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BiEPAG

Policy Brief

The Western Balkans in Times of the Global Pandemic

April 2020

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About BiEPAG

The Balkans in Europe Policy Advisory Group (BiEPAG) is a cooperation initiative of the European Fund for the Balkans (EFB) and Centre for the Southeast European Studies of the University of Graz (CSEES) with the aim to promote the European integration of the Western Balkans and the consolidation of democratic, open countries in the region. BiEPAG is composed by prominent policy researchers from the Western Balkans and wider Europe that have established themselves for their knowledge and understanding of the Western Balkans and the processes that shape the region. Current members of the BiEPAG are: Dimitar Bechev, Florian Bieber, Srđan Cvijić, Milica Delević, Srđan Majstorović, Natasha Wunsch, Marika Djolai, Vedran Džihić, Dejan Jović, Marko Kmezić, Jovana Marović, Milan Nič, Corina Stratulat, Nikolaos Tzifakis, Alida Vračić, Shpend Emini, Zoran Nechev, Tena Prelec, Donika Emini, Jelena Vasiljević, Gjergi Vurmo and Matteo Bonomi.

Executive Summary

The global COVID-19 pandemic and the measures taken by governments around the world constitute a major rupture to the "business as usual", and this includes the Western Balkans, too. The pandemic has been overshadowing other developments while also accelerating existing trends, and it will continue to do so.

This analysis establishes the COVID-19 pandemic as a critical juncture, a crisis that can permanently shake up institutions and societies. There are considerable dangers beyond the impact of the pandemic on human lives, ranging from an economic crisis which could turn out to be worse than the one in 2008/9, to a heightened crisis of democracy and a geopolitical shift. None of these developments are inevitable and some of the consequences of the COVID-19 pandemic for the Western Balkans can be mitigated.

By exploring nine critical fields, this analysis will highlight ways in which the pandemic and government responses pose particular challenges: 1. The Role of the State, 2. Democracy and State Capture, 3. Geopolitical Shifts, 4. New Nationalisms, 5. Social Resilience, 6. Environmental Impact, 7. Migration and Health Care, 8. Health Care and Social Security and 9. Economic Implications.

With regard to all of the critical fields, the study examines the impact and outlines possible risks and opportunities before identifying specific interventions that could prevent the worst consequences for the region.

In its emergency response, the EU needs to include all Western Balkans countries in assistance and post-emergency reconstruction plans, irrespective of the status of their accession talks. The full inclusion of the region is essential so as to prevent dire economic consequences and geopolitical drift. Support to overcome post-crisis economic and social effects should be conditioned on measures to reduce state capture.

The pandemic cannot be an excuse for an unlimited suspension of democracy and restrictions on civil liberties must be temporary, proportional and transparent. The EU needs to identify and monitor the restrictions concerning democratic institutions and civil liberties that are permissible during the state of emergency in the Western Balkans.

After the pandemic, state-society relations need to be rebuilt and the states of the region need to prioritise communication and education of the population over excessive repression. The spread of fake news is best combatted by clear and open communication, not through restrictions and censorship.

Vulnerable groups, such as the Roma, need to be given access to healthcare and be protected from discrimination. The environmental crisis in the region will not be resolved or even ameliorated and faces the risk of becoming sidelined in the interest of a quick economic recovery. The combination of reduced car traffic during the lockdown and the continued record-high levels of air pollution have exposed the urgency of decisive action in regulating heavy industry: many large factories keep violating environmental standards and endangering the citizens' health.

To address the economic and social consequences, governments should support SMEs in particular, while also securing food supply for vulnerable groups. Finally, a temporary universal basic income could help citizens who have lost their livelihood.

There is both a short- and long-term need to improve the quality of hospitals in terms of equipment, adequate supplies of medication, and reducing overcrowding of acute hospital wards, along with a raise in wages for hospital staff to secure their retention. A joint approach by governments and EU member states is required to address the shortage of medical personnel due to emigration from the region, which puts an additional strain on health care.

A careful mixture of short- and long-term measures is needed to prevent the pandemic from turning into an enduring disaster for the Western Balkans. The crisis has also given greater visibility to many structural weaknesses in the region, from the weak health care systems, low trust in the state, to weak democracy and state capture, while at the same time awakening civic consciousness and serving as a backdrop for increased solidarity among citizens. Putting a spotlight on the weaknesses can help tackle them and build more resilient societies.

The Western Balkans in Times of the Global Pandemic

March 2020 could have been a good month for the Western Balkans**.** Following a delay of more than a year and half, the EU member states finally greenlighted the begin of accession talks with Albania and North Macedonia. Just a few days later North Macedonia joined NATO as its 30th member. No month in recent years would have offered as much hope that the potential of reform and Euroatlantic integration is alive. Yet, these achievements that came after many years of waiting, especially for North Macedonia, have been overshadowed by the COVID-19 global pandemic.

The pandemic has not halted all processes that bring the Western Balkans[1] closer to the EU, and the EU has responded in providing additional resources to the region to fight the pandemic and deal with the economic consequences.

Nonetheless, the pandemic and responses by the states are having and will continue to have a strong and lasting impact on the Western Balkans. Borders are closed, the economies have collapsed, states of emergency have been introduced in all countries, either officially or de facto, citizens are under lockdown, elections have been postponed and the pandemic poses a deadly threat to people in the Western Balkans, as elsewhere in the world.

Much of it is unpredictable as the human, political, social and economic costs of the pandemic remain unclear. Furthermore, the duration and the length of the state of emergency remains unknown. Still, it is clear that a quick return to the status prior to the pandemic is unlikely.

Thus, there is a need to assess and anticipate the impact of the pandemic on the Western Balkans. As this analysis outlines, the potential consequences are devastating. State resources, in particular health care systems, are fragile and unable to cope with serious outbreaks of COVID-19 such as those that shook the health care systems of Italy, Spain or France, which are much better equipped to begin with. Democracies are weak and institutions brittle and thus pose the risk of not being able to recover quickly from the emergency measures taken across the region. Societies will be shaken by

1 The Western Balkans-EU summit planned for May 2020 under the auspices of the Croatian Presidency of the Council of the European Union had to be postponed for June and might be reduced to the format of a video summit.

the pandemic; state policies, public institutions and economies are unlikely to recover quickly.

There is no single outcome of the pandemic and the actions taken in response; in fact, it depends on what steps are now taken by governments and other relevant actors, such as the EU, in order to avoid a worst-case scenario.

Predicting the future is always a risky endeavour for scholars and analysts, as we are more likely to be wrong than right. This is even more the case in moments of global shock, such as the COVID-19 pandemic and state responses. We do not know how long the current state will last, nor what the fallout will be. However, it is clear that this moment is what political scientists have called a critical juncture, a moment in which large-scale changes and shifts can take place, because the status quo is fundamentally questioned. Thus, rather than predicting the outcome, we will outline critical fields and conflicting and competing trends which became visible during the crisis over the recent weeks.

A critical juncture is a moment in which big changes can happen at an accelerated speed. It is closely related to the concept of path-dependence: once a certain path is set, the argument goes, it is more difficult to diverge from the direction established at the beginning.

The COVID-19 pandemic is a crisis of a magnitude that could undoubtedly change the course of history. In some respects, it has already acted as an accelerator to pre-existing trends, such as the crisis of democracy and nationalism. In other regards, such as the reemergence of the national state and rapid de-globalization, it has changed the world, including the Western Balkans, in just a few weeks. In this brief, we look at nine fields in which the pandemic and the government responses are likely to have the greatest impact: 1. The Role of the State, 2. Democracy and State Capture, 3. Geopolitical Shifts, 4. New Nationalisms, 5. Social Resilience, 6. Environmental Impact, 7. Migration and Health Care, 8. Health Care and Social Security and 9. Economic Implications.[2] Besides outlining the impact, each section

2 Main contributors: Florian Bieber and Tena Prelec, Introduction; Marika Djolai, The Role of the State; Donika Emini and Jovana Marović, Democracy and State Capture; Srdjan Majstorović, Geopolitical Shifts; Vedran Džihić, New Nationalisms; Tena Prelec and Marika Djolai, Social Resilience, Environmental Impact; Alida Vračić, Migration and Health Care; Will Bartlett, Health Care and Security; Richard Grieveson and Mario Holzner (WIIW), Economic Implications.

will point out possible scenarios that could come as a result, and present the interventions which could set the societies of the Western Balkans on a path that will avoid the worst consequences and harness some positive development.

The Role of the State

Living through the COVID-19 crisis is challenging for everyone. On an emotional level, people's responses span from straightforward panic and fear to disbelief and anger directed against the authorities and the state, revealing a deeply rooted distrust towards the latter. At the same time, there is an expectation of protection and reassurance. These days, many people are stranded in states in which they are not citizens, willingly or as a result of circumstance. The key precondition for a positive relationship between citizens, residents and the state is trust. In times of a global pandemic it rests on three benchmarks: accurate information, immediate protection (public health and services), and fending off the negative economic impact for longer-term stability.

On this last point, two essential questions emerged in recent months: what is a state willing to do, in terms of commitment and genuine dedication of governments to fight the COVID-19 crisis impact, and what are its true limitations? The crisis has placed the state and the government at the forefront of the battle, and in most countries the responsibility for responding to the crisis is being divided between national, regional and local governments. In other words, the crisis brought the government back in a big way.[3] And, this frontline role came the evaluation. It is based on measuring the accuracy of information about the crisis and the states' success in mobilising resources and developing proper approaches to protecting citizens, including a smooth continuance of running services. What matters most these days is the state's success in directly influencing and curbing citizens' behaviour, including social distancing and persuading people to stay in.

The handling of the COVID-19 crisis by states in the Western Balkans has been more than questionable. In Serbia, the army is patrolling the streets, equipped with firearms to enforce the curfew imposed by the government.

3 Ivan Krastev; "Seven early lessons from the COVID19," ECFR, 18 March 2020. https://www.ecfr.eu/article/commentary_seven_early_lessons_from_the_COVID19

Similar long curfews affecting citizens, in particular the elderly, have been imposed in all countries of the region. The primary focus of the state has been enforcing physical distancing through restrictive measures and repression, including steep penalties, instead of education and communication. This approach reveals that the relationship between the state and society across the region is shaped by mutual distrust. But these draconic measures cannot hide the weaknesses of the healthcare system – it has not been brought to modern standards due to a lack of willingness and investment, and is plagued by a massive exodus of trained and senior medical staff, who are migrating abroad in search of better working conditions and higher salaries. This systemic neglect of the healthcare system,[4] present in all Western Balkan countries, as well as in its neighbourhood, now became apparent in the wake of the crisis leading to a failure to protect citizens. In fact, the neglect of the healthcare system made the harsh measures more likely, as hospitals have fewer resources to deal with serious cases, which increased the urgency to prevent any further spread of COVID-19.

On the point of accurate and reliable information, the media play a key role. Now that people are under lockdown, they are devoting more time to information about the COVID-19 crisis and other content, particularly on social media. The media sector is already weakened in the region due to a persistent pressure from autocratic governments and a democratic decline. The countries have been flooded by conspiracy theories and fake news on mainstream and social media , feeding into fear, rumours and prejudice. Government-controlled media outlets in Serbia such as *Kurir* and *Informer* are sowing panic and inflaming the situation. Spreading panic and fake news has been so widespread in Bosnia and Herzegovina that the OSCE representative on freedom of the media felt compelled to express his concern in a statement.[5]

The lack of reliable and accurate information, combined with irresponsible statements by government officials, adds to the collective stress and destroys trust in the state. For example, Branimir Nestorović, a doctor and member of the task force to fight the spread of the pandemic, in late Febru-

4 Economist Intelligence Unit, Modernising Health Care Systems in the Balkans. Uneven Progress, 2016, https://eiuperspectives.economist.com/sites/default/files/ModernisinghealthsystemsintheBalkans_0.pdf

5 "OSCE Concerned About Measures Against 'Fake News' In Bosnia," RFE/RL, 24.3.2020, https://www.rferl.org/a/osce-concerned-about-measures-against-fake-news-in-bosnia/30507012.html

ary urged women to "go shopping in Italy, now are the best sales" and described the virus as a joke at a press conference with the Serbian president.[6] Several media outlets across the region spread claims that the population was genetically immune or promoted fake remedies. On the other hand, governments have abused emergency powers to clamp down on independent media, as shown by the arrest of journalist Ana Lalić on April 1 for criticising the preparedness of the health care system in the Serbian province of Vojvodina. While she was swiftly released and the decree justifying the arrest was revoked, it highlighted the dangers of state response to real and supposedly fake news.

Misleading reporting, including by media close to governments, as well as misleading statements by governments themselves, have eroded societal trust, including citizens' trust in the state. As a result, some citizens have not been taking the recommended lockdown and quarantine measures seriously. All three dimensions of trust between the citizens and the state in the Western Balkans are weak, while the crisis exposed the full extent of long-term, systematic failures of the main state institutions. As a result, states are failing their citizens in the protection from COVID-19. It is unlikely that external actors, including the EU, can teach the Western Balkans governments to genuinely care about their citizens, but they can make an effort to support pillars of trust, media, public health services and economy, to strengthen the states in times of crises, without resulting in outright authoritarianism.

Key Interventions

- Restrictive government measures to combat the spread of COVID-19 were caused by low capacities of the health care system and low trust featuring citizen-state relations. Confronting a low level of trust can only be achieved by a more responsive state.
- Fake news can be combatted through open and clear communication by the state institutions, driven by experts. Repressive measures do not risk targeting the fake media, but the independent and critical ones.
- Securitization and restrictions should be used with care and in combination with education and communication, rather than instead.

6 "Doktor Nestorović se obratio JAVNOSTI i otkrio je NAJVAŽNIJE stvari o KORONA VIRUSU: 'Žene, požurite u Italiju u šoping sad su tamo najveći popusti'", Novosti, 26.2.2020.

Democracy and State Capture

Within a month, the circumstances created during the COVID-19 pandemic have further contributed to the overall trend of democratic erosion reversing two decades of reforms in the Western Balkans. The semi-authoritarian regimes in the Balkans have used the emergency situation to achieve almost unlimited power. The state of emergency created solid grounds to further strengthen their regimes, which have a pattern of abuse of every opportunity to capture democratic institutions. The strongmen of the Balkans are further tightening their grips on power and this situation could last for an indefinite period of time.

The emergency measures taken by governments against COVID-19 must be temporary and time-bound and in line with democracy and rule of law principles. Since the citizens of Western Balkans cannot rely on the rule of law even in regular circumstances, the COVID-19 pandemic has been used by the political elites to further undermine democratic standards. Restrictions and violations of human rights, contrary to the provisions of the Constitution or the laws, legislative changes through fast-track procedures, changes to election rules, introduction of draconian measures and imprisonments because of social media posts – these are just some of the governments' actions aimed at intimidating citizens and the media in the Western Balkans these days. Besides, political parties in power use the pandemic to test the limits of their power or, more precisely, for its further expansion.

In order to combat the COVID-19 pandemic, Serbia and North Macedonia have introduced a state of emergency while others have not taken this step, but are implementing equally radical measures. In Serbia, the state of emergency was declared by President Vučić, thus concentrating the power in the hands of the president followed by a cabinet fully subordinated to him. Elections scheduled for April 26 have been put on hold – albeit it is of limited consequence, as most of the opposition had decided to boycott the elections. The elections planned for April 12 in North Macedonia have been put on hold, too, but, contrary to Serbia, the state of emergency in North Macedonia was declared after a broad consensus was reached among all relevant political parties.

Kosovo is the best example of how a pandemic can create a perfect storm to oust a newly appointed government. Despite the fact that the clashes

between Prime Minister Kurti and President Thaci have been long-standing, the debate over the state of emergency which would empower the weakening figure of the President triggered a political crisis. Kosovo marks the first case in which a government has been toppled in a no-confidence vote during the COVID-19 pandemic. If the caretaker government is marginalized by the President – who, with the declaration of the state of emergency, will take full charge of the situation – there is a possibility of a Kosovo-Serbia agreement facilitated by the US administration signed between the two presidents, but lacking broader democratic legitimacy and involving land swap, with all its destabilizing potential for the region.

Other examples of autocratic and illegal practices abound. The Government's National Coordination Body for the Suppression of Infectious Disease in Montenegro published the identities of persons ordered into obligatory 14-day self-isolation on the government's website, just days after it began implementing the suppression measures. In addition to violating the Constitution and the Law on Personal Data Protection,[7] the Government has thus enabled further use and misuse of personal data, such as the creation of an application which, based on location, enables the identification of persons in self-isolation near you: *crnagorakorona.com.* The Government has also continued some well-established practices such as simulating public debates on important issues. Specifically, the Ministry of Public Administration has issued a call for public consultations on the Law on Free Access to Information, which includes highly controversial provisions, in the midst of a crisis caused by the virus.

There is a global risk of emergency measures taken in times of crisis constituting either a deliberate effort to undermine democratic institutions, as seen in case of the recent emergency law in Hungary, or an inadvertent risk of curtailing civil liberties. Radical measures, including considerable restrictions on democracy, state intervention and other policies seemingly impossible just a few weeks ago, are now justified as part of the fight against the pandemic. While combating COVID-19 does require radical measures, such as physical distancing and state policies to secure compliance, these do not imply a sacrifice of democratic checks and balances.

7 "Government to stop publishing personal data of citizens in isolation", Human Rights Action, 23.3.2020, https://www.hraction.org/2020/03/23/government-to-stop-publishing-personal-data-of-citizens-in-isolation/?lang=en

But while desirable in theory, this balance is difficult to achieve in practice. In order to fight an extraordinary crisis, citizens might be willing to relinquish their liberties on a temporary basis only: the problem is, however, that the temporary often ends up becoming permanent. This is indicated by the fact that in 2020, nearly two decades after the 9/11 terrorist attacks, the US government still makes use of surveillance tools that were developed in their immediate wake.[8]

The concentration of power with the executive across the region might be temporary, but long-term effects are likely. Firstly, with no clear end to the pandemic in sight, emergency powers might be extended considerably. Secondly, even if this is not the case, there is a risk of the crisis being used by incumbents to consolidate their power and marginalize the already weak opposition in several countries of the region. Finally, several techniques of citizen control introduced and tested during the state of emergency might either remain in place or be easily re-introduced at a future date.

Key Interventions:

- The pandemic cannot be an excuse for an unlimited suspension of democracy. The European Commission (DG NEAR), should issue guidelines in cooperation with the Council of Europe, on a) which restrictions of democracy and civil liberties are acceptable and b) how these should be managed in terms of their duration. The European Commission should actively monitor the measures taken and identify problematic restrictions and notify governments and the public.
- To ensure a continued monitoring of the state of democracy, additional resources should be provided to civil society actors. With borders shut, these domestic sources will be crucial to enable continued scrutiny of government actions and undue abuse of emergency powers.
- The EU should include the Western Balkans in its efforts to coordinate the gradual lifting of lockdown conditions. Particular attention will have to be paid to the swift and complete removal of any unduly expansive executive powers, restrictions of civil rights and any systematic collection of personal data once the immediate crisis has come to an end.

8 Verseck, "COVID19: Rule of Law under Attack in Southeast Europe," Deutsche Welle, 24.3.2020, https://www.dw.com/en/coronavirus-rule-of-law-under-attack-in-southeast-europe/a-52905150

Geopolitical Shifts

The COVID-19 pandemic is challenging the global order as we know it and shaping a new geopolitical reality in Europe, as well. The Western Balkans as a region surrounded by the European Union is no exception. Countries in the region will suffer considerable economic losses and grave social consequences. Since they are relying on the EU market for the export of their products, the EU's expected recession will also influence the economic and social well-being of the countries in the region. Coupled with the existing deficiencies of fragile political systems, insufficient rule of law, authoritarian tendencies, questionable freedom of expression and media freedom, unresolved bilateral issues, the above-mentioned post-pandemic economic and social consequences might cause serious geopolitical shifts in the region.

EU officials regularly describe WB as a crucial region for stability in Europe and express their concerns over the possibility of other foreign actors potentially filling the vacuum in the EU's backyard. Due to its geographic location, close economic ties with the EU, energy dependency on outside sources, unresolved bilateral issues, weak democratic institutions, and a long and uncertain EU accession process, WB attracts the attention of many foreign actors for different reasons.

China has been steadily increasing its economic presence in the WB, with Serbia particularly in its focus. China's seemingly no-strings-attached investments (and the potential for rent-seeking) are well-known. Bilateral investment agreements often deviate from EU requirements regarding state aid, competition, and procurement and play a significant, and potentially increasing role in keeping ruling elites in power. Chinese support has been instrumentalized in the Western Balkans, in particular by Serbia, both to criticize the EU's response and to justify domestic measures based on China's authoritarian model.[9]

The impact of China's dynamic aid diplomacy during the peak of the crisis does not necessarily lead to its increased influence in Europe and the Western Balkans. While Serbian President Vučić declared European solidarity a "fairy tale" and explicitly expressed his gratitude for the Chinese support,

9 Shaun Walker, „Coronavirus diplomacy: how Russia, China and EU vie to win over Serbia," The Guardian, 13 April 2020. https://www.theguardian.com/world/2020/apr/13/coronavirus-diplomacy-how-russia-china-and-eu-vie-to-win-over-serbia

such close alignment with China might remain an exception. A number of European countries receiving Chinese medical assistance noted the low quality and limited use of the supplies. Furthermore, the aggressive misinformation that framed some supplies as humanitarian when they were in fact commercial, also undermined the credibility of Chinese claims. Finally, the EU has realised the geopolitical challenge presented by China through the lens of the pandemic. This might trigger a stronger post-pandemic response.

As the economic cost of the pandemic for China and the EU remains unclear, there is furthermore the possibility of China becoming less involved in the Western Balkans and scaling down the Belt and Road Initiative which underpins much of its engagement in the region. China has acknowledged the EU membership perspective of WB countries. Emotions and public declarations of affection aside, the reality is that China's long-term interests remain focused on the EU market, not the small national markets in the WB. Thus, the geopolitical discourse of WB should be taken into consideration within the framework of future EU-China relations.

The EU has to secure its own autonomy to pursue its foreign affairs interests and to improve resilience in its own backyard when discussing 5G plans, infrastructure connectivity projects, climate change, public health, environment protection, and foreign policy with China. That will also require the EU's closer cooperation with WB countries in those areas. Using its recently revised enlargement methodology, the EU should find a way to gradually include WB countries in its own strategic planning, developing its own resilience capabilities in the process. That is easier said than done, but crises have always provided fresh perspectives on how to address common challenges.

At this moment it is perhaps too early to predict which way the EU will turn. It is not to be excluded that China's model will become more attractive if the post-pandemic period allows populists to prevail in a majority of EU member states. In that case, WB countries might find themselves in a difficult situation confronted with lack of support coming for their integration into the Union and further pursue their own descent towards populist-based authoritarianism. The costs of such an autarchic perspective would be high for both EU and WB countries.

Member states should recognize the crisis as a chance to agree on a new vision that will have to embrace the founding principles of freedom, democracy, human rights and solidarity as its major guidelines. Pooling and sharing resources, cooperation, coordination among EU member states will have to outweigh potential demands for re-nationalization, division and isolation. The EU needs to base its policies on realistic grounds and adjust them to a post-pandemic reality of international relations. It may discover common interests and cooperate with China in areas such as free trade and climate change, while maintaining a strict and critical approach on issues like machine surveillance, and human and minority rights. Only if the EU is set on universal values and ready to hold its members accountable will it be able to compete with other global models and demand that membership candidates adhere to these common values.

Key Interventions

- As a first measure, the six Western Balkans countries should be exempt from recent EU rules on medical equipment. Such a gesture will highlight the fact that the region is not excluded from the EU and will expose efforts by some regional leaders to endorse the abandonment of the path towards EU in favor of alternative international partners as the PR stunts that they are.
- The EU should continue the integration process of WB countries as proposed in the revised enlargement methodology, by commencing accession negotiations with Albania and North Macedonia as soon as possible. The formal approval of the opening of negotiations despite the ongoing COVID-19 crisis has sent the right signal, and the next steps need to go in the same direction.
- The EU should also include WB countries in its post-pandemic recovery plans by proposing additional funds to alleviate the economic and social consequences of the COVID-19 pandemic in WB countries. The European Union Solidarity Fund should be made available to all six Western Balkan countries, irrespective of their status in the accession process.
- Any further EU plans to improve coordination in emergency situations caused by the pandemic should include public health authorities from

the WB countries, as well. All the above mentioned will serve to contribute to the credibility of the EU integration of all WB countries, raise the public profile of EU support and inform citizens about it, as well as keep governments more accountable to their pro-EU rhetoric which often diverts from their populist actions.

- The EU should also continue to demand more transparency in bilateral agreements between WB countries and China's companies as well as the application of the EU's procurement and state aid rules which the WB countries are obliged to gradually introduce in accordance with their SAAs. Moreover, it should improve information sharing with WB countries on procurement and use of China's high-tech equipment that might be used to control citizens or endanger their freedom and rights, or to undermine EU's cyber security (e.g. 5G, surveillance, drones).

New Nationalisms

The definition of normalcy is being radically renegotiated in the time of the COVID-19 pandemic. Every nationalist's dream of closed borders and national states for the "pure" members of an ethnically defined community has become true. All European borders are to a large extent closed to people since mid-March, as are most borders in the Western Balkans.

Globally, there are many voices warning that the spread of the coronavirus will lead to an increase in nationalism.[10] Emanuel Macron announced at the beginning of the crisis that the EU states should keep borders open where possible and not give in to coronavirus "nationalism". Only a few days later this statement was followed by the closing of French borders. While it is difficult to predict long-term consequences, it seems that the COVID-19 pandemic will help reassert the role of the nation state within the European Union and beyond. The closure of many of the borders between countries in the EU and in the Western Balkans has taken place. Ivan Krastev predicts that we will witness strengthened nationalism, albeit not ethnic nationalism

10 Gideon Rachman, "Nationalism is a side effect of the coronavirus," Financial Times, 23.3.2020, https://www.ft.com/content/644fd920-6cea-11ea-9bca-bf503995cd6f, Yuval Noah Harari,. "The world after coronavirus," Financial Times, 20.3.2020, https://www.ft.com/content/19d90308-6858-11ea-a3c9-1fe6fedcca75.

in the EU.[11] While this might be true for the EU, it might play out differently in the Balkans, with its ubiquitous history of ethnic nationalism and nationalist polarization. Nationalism in the Balkans has not returned, because it has never disappeared from the scene since the 1990s.

Exclusionary nationalism has been a key legitimizing ideology before the crisis and once the crisis is over it will most probably come back on the agenda of the ruling elites. In the short term, the crisis might manifest itself through softening of the use of nationalism as both political elites and populations are refocused on dealing with a virus for which the "ethnic other" cannot be blamed. Even though we have witnessed attempts by certain populists and autocrats to blame minorities, migrants or even the opposition (e.g. in Hungary) for the spread of the virus, or parts of populations being attracted by conspiracy theories, we haven't faced the trend of blaming the "ethnic Other" for the virus in the Balkans. In some cases, the COVID-19 crisis, as a symbol of a virus obviously not bound to a nation or ethnic group, has also had paradoxical effects on the political dynamics in the most nationalism-prone parts of the Balkans. For instance, in Bosnia-Herzegovina, at the very outset of the crisis Milorad Dodik and Dragan Čović seemed determined to continue their politics of blocking state institutions and, at least in the case of Dodik, aiming at further escalation. As the crisis began to escalate and Republika Srpska found itself in an extremely difficult situation, he at least paused his continuous attacks against the state-level and went to announce that "politicians need to be united around the sole goal of saving lives." In early April Izetbegović, Čović and Dodik reached a compromise in order to receive IMF's quick assistance in times of the pandemic.

But in the long run, as legitimacy for strong governments deriving from the crisis decreases, it is inevitable that we will witness increased antagonism and the return to old sources of legitimacy. The downward spiral in terms of democratic development (with the exception of North Macedonia) in the Balkans came hand in hand with a new rise of populist (ethno)nationalism. Even though the nationalist polarization with references to the conflicts of the past has never left the region, we can argue that recent years, since the so-called "refugee crisis" of 2015, have seen a rather dramatic rise of nationalist polarization (incl. prolonged ethno-nationalist politics in Bosnia and Herzegovina, tensions between Serbia and Kosovo but also recently be-

11 Ivan Krastev, "Seven early lessons from the coronavirus, Views from the Council," ECFR, 18.3.2020, https://www.ecfr.eu/article/commentary_seven_early_lessons_from_the_coronavirus.

tween Serbia and Montenegro). It seems that the nationalist resurgence even before COVID-19 has strengthened fear as an important element of people's collective psychology. Fear constitutes an important mobilizing element of any exclusionary nationalism. The fear of disorder and a belief that only strong leadership could handle the situation and ensure stability has become an important element of people's collective psychology in the Balkans in times of the COVID-19 pandemic. Ruling elites have produced a new moralised common sense, according to which only a state of emergency guarantees law and order. The morally charged task of "doing everything to fight the war against corona" provides them with a very functional power tool to legitimize a rule unconstrained by specific norms and rule of law. The coronavirus might strengthen the strikingly close relationship between authoritarianism and nationalist populism in the region and beyond, based on a dichotomic and moralistic understanding of the world ('good' vs 'bad' people) and a trend to politically capitalize upon artificially incited fears.

A striking example of refreshed political cleavages based on ethnic belonging and nationalism comes from Bosnia when in the early days of the crisis, HDZ politicians in the Federation's Canton 10, decided to prevent all citizens of Bosnia and Herzegovina from entering the territory of the canton and spreading the COVID-19 infection. The decision was withdrawn following a sharp public reaction and criticisms.

A scene from the first phase of the COVID-19 crisis involving Montenegro and Serbia has also demonstrated that old patterns of nationalist rhetoric and simmering bilateral tensions are likely to remain after the pandemic. Tensions and sharp rhetoric between two neighbors increased at the beginning of 2020 after a new law on religious freedom was adopted by the Montenegrin Government. The outbreak of the COVID-19 pandemic paused the tensions for a while only to briefly flare up again when Montenegro accused Serbia of confiscating three ventilators designated for Montenegro by the end of March. Tensions are likely to return once the COVID-19 pandemic is over.

Finally, vulnerable groups have been affected by discrimination due to the pandemic, from Asian Americans in the United States to migrants in Hungary. Roma have become particularly vulnerable, as they often lack equal access to health care and housing which puts them at greater risk, and are

more likely to be confronted with repressive state measures and discrimination by the majority.

With closed borders, a danger of authoritarianism and exclusionary nationalism could increase in the post-pandemic Western Balkans, be it targeted against other states and nations or minorities within.

Key Interventions

- Regional cooperation including the Regional Cooperation Council (RCC) should be given the role to coordinate measures across the region and keep channels of communication open. Shared best practices and coordinated measures can help prevent the rise of competition.
- The OSCE High Commissioner on National Minorities recommendations on short-term responses to COVID-19 should be implemented with regard to minorities, so as to prevent their being disadvantaged. This is to prevent both the escalation of discrimination and the majority-minority tensions due to government responses.
- Special measures to protect specific minorities, in particular Roma, need to be taken, as they are more effected by the pandemic, the lack of access to health care, discrimination and negative stereotypes.

Social Resilience

In many respects, the COVID-19 crisis has increased the levels of solidarity across the region. Unlike previous man-made disasters, all people in the Western Balkans are affected by a threat that endangers all and is not caused by others. This shared human experience can become an important source of solidarity.

Like elsewhere around the globe, many individuals have unleashed their creativity to transcend the realms of their own habitations (at least those lucky enough to have one). Actions of solidarity have taken many forms: from tech enthusiasts tirelessly deploying their 3D printers to produce protective masks and shields,[12] to mental health professionals providing free help via Facebook[13], and actors and musicians bringing their art to elderly citizens unable to leave their homes.[14]

In the Balkans, people seem to have quickly grasped the fact that protecting each other amid the COVID-19 pandemic means keeping distance. A shadow of the new, more dangerous times might have aided the quick adaptation to extraordinary circumstances that has occurred, by and large, everywhere in the region. But aside from actions expressing human solidarity, there are also indications that the crisis could serve as a catalyst for civic engagement at a higher level.

The "Applause at 8pm,"[15] emulating similar gestures across Europe, originally dedicated to health care workers and organised through social media groups, has quickly become a daily appointment of defiance and togetherness in the face of hardship. When a strong earthquake hit Croatian capital Zagreb on Sunday, March 22, the organisers quickly reacted to repurpose that day's event. By dedicating a long applause to the distressed citizens of Zagreb, the people of Belgrade and Sarajevo bridged ethnic divides with-

12 Stojkovski, "Balkan Tech Enthusiasts Deploy 3D Printers against COVID-19." Balkan Insight, 1.4.2020, https://balkaninsight.com/2020/04/01/balkan-tech-enthusiasts-deploy-3d-printers-against-covid-19/

13 "TU SMO Balkan" https://www.facebook.com/groups/tusmobalkan/

14 Serbian National Theatre, "Српско Народно Позориште - Serbian National Theatre" https://www.facebook.com/srpskonarodnopozoriste1861/videos/1350499425150120/

15 "Aplauz u 8" https://www.facebook.com/groups/630424531110543/

out leaving their homes, sending a much stronger message of reconciliation than most politicians had done over the past three decades.

What is more, the unambiguously authoritarian type of conduct on display among many governments across the region has awakened civic consciousness and made masks slip, laying empty rhetoric out bare.

Whether this moment of solidarity and political awakening will outlast the crisis, or whether it will remain a "transient island in the flood of time"[16], remains to be seen. During the 2014 floods that heavily affected Croatia, Bosnia and Herzegovina and Serbia, transnational solidarity was visible, but quickly dissipated as political elites stifled civic engagement while civic engagement failed to translate into larger social movements for change.

However, the improved use of technology as a way of bridging divides and organising and practicing civic engagement across cities and borders is a precious conquest. It might prove to be a long-lasting legacy of this crisis.

Key interventions:

- To avoid losing the current momentum of civic resilience across the region, it is important to map the numerous fresh and genuine initiatives of cross-border, inter-generational and cross-class solidarity that have emerged from this crisis, and take stock of their dynamics.
- Civic movements need help to outlast a period of initial mobilisation: this is as true financially, as it is from a perspective of public support. Civil society in the Balkans exists within a 'shrinking space': avenues available to activists are curtailed through the withdrawal of funding support, smear campaigns in government-controlled media, and problematic cooperation with governments which includes the creation of 'GONGOs', namely NGOs set up by governments, lacking independence. While the EU helps fund civil society in the Western Balkans and Turkey through its Technical Assistance to Civil Society Organisations (TACSO 3) project[17], the support has proven to be precious but insufficient.

16 Andrić, Ivo, "The Bridge on the Drina", London: Bradford and Dickens, 1962, p. 76.

17 TACSO, "Activities to support civil society during the coronavirus/Covid-19 pandemic", 2020. https://tacso.eu/activities-to-support-civil-society-during-the-corona-virus-covid-19-pandemic/

Environmental Impact

Is the COVID-19 crisis good for the environment? This is one of the dominant questions these days. An answer to it has two aspects: political and scientific. Across the world, scientists have registered a significant decrease in pollutants, especially levels of nitrogen dioxide (NO2), according to the recent reports by NASA.[18]

The current developments are a global-sized scientific and environmental experiment[19] that would not be possible under "normal" circumstances. It would be impossible to get consensus across the states and businesses to place on hold traffic, industry and energy production. The crisis so far taught us that it is possible, with a considerable commitment and flexibility, to significantly alter our behaviour and work practices on a personal level, too. However, such changes come at significant economic and social cost. Despite the current positive impact on air pollution, the optimism about climate change reversal must be expressed with caution because there is no evidence of the COVID-19 crisis' impact on biodiversity and habitat loss.

More importantly, there is a substantial risk that the policy priority given to the COVID-19 pandemic and subsequent consequences will push environmental issues and climate change to the bottom of the governments' agendas[20]. In other words, the economic crisis emerging from the COVID-19 pandemic means less money for government investments in protecting nature. Putting business back to their health is likely to quickly reverse this temporary glitch of improvement.

The COVID-19 crisis is further exposing the level of the environmental emergency in the Balkans. During the past winter (2019-2020), cities such as Sarajevo, Belgrade, Skopje and Pristina regularly made the top ten lists of the world's most polluted cities. The real causes of such high levels of pollution

18 NO2 is a by-product of industrial processes, car engines and power plants and has a serious negative impact on health, particularly aggravating respiratory diseases "Airborne Nitrogen Dioxide Decrease over Italy," NASA Earth Observatory, 23.3.2020, https://earthobservatory.nasa.gov/blogs/earthmatters/2020/03/13/airborne-nitrogen-dioxide-decreases-over-italy/

19 "COVID19 pandemic leading to huge drop in air pollution," The Guardian, 23.3.2020, https://www.theguardian.com/environment/2020/mar/23/COVID19-pandemic-leading-to-huge-drop-in-air-pollution

20 Stephen Stafford & Ben Moore, "Coronavirus: Packham warns of impact on environmental issues," BBC, 21.3.2020, https://www.bbc.co.uk/news/uk-england-hampshire-51962578

have long been a matter of dispute: experts and activists have been sounding alarms over the toxic impact of the heavy industry[21], but authorities have often downplayed such risks, attributing the high air pollution levels to meteorological phenomena and citizen-driven activities.

But on March 27, almost two weeks into the lockdown and with urban traffic brought to a virtual standstill, Belgrade reached the gloomy status of the city with the highest level of air pollution in the world. While a sandstorm might have compounded air pollution[22], neither car traffic nor springtime household heating could have been the key culprits. It is clear that the underlying causes must be looked for elsewhere.

The 'big polluters' (*veliki zagađivači*) are a true risk across the Western Balkans. By and large, power plants are old, inefficient and of poor quality. In 2016, the region's 16 coal plants emitted more sulphur dioxide pollution than the rest of the coal plants in Europe combined.[23]

For people living in close proximity to such maxi-pollutants, the COVID-19 crisis has made a bad situation worse: COVID-19 is well known to be more lethal for those individuals who suffer from pre-acquired conditions, especially those related to the respiratory system.[24] In many places across the region, industrial air pollution remains a greater concern than COVID-19. On April 2, the citizens of Tuzla (Bosnia and Herzegovina) defied self-isolation measures to protest the construction of a new coal plant in their city which is already hard hit by pollution.[25] Activists in Smederevo, home to the largest steel mill in Serbia, continued to expose the untenable situation in their

21 Coalition 27, "Chapter 27 in Serbia: Money Talks. Shadow Report on Chapter 27 Environment and Climate Change", 2019, http://www.caneurope.org/docman/south-east-europe/3538-money-talks-6th-annual-report-by-serbia-s-coalition-27-environment-climate-change/file

22 Tomislav Šoštarić, "Zovko: Zagreb Ima Problem, Ali Ne Kao Sarajevo Ili Beograd," Al Jazeera Balkans, 17.1.2020, http://balkans.aljazeera.net/vijesti/zovko-zagreb-ima-problem-ali-ne-kao-sarajevo-ili-beograd

23 Puljic et al., "Chronic Coal Pollution: EU Action on the Western Balkans Will Improve Health and Economies across Europe.", February 2019.

24 Vasovic, "World's Worst Air Adds to Serbian Capital's COVID19 Woes.", Reuters, 27.3.2020, https://www.reuters.com/article/us-health-coronavirus-serbia-pollution/worlds-worst-air-adds-to-serbian-capitals-coronavirus-woes-idUSKBN21E2J8?feedType=RSS&feedName=environmentNews

25 Gerebizza, "Bosnia, La Società Civile Insorge Contro La Centrale a Carbone Targata Intesa.", Re:Common, 3.2.2020, https://www.recommon.org/bosnia-societa-civile-contro-centrale-a-carbone-targata-intesa/

town, which is covered in red dust and often experiences 'red rain', too, while 86% of its water is polluted[26].

With the COVID-19 crisis, it has become clear that shifting the blame for the state of air pollution in the Balkans onto citizens' actions is no longer tenable. The problem of the great health hazard posed by the heavy industry in the Balkans can thus no longer be ignored – and it is high time that the authorities address it in earnest. However, the economic impact of the pandemic risks overshadowing the health-related and environmental implications. In an effort to kickstart the economy across the world, in particular in regions with lower environmental standards such as the Western Balkans, the temptation is great to prioritise economic recovery over the environment.

The current crisis is an opportunity for the citizens to become more responsible towards their natural resources and for the governments to become more committed. In other words, it is necessary to strengthen adaptive capacities in the region and focus on regional agreements and initiatives. The Regional Cooperation Council (RCC) already focuses on energy and environment, and this is an opportunity for them to step up their existing efforts.

Key interventions:

- Building on changes induced by COVID-19-related lockdowns, the Regional Cooperation Council should step up its work on energy and environment, pushing for improved standards across the region and supporting projects to introduce lasting adjustments in those crucial areas.
- The COVID-19 emergency has laid bare the danger to citizens' health that is posed by large power plants including coal facilities, steel mills and incinerators, many of which still relying on obsolete systems. This needs to be publicly recognised by authorities in the Western Balkans and the EU needs to step up its pressure in making sure health and environmental standards are respected, with particular attention to heavy industry.

26 Marka Žvaka & Pokret Tvrđava, Pozdrav Iz Smedereva, 2.4.2020, https://www.youtube.com/watch?v=gVvHQQIox3Y

Migration and Healthcare

COVID-19 has exposed the severity of the *en masse* emigration of health workers from the Western Balkans and how critical it is to keep medical staff at home. It also revealed systemic health system weaknesses, a decades-long underinvestment in people, facilities, and equipment. Finally, it fully uncovered the deficiency of a decades-long lack of investment by Western Balkan countries in education, science, and research and development. On average, they spend less than 0.4 percent of GDP on research and development.[27]

It is no secret that prior to the pandemic, thousands of health workers, including doctors, nurses, technical staff and medical caretakers departed from the Western Balkans region every year. In Bosnia and Herzegovina, the national medical workers' association reported that around 300 highly qualified doctors had left the country in 2016.[28] In September 2019, the Zenica cantonal hospital in Bosnia and Herzegovina issued a public statement specifying that this town of over 100,000 inhabitants no longer has neuro-pediatric medical care available. At the time of the announcement, a large number of children had scheduled appointments for check-ups, resulting in these examinations being delayed until further notice. The consequences of the health workers' exodus are very much visible on the ground, leading to sectorial underdevelopment, which is particularly apparent in peripheral regions and among the elderly, children and women. It affects the capacities of the health systems, pushing them to the point of collapse, but also results in the loss of health services, a drop in the quality of health provision, loss of mentorship, research, and supervision. According to Politico, 10% of the population of Romania now live without health care, due to the emigration of health workers.[29]

The doctors' flight to the West in recent years has been documented in every former-socialist country in Southeast Europe and the Balkans. Doctors

27 Support to the Higher Education Reform Experts (SPHERE), Harnessing the potential: Research Capacity in the Western Balkans, December 2017, https://supporthere.org/sites/default/files/western_balkan_report_final_-_2018_07_02.pdf

28 Alida Vracic, The Way Back: Brain Drain and Prosperity in the Western Balkans, ECFR, 9.5.2018, https://www.ecfr.eu/publications/summary/the_way_back_brain_drain_and_prosperity_in_the_western_balkans.

29 Ginger Hervey, "The EU Exodus: When Doctors and Nurses Follow the Money," Politico, 27.9.2017,

from Poland to Bulgaria and in all countries of the Western Balkans are departing by the thousands.

Between June 2013 and March 2016, some 4,213 Bosnians took up jobs in the German health care sector, bringing the total figure of Bosnians employed in this sector in Germany to 10,726. Data from the German Employment Agency also shows that in March 2016, 1,102 Bosnian doctors were employed in Germany, which represents a 20% increase during the period from June 2013 to March 2016. In recent years these numbers rose sharply and it is estimated that for every six doctors in Bosnia, one now works in Germany.[30] The National Medical Council of Serbia has been issuing around 800 certificates of good standing per year – the documentation needed by doctors when applying for jobs abroad.[31]

The main reasons include issues of lacking professionalism in the workplace, insufficient remuneration and poor working conditions. Monthly salaries for doctors at the University Clinical Center in Pristina, Kosovo's largest hospital, total a mere 632 EUR for a doctor and 403 EUR for a nurse. In the words of Harun Drljević, President of the National Medical Council of the Bosnian Federation, "The EU countries are getting 'ready-made' medical doctors without investing anything in their education and training. Ready-made and for free! This is a great gift for the health systems of the EU countries."[32]

The problem has been loosely recognized at the EU level but, at the same time, the EU greatly profits from this emigration. Germany, the EU's wealthiest economy, is among the top benefactors of this trend and actively lures thousands of highly skilled individuals with jobs to Germany, while Kosovo, North Macedonia, Bosnia, the Philippines, and Cuba are routinely listed as possible cooperation partner countries.

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https://www.politico.eu/article/doctors-nurses-migration-health-care-crisis-workers-follow-the-money-european-commission-data/.

30 Katarina Panic and Danijela Kozina, "Germany Drains Bosnia of Doctors and Nurses," Balkan Insight, 23.12.2016, https://balkaninsight.com/2016/12/23/germany-drains-bosnia-of-doctors-and-nurses-12-21-2016/.

31 Beogradski glas, Iseljenje sanja 75 odsto lekara: U narednim godinama odlazak zdravstvenih radnika mogao bi da ugrozi sistem zdravstvene zaštite, 2018. Available at: http://beogradski-glas.rs/drustvo/iseljenje-sanja-75-odsto-lekara-narednim-godinama-odlazak-zdravstvenih-radnika-moglo-da-ugrozi-sistem-zdravstvene-zastite/.

32 Panic, Kozina, "Germany Drains Bosnia of Doctors and Nurses."

Key interventions:

To offer a comprehensive framework for circular migration of specialist medical staff. This is especially crucial for smaller countries with higher rates of skilled workers' emigration and fewer possibilities to quickly replace them.

- By allowing portability of benefits across countries, extra training, and specializations, but also making sure that skills gained abroad are recognizable and valued back home, the governments can profoundly change the labor and emigration dynamics within a society.
- Setting up national global electronic portals to include all individuals that constitute the diaspora and diaspora-related organizations would enable the exchange of knowledge and experience.
- Relaxing immigration laws and allowing integration of foreigners in the region. At present, growing concern over social issues surrounding immigration determines national policies on this issue.
- Given the number of medical staff from the Western Balkans in the EU, the EU should establish robust exchange programmes with, and medical science institutes in, countries in the region – providing both sides with greater flexibility. Such approach could also have the benefit of increasing enrolment in high-value professions and educational sectors in the region.

Health policies and social security

The strong response to the pandemic by governments has been necessitated by an awareness of the relative weakness of the health systems in the region, and the threat of them soon becoming overwhelmed if the rate of infection got out of hand, especially given the relatively elderly population in some of the countries.

The crisis will also expose the deficiencies in welfare provisions throughout the region. Health care systems are less developed than in the EU, and a surge in COVID-19 cases could easily overwhelm the limited provision. Health care operates on a dual economy basis, with an underfunded and ill-equipped public health sector alongside a well-resourced private sector which caters for elite socio-economic groups. While this system manages to meet basic needs in normal times, the public system in particular may find it extremely difficult to cope with a surge of COVID-19 cases. Members of vulnerable groups, such as the Roma, who often lack a social health insurance record, are poorly served by the public health care system even in the best of times. Limited measures have been taken to boost the capacity of the health sectors throughout the region. In Albania, additional funding has been provided for the health sector amounting to 3.5 billion lek ($1 million) to purchase personal protective equipment (PPE) for health care workers. Bonuses of €1,000 have been added to the salary of medical staff, and €500 to salaries of medical workers. On March 10, President Ilir Meta called for retired Albanian doctors to re-enter the workforce. Private hospital capacity has been commandeered, subject to a fine of €40,000 for non-compliance. Bosnia and Herzegovina: the Federation will transfer KM 30 million (0.1 percent of GDP) to hospitals. Republika Srpska has announced that the health fund would cover health care costs for all patients. In Kosovo, the government has allocated €6 million to the health ministry. In Serbia, the government has announced a 10 percent raise in wages (restoring a previous austerity-induced cut) and increased spending on the public healthcare sector by 12 billion dinars. International assistance has also been made available to the region, principally through an EU Regulation extending the scope of the EU Solidarity Fund to the accession states for major public health emergencies and other disasters. The EU has allocated €38 million in immediate support for the Western Balkans to tackle the health emergency caused by the pandemic. For example, the EU announced aid to Bosnia and Herzegovina in

the amount of €7 million (March 23) to procure medical equipment including 80 ventilators, 7,500 test kits and 15,000 items of PPE. The EU has also reallocated €374 million of IPA funding to support socio-economic recovery in the region. In Serbia, however, assistance from other international actors has gained greater prominence. Much publicity has been given to a Russian donation of 15,000 test kits, a donation from UAE of 10 tons of medical aid, and a donation from Norway of €5 million in aid. Most dramatically, China dispatched a team of medical experts from Wuhan along with ventilators, masks and 1,000 test kits.

In addition to weaknesses in the health care systems, social protection systems are ill-prepared to meet the emergency due to the low level of cash social benefits for vulnerable groups and the inadequate provision of social services. Countries of the region have responded to the crisis by making small improvements to their social protection systems. In Albania, pensioners will begin to receive their pensions at home by post, while late penalties for electricity bills have been waived. Unemployment benefits and social assistance payments have been doubled, and 2 bn lek defence spending has been reallocated to humanitarian relief for the most vulnerable. In Kosovo, the government has advanced payments for social assistance schemes by adding an additional month's payment to support families in need. In Montenegro, €1 million financial assistance has been allocated to low-income pensioners and social welfare beneficiaries equivalent to a payment of €50 each. In Serbia, a one-off payment is to be made to all pensioners (totalling 7 billion dinars), and a €100 one-off payment to all citizens has also been announced. Overall, the announced tweaks to the social protection system are grossly inadequate to meet the loss of livelihoods due to home confinement, curfews and job losses. The prospective recession is likely to cause thousands of job losses. In Serbia, although no official information is available, trade union sources estimate that as many as 10,000 jobs have already been lost due to plant closures. A substantial improvement in unemployment benefits and social security payments especially concerning the adequacy of payments for sick leave will be necessary to deal with this crisis and ensure social peace.

After the economic crisis of 2008/9, the governments of the region expanded their public expenditure to create jobs in the public sector and to reward their supporters through income support measures and categorical bene-

fits. Since IMF bailouts were instituted in the middle of the decade, debt reduction and fiscal consolidation has led the policy approach. If such austerity policies were to continue during the period of the COVID-19 pandemic, social consequences may be far more severe compared with the previous economic crisis, and the potential political opposition to such policies might be substantial.

Key Interventions

- A temporary universal basic income, along the lines of the €100 one-off payment to every citizen announced in Serbia, providing all adult citizens in the region with a payment equivalent to 50% of the minimum wage irrespective of employment status, along with a 25% of the minimum wage payable for each child up to the age of 18. This should be implemented for a period of 3 months designed to shore up aggregate demand which may otherwise experience a sharp collapse. If it were to be extended beyond this point, a realignment of tax systems to make income taxes more progressive, so that the universal benefits can be paid out of taxes rather than borrowing.
- A tax-free income allowance should be implemented for low earners and a higher rate of tax for higher income earners, in place of the flat or proportional tax systems common throughout the region.
- Although the number of hospital beds is adequate, resources should be focused on improving the quality of hospital equipment, ensuring adequate supplies of medication, and reducing overcrowding on acute hospital wards, along with a boost in pay for hospital staff to assist retention, all designed to bring standards in the public health care system closer to the level of the private health care sector in the region.
- Access of vulnerable groups such as the Roma populations to health care provision should be a priority.
- The extension of social protection to the many workers who are engaged in the informal sector will also need to be prioritised, and a major rethink will be needed on how to deal with the widespread informal economy.

Economic Impact on the Western Balkans

The Western Balkan countries have only recently recovered from the spill-over effects of the eurozone crisis and have registered strong economic growth over recent years. Partly, this has been based upon a new influx of foreign investment, especially to Serbia and North Macedonia, in manufacturing processing industries, creating thousands of new jobs. The COVID-19 pandemic has brought this recovery to a shuddering halt, with a projected recession in 2020, perhaps equivalent to 3-5% GDP fall. Even though the domestic policies have been relatively successful thus far, they are unlikely to protect the economies of the region from economic fallout, as these are heavily dependent on the economic misfortunes of the EU and recession, which is particularly likely in Italy where the impact of the crisis has been the most severe.

The global impact, as well as the one on the Western Balkans, is determined by two factors. Firstly, the capacity of health systems to cope, and secondly, the state of the countries' public finances (and therefore their ability to support workers and firms through the downturn).

On both counts, the prospects of the Western Balkans are not too promising. Even adjusted for local costs, public healthcare spending per capita is on average 15% of the German level (and only around one third of the level of wealthy CEE countries such as Slovenia). As a result, although cases are not growing as fast as in many other countries[33] (see chart below), Western Balkan governments have moved to severely restrict economic life (more so than in many other parts of CESEE).[34]

33 WIIW uses four comparator countries to measure the spread of the virus, reflecting distinct types of responses: Italy, South Korea, Sweden and Singapore.

34 WIIW, "Eastern Europe Coronavirus tracker: Preparing for the worst," 31.3.2020, https://wiiw.ac.at/eastern-europe-COVID19-tracker-preparing-for-the-worst-n-430.html

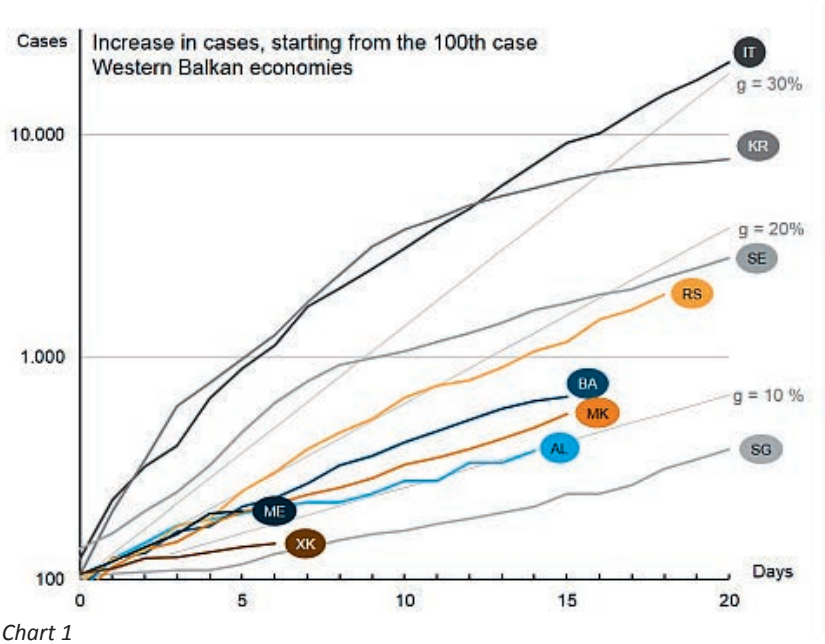

Chart 1

Meanwhile, the space for fiscal maneuvering is likely to be very limited. Western Balkan countries head into the crisis with substantially higher public debt/GDP ratios in comparison with 2007 (22pp on average), and central banks in the region will not be able to hoover up large amounts of government debt as those in Western Europe. This is reflected in current fiscal stimulus plans, which are generally more timid than even in much of the rest of CEE.

The impact of the COVID-19 pandemic on employment and wages will be bigger than in the aftermath of the 2008 global financial crisis. A fall in remittances will have an adverse impact on several countries of the region in terms of remittance inflows (which account for around 10% of GDP in Bosnia and Herzegovina, Albania and Montenegro, and over 15% in Kosovo, according to World Bank data), as migrant workers from the region lose their jobs throughout the EU. A decline in export revenues can be expected as the EU demand for goods and services from Balkan countries is likely to diminish, and as manufacturing supply chains are disrupted if multinational

companies located in the region close down their operations. This process has already begun, most notably at the Fiat factory in Serbia which closed its operations in February due to a lack of critical components from China for the production at the motorcar factory in Kragujevac. Furthermore, there will be a substantial drop in tourist arrivals (particularly in Montenegro and Albania, where tourism and travel account for around one fifth of the economy) and domestic demand will be crushed for at least a couple of months.

We assume as a core scenario that economic life will be severely restricted for 2-3 months, and that there will be at least partial lockdowns until a mass vaccine is rolled out in 12-18 months. In terms of falls in GDP, employment and wages (real GDP could contract by around 3-5% this year across the Western Balkans), 2020 will be worse than 2009. The following year will also be tough, but a recovery should arrive in the second half of 2021, and economic and social conditions will substantially improve as of 2022.

A more positive scenario would include three key things. Firstly, a massive, coordinated fiscal stimulus in the euro area, with material positive spillovers for the Western Balkans. Secondly, all countries would also receive substantial foreign aid (without austerity conditions), allowing for some limited domestic economic stimulus measures. Thirdly, mass testing would be rolled out quickly across the region, allowing a more rapid return to a higher degree of normal economic life. Here, we would expect only minor full-year real GDP contractions in 2020, before a decent recovery in 2021.

According to our negative scenario, a deep downturn this year causes lots of businesses to fail. Combined with very high levels of unemployment, this leads to massive defaults on debts, and turns the current health crisis into a financial one. Not only would this mean a deep downturn in 2020 (with a real GDP contraction of potentially 5-10% this year, and severe hardship for much of the population), this would also mean a much longer-lasting impact (like after 2008), with high unemployment, low wages and negligible GDP growth for several years.

Key Interventions

- Governments should provide liquidity support for SMEs (larger firms should have at least some cash reserves).
- Governments must organise food supply and delivery for the poor and elderly.
- Measures should be taken to support returning migrants, in particular those who lost their jobs in the EU and those who returned during the initial phase of the pandemic.
- All six Western Balkan countries need to be included in EU assistance mechanisms for the economic impact of the pandemic.

Conclusion

Dealing with the global pandemic is not a 100-meter dash, but rather a marathon race. Governments and international organizations, as well as citizens, are in the early stage of dealing with multiple challenges caused by the pandemic. Most importantly, there is the need to prevent the spread of COVID-19. In particular in the Western Balkans, with fragile health care systems and limited numbers of medical personnel, the need to keep the infection number low is paramount. However, highly restrictive measures need to be proportional and taken while considering the need of confronting the pandemic for longer than a few short weeks. Finding normality and living with the pandemic until a treatment is found requires measures which the people of the Western Balkans can live with, without it leading to undue economic, social and psychological strains. Furthermore, measures need to be carefully calibrated not to endanger already fragile democracies and advance state capture across the region. Thus, restrictions to democratic rules and civil liberties have to be proportional, communicated openly and transparently with the inclusion of as many political actors as possible. Finally, they have to be temporary with clear terms of their expiration. Freedom of speech and the work of institutions, including parliament and courts with due process, have to be safeguarded.

Preventing new polarization and tensions requires greater regional cooperation and coordination of state measures and the EU needs to step up its assistance and include the region in planning for post-COVID-19 reconstruction. In order not to give other geopolitical actors a chance to hijack the region during the crisis, the EU has to communicate its assistance clearly and strongly, and counter misinformation. The crisis has revealed the brittle nature of the social contract in the region; hence, solidarity and shared experiences can help in the post-COVID-19 era.

As economies of the region will be hard hit, ranging from migrants who lost their jobs in the formal and informal economies of the EU, manufacturing closing due to a downturn in demand, to the tourism sector - it will take years to recover from. Quick intervention can help overcome some of the worst consequences, but social and economic consequences will be particularly hard for vulnerable groups.

Altogether, the repercussions of both the pandemic and the government responses are hard to estimate. They will leave many people in the Western Balkans in a more difficult position. The societies and states have often felt vulnerable and fragile. If this situation urges a careful analysis of the causes of the fragility beyond the pandemic, it can lead to targeted reconstruction and the creation of more resilient states and societies. If instead, the crisis and the responses accelerate the trends that shaped large parts of the region prior to the crisis, including democratic decline, state capture and weak institutions, the consequence could set the region back for years.

About the European Fund for the Balkans

The European Fund for the Balkans is a joint initiative of European foundations (Erste Foundation, Robert Bosch Foundation and King Baudouin Foundation) that envisions, runs and supports initiatives aimed at strengthening democracy, fostering European integration and affirming the role of the Western Balkans in addressing Europe's emerging challenges.

The up-to-date programme strategy is focused on three overarching areas – fostering democratisation, enhancing regional cooperation and boosting EU Integration.

By implementing different projects, initiatives and activities, the Fund is supporting the process of affirming the political credibility of the enlargement policy across the Western Balkans region, improving the regional cooperation among the civil society in the WB region based on solidarity and demand-driven dialogue, as well as providing means and platforms where informed and empowered citizens will take action and demand accountable institutions and democracy.

Their synergetic effects are focussed on continuous reforms of the policies and practices of the Western Balkans countries on their way to EU accession, through merging of the region's social capacity building with policy platform development, and a culture of regional cooperation.

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About the Centre for Southeast European Studies, University of Graz

The Centre for Southeast European Studies was set up in November 2008 following the establishment of Southeast Europe as a strategic priority at the University of Graz in 2000. The Centre is an interdisciplinary and cross-faculty institution for research and education, established with the goal to provide space for the rich teaching and research activities at the university on and with Southeast Europe and to promote interdisciplinary collaboration. Since its establishment, the centre also aimed to provide information and documentation and to be a point of contact for media and the public interested in Southeast Europe, in terms of political, legal, economic and cultural developments. An interdisciplinary team of lawyers, historians, and political scientists working at the Centre has contributed to research on Southeast Europe, through numerous articles, monographs and other publications. In addition, the centre regularly organizes international conferences and workshops to promote cutting edge research on Southeast Europe.

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