



Western Balkans Stability Monitor

July 2024

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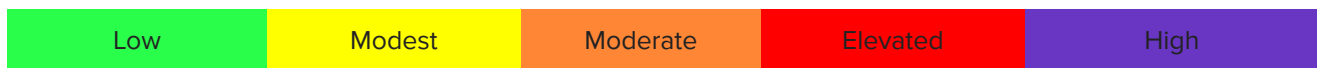
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Albania

Albania’s Socialists and their leader, Prime Minister Edi Rama, remain unchallenged in their control of all levers of power in the country. Yet a continuous and unending drip-feed of scandals is consistently eroding the Socialists reputation. Despite this and the approach of elections by mid-2025, there is little to suggest that the Socialists are at risk of losing power any time soon. The Socialists’ biggest unintended ally is arguably the country’s divided opposition, consumed with its own infighting and corruption scandals. A recent ruling by the Court of Appeals may finally end the struggle for control over the main opposition Democratic Party. However, the Democratic Party seems far from capable of mounting a serious challenge to the Socialists.

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 Socialist Party (PS) Government of Prime Minister Edi Rama remains stable and firmly in control of the country, backed by an absolute majority in the current Albanian Parliament. There is little prospect of this changing before the next Parliamentary elections, due by mid-2025. Remarkably, more than a decade since becoming Prime Minister and almost two decades since taking over the Socialist Party, Rama's grip over the Albanian state and political system has never been stronger, nor is there less prospect of him and the PS being ousted from power. However, the 2025 elections could turn into a significant challenge for Rama and the PS. A string of corruption and organised crime related scandals have increasingly tarnished the image of both Rama, leading Socialist figures and the party as a whole. Yet there is still little to suggest that the opposition will be capable of capitalising on this.

Aware that their image has been severely tarnished, the ruling Socialists are preparing for the next parliamentary elections due by early summer 2025. Eleven years after taking power in 2013, they are trying to portray themselves as still capable of delivering results, bombarding citizens with videos showing segments of roads that have been built here and there, or boosting social media posts of the country as a major tourist destination.

Among the Rama Government's latest trumpeted successes are a 6 km long tunnel under the Llogara Pass in south Albania and a 21 km long highway with tolls in Central Albania. However, while taking pride in the fact that these two stretches of road have been completed, the government is struggling to respond to criticisms of mismanagement in the construction process. Even more problematic are claims that private – rather than public - interests and corruption were the driving force behind these investments.

Critics point out that while the country's road infrastructure is in a poor state, with severe under-investment, the Llogara Pass tunnel is expected to cost some 200 million euros yet will connect a few scattered coastal villages with less than 20,000 inhabitants. Yet it will also shorten the road journey to a large and controversial luxury development along the southern

coast, known as the Green Coast development. A block of villas, the gated community of Green Coast is now a symbol of the country's economic inequality and ill-gotten wealth. Some – not least opposition leader Sali Berisha – claim that the tunnel will chiefly benefit the few who can pay million euro sums for villas in the development.

Meanwhile, the Socialist Party's corruption problems continue, with no sign of an end to the steady drip-feed of scandals. In early July, former minister of Health Ilir Beqaj was arrested and charged for corruption, abuse of power and faking procurement procedures. According to the charges, Beqaj, as the head of a State Agency overseeing the spending of EU funds is accused, together with another official, of carrying out fictitious procurement procedures in 2022-2023. The latest charges come on top of previous corruption related scandals and investigations involving Beqaj.

Prior to this news, the European Union's Anti-Fraud Office (OLAF) announced on June 21 that it had found that around €33 million in EU assistance funds allocated for rural development projects in Albania and administered by the National Agency for Rural Development had been misused through corruption. OLAF uncovered an elaborate scheme in which money to be used for rural development projects was syphoned out through a local Albanian consultancy preparing projects for hopeful applicants, the rigging of the competitive process for grants with fake applications, and the use of inflated prices in winning bids. On the back of these findings, OLAF advised the European Commission to suspend a further €112 million in future assistance earmarked for rural development in Albania.

Further less-than-positive news for the ruling party of more than a decade came when Albania's census results were finally published at the end of June, following unexplained delays. The country's resident population now stands at just over 2.4 million, a roughly 15% decrease from the last census in 2011. The decrease suggest that some 600,000 Albanians have emigrated over the last 12 years, while just 108,000 of those that have emigrated before have returned. BIRN calculations suggest that some 2.2 million Albanian citizens now live abroad.

OPPOSITION ACTIVITIES

Albania's former Prime Minister and President Sali Berisha has managed to claw back control of his Democratic Party (PD) from his former selected successor, Lulzim Basha. After a two year dispute over who rightfully controls the opposition Democratic Party, on June 11 the country's Appeals Court ruled in favour of Berisha and his faction of the PD. It remains to be seen whether Lulzim Basha, Berisha's challenger, can now piece together a party of his own from what remains of his supporters.

While Berisha now leads the PD, the 79-year old veteran of Albanian politics does so from house arrest, from which he is battling against corruption charges. The end of the long running dispute within the PD should help the party focus back towards fighting the ruling Socialists, but there are relatively modest expectations regarding whether the PD can mount any kind of challenge to the ruling Socialists under Berisha's leadership. Berisha has been giving speeches daily from his home's balcony as a small group of supporters hails him from below. Among his supporters, his daughter Argita Berisha has been portrayed lately as a possible successor. Berisha himself commented about the matter and suggested that his daughter should follow the 'normal route' within the party structures if she has political ambitions.

The other opposition party, the Freedom Party, has seen its own high drama this month as its founder and chairman, Ilir Meta, declared he was divorcing his wife, Monika Kryemadhi, for political reasons. Meta is positioning himself as a Orban-style populist, posturing as a pro-family, anti-LGBTQ+ and pro-business politician. This type of politics however has had no success in the past in Albania.

REGIONAL RELATIONS

Albania's relations with neighbouring countries remained cordial, with the exception of Greece. The dispute between the two countries continues to be centred around Greek-Albanian politician Fredi Beleri, who won the mayoral elections in the town of Himara in the south of the country in May 2023 against a Socialist Party backed candidate. However, Beleri was arrested on charges of vote buying days before the local elections. He has since received a prison sentence in Albania, yet he and his ethnic Greek supporters in both Albania and Greece claim that the charges against him are a political show trial.

The dispute over Beleri had already soured relations between Greece and Albania when, in the June 2024 European Parliamentary elections Beleri was elected MEP in Greece on the list of the ruling New Democracy. On July 15, Albanian authorities granted Beleri a five-day release from prison to be sworn in as an MEP in Strasbourg.

SECURITY

The security situation in Albania remained calm and uneventful over the last couple of months.

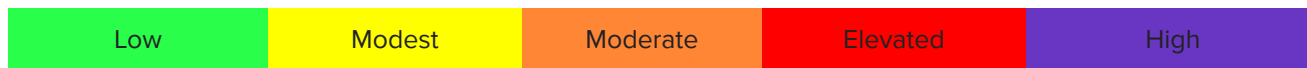
LOOKING FORWARD

- **Electoral reform:** Any possible change must be implemented before the end of July, but the relevant Parliamentary commission does not appear to have produced any results. Nevertheless, it is still worth watching out for any last minute changes. There are at least three constitutional court rulings that need to be incorporated into the country's electoral code, while several dozen recommendations from the OSCE/ODIHR's previous observation missions need to be dealt with.
- **Parliamentary Commissions on Reforms and Disinformation:** The Socialist Party MPs have created two extraordinary ad hoc parliamentary commissions, claiming that they are needed to fight corruption and disinformation from foreign and malign forces. The first commission is headed by Fatmir Xhafaj and has a three years long mandate. Its declared aim is to further enhance good government and to fight corruption. It is however alleged that the purpose of this body is to damage as much as it can the work of the new justice system, an allegation that the Socialists deny. The second commission, chaired by Erjon Brace, has a one-year mandate and aim to fight disinformation. Its establishment was accompanied by pro-government media reporting that was apparently fake, in which it was alleged that some media websites in the country are financed by Moscow. The pro-government media coined the term "roubles portals". Rights activists believe the initiative might be used to attack media freedom.

Bosnia-Herzegovina

After an unusually good start to the year, which saw the EU decide to open accession negotiations with Bosnia-Herzegovina on March 21, the country has been plunged back into political turmoil and crisis during April and May. The RS leadership sharply escalated its secessionist rhetoric during the two months, but has since sought to reduce tensions somewhat. The country seems set for a relatively quiet summer politically. However, tensions will likely rise from late August as the campaign ahead of the October 6 local elections gathers steam and once again increases frictions in the country.

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

When it comes to government stability in Bosnia-Herzegovina, the bottom line remains, as in previous months, that the current governments at State and entity level are stable, in the sense of there being little chance of them falling and being replaced by alternative governments in the near future. Yet in terms of their ability to adopt basic decisions, laws or legal changes, the different governments are neither particularly efficient nor functional. While being broadly stable, the business of government is largely deadlocked, with some rare exceptions. Indeed, within the Bosnian institutional system, one of the components working in favour of government 'stability' is the fact that, in the same way that special majorities are often required to elect them, equally complex majorities are required to oust governments from power. Thus, even when the majorities which elected governments at certain levels – particularly the State and Federation entity governments – cease to function, this does not necessarily bring about the collapse of these governments.

A small but important change occurred in the Bosnian State Parliament's House of Peoples as of July 1. In the country's upper chamber of Parliament, each ethnic group – Bosniaks, Serbs and Croats – have 5 representatives each. The five Bosnian Serb members of the House of Peoples are elected by the RS entity Parliament. For any legislation to be passed, it must receive the support of a majority within the House of Peoples *and* at least two delegates from each ethnic caucus. Until July 1, the ruling Alliance of Independent Social Democrats (SNSD) of Republika Srpska (RS) President Milorad Dodik held four of the five Bosnian Serb delegates in the State Parliament's House of Peoples, giving it the ability to block any legislation not to its liking. Yet a long-running dispute over the election of Bosnian Serb representatives in the House of Peoples finally culminated in June, with the Bosnian Constitutional Court finally annulling the disputed election of the fourth SNSD member of the Bosnian Serb caucus back in 2022 and ordered a new delegate from either the SNSD or the opposition Party of Democratic Progress (PDP) to be selected through a draw. On July 1, this draw handed a mandate to the PDP.

In principle, the fact that the SNSD no longer has the ability to single-handedly block legislation in the State Parliament's House of Peoples opens the theoretical possibility of recasting the State-level Council of Ministers by replacing the SNSD with the RS opposition parties – the PDP and Serb Democratic Party (SDS). While there are plenty of those with a keen interest in doing this – not least the SDS, PDP and some Bosniak parties – it remains to be seen how the Croatian Democratic Union (HDZ), an SNSD ally, would react to the proposal. How workable a majority without the SNSD would be is also debatable. In any case, few observers expect movement on this front before the October local elections, if then.

Meanwhile, Bosnian Serb leader and RS President Milorad Dodik seems to have calmed his secessionist rhetoric and placed it into a lower gear since the end of May. The rhetoric – and accompanying actions – had reached alarming proportions from the end of March. On March 26, High Representative Christian Schmidt moved to impose changes to the country's election law intended to improve the transparency and integrity of the voting process. The changes imposed largely relate to the electoral process rather than the country's electoral system as such. Nevertheless, Bosnian Serb leader Milorad Dodik had vowed at the beginning of January that, should Schmidt move to impose changes to the election law, Bosnia's Republika Srpska (RS) entity would move to adopt its own law on holding elections. Dodik's and RS' objections were not so much to the substance of the changes imposed by Schmidt, but more a rejection of the Office of the High Representative's (OHR) right to impose legal changes in the country. According to Dodik, if Schmidt's intervention was allowed to go ahead, it would merely pave the way for more substantive interventions by the OHR, such as over the sensitive issue of who – the central state or the entities – is the owner of public property in Bosnia-Herzegovina.

True to Dodik's threats, the RS Parliament adopted a draft RS election law in the early morning hours of March 29. The law envisages giving power for the organisation of elections in the entity to the RS' Republic Election Commission, more or less copying the existing electoral model. Dodik made it clear that the proposed election law would go into effect ahead of October's local elections, unless the State Parliament approved a number of decisions, including the annulment of Schmidt's changes to the election law. A deadline of seven days

was given. Given that this was predictably not forthcoming, a second vote was held on April 19, which ratified the law.

Given that elections in Bosnia have always been regulated at the central, State level, the RS entity Parliament does not have the legal right to take over competences from the State level without the agreement of the central State institutions, nor to change existing State laws. Not surprisingly, the moves by RS set off a degree of panic among many in Bosnia, as well as analysts and diplomats engaged with the country. However, the RS elections law's coming into force was put on hold by the RS Parliament's House of Peoples, where the Bosniak club of delegates invoked the Vital National Interest (VNI), a mechanism for blocking the passage of legislation that could infringe on the vital interest of any one ethnic group. The VNI was invoked on April 29, preventing the legislation from coming into force, at least for now. Not surprisingly, the RS Parliament's House of Peoples eventually rejected the proposal to invoke the VNI by the Bosniak club of delegates on May 16. The VNI was next considered by a joint commission of the House of Peoples and the RS Parliament, which failed to bring resolution, sending the matter to the Republika Srpska entity Constitutional Court.

Finally, on June 25, the RS Constitutional Court ruled that the controversial RS election law did not violate the constitution nor Bosniak vital national interests. With this, the road was unblocked to publish the new RS election law in the RS Official Gazette on July 9.

Some analysts and observers believe that Dodik and the SNSD sought to avoid a wider escalation by allowing the VNI procedure to be launched and then become drawn out, in order to ensure that the new RS election law would come into force too late to affect the October local elections. RS officials have in any case confirmed that the new election law will now not apply to the October local elections. Yet while this may have defused the immediate crisis relating to the holding of October's local elections, the problem of the RS election law remains. Bosniak officials will doubtless now challenge the new RS election law before the State Constitutional Court, which is very likely to eventually rule it unconstitutional. Of course, the RS officially refuses to recognize the rulings of the State Constitutional Court, meaning that even if the law were annulled, a dangerous legal duality could occur in practice over which election

law is applied in RS. The matter would come to a head during the first early or regular elections to be organised in RS after October's local elections. The timer on this political and institutional ticking bomb may have been paused, but the 'bomb' itself has not been defused.

At the end of May, following the adoption of the Srebrenica Genocide Resolution by the UN General Assembly, the RS entity Prime Minister Radovan Viskovic declared that the RS would send the Federation entity a proposed agreement on 'peaceful separation' between the two entities within 30 days. The announcement came after weeks of heated vitriol and hysteria spread by both the Serbian and RS leadership over this resolution which, it was claimed, was intended to brand the entire Serb people as 'genocidal'. Not surprisingly, the announcement caused uproar in the Federation and among Western diplomats in Bosnia. Despite this, on May 30, the RS Government appointed a working group for drafting an agreement between the RS and Federation on 'peaceful separation'.

However, this appears to have been the last in this string of escalatory steps threatening secession. While the Working group produced a document which was eventually sent to the RS Parliament, it was tabled as an 'Information' with a watered down title to be debated by the Parliament in a non-binding manner. Even in that format, the item was withdrawn from Parliamentary procedure on July 9. Whether it will ever see the light of day again remains to be seen. In another sign of de-escalation, a controversial RS 'foreign agents' bill which would have constrained the work of civil society and non-governmental organisations in the entity, much criticised by Western diplomats in the country and in Brussels, was also withdrawn from Parliamentary procedure. RS officials, including Dodik, made somewhat vague references to the entity's 'pro-EU orientation' and the need to harmonise the law with EU legislation as the main reason for withdrawing the legislation.

Meanwhile, the US Administration continued to tighten the screws against Dodik, his family and their business empire. On June 18, the US Department of Treasury's Office of Foreign Assets Control (OFAC) sanctioned several major companies linked to the Dodik family, principally the Infinity International Group, as well as companies it wholly or partly owns such as Prointer ITSS, Kaldera Company EI PGP, Infinity Media, and UNA World Network. The US

State Department and US Embassy officials in Sarajevo have warned both local banks and other companies in Bosnia and the region working with the sanctioned companies that they too could find themselves on the list of sanctioned entities. A court trial against RS President Milorad Dodik before the Court of Bosnia and Herzegovina also hangs over Dodik's head. Dodik, along with Milos Lukic, the acting head of the RS Official Gazette, was indicted in September 2023 on charges of failing to implement the decisions of the High Representative. Their trial began in October 2023. If found guilty, Dodik faces a prison sentence ranging from a minimum of 6 months to a maximum of 5 years in prison, along with a ban on carrying out public duties. Several hearings in the trial were held in April and May, with the process slowly winding towards a conclusion.

As things stand, Bosnia-Herzegovina seems to be headed for a period of relative calm during July and August, coinciding with the summer holiday season. Beyond that, the political temperature can be expected to rapidly rise from the end of August and beginning of September, as the campaign ahead of October's local elections reaches its peak. The local elections will act as a gauge of popular support for the country's main political parties, which could set the stage for events later in the year.

OPPOSITION ACTIVITIES

Amidst the latest crisis which has engulfed Bosnia, opposition activities in both entities seem to have been pushed to the margins of political life. In RS, opposition parties rejected Dodik's calls to boycott October's local elections and – in so doing – demonstrated their unwillingness to follow Dodik in his political adventures which threaten to destabilise both the RS and the country as a whole.

Meanwhile, the opposition Serb Democratic Party (SDS) briefly became a collateral victim of US efforts to turn the screws on sanctioned entities and individuals around Dodik. Given that the SDS has been on a US sanctions list for 20 years, the latest campaign by the US State Department to force local banks to close the bank accounts of sanctioned individuals and entities also left this RS opposition party without a working bank account. This, in turn, prevented it from registering for the local elections in the country. However, a work around was eventually found, with the SDS registering under a slightly different name.

REGIONAL RELATIONS

Bosnia's relations with neighbouring countries were relatively calm and uneventful, with the exception of Serbia, where relations were strained – at least with one part of Bosnia. Relations were strained by Serbia's campaign, together with the RS entity Government, against the Srebrenica Genocide Resolution placed before the UN General Assembly at the end of May, against which Serbia led a charged campaign. Further tensions were sparked through a Declaration adopted at the 'All Serbian Summit' held on June 8 in Belgrade, whose chief protagonists were the Serbian and RS leaderships. The US Embassy in Sarajevo described parts of the Declaration as a 'deliberate attack on that [Dayton Peace] Agreement and the State institutions of Bosnia and Herzegovina'. Bosniak officials in particular were similarly scathing. Another incendiary moment came on 6 and 7 July, when it was reported that members of the Serbian army and police had paraded through the town of Prijedor and another nearby location as part of a commemoration, without the permission of the relevant Bosnian State authorities. It later transpired that those parading were not actually active personnel but cadets of the Serbian army and police, which technically did not require permission from State-level authorities. Nevertheless, the images deeply irritated many in the country, chiefly among the country's Bosniaks and Bosnian Croats.

SECURITY

The security situation in Bosnia-Herzegovina remains reasonably calm, though the ongoing political crisis in the country, coupled with talk of secession from the RS leadership has palpably increased tensions.

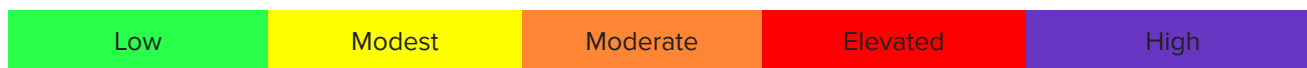
LOOKING FORWARD

- **Local elections:** while the country is settling into a heat-induced summer calm as the RS leadership apparently tones down its separatist rhetoric, a brief respite from the tense atmosphere of the last few months can be expected. However, the political temperature is due to rise by the end of August as the local election campaign reaches its peak in the run up to polling day on October 6. Ethno-nationalist rhetoric on all sides risks further escalating tensions in the country.
- **RS Election law:** While Dodik and the RS leadership appear to have abandoned efforts to hold October's local elections under a new RS election law, the law has come into force in the RS. It will now likely be challenged before the State Constitutional Court, but regardless of what happens there, a standoff appears to be in the making when the next – early or regular – elections are organised in the RS.
- **Dodik trial:** the trial against Dodik and Milos Lukic continues before the Court of Bosnia and Herzegovina. The two are charged with non-implementation of the decisions of the High Representative. If found guilty, Dodik would face a prison sentence and ban on holding public office. While any ruling would certainly be appealed – with a final verdict a long way away – the Court's ruling, and Dodik's reaction to it, are another crisis-point which is slowly looming into view on the horizon.

Kosovo

The Vetevendosje (VV) led Government of Kosovo’s Prime Minister Albin Kurti is counting down time to the end of its mandate. Parliamentary elections must be held by February 2025 at the latest. Since March, both the ruling Vetevendosje (VV) and opposition parties have claimed a willingness to go to early Parliamentary elections. However, despite some speculation that elections could be held in early July, this has not materialised. Nevertheless, there is still a strong chance of early elections being held in October, as Kurti seems keen to avoid a winter election. Regardless of when they take place, VV seems set to be returned to power.

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	Elevated	Elevated	Modest
	Ethnic Unrest	Moderate	Moderate	Moderate



GOVERNMENT STABILITY

Prime Minister Albin Kurti's Government, made up primarily of his Vetevendosje party (VV) remains very stable. It enjoys the support of some 65 MPs in the 120 seat Parliament, the bulk of whom hail from VV, as well as a number of minority MPs. The stable majority is further reinforced by strong popular support as reflected in most opinion polling. Until recently, it was widely expected among political observers that it would be the first government in Kosovo's recent history to last its full mandate. On the whole, there is nothing preventing it from achieving this small success.

However, since March, the prospect of early elections has hung in the air. The speculation about early elections was sparked in the second half of March, when Kurti suggested in an interview that if the opposition wanted early elections, he and Vetevendosje would be happy to 'help'. Kurti was referring to his VV's willingness to team up with the opposition in a vote to dissolve Kosovo's Parliament, should they truly wish to go to early elections. Gauntlet thrown down to them, the leaders of the Democratic Party of Kosovo (PDK) and Alliance for the Future of Kosovo (AAK) responded that they had in any case been demanding early Parliamentary elections for months. Only the Democratic League of Kosovo (LDK) seemed lost for comment.

Yet for all the proclaimed talk of being ready for early elections by all the main political actors, they have so far proven unwilling to walk the walk of doing so. Procedurally, triggering early elections is relatively easy. In principle, there are three ways to bring about early elections – a resignation by the government, a vote of no confidence, or a vote to dissolve Parliament (which would require a two-thirds majority).

The VV and Kurti have pointed to a vote to dissolve Parliament as the only option agreeable to them, requiring the hands of 80 MPs to meet the two thirds requirement in the Kosovo Parliament. However, the opposition AAK and LDK took the opposite stance, demanding that the Kurti Government either resign, or that a motion of no confidence – previously tabled by the

AAK – should be passed. Only the PDK seems to have been open to any of the three options that could secure the goal of early elections.

Consequently, the process of triggering early elections seems to have run aground for rather odd reasons. Indeed, so inexplicable do they seem to be, that it seems reasonable to wonder just how committed all sides really are to holding early elections.

On May 13, a final effort seems to have been made by Kurti to come to some agreement on early elections, when he summoned opposition leaders to a meeting. However, only PDK leader Memli Krasniqi showed up, while the LDK's Lumir Abdixhiku and AAK's Ramush Haradinaj declined the invitation. Nevertheless, given that the VV Government has the support of 65 MPs and that the PDK has another 18 MPs, it seemed that the two parties together might be able to push through a dissolution of Parliament by reaching the threshold of 80 MPs.

What seems to have foiled these plans is a small group of around 5-6 VV MPs who, it seems, are not fully under the VV leadership's control. The group represents a more conservative and Islamist wing within VV and fears that, were elections to be held, they might no longer find themselves on the VV electoral list. Consequently, their commitment to voting to dissolve Parliament appeared questionable, leading VV and the PDK to ultimately abandon plans to try to dissolve Parliament.

Yet the question of early elections seems to have been put on hold, rather than buried. Kurti and VV still seem keen to avoid a winter election. Some observers thus expect a fresh push to dissolve Parliament or trigger an early election in some way in September, which would allow for an early election to be organised in October. If this fails, then the most likely scenario becomes an election in late January or early February, in its regular term.

Regardless of when Parliamentary elections are held, any outcome other than a VV victory seems hard to imagine. The latest UBO Consulting data from June puts VV, together with its small ally Guxo, on 50.3% of support, almost the same share of votes that it won in the 2021 elections. Since coming to power following the February 2021 Parliamentary elections,

Vetevendosje has delivered relatively little on its pledges to transform governance in Kosovo, stamp out corruption and improve living standards. Yet while the inflated and unrealistic expectations which Kosovo voters appear to have had when they voted VV into power in 2021 may not have been fulfilled, there is little sign that the ruling party has lost much popular support, if any. On the contrary, Kurti and Vetevendosje have had a strong year, in which they have steadily managed to outmanoeuvre their 'arch-rivals' – the Serbian Government in Belgrade and Serbian President Aleksandar Vucic – in their ongoing struggle for control over the Serb-populated north Kosovo. Kurti's success in bringing northern Kosovo Serbs to heel has given his popularity a significant boost. At the same time, Kurti faces little threat from the opposition in Kosovo, which remains weak and divided. Crucially, whatever Vetevendosja's faults, to many voters in Kosovo it still appears the 'lesser evil' when compared to the opposition.

The dialogue on normalising relations between Kosovo and Serbia remains stalemated, with little sign that any life or dynamism could be breathed into it any time soon. A planned meeting between Serbian President Aleksandar Vucic and Kosovo PM Albin Kurti on June 26 failed to happen, after Kurti demanded that Vucic accept three preconditions before the meeting could take place. Ultimately, there is little expectation of any serious progress in the dialogue before the elections are held in Kosovo and a new team is appointed on the EU side to shepherd the negotiations.

OPPOSITION ACTIVITIES

The failure of the LDK and AAK to accept the offer of early Parliamentary elections in whatever way possible, even if by supporting a motion to dissolve Parliament, has left the impression that the LDK and AAK are running away from elections. This will likely damage them to some extent, though it remains to be seen how badly. In all likelihood, the LDK and AAK may simply have been trying to avoid a July election for the same reason that Kurti was pushing it – the arrival of voters from the Kosovo diaspora, who overwhelmingly support Kurti and VV.

Polling data certainly does not suggest that they have much chance of unseating VV or gaining power. The UBO Consulting poll from June 2024 puts the LDK on 15.5% of support – down from 17.9% in December and 16% in April, while support for the PDK is on 17.1% down from 18.2% in December. Meanwhile, the AAK, together with its likely coalition partner NISMA, is on 8.6% - up from the 6.9% it had in April and the 8.3% support in the December poll.

More troubling perhaps for the opposition parties is their lack of coordination or common stance on how to unseat Vetevendosje. Even if an outright pre-election coalition is highly unlikely, some semblance of cooperation would go a long way to persuading voters that they could form a coherent alternative to VV.

REGIONAL RELATIONS

Kosovo's relations with its neighbours have been calm over the last couple of months, barring traditionally tense relations with Serbia.

SECURITY

The security situation in Kosovo is broadly calm, though continuing tensions between the Kosovo Serb community in the north of Kosovo and the Government in Pristina creates plenty of potential for escalation.

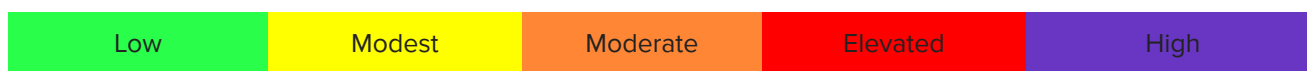
LOOKING FORWARD

- **Early elections:** while an early Parliamentary election before the summer is now clearly off the agenda, the question of whether elections could be held in the coming months still hangs in the air. Nothing will happen during Parliament's summer recess. However, come September, Kurti is likely to make a stronger push for elections to be held in October, in order to avoid a winter election.

Montenegro

The Spajic Government achieved a notable success on the country's road towards EU accession, with the European Union adopting the Interim Benchmark Assessment Report (IBAR) for Chapters 23 and 24. Yet there are signs that Spajic and his Europe Now Movement (PES) face gathering clouds on the horizon. The May 28 local elections in the town of Budva, a bellwether of sorts, saw PES perform poorly. PES now faces the prospect of possible local elections in the capital Podgorica in the autumn, which could reveal a more significant decline in support for the ruling party. Meanwhile, the pro-Serb For the Future of Montenegro (ZBCG) coalition, part of the ruling majority, is increasing pressure for a government reshuffle, which would see it taking control of several ministries.

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	Moderate	Moderate	Modest
	Ethnic Unrest	Modest	Modest	Modest



GOVERNMENT STABILITY

The Spajic Government remains broadly stable, backed by a strong majority in the Montenegrin Parliament. However, while the ruling majority is strong, the balance of power between the parties that make up the ruling majority appears to be shifting somewhat, away from Spajic's PES, whose star shows signs of waning. As a result, the Spajic Government is entering more turbulent waters – whereas PES and Spajic had the upper hand in relations with their coalition partners, the latter will enjoy increasing leverage over PES.

Montenegro and the Spajic Government scored a significant success at the end of June, when on June 26 an intergovernmental conference between the EU and Montenegro formally adopted an Interim Benchmark Assessment Report (IBAR) for Chapters 23 and 24. In essence, the report confirmed that Montenegro had met the interim benchmarks for reforms that it needed to implement in these two negotiating chapters, which deal with key issues relating to the rule of law, judicial reforms and fighting corruption. The positive IBAR and its adoption by the intergovernmental conference will essentially unfreeze Montenegro's EU accession negotiations. A positive IBAR was a precondition for Montenegro to begin closing its accession negotiating chapters. At the same time, Montenegro also received its closing benchmarks, i.e. the conditions that it will need to meet for closing negotiating Chapters 23 and 24 and, in doing so, conclude its accession negotiations.

While this is still a distant prospect, the positive IBAR received by Montenegro once again puts the country in lead position among the existing EU candidate countries hoping to – one day – close membership negotiations. In order to secure the positive IBAR, Montenegro had to adopt several laws, or changes to laws, relating to the judiciary, fight against corruption and organised crime. There have certainly been criticisms from Montenegrin civil society organisations and the opposition relating to the quality of the laws adopted. However, ultimately a desire on the part of the European Union to demonstrate that enlargement is alive also seems to have worked in Montenegro's favour.

The positive IBAR should help to generate further momentum in Montenegro's EU accession negotiations, assuming that accession related reforms do not, once again, become hostage to

the country's domestic politics and infighting. Two days after the positive IBAR, Montenegro's Parliament also adopted a Resolution on the genocide in the Jasenovac, Dachau and Mauthausen concentration camps. Some within Montenegro saw this move as undermining future progress. The resolution was initially proposed by pro-Serb ZBCG shortly after the Montenegrin Government announced that it would support a Resolution on the Srebrenica Genocide before the UN General Assembly back in May. Given that ZBCG and its leaders, Andrija Mandic and Milan Knezevic, faced strong criticism and backlash from many of their ethnic Serb voters for remaining part of the Spajic Government after it decided to support the Srebrenica Genocide Resolution, the Jasenovac resolution – as it initially began – was intended to placate these critics, offering a symbolic 'counterweight' to the Srebrenica resolution.

Given its dependence on the support of ZBCG, Spajic and PES felt obliged to support the resolution. In principle, the resolution itself, taken in isolation, should not be controversial. Few historians would dispute that the atrocities committed at the Jasenovac, Dachau and Mauthausen concentration camps constituted genocide. The latter two concentration camps were added to the resolution at the last minute, with the primary focus of the resolution being the Jasenovac concentration camp where Serbs, Jews and Roma were the bulk of those executed during the Second World War by the Nazi-allied Independent State of Croatia. Yet the fact that the resolution came about as part of Montenegro's day-to-day politics was grounds for Croatia to take a very critical stance towards it before and after its adoption, with Zagreb and analysts in both countries warning that it was not in Montenegro's interests to sour relations with an EU member state that could block its EU accession negotiations.

On balance, while the Jasenovac Resolution was met with criticism from Zagreb and a cool response from Brussels, it seems unlikely that it will have any lasting impact on Montenegro's EU trajectory. While Croatia has protested what it sees as the use and abuse of the Jasenovac concentration camp in day to day politics, any further reaction from Zagreb, or punishment of Montenegro, would be an over-reaction that could damage Croatia's European standing.

Meanwhile, domestically Spajic and PES face other, more significant problems and challenges to their dominance over the political system. While the split between Spajic and President Jakov Milatovic back at the beginning of the year did not result in an immediate split in the party, some

problems relating to this are coming home to roost. At the same time that the split between the two PES founders occurred, Spajic expelled Justice Minister Andrej Milovic from the party, while leaving him in the position of Minister of Justice, for the time being. Milovic had been a close ally of Spajic, but was resented in many quarters within PES and was seen as a growing liability by Spajic, hence the decision to remove him from the party and in doing so shore up Spajic's support at a crucial moment.

Milovic was thus left in position nominally to steer through key legal changes related to securing a positive IBAR from the EU. Yet once this was done, Spajic sent a proposal to Parliament to remove Milovic from the Government. The proposal now hangs in limbo, yet to be put to a vote in Parliament. For Spajic and PES, it is of particular concern to avoid a debate on Milovic's removal, which would give the unpredictable minister a chance to potentially make damaging accusations against Spajic and PES. Yet whether the vote on Milovic's removal passes with or without a Parliamentary debate will be decided by Andrija Mandic, the Parliamentary Speaker and one of the ZBCG leaders.

Meanwhile, for his part, Mandic is pressing Spajic to bring forward a government reshuffle planned for the end of the year to July. According to the coalition agreement between PES and ZBCG ahead of the election of the Spajic Government in October 2023, a government reshuffle was to be organized no later than the end of 2024, as part of which ZBCG officials would be appointed to run four ministries in the Spajic Cabinet. Spajic is resisting the demands to bring forward the reshuffle to July, but the handling of the motion to remove Milovic from the Government gives Mandic increased leverage over Spajic.

Prime Minister Spajic also finds himself increasingly dependent on ZBCG due to problems which his party faces in the Podgorica City Assembly. There, PES mayor, Olivera Injac, and the ruling coalition also face calls for a reshuffle in the local government, but this time from a faction of five former PES local assembly members who followed Milatovic in leaving the ruling party in February. Given that an agreement on a reshuffle in the Podgorica City administration seems unlikely, the Montenegrin capital increasingly seems to be heading towards early local elections, perhaps as early as September. ZBCG is part of the ruling coalition in Podgorica, as is

Democratic Montenegro. While they cannot save Spajic and PES from early local elections, they can make it harder or easier for the opposition to force an early local election.

Regardless of when elections could take place in the capital, if they do, PES is likely to emerge weakened and even more dependent on ZBCG and the Democrats. On May 26, local elections were held in the coastal town of Budva, widely watched with interest as the town is considered to be a microcosm of Montenegro. For PES, the local elections were a worrying sign. The ruling party fielded its own electoral list for the first time and won an abysmally small 7% of votes, which compares poorly to the 23.75% that it gained in Budva in the 2022 Parliamentary elections. Admittedly, local political dynamics may have affected the result to some extent, but the performance seems to suggest that support for PES may have declined significantly.

Were anything similar to be repeated in Podgorica, PES and Spajic would be in serious trouble and even more dependent on their coalition partners, such as ZBCG and the Democrats. Spajic thus faces difficult choices – not least of them whether to carry out a cabinet reshuffle during the summer, from a position of relative strength, or at the end of the year, from a potentially weakened position. Equally, should Spajic fail to deliver on a Cabinet reshuffle by the end of the year, the risk of ZBCG forcing an early election on PES has increased moderately.

OPPOSITION ACTIVITIES

Opposition activities are relatively quiet as the country enters the summer heat and peak of the tourist season. The biggest opposition party, the Democratic Party of Socialists (DPS) has sought to score points where possible, chiefly by criticising the ruling majority for adopting the Jasenovac resolution and in doing so – according to the DPS – undermining Montenegro’s relations with Croatia.

Meanwhile, the DPS faces a modest challenge. Dusko Markovic, the former DPS Prime Minister and senior party figure, has launched a new party of his own – Party of European Progress (SEP) – at the end of June. The party will nominally seek to win over disillusioned PES and DPS voters. Markovic himself is hardly a fresh face in Montenegrin politics, is deeply associated with the DPS’ corrupt rule and unlikely to pose a significant challenge to either party. However, he is reported to control two DPS MPs in the current Parliament, which could give him a potential bargaining chip in relation to Spajic, should the current Prime Minister’s majority come into question.

REGIONAL RELATIONS

Relations with Montenegro's neighbours have been largely quiet and uneventful, with the exception of Croatia, where the Jasenovac resolution has helped to boost tensions.

SECURITY

The security situation in Montenegro remained calm and uneventful over the previous two months.

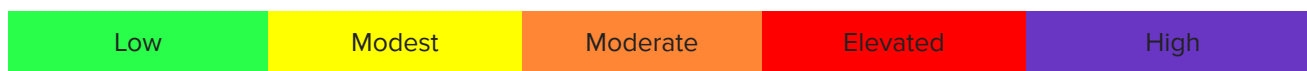
LOOKING FORWARD

- **Ruling coalition stability:** the Spajic Government and ruling majority which backs it remains strong and stable. However, the balance of political power within the ruling coalition shows signs of shifting away from PES and towards other coalition partners, such as ZBCG and the Democrats. In line with this, pressure on Spajic to bring forward a Cabinet reshuffle is building. How Spajic handles this pressure will be important in terms of the ruling coalition's future stability.
- **Podgorica local government:** Following the departure of President Jakov Milatovic from PES, the party's grip over the capital Podgorica has been brought into question. Milatovic managed to take at least five local assembly members with him, leaving the ruling coalition in the capital short of a functioning majority. With no signs of a working majority being assembled, Podgorica seems to be sliding towards early local elections, which could reveal a decline in support for PES.

North Macedonia

The Presidential and Parliamentary elections held in North Macedonia at the end of April and beginning of May saw a decisive political change in the country, with a clear shift in voter support away from the SDSM and back towards the nationalist VMRO-DPMNE. Coming close to winning an absolute majority, the VMRO-DPMNE was quickly able to form a government, together with VLEN, a coalition of small ethnic Albanian opposition parties, which was sworn into office on June 23. Given the strong majority which the new government enjoys – and the VMRO-DPMNE’s strong position within it – the Cabinet of Prime Minister Hristijan Mickoski is expected to be very stable. On the other hand, relations with neighbouring Greece and Bulgaria are likely to deteriorate, particularly given the VMRO-DPMNE’s determination not to fulfil key parts of a 2022 protocol signed with Sofia in order to pave the way for Skopje to open accession negotiations with the EU.

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



GOVERNMENT STABILITY

On June 23, a new North Macedonian Government was sworn into office in the country's Parliament. VMRO-DPMNE party leader Hristijan Mickoski will head the new government, made up of his own party, together with VLEN, a coalition of four smaller, until May opposition ethnic Albanian parties, and ZNAM, a newcomer to the country's politics. While the Mickoski government is just a few weeks into office, the strong majority of 77 MPs in the 120 seat Macedonian Parliament which make up the ruling coalition suggest that it will be very stable, particularly given the fact that the VMRO-DPMNE – the backbone of the new government – has close to an absolute majority of seats in the new Parliament.

The Presidential and Parliamentary elections held in North Macedonia were a resounding vote for change after exactly seven years of rule by the SDSM. In the second-round run-off of the presidential elections held on May 8 – the first round having been held two weeks earlier – the VMRO-DPMNE's candidate, Gordana Siljanovska-Davkova beat the SDSM's incumbent, President Stevo Pendarovski, winning 69.0% of the vote. The Parliamentary elections were equally a triumph for the opposition VMRO-DPMNE. The party won 436,036 votes (44.5%), winning 58 seats in the 120 seat North Macedonian Parliament, an increase of 38% in terms of total votes compared to the number of votes it won in the 2020 Parliamentary elections. With this, the VMRO-DPMNE came close to an absolute majority in the country's Parliament. Meanwhile, the SDSM took a heavy beating in the Parliamentary elections. It won a mere 154,687 votes (15.8%), winning just 18 seats. This was significantly less than half the votes – and seats – it had won in the 2020 elections.

Another remarkable breakthrough was made by the For Our Macedonia party (ZNAM), led by Maksim Dimitrievski, the current mayor of Kumanovo. ZNAM is essentially a local breakaway faction of the SDSM, mixing left-wing politics with some right-of-centre ideas. The party, founded in October 2023, won an impressive 6 seats and 56,288 votes (5.75%).

In the ethnic Albanian camp, to the surprise of many, the ethnic Albanian Democratic Union for Integration (DUI), in power since 2008, managed to increase its vote share to 14.1% (up from 11.5% in the 2020 Parliamentary elections) increasing its number of seats to 18. Yet its main

challenger in the ethnic Albanian field – the VLEN coalition made up of four small ethnic Albanian parties the biggest of which is the Alliance for Albanians – was hot on its heels, winning 10.9% of votes, securing 13 seats.

In line with our own expectations, the VMRO-DPMNE opted to form a governing coalition with VLEN rather than DUI, despite the fact that the former gained less votes among ethnic Albanians. While DUI claimed the right to represent ethnic Albanians in the country, the VMRO-DPMNE opted to dethrone the party which has been in power almost continuously for more than two decades. In part, this was due to the fact that VMRO-DPMNE had pledged to remove DUI from power ahead of the elections. Yet there was also a more practical motive – given that VLEN’s key aim heading into coalition negotiations was to dethrone DUI, Mickoski accurately calculated that the heterogenous coalition of ethnic Albanian parties would demand less ministries and make less policy demands than DUI.

The new Government of Prime Minister Hristijan Mickoski now has 24 members, with one ‘first Deputy Prime Minister’, four ‘ordinary’ deputy PMs and 18 ministers. Aside from the Prime Minister’s post, VMRO-DPMNE and smaller parties which ran on its list have secured 15 posts in the new government. This includes three deputy PMs – Aleksandar Nikoloski, a VMRO-DPMNE deputy-leader and Minister of Transport; Ivan Stojilkovic, leader of the Party of Serbs in Macedonia, a VMRO-DPMNE coalition partner, now in charge of inter-community relations; and Ljupco Dimovski, leader of the VMRO-DPMNE allied Socialist Party, now in charge of the political system portfolio. The VMRO-DPMNE will also hold the key ministries of Defence – held by party deputy leader Vlado Misajlovski, Foreign Affairs – held by Timcho Mucunski, another party deputy-leader, Finance – taken by Gordana Dimitrieska Kochoska, another VMRO-DPMNE deputy leader and Interior Ministry – held by Pance Toshkovski. VMRO-DPMNE appointees will also hold the ministries of Education; Mining, Energy and Mineral Resources; Local Government; Sports; Culture and Tourism; Information Society and Digital Transformation; and Agriculture.

While in opposition, VMRO-DPMNE and its leader Hristijan Mickoski were critical of the number of ministries handed to ethnic Albanian parties under the SDSM’s rule. In line with this, the number of ministries run by representatives of the VLEN coalition is significantly reduced. Izet Mexhiti, a defector from DUI and leader of the Democratic Movement party, one of the VLEN

coalition members, becomes the ‘first Deputy PM’ in charge of the Environment portfolio. Arben Fetai, a senior figure within the Alliance for Albanians, another VLEN member, is also deputy PM, in charge of the Good governance portfolio.

Meanwhile, Arben Taravari, the head of the Alliance for Albanians, has become the new Health Minister. Orhan Murtezani of the Alternative party, another VLEN member, becomes the European Affairs Minister. Finally, two ministries will be held by representatives of Besa, the fourth VLEN coalition partner. Besar Durmishi will become the Minister of Economy and Labour while Fatmir Limiani will run the Ministry of Social Policy, Demography and Youth.

Mickoski and the VMRO-DPMNE also decided to include ZNAM in the ruling coalition. The move is shrewd because it expands the Mickoski Government’s majority and in doing so reduces VLEN’s blackmailing potential within the ruling majority. ZNAM will thus have two ministries in the new Mickoski Government. While Goran Micev, the party’s general-secretary becomes the Minister for Administration, Igor Filkov will run the Ministry of Justice.

Overall, given that the new government enjoys a strong majority of 77 MPs in the 120 seat Parliament, we have opted to retain the government instability outlook at modest, in line with the upgrade to this indicator in the previous issue of the Western Balkans Stability Monitor.

Exactly what the new Mickoski Government’s priorities and policies will be now that it is in office is less clear. One thing that is clear is that the VMRO-DPMNE is keenly aware that the SDSM’s seven year downhill slide in terms of popular support was largely down to a mix of the unpopular decisions it made on ‘status’ and identity issues in order to advance the country’s EU and NATO accession processes on the one hand and failure to deliver an improvement of living standards on the other hand. The VMRO-DPMNE is thus moving to forestall a similar fate.

On the domestic front, the Mickoski Government has been talking up planned investments to boost the economy, planned improvements to the country’s infrastructure, but also more direct interventions to increase pensions and salaries in the country. In line with this new narrative, shortly after the May 8 elections, Mickoski announced that his government would secure a €1

billion loan from an unnamed but friendly EU country on favourable terms, which would be used for a range of new investments and budget expenditures.

True to expectations, the mystery benefactor of the new Mickoski Government turned out to be Hungary. However, the size of the loan was smaller - €500 billion – but it came as part of a ‘strategic economic partnership’ agreed between the two countries. While half of the loaned amount has been pledged as ‘direct support’ to the North Macedonian economy, the other half is to be allocated to local governments, to be spent on capital projects.

Such one-off loans are unlikely to prove a ‘game changer’ when it comes to boosting meagre living standards in North Macedonia. Nor does it seem that the VMRO-DPMNE has an idea how to improve them beyond ad hoc populist promises and spending measure. Nevertheless, in the absence of a better plan, the VMRO-DPMNE will at least try to maintain an impression that it is trying – unlike the previously ruling SDSM - to do something to boost living standards while perhaps pandering to large constituencies such as pensioners with pension increases.

On the foreign policy front, the VMRO-DPMNE has been a long-standing and bitter critic of the SDSM’s ‘name deal’ with Greece, which unpopularity changed the country’s name to North Macedonia in 2018. It has been an equally bitter critic of the July 2022 Second Protocol to the 2017 Friendship Treaty between Bulgaria and North Macedonia. The Protocol essentially enshrined what had become known as the ‘French proposal’ for lifting the Bulgarian veto on Skopje’s EU accession process by requiring North Macedonia to include a reference to Bulgarians as an officially recognized minority in the country’s constitution.

While many VMRO-DPMNE voters might support changing the country’s name back to Republic of Macedonia, the VMRO-DPMNE is well aware that revoking the Prespa Agreement of 2018 with Greece is simply not an option. Nevertheless, VMRO-DPMNE officials are set to demonstrate their dislike of the agreement and country’s official name by periodically referring to their country as ‘Macedonia’ or ‘Republic of Macedonia’. The first to do so, most visibly, was the country’s new President, Gordana Siljanovska-Davkova, who referred to her country as Macedonia during her very swearing in ceremony on May 12. Naturally, this sparked bitter condemnation from Athens. The next month, during his own swearing in, Prime Minister Hristijan Mickoski used the country’s official name – North Macedonia - yet made sure to underline that

he did so reluctantly, due to what he called a ‘shameful’ agreement to change his country’s name. Moreover, during the two-day Parliamentary debate ahead of the vote to appoint his government, Mickoski also used the name ‘Macedonia’ during Parliamentary debates.

This pursuit of a ‘status insurgency’ by the VMRO-DPMNE – by periodically using the terms ‘Macedonia’ or ‘Republic of Macedonia’ in less formal settings and North Macedonia in more formal contexts will likely continue in the foreseeable future. In doing so, the VMRO-DPMNE hopes to stoke modest tensions with Greece, all the while making it look like it is doing what it can to challenge the Prespa Agreement without going down the ‘nuclear’ route of actually changing the country’s constitutional name.

Meanwhile, in relations with Bulgaria, the outlook is more fluid. On this front, the VMRO-DPMNE has claimed that it will renegotiate the July 2022 deal with Bulgaria, under which North Macedonia was to officially recognize the Bulgarian minority in its constitution. Under the terms of the 2022 protocol, which has become part of the EU negotiating framework for North Macedonia, Skopje must first amend its constitution in line with the above obligation before accession negotiations can proceed. Quite how this could be done in the face of bitter rejection of any (re)negotiations in Brussels and Sofia is far from clear. A new protocol is one idea floated by the VMRO-DPMNE. Other figures close to the ruling party have claimed that the most ‘elegant’ way for Skopje to force fresh negotiations on Sofia and Brussels without confrontation would be to withdraw from the 2022 Protocol and, in doing so, force fresh negotiations.

In reality, these plans seem delusional without any willingness on the part of Sofia or Brussels to renegotiate the terms of the 2022 French proposal. Withdrawing from the 2022 protocol would be a serious own goal for North Macedonia’s EU accession efforts, one which would bring them to a clear halt. For the time being, it seems that the new VMRO-DPMNE Government is more likely to flirt with such dangerous ideas than actually put them into practice. Yet by keeping the focus on such ideas, poking and badgering official Sofia, the VMRO-DPMNE likely hopes to deflect pressure from building on it to actually push through constitutional amendments relating to the Bulgarian minority in North Macedonia. In the end, the sum of these efforts is likely to be a whole lot of nothing – no new negotiations with Bulgaria, no progress in the country’s EU

accession process and no ratified amendments to change North Macedonia's constitution so as to make Bulgarians an officially recognized minority.

OPPOSITION ACTIVITIES

The return of the VMRO-DPMNE to power following the May Parliamentary elections has firmly cemented the SDSM as the main opposition. However, the party's path to recovery will be long and difficult following the knockdown in May's elections. Following the elections, former prime minister and party leader Dimitar Kovacevski announced his resignation as party leader. On June 30, the SDSM elected Venko Filipce as the new party leader. Filipce is said to belong to Zoran Zaev's faction within the SDSM, yet the fact that the party elected a new leader without any significant splits was an achievement in and of itself.

Filipce will clearly have a tough job ahead of him. He is not exactly a new face, having served as Health Minister from 2017 to 2022. During this period, he gained a strong degree of popularity, among other things for his handling of the COVID-19 pandemic. However, he was ultimately forced to resign after a fire broke out in a hospital in Tetovo. While not directly and personally responsible, he came under pressure to resign.

DUI will be the other major opposition party in the country, yet it remains to be seen exactly how it will choose to position itself. One concern among many observers in North Macedonia is whether DUI will choose to adopt a more radical approach to opposition, in line with past precedents, angered by its exclusion from government. While this cannot be ruled out, on balance it seems unlikely.

Levica will also compete for attention on the opposition scene, seeking to win over the votes of those ethnic Macedonians disillusioned with both the VMRO-DPMNE and SDSM.

REGIONAL RELATIONS

As is clear from the preceding section, North Macedonia's relations with Bulgaria and Greece are set to deteriorate under the new VMRO-DPMNE led government, barring some major about turn. While the Mickoski Government will rock the boat of relations with both Sofia and Athens, it seems that it will not actually go so far as to sink bilateral relations.

Meanwhile, relations with Kosovo and Albania are likely to remain amicable. A perhaps bigger unknown is what will happen in relations with Serbia. The inclusion of Ivan Stoiljkovic, the leader of a Serb party from North Macedonia and long-term VMRO-DPMNE ally in the new government in the senior post of deputy Prime Minister would perhaps signal the intent to improve relations with Serbia. However, there has also been speculation that the Mickoski Government could withdraw from the Open Balkans Agreement with Albania and Serbia. While this could be a concession to VLEN, it would likely cause considerable anger in Belgrade.

SECURITY

The security situation in North Macedonia has been broadly calm and uneventful over the previous two months.

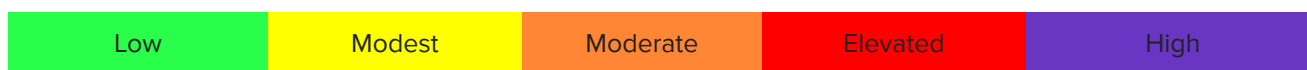
LOOKING FORWARD

- **New Mickoski Government:** perhaps the most important element to follow over the next few months will be the style of government of Mickoski and the VMRO-DPMNE now that they have been returned to office. The previous period of VMRO-DPMNE rule, which ended in early 2017, is remembered as a low point of authoritarianism, democratic backsliding and corruption in the country. It will thus be important to pay attention to any signs that the VMRO-DPMNE is planning to follow a similarly authoritarian course this time around.
- **DUI in opposition:** with DUI pushed into opposition, it will be important to watch how the party will accept this new role. DUI is fundamentally a party of power, dependent on its ability to distribute patronage in order to maintain its electoral base. It will thus not take kindly to being pushed into opposition. The party is likely to maintain its coherence, but has significant capacity to destabilise politics, particularly along inter-ethnic lines, should it choose to do so.
- **Constitutional amendments:** For North Macedonia to move forward in its EU accession negotiations, it will need to deliver on the commitment to adopt constitutional amendments to include Bulgarians in the country's constitution as a recognized minority. Early signs suggest that the Mickoski government has no intention of doing this – on the contrary, there are signs that it could, at best, stall on the constitutional amendments and, at worst, pull out of a previous EU-brokered agreement with Bulgaria. What course the Mickoski Government charts on this issue will have a major impact on North Macedonia's EU accession progress, or lack of it.

Serbia

The new Serbian Government, a coalition of the Serbian Progressive Party (SNS) and Socialist Party of Serbia (SPS), sworn in at the beginning of May, is backed by a strong Parliamentary majority and shows no signs of instability. Local elections in Belgrade and a further 66 municipalities came and went, with a divided and partly boycotting opposition handing victory to the ruling SNS-SPS coalition in Belgrade and across the country. While a protracted electoral period comes to a close with this, a new battlefield between the Serbian Government and a range of opponents spanning the opposition and various environmentalist groups is opening up. This comes as the Serbian Government has taken a series of steps to revive a deeply controversial Rio Tinto lithium mining project in western Serbia, which had previously been scrapped in the face of mass protests in late 2021 and early 2022.

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



GOVERNMENT STABILITY

Sworn into office on May 2, the new Serbian Government of Prime Minister Milos Vucevic, also the nominal leader of the Serbian Progressive Party (SNS), seems set to be highly stable. The government is led by the SNS, with the Socialist Party of Serbia (SPS) acting as junior coalition partner. The new government received the votes of 152 MPs in the 250 seat Parliament, though it has the support of a few additional MPs. In any case, there is little reason to doubt that the new Vucevic Government will enjoy a high degree of stability, given its strong majority. Nor is there any reason to doubt that, in principle, it could last out its full term.

Moreover, within the new Government and Parliament, the SNS is in an even stronger position than during the term of the previous Parliament. In the December 17 Parliamentary elections, the ruling SNS regained an absolute majority in the Serbian legislature. The ruling party actually managed to increase its share of the vote from 44.3% in the 2022 Parliamentary elections to 48.1% in the December 2023 Parliamentary elections, allowing it to increase its number of MPs from 120 to 129, thus regaining its absolute majority in the 250 seat Parliament. However, the SNS' electoral success came at the expense of its coalition partner, the Socialist Party of Serbia (SPS), whose seat tally was almost halved to 18 in the new Parliament.

Following the election of the new Government, another long-running political saga was laid to rest in June. On June 2, repeated elections for the Belgrade City Assembly were held together with local elections in some 66 municipalities across the country. With this, a dense cycle of elections since early 2022 has been brought to a close.

The Belgrade City Assembly elections were the focal point of this electoral round, given the intense political crisis which broke out after the December Belgrade City Assembly elections. Despite the opposition expectations that Belgrade was theirs for taking, the December 17 City Assembly election results were almost a repeat of the 2022 City elections. The SNS won 40% of the votes cast, or 49 seats, while the SPS won 4.9% of votes, which translated into 5 seats. This left the ruling coalition two seats short of a majority. Meanwhile, the opposition alliance Serbia

Against Violence (SPN) won 35.5% of the vote, giving it 43 seats. On the right, NADA won 6.2% of votes, giving it 7 seats. This left a small, maverick, conspiracy-theory protest movement – We-The Voice from the People (Mi-GIN) as future kingmakers, with 4.9% of votes and 5 seats.

Yet so overshadowed was the election by claims that the SNS had essentially stolen the vote, in part by migrating fictional residents from the rest of the country onto the Belgrade electoral roll in the thousands or tens of thousands, that Serbian President Aleksandar Vucic and his SNS ultimately conceded a repeat of the elections, which were eventually scheduled for June 2. Yet by this point, the problem could not be resolved by a simple re-run of the elections.

Having fought hard to challenge the regularity and outcome of the December 17 elections and a repeated election for the City Assembly, the Serbian opposition parties then split over whether to take part in the June 2 elections or not. While calling for repeated elections, both the Serbia Against Violence (SPN) coalition and the coalition around the Democratic Party of Serbia (DSS) had demanded that the elections should not be held in the same environment as the December elections, which they accused the SNS of stealing. Rather, they demanded changes which would ensure the holding of (more or less) free and fair elections.

Much of March, April and May was spent in wrangling between the opposition – which threatened to boycott the elections if the SNS failed to deliver on improved conditions – and the SNS – which seemed keen on the opposition to take part, but was equally keen to grant as few concessions as possible. Key demands from the opposition included the holding of Belgrade City Assembly elections at the same time as local elections in those municipalities where they had not been held in December, in order to prevent fresh ‘voter migration’ by the SNS. The opposition also demanded that voters ‘migrated’ onto the Belgrade election roll by the SNS ahead of the December elections should be removed from the register. Greater media freedom and preventing the abuse of state resources were also demanded by the opposition.

Part of the SNS’ strategy seems to have been to give enough concessions to entice part of the opposition to take part in the elections, but not enough to convince the entire opposition to take

part. The SNS' calculation seems to have been that it would be easier to defeat the opposition in this way. Ultimately, the SNS gamble seems to have worked.

The ruling party thus agreed to the demand to hold elections in the remaining 66 municipalities at the same time as the Belgrade City Assembly elections, as well as to remove all those added to the electoral roll in Belgrade in the months leading up to the December poll. Yet on the wider substance of free and fair elections, the ruling SNS hardly budged. All of this succeeded in driving a fatal wedge into the hard-won unity of the opposition parties.

While the Party of Freedom and Justice (SSP) and Srbija Centar (Srce) were among those within SPN opting for a boycott of the repeated Belgrade elections, along with the DSS, the rest of the former SPN coalition opted to take part in the elections. Thus, a coalition called 'We Choose Belgrade' – made up of the Green-Left Front (ZLF), Democratic Party (DS) and People's Movement of Serbia (NPS) among others – took part in the elections. Into the mix was also thrown Savo Manojlovic and his Kreni-Promeni organisation, which is fielding its own lists. Manojlovic had widely been seen as a rising star of the Serbian opposition scene, with this being the first election in which he and his movement took part.

To complicate the situation further, most of the opposition parties boycotting the Belgrade elections opted to take part in them in other municipalities across Serbia, leading to questions about their consistency. Even more importantly, the calls to boycott the elections in the capital by part of the opposition, while taking part in other corners of the country, sent a fundamentally confusing message to already disillusioned and frustrated opposition voters.

On June 2, the SNS' strategy of dividing and ruling delivered clear dividends. In the Belgrade City elections, turnout fell from a relatively high 58.4% in December to 45.8% in the repeated election, suggesting that many opposition voters really had decided not to vote, for one reason or another. The SNS and SPS this time fielded a single electoral list, winning 53.8% of votes cast, up from the 44.8% combined vote share that they received in December. This strong result gave them an absolute majority of 64 seats in the new 110 seat City Assembly.

The ruling SNS-SPS coalition was also victorious across the country in nearly all the 66 municipalities where elections were held. The only somewhat unexpected challenges to its rule were the southern city of Nis, and the town of Cacak in western Serbia. In Nis, an initial count of what was doubtless a very tight election result showed that four opposition lists had a narrow majority of 31 seats in the 61 seat City Assembly to the SNS-SPS coalition's 30 seats. However, the preliminary tally published by the City Election Commission stated that the SNS-SPS coalition was on 30 seats, the four opposition coalitions on 30, while the Russian Party – nominally a minority list – had won a single seat. The four opposition coalitions hotly disputed this result, claiming that the SNS had engaged in late night ballot stuffing and crude tampering with the vote count to push the Russian party over the vote threshold for entering the local City Assembly and steal victory from the opposition. A string of legal challenges to the preliminary result were carried out by the opposition parties through the courts. However, ultimately, they were not able to overturn the result. Nevertheless, given the well-known internal splits and feuding with the Nis SNS, it remains to be seen whether a new City administration can be formed, or whether Nis will slide towards a repeated City Assembly election.

With the local elections safely out of the way, the ruling SNS decided to revive the deeply controversial Rio Tinto lithium mining project in the Jadar area, close to the town of Loznica in western Serbia. Exploration by Rio Tinto had been going on for the best part of two decades, uncovering extensive deposits of lithium inside a new mineral named Jadarite, after the region where it was discovered by Rio Tinto. However, it was as Rio Tinto was planning to move from the phase of exploration to the phase of exploitation with the opening of a mine and ore processing facility in the area that environmental opposition to the project began to gather steam. Protests against the Rio Tinto lithium mining project became so bitter in late 2021, that in early 2022 the Serbian Government abruptly cancelled the entire project.

While then Prime Minister Ana Brnabic claimed that this was the end of the project, many observers suspected that it was actually little more than a political stunt to neutralise growing opposition to the SNS ahead of crucial Presidential and Parliamentary election in spring 2022. After a two year break, with one presidential election, two rounds of Parliamentary elections, and a two-step local election out of the way, Serbian President Aleksandar Vucic announced in

mid-June – via the Financial Times – that the Serbian Government planned to reinstate the project. Vucic claimed that not only had Rio Tinto given additional environmental protection guarantees, but that Serbia would ban the export of lithium in order to ensure investments in a whole value-chain of lithium processing and production.

The news generated a considerable amount of shock among opponents of the Rio Tinto project, many of whom had thought that it really had been laid to rest. A ruling by the Serbian Constitutional Court on July 11 declared the 2022 decision by the Serbian Government to scrap the lithium mining project as unconstitutional. Days later, on July 16, the Serbian Government adopted a new decree which, in effect, returned the state of play regarding the mining project to where it had been prior to its early 2022 cancellation.

With the Serbian Government determined to push the project through to its conclusion this time and environmental protesters mobilising against it once more, the risk of mass protests is rising once again as a new-old faultline between the ruling SNS and its opponents is once again drawn. **While we have opted to maintain the Civil Unrest risk trajectory outlook at ‘moderate’ given that it was already elevated in the context of the December Parliamentary and local elections, there is a risk that it could be further downgraded to ‘elevated’ in the coming months if protests against the Rio Tinto lithium mining project gather steam.**

OPPOSITION ACTIVITIES

Following its disappointing performance in the June 2 local elections, the Serbian opposition is more divided than it has been in a long time, with recriminations and score settling over whether the boycotting or 'participating' part of the opposition shares the blame for their collective failure to seize power at the local level from the SNS in Belgrade and other major cities.

While there is a possibility that the Nis City Assembly elections could be repeated, so far the only local government that the opposition has managed to take control of in the whole of Serbia is that in the Nis City municipality of Medijana. In several central Belgrade municipalities the opposition came close to unseating the SNS, but ultimately failed.

With the local elections over, the SNS has potentially thrown the Serbian opposition a lifeline of sorts, through the attempt to revive the Rio Tinto lithium mining project. Strong opposition to the project across the country hands the opposition an issue with traction around which to mobilise opposition to the SNS. It also gives the opposition parties a cause around which to unite – should they wish to put their differences aside.

REGIONAL RELATIONS

Serbia's relations with its neighbours remained broadly calm and cordial, with the exception of Kosovo and Bosnia. While relations with Kosovo are traditionally poor, relations with Bosnia (or at least one part of the country) were soured by Serbia's campaign against a UN General Assembly resolution on the 1995 Srebrenica Genocide and remain poor.

SECURITY

The security situation in Serbia has remained relatively calm and uneventful during the previous period. The only exception to this was a rather unusual terrorist attack which took place on June 29 when Milos Zujovic, a convert to Islam, approached a police officer stationed outside the Israeli Embassy in Belgrade and shot him in the neck with a crossbow. The assailant was shot and killed by the police officer.

LOOKING FORWARD

- **Lithium mining:** with a protracted and tense electoral cycle that began in December 2023 and finished in June 2024 out of the way, the central political issue which looms on the Serbian political horizon is the attempt by the Serbian Government to revive the Rio Tinto lithium mining project in western Serbia. While the Serbian Government seems determined to ram through the project, protests in 2021 and 2022 had forced it to cancel the project. It remains to be seen whether the Serbian opposition and environmental groups can once again revive mass protests against the mining project, but deep new political battle lines are once again being drawn across Serbia's landscape.

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

Email: consultancy@birn.eu.com

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

Address:

Kosovska 17

11000 Belgrade

Serbia