarding the connections and supporters that Belivuk and his clan had within the police and political circles all unmistakably point in the direction of the circle of people around Stefanovic.

Following a concerted campaign in tabloids under Vucic's control to link Stefanovic to the wiretapped conversations and Belivuk's clan, the whole story seemed to quieten down and disappear from media attention, leading some observers to conclude that Vucic and Stefanovic had buried their hatchet, albeit with Stefanovic being left out in the cold and no longer in Vucic's inner circle of trust. Then, at the beginning of May, media reports began to suggest that, behind closed doors, preparations were being made to expel Stefanovic from the SNS. Namely, local SNS party committees appear to have been instructed to adopt resolutions calling for

Stefanovic to be removed from all positions within the party and government and expelled from the SNS. Moreover, it was clear that there was nothing spontaneous in these actions.

At the time of writing, it remains to be seen what Stefanovic's fate will be and whether he will be expelled from the SNS. All of these twists represent the thickening of a story plot which has been unfolding for over a year, in which Vucic and his family on the one hand and Stefanovic and his family and allies have been engaged in a turf war related to their lucrative business interests. Currently, Stefanovic is absorbing the blows being dealt to him with no visible retaliation, yet it remains to be seen whether this will continue to be the case.

In the meantime, another important political transfer suggests that Stefanovic may really be about to lose his positions within the SNS. On May 5th, it was announced that Aleksandar Sagic and his Serbian Patriotic Alliance (SPAS) would collectively be joining the SNS. Currently, Sagic is the head of the New Belgrade municipality, one of the most populous municipalities in the country. In the past, including in the 2020 Parliamentary elections, Sagic and SPAS had positioned themselves as being in opposition to the SNS. However, even ahead of the 2020 elections, many political observers and ordinary voters had begun to perceive him as growing closer to the SNS – what some referred to as Vucic's 'loyal opposition'. This impression was only further cemented after SPAS entered the current government led by the SNS.

Rumours had persisted in Serbia that Sagic/SPAS and the SNS would join forces in the 2022 Belgrade City elections, with Sagic being their joint candidate for Belgrade mayor. However, the announcement that Sagic and SPAS would be merging with the SNS came as a surprise to most. Yet combined with the apparent preparations to expel Stefanovic, who also heads the SNS' Belgrade party branch, the decision to bring Sagic into the SNS makes more sense, as it will give Vucic a strong, popular figure to take charge of the Belgrade wing of the party and – crucially – purge it of Stefanovic's loyalists.

The Serbian public has also been shocked by accusations by Marinika Tepic, one of the leaders of the opposition Party of Freedom and Justice (SSP), that Dragan Markovic 'Palma', the leader of the United Serbia (JS), a coalition partner of the Socialist Party of Serbia (SPS) and member of the governing coalition, had for years been organizing elite 'bunga bunga' style parties, involving prostitution – including with underage girls – for select members of the political elite.

While Palma denied the accusations, everything would seem to suggest that the accusations are not baseless. At present, the biggest unknown – with potential to shake the Serbian political scene – is who else, aside from Palma, may turn out to have been involved in these ‘parties’. Vucic and the SNS have been distinctly reserved, neither moving to protect Palma nor discard him politically, leaving him dangling. In a political sense, perhaps most important to watch will be whether any other senior political figures, particularly from the Socialist Party of Serbia, will be implicated in the scandal.

Following a spike in the number of daily infections in late February and early March, the number of new daily infections has been in more or less constant decline, leading to an easing up of lockdown measures and restrictions aimed at imposing social distancing. This has coincided with a strong drive to vaccinate as much of the population as possible. The latest available data suggest that around 2.17 million people have received at least one dose of the vaccine against COVID-19, while 1.66 million people have been revaccinated. The government aims to vaccinate at least three million citizens, yet the rate of take up of vaccines appears to have slowed markedly due to widespread vaccine scepticism and low public trust.

OPPOSITION ACTIVITIES

The bulk of Serbia's opposition parties have remained largely focused on the upcoming negotiations with the ruling parties over creating (more) free and fair conditions ahead of parliamentary and presidential elections expected in April 2022. Initially, the negotiations between the ruling and opposition parties were to take place with the mediation of representatives of the European Parliament and under the auspices of the Serbian Parliament. However, the process has gained a degree of confusion after Ivica Dacic, the Speaker of the Serbian Parliament, began talks on electoral conditions with a group of opposition and quasi-opposition parties which reject EU mediation. To many local analysts, this manoeuvre seems to have, for good measure, been orchestrated by the ruling parties in order to water down the negotiations with the opposition.

Indeed, it is more than clear that the ruling SNS has accepted the mediation of the European Parliamentarians only grudgingly. The part of the Serbian opposition which insists on EU mediation held online preparatory discussions with mediators from the European Parliament at the beginning of May.

While creating some semblance of free and fair (pre-)election conditions is crucial for stabilising Serbia's democracy and returning opposition parties to competition through elections, the slow progress in getting negotiations off the ground does not bode well for their success. A great deal of time has already been wasted on defining the format of the dialogue, who would represent the opposition and who acceptable mediators are to different sides. So much so that many observers believe that this is part of the calculated strategy of the ruling SNS to draw out the negotiations and prevent any real change of electoral conditions in Serbia.

For the Serbian opposition parties, the biggest problem is their deep fragmentation and the fact that they remain deeply divided and unable to cooperate effectively. Coming up with a common set of demands in relation to electoral conditions is so far proving to be an impossible task. All of this will seriously undermine the opposition's negotiating strength vis-à-vis the ruling SNS.

Even more fundamentally however, the opposition parties seem to have very little ability to present a clearly articulated alternative to the SNS to voters.

REGIONAL RELATIONS

Relations between Serbia and its neighbours remained calm and stable for the most part. After a charm offensive where Serbian officials delivered badly needed vaccines against COVID-19 to the rest of the region in February, the same charm offensive stepped up a gear when, on the last weekend of March, Serbia decided to allow citizens of neighbouring countries, such as Bosnia and North Macedonia, to come and be vaccinated in Serbia.

Following the election of the Kurti Government in Pristina, relations between Kosovo and Serbia have been mostly calm. Despite expectations that Vucic and Kurti would sit down for a face to face meeting to relaunch negotiations in May, this meeting now seems to have been postponed to June.

SECURITY

The security situation in Serbia remained calm and uneventful over the reporting period.

LOOKING FORWARD

- **Internal SNS developments:** While the SNS has, in the past, appeared largely monolithic and shown few signs of serious internal factionalism, the long-burning feud between Vucic and Minister of Defence Nebojsa Stefanovic seems to be reaching its culmination. It would appear that Stefanovic is heading for expulsion from the SNS. It will be important to watch whether further damaging revelations about the party and its leadership come to the surface as a result of this internal settling of scores.
- **Negotiations on electoral conditions:** After much discussion of what format the negotiations between government and opposition on electoral conditions should take – as well as much foot-dragging by the ruling parties to get the dialogue off the ground – it is expected that talks will finally be launched in late May. Agreeing on a minimum of mutually acceptable conditions for the holding of free and fair elections is crucial for Serbia's political stability going into the Presidential and Parliamentary elections due in 2022. Consequently, it will be important to keep an eye on whether negotiations get off to a good start, or some kind of start at all.

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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