Confronting Stabilocracy in the Western Balkans
A New Approach for U.S. Assistance

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MAY 2021

THE ISSUE

■ Three decades of U.S. diplomatic and financial investments in the Western Balkans have contributed to Euro-Atlantic integration and economic growth. But they have not prevented state capture, environmental degradation, and emigration. A new path must be forged for the next decade.

■ The United States must reinvest in the region diplomatically and reshape its assistance based on two pillars: (1) an enduring civil society and local ownership approach that is agnostic to power centers, and (2) the development of a transparent and accountable economic ecosystem that prioritizes young people and diversifies economic opportunities.

■ There are risks to a U.S. strategy that prioritizes the dignity of the individual, civil society actors, and non-government stakeholders over entrenched leaders, who will see this type of assistance as a threat to their patronage networks. But it is the only way to reverse stagnation and break the “stabilocratic” nature of these regimes.

THIRTY YEARS OF U.S. POLICY

REGIONAL EVOLUTION

The United States’ position toward the Western Balkans has shifted and drifted over the past three decades. Significant positive structural changes across the region, from independence to North Atlantic Treaty Organization (NATO) membership for some countries, have taken place alongside negative dynamics such as leadership ossification, damaging emigration, and institutional stagnation.

In the 1990s, the region was marked by conflict, ethnic cleansing, and regional fragmentation. Strife slowly transitioned into economic reconstruction and increased stability in the latter half of the decade. The U.S. focus throughout this period was on conflict prevention and regional stabilization through military intervention and significant diplomatic and economic investments, which eventually led to greater Euro-Atlantic integration. The highlights of this investment and intervention include: the 1995 Dayton Agreement securing peace in Bosnia and Herzegovina (hereafter Bosnia); the 1999 NATO air strikes to end the Serbian forces’ assault on Albanian Muslims in Kosovo and the subsequent UN political process; and the Ohrid Framework Agreement that created the basic principles for the Republic of North Macedonia in 2001 (then the Former Yugoslav Republic of Macedonia).

Throughout the 2000s, the United States maintained its economic aid focus on post-conflict stabilization and continued to promote the region’s Euro-Atlantic integration, with diplomatic investments slowly winding down. However, following 9/11, the priority turned to counterterrorism, terrorism financing, and illicit...
trafficking, which shifted U.S. assistance toward greater security cooperation. Enhanced regional integration still remained an area of focus, leading to trade liberalization across the region, with Western Balkan countries joining the Central European Free Trade Agreement in 2006 and the creation of the Regional Cooperation Council in 2008.

Residual U.S. diplomatic engagement in the region during those years focused primarily on Bosnia and Kosovo. In Bosnia, an effort to support the enactment of a defense law in 2005 led to the country becoming a member of NATO’s Partnership for Peace program in 2006. In Kosovo, U.S. diplomacy supported the unilateral declaration of independence in 2008. Following these events, U.S. interest began to fade as Washington encouraged the European Union to take greater responsibility for the region and accession prospects came into focus.

Over the past decade, U.S. ambition for the region has continued to wane. There has been a tendency to let things run their course while maintaining the expectation that the European Union would “manage” the region through the enlargement process. In parallel, U.S. assistance has remained focused on building up institutional capacity and security and law enforcement and preparing the ground for EU integration and accession.

Unfortunately, this accession process has stalled and grown increasingly political. Only Croatia has acceded to EU membership, and the two countries considered frontrunners, Serbia and Montenegro, have seen their progress toward accession sputter for both political and economic reasons. Their progress has also been overshadowed by North Macedonia: with the name recognition issue with Greece solved, Skopje has overcome an immediate hurdle to Euro-Atlantic integration (although Bulgaria’s concerns over historical and language issues have created a new obstacle and put Northern Macedonia’s accession process once again in limbo).

More positively, NATO enlargement has continued throughout the region: Montenegro and North Macedonia joined the alliance in 2017 and 2020, respectively. And though this enlargement process has slowed, NATO continues to engage bilaterally across the Balkans.

**THIRTY YEARS ON**

The Western Balkans have now returned to the U.S. strategic agenda, primarily due to strategic competition across the region, namely the growth of Russian, Chinese, and, to a lesser extent, Turkish and Gulf influence. The twenty-fifth anniversary of the Dayton Peace Accords was a stark reminder of what past U.S. diplomatic and economic assistance in the region could achieve—and an acute acknowledgment of the country’s drift since that historic engagement. Despite these reminders, the U.S. agenda is more focused on outside powers’ actions in the region than on a coherent U.S. engagement policy.

Strategic competition has partly driven Western complacency with leaders in the Balkans who have tightened their patronage networks over two decades. These leaders have learned the “language of the West”—paying lip service to the need for reform—to ensure assistance continues to flow, even when they know such reforms go against their interests (good governance threatens corrupt practices). While Western leaders have acknowledged this credibility gap, they have prioritized the stability that these leaders seemingly provide the West, not to mention rhetorical support against strategic competitors. However, devotion to this “stabilocracy” is short-term thinking; the region’s long-term stagnation will eventually lead to greater instability and create an outsized role for foreign malign influence.

The costs of stabilocracy are high: powerful leaders with strongman tactics, from Serbia’s Aleksandar Vucic to Montenegro’s Milo Djukanovic, have overseen years of state capture. While North Macedonia and Kosovo have seen incremental progress, governments in Albania and Serbia have been plagued by opposition boycotts and protests over environmental and democratic standards. For the first time in 30 years, Montenegro has undergone real political change, but the new political leadership is susceptible to Russian malign influence, potentially reinforcing the view that stability is more important than change.

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Patronage networks across the region have become deeply entrenched, and public administrations have been politicized and filled with party loyalists. The work of the late 1990s and early 2000s has been largely dismantled. Through assistance and support, the region needs something akin to institution rebuilding—a heavy lift.
These networks have both fed and been fed by the region’s lackluster governance: all six countries are now deemed “transitional or hybrid” regimes. Deficient governance structures have impeded significant improvements in living standards despite respectable economic growth. Corruption and emigration have led to increasing societal frustration, compounded by pollution and concerns about rising environmental degradation.

According to Transparency International, corruption has worsened across the Western Balkans over the past decade. In the six countries, anywhere from 30 percent of people (in Bosnia) to 66 percent (in North Macedonia) believe corruption has had a lot of or some negative impact on their lives. Basic services to citizens are unsatisfactory, and administrations lack data and management tools, for example, to get trustworthy data on birth rates or land registry.

These conditions have pushed many people to leave. The working-age population in the region has declined by more than 400,000 people over the past five years; 47 percent of Bosnians live abroad today. This brain drain creates a vicious demographic cycle, which citizens clearly recognize: only Kosovo has a majority (52 percent) that believes today’s young generation has a good future in their country. These figures are the lowest in Bosnia (11 percent) and North Macedonia (17 percent).

Youth unemployment is above 25 percent in every Western Balkan state, and unemployment is cited as the most important problem in all six countries. The lack of quality public services and decent healthcare options only adds to emigration, at times leading some people to seek care abroad.

And while some countries have made steps toward a green transition and sustainable energy, environmental conditions and air pollution remain a serious issue in the region—one that has catalyzed local activism and pushback against some governments. The Western Balkans are one of Europe’s critical hotspots for air pollution due to aging power plants, mining, and other factories (some of which are recent Chinese investments). These issues are compounded by a weak healthcare system and gaps in air quality data collection.

In 2018, the average concentration of dangerous fine particles was
There is a fundamental disconnect between the stated desire for greater regional integration and what it requires on one side—transparency of investments, market economy conditions, and responsive governance—and the perpetuation of patronage networks and business-as-usual politics on the other. Neither U.S. nor EU assistance and engagement have addressed this disconnect. Instead, U.S. and EU governments have focused on government-to-government and institutional dialogue. Though this strategy made sense initially, over time it has strengthened the position of long-standing Balkan leaders instead of fostering reform. EU accession processes have also reinforced this government-to-government approach.

In addition, EU accession has lost its appeal for some Balkan citizens who see the prospect of Euro-Atlantic membership recede further and further into the future, though for many others it remains a positive prospect. This is reinforced by a lack of improvement in daily life and as they watch their children leave the region. Balkan leaders, who understand this public ambivalence and continue to resist reform, have also begun to hedge against membership despite a high level of EU investment over the years. These negative dynamics have allowed other state and non-state actors to fill the vacuum. Russia has been present in the region for decades and has more recently revitalized cultural, military, and economic ties with Serbia, Bosnia’s Republika Srpska, and, to a lesser extent, Montenegro. China has substantially increased its economic and diplomatic presence in recent years through the Belt and Road Initiative, loans, 17+1 Forum, and, most recently, with vaccine diplomacy. For EU-aspirant Montenegro, this presence has created high debt pressure (though it is now seeking help from Brussels). Furthermore, transnational organized crime networks continue to use the Balkans as a transit corridor for drugs and weapons, and cyber criminality is on the rise.

In part through this great power lens, the Western Balkans have featured more prominently on Washington’s foreign

almost six times the limit recommended by the World Health Organization. The health risks caused by such particles are serious, including acute lower respiratory infections, chronic pulmonary disease, and cardiovascular disease. The toll is clear: air pollution contributes up to 19 percent of total premature deaths in Western Balkan cities. Environmental degradation is, after all, “downstream of governance failures including clientelism, graft, and gross incompetence.” These failures are particularly evident to citizens whose windows must stay closed for days on end, all while under lockdown due to the Covid-19 pandemic.
policy agenda in recent years. However, U.S. efforts cannot only focus on pushing back against Russian and Chinese influence; the United States must develop a positive assistance policy agenda, in coordination with the European Union and other partners, including Japan.

**A NEW APPROACH TO U.S. ASSISTANCE IN THE BALKANS**

**TRACK RECORD**

Since 2010, U.S. assistance priorities in the region have focused on two areas: (1) conflict, peace and security, and (2) government and civil society. For example, these have funded programs on judicial technical assistance in Albania and cross-party connections in Bosnia, both relevant to the region’s needs. However, many implementers of such aid are large U.S. development partners and involve limited reliance on local partners—unless U.S. organizations subcontract to them—thus reducing capacity-building on the ground.

Some U.S. programs directly lay the groundwork for a country’s EU accession, such as the Competitiveness Systems Strengthening in Serbia. While important, the top-down approach to aid may reinforce central governments and the parties controlling them. Nevertheless, other encouraging and recent programs have targeted the development of independent media (e.g., Balkans Media Assistance Program; U.S. support to independent media in Bosnia). Anti-corruption efforts in Bosnia and civil society support in Montenegro also signal U.S. priorities in strengthening civil society organizations (CSOs). However, it is unclear how effective these programs have been in supporting this sector; to date, many CSOs have struggled to cover basic overhead costs and may not have the capacity to implement ambitious grants despite being the most important actors.

Other important elements of U.S. economic support to the region include workforce development in North Macedonia, business-enabling projects in Serbia, and energy efficiency initiatives in Kosovo. Such efforts are crucial to help these countries transition to more stable market economies. However, recalcitrant issues of corruption and cronyism risk preventing a positive windfall from such assistance.

Finally, the U.S. focus on security and law enforcement post-9/11 is visible in assistance figures. In all countries except Montenegro, international narcotics and law enforcement anti-crime programs have been at or near the top of assistance spending priorities for the past 10 years. Train and equip programs focused on counterterrorism as well as *Foreign Military Financing*
are also recurring U.S. assistance items in the Western Balkans.

This overview shows the United States has continued to support development in the region despite a subdued diplomatic presence. It has provided close to $3.3 billion in financial and technical assistance to the Western Balkans between 2005 and 2019. However, this aid has stagnated or declined since 2012, and it is unlikely that additional funds will be allocated, due to pressing global needs. Therefore, it is a timely moment to recalibrate U.S. assistance to the region to address existing weaknesses and lessons learned. Because of the presence of other powers, U.S. policymakers may be tempted to provide assistance that “competes” with Beijing, Moscow, Ankara, and the Gulf States—particularly infrastructure funding. The U.S. International Development Finance Corporation’s office in Serbia is such an attempt to compete with China by providing alternative funding mechanisms. Yet while economic engagement is necessary and welcome, it would be a mistake to reformulate assistance through the lens of great power competition alone. Instead, the United States must act where it holds a competitive advantage: civil society.

There is great benefit and flexibility in programming assistance through CSOs. They can engage in anti-corruption efforts, media pluralism, job creation, and environmental and green activism. Such activities strengthen good governance, reinforce U.S. values and interests, and more effectively “compete” with potentially malevolent Chinese and Russian economic and political influences. These programmatic activities could be pursued at the government-to-government level, but CSOs seem to pay more attention to issues that are at the heart of citizens’ concerns, such as environmental degradation.

Yet neither EU nor U.S. funding has prevented civil society from being increasingly squeezed in some countries, and it remains underdeveloped across the region. In addition, civil society has, to some extent, become part of the system, either co-opted by the ruling class or constrained in its programming by the need to ensure its activities do not threaten the established order. Activists who have the drive to change this entrenched system are increasingly leaving the organized civil society sector for local movements that could be more successful. As they distance themselves from this sector, partly because any association with either large CSOs or funders such as the United States would negatively impact public trust in their mission, they become harder to reach despite being ideal targets for impactful financial and technical assistance.

It is with this in mind that the United States must develop a new assistance approach that acknowledges the long, painstaking work of institution-building and democratization. It should be tailored to each country in the region and work from the ground up to reconstruct some of the institutions the United States and its partners helped to build over the last 30 years. This work must be done in parallel with the European Union—recognizing EU assistance dwarfs U.S. aid—but must look beyond EU membership, to make strengthening civil society and institutional reform a goal in itself even absent EU membership.

**A NEW FRAMEWORK**

A new framework for U.S. assistance requires two pillars:

1. An enduring **bottom-up grassroots approach** that places civil society, activism, transparency, and accountability at the center of U.S. efforts. This approach is agnostic to power centers (e.g., presidency, parliament, or parties).

2. The development of a **transparent economic ecosystem** that focuses on providing economic and social benefits and is based on government transparency and accountability. This ecosystem prioritizes curbing youth emigration, diversifying economic opportunities, and incentivizing a green transition, regional economic integration, and connectivity—all of which are dependent on domestic economic development for success.

To be successful, the United States should outline its assistance goals with clear values and a positive vision for the region. In collaboration with like-minded partners, it should clarify the reform narrative for citizens of the six countries and make a clear connection between values, U.S. assistance efforts, and internal reforms that seek to improve their quality of life. This also means asking difficult and even politically destabilizing questions for U.S. relations with some of these countries: Are leaders and their entrenched patronage networks really good partners for the United States if the U.S. priority shifts from stability to transparency, pluralism, and a strong civil society?

Despite the United States’ democratic shortcomings and societal polarization, U.S. diplomacy should be confident in its ability to talk about democracy as a journey rather than a destination—not as a lecturer, but as a nation itself constantly
struggling to perfect its democracy. U.S. values, interests, and strengths all culminate in the inherent dignity of and respect for the individual, enshrined in a rule of law structure that gives an equal voice to all—without fear or favor.

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U.S. diplomacy can also stand on firmer ground when discussing environmental protection. The Biden administration’s focus on climate change and a green transition is a good basis to build collaboration and cross-border campaigns around the need for clean air and water, less reliance on polluting industries, and the urgency of climate change. Such campaigns also have the potential for inter-ethnic alliances: in Kosovo, for example, ethnic Albanians and Serbs are joining forces to protect rivers.

The following principles should frame U.S. assistance to the region:

- The dignity of the individual, in fulfilling their potential and in their entitlement to higher quality of life, is central.
- Transparency, accountability, and shared prosperity across the region strengthen pluralism and democratic structures.
- The United States will support voices that take concrete steps (not repeat talking points) to increase transparency, accountability, and shared prosperity, regardless of political affiliation. At the same time, the United States will work quietly with local activists whose activities may be jeopardized by public support.
- Economic benefits should reward those who follow these values through a transparent and accountable system. This system should also target very practical elements such as building data collection and transparent tendering systems that can ground policy decisions.

Ideally, these principles should first and foremost align with EU, UK, and Japanese assistance efforts whenever possible, both to avoid duplication and to prevent counterproductive programming. Though the region should no longer be seen as the sole “responsibility” of the European Union, concerted action will reap the most benefits. Diplomatic missions should align at all political and technical levels through a dedicated mechanism, for example building on existing meetings and contacts between the EU Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) and the U.S. Agency for International Development (USAID).

A second consideration is the amount and target of assistance. In 2018, USAID committed only $131 million in assistance for all six Western Balkan countries (just about the export price of one F-35 fighter jet). While funding is not the magic bullet, it does signal priorities. Beyond amounts, it matters just as much how, for what purpose, and for how long these funds are disbursed. Local activism, for example, can be effectively supported through micro-funding.

Long-term financial and programmatic commitment to the region is also essential. U.S. agencies should consider multiyear programs to sustain progress through this new assistance framework, for example, supporting CSO overhead and organizational costs. Simply covering the salaries for people who do the difficult work of keeping those in power accountable can be the most important thing to do. Indeed, large external development organizations may do good work but have difficulty transferring ownership to the local level or ensuring the sustainability of local CSOs when funding and projects end. Exit strategies matter as well; project closeout should focus on sustainability, reinforcing the need to involve the local level from the start.

Relatedly, instead of designing new programs or grand initiatives to counter great power competition, U.S. assistance should focus on strengthening existing positive programs. If an organization is recognized in its community as an agent of positive change (with actionable benchmarks, as discussed below), it should be supported and its work replicated whenever possible. Localized programs and citizen initiatives, including cultural and people-to-people initiatives, should be prioritized. Over time, locally designed assistance efforts can be connected regionally to create empowered grassroots hubs of success.

Although monitoring and evaluation efforts remain crucial, this new assistance framework should consider benchmarks specifically designed for transparency and accountability goals, whether for economic development, governance, or reconciliation efforts. To support local civil society capacity, these benchmarks could be developed in collaboration with CSOs—they would benefit from U.S.
metrics and standards, but these would be too costly for them to implement alone. These benchmarks would make the rewards of transparency more salient. In addition, U.S. officials could more easily identify those entities and individuals that do not wish to use these higher standards.

Benchmarking transparency requires effective tracking mechanisms at the local and national levels in order to publicize progress and document failure. Ultimately, ownership of these tracking mechanisms should rest in the hands of civil society, government oversight agencies, and anti-corruption offices, but their creation and early implementation should be supported by U.S. and EU assistance. Transparency tools should offer a mix of sources, from investigative journalism to audit functions and reliable statistics. This is particularly important at the local level and for actors outside of government, who can provide legitimacy at the grassroots level and shield this information from political interference. More reliable country statistics can also improve and facilitate investment and assistance from international donors. Practical trainings for such efforts could be modeled after the State Department’s International Visitor Leadership Program and targeted specifically at administration officials in charge of statistics and civil society watchdogs.

As this new framework also prioritizes economic benefits, specifically the improvement of poor living standards in the region and a reduction in youth emigration, existing U.S. economic growth and connectivity programs should be mapped onto the most dire economic needs of the region to ensure adequacy. Small, localized efforts to stem environmental degradation or raise living conditions can have beneficial knock-on effects in communities affected by the downstream impacts of corruption, recognizing that economic improvements do not automatically raise democratic standards. Business capacity-building and digitization (e.g., digitizing registries, developing e-procurement systems, and enabling e-commerce) can help open the door for small- and medium-sized Western Balkan businesses to meet higher standards. Those can help meet basic EU accession requirements, make these businesses more attractive for outside investors, and help employ young people who could then imagine a future in the region.

In this way, U.S. assistance in the economic sphere can truly act as a bridge. In some cases, funding may have to be funneled through alternative channels to avoid activists being labeled as “anti-government” or aligned with “outside powers.” Cooperation with independent foundations and civic organizations can support this effort and amplify impact.

Finally, this new assistance framework will require a vibrant U.S. public diplomacy campaign that disseminates information about its principles, valuable local initiatives, and “champions” of transparency in a given country. This includes exposing the link between corruption and the stalled economic development or environmental degradation that is perpetuated by patronage networks. U.S. officials at all levels should highlight praise-worthy efforts on specific issues without naming specific individuals involved in these efforts, to protect them from the actors whose power is threatened by their activism. In places such as Serbia, whistleblower protection is lacking in practice (though not in law), and people who would like to speak up fear the loss of their livelihoods.

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The international community should highlight the positive stories that support transparency and accountability efforts and celebrate the courage of local CSOs and activism that aim to break down patronage networks and expose wrongdoing. U.S. officials should be selective about which government interlocutors they meet and remain clear-eyed about the legitimacy some public events confer upon regional officials who are part of problematic patronage networks and state capture.

**RISKS AND REWARDS**

In implementing this new framework, the United States must acknowledge the risks of a strategy that prioritizes civil society actors and non-government stakeholders. For some Western Balkan leaders, this policy focus will sound like subtle—or not so subtle—regime change. Working with opposition political forces on
anti-corruption platforms could trigger protest. Other U.S. interests may be adversely affected should these governments make decisions to retaliate against this new assistance framework or the CSOs and actors implementing it.

However, such a reaction would expose the entrenched “peace cartels” and “stabilocratic” nature of these regimes, not to mention reaffirm the urgency of the challenge. For too long, U.S. officials have believed that long-lasting regional leaders are “all we have.” Understanding this, these leaders have marketed themselves to the West as the best that can be hoped for: “if you push me aside, the next person will be worse.” While that may be true, support for leaders who have overseen a sustained period of democratic backsliding has not necessarily delivered for the United States. There is a cost in putting the dignity of the individual at the center of a development assistance paradigm. Nevertheless, the expected long-term rewards can restore the trust and credibility of the Euro-Atlantic community in a more democratic Western Balkan region.

A second, related risk is limited resource waste: new partners identified through this framework may reach varying levels of success. There will need to be a certain level of tolerance for such variation, although this could be addressed through flexible funding mechanisms and strong tracking tools. In cases where micro-financing is more appropriate (it sometimes only takes a few thousand dollars to get a campaign off the ground for local activists), the United States may need to jettison traditional benchmarks and monitoring that are simply too burdensome for activists and likely not worth the tracking effort for U.S. aid policymakers.

Finally, although it would be ideal to connect local programs regionally, the specificities of the local level should remain the driving force when engaging civil society and local actors that know best what their community needs. Only once that is established as the priority can the United States look at regional programs that address shared challenges, leveraging localized knowledge along the way.

CONCLUSION

The United States’ post–Cold War policy vision for Europe was a Europe “whole, free, and at peace.” These powerful words have lost some of their shine in the Western Balkans as democratic institution-building has stagnated and patronage networks have calcified. Entrenched leaders have welcomed outside influence, while well-intentioned policy compromises have disillusioned civil society across the region.

But there is a window of opportunity for a new policy vision. President Biden once again reaffirmed the U.S. vision for Europe in his speech to the Munich Security Conference in February 2021. A radical concept can loosen the grip of peace cartels: prioritizing the dignity of and respect for the individual. This means greater transparency and accountability from the government so the governed can make informed choices about their future—so they can draw a direct line from their democratic will, expressed at the ballot box, to the tangible rewards of transparent policymaking and the power to hold leaders accountable.

Above all, the United States, along with the European Union and other like-minded partners, should make clear that it continues to support the region’s Euro-Atlantic orientation, anchored in the rule of law and good governance. By joining forces, they can mount a real attempt to hold regional perpetrators of corruption and human rights abuses accountable, loosening their grasp on the state and its resources. This is the potential reward of a new, stronger U.S. assistance framework.

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This brief is made possible by the generous support of the Rockefeller Brothers Fund.
ENDNOTES

1 For the purposes of this study, the Western Balkans comprise Bosnia and Herzegovina, Montenegro, Serbia, Kosovo, North Macedonia, and Albania.
2 Albania not included in countries polled.
3 Figures refer to percentage of total labor force.
4 Assistance in this brief comprises traditional development assistance as well as security and military assistance, as per USAID figures available for all U.S. government agencies: https://explorer.usaid.gov/.
5 Disbursement figures, all agencies combined.
6 Interview with regional development actor, March 2021.