



Briefing

## Political Trends & Dynamics

### Deficient Welfare States in Southeast Europe

Volume 1 | 2020

## POLITICAL TRENDS & DYNAMICS IN SOUTHEAST EUROPE

### A FES DIALOGUE SOUTHEAST EUROPE PROJECT

Peace and stability initiatives represent a decades-long cornerstone of the Friedrich-Ebert-Stiftung's work in southeastern Europe. Recent events have only reaffirmed the centrality of Southeast European stability within the broader continental security paradigm. Both democratization and socio-economic justice are intrinsic aspects of a larger progressive peace policy in the region, but so too are consistent threat assessments and efforts to prevent conflict before it erupts. Dialogue SOE aims to broaden the discourse on peace and stability in southeastern Europe and to counter the securitization of prevalent narratives by providing regular analysis that involves a comprehensive understanding of human security, including structural sources of conflict. The briefings cover fourteen countries in southeastern Europe: the seven post-Yugoslav countries and Albania, Greece, Turkey, Cyprus, Bulgaria, Romania, and Moldova.

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## EDITORIAL

*Jasmin Mujanović, Alida Vračić, and Ioannis Armakolas*

At the heart of the European project have always been two fundamental conceits: the first imagines the European Union (EU) as a peace project. The second, and related ideal, proposes that the foundation of lasting peace is a political order defined by social justice and social welfare. This “social Europe” concept has continued to re-emerge as a major feature of social democratic and progressive arguments for a united Europe. Today, the salience of this view is perhaps nowhere more pressingly articulated than in the Western Balkans. Here is a region that is still dealing with the long-term legacies of war and authoritarianism, legacies which have been exacerbated by the fundamental lack of a social vision for these polities and their peoples.

High emigration rates exacerbate virtually all existing problems. A recent study carried out in Albania by the nonprofit organization Together for Life and the Friedrich-Ebert-Stiftung, for instance, found that 78% of doctors wanted to leave Albania, with 24% wanting to do so immediately. The main reasons cited were a lack of professionalism in the workplace, insufficient remuneration, and poor working conditions. Similar situations can be found in other parts of the region. The consequences of the exodus of health workers include sectoral underdevelopment, which is especially visible in peripheral regions. It affects the capacities of the health systems but also results in the loss of health services, a drop in the quality of health provision, and loss of mentorship, research, and supervision.

These dynamics, in turn, have only been further exacerbated by the onset of the global COVID-19 pandemic. It is precisely such a system shock, a veritable cascade failure of capacity and policy, which has always represented a unique challenge and threat for the Western Balkans.

To wit, in this edition of the *Political Trends & Dynamics* newsletter we examine the structural issues facing the welfare and labor market regimes of the Western Balkans. From an analytical perspective, the picture painted in the following articles is not a pretty one. In short, since the end of the Yugoslav Wars, we have seen major declines in overall efficacy and coverage as far as the region’s collective social safety net is concerned. Meanwhile, labor protections and labor mobility remain compromised by poor social protections, and undermined by pervasive patronage and corruption networks, which erode overall social trust to boot.

On the other hand, for those committed to advancing the cause of social justice and social equity, these articles suggest their work is cut out for them. That is, in virtually every sector of the economy, there is work to be done to improve overall rates of access, coverage, and benefits in education, healthcare, social services, employment, etc. Nor is the picture entirely bleak. Indeed, each of our major contributions in this edition provide detailed

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studies of the policy avenues available for both local and European policymakers seeking to shore up a social vision for the region.

Moreover, in light of recent calls for the re-imagining of the enlargement formula, now is exactly the time to insist upon prioritizing the social agenda for the region. Not only because of its obvious practical impact, i.e. in stemming the endemic tide of emigration across the Western Balkans, but because it offers an opportunity for Europe to finally deliver on the bread-and-butter issues and values so many in the region have yearned for, for so long.

And in light of recent events, it is perhaps more clear than ever that comprehensive social regimes and infrastructure and not merely regional issues; the implications are global.

## SOCIAL RIGHTS AS A 'FUNDAMENTAL FIRST'

Mirna Jusić

Social rights are fundamental rights. This has been recognised by the EU Charter of Fundamental Rights,<sup>1</sup> which acknowledges the human rights to an education, collective bargaining and action, fair and just working conditions, reconciling family and professional life, social security and social assistance, and healthcare, etc. However, social matters have not been at the forefront of the Western Balkans (WB) enlargement processes to date, despite serious social challenges in the six WB countries that aspire to join the EU.

Such challenges are manifold. In the realm of education, inequalities persist in the areas of access to education and affect in particular pupils and students with disabilities, those from low-income or Roma households, or individuals residing in rural areas.<sup>2</sup> The 2018 Programme for International Student Assessment (PISA) results indicate that a significant share of 15-year-old students from WB countries performed under Level 2 in three subject areas, which denotes basic aptitude.<sup>3</sup> In the area of employment, joblessness remains high, with unemployment rates ranging from 12.3% in Albania to 29.3% in Kosovo in 2018.<sup>4</sup> With the youth unemployment rate spanning from 28.3% in Albania to 55.3% in Kosovo in 2018, poor job prospects continue to complicate young people's education-to-work transitions.<sup>5</sup> The gender employment gap also remains significant in most countries, especially Kosovo and Bosnia and Herzegovina. Substantial in-work poverty has been registered in some countries,<sup>6</sup> while a widespread precarity of work is also apparent from the high levels of vulnerable or informal work.<sup>7</sup> Systems of social protection are insufficiently mitigating



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poverty and high income inequality in the region; social transfers are generally meagre and of low coverage, while social services remain underdeveloped in most parts of the region.<sup>8</sup> In the realm of healthcare, households' out-of-pocket expenditures remain high.<sup>9</sup> The significant rise in non-communicable diseases in the region<sup>10</sup> suggests that health systems are not well enough equipped to reduce morbidity and mortality rates.

The consequences of such a state of affairs are serious. For many living in the region, the inability to access crucial benefits and services in the social realm further reinforces society's already high distrust in institutions and feeds the dissatisfaction with democracy. In their search for a better life, many young people express a strong or a very strong desire to emigrate abroad, ranging from 26% in Montenegro to 43% in Albania in 2018.<sup>11</sup> The region's considerable emigration potential is likely to shake countries' economic foundations and prospects.

1 Charter of Fundamental Rights of the European Union, Official Journal of the EU C 326/391, 26 October 2012.

2 See, for instance, the World Inequality Database on Education ([www.education-inequalities.org](http://www.education-inequalities.org)). Also see: Smiljka Tomanović, "Education," *Youth Study Southeast Europe 2018/2019* (Sarajevo: Friedrich-Ebert-Stiftung), pp. 16–18.

3 OECD, PISA 2018 Results: Combined Executive Summaries, Volume I, II & III (Paris: OECD, 2019), p. 18.

4 Pertains to age 15+. World Bank and wiiw, "Jobs Gateway in SEE" database, available at: <https://data.wiiw.ac.at/seejobs-gateway.html>.

5 Pertains to ages 15–24. World Bank and wiiw, "Jobs Gateway in SEE" database.

6 See European Social Policy Network (ESPN) 2019 reports on in-work poverty in countries of the region, available at: <https://ec.europa.eu/social/main.jsp?catId=1135&langId=en>.

7 For more, see ILO STAT database ([www.ilo.org/ilostat](http://www.ilo.org/ilostat)).

8 Eurostat, "At-risk-of-poverty rate before social transfers (pensions included in social transfers) by poverty threshold, age and sex" [ilc\_li09], Eurostat "Gini coefficient of equalised disposable income before social transfers (pensions included in social transfers) [ilc\_di12b]," Eurostat, "At-risk-of poverty rate by sex" [tessi010]; Eurostat, "Gini coefficient of equalised disposable income" [ilc\_di12].

9 See World Health Organisation Global Health Expenditure Database (<http://apps.who.int/nha/database>).

10 World Bank, Reform Momentum Needed, Western Balkans Regular Economic Report, no. 15 (Washington, D.C.: World Bank Group, 2019), p. 51.

11 Mirna Jusić and Miran Lavrič, "Mobility and Migration," *Youth Study Southeast Europe 2018/2019* (Sarajevo: Friedrich-Ebert-Stiftung), p. 74.

Over the years, the EU has supported reforms in the social realm in the WB countries through a variety of mechanisms, such as within the financing framework of the Instrument of Pre-Accession Assistance (IPA), through the alignment of national with EU legislation during accession negotiations,<sup>12</sup> or through various capacity-building or policy learning initiatives. But social issues have not earned great distinction in the enlargement process. Addressing the “fundamentals first” – including the rule of law, economic governance, democratic institutions and fundamental rights – has been at the forefront of the enlargement agenda since the European Commission’s 2013–2014 Enlargement Strategy.<sup>13</sup> In addition to introducing the obligation for countries to draft annual Economic Reform Programmes (ERPs), containing medium-term strategic priorities, objectives and structural reforms, the 2013–2014 strategy also announced that a new dialogue had begun on employment and social reform programmes (ESRPs) with candidate countries. Montenegro, North Macedonia and Serbia had formulated such programmes with the support of the European Commission by 2017. However, with a new Commission mandate, the 2015 EU Enlargement Strategy no longer mentioned ESRPs, stating that “ERPs will be presented as a single integrated document with a stronger focus on employment and social challenges.”<sup>14</sup>

A greater commitment to social issues as part of accession – “a new reinforced social dimension” – was stressed in the Commission’s 2018 Western Balkans Strategy.<sup>15</sup> The document announced, *inter alia*, an increase in financial support for the social sector. Moreover, countries’ ERPs would become more closely aligned with the European Semester, the EU’s main framework for economic policy coordination. ERP measures addressing social challenges and structural unemployment would be prioritised and relevant policies monitored. The Strategy document also announced an annual EU-WB Ministerial meeting on social and employment affairs, the first held in June 2019.

12 To date, Montenegro and Serbia are a part of this process. Montenegro has opened Chapter 19 on social policy and employment.

13 European Commission, Enlargement Strategy and Main Challenges 2013–2014, COM(2013) 700 final, Brussels, 16 October 2013.

14 European Commission, EU Enlargement Strategy, COM(2015) 611 final, Brussels, 10 November 2015, p. 8.

15 European Commission, A credible enlargement perspective for and enhanced EU engagement with the Western Balkans, COM(2018) 65 final, Strasbourg, 6 February 2018, p. 13.

As of 2019, a significant novelty was also the inclusion of the EU’s European Pillar of Social Rights (EPSR) in the Commission’s assessments of enlargement countries’ ERPs. Key indicators from the Social Scoreboard, by which Member States’ performance in implementing the EPSR is monitored within the European Semester, were included in the assessments.<sup>16</sup>

A study published by the Friedrich-Ebert-Stiftung in November 2019 suggests, however, that social affairs still remain side-lined in the enlargement process. Primarily analysing the interaction of EU institutions and WB governments in processes of strategic social reform, with a particular focus on ERP and ESRP documents and their implementation, the study finds that substantial commitments by WB governments in the fields of education, employment, social protection and healthcare have not yet materialised.<sup>17</sup> In the education realm, a core reform focus of most countries is the overhaul of vocational education and training, with the aim of addressing skills mismatches; however, a drive for inclusive, quality education is generally not articulated in governments’ reform commitments. Activation approaches are at the core of labour market reforms, yet countries still do not designate sufficient funding for active labour market policies. Moreover, little attention is paid to improving the quality of employment. Enhancing social outcomes through systems of social protection and healthcare appears secondary to the aim of containing social spending.

While recognising the positive features of the current policy dialogue on social and economic issues between the EU and WB governments, such as continuous cooperation, monitoring of reforms, and capacity-building in preparation for the European Semester, the study also points to some of its shortcomings. These include, *inter alia*, ERPs’ focus on growth and competitiveness, where social issues are not addressed in a comprehensive way, and their tendency to set priorities based on the state of public finances, rather than social rights. Governments’ commitments to the ERP process sometimes appear doubtful, as measures formulated frequently lack ambition in terms of funding allocated to them, are too vague

16 See EC, “Social Scoreboard,” available at: <https://composite-indicators.jrc.ec.europa.eu/social-scoreboard/>.

17 Mirna Jusić and Nikolina Obradović, *Enlargement Policy and Social Change in the Western Balkans* (Sarajevo: Friedrich-Ebert-Stiftung, 2019).

and have uncertain outcomes. Moreover, governments generally display little willingness to open up the process of ERP formulation to a wider set of stakeholders.

According to the study, the narrowness of the social dimension of WB enlargement and WB governments' enthusiastic social reform portfolio could be attributed to various conditions, including weakly performing economies that deliver humble resources for ambitious reforms, large informal sectors that undercut revenues of social security systems, pervasive clientelism that redirects resources away from essential social reforms, as well as governments' lack of capacity for evidence-based policy making and reluctance to abandon current systems of social security provision and financing despite their weaknesses. On the side of the EU, a weak focus on social matters in the region appears to be a reflection of a lack of political agreement on the depth of Europe's own social integration.

To address the region's social challenges, a paradigmatic shift is needed in enlargement policy where not only institutional and economic, but also social convergence, is advanced as a key objective. Given the centrality of the EPSR in the EU's 2019–2024 strategic agenda, the Pillar and its 20 key principles should become a crucial frame of reference of the 'enlargement toolkit.' Its individual instruments should be used in a mutually reinforcing manner towards that end.

For instance, the 'social fundamentals', in line with the EU Charter of Fundamental Rights, could be featured more prominently as part of accession negotiations, together with the chapters of the *acquis* that are already frontloaded in the negotiations process: Chapter 23 on judiciary and fundamental rights and Chapter 24 on justice, freedom and security.

Moreover, throughout the Commission's assessments and bilateral consultations on reform priorities, governments should be encouraged to articulate and implement ambitious social reforms, in line with the jointly agreed-upon annual ERP policy guidance, as well as national and regional strategies and targets. Governments should

regularly recount on progress made in the social realm; moreover, compliance with social rights should be monitored in line with the Social Scoreboard, and to the extent possible, relying on the methodology used to track the performance of Member States.<sup>18</sup> For enhanced accountability, knowledge-sharing and sustainability of reforms, the ERP process should be opened to a wider group of actors, not limited to service providers and users, social partners, non-governmental organisations, academia, different levels of government, and the wider public.

Countries could benefit from substantial financial support within the framework of the 2021–2027 round of IPA financing, which should be designated for strategic and comprehensive reform projects that address a broad set of social challenges across the region. In addition to IPA, countries could also benefit from access to various funding facilities under the future European Social Fund Plus (ESF+).

Greater investment in different capacity-building programmes, not limited to evidence-based policy-making, strategic planning and social statistics, should be supported through IPA and other sources of funding. Moreover, opportunities for policy learning at the EU level could be broadened. For instance, government representatives from WB candidate countries have joined working groups as part of the European cooperation in education and training (ET 2020), but such practices could be extended to all WB countries and other policy areas, also to include stakeholders such as social partners. Countries could also benefit from further opportunities for policy learning and cooperation on the regional level, building upon existing mechanisms (for instance, the EU-WB Ministerial meeting on employment and social affairs or the WB Platform on Education and Training). Setting common targets in the areas of social protection, employment, healthcare and education on

### KEY TAKEAWAY

A lack of substantive commitment to the social dimension of the EU enlargement process has led to a worsening situation in the Western Balkans in education, employment, social protections, and healthcare. A paradigm shift is needed in order for social convergence with the EU to be treated as a key objective by the EU as well as by Western Balkan governments.

<sup>18</sup> See, for instance, European Commission, Annexes to the Proposal for a Joint Employment Report from the Commission and the Council accompanying the Communication from the Commission on the Annual Sustainable Growth Strategy 2020, COM(2019) 653 final, Brussels, 17 December 2019.

the regional level and emulating the EU's Open Method of Coordination (OMC), may be one such platform for cooperation.<sup>19</sup>

According to the Commission's February 2020 Communication on enhancing the WB accession process, the EU's support of "fundamental democratic, rule of law and economic reforms and alignment with core European values [...] will in turn foster solid and accelerated economic growth and social convergence."<sup>20</sup> The document also foresees a stronger link between accession negotiations on fundamentals and the ERPs. This should be seen as an opportunity to address the challenges that are shaping the region's social outcomes. The enlargement process should encourage a continuous exchange of ideas in each country regionally and with the EU on how best to enact the principles of social justice and effect social transformation. Otherwise, adverse existing conditions will continue to hamper the region's social convergence with the rest of Europe.

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<sup>19</sup> For instance, see: Future-Oriented Welfare State Policies in the Western Balkans: Open Coordination in Education, Social Protection and Social Inclusion (Belgrade: The Future of the Welfare State Initiative, 2019).

<sup>20</sup> European Commission, Enhancing the accession process – A credible perspective for the Western Balkans, COM(2020) 57 final, Brussels, 5 February 2020, p. 2.

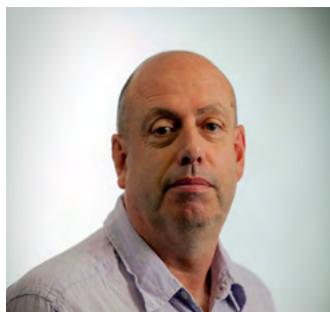
## TOWARDS A WELFARE STATE IN THE WESTERN BALKANS<sup>21</sup>

Paul Stubbs

### Introduction

In the complex process of accession to the European Union, there is often little common ground between the European Commission and the governments of the Western Balkans. The idea that social welfare arrangements are marginal, if not irrelevant, is one such area, however. The European Union pays lip service to social policies, arguing for their recalibration in the context of austerity, fiscal consolidation, and debt reduction, even for Member States. The European Pillar of Social Rights,<sup>22</sup> initially conceived for Eurozone countries, does offer a broad framework to compare performance, but Member States are free to make their own judgements in terms of the best system of social policy to deliver agreed-upon objectives. In recent years, broadly neoliberal economic conditionalities have been added to the political criteria for accession, but social policies have been largely ignored.<sup>23</sup> It is also hard to find any reference to social policy in the outputs of the army of liberal think-tanks working in and on the region.

Almost without exception, the governments of the Western Balkans massively underfund health care, education, and social protection. At the same time, access and benefits are distorted as a result of clientelistic capture, implicit and explicit discrimination, and the exigencies of the electoral cycle. In this short piece, based on over twenty-five years of research and activism on social policy across the region and involvement in the advocacy network *The Future of the Welfare State in the Western Balkans*,<sup>24</sup> I seek to map the current state of welfare across the region. I argue for increased, well-targeted, social investments, improved governance, and more progressive social



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policies to ensure the well-being of those who live in the Western Balkans. I hint also at some of the reasons why social policy needs to be tied more closely to that other missing theme of EU accession: responding to climate change.

Traditionally the concern of national and local governments alone, there has, in recent years, been much greater interest in transnational social policies.<sup>25</sup> I suggest that the best way to avoid clientelistic capture and nationalistic welfare chauvinism, in which welfare entitlements favour the dominant ethno-national group at the expense of others, is the development of regional welfare state structures. Advocating for regional welfare standards across the Western Balkans is necessary in the context of large-scale migration, the presence of large diaspora communities, and the unfinished and contested nature of nation-state building. Interlinked crises of the lack of decent work, large-scale poverty, precarity and inequality, demographic ageing and the crisis of care, as well as climate change, can only be tackled by freeing up resources, sustained political commitments, holistic policies, and a pooling of risks in order to future-proof welfare arrangements.

### Mapping Welfare and Well-Being

With the exception of Albania, the rest of the Western Balkans inherited a rather well-developed social protection system from socialist Yugoslav times, albeit in the context of large and intractable regional inequalities, a bias towards industrial workers at the expense of those in rural areas, and the massive economic, political, and

21 Although responsibility for this text is mine alone, I want to acknowledge the support of colleagues from the advocacy network *The Future of the Welfare State in the Western Balkans* and, in particular, Gordana Matković and Žarko Šunderić from the Center for Social Policy, Belgrade, Serbia.

22 [https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles\\_en](https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles_en)

23 Paul Stubbs and Noemi Lendvai (2016), 'Re-assembling and Disciplining Social Europe: turbulent moments and fragile f(r)ictions', in Zlatan Krajina and Nebojša Blanuša (eds.) *EU, Europe Unfinished: mediating Europe and the Balkans in a Time of Crisis*, London: Rowman & Littlefield; 31–56.

24 <http://futureofthewelfarestate.org>

25 Alexandra Kaasch and Paul Stubbs (eds.) (2014), *Transformations in Global and Regional Social Policy*, London: Palgrave MacMillan.

Table 1: Key Social Indicators, Western Balkans and the EU, 2017

	Albania	Bosnia-H	Kosovo	Montenegro	North Macedonia	Serbia	EU
At-risk-of-poverty SILC 2016	–	–	–	24.0	21.9	25.9	17.3
Absolute poverty 2011	39.1 (2012)	3.9	21.4	4.8 (2014)	23.1	7.4	–
Youth Unemployment	31.9	45.8	52.7	31.7	46.7	31.9	16.8
Long-term Unemployment	8.9	17.0	21.7	12.4	17.4	8.2	3.4
Economic activity rate	66.8	54.5	42.8	69.3	65.3	66.7	73.4
Economic activity rate – female	57.7	42.7	20.0	61.7	51.7	59.6	67.9

Source: Future-oriented welfare state policies in the Western Balkans, using Eurostat, World Bank, and national statistical office data (see <http://futureofthewelfarestate.org/wp-content/uploads/2019/12/WFS-Platform-Future-OrientedWelfareStatePoliciesInTheWestern-Balkans.pdf> for details)

social crisis of the 1980s.<sup>26</sup> Throughout the 1990s, wars and large-scale forced migration across much of the region, combined with rapid deindustrialization and widespread economic crisis, eroded both the institutional base of social welfare, health and education, and led to large-scale impoverishment and hardship alongside the enrichment of small, rent-seeking, if not downright kleptocratic,<sup>27</sup> politico-economic elites.

The generic advice of the region's *troika*, of the European Union, the World Bank, and the International Monetary Fund has served to prioritise economic growth over social investment, resulting in greater inequalities in terms of health and education, privatisation of pension systems, and a residualist approach to social protection, based on the mantra of 'targeting the most vulnerable'. A strange mixture of large-scale experimentation in a 'crowded playground',<sup>28</sup> *de facto* erosion and 'layering' of social rights in favour of groups seen as 'deserving' or having political in-

fluence, has led to little real reform and, indeed, a kind of inertia.<sup>29</sup> At the same time, notably in parts of Bosnia and Herzegovina and Kosovo, distortions in spending in favour of war veterans, civilian victims of war, and their families, represents a form of clientelistic capture of social welfare with the reduction of benefits sought by international actors but resisted both by political elites and beneficiaries.<sup>30</sup> Demographic renewal has become a key objective in parts of the region, despite a lack of evidence of positive effects, further distorting social policy. In the face of opposition from the business lobby and the IMF, North Macedonia has ended its short-lived flirtation with progressive income tax and returned to the region's norm of low, flat income tax and regressive expenditure taxes,<sup>31</sup> deeply problematic for financing social policy.

26 Rory Archer, Igor Duda, and Paul Stubbs (eds.) (2016), *Social Inequalities and Discontent in Yugoslav Socialism*, Abingdon: Routledge; Stubbs, Paul and Reima Ana Maglajlić (2012): 'Negotiating the Transnational Politics of Social Work in Post-Conflict and Transition Contexts: Reflections from South-East Europe', *British Journal of Social Work* 42(6); 1174–1191.

27 Jasmin Mujanović (2018), *Hunger and Fury: the crisis of democracy in the Balkans*, Oxford: University Press.

28 Mihail Arandarenko and Pavle Goličin (2007), 'Serbia' in Bob Deacon and Paul Stubbs (eds.) *Social Policy and International Interventions in South East Europe*, Cheltenham: Edward Elgar; 167–186.

29 Paul Stubbs and Siniša Zrinščak (2019), 'Reforming Welfare Assemblages in Semi-Peripheral Spaces: understanding 'drivers of inertia' in Bosnia-Herzegovina, Croatia and Serbia', in Sofiya An, Tatiana Chubarova, Bob Deacon and Paul Stubbs (eds.) *Social Policy: Poverty and Inequality in Central and Eastern Europe and the Former Soviet Union: agency and institutions in flux*, Stuttgart: Ibidem Verlag.

30 Nikolina Obradović (2017), 'War Veteran's Policy in Bosnia and Herzegovina', *Revija za socijalnu politiku* 24(1); 93–106; Guardiancich, Igor (2019): 'Between Modern Design and Old Political Habits: The Kosovar pension system under threat', in Sofiya An et al (eds.) *Social Policy: Poverty and Inequality in Central and Eastern Europe and the Former Soviet Union: agency and institutions in flux*, Stuttgart: Ibidem-Verlag; 145–166.

31 Maja Gerovska Mitev (2019), 'North Macedonia Rolls Back Progressive Taxation', *ESPN Flash Report* 2019/61, European Social Policy Network (ESPN), Brussels: European Commission.

**Table 2: General Government Expenditure by Function as a Share of GDP, 2017 (%)**

	Albania	Bosnia-H	Kosovo	Montenegro	North Macedonia	Serbia	EU
<b>Social protection</b>	9.1	13.0	6.3	12.8	11.6	15.4	18.8
<b>Health</b>	2.9	5.1	2.8	4.7	4.9	5.5	7.0
<b>Education</b>	2.4	3.4	4.4	4.2	3.7	3.3	4.6
<b>Total</b>	14.4	21.5	13.5	21.7	20.2	24.2	30.4

Source: Future-oriented welfare state policies in the Western Balkans, using Eurostat, World Bank, and national statistical office data (see <http://futureofthewelfarestate.org/wp-content/uploads/2019/12/WFS-Platform-Future-OrientedWelfareStatePoliciesInTheWesternBalkans.pdf> for details)

Unsurprisingly in this context, social indicators show rather negative trends across the region although accurate, comparable, up-to-date social statistics are in short supply.<sup>32</sup> EU SILC at-risk-of-poverty rates<sup>33</sup> for 2016 were 21.9% in North Macedonia, 24.0% in Montenegro and 25.9% in Serbia. Albania and Kosovo had high rates of absolute poverty, at least in 2011, measured at the purchasing power parity equivalent of less than \$5.50 per person per day.<sup>34</sup> Youth unemployment (those aged 15–24) remains high across the region with rates in 2017 ranging from 31.7% in Montenegro to 52.7% in Kosovo, compared to an EU average of 16.8%. Long-term unemployment rates are also extremely high compared to the EU, ranging from 8.2% in Serbia to 21.7% in Kosovo, compared to the EU average of only 3.4%. In the context of generally low activity rates, well below those of the EU average, female activity rates are extremely low in Kosovo and Bosnia and Herzegovina (Table 1). Despite having much lower levels of GDP than the EU, all of the Western Balkans spend a smaller percentage of GDP on health and education – in the case of Albania, the rates are extremely low (Table 2).

There are also significant problems in terms of the governance of social welfare, and the nature of provision, that are, perhaps, less tangible, but no less problematic in terms of people’s lives and livelihoods. General problems of the allocations

of responsibilities between levels and their lack of fit,<sup>35</sup> most notably but far from exclusively, in Bosnia and Herzegovina, are compounded by what might be termed interlocking welfare parallelisms<sup>36</sup>: the balance of responsibilities between central, regional and local governments, on the one hand, and the role of non-state, primarily not-for-profit but also for-profit, and state and state-like actors, on the other hand, are deeply problematic. The rather positive legacy of statutory Centres for Social Work has been lost through decades of underfunding and a failure to invest in training and support of social workers. At the same time, NGOs that were, often, well-funded during the conflicts, now compete for short-term contracts to deliver services that are not always clearly based on assessments of needs and can even reinforce regional inequalities.

Crucially, the balance between cash support and services, particularly services in the community, and, above all, the co-ordination between them, is far from optimal. At best, services are patchy, over-bureaucratised and patronising and, all too often, particularly with inappropriate long-term institutional care some way from centres of population, actually an abuse of human rights, largely neglected by human rights NGOs it must be said. Although the Western Balkans did not have the massive numbers of children and persons with disability in sub-standard residential care as, say, Bulgaria and Romania, the process of transition from institutional to community-based care has been

32 Gordana Matković (2019), ‘The welfare state in Western Balkan countries: challenges and options’, *Stanovništvo* 57(1): 27–52.

33 Albania, Bosnia-Herzegovina, and Kosovo are not included in the EU Statistics on Income and Living Conditions (SILC), a survey that defines the at-risk-of-poverty rate as the percentage of the population living on less than 60% of median income.

34 *Future-Oriented Welfare State Policies in the Western Balkans*, <http://futureofthewelfarestate.org/wp-content/uploads/2019/12/WFS-Platform-Future-OrientedWelfareStatePoliciesInTheWesternBalkans.pdf>

35 Gorana Matković (2017), *The Welfare State in Western Balkan Countries – challenges and options*, Belgrade: Center for Social Policy, [http://futureofthewelfarestate.org/wp-content/uploads/2018/04/The\\_Welfare\\_State\\_in\\_Western\\_Balkan\\_Countries\\_Position\\_Paper.pdf](http://futureofthewelfarestate.org/wp-content/uploads/2018/04/The_Welfare_State_in_Western_Balkan_Countries_Position_Paper.pdf)

36 Paul Stubbs and Siniša Zrinščak (2009), ‘Rescaling Emergent Social Policies in South East Europe’, *Social Policy Review* 21: 285–305.

slow, uneven and, sometimes, had unintended detrimental consequences. The lack of voice of service users in the system is deeply problematic right across the region and across all sectors.

## What Is to Be Done? Towards a Future-oriented Welfare State Platform

Any kind of political debate on future options for social welfare across the region, beyond empty promises by politicians before elections, would be welcome, providing it goes beyond the neoliberal orthodoxy that sees welfare states as anachronistic, unaffordable, and dependency-inducing. Social protection can and should be much more than a losing battle to put out fires in terms of the most vulnerable. At their best, social protection systems combine protective, preventive, supportive, and transformative elements, not merely alleviating poverty and social exclusion but challenging unequal power relations and contributing, if not to equality, then, at least, to equality of opportunity for all.<sup>37</sup>

Based upon, but going beyond, the ILO's Social Protection Floors initiative,<sup>38</sup> is extremely important. The region needs to both extend coverage – the horizontal level – and raise social security standards – the vertical level. Effective social protection systems are affordable, not least when new sources of finance are tapped into, and, indeed, are, often, able to pay for themselves through reducing unemployment, preventing crises and strengthening political stability. They help to build the kind of national consensus prevalent in the first welfare states in Scandinavia and help to protect people against risks from demographic changes, climate change and migration, provided social protection rights are extended to all who reside in a territory and not just formally legal citizens. In addition, schemes must be based on anti-discriminatory principles and practices if they are to be genuinely inclusive.

<sup>37</sup> Stephen Devereux and Rachel Sabates-Wheeler (2004), 'Transformative Social Protection', *IDS Working Paper 232*, [https://www.unicef.org/socialpolicy/files/Transformative\\_Social\\_Protection.pdf](https://www.unicef.org/socialpolicy/files/Transformative_Social_Protection.pdf)

<sup>38</sup> [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_INSTRUMENT\\_ID:3065524](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:3065524)

In December 2019, the advocacy initiative *The Future of the Welfare State in the Western Balkans* set out core elements of a future-oriented welfare state platform for the Western Balkans.<sup>39</sup> It included adequate social assistance, a social pension, child allowances that should be available across the whole regional and, if not initially universal, given the problems of tax-benefit systems, at least more comprehensive than currently and, certainly, universal for children with disabilities. It advocated for net replacement rates of insurance-based benefits such as pensions and unemployment benefits to be at least 60 % and for the replacement of punitive workfare schemes with targeted assistance for integration and inclusion, taking into account care responsibilities and work-life balance. Allocations for health care should be at least 5 % of GDP and steps need to be taken to reduce inequalities in both access and outcome. General government expenditure for education should be at least 4 % of GDP with priority given to inclusive education

for all, and universal access to quality pre-school education. Finally, and crucially, the region should adopt a minimum package of community-based services, prioritizing, in the first instance, children and young people, people with disabilities, and those in need of long-term care, combining expanded day care, home care and personal assistance services.

### KEY TAKEAWAY

Social policies in the Western Balkans are captured through clientelistic relations. Processes of accession to the European Union serve only to marginalise further social issues. Based on his work within the advocacy network *The Future of the Welfare State in the Western Balkans*, Mr. Stubbs suggests elements of a future-oriented welfare state for the Western Balkans.

There are examples of good practice from the region that can, and should, be built on here. The Government of North Macedonia, with the support of non-state actors and some international organisations, has made huge progress on access to pre-school care and early childhood education, as well as on de-institutionalization and the development of quality community-based services. In the early 2000s Serbia, not least through a Social Innovation Fund, was also able to promote and scale-up quality services.<sup>40</sup> The region

<sup>39</sup> <http://futureofthewelfarestate.org/wp-content/uploads/2019/12/WFS-Platform-Future-OrientedWelfareStatePoliciesInTheWesternBalkans.pdf>

<sup>40</sup> Bošnjak, Vesna and Paul Stubbs (2007): 'Towards a New Welfare Mix for the Most Vulnerable: Reforming social services in Bosnia-Herzegovina, Croatia and Serbia', in Željko Lovrinčević et al (eds.) *Social Policy and Regional Development*, Zagreb: EIZG; 139–165, [https://pdfs.semanticscholar.org/1015/0d8441474b2151e17dbff836bd930fa70240.pdf?\\_ga=2.143429109.1586784344.1579258335-831597904.1574084604](https://pdfs.semanticscholar.org/1015/0d8441474b2151e17dbff836bd930fa70240.pdf?_ga=2.143429109.1586784344.1579258335-831597904.1574084604)

needs to promote portability of social rights for migrants, introduce a regional social work service, develop common indicators, and work on common standards for both cash and care. Promoting social inclusion and respecting planetary boundaries need to go hand-in-hand through a greater focus on 'eco-social policies',<sup>41</sup> forms of rights, regulation and redistribution (including taxes, benefits and services) that promote new patterns of production, consumption and investment, including in green jobs, renewable energy, public energy-efficient transport, eco-agriculture, localized food chains, low-carbon activities, sustainable housing, a circular economy and the care economy. The first welfare states were leaps of imagination. In a region where political elites pay lip service to people's livelihoods, a transnational welfare state must be an integral part of a radical shift in the balance of income, wealth and power, embracing equal social rights for all to live in dignity, and advancing towards a low carbon future in a new moral economy in which paid work in the formal labour market will only be one form of livelihood choice.

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<sup>41</sup> Gough, Ian (2014): 'Climate Change, Social Policy, and Global Governance', in Alexandra Kaasch and Paul Stubbs (eds.) *Transformations in Global and Regional Social Policies*, Basingstoke: Palgrave MacMillan; 106–133.

## SKILL GAPS AND SKILL MISMATCH IN THE WESTERN BALKANS

Will Bartlett

In recent years, the Western Balkan economies have begun to recover from the spillover effects of recession in the Eurozone. The policy of quantitative easing by the European Central Bank has led to a dramatic fall in interest rates throughout Europe, which has stimulated business investment. Unemployment rates in the region have begun to fall from previously high levels, especially in North Macedonia and Serbia, which have witnessed fairly dramatic reductions in unemployment (by around 6 percentage points in each country from 2015 to 2017). Elsewhere the effects have been less pronounced (the decrease in the unemployment rates in Bosnia and Herzegovina, Kosovo, and Montenegro have been between 2 and 3 percentage points), and in Albania the unemployment rate is practically unchanged. This phenomenon of falling unemployment is mostly unrelated to the economic recovery as such. The average rate of GDP growth in North Macedonia and Serbia between 2015 and 2018 was the lowest in the region, at just below 3%, while the reduction in unemployment was the highest. Kosovo and Montenegro experienced far lower reductions in unemployment despite achieving growth rates of 4% or above.

The notable difference in economic performance over the last five years in North Macedonia and Serbia has not been in overall economic growth but in the ability of these two countries to attract foreign investors in the industrial sector, especially in the field of motorcar components manufacturing, on the basis of massive subsidies. These foreign investors have mainly located themselves in a set of Special Economic Zones that have been established to provide them with secure well-managed facilities with substantial infrastructure and utility connections.<sup>42</sup> They have also enjoyed favourable conditions including tax breaks and exemptions from excise duties, customs charges and local government fees. These new foreign investors have created numerous low-paid and low-skilled jobs in reprocessing industries. They typically import raw materials and other inputs which are assembled into motorcar components (or fin-



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ished motorcars in the case of the FIAT factory in Kragujevac) for re-export. However, this activity generates few linkages to local economies and hence has a relatively low impact on GDP growth, while at the same time having a relatively large impact on unemployment. Moreover, the unemployment rate throughout the region remains above 13%, far above the average unemployment rate in the EU. Even in North Macedonia, which experienced the largest drop in unemployment, the unemployment rate in 2017 was still an enormous 22.4%. All this suggests that the economic recovery has not made substantial inroads into the greater problem of structural unemployment due to the underlying issue of a lack of economic competitiveness, which is in turn related to the widespread problem of skills gaps and mismatches in the labour market.

### Skills and Structural Change

In the Western Balkans, the rapid structural change which occurred during transition has led to high rates of structural unemployment, compounded by mismatch between the skills required in the declining industrial sectors and the new skills required by emerging high value-added services sectors. Long-term unemployment has also been persistently high in most countries, leading to a depreciation of skills and associated difficulties facing displaced workers in returning to the labour market. Youth unemployment is severe, suggesting that the education system has not equipped young people with the right mix of skills needed to find a job. High rates of youth unemployment encourage young people to stay

<sup>42</sup> W. Bartlett, B. Krasniqi, and J. Ahmetbasić (2019), "Attracting FDI to the Western Balkans: Special economic zones and smart specialisation strategies", *Croatian Economic Survey*, (special issue SmartEIZ), 21(2): 5–35.

in education longer, with a consequent increase in the number of university graduates, many of whom do not find jobs commensurate with their education level. When university graduates take a lower-skilled job, they may displace less educated young people from a job. Consequently, the highest unemployment rates are often found among graduates from secondary education.

Part of the reason for such persistent skill mismatch seems to be a lack of adjustment of education systems to new economic realities. Employers report a misalignment between the profile of skills of graduates from schools and universities and the needs of employers. Vocational schools continue to teach out-of-date curricula, providing skills that are of little use in the labour market. Education methods depend too much on rote learning rather than teaching problem-solving, interactive, and transferable skills. Even among university graduates, the problems of skill mismatch and gaps create obstacles to improved competitiveness based on local economic development, rather than simply creating unskilled jobs through outward processing forms of foreign investment.

A recent study carried out by the author and colleagues analysed the contribution of higher education systems to upgrading labour force skills, analysing the problems facing university graduates in accessing the labour market, and those facing employers in dealing with skill gaps among their new graduate employees.<sup>43</sup> The data used in the study were collected through a survey of over four thousand recent university graduates who had completed their studies since 2010, and a companion survey among over one thousand employers of university graduates.

### Graduate Skill Gaps Are Wide and Growing

Most transition economies have experienced severe skill gaps as a consequence of economic restructuring. Newly created jobs typically require different types of skills to those that have been lost in the process of structural change, and the

43 W. Bartlett, M. Uvalić, N. Durazzi, V. Monastiriotis, and T. Sene (2016), *From University to Employment: Higher Education Provision and Labour Market Needs in the Western Balkans Synthesis Report*, Brussels: European Commission, Directorate General for Education and Culture <http://www.lse.ac.uk/business-and-consultancy/consulting/assets/documents/From-University-to-Employment.pdf>.

consequent expansion of demand for new skills has often taken place more rapidly than education systems have been able to adapt. Skill shortages have been exacerbated by the depreciation of skills associated with long-term unemployment, while reskilling has been inhibited by a relative absence of provision of adult education and life-long learning opportunities. Overall, these factors have led to severe shortages of appropriately skilled workers.

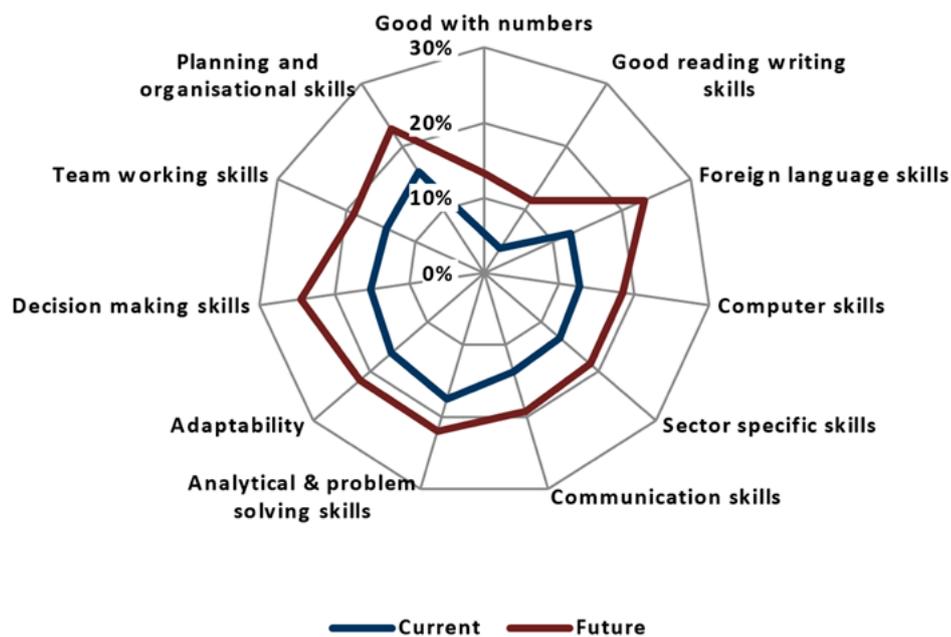
Our survey of university graduates in the Western Balkans revealed that about one third of employers in the Western Balkans are dissatisfied with the skills of their new graduate recruits. Most employers perceive graduates' "interactive" skills, such as decision-making skills, analytical skills, team working skills, and planning and organisational skills to be relatively weak, and graduate skill gaps are correspondingly high in these areas. Such skills are often neglected in higher education systems where traditional teaching methods emphasise rote learning rather than student-centred approaches. Skill gaps are found in all dimensions of skills. Figure 1 shows that graduates' skill gaps are relatively high in interactive skills such as planning and organisational, decision-making, analytical and problem-solving skills, and adaptability. All types of skill gaps were expected to increase in the future, especially in foreign language and decision-making skills. This points to deficiencies in the quality of higher education systems.

Employers also reported that graduates lack work experience and practical knowledge, and even lack of motivation to find a job in certain cases. Having some work experience is important for graduates' labour market outcomes, and graduates with at least some work experience are more likely to find a job compared to those with no work experience.

### Skill Mismatch Undermines Productivity and Job Creation

In transition economies, the mismatch between the skills of an employee and the requirements of the job, sometimes referred to as 'overeducation', can be long-lasting, as employers tend to invest relatively little in on-the-job-training due to the uncertainty induced by structural change and the poor investment climate. In line with this, our graduate survey revealed that many gradu-

Figure 1: Graduate skill gaps in the Western Balkans (%)



Source: Bartlett and Uvalić, 2018

ates in the Western Balkans are employed in “mismatched” jobs where their qualification lies either above or below the skill level necessary to carry out the job. Not only does this reduce productivity levels in the economy as a whole, but such skill mismatch is also costly to individuals, as “over-educated” graduates typically earn lower salaries than they could expect if they were employed in a job requiring the appropriate level of qualification. Our graduate survey revealed that only 48% of graduates in the Western Balkans have a vertically well-matched job, as many as 37% are over-qualified while a further 15% are under-qualified for their job (see Figure 1). Worryingly, among graduates who studied in the broad field of Information & Communication Technologies, as many as 30% were under-qualified in relation to the skills needed by their job. This suggests that universities are failing to impart the skills needed in a key field contributing to high value-added employment.

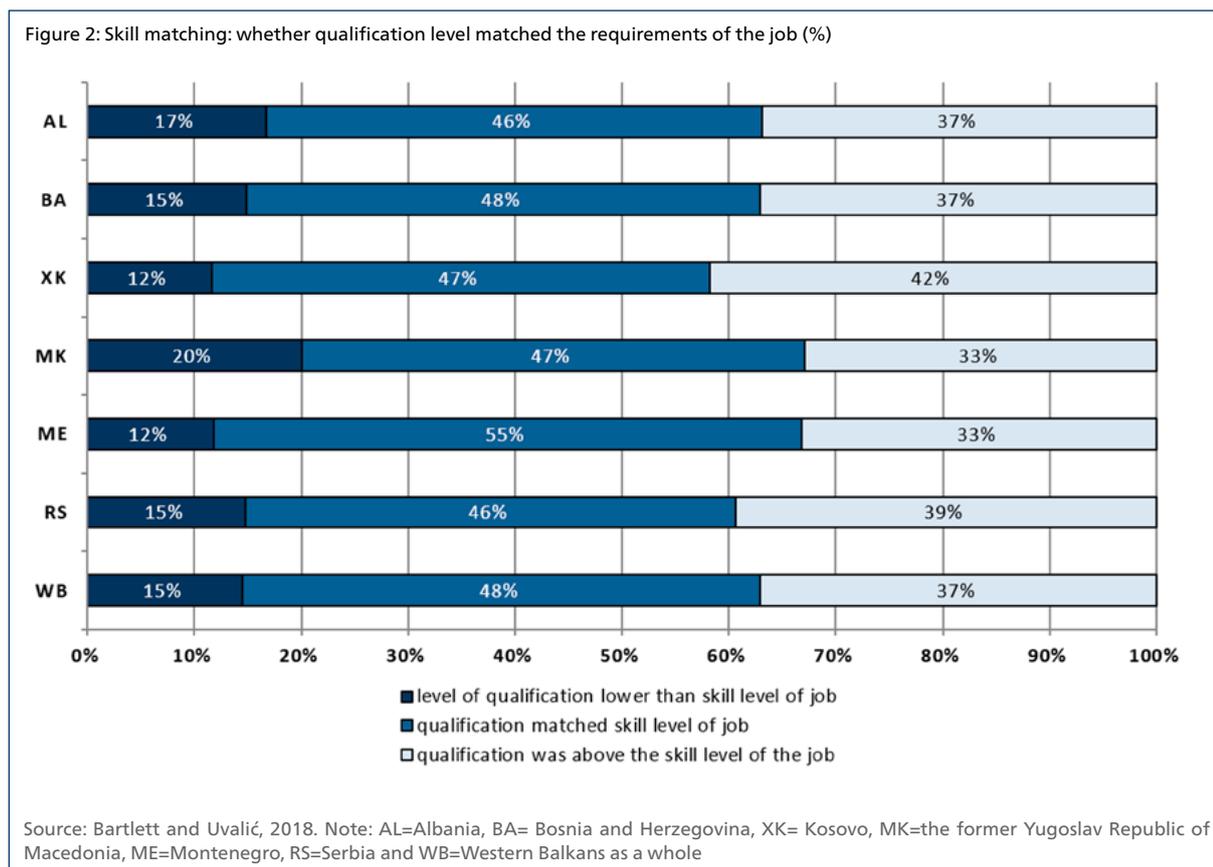
### KEY TAKEAWAY

Despite starting to recover from the economic recession, Western Balkan countries still suffer from low GDP growth and relatively high unemployment. Skills gaps and mismatches are prevalent in the labour market, particularly among post-secondary graduates. Significant reforms of higher education systems, cooperation with business, and more on-the-job employer training are needed to rectify the situation.

Having a well-matched job has implications for earnings. The graduate survey revealed that at the start of their career, graduates who were well matched had median monthly earnings of €300, compared to €250 for over-qualified graduates and €240 for under-qualified graduates. Skill mismatches narrow somewhat as graduates sort themselves into better-matched subsequent jobs throughout their career: for their current job, well-matched graduates had median monthly earnings of €400, compared to €370 for over-qualified graduates and €350 for under-qualified graduates. The differences in earnings are a measure of the productivity gap between well-matched and poorly matched graduates, and therefore of the potential gain from ensuring that the matching process works more efficiently for university graduates. In addition, graduates whose first job is not well matched to their qualification level are more likely to become unemployed or to drop out of the labour market than others.

Several factors affect the likelihood of a graduate achieving a good match on the labour market. Having above average performance at university,

44 W. Bartlett, and M. Uvalić (2018), “Higher education and the graduate labour market in the Western Balkans”, in: R. Osbild and W. Bartlett (eds.) *Western Balkan Economies in Transition: Recent Economic and Social Developments*, Berlin: Springer, pp. 47–60.



studying in small class groups, being exposed to teaching methods that use problem solving and creative thinking methods, having an internship or work experience during studies, receiving support from professors or from the public employment service all increase the likelihood of finding a well matched job. A major cause of mismatch is the overall lack of jobs, which provides an incentive for graduates to take up any job that is available. Yet simply increasing the number of jobs without tackling the underlying causes of mismatch, improving skill attainment and raising the quality of higher education provision is unlikely to secure a more effective utilisation of the available human capital.

### Conclusions: Reforms of HE Systems Are Badly Needed

The findings of the research cast a worrying perspective on the ability of higher education systems in the Western Balkans to deliver the qualified personnel that are needed to support future economic growth. In order for universities to make a better contribution to building human capital, and consequently to the competitiveness and growth of the region’s economies, significant reforms of higher education systems and gradu-

ate labour markets are needed. For example, university-business cooperation should be increased in order to ensure that there is a better match between the skills of the graduates and the needs of employers; graduate career guidance services should be better developed; more opportunities should be provided for university students to gain work experience before entering the labour market; teaching methods should be modernised to provide graduates with more interactive skills; and on-the-job post-graduate training opportunities should be made more widely available in coordination with employers’ training policies. Without such fundamental changes, all types of skill gaps and skill mismatches will increase in the future as technological development is likely to outstrip the ability of higher education systems as currently configured to adapt to rapidly changing labour market needs.

The background is a blue-tinted photograph of a white wall. In the upper left, a white dove is captured in flight, its wings spread. In the lower right, a colorful kite with various patterns and colors is visible on the ground. The overall scene is bright and clear.

# POLITICAL TRENDS & DYNAMICS

## OVERVIEW

THIS SECTION AIMS TO PROVIDE A COMPREHENSIVE ANALYSIS AND UNDERSTANDING OF HUMAN SECURITY, WHICH INCLUDES STRUCTURAL SOURCES OF CONFLICT SUCH AS SOCIAL TENSIONS BROUGHT ABOUT BY UNFINISHED DEMOCRATIZATION, SOCIAL OR ECONOMIC INEQUALITIES OR ECOLOGICAL CHALLENGES, FOR INSTANCE. THE BRIEFINGS COVER FOURTEEN COUNTRIES IN SOUTHEAST EUROPE: THE SEVEN POST-YUGOSLAV COUNTRIES, ALBANIA, GREECE, TURKEY, CYPRUS, BULGARIA, ROMANIA, AND MOLDOVA.

## COVID-19: TURNING THE WORLD UPSIDE DOWN

The coronavirus pandemic is slowly but surely reaching Southeast Europe, turning ever more aspects of life upside down. Greece currently the highest number of registered cases – 464 and six deaths – at the time of writing. 319 registered case and one death, while Romania was in third place with 277 registered cases. Turkey stood in fourth place with 192 cases and three deaths, followed by Bulgaria with 107 cases and three deaths, Croatia with 105 cases, Serbia with 103, and Bosnia and Herzegovina with 63. Montenegro held out the longest without any registered cases, where the number currently stands at 10. Relative to the overall population, Slovenia had the largest number of cases per million inhabitants: 319. It was followed by Cyprus – 67 per million – and Greece – 40, while Turkey had the least – just 1 per million.

In the shadow of these numbers, life is being transformed in unimaginable ways. Everywhere, people are trying to get to terms with the meaning of ‘social distancing’ at the same time as arrival of spring was set to bring a blossoming of social activities. Ordinary citizens are stocking up on food and sanitary products in anticipation of having to stay at home. Slowly but surely, countries are being placed in lock-down and different forms of states of emergency are being proclaimed in many countries of the region. North Macedonia’s President Stevo Pendarovski noted that it was the first time his country has declared a state of emergency in its history, in an effort to stress how serious the situation has become. Schools, kindergartens, and universities are being closed across the region. Serbia has proclaimed a curfew from 8 pm until 5 am and banned all those over age 65 from leaving their homes.

Ever more extreme limitations on movement and human interaction seem set to be put in place as governments scramble to forestall the collapse of already fragile public health systems. Political life is also entering into uncharted terrain, with elections deferred in North Cyprus, North Macedonia and Serbia. Meanwhile, few even dare to imagine the economic costs that the coronavirus pandemic will bring.

## KEEPING UP PRETENCES

Ahead of the EU-Western Balkans Summit – awaited with trepidation in May this year in Zagreb – the European Commission unveiled its proposed new enlargement methodology at the beginning of February. The attempt to rethink the enlargement process comes in response mainly to French President Emmanuel Macron, who effectively halted the existing process in October 2019. Aside from asserting that the EU first needed to reform itself internally before admitting new member states, Macron made a very critical assessment of the successes and failures of the existing approach to enlargement, calling for its overhaul.

French diplomacy scrambled to keep up with its President, offering ‘new’ ideas which seemed distinctly reminiscent of old ideas about partial or gradual membership for the countries of the Western Balkans and less about reform and full membership. Meanwhile, other EU member states, such as Italy, Germany, Austria, and countries from Eastern Europe, scrambled to save enlargement and at least keep the process alive, even if only in the slow lane.

European Commissioner for Neighbourhood and Enlargement Oliver Varhelyi holds a press conference on European Union accession process in Brussels, Belgium on February 5, 2020.



It was out of these complex internal EU dynamics that the newly proposed enlargement methodology was born. In reality, the new methodology is mainly about tweaking and repackaging the existing one. Existing negotiating chapters would be grouped into thematic clusters, or bundles, allowing for a more focused approach to particular reform areas. There would be a greater focus on rule of law, fundamental freedoms, and core insti-

tutions in aspiring member states. One of the key pitches of the new methodology is that the accession processes of individual countries can be suspended, or reversed, with already closed negotiating chapters reopened in the case of reform backsliding. Equally, EU member states would be given the ability to suspend accession negotiations.

To most aspiring EU candidate countries, there will be nothing new about the idea of suspending, or even reversing accession negotiations. Indeed, most of them probably feel that the process is effectively on pause in any case. Turkey has been negotiating over accession with the EU the longest – since 2005 – but is perhaps furthest from the goal of membership. Equally, Greece and Cyprus, among others, have successfully demonstrated that individual countries already have the ability to effectively suspend accession negotiations when they want to.

What is perhaps novel is that the new methodology creates the space for greater involvement by current member states in the process of negotiations and monitoring of reforms. In reality, individual member states have had enough room to be involved even until now. Yet involving them institutionally more clearly in the negotiating process may not be a bad thing. It may create additional pressure on political elites in aspiring candidate countries to actually implement reforms, while also depriving member states of the ability to blame the Commission for the lack of meaningful reforms, shirking their own responsibility in the process.

The new enlargement methodology makes much of the credibility of the process, at one point noting that both the candidate countries need to deliver on the reforms that they have pledged to undertake, while the EU also needs to deliver. It is this that perhaps hits one of the biggest proverbial 'nails' on the head. The real challenge for enlargement at present is not the old or the new methodology. Rather, it is the lack of credibility and commitment on both sides. Political elites in the Western Balkans seem anything but committed to delivering genuine reforms, particularly when it comes to improving rule of law, fighting corruption and clientelism, or building stronger democratic institutions. Were they to do so, they would likely become the first victims of their own success, like former Croatian Prime Minister Ivo

Sanader became in Croatia. The Commission and EU member states could, of course, call the candidate countries out on their bluff, exposing the fact that the pro-EU rhetoric of local Balkan emperors has no clothes. Yet the EU itself has a credibility problem – it seems none too keen on enlarging at the moment, and is thus in no rush to actually apply itself in pushing the Western Balkan candidates towards a real transformation.

What happens next? Officially, the EU hopes that member states will sign off on the new methodology before the EU-Western Balkans May Summit. Even more, everyone hopes that Macron will finally sign off on opening accession negotiations with North Macedonia and (perhaps) Albania, using the new methodology as a ladder on which to climb down from his enlargement veto. Of course, if Macron does sign off on the new methodology and the opening of accession negotiations with one or both of these countries, this will create a strange situation where one accession methodology exists for North Macedonia and Albania, while Montenegro and Serbia continue negotiating according to the old methodology (unless they choose to opt for the new one).

At the May Summit in Zagreb, the Commission also plans to put forward an investment and economic development plan for the region. Given the problems of economic under-development, precarious employment, substantial emigration, and demographic decline, as well as rising inequality, expanding – or perhaps simply developing – the socio-economic component of enlargement is needed more than ever in the case of the Western Balkans, *if* the EU truly wishes to see these countries transformed and part of the Union. Indeed, the biggest risk for the region is that the old joke, 'we pretend to reform, you pretend to enlarge' coined in the case of Romania and Bulgaria, becomes an unfortunate reality for the Western Balkans. Whether this will be the case is as much in the hands of the EU as the countries of the Western Balkans themselves.

## GOVERNMENTS RISE AND FALL

**Kosovo** finally elected a new government under the leadership of Prime Minister Albin Kurti on February 3<sup>rd</sup>. To many analysts in Pristina it

all looked so simple back in October – voters had seemingly delivered a clear mandate to Vetevendosje (VV) and the LDK to form a government. Most expected the two parties to sit down and negotiate the formation of a government reasonably quickly. However, it proved much more difficult than that. Albin Kurti’s government coalition may not even live to see the symbolic first 100 days. Late on March 18, media reported that the LDK had decided to lodge a motion of no confidence in the government. The main reason was Kurti’s refusal to remove the 100% tariff, all of which had seriously undermined Kosovo’s relations with its key patron, the US. Kurti had also been at odds with President Hashim Thaci and the LDK over the declaration of a state of emergency due to the coronavirus pandemic. It remains to be seen whether the motion will pass.

Newly elected Prime Minister of Kosovo Albin Kurti gives a speech during the parliamentary session to elect the new Prime Minister of the Republic of Kosovo in Pristina, 3 February 2020.



In **North Macedonia**, the government of Prime Minister Zoran Zaev formally stepped aside to allow a caretaker government to take office ahead of Parliamentary elections, which had been due to take place on April 12<sup>th</sup>, but have now been delayed due to the COVID-19 outbreak. The new government is less a technocratic government than a power-sharing arrangement, with ministers from the SDSM and DUI coalition sharing the Cabinet with ministers and deputy ministers from the opposition VMRO-DPMNE in what is effectively a shadowing exercise in which the different parties should be able to keep an eye on each other – and prevent abuses – ahead of the elections. In the new caretaker government, Oliver Spasovski, the SDSM’s former Minister of Interior,

replaced Zoran Zaev in the PM’s seat. Meanwhile, ministers from the opposition VMRO-DPMNE were put at the helm of the ministries of Interior and Social Affairs respectively.

The **Romanian** minority government of Prime Minister Ludovic Orban, made up of centre-right parties, suffered a vote of no confidence on February 5<sup>th</sup> after just three months in power. The vote of no confidence was initiated by the previously ruling centre-left Social Democrats, the PSD, who were bitterly opposed to the Orban government’s proposed reforms of the electoral system at the local level. In the aftermath of the no-confidence vote, President Klaus Iohannis began consultations on nominating a new Prime Minister, though everything seemed to suggest that both Iohannis and Orban wanted to see early elections held. Indeed, Romania seemed to be drifting down this road. Yet the spread of COVID-19 seems to have changed the political arithmetic. On March 14, the PSD helped to put the National Liberal Party (PNL) back in government under Orban as Prime Minister, in order to deal with the coronavirus pandemic and avoid an election.

At the end of January, **Slovenian** Prime Minister Marjan Šarec surprised his country’s public by resigning, arguing that he could neither meet popular expectations nor pass key legislation with his existing (lack of) Parliamentary support, but expressing his belief that he would be in a position to do so after an election. Šarec had, in effect, led a minority government since September 2018, after Parliamentary elections held in June 2018 delivered a highly fragmented Parliament and no clear majority. Few had expected the government to last its full term, but the timing of his resignation did come as a surprise and seems to have been an attempt to pre-empt – and grab control of – events. Šarec appeared to have been hoping for an early Parliamentary election, but it seems that his hopes will be dashed. At the beginning of March, Janez Janša of the centre-right Slovenian Democratic Party (SDS) was elected as Prime Minister-designate, with everything seeming set to elect a new government under his leadership. Janša’s SDS will be supported by Modern Centre Party (SMC), New Slovenia (NSi) and Pensioners’ Party (DeSUS).

After an increasingly foul-tempered political stalemate that dragged on for more than 14 months af-

ter the October 2018 national elections in **Bosnia**, the country finally got a new Council of Ministers, the state's central government in late December. It was no surprise that the SDA, SNSD and HDZ, the country's main ethno-nationalist parties, formed the backbone of the new government. Equally, even the names of most ministers were known long in advance. On the whole, most Bosnian citizens and political observers breathed a huge sigh of relief that the government had finally been formed, hoping that this act would neutralise a source of growing tensions in the country. Yet no sooner had the country resolved this crisis than it found itself plunged into a new one. In February 2020, the country's Constitutional Court quashed a law on agricultural land passed by the RS Assembly, which would have allowed this entity to register itself as the owner of state-owned land. The decision seems to have been reached with the support of Bosniak and international judges on the Constitutional Court, infuriating Milorad Dodik, the leader of the SNSD and Serb member of the Bosnian Presidency. Dodik proceeded to demand the abolition of the presence of international judges on the Constitutional Court. This was not a novel demand from Dodik, but what was new was that he succeeded in leading all Bosnian Serb parties into a boycott of state institutions and decision-making until the demand is met. Dodik has also threatened an independence referendum for RS, which he dubbed 'RSExit'. What Dodik quite hopes to achieve is a mystery, as it is hard to imagine that Bosniaks or the international community will agree to the removal of international judges. Nor does holding a referendum on RS independence seem likely, as it could well spark a real conflict within Bosnia. At best, Dodik's move amounts to grandstanding and an attempt to further pump his nationalist credential ahead of October's local elections. Whatever happens, Bosnia will waste precious months, which could have been spent implementing reforms. Meanwhile, it remains difficult to see how Dodik will climb down from his own maximalist demands.

## A YEAR OF ELECTIONS

2020 will be a year of elections in Southeast Europe, with Croatia, North Macedonia, Montenegro, Serbia, and possibly Romania and Slovenia, holding Parliamentary elections, Moldova holding Presidential elections, and a number of coun-

tries holding local elections as well. Unfortunately, in many of these countries electoral contests seem set to be held in a very toxic environment, and perhaps boycotted by some, or most, opposition parties.

On December 22<sup>nd</sup> 2019 and January 5<sup>th</sup> 2020, **Croatia** held the first and second rounds of its Presidential elections, producing a surprising outcome. Heading into the election, former President Kolinda Grabar-Kitarović, the HDZ candidate, was widely seen as facing a fairly safe re-election. Few observers seemed to believe that her main challenger from the Social Democratic Party (SDP), former Prime Minister Zoran Milanović, could beat her. Some wondered whether his own party had put him up as their candidate with little hope of winning, and some hope of achieving successful results. However, further complexity was added to the race by the candidacy of Miroslav Škoro, a popular singer, as a candidate of the populist far-right. Although some feared Škoro might make it into second place, in the end this did not materialise, but Škoro did succeed in taking enough votes from Grabar-Kitarović to drive her into second place, behind Milanović. This unexpected turn of events, which seems to have unnerved Grabar-Kitarović and further contributed to her poor campaign, worked as wind in the sails of Milanović's campaign. In all likelihood, it also seems to have helped convince wavering supporters on the left that unseating Grabar-Kitarović was possible and therefore, that it was worth coming out to vote for Milanović. In the end, Milanović won 52.7 % of the votes to Grabar-Kitarović's 47.3 % in the second round. It remains to be seen how the outcome of the presidential elections will affect the outcome of Parliamentary elections, due by early September. In the 2014–2015 cycle of presidential and then parliamentary elections, it was Grabar-Kitarović's surprise victory over SDP incumbent Ivo Josipović in early 2015 that helped unseat Milanović's government and propel the HDZ back into power in late 2015. Despite weak leadership, the SDP is showing signs of revival after a long period of being far behind the HDZ in the polls. Meanwhile, internal divisions within the centre-right HDZ may be its own biggest enemy.

In **North Macedonia**, voters were set to go to the polls on April 12<sup>th</sup> to elect a new Parliament and – by extension – government, yet the election has

been postponed to an unknown date due to the coronavirus pandemic. Elections were in any case due in the second half of 2020, but the EU's failure to open accession negotiations with Skopje – as had been widely pledged – in October 2019 provoked a political crisis in the Balkan country. Government and opposition both agreed on bringing the election date forward. Whenever they are held, the outcome of the elections seems highly uncertain.

Shortly after North Macedonia, **Serbia** was also due to hold parliamentary and local elections. At the beginning of March, President Aleksandar Vucic set the date of the elections for April 26<sup>th</sup>, but this election has also now been deferred indefinitely due to the spread of COVID-19. In Serbia at least, there is little doubt that the ruling Serbian Progressive Party (SNS) will secure another resounding majority in the elections. However, the legitimacy of the electoral process in Serbia seems set to be challenged. Most of the major opposition parties have – so far – remained firm in their decision to boycott the elections, arguing that minimally free and fair election conditions do not exist. By boycotting the elections, the opposition hopes to delegitimise the next Parliament and government, and in doing so force Vučić and the SNS to permit the holding of future elections on a more level playing field. For its part, the SNS seems desperately keen to engineer some semblance of opposition participation in the elections. In order to do so, it has reduced the electoral threshold for entering Parliament from 5% to 3% in order to entice smaller parties into taking part and helping them enter Parliament. To some extent, this tactic is yielding limited results, with some smaller opposition parties and factions manoeuvring to take part. Yet, for Vučić, there is still a very real danger that the SNS will preside over a Parliament packed either with its own MPs or 'loyal' or 'pseudo' opposition parties.

The self-proclaimed Turkish Republic of **Northern Cyprus** – recognized only by Turkey – was also due to hold elections on April 26<sup>th</sup>, to elect a new President, but the contest has also now been delayed for six months due to the coronavirus' spread. At present, the two leading candidates are current President Mustafa Akıncı and Northern Cypriot Prime Minister Ersin Tatar. Available opinion polling at present suggests that Tatar would have a narrow lead over Akıncı in both the first and second rounds of voting.

**Montenegro's** Parliamentary elections are due by October and are still some time away. However, there is speculation that amidst the current crisis sparked by the Law on Religious Freedom in the country, the ruling Democratic Party of Socialists (DPS) may opt for a snap election in June. One of the key determinants for such a decision will be the outcome of the local elections in the coastal municipality of Tivat in April. If the DPS were to conclude that protests sparked by the controversial Law on Religious Freedom have not dented its popular support in Tivat – a good indicator of the state of affairs across the country – it may opt for early parliamentary elections.

Following government collapse, it remains to be seen if and when **Slovenia** could hold early Parliamentary elections in 2020. **Romania** is in any case on course to hold local elections in June. Moldova will hold Presidential elections in late 2020. Meanwhile, **Bosnia** will hold local elections in October 2020. In the country's divisive system of ethnically-rooted politics, the prolonged course of the local election campaign will likely have a destabilising effect on political life at the national level as well.

## MONTENEGRO PROTESTS

Perhaps one of the most unexpected twists of events over the last few months is the outbreak of protests in Montenegro in December 2019. Late during the night between December 26<sup>th</sup> and 27<sup>th</sup>, the Montenegrin Parliament passed a controversial Law on Religious Freedom. Passage of the Law was preceded by scuffles in Parliament, as opposition MPs from the Democratic Front (DF) rushed the desk of the Speaker of Parliament in an attempt to prevent the vote from taking place. This resulted in DF MPs being arrested by police, who entered the Parliamentary chamber. Despite its benign-sounding name, the new Law was seen as having little to do with real religious freedom by members of the dominant Serbian Orthodox Church and its diocese in Montenegro. Particularly controversial were articles of the Law which envisaged that all churches and other religious properties pre-dating 1918 – the year that Montenegro ceased to be an independent kingdom – would be transferred to state ownership unless the Serbian Orthodox Church could produce docu-

ments clearly proving ownership pre-1918. In most cases, no such documents exist, given the lack of land registries at the time, nor preserved documentation.

Not surprisingly, the Serbian Orthodox bishops and clergy in Montenegro were infuriated by the new law. Yet what came as a surprise to many – including, in all likelihood, the DPS leadership – was the scale of popular opposition to the new law, as well as the strong feelings that it provoked. Tens of thousands of people joined daily and later weekly, Church-led protest ‘processions’ demanding that the government revoke the law. The protest processions have now persisted for two months and show little sign of subsiding. Worse still for the DPS, its own members and even some local officials seem to have joined the protests.

Protest in Podgorica, January 1, 2020



The adoption of the Law on Religious Freedom has certainly taken public attention away from the damaging corruption revelations of last year, which hurt the Montenegrin regime, as well as the failed negotiations on the creation of freer and fairer electoral conditions ahead of October’s Parliamentary elections, something that the DPS was doing its best to avoid. This may have been exactly what the DPS was hoping for, betting on the idea that reigniting identity tensions between those citizens identifying as ‘ethnically Montenegrin’ or ‘ethnically Serb’ would be the best path towards re-election. However, it may well have over-played its hand, energizing both ‘Serbs’ and ‘Montenegrins’ who are members of the Church in their opposition to the law.

## SECURITY

The biggest source of security tensions in South-east Europe is still the border area between Turkey and Syria. The offensive against Kurdish forces in Syria launched by the Turkish army in October has been brought to a halt, with Turkey having carved out a larger buffer between Kurdish forces in Syria and its own territory, albeit far less than the zone originally planned. Yet in February 2020, tensions once again began to rise after Syrian government forces, backed by Russia and Iran, launched an offensive against rebel-held areas in the Idlib and Aleppo provinces. Assad’s forces succeeded in taking control of large swathes of rebel held territory, approaching Idlib – the largest remaining rebel-held city. Ankara was enraged, fearing that hundreds of thousands of additional refugees may flee into Turkey. It demanded that Syrian forces withdraw to their initial positions, threatening military intervention to push them back if they did not do so voluntarily. Talks between Russian and Turkish officials initially failed to resolve the stand-off, though a cease-fire has since been imposed. Russian control over the Syrian airspace would make a Turkish intervention without Moscow’s permission particularly difficult, and could leave forces of the two countries pitted against each other. This would certainly reverse the improving ties between the two countries over the last few years.

Meanwhile, on March 17, Spain completed the ratification of North Macedonia’s accession to NATO. It thus became the final NATO member state to do so. Given that North Macedonia’s Parliament had ratified NATO accession before being disbanded ahead of Parliamentary elections, Skopje now needs to deposit the instrument of accession with the US Department of State in Washington, after which the country will – finally – become the 30<sup>th</sup> NATO member state.

## MIGRATION

Preliminary data published by Frontex at the beginning of 2020 showed estimates that the number of irregular migrants entering the EU in 2019 stood at 139,000 – the lowest level in five years. Yet while the numbers entering via the Western and Central Mediterranean are at a record low – 24,000 and 14,000 respectively – the number entering via the Eastern Mediterranean (primarily from Turkey into Greece and up the Balkan

route) has risen sharply during the year, to more than 82,000. In part, this rise seems to be a consequence of EU-Turkey tensions and deliberate pressure from Ankara on the EU.

Greek soldiers on Wednesday opened fire on irregular migrants waiting at its border to pass into Europe. Several migrants in the buffer zone between the border gates of Turkey and Greece were injured and hospitalized after Greek forces showered them with bullet on March 4, 2020.



As regime forces in Syria went on the offensive against Turkish backed rebels around Idlib, Turkey opened up the land route to Greece for migrants, fearing a fresh influx of refugees. By allowing more migrants to slip from Turkey into Greece, Ankara is trying to pressure the EU both in terms of securing continued support for caring for refugees stuck in Turkey and Ankara's own

military adventures in Syria. To date, Balkan countries have applied a mixture of trying to keep migrants out and waving those that do get past their borders through. Bosnia seems to have struggled the most with handling refugee flows, in part because its north-western corner has become a bottleneck for entering the EU, but also because of the dysfunctionality of its different levels of government, all seeking to shift responsibility for caring for migrants. Meanwhile, the policies of the new centre-right Greek government are causing additional tensions in the country – particularly on its hardest hit islands – as it tries to clamp down on migrant movements and switch to housing more migrants in 'closed camps' on some of the Greek islands.

Irregular migrants continue to wait at the Pazarkule Border Gate in Karaagac neighbourhood in Edirne, Turkey to reach Greece on March 2, 2020



# THE EU MUST HELP THE WESTERN BALKANS TO FIGHT COVID-19, THE VIRUS DOES NOT KNOW BORDERS

*PTD Editorial Team*

As stated by [S&D Foreign Affairs](#)<sup>1</sup> coordinator Tonino Picula, the Western Balkan countries should, like the member states, be allowed to redirect unspent funds to buy tests or protective medical equipment, or take other measures to mitigate the effects of the coronavirus pandemic.

Following developments concerning an ongoing outbreak of the coronavirus disease (COVID-19) in Europe, Socialists and Democrats Group members Kati Piri and Tonino Picula urgently called upon the European Commission to allow Western Balkan countries to use EU funds while the medical staff and citizens of this region prepare to face the peak of the pandemic.

By emphasizing that COVID-19 knows no border or nationalities and as the number of confirmed cases in the Western Balkans and EU continue to rise, the S&D Vice-President responsible for foreign affairs Kati Piri, indicated that in an effective fight against COVID-19 the middle of Europe must not be forgotten.

## Proof of Solidarity

Speaking in the name of all European Socialists and Democrats, she urged the European Commission and member states to include the Western Balkan countries in a common European response and the measures taken to prevent and combat the effects of the epidemic.

Tonino Picula highlighted that a first proof of solidarity would be to help the Western Balkans ensure their health systems are better equipped to contain and treat the disease.

“We must not leave the Western Balkan countries alone to cope with this extraordinary human and economic crisis caused by the coronavirus. They are often considerably underfunded and lacking medical professionals who emigrated. Therefore, the Western Balkans should be

excluded from the new ‘export authorisation scheme for protective equipment’ for third countries, and allowed to buy vital medical equipment such as face masks on the EU market,” explained Picula.

In order to achieve the above mentioned goals, Picula proposed to adjust IPA pre-accession funds in order make money available for fighting the coronavirus.

As stated by Picula, the Western Balkan countries should, like member states, be allowed to redirect unspent funds to buy tests or protective medical equipment or take other measures to mitigate the effects of the coronavirus epidemic.

## The Enlargement Process Should Continue

Earlier this month, the Political Trends and Dynamics team spoke with Andreas Schieder, Head of the SPÖ Delegation in the European Parliament and Chair of the Delegation to the EU-North Macedonia Joint Parliamentary Committee. Mr. Schieder pointed out that the social dimension of enlargement is rarely a top priority for EU institutions or Western Balkan governments.

“When it comes to topics like increasing the living standards or social security, Western Balkan countries could also gain a lot from better cooperation and an increased level of connectivity within the region,” he said.

He linked this social dimension with the importance of the accession process overall: “The EU should strongly support such efforts. In order to support the region and help bring about positive change, the most important instrument we have is the accession negotiation process. We have to use the opportunity that comes with the negotiations to spark the necessary motivation for implementing important reforms such as the social acquis, meaningful minimum standards in terms of labour rights, gender equality, social security, health, and so on.”

<sup>1</sup> <https://www.socialistsanddemocrats.eu/newsroom/sds-eu-cannot-leave-western-balkans-alone-cope-coronavirus?fbclid=IwAR1V16L6s9aRah3NqqIpzKHib1w1nDJWfYeBQVfEJlHgxyAEhTyp-chAcM>

Mr. Schieder warned that denying countries like Northern Macedonia or Albania negotiations was “a fundamental mistake” with grave political ramifications, and that negotiations should begin with social policy placing a stronger role. In the midst of the COVID-19 pandemic, Mr. Picula reasserted the view that the enlargement process should continue and negotiations be opened with those states.

“Despite current extraordinary circumstances, the enlargement process should continue with the enhanced pace put in place this year thanks to the new accession methodology. We welcome Monday’s green light from the Dutch Parliament and call on the EU to start negotiations with Albania and North Macedonia as soon as possible.”

Moving forward, it is difficult to see how social policy will take a backseat given how the pandemic has laid bare the realities of underperforming health, social security, and employment sectors in the Western Balkans.

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- Social Democratic Politics and Values
- Social and Economic Justice
- Progressive Peace Policy

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