



Western Balkans Stability Monitor

May 2022 Issue

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CAUTION AND UNCERTAINTY

Two months since the start of the Russian invasion of Ukraine, uncertainty about what direct impact the war could have on the countries of the Western Balkans has subsided to some extent. Fears that Russia could somehow destabilise the Balkans, in order to open up a 'second front', have largely dissolved, even if some commentators warn that such risks have not disappeared altogether. While some refugees have trickled into the region, the bulk of those fleeing Ukraine have remained in countries in its immediate neighbourhood, or have moved on towards Western Europe.

Yet other forms of uncertainty, linked to the war in Ukraine, have crept in. Governments and ordinary citizens alike in the Western Balkans are concerned about the rising prices of food and petrol. Just as concerning are the effects of growing inflation on already meagre living standards. There are even more concerns about potential food shortages and rising energy bills during the autumn and winter months.

Into this mix has come uncertainty about the EU accession process of the countries of the region. To be clear, the prospects for quick EU enlargement were rather slim to begin with, even before the Russian invasion of Ukraine. When the war kicked off in late February, there was a period of hope that one 'silver lining' of the war would be a newfound interest in enlargement on the part of the EU. Talk of Ukraine joining the EU was probably never particularly realistic in the short term, but hopes that the EU could emerge from this crisis with a re-awakened sense of why it needs to finish its unfinished business in the Western Balkans and anchor the region much more firmly inside the Union were more plausible.

At the beginning of May, a freshly re-elected French President Emmanuel Macron appeared to pour cold water on such hopes. Addressing the European Parliament in Strasbourg on May 9th, Macron launched a proposal for a new 'political European community'. According to Macron, such a 'political community' would allow those outside the EU to anchor themselves more closely with the Union and work on mutual cooperation. Ever the one for 'big ideas', Macron was

predictably short on the nitty-gritty specifics of how such a new 'political community' would work in practice.

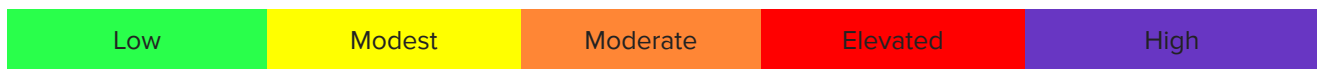
Not surprisingly, the idea did not go down well in the Western Balkans, or among proponents of EU enlargement. Many see it as a fresh French attempt to bring to a halt any hopes of enlargement in the near future. More favourably inclined analysts argue that Macron's ideas were more of an attempt to create a realistic and workable framework for a wider European 'political community' than in any case distant enlargement.

In the Western Balkans, most countries reacted cautiously, or not at all, to Macron's idea. Those that did, such as the North Macedonian Government, voiced cautious support, while expressing the belief that they were aimed at countries beyond the Western Balkans, such as Ukraine, for which enlargement had never been on the cards to begin with.

Albania

The Socialist Party (PS) Government of Prime Minister Edi Rama remains stable with a solid Parliamentary majority, while the Albanian opposition is in disarray. Protests and popular anger at the Rama Government over price increases of fuel and food have subsided over the last few weeks in Albania. However, economic clouds are gathering as families and businesses grapple with dramatic price rises. Social unrest remains the biggest challenge facing the Rama Cabinet. Meanwhile, Lulzim Basha resigned as leader of the main opposition Democratic Party (PD), putting the opposition in further disarray. The Socialists are poised to elect their preferred person as the country's next president in a few weeks' time, eliminating an important institutional point of opposition, while former Prime Minister Sali Berisha takes the centre stage in the opposition.

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

One year after the April 2021 Parliamentary elections, the Socialist Government of Prime Minister Edi Rama remains stable thanks to the strong majority won in those elections. Its grip on power has been further strengthened by the implosion of the opposition PD and is set to increase once Rama installs his own chosen President to replace incumbent Ilir Meta, a bitter foe of the Albanian PM, once Meta's term expires in July this year.

Popular protests against fuel and food price rises which took place in March – and whose anger was aimed at the Rama Government – have subsided and largely disappeared. In line with this, we have decided to improve the civil unrest outlook from moderate to modest in the 1-month outlook. While the fizzling out of these protests makes the Rama Government's position more comfortable, the risk of flash social unrest in the coming months remains real. Ordinary Albanians are still very much feeling the pinch of rising prices – particularly those of food and fuel – which are affecting already modest living standards.

At the same time, the rising inflation related to the COVID-19 pandemic and the war in Ukraine has its silver lining for the Albanian Government. Given that taxes collected at customs offices are a relatively high proportion of the Albanian Government's overall public revenues, the rise in the price of various imported goods has been a boon for the government's revenues. The tripling of the price of steel and sharp increases across the board when it comes to the prices of other goods and commodities has caused a whopping 27% increase in government revenues this year, on the back of an 11% growth in revenues last year compared to the pre-pandemic era. The growth in revenues leaves the government in a comfortable position when it comes to paying for necessary electricity imports and providing assistance to the poorest segments of society to offset rising prices of food and fuel.

Yet rising prices have also caused problems with some infrastructure projects. Most notably, a large project, the construction of the Llogara Tunnel, seems to be in trouble. The construction contract was awarded late last year, when the war in Ukraine was still not on the geopolitical

radar. To make matters worse, PM Rama has a very poor legacy when it comes to delivering roads and multiple scandals had created a perception among the public that the costs of roads are inflated and procurement procedures are subject to corruption and rigging. Following cost overruns and delays of other projects in the roads sector, Rama seems eager to show that the taxpayers money spent on roads will deliver something in return.

In other developments, Prime Minister Edi Rama attacked the country's Special Prosecution (SPAK) in early May, claiming it is only investigating members of his Socialist Party, while failing to investigate scandals relating to opposition figures. SPAK has managed to send behind bars two former ministers and one MP from the ruling PS, along with dozens of other officials, accused of corruption or abuse of power.

However, while this is clearly a success of sorts, the apparent success of SPAK may not be so much a reflection of SPAK's independence and prosecutorial abilities, but simply that – with corruption and abuse of power being so widespread and a culture of impunity prevailing – there was plenty of 'low hanging fruit' for prosecutors to grab hold of. Moreover, in some of the cases investigated, SPAK has shown an unwillingness to 'follow the money' as well as numerous other leads, limiting itself in identifying cases of abuse of power. In the case of former minister Lefter Koka and MP Alqi Bllako, their fall from grace followed an investigation carried out by their former party, the Socialist Movement for Integration (LSI), who did much of the investigative work for SPAK.

It remains unclear what caused Rama's ire against SPAK. Some observers have speculated that it was related to the infamous concessions awarded by his government to various local companies through highly suspicious procurement procedures. Others argue that Rama's attack of SPAK is nothing but a ploy, suggesting that Rama's attack is some kind of attempt to paint SPAK as being genuinely independent and a 'threat' to the ruling party, while in reality SPAK does the bare minimum in terms of investigating corruption and political abuses to maintain its credibility in the eyes of international officials, who have long demanded action on prosecuting political corruption and organized crime.

Rama also faced a blow in April when the US Treasury Department sanctioned Aqif Rakipi, a known ally of Rama's, 'for involvement in organized crime'. Rakipi's group has been instrumental in securing electoral victory for Rama in the areas of Elbasan and Tirana. Its official designation demonstrated that the US Administration was no longer willing to close its eyes to Rama's electoral machinations. For his part, Rama managed the problem by simply refusing to comment upon it. Rakipi's son, the 28 year-old Orinaldo, who won an unbelievable 16,000 votes for the Socialists, is still an MP, as is Saimir Hasalla, another MP connected to him, who provided the socialists with 11,000 votes.

OPPOSITION ACTIVITIES

On March 21st, Lulzim Basha, the leader of the main opposition Democratic Party, announced that he would be resigning as party leader. Pressure on Basha to resign had been building for some time. Since the autumn of 2021, former party leader Sali Berisha had been trying to take back control over the party, after Basha, his anointed successor, expelled him from the PD's Parliamentary caucus. For his part, Basha had felt forced to make the move, after Berisha was sanctioned by the US Administration. The pressure on Basha culminated after a disastrous performance in a number of local elections held on March 6, in which his faction of the PD suffered a harsh defeat – defeated by both the PS and, in some areas, Berisha's faction of the PD.

Former Prime Minister Sali Berisha, 77, is now aiming to place himself at the centre of opposition activities, after his former protege turned enemy Lulzim Basha resigned. Berisha is aiming to reorganize the PD through a process that he calls its 're-founding'. Yet more than half of the Democratic Party's MPs do not accept Berisha's attempts to 're-found' the PD, which means that the courts will have to decide on who has the right to lead the party. Berisha, who has been 'designated' as corrupt by the US Department of State, had promised more protests against the government.

Berisha is in apparent alliance with the remains of the Socialist Movement for Integration (LSI) of current President Ilir Meta. The LSI had been an indispensable kingmaker in Albania in 2009 and 2013, yet the party now has just four MPs. Meta, who has announced plans to return to active politics in the party that he founded once his term as President ends and which, over the last five years, was led by his wife, Monika Kryemadhi, delivered some hints over the last few months on the type of politics he could pursue when his mandate as President ends in July.

Last November, Meta allowed a number of placards to be placed along the fences of the Presidency that pointed to some 'folk-nationalist' claims about the Pelasgian - Illyrian descent of

Albanians, later picking a war of words with some minor Greek media. In May, Meta awarded a medal to Akil Pano, a Protestant minister with a large following and known homophobic rhetoric. Pano also claims he is being persecuted by the Anti-Discrimination Commissioner, who summoned him to a hearing following a complaint filed by rights activists. It is worth underlining that while Pano published the notice of being decorated by Meta 'for his role in protecting the freedom of speech and religion' and the photo from the ceremony, Meta has not advertised the ceremony either on his Facebook page, nor on the President's official website.

Homophobia is widespread in Albania, while nationalist pseudo-historical ideas are popular, with historians and pseudo-historians making stunning claims, such as that ancient Troy was Albanian. One of the placards placed on the Presidency fence last November claimed that Excalibur, the sword of the legendary King Arthur of Britain, has an Albanian meaning.

However, over the last decades mainstream Albanian parties have not engaged in hate politics, while openly nationalistic parties have been forced to the very fringes. Homophobia, while widespread, has not been a political issue.

While Meta has begun discovering such niche issues, Berisha claims he is a victim of an international conspiracy led by US billionaire philanthropist George Soros. Berisha, too, had shown signs that he is willing to engage in homophobic rhetoric, while one of his close supporters, Tritan Shehu, became one of the very few politicians in the country supporting an abortion ban.

Ultimately, flirting with such fringe politics by the opposition seems like a dead-end, and is unlikely to have much traction with voters. Berisha had once declared himself supportive of LGBT rights, while his own Democratic Party was the one which decriminalized homosexual relations back in 1994, along with the legalization of abortion. In this context, the recent moves by both Meta and Berisha could be interpreted as merely a sign that the opposition is further slipping toward irrelevancy in the country's politics.

REGIONAL RELATIONS

Albania's relations with its neighbours have been calm and uneventful. Albanians were delighted to learn that the 36 year-old ethnic Albanian Dritan Abazovic would become the Prime Minister of a minority government in Montenegro, Albania's northern neighbour.

SECURITY

The security situation in Albania remained calm and uneventful. A 31 year-old committed suicide while being held at a police station in Kavaja, central Albania, an event that pointed again to a general deterioration of the State Police as a professional force. The responsible police officers were promptly put under investigation. However, the Albanian Helsinki Committee, which investigated the event, concluded that the suicide was avoidable, pointing to the professional unpreparedness of the police force.

The Police again came under the spotlight in early May, when a luxury car hit a couple with an infant baby, having driven through a red light at the zebra crossing. For many Albanians who expressed their anger on social media, the event points to the free reign of suspected criminals who own luxury cars without having an identifiable source of income and the inability or unwillingness of police to seize ill-gotten wealth. The General Director of the State Police Gledis Nano ordered a review and urged his force to show no tolerance against drivers who violate pedestrian priority at zebra crossings, in a country where car ownership is still seen as an indication of class and status.

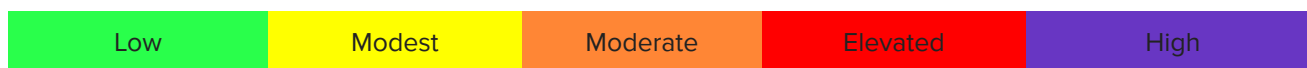
LOOKING FORWARD

- **Election of new President:** The new President of Albania, the seventh since the collapse of Communism, is expected to be elected during the next month. The name of the person in question will probably be learned only at the last minute. But while the name is not known, the key quality of this person is definitely easy to guess: they will very probably be a supporter of the Socialist Party, which, after that, will control all of the country's governance structures, including the parliament, the executive, all but one local government unit and about a dozen of the 'independent' institutions, such as the central bank board, Competition Authority, etc.
- **Socio-economic problems:** The tripling of steel prices along with more expensive energy is expected to be followed by a slowing of economic growth. Albania's Central Bank, the Ministry of Finance and other economic institutions believe the crisis will just decelerate growth, but some experts believe a recession is not out of the question. Albania weathered well the COVID-19 economic slump with full recovery in terms of production achieved last year, mainly due to massive public spending increases. However, growth has not been reflected to the same degree in the job market. By the end of 2021, there were still 19,000 jobs less than before the start of the coronavirus pandemic in March 2020.

Bosnia-Herzegovina

Bosnia-Herzegovina remains in a state of deep political and institutional crisis, with government work and legislative activity paralysed at most levels. Attempts to agree badly needed electoral reforms to fix the country’s broken and disputed electoral system have failed. On May 2nd, the Central Election Commission set the date for the holding of national elections for October 2nd. However, whether the elections will be held on that date or delayed is still not entirely certain. Under strong external pressure, the Croatian Democratic Union (HDZ) appears to have abandoned plans to boycott the elections. However, financing for the organization of the elections has not yet been approved and creates the space for Bosnian Croat – and other interested groups – to sabotage the holding of the elections. Nor is the holding of elections in and of itself a solution to any of Bosnia’s problems – it is worth remembering that, following the previous national elections in 2018, political actors in the Federation entity proved unable and/or unwilling to form a government in the entity.

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



GOVERNMENT STABILITY

Bosnia remains deeply stuck in the worst institutional and political crisis since the end of the country's civil war in the 1990s. With the exception of the Republika Srpska (RS) entity and a few cantons in the Federation (FBiH) entity, governments and legislatures remain in a more or less complete state of paralysis. Political elites are in a state of permanent conflict, keeping the country balanced on a knife-edge. In late 2021 and early 2022, Bosnian Serb leader Milorad Dodik appeared to have charted a course for even more intense conflict within the country by setting off a plan to seize back competencies from the central state level and transfer them to the RS. This plan seems to have been placed on hold, for now, but could be reactivated at any time.

After numerous rounds of negotiations on electoral reform – primarily aimed at fixing the way in which the members of the State Presidency and Federation Parliament are elected – the electoral reform process is dead in the water, with no solution having been agreed, or imposed. Previously, Bosnian Croat political actors – primarily the HDZ – had threatened to boycott and/or obstruct the holding of national elections in 2022 unless electoral reforms were agreed to ensure – broadly speaking – that genuine Bosnian Croat representatives would be elected by Bosnian Croat voters. Many observers – local and international – were gravely concerned that the HDZ could go through with this threat, taking Bosnia into completely uncharted waters of having no democratically elected representative institutions.

With the failure of electoral reform efforts, the country's Central Election Commission (CIK) called elections on May 3rd, scheduling them for October 2nd. Following the announcement, the HDZ and its leader, Dragan Covic, officially stated that the HDZ and other Bosnian Croat parties would take part in the elections, all the while claiming that the legal framework for their holding is not in place. The HDZ's climb down seems to have been a result of two factors. On the one hand, Covic and the HDZ were under considerable international pressure, both direct and that coming via pressure on Croatian Prime Minister and leader of Croatia's HDZ to lean on Covic not to boycott the elections. On the other hand, Covic and the HDZ also seem to have come to

the realization that Bosnian Croat parties simply have far more to lose from failing to be elected in the coming elections than taking part.

All is still not plain sailing when it comes to the holding of the elections however. The most obvious problem is the lack of funds allocated to CIK for the holding of elections. This, in turn, is linked to the fact that political representatives at the State level have not adopted a budget for 2022. In practice, a way around this problem could have been found by now. However, with the HDZ's Vjekoslav Bevanda at the helm of the Ministry of Finance, the HDZ has adopted a very rigid interpretation of the law in order to obstruct the holding of elections by refusing to engage in efforts to find a 'creative' way to transfer funds to CIK.

Bevanda and the HDZ are still refusing to budge on this issue, insisting that a State budget for 2022 must be adopted first, which would take months – perhaps until the end of June or beginning of July. Meanwhile, the head of CIK, Suad Arnautovic, insists that, according to the law, Bosnian authorities must allocate the necessary funds for the holding of elections to CIK within 15 days of elections being called. While in principle this is not inaccurate, this norm has usually not been respected in the past, with funds being transferred to CIK far later in the electoral process.

However, as an official very close to the main Bosniak nationalist Party of Democratic Action (SDA), Arnautovic is also playing political games with the elections process, like many others in Bosnia. In line with this, Arnautovic has stated that CIK will not initiate procedures to organize elections until the necessary funds for their holding are transferred to the election body. In reality, there is nothing stopping CIK from initiating administrative procedures to hold the elections, as most of its expenses are weighted towards the end of the elections process. However, Arnautovic and others close to the SDA appear to be trying to use this threat as leverage to ensure a quick and final resolution to the issue of how the funds for financing the holding on the elections will be secured.

Given this battle of wills being played out by the HDZ and SDA, it is entirely possible that if CIK perseveres with delaying administrative procedures for the holding of elections, the actual date for holding elections could be delayed. In principle, Bosnia's legal framework allows for the elections to be delayed for 30 days, though in the past they have been delayed by more.

Regardless of this, in the current climate of elevated tensions and institutional gridlock, not least the threat of electoral boycott in the recent past, the country enters the electoral cycle in a very negative atmosphere.

With elections only recently having been called – and the uncertainty over whether they would be called or not – it is still early to talk about possible candidates and coalitions with any degree of certainty. However, some things are apparent.

Unlike, the 2018 national elections, SDA leader Bakir Izetbegovic can run for the Bosniak representative on the State Presidency (in 2018, Izetbegovic had served two consecutive terms on the Presidency, hence was not eligible to run for a third consecutive term). The question remains whether Izetbegovic will choose to run or not. There is nothing to suggest that Izetbegovic would not like to hold the Bosniak seat on the State Presidency. Importantly, his ambitious and influential wife, Sebjica Izetbegovic, is also reported to be pushing him to run. At the same time, Izetbegovic could be faced with one or more strong challengers for the Bosniak seat on the State Presidency, with a real possibility of losing. Given his own risk-aversion, Izetbegovic may opt not to run for the Presidency unless the odds are stacked in favour of his victory.

When it comes to the Bosnian Croat member of the Presidency, Dragan Covic seems likely to run at this point, though he has maintained a degree of ambiguity on whether he will indeed do so or not. The key question in the race for the Bosnian Croat representative is whether incumbent Zeljko Komsic would also choose to run or not. There are unofficial reports that US diplomats have leaned on Komsic to refrain from running, in an effort to defuse Bosnia's political crisis and in order to prevent a situation where the nominally Bosnian Croat representative on the Presidency is elected with Bosniak votes, as in Komsic's case. It is not clear that Komsic will comply with such pressure however, nor is it clear that the US has the ability to lean on Komsic hard enough to force him to comply. In any case, in the event of a Komsic-Covic contest, it seems likely that Komsic would once again be elected with Bosniak votes, replicating Bosnia's institutional crisis of the last four years.

There is also uncertainty as to who could run for the Bosnian Serb representative on the Bosnian Presidency. Until recently, it was thought that current Bosnian Serb member of the Presidency Milorad Dodik was keen to return to politics at the RS level, by running for the RS Presidency once again. However, there are signs that his thinking may have shifted and that he could run for the State Presidency once again. Who would be his challenger remains unclear, but Dodik would likely be the favourite to win in such a race.

When it comes to pre-election coalitions, it is still too early to make any kind of realistic predictions. Yet perhaps a more important point is that – fundamentally – there seems little likelihood that the national elections scheduled for October 2022 will bring about any kind of change. Indeed, the most likely outcome is that the elections will simply leave Bosnia exactly where it was before in terms of institutional crisis and paralysis. US and European diplomats have shown signs of re-engaging with Bosnia's stalled domestic politics and reform processes, particularly in light of Russia's invasion of Ukraine and fears that Moscow could try to cause instability in the Balkans, primarily through Bosnia. The fact that US diplomats are reported to be leaning on Komsic not to run in the elections is a good suggestion in and of itself of the international community's re-engagement. Nor is there any expectation here either that the elections could solve any of Bosnia's problems. Rather, US and European diplomats are reported to be planning to pick up with electoral reform efforts where they left off before the calling of elections.

In the meantime, one crucial element of uncertainty remain Bosnian Serb leader Milorad Dodik's plans regarding his efforts to seize back competences from the central State level and transfer them to the RS entity level. During the second half of 2021, Dodik had fired up Bosnia's domestic political crisis with plans to seize back competences – in ways that were for the most part not legal – in what would have amounted to institutionally resetting the Bosnian state back to 1996 – the immediate post-war period. This had considerably elevated the risk of domestic conflict in Bosnia and caused panic within the international community. Heavy US pressure had forced Dodik to delay most of his plans, at least for the time being. However, they have – at best – been put on hold, rather than buried. Indeed, they could be re-activated at any point, particularly if the election campaign – and the re-election efforts of Dodik and his Alliance of

Independent Social Democrats (SNSD) – should necessitate this. Bosnia is thus far from being out of the woods on this front either.

OPPOSITION ACTIVITIES

The formal calling of elections by CIK at the beginning of May will insert a dose of liveliness into opposition activities, which have, over the last six months, for good measure been eclipsed by the wrangling over election reforms and crisis generated.

Within the Federation, the main question is which coalitions will be formed within the Bosniak block of political parties and the group of parties nominally positioning themselves as pan-Bosnian, civic and/or liberal – such as the Social Democratic Party (SDP) or Our Party (NS). Given that their electorate overlaps for good measure and that they will likely be forming coalitions with each other, it makes sense to consider them together. At present, the biggest – and most important – unknown is whether these parties will seek to form one broad anti-SDA block or not. There are suggestions that NS is keen to run together with the Bosniak nationalist People and Justice Party (NiP) of Elmedin Konakovic. However, it remains unclear whether the SDP would be willing to join this block. Some analysts believe that the SDP might choose to run on its own, while others believe that it might even form some kind of coalition with the SDA. For the opposition, key to defeating the SDA would be fielding a joint candidate to run against whomever the SDA puts up for the Bosnian State Presidency.

Meanwhile, the RS opposition remains as divided as ever. As in the Federation entity, the key to defeating the ruling SNSD would be fielding joint candidates for the RS Presidency and the Bosnian Serb member of the Bosnian State Presidency, along with some kind of coalition agreement in the RS Parliamentary elections – which does not necessarily preclude multiple opposition lists. At present, the opposition in RS is showing only limited signs of unity. The Party of Democratic Progress (PDP) has put forward Jelena Trivic as its candidate for RS President. The other main opposition parties have backed her, in return for the Serbian Democratic Party (SDS) putting nominating the oppositon's candidate for the State Presidency. While some basic level of opposition cooperation is likely, it remains to be seen what level of coordination and unity the opposition can achieve. Without this, it is hard to see it unseating Dodik and the SNSD.

REGIONAL RELATIONS

Bosnia's relations with its neighbours remained largely calm, as the country remained focused inwards on its own political crisis. Only Croatian President Zoran Milanovic caused periodic ripples in relations with his pronouncements on defending the interests of Bosnian Croats. At one point, Milanovic suggested that he could veto future NATO enlargement – primarily relating to Sweden and Finland – unless the question of electoral reform in Bosnia was resolved so as to ensure legitimate representation for Bosnian Croats.

SECURITY

The security situation in Bosnia remains calm and uneventful for the time being, yet with a heightened sense of tensions relating to the war in Ukraine.

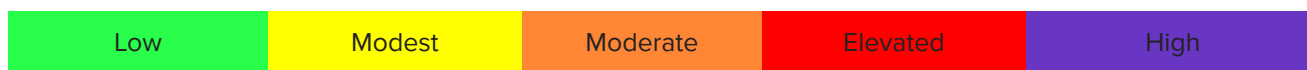
LOOKING FORWARD

- **Holding of elections:** While the date for national elections had been set – October 3rd – and the Bosnian Croat block of parties gathered around the HDZ – which had threatened to boycott the elections – has announced that it will take part after all, despite the failure to adopt electoral reforms, the organization of elections will still not be a smooth ride. Funds for the organization of elections have yet to be transferred to the CIK, which is refusing to begin organizational preparations until this is done. There remains a very real possibility that the date for holding elections could be delayed further.
- **Election coalitions and candidates:** with elections now coming into view, it will be important to follow how different – ruling and opposition – parties will position themselves, particularly when it comes to forming pre-election coalitions and fielding joint candidates for key positions. Political competition remains most lively among Bosnian Serb and Bosniak parties, but the decision of Zeljko Komsic whether to run for the Bosnian Croat seat on the State Presidency will be key to determining the outcome of the race for ‘Bosnian Croat’ seats.

Kosovo

An unusually high degree of political stability continues to prevail in Kosovo, with the Government of Prime Minister Albin Kurti enjoying a solid majority in Parliament. With no elections on the horizon, Kurti’s government faces few immediate challenges to its dominance. On the domestic front, its biggest challenge continues to be popular expectations – ordinary Kosovars voted for Kurti’s Vetevendosje (VV) in droves in the February 2021 Parliamentary elections with high hopes that a change of ruling elite would bring better governance and living standards. Clearly, there is no quick fix on this front, hence for Kurti the challenge remains retaining popular support in the face of over-inflated expectations. This is even more the case in the face of rising prices and growing socio-economic discontent in Kosovo. Meanwhile, on the external front, Kurti faces the challenge of handling negotiations with Serbia, where he remains loath to make any kind of substantial compromises.

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

Political life in Kosovo continues to be characterised by an unusually high degree of domestic political calm and stability, thanks to the strong vote in favour of giving VV a mandate to govern Kosovo in the February 2021 Parliamentary elections. The current government of Prime Minister Albin Kurti enjoys close to an absolute majority in Parliament, with minority parties making up the difference in seats. To date, the governing majority has not had any notable difficulty passing legislation. Only on some rare occasions have opposition parties been able to temporarily block the work of Parliament by walking out of sessions and thus depriving Parliament of a quorum amidst the absence of VV MPs.

Amidst low incomes and growing inflation, many ordinary Kosovars are feeling pressure on their standard of living. In an effort to cushion these growing socio-economic pressures, in April the Kurti Government decided to make a one-off payment of 100 euros to all pensioners, students and workers (public and private sector). The measure is expected to cost around 100 million euros. There was also a one-off increase in social assistance during April. A law intended to increase the minimum wage in Kosovo from 170 euros a month to 250 euros a month is also winding its way through Parliamentary procedure.

While such measures will help ordinary citizens, they will only be a modest cushion against the pressure on living standards in Kosovo at best. Yet Kosovo's public finances have very limited space to roll out any bigger assistance in the event that prices continue to rise, as seems likely. Another challenge on the horizon for Kurti's government will be handling negotiations with public sector workers unions. Legal amendments relating to public sector salaries and pay grades are also in the process of being negotiated and formulated. Teachers unions have organized one hour strikes recently, as a warning to the government, in an effort to secure bigger wage increases. Handling these negotiations will be a challenge for the Kurti government over the next few months.

When it comes to judicial reforms, the Kurti Government continues with plans to set up a system for vetting judges and prosecutors, similar to that put in place in Albania, with the goal of weeding out judicial officials suspected of ties to organized crime or involvement with corruption. However, there has been no significant progress on this front. The EU has, to date, been highly reserved about the proposals on the table, fearing that ‘capture’ of the judiciary by the formerly ruling parties will merely be replaced with ‘capture’ of the judiciary by VV.

At the beginning of April, Kosovo’s Prosecutorial Council appointed Blerim Isufaj as Kosovo’s new Chief Prosecutor. Yet the process of his selection was strongly criticised by both the EU and civil society organizations in Kosovo. The ruling Vetevendosje also seems reserved about his appointment. Before formally becoming the next Chief Prosecutor, Isufaj’s appointment must be decreed by President Vjosa Osmani. So far, Osmani has held off from promulgating the necessary decree and it remains to be seen whether she will approve Isufaj’s appointment or not. At present, signs are that she may not do so, given that the ruling coalition is not in support of his appointment. This could open the door to a more transparent process of selecting a new Chief Prosecutor.

Negotiations between Belgrade and Pristina on normalising relations remain stuck. A deadline to find a solution to the problem of mutual (non-)recognition of each other’s licence plates came and went at the beginning of April, but no deal was struck. This was hardly an encouraging sign, given that the issue is hardly complex to solve and primarily requires a minimum of good will from both sides. Unfortunately, good will is precisely what is lacking in the negotiations between Kosovo and Serbia. Both Kosovo Prime Minister Albin Kurti and Serbian President Aleksandar Vucic – the two main protagonists in the negotiations – are under strong international pressure to make progress in talks and both pay lip service to wanting to normalise relations. Yet in reality, neither Vucic nor Kurti seem to have any interest in actually striking compromises or normalising relations in any substantive way. In this sense, they are perfect partners for each other, if not the EU, which has positioned itself as the chief mediator in these negotiations.

On May 4th, Vucic and Kurti unexpectedly met in Berlin, at a dinner meeting mediated by the EU's Special Representative Miroslav Lajcak and seemingly organized through German efforts. The meeting was organized discretely and there were few statements regarding what was discussed or potentially agreed. However, there are some signs that the meeting helped to relax tensions between Belgrade and Pristina and that a deal on licence plates could be clinched in the near future. Yet any more substantive progress in negotiations does not seem to be on the cards, barring any major surprises.

Meanwhile, on May 12th Kosovo decided to submit an application for Council of Europe membership. The move came on the heels of Russia's decision to quit the pan-European body in mid-March, in order to pre-empt efforts to expel it from the organization in light of its invasion of Ukraine. This turn of events seems to have removed a significant obstacle to Kosovo's accession to the organization. Yet while Kosovo's chances of joining the Council of Europe have never been better, the process will not be quick. Moreover, for Kosovo it could prove a double-edged sword. While it would be a boost for Kosovo's attempts to assert its statehood internationally, it will open the door to cases being lodged before the European Court of Human Rights. Given its problematic track record when it comes to human rights, Kosovo could face the burden of significant cases – and rulings against it – before the Court, which would pose both reputational and financial costs.

For its part, Serbia reacted angrily to Kosovo's bid to join the Council of Europe. Serbian officials claimed that this was a violation of the 2020 Washington Agreement brokered by the Trump Administration, which envisaged that Kosovo would suspend efforts to join international organizations for a year, while Serbia would suspend its campaign of de-recognition of Kosovo's independence. While the one-year time limit has lapsed, there is the risk that Serbia could respond by resuming its 'de-recognition' campaign. Put together, this could set off a negative spiral of events that could further undermine efforts at normalising relations between Kosovo and Serbia.

OPPOSITION ACTIVITIES

Kosovo's opposition parties have continued with their efforts to exploit the Kurti Government's handling of the energy crisis of December last year. As part of these efforts, opposition parties demanded the establishment of a Parliamentary commission of enquiry to look into the Government's handling of the crisis. Initially, the VV ruling majority responded by proposing that the commission of enquiry should investigate all dealings in Kosovo's energy sector since 2006, a dig at the currently opposition but formerly ruling parties.

After several weeks of wrangling, during which the opposition sought to disrupt the work of Parliament by denying it the quorum needed to conduct sessions, a compromise was struck. As part of this, two commission of enquiry will be set up – one to investigate the handling of the December 2021 energy crisis by the Kurti government, the other to investigate any abuses in Kosovo's energy system since 2006.

Separately, the Democratic Party of Kosovo (PDK) has announced a plan to form a 'shadow cabinet', echoing the British model where the main opposition party maintains a shadow cabinet. The PDK did something similar in 2006, when its shadow cabinet proved remarkably vocal and managed to secure a remarkable degree of public attention. It remains to be seen whether the PDK can replicate this.

REGIONAL RELATIONS

Aside from traditionally frosty relations with Serbia, there were few remarkable developments in Kosovo's relations with other neighbours. A 'cold war' of sorts continues between Kosovo's Prime Minister Albin Kurti and his Albanian counterpart Edi Rama, with Rama taking occasional swipes at Kurti over Kosovo's absence from the regional Open Balkans initiative. Yet by and large, there have not been any major flare-ups in what is a tense personal relationship.

In recent weeks, Kurti and Kosovo's Foreign Minister Donika Gervalla have both voiced hopes that Kosovo's border demarcation agreement with Montenegro could be revised. However, the Montenegrin side yet again made it clear that, for Podgorica, this chapter in mutual relations has been closed and will not be reopened.

SECURITY

The security situation in Kosovo remains broadly calm. Fears – never particularly realistic – that the war in Ukraine could spark instability in Kosovo have not materialised.

A worrying development were several armed attacks on Kosovo police units in north Kosovo, along the border with Serbia. While there were some efforts by officials in Pristina to blame official Belgrade and parallel Serbian structures for these incidents, in reality they have most likely been staged by smugglers angered by Kosovo police's efforts to disrupt smuggling routes which run between Kosovo and Serbia via the Serb-dominated north of Kosovo. Smuggling operations in the area are one of the few well-functioning and organic multi-ethnic projects in Kosovo.

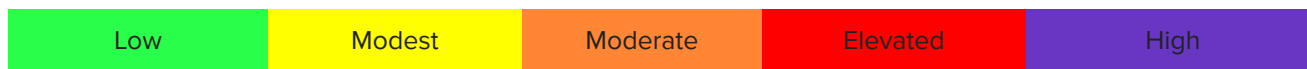
LOOKING FORWARD

- **Socio-economic problems:** As standards of living in Kosovo continue to be squeezed by rising prices – particularly when it comes to energy and food – pent up socio-economic tensions remain a key component to keep an eye on in Kosovo. Already low incomes are further being eroded by inflation, while the Kosovo Government’s room to respond and cushion the blow through cash handouts or wage increases is very limited.
- **Council of Europe bid:** While Kosovo has opted to submit an application to join the Council of Europe, it remains to be seen how long the process will last and whether it will be successful. Currently, Kosovo’s chances of securing membership seem good, but the application has the potential to rock the boat of already frosty relations with Serbia.
- **Negotiations with Serbia:** EU-mediated talks on normalising relations between Belgrade and Pristina are not making much progress, yet there is substantial international pressure on both sides to move the process forward. Given the lack of enthusiasm for improving relations on both sides – primarily due to compromises both sides would need to make - the dialogue remains as much a source of tensions as a way to reduce tensions.

North Macedonia

The political environment in North Macedonia remains stable, but somewhat tense. The SDSM-led Government of Prime Minister Dimitar Kovacevski seems to be on the defensive, while the opposition VMRO-DPMNE is piling pressure on it and demanding early Parliamentary elections, sensing that a return to power is within grasp. So far, Kovacevski and the SDSM have rejected such demands, leading to threats by the VMRO-DPMNE that it will block the work of Parliament and possibly even organize street protests. When it comes to the ongoing bilateral dispute between Bulgaria and North Macedonia, hopes of a quick resolution have receded somewhat, though a deal to remove the Bulgarian veto on North Macedonia's EU accession negotiations remains possible. On balance, the Kovacevski Government is not in danger of collapse any time soon, but is unlikely to last out its full term to 2024.

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



GOVERNMENT STABILITY

The Government of Prime Minister Dimitar Kovacevski, elected on January 16th, remains broadly stable, but with an air of fragility surrounding it. In the current Parliament, it enjoys the support of 64 out of 120 MPs. While this majority is narrow, previous Macedonian governments have functioned well with smaller majorities. Nevertheless, few expect the current government to last out its full term to 2024 and there are fears about its stability. In part, this is because the ruling SDSM has not recovered its political balance following the blow dealt to it in the local elections held in the autumn of last year and the resignation of Zoran Zaev as party leader and Prime Minister, which at one point threatened to unravel the ruling coalition. At the same time, the opposition VMRO-DPMNE, buoyed by the local election results, feels that the moment of its return to power is fast approaching. Thus, while the SDSM is on the back foot, the VMRO-DPMNE is on the offensive. Meanwhile, the ruling coalition's cause is not being helped by the relative inexperience and lack of authority of its new leader, Prime Minister Kovacevski.

That the Kovacevski Government is staying afloat and surviving can be considered a success of sorts. Yet, in the more medium term, part of the SDSM's problem is that the party seems to have little in the way of a plan for what to do in government beyond staying afloat. Its EU accession agenda is currently stalled, held up by the ongoing dispute with Bulgarian over Macedonian identity. Following the election of a new Bulgarian Government under Prime Minister Kiril Petkov in December 2021, there were hopes – and indeed strong signals – that Petkov's Government was looking for a quick resolution of the ongoing dispute between Skopje and Sofia and was – crucially – open to a reasonable compromise.

While there is still credible hope for such an outcome, a degree of pessimism is nevertheless beginning to set in about the prospects for a quick resolution to the Bulgarian-Macedonian dispute. On April 14th, Bulgarian PM Petkov attended the opening of a Bulgarian cultural club in the Macedonian town of Bitola, along with a colourful delegation from Bulgaria. While the Bulgarian officials attended the opening in an unofficial capacity, what caused consternation in North Macedonia was the fact that the club is named after Ivan Mihailov, a Bulgarian nationalist

and Nazi collaborator known for denying the existence of a distinct Macedonian nation. Historians, as well as much of the public in North Macedonia accurately assessed the move as nothing short of a deliberate provocation by the Bulgarian side.

Petkov's attendance at the event was seen as a bad omen for any resolution of the Bulgarian – Macedonian dispute centred around the question of whether the present Macedonian identity is distinct from that of Bulgarians in origin or not. Indeed, it seems at odds with the idea of building better, more tolerant and respectful relations between the two countries. At the same time, some observers in North Macedonia speculate – and hope – that Petkov's attendance at the event was merely intended to build his own credentials with more national(ist) circles in Bulgaria, in order to make it easier for him to later deliver on any compromise with North Macedonia.

At present, it remains hard to make any kind of informed prediction about the outcome of the dispute between Skopje and Sofia. However, patience on the Macedonian side is wearing thin. At the beginning of May, Macedonian Foreign Minister Bujar Osmani made comments suggesting that, if no resolution was reached with Sofia by June, there would be little energy left in Skopje to engage in further negotiations. The words – interpreted as some kind of ultimatum – were not received well in Sofia, though Osmani later clarified that his intention was not to deliver ultimatums, but merely state reality.

Even in the most optimistic scenario – where the dispute between Skopje and Sofia is laid to rest and Bulgaria removes its veto on North Macedonia's EU accession path – it is far from clear that the opening of accession negotiations would deliver much of a boost for the SDSM among voters. Indeed, the ruling party has invested heavily in foreign policy successes, but failed to deliver on the – much more crucial – expectations of voters on the domestic front, primarily relating to improving incomes and living standards and reducing corruption. Nor does it seem clear that the Kovacevski Government has any better ideas for how to deliver on these priorities than its predecessor, the Zaev Government.

Internally, the ruling coalition is showing some modest signs of disagreement. Several small parties – such as the Democratic Alliance and Liberal Democrats – which ran on the SDSM's election list are demanding changes to the electoral system. Currently, North Macedonia is divided into six electoral districts electing multiple MPs, which favours the country's bigger political parties. The SDSM's smaller coalition partners are demanding that the entire country should be turned into a single electoral district, which would make it easier for smaller parties and coalitions to enter Parliament independently.

In an effort to peel these small parties away from the ruling majority, the VMRO-DPMNE has pledged support for such a plan, leaving the SDSM with little choice but to agree to the changes in order to preserve its majority. While a bill is winding its way through Parliament which could yet enact such changes, it risks getting bogged down as the main opposition party, the VMRO-DPMNE, threatens to obstruct the work of Parliament.

In principle, it seems unlikely that parties such as the Democratic Alliance or Liberal Democrats would withdraw their support for the Kovacevski Government. However, unless the changes to the electoral system are made quickly, tensions within the ruling coalition will fester and build.

OPPOSITION ACTIVITIES

While the ruling SDSM may be on the back foot, with popular support for the party in steady decline, the same cannot be said for the main opposition party, the VMRO-DPMNE. After its relative success in the 2021 local elections, the VMRO-DPMNE has a spring in its step and believes that a return to power is within reach. In line with this, it is trying harder than ever to destabilise the ruling majority, in the hope that if it rocks the boat of the ruling coalition hard enough, it might just capsize it.

The VMRO-DPMNE has been demanding early Parliamentary elections, on and off, almost since the last elections were held. However, buoyed by the local election results, it has stepped up these demands and accompanying pressure on the ruling coalition. In line with this, at the beginning of May the VMRO-DPMNE began what it described as an ‘active blockade’ of Parliament. Quite how this will look in practice remains to be seen, but it seems that the opposition party plans to use all procedural means possible to block the work of Parliament on all issues other than those it deems vital for North Macedonia.

In doing so, the VMRO-DPMNE hopes to leave the ruling SDSM with no option but to call early elections. The opposition party has also threatened to organize street protests, though this threat has been many times and come to nothing.

It is unclear whether the SDSM will be able to find a way to bypass the VMRO-DPMNE’s blocking tactics. Yet at the same time, the VMRO-DPMNE’s strategy seems unlikely to topple the ruling coalition either. In all likelihood, the next few months will be marked by legislative paralysis. An intensification of VMRO-DPMNE activity and pressure can be expected in the autumn months.

REGIONAL RELATIONS

North Macedonia's relations with its neighbours have been calm, with the exception of relations with Bulgaria.

It remains to be seen whether – in the event of failure to remove the Bulgarian veto on North Macedonia's EU accession negotiations – Albania will successfully push to have its own EU path 'decoupled' from that of North Macedonia. If Tirana is successful in this endeavour, this, on its own, will not sour relations between North Macedonia and Albania. However, it will create a greater sense of isolation within the region for North Macedonia.

SECURITY

The security situation remained calm and uneventful in North Macedonia during the previous period. On May 12th, North Macedonia became one of the staging grounds for major NATO military exercises under the name 'Swift Response 22'. Soldiers from a number of NATO member states – including Albania, France, Greece, Italy, Montenegro, Spain, the UK, US, and host North Macedonia – took part.

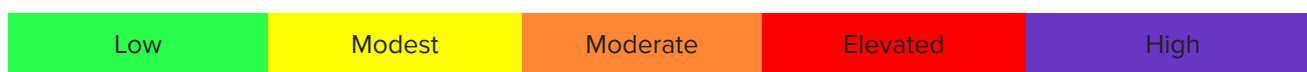
LOOKING FORWARD

- **Government stability:** The new Kovacevski Government, voted into office in early January, enjoys a stable – if minimal – majority. Yet it also faces most of the same problems as its predecessor, along with growing socio-economic difficulties in the country. While a collapse of the ruling coalition is not on the cards in the short term, the odds of the government lasting its full term seem slim.
- **Bulgaria and EU accession:** While there are still strong hopes that Sofia and Skopje could find a way to resolve their bilateral dispute and unblock North Macedonia's EU accession path in the coming month or two, such hopes are tapering. End of June will be a make or break moment for any deal. While this would be a welcome boost for the Macedonian Government however, it would be far from a fix to all its problems.
- **Opposition blockade of Parliament:** the main opposition VMRO-DPMNE is trying to block the work of Parliament in an effort to force the ruling SDSM into conceding early elections. The next month or two will be telling in terms of how much success the VMRO-DPMNE will have and whether the Kovacevski Government's legislative agenda will grind to a halt.

Montenegro

Following the vote of no confidence in the Government of former Prime Minister Zdravko Krivokapic at the beginning of February, a new – minority – Government led by Prime Minister Dritan Abazovic was elected on April 28th. With this act, one chapter in Montenegro’s post-Communist history closed and a new one began. It remains to be seen, however, whether the new Abazovic Government will be any more stable or efficient than the previous Krivokapic Government, which to all extents and purposes also functioned much like a minority government. Whereas the Krivokapic Government was subject to the whims of the Democratic Front (DF) which acted as an ‘internal opposition’ within the former ruling coalition, the Abazovic Government will be subject to the whims of the formerly ruling Democratic Party of Socialists (DPS) of President Milo Djukanovic. While Abazovic and his United Reform Action (URA) have pushed hard against the idea that they have returned the DPS to power, it is clear that the new government is very much dependent on the DPS and that the DPS intends to use this leverage.

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

A new government led by Prime Minister Dritan Abazovic was elected to office on April 28th this year. The new Government is made up of civic-minded URA, the pro-Serb Socialist People's Party (SNP), pro-Montenegrin Social Democratic Party (SDP) and ethnic minority representatives. Together these parties have 16 MPs in the 81 seat Montenegrin Parliament. Consequently, the Abazovic Cabinet is a minority government, which relies on the support of the formerly ruling DPS and its 29 MPs for a functioning majority.

How stable the new Abazovic Government will be is hard to gauge with accuracy at this point. URA and the SNP were part of the same coalition since December 2020, hence are hardly strangers to each other. On the other hand, the SNP on the one hand and SDP and DPS on the other are ideological polar opposites. Plenty of feuding and kicking under the proverbial table can be expected. Yet a much bigger problem for the Abazovic Government will be its dependence on the support of the DPS. Abazovic and URA, as well as the SNP, have been at pains to argue that the minority government has not returned the DPS to power. Yet in reality, the DPS is back in power with at least one foot, as the Abazovic Government cannot function without its support and approval.

The question remains to what extent the DPS will exercise its leverage over the new government. During the term of the Krivokapic Government, the Democratic Front, excluded from posts in what was to all extents and purposes also a minority arrangement, did its best to block its own government's agenda. The DPS is unlikely to be quite as obstructionist in relation to the Abazovic Government as the DF was in relation to the Krivokapic Government. However, it will be sure to keep the new minority Government on a short leash and remind it periodically of whose support it is dependent on.

It also remains to be seen how much more effective the Abazovic Government will be when it comes to implementing much needed reforms to the political system, governance and the rule of law. Its predecessor was constrained largely because of internal obstruction by the DF within the ruling coalition. The Abazovic Government will likely find many – though not all – of its own reform efforts constrained by the DPS. Some token gestures can be expected when it comes to

prosecuting corruption and organized crime, similar to the recent arrest of Vesna Medenica, the former Head of Montenegro's Supreme Court. However, it is hard to imagine the DPS sitting idly by while its members are investigated and prosecuted for corruption or links to organized crime relating to their previous stint in power.

At its inception, it was agreed that the new Abazovic Government will have a one-year mandate. This should be used to prepare state institutions for the holding of Parliamentary and Presidential elections next spring. However, for the time being, the Abazovic Cabinet's term is set to come to a close around then. While the DPS has hinted that it is open to turning the minority government into a majority government in which the DPS would also have its own ministers, this seems implausible at this point.

On balance, we expect that the Abazovic Government will enjoy an initial 'honeymoon' period of stability until the late autumn or early winter. Consequently, we have decided to upgrade the government instability trajectory from elevated to moderate in the one- and six- month outlook. However, beyond that, we are retaining it at an elevated level in the 12-month outlook, chiefly because we expect early Parliamentary elections to be timed alongside Presidential elections in spring 2023. In line with this, we expect the DPS in particular, but also perhaps some of the smaller parties in the Government, such as the SDP and SNP, to begin rocking the boat of the government from November or December, as they position themselves for elections. Some analysts believe that, in the medium to long term, the DPS' goal is to undermine URA and push it below the threshold for entering Parliament at the next elections.

In terms of the division of ministerial posts, aside from the post of Prime Minister, URA has also secured four other ministries. Its vice-president, Jovana Marovic, is one of the Deputy Prime Ministers and Minister for European Affairs. URA will also retain control of the Ministry of Interior, which will be headed by Filip Adzic, one of Abazovic's loyal if not particularly competent followers within the party. Economic Development and Tourism, along with Ecology, Urbanism and Spatial Planning will also go to URA appointees.

Meanwhile, the SNP will have six ministries in total. Its leader, Vladimir Jokovic, will also be one of the Deputy Prime Ministers and Minister of Agriculture. It is thought that Jokovic was interested in this portfolio as a vehicle for expending patronage in more rural areas of northern

Montenegro where his party has a base of support. The party will also get the ministries of education, health and finance, which will also give it considerable control of resources, patronage and public sector employment, in what will be an effort to expand its base of support ahead of future elections. Finally, the party will also control the ministries of Justice and Sport.

The SDP has been given the ministries of Defence and Foreign Affairs, while the representatives of ethnic minority parties will control the ministries of Capital Investments, Public Administration, Labour and Human Rights. In an interesting twist, the Croatian Civic Initiative has also been given a minister without portfolio, despite not being in the current Parliament. A number of observers have noted wryly that most of the parties in the current government have more ministers than MPs.

Most observers seem sceptical that the new Government will be able to achieve anything significant in terms of reforms. One of the key tasks ahead will be electing new members of the Constitutional Court, which already has a number of unfilled posts and barely functions. Moreover, in September one of its judges is due to retire, after which the Court will lack a quorum to decide on any issues. Another achievement that can realistically be expected is the election of a new Supreme State Prosecutor. Some token arrests relating to organized crime and corruption can also be expected, in order to secure more positive assessments in the next EU Progress report.

One of the first decisions of the new ruling majority was to vote through changes to the law on local government which would allow for a number of already scheduled local election contests to be deferred until October 23rd. The legal changes were adopted on May 5th, but on May 6th President Milo Djukanovic sent them back to Parliament over concerns regarding their constitutionality, particularly given the fact that already scheduled local elections were being deferred. However, the new ruling majority voted them through on May 9th for a second time, after which they came into force.

Many legal experts and political observers believe that the deferral of the elections is unconstitutional. Yet the move suits most of the parties backing the new government. URA and the SNP wish to benefit from the possibility to disburse patronage that the new division of ministerial posts will give them; the two parties are also concerned that, were elections to be

held now, many voters would punish them for – effectively – returning the DPS to power. For its part, the DPS is also keen to shore up its own support base by ensuring that public funds are diverted towards municipalities which they still control. Several challenges to the deferral of local elections have been lodged with the Constitutional Court, yet it remains to be seen whether it will hand down any quick ruling or choose to sit on the case until after the elections.

Finally, having come back from the cold of opposition, the DPS also has a new spring in its step. While the party does not have any ministers in the new government, it has received promises that its own people will be installed in mid-level positions of the state apparatus. At the same time, Djukanovic has avoided ceding the party leadership to anyone else, an idea previously mooted as a precondition for forming a government with DPS backing.

OPPOSITION ACTIVITIES

Following the election of the Abazovic Government, there has been a 'role reversal' in the Montenegrin Parliament, with the DF and Democratic Montenegro shifting into opposition. However, the two groupings have taken very different stances towards the new Abazovic Government.

Both are opposed to the new government and have criticised their former coalition partner – URA – for what they describe as bringing the DPS back into power and – in their view – in doing so betraying the will of the people as expressed in the August 2020 Parliamentary elections. Yet the DF, while critical of the new Government, has been very restrained in its criticism. Given that the party is not known for political moderation, many observers believe that the DF has reached some kind of deal with Abazovic, whereby the DF will not oppose the election of the minority government too vociferously, in return for the new Government allowing many of its appointees from the last year to remain in their posts. Serbian President Aleksandar Vucic is also thought to have had a moderating influence on the DF. Finally, the DF also appears to calculate that early elections now would not be in its interests. By pushing elections a year into the future, the DF hopes that its rival for ethnic Serb votes in Montenegro – a new party in the making gathered around former PM Zdravko Krivokapic and two of his former ministers, Milojko Spajic and Jakov Milatovic - will be marginalised and all but forgotten.

On the other hand, the Democrats have taken a much more firm stance in opposition to the new minority government. The party expects its appointees to be purged from posts within the state apparatus with the election of the new government. Its anger will be particularly focused on the SNP, given that Democratic Montenegro emerged as a party in 2015 having split away from the SNP. Consequently, the SNP and Democrats still vie for many of the same voters.

REGIONAL RELATIONS

Relations with Montenegro's neighbours have been largely quiet and uneventful, including with Serbia, which conspicuously missed an opportunity to criticize the newly appointed Abazovic Government, both officially and unofficially through media under the control of the ruling party.

SECURITY

The security situation in Montenegro remained calm and uneventful.

LOOKING FORWARD

- **Functioning of the new Government:** given that the Abazovic government is not only ideologically heterogenous, but also a minority government, it remains to be seen over the coming months how stable it will prove. For any parties within the current ruling majority wishing to rock its boat, there will be no shortage of potential pressure points.
- **Local elections:** a string of local election races have now been rescheduled for October 23rd. It remains to be seen how the country's Constitutional Court will react to challenges to the constitutionality of the legal changes which paved the way for elections to be deferred. However, if the Court drags its feet as seems likely, unofficial election campaigning ahead of these races will begin over the summer and gain in intensity during September and October. The local elections will be a major opportunity to test the popular support of both the ruling and opposition parties and could, as such, impact the longevity of the current minority government.
- **Judicial appointments:** One of the pressing priorities of the new Government and Parliamentary majority will be appointing judges to the country's Constitutional Court. Without this, the Court will no longer have a basic quorum for handing down rulings as of September. Also crucial for any kind of efforts to improve the rule of law and strengthen the judiciary will be the election of a new Supreme Prosecutor.

Serbia

Serbia’s three-in-one Presidential, Parliamentary and Belgrade City elections passed with few surprises. Serbian Progressive Party (SNS) leader and Serbian President Aleksandar Vucic was elected for a second term with a strong majority in the first round of elections. The SNS also won the Parliamentary elections, albeit losing its absolute majority for the first time since 2014. Meanwhile, in Belgrade, the SNS fared rather poorly – relative to previous performances – but is still on course to retain power. The final results of the Parliamentary elections are yet to be certified, due to repeated voting at several polling stations. Vucic seems in no rush to form the next government, a process which will likely be dragged out until the summer. In part, the delay in forming a new government is likely a ploy to justify delays in aligning with EU sanctions on Russia.

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

On April 3rd, Presidential and Parliamentary elections were held in Serbia, along with local elections in the City of Belgrade and a handful of other local municipalities. Overall, the elections passed in a calm and orderly manner. Yet, as over the last few years, they were a sorry reflection on the state of Serbian democracy. Irregularities – small and large – were visible at a significant number of polling stations, with evidence of vote buying and collective voting, as well as occasional tampering with the vote count. However, much of what undermines the freedom and fairness of Serbian elections – voter intimidation and various forms of pressure on voters, lack of media freedom, abuse of state and administrative resources – happened well before polling day, making the lack of free and fair conditions for holding elections less glaringly obvious. Amidst a higher than usual turnout – at 58.6% the highest since 2008 – long queues formed in the afternoon and evening hours at many polling stations, particularly in Belgrade, forcing many to abandon their attempt to cast their ballot.

In the Presidential race, incumbent Aleksandar Vucic secured an unprecedented first-round majority of votes, winning 58.6% of the votes cast. The result was an improvement on his already strong performance in the 2017 presidential race, when Vucic won 55.1% of the votes cast. The result was nothing short of Vucic's own personal goal of winning in the first round of the elections, thus not only asserting his supremacy, but also avoiding any risk of a second round of voting where those opposed to him could coalesce around a single candidate.

Vucic's performance is no doubt a reflection of his strong personal popularity among Serbian voters. However, Vucic also benefitted from several other factors. To begin with, he had the support of the SNS' junior partner in government, the Socialist Party of Serbia (SPS), which did not field its own candidate and gave its endorsement to Vucic. Even more importantly perhaps, at a time of global geopolitical and economic upheaval, Serbian voters very clearly more interested in voting for a known quantity than experimenting with change.

While Vucic's performance was an undoubted success, the same cannot quite be said for his SNS. To be sure, the party emerged victorious in the elections, winning 43% of the votes cast, more than three times the result of United for Serbia, the main opposition runner up. Yet this was not a negligible drop from the 48.3% that the party won in the 2016 Parliamentary elections. Moreover, for the first time since 2014, the SNS lost its absolute majority of seats in the Serbian Parliament – the party will now have 120 seats in the 250 seat Parliament.

The loss of some 200,000 votes compared to the 2016 Parliamentary elections is a sign that some voters have begun to drift away from the SNS. While the party's leader remains popular, numerous scandals relating to corruption, organized crime and the abuse of power – particularly at the local level where such things are more visible – are clearly taking their toll.

Nowhere was the loss of support for the SNS more visible than in the City of Belgrade elections. Back in 2018, when the last City elections were held, the SNS won 45% of the votes cast. Back then, the list of Aleksandar Sapic, then the mayor of the New Belgrade municipality, won 9% of votes cast. Subsequently, Sapic formed the Serbian Patriotic Alliance which, after competing in the 2020 Parliamentary elections – which most of the opposition boycotted - merged into the SNS in 2021. Sapic's transfer to the SNS was intended to give the party a major boost in the capital, traditionally a stronghold of the Serbian opposition. There was even speculation over the last year that Sapic could take over the SNS' Belgrade party organization, or even replace Vucic as party leader in the event that he chooses to retire from the party leadership.

In the end, the combined SNS list, led by Sapic, in the Belgrade City elections, won just 38.1% of the votes cast, some 7% less than the SNS' score in 2018 and 16% less than the combined score of the SNS and Sapic in the same elections. In terms of seat numbers, the SNS won 48 seats in the 110 seat City Assembly, 28 seats less than it had in the outgoing City Assembly. That the party fared so poorly in the capital is also a reflection of internal party factionalism and purges. Ever since the beginning of 2021, a slow-burning purge of the once powerful head of the SNS' Belgrade organization Nebojsa Stefanovic – formerly the Minister of Interior and now Minister of Defence – and his supporters has been under way. Yet while this unfolded, Vucic has not found an adequate replacement for Stefanovic at the City level. While support for the SNS has likely

dropped significantly in Belgrade, it seems that the internal disarray within the ruling party in the Serbian capital also contributed to the SNS' poor result.

One surprise 'winner' of these elections appears to have been the SPS, the SNS' junior coalition partner. The party won 11.8% of the votes cast, an increase of 1.4% - while not a huge increase, reversing a steady decline in votes over the last few years was an achievement in itself. In absolute terms, the SPS won some 100,000 votes more than in the 2020 Parliamentary elections and around 30,000 votes more than in the 2016 Parliamentary elections.

Some analysts believe that the SPS may have been the beneficiary of the votes lost by the SNS in these elections. It would appear that President Vucic came to the same conclusion – with no small amount of irritation, Vucic referred on election night to political parties who had made irresponsible and populist promises in the election campaign, which had chimed well with some ordinary voters, but which the SNS, as a responsible party, could not make. This seemed to be a none too finely veiled reference to the SPS, which had taken a clear and hard line against imposing sanctions on Russia in the election campaign, in contrast to the SNS which, while also largely opposed to sanctioning Russia, had taken a more ambiguous stance on the issue, under Western pressure.

Clearly, the SNS will have little trouble forming the next government, yet – as in the past – Vucic seems to be in no rush to move the process forward quickly. In the past, the Serbian President has enjoyed dragging out the post-election government formation process, in part to highlight his own dominance over the political system, but also to keep his subordinates guessing as to who would be given which ministerial portfolio. This time around, Vucic has an additional reason to stall on government formation. Without a new government in place, Vucic will be able to claim that Serbia cannot take major foreign policy decisions, such as aligning with US sanctions on Russia.

At present, there is little credible speculation either over who the SNS will include in the new governing majority, or individual ministerial appointments. There has been speculation that, amidst pressure on Vucic to distance himself and Serbia from Russia and the Kremlin, the SPS might not be included in the new ruling majority, given the party's strong pro-Russian leanings and connections. Yet such analysis seems highly superficial. To begin with, the SPS is hardly a

party known for its ideological and geopolitical steadfastness. On the contrary, it has shown a remarkable adaptability over the decades, with clientelism and clear financial interests trumping all else. In line with this, it would not be hard to imagine the SPS distancing itself from the Kremlin, for the 'right' reasons. Equally, for Vucic, it has always been better to have the SPS inside the ruling 'tent' than outside. This might be the case more than ever should Vucic move in the direction of aligning with EU sanctions on Russia – better to force the SPS to be complicit in this than to have it in opposition, scoring easy points with voters over what would doubtless be an unpopular move with much of the Serbian electorate.

In terms of specific ministerial appointments, there has been relatively little credible speculation in the public domain. Individuals such as Finance Minister Sinisa Mali and Novi Sad Mayor Milos Vucevic have been mooted as possible future Prime Ministers, as has Branislav Nedimovic, one of the current Deputy Prime Ministers and Minister of Agriculture. However, on balance, it seems that Ana Brnabic would still be Vucic's best – and most likely – choice for the job. Assuming that he does not become Prime Minister, Sinisa Mali appears set to remain as Finance Minister – something that he has apparently expressed a preference for. Given the ongoing attempts to purge and weaken Nebojsa Stefanovic, the current Minister of Defence, it will be interesting to watch whether he makes it into the next government and in what capacity. Bratislav Gasic, the current head of the Security-Intelligence Agency (BIA) has been tipped to become the next Minister of Interior, a post formerly occupied by Stefanovic.

Under normal circumstances the question of who will get which posts in the next Serbian government would be the top issue occupying the attention of the Serbian political elite, media and public. Yet in the current geopolitical environment, the 'million dollar question' of Serbian politics is if – and when – Serbia could align with EU sanctions introduced against Russia over its invasion of Ukraine. Vucic has not only been under strong Western pressure to align Serbia on this front, but also appears to have given some kind of commitments to the US and European governments to this effect. Prior to the Serbian elections, speculation was rife that Vucic had cut a deal to impose sanctions on Russia after the elections were out of the way. Yet the prospect of a quick post-election alignment on sanctions seems to have faded. By the end of May or early

June, Serbia will need to complete the renegotiation of a long-term natural gas supply agreement with Gazprom, giving Moscow significant leverage over Belgrade.

The lack of a new government and the need to renegotiate the natural gas supply agreement are all providing Vucic with justifications to play for time when it comes to imposing sanctions on Russia, all the while making promises to Western partners that Serbia will align with the West. It seems that the Serbian President is walking along a geopolitical tight rope buying time while trying to maintain some kind of neutrality for Serbia. If and for how long he will be able to keep up this balancing act remains to be seen. Aside from the fact that imposing sanctions on Russia would be unpopular domestically, Serbia is also dependent on Russia's support in the UN Security Council when it comes to blocking Kosovo's accession to the UN and efforts to block further recognitions of Kosovo's independence.

Ultimately, however, Serbia and Vucic are in no position to resist determined US and EU pressure to align with sanctions on Russia. Serbia's economy is firmly anchored inside the EU, leaving it extremely vulnerable to any disruptions to exports or retreat of EU-based FDI. The extent to which Vucic will be able to keep up his current balancing act in the months to come largely depends on the willingness of the US and major European countries such as Germany to tolerate Serbia's 'neutrality'. If push comes to shove, it is hard to imagine Vucic turning his – and Serbia's – back on the West in favour of Russia.

OPPOSITION ACTIVITIES

After the boycott of the June 2020 Parliamentary elections and an almost two year absence from the Serbian Parliament, opposition parties are back in the country's main representative body.

Ahead of the elections, the United for Serbia grouping - which includes the Party of Freedom and Justice (SSP), People's Party (NS) and Democratic Party (DS) among others – had positioned itself as the main – indeed only 'genuine' opposition block - in Serbian politics. On election day itself, United for Serbia won 14.1% of votes cast, securing 38 seats in the next Parliament. While the block won almost three times more votes than the next ranked opposition grouping, this is still a very modest result for a coalition positioning itself as the standard-bearer of opposition to Vucic and the SNS. It also suggests that this group of parties are very far away from being able to remove the SNS from power. Its presidential candidate, retired army general Zdravko Ponos, won 18.4 % of the votes in the Presidential race against Vucic – significantly better than United for Serbia, but still a modest result.

United for Serbia did somewhat better in the Belgrade City elections, winning 21.3% of votes cast. Yet even this was hardly a remarkable score, given the concentration of opposition supporters in the Serbian capital. The Belgrade City Assembly is the one place where the collective 'opposition' came close to unseating the SNS and SPS from power. Together, the SNS and SPS have a minimal majority – 56 seats in the 110 seat Assembly. After voting was annulled at several polling stations in Belgrade, there were some hopes that repeated voting would push the Social Democratic Party (SDS) – Nova Stranka coalition, which won 2.92% of the votes, over the 3% threshold for entering the City Assembly, thus eliminating the SNS-SPS majority.

Ultimately, however, such a course of events failed to materialise. Even if the effort had been successful and the SDS-Nova Stranka coalition had made it into Parliament, it seems hard to imagine a very heterogenous coalition of nominally opposition parties working together, particularly given that some of them are seen as leaning towards the SNS.

The only real breath of fresh air in these elections was the left-green 'We Must' coalition, which won 4.8% of votes cast in the Parliamentary elections, thus making it into the Serbian Parliament for the first time. The grouping also secured 10.8% of the votes in the Belgrade City Assembly elections. While the party is something (relatively) different on the Serbian political stage, its biggest challenge in the coming period will be breaking out beyond its liberal Belgrade base of support.

Much has been made of the resurgence of the Serbian 'far-right' in these elections, including by President Vucic himself. Three far-right coalitions – NADA, Dveri and Zavetnici (the 'Oathkeepers') - made it into Parliament. Together, the coalitions won 13.3% of votes cast, while far-right parties as a whole won around 15% of all votes cast. Vucic and some international and local analysts have sought to portray this as a reflection of rising pro-Russian sentiments in the country. For Vucic, exaggerating the power of the far-right may make sense as part of an effort to present himself as a moderate and reliable partner to Western governments. In reality, however, far-right parties won hardly any more votes than in the 2016 Parliamentary elections, when they secured 14% of the votes cast. This time around, they made it into the Serbian Parliament in part thanks to the lower electoral threshold and in part thanks to their shrewd pre-election coalitions, which ensured few votes on the far-right were wasted.

REGIONAL RELATIONS

Relations between Serbia and its neighbours remained calm and largely uneventful, deep in the shadow of the war in Ukraine. Tensions with Kosovo remain most problematic in the immediate term.

SECURITY

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

LOOKING AHEAD

- **Russia sanctions:** The recent elections bought Vucic some breathing space when it comes to his efforts to avoid aligning with EU sanctions imposed on Russia over its invasion of Ukraine. However, with the elections out of the way, Serbia is under renewed pressure to align with sanctions. Given the need to renegotiate a long-term gas supply agreement with Gazprom over the next month or two, a quick alignment with sanctions on Russia seems unlikely. On the contrary, Vucic will keep playing for time, trying to avoid imposing any sanctions on Moscow. If and when Western pressure increases, Belgrade may impose some limited sanctions against Russia. The extent to which Serbia aligns with EU sanctions will largely depend on how much pressure Washington and EU capitals such as Berlin and Paris choose to deploy.
- **Government formation:** the question of who will lead the next Serbian government and who will get which ministries is, this time around, largely in the shadow of the question of if and when Serbia will impose sanctions on Russia. Despite some limited speculations about other contenders for the job, Ana Brnabic is still the favourite to return as Prime Minister of Serbia. Despite the SPS' pro-Russian leanings, Vucic is still likely to include the party in the next government, following the logic that it is better to have the party complicit in imposing any sanctions on Russia than in opposition, scoring points off the back of this issue.

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.

Contact

Phone: +381 11 40 30 304

Email: consultancy@birn.eu.com

Website: <http://consultancy.birn.eu.com/>

Address:

Kolarčeva 7, V floor

11000 Belgrade

Serbia