

Sub-national Report for Serbia and Montenegro (SCG): Events, Forecasting and Analysis

FINAL REPORT

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Part A: Overview

1. Note

About this Report

This sub-national report has been produced by the Country Indicators for Foreign Policy (CIFP) for use by non-governmental organizations, businesses, academics, Canadian policy-makers, and other parties concerned with the current and future state of sub-national regions. This Events Monitoring Profile is based on a fusion of CIFP Risk Assessment and Events Monitoring methodologies.¹

About the Author

Liz St. Jean is a research analyst for CIFP. Her area of study is international conflict management, with a focus on humanitarian intervention. Her current research examines the factors involved in decisions regarding the use of force in peace operations. She has studied economics as well as international relations at the University of British Columbia. She spent a year working on an independent research project that involved three months in Northern Uganda, and a month in Rwanda.

About CIFP

CIFP has its origins in a prototype geopolitical database developed by the Canadian Department of National Defence in 1991. The prototype project called GEOPOL covered a wide range of political, economic, social, military, and environmental indicators through the medium of a rating system. In 1997, under the guidance of Andre Ouellete, John Patterson, Tony Kellett and Paul Sutherland, the Canadian Department of Foreign Affairs and International Trade

decided to adopt some elements of GEOPOL to meet the needs of policy makers, the academic community and the private sector. The CIFP project as it became known has since then operated under the guidance of principal investigator David Carment of Carleton University and has received funding from DFAIT, IDRC and CIDA. The project represents an on-going effort to identify and assemble statistical information conveying the key features of the political, economic, social and cultural environments of countries around the world.

The cross-national data generated through CIFP was intended to have a variety of applications in government departments, NGOs, and by users in the private sector. The data set provides at-a-glance global overviews, issue-based perspectives and country performance measures. Currently, the data set includes measures of domestic armed conflict, governance and political instability, militarisation, religious and ethnic diversity, demographic stress, economic performance, human development, environmental stress, and international linkages.

The CIFP database currently includes statistical data in the above issue areas, in the form of over one hundred performance indicators for 196 countries, spanning fifteen years (1985 to 2000) for most indicators. These indicators are drawn from a variety of open sources, including the World Bank, the United Nations Development Programme, the United Nations High Commissioner for Refugees, the Stockholm International Peace Research Institute, and the Minorities at Risk and POLITY IV data sets from the University of Maryland.

¹ For information on the structural risk assessment, see Country Indicators for Foreign Policy (2001) *Risk Assessment Template*, Available: <http://www.carleton.ca/cifp/docs/studra1101.pdf>.

2. Executive Summary

Profile

- Serbia and Montenegro emerged from the 1990s to take over the legacy of Yugoslavia following a decade of warfare. The wars were caused by disputes between the republics over territory, and the fighting was characterized by ethnic fears and hostility. As a result of the wars, four of the six republics have split into independent states.
- The relationship between the two remaining republics, Serbia and Montenegro, remains uneasy. The 2003 Belgrade agreement created the State Union (SCG) was signed under duress and provides for either side to hold independence referendums. SCG is loose at best, and Montenegro's future remains one, if not the, key issue of significance to SCG stability.
- Governance stability is further threatened by political rivalries within each republic. Compounding this is the poor economic condition and general low-level well-being within SCG. Due to international sanctions and the various

conflicts, SCG has experienced major economic decline since 1990 and has since struggled to recover

Baseline analysis

- Serbia and Montenegro (SCG) is a medium-risk region with a score of 6.15. The primary cause of this score is SCG's history of ethnic violence, civil conflict and international intervention that Kosovo experienced during 1990s. This has resulted in political instability as well as problems between ethnic groups and within the economic sphere.

Event Trends

- Events were monitored between 19 October 2005 and 2 May 2006.
- Event scores support the baseline conclusion that SCG is a risky region.
- The trend analysis concluded that the trend in SCG is moderately negative, due to a strongly negative trend among destabilizing events, which outweighs the moderately positive trend among stabilizing events.

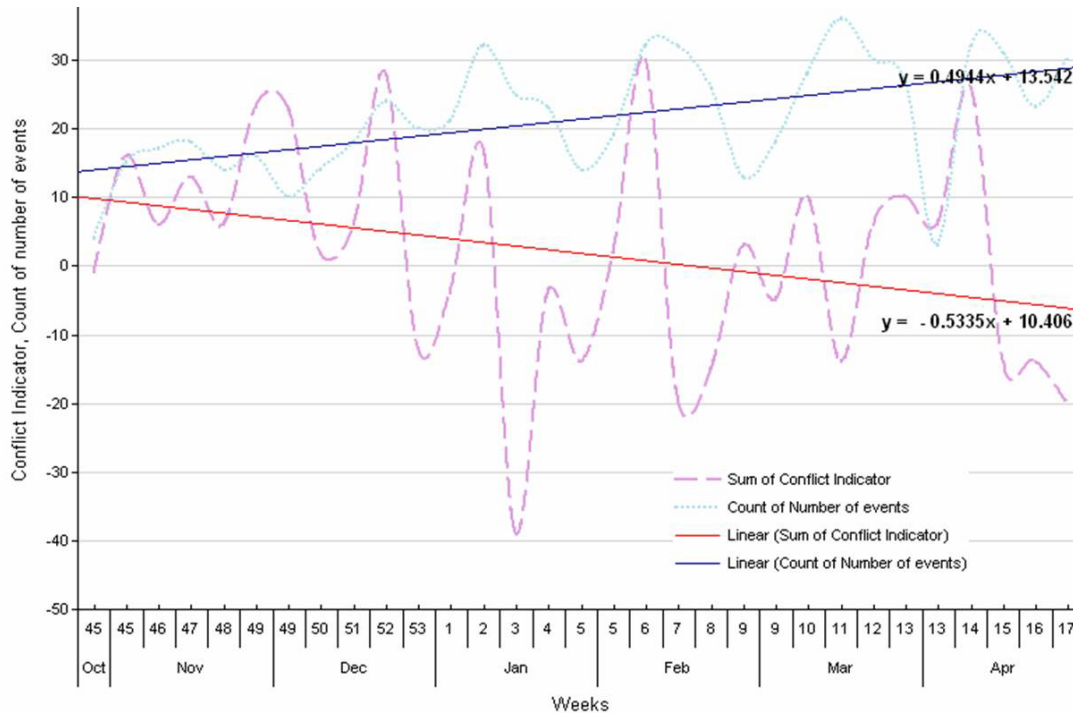


Figure 1. Chart of trend lines for all events and the count of events by week

Primary drivers of event trends

- The Governance and Political Stability trend was moderately negative due to heightening tensions over the proposed capture of Mladic, Montenegro's driver towards independence, and general political conflict;
- Economic Performance had a moderately positive trend as the economy generally expanded and the government introduced reforms and economic initiatives;
- The International Linkages trend held at the status quo, as there were both positive events, such as the initiation of the stabilization and association

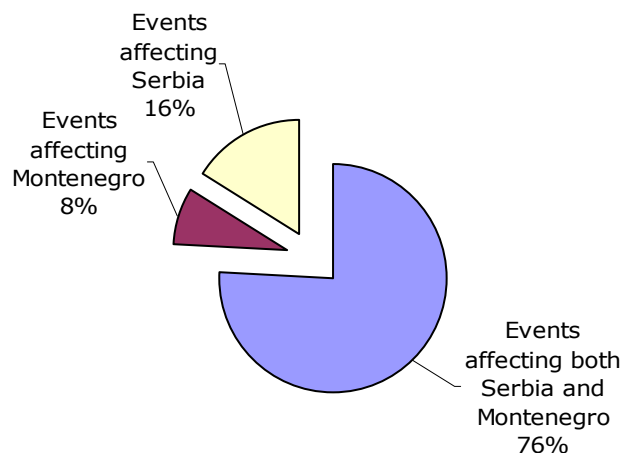
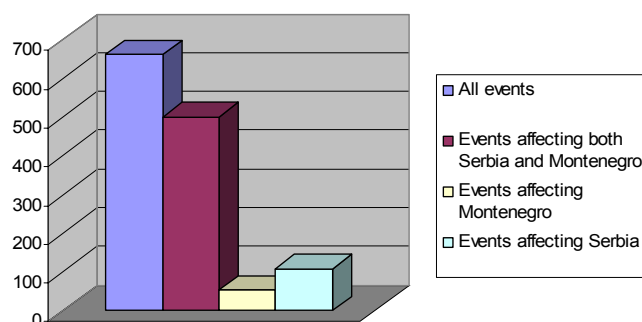
Scenarios

- Most likely case: Although political tensions continue in SCG, and the situation is ripe for political or ethnic violence. The referendum occurs without violence, but exacerbates tensions.
- Best case: Despite the continuing tensions, the situation does not escalate and the referendum occurs smoothly with minimal protest, violent or otherwise.
- Worst case: tensions among political players escalate dramatically and both Serbia and Montenegro governments are threatened or even toppled by opposition.

Conclusion

- SCG is in a tenuous position and thus vulnerable to trigger events.
- Should major events, such as the Montenegro referendum, set off political unrest, it is highly possible that it will unleash waves of violence.
- However, should negative trends be rectified, SCG may start to experience positive trends, as suggested by Economic Performance.

Note: Serbia and Montenegro were analysed together rather than separately due to the intertwined nature of politics in these two republics. As the analysis demonstrates below, the main source of potential conflict for both regions relates to the relationship between the two republics and the territory of SCG. History demonstrates that most events will affect both regions; this is also reflected by the fact that the vast majority of analysts combine the regions when performing analyses (see bibliography). Indeed, of the all events covered by the analysis (661 events in total), only 8% affected Montenegro alone and only 16% affected Serbia alone.



3. Event Trends Summary

Overall

General Trend



- The occurrence and magnitude of destabilizing events have increased significantly over the past six months, outweighing the positive trend among stabilizing events.
- The main source of the trend lies in the Governance and Political Instability and International Linkages clusters. This is due to a number of factors, including Serbia's continual comments that they will capture Mladic;

Montenegro's progression towards independence; and the hostility between political parties in both Republics.

- Economic Performance is the sole positive cluster. It not only shows an indication of improvement, but also possesses positive average event scores.

Primary Drivers

Primary drivers are those clusters that contain more than twenty-five events. These clusters are the main areas of activity in the region, with the greatest contribution to the overall trend.

- Some capital flight and low expectations for future growth among the population
- Serb complaints of lack of participation in privatisation efforts

Economic Performance

General Trend



- Expanding economy and positive government reforms.
- Continuation and apparent success of privatisation efforts.

Governance and Political Instability

General Trend



- Continued and relatively successful privatisation, international assistance

International Linkages

General Trend



- Mounting pressure with regional states and organizations, particularly the EU, over Mladic's capture as well as Montenegro's referendum.
- Simultaneous international praise for SCG's reforms and cooperation with the EU on issues unrelated to Mladic.

Secondary Drivers

Secondary drivers are those clusters with less than twenty-five monitored events. These clusters provide supplementary information to the overall analysis.

Armed Conflict

- Incidences of low level violence; could provide a future trigger event

Militarization

- Despite reforms, difficulties within SCG military and between Serbia and Montenegro over control of the army.

Population Heterogeneity

- Efforts to address ethnic tensions, including conferences and economic assistance.
- Incidences of hate graffiti.

Environmental Stress

- Multiple environmental crises, including flooding, avian flu and a minor earthquake.

Demographic Stress

- Continuation of the risk of IDP movement and stress on urban settings.

Human Development

- Some positive events, such as the opening of a national HIV/AIDS office.
- Lack of heating, school strikes point towards overall lack of human development.

Events are accurate as of May 2, 2006

4. Forecasting

Most Likely Case

In the most likely case SCG experiences moderate deterioration of its political situation, but is unlikely to rise to a higher risk level.

SCG maintains positive relations with its neighbours. The government continues to implement both economic and governance reforms; some are successful while others fail. The economy grows but also experiences instability from inflation and continued unemployment. Ethnic tensions persist but do not erupt into violence; events indicate positive changes, but the situation remains volatile and poised to explode. The Montenegrin referendum is accomplished with minimal friction and electoral irregularities; the outcome is considered legitimate internationally and locally, although some groups engage in active but non-violent protest. The political situation in Montenegro deteriorates regardless of the outcome. Serbia continues to promise to take action on the Mladic issue, but fails to do so. Extremist groups remain disorganized and the opposition fails to bring down the government, although tensions remain high. The international community continues to place pressure on Serbia, but leave the reopening of SAA talks open.

Best Case

In the best case, SCG will experience a status quo situation and unlikely to move beyond the medium-risk category.

Serbia is able to quickly find Mladic and hand him over to the ICTY, satisfying international demands and bringing closure to an issue that plagues domestic politics. Anti-ICTY parties protest, but do not escalate tensions. Montenegro conducts its referendum peacefully and all

parties accept the outcome with minor objections. Corruption reforms prove to be robust, bringing about a reduction in corruption levels. Military reforms advance civilian control over the military; Ministry of Defense is able to overcome financial difficulties. Ethnic groups are able to come to an agreement with the government over their status and rights. The economy improves, employment levels climb from job creation due to increased FDI, and inflation is brought down to a single digit. SCG is able to reach a major cooperation agreement among Balkan states, such as a Free Trade area, border security or crime control. SAA talks begin again and are pursued successfully. The BiH genocide case is settled with minimal tensions. SCG continues its environmental reforms and there are no further disasters. Human development advances amidst further programs and reforms.

Worst Case

In the worst case, SCG experiences strong deterioration, and it is likely to rise to a higher risk level.

Serbia continues to be unwilling or unable to find Mladic, despite public claims to the contrary. Opposition groups escalate their anti-government rhetoric and action, resulting in a vote of non-confidence. The government falls and extremist groups are brought to power. The international community pulls back from SCG, and neighbours indicate strong disapproval of the new government. The Montenegrin referendum is conducted amidst allegations of election fraud and sporadic violence. Violence within Montenegro rises, tensions mount between Serbia and Montenegro, and the military is deployed. As a result, there is massive capital flight, and the economy plummets, causing an increase in both unemployment and inflation. Widespread protest among the population begins, inflaming ethnic tensions.

Part B: Detail

5. Profile

Serbia and Montenegro emerged from the 1990s to take over the legacy of Yugoslavia following a decade of warfare. The Socialist Federal Republic of Yugoslavia originally consisted of a union between six republics and two autonomous provinces,² each of which contained a diverse mix of ethnic groups.³ Yugoslavia held together during Josip Tito's reign⁴, but after his death, it began to destabilize in the 1980s. Conflict existed among the republics due to their dispute over Yugoslavia's future governance and territory.⁵ This devolved to war in the 1990s, largely under the direction of Slobodan Milosevic, President of Serbia (1989-1997) and Yugoslavia (1997-2000). The warring was characterized by ethnic fears and hostility; for instance, Milosevic effectively provoked Serbian resentment over losing control of the autonomous provinces of Vojvodina and Kosovo.⁶ In the early 1990s, Serbian forces engaged in short wars with Croatia and Slovenia, and a longer, vicious war in Bosnia and Herzegovina (BiH). The result was the independence of four republics and the creation of the Federal Republic of

Yugoslavia (FRY), which consisted of Serbia, Montenegro and the disputed provinces. In 1998, tensions intensified in Kosovo over the Albanian Kosovars' desire for independence, and Serbian forces clashed with the Kosovo Liberation Army (KLA).⁷

The international community imposed sanctions in response to both the BiH and Kosovo conflicts. Militarily, the United Nations became involved in a peacekeeping mission to Bosnia, and NATO engaged in a bombing campaign in response to Serbia's actions in Kosovo and their refusal to sign a peace agreement. Serbia eventually capitulated, leading to the United Nations designating Kosovo an international protectorate. Kosovo is largely administered by the United Nations Mission in Kosovo (UNMIK) with a NATO protection force (KFOR), although some services are run by local government. Many Serbs and Roma fled out of fear of Albanian reprisals and now live as internally displaced persons within Serbia and Montenegro. For more information on Kosovo stability, see CIFP (2006) [Events Monitoring Profile: Kosovo](#).

² The republics included Bosnia-Herzegovina, Croatia, Serbia, Macedonia, Montenegro, and Slovenia; the provinces were Kosovo and Vojvodina.

³ Main ethnic groups included Serbs, Bosniaks (also identified as Muslims) Albanians, Hungarians, Montenegrins, Roma, Croats, Slovenes, and Macedonians.

⁴ Josip Tito led the Yugoslav federation from 1945 until his death; during this period he maintained the union by balancing power between the republics and provinces. He attempted to create a union free from ethnic nationalism, yet nationalism persisted. Economist Intelligence Unit. (2006) *Country Report Serbia*.

⁵ Republics such as Croatia and Slovenia desired independence, while Serbia wished to maintain a stronger federal system.

⁶ There is an ongoing academic argument as to whether these ethnic tensions were the result of elite manipulation or whether they rose naturally among the population. Regardless, the result was still fighting between ethnic groups.

Slobodan Milosevic eventually lost his hold on power, was arrested, and then sent to the International Criminal Tribunal for the Former Yugoslavia (ICTY) to be tried for crimes against humanity. This proved contentious within Serbia; many Serbs, civilians, officials and armed forces officers alike do not believe in cooperating with the ICTY.⁸ This feeling appears to

⁷ This was a Serbian initiative led by Milosevic, as Montenegro adopted a neutral stance on the Kosovo issue. International Crisis Group. (2006) *Kosovo: The Challenge of Transition*. Available: <http://www.crisisgroup.org/home/index.cfm?id=3226&l=1> (Accessed 8 May 2006): 5.

⁸ For instance, in 2003 extremist groups instigated violent riots when Serbian police arrested war crimes suspect Veselin Stijevcanin. "Riots erupt as war

increase when the international community puts pressure on Serbia to hand over those indicted by the ICTY.⁹ To date the ICTY has put increasing pressure on Serbia to hand over Ratko Mladic and Radovan Karadzic, two war crimes suspects.

Consequently, between the uncertainty over Montenegro's future, the political problems within the two republics, and its overall economic difficulties, SCG is a state exhibiting signs of instability and is sensitive to deteriorations within the political or economic environments.

The relationship between Serbia and Montenegro remained uneasy; the Belgrade agreement was signed on 4 February 2003, but under duress. This created the State Union (SCG) where both parties were given the right to hold referendums on independence. SCG is loose at best; the federal office is only responsible for a few areas of governance, including external relations, economic relations, the armed forces, and some human rights issues. Federal Assembly members were appointed by the republics' parliaments; direct elections have not yet been held as Montenegro is attempting to first have an independence referendum. Montenegro's future remains one, if not the, key issue of significance to SCG stability. Governance stability is further threatened within each republic. Serbia is led by a minority coalition government that often experiences fighting within and among coalition parties and also faces strong opposition from various fronts. In Montenegro, opposition parties complicate the independence issue: some strongly support while others condemn independence. Compounding this is the poor economic condition and general low-level well-being within SCG. Due to international sanctions and the various conflicts, SCG has experienced major economic decline since 1990 and has since struggled to recover.¹⁰

crimes suspect detained," [Guardian Unlimited](http://www.guardian.co.uk/yugo/article/0,,976919,0.html) Friday June 13, 2003, online access: <http://www.guardian.co.uk/yugo/article/0,,976919,0.html>

⁹ Following increased EU pressure. "Opinion poll indicates 53 per cent in Serbia oppose extraditions to Hague." [BBC News](http://www.bbc.co.uk/1/health/2006/03/060331_serbia_poll.shtml), March 31, 2006.

¹⁰ For instance, GDP fell by nearly 50%. United Nations Development Program. (2005) *SALW Survey*. Available: http://www.undp.org/bcpr/smallarms/docs/proj_ser

[bia_montenegro.pdf](#) (Accessed 13 May 2006). 6. Hereafter *SALW Survey*.

6. Stakeholders

There are ten main stakeholders that are affected by changes in the SCG political environment. Each stakeholder is composed of a variety of actors that have their own grievances and interests. SCG has six internal stakeholder categories, including national leadership, sub-national leadership for both Serbia and Montenegro, opposition parties and other political figures within both Serbia and Montenegro, and the general public. There are also four external stakeholder groups including the international missions, the United Nations, the European Union (EU), and regional states and other interested parties.

Although there are brewing tensions between Serbia and Montenegro over the impending referendum, the greater source of friction lies within the republics. Both Serbian and Montenegrin leadership face opposition groups that are unhappy with the current governance. The Serbian opposition provides more of a threat, however, as they have more strength within Serbia than the Montenegrin opposition has within Montenegro. There is also growing tension between external stakeholders and both republics. The international community is dissatisfied with Serbia's lack of ICTY cooperation, and they are also hesitant to support Montenegrin independence, fearing repercussions for Kosovo-Serbia relations.

Table 1. Internal Stakeholders

<i>Stakeholder</i>	<i>Composition</i>	<i>Grievances/Interests</i>
1. National Leadership	- President Svetozar Marovic	- Montenegrin; has stirred some controversy over apologies for war activities; supports ICTY
2. Serbian Leadership	- Minority coalition government ¹¹	- Divided over Montenegro's potential independence; opposed to union of two states; both reformist and nationalistic figures; divisions among reformists
	- PM Vojislav Kostunica	- More conservative, nationalistic
	- President Boris Tadic	- Former opposition leader; reformist
3. Serbian opposition groups, other political figures	- Democratic Party (DS) – lead party in opposition	- Often hostile towards government; have not yet placed no-confidence vote
	- Serbian Radical Party (SRS)	- Extremist group
	- Socialist Party of Serbia (SPS) Milosevic's former party	- Nationalistic; opposed to ICTY; currently supporting government
	- Force of Serbia Movement (PSS) - led by Bogoljub Karic;	- claims to attract defectors from other parties to unseat government
	- Serbian national church	- Expansionist agenda; opposed to EU; advancing ethnic agenda

¹¹ Democratic Party of Serbia (DSS), the G17 Plus, and the Serbian Renewal Movement-New Serbia (SPO-NS) alliance. For more detailed background on political parties and figures, see Economist Intelligence Unit. (2006) *Country Profile Serbia*.

4. Montenegrin Leadership	- PM Milo Djukanovic - President Filip Vujanovic	- Pro-independence, pushing for referendum
5. Montenegrin opposition groups, other figures	- Assortment of minor actors	- Averse to negotiating with government - Some are pro-independence, while others are pro-unity
6. General population	- Montenegrin - Serbian	- Divided on independence

Table 2. External Stakeholders

7. International Missions	- NATO	- Providing security in Kosovo
	- UMIK	- Administering Kosovo territory
	- OSCE Mission	- Supports and monitors democratic reforms and activity
8. EU	- Miroslav Lajcak - EU envoy for the Montenegrin referendum	- Working to prevent/delay Montenegrin referendum, worried that it will impact Kosovo talks and/or result in an unviable state dependent on EU assistance ¹²
9. UN	- International Criminal Tribunal for the former Yugoslavia – Carla del Ponte, Chief Prosecutor - Secretary-General Kofi Annan	- Displeased with recent slowdown in ICTY cooperation
10. Regional States, Other interested parties	- Regional States including Croatia, Bosnia-Herzegovina (BiH)	- Generally poor relations with Serbia compared to Montenegro - BiH and Croatia both attempting to charge SCG for genocide at the International Court of Justice
	- United States	- 'Hands off' approach to Montenegro

¹² International Crisis Group (2005) *Montenegro's Independence Drive*. Available: <http://www.crisisgroup.org/home/index.cfm?id=3823&l=1> (Accessed 6 May 2006) 1. Hereafter ICG (2005).

7. Sub-National Risk Indicators

7.1. Summary

Medium risk (6.15)

According to CIFP risk analysis, SCG is a medium risk region with a rating of 6.15. This is based on an assessment of nine clusters that affect a country's risk for future conflict: History of Armed Conflict, Governance and Political Instability, Militarization, Population Heterogeneity, Economic Performance, International Linkages, Environment, Demographic Stress, and Human Development.

The following sections look at the risk assessment for each cluster, including stabilizing factors, destabilizing factors and potential spoilers for each cluster area. The analysis finds that the main areas of concern for SCG are History of Armed Conflict, Governance and Political Instability, Militarization, Population Heterogeneity and Economic Performance.

History of Armed Conflict is an area of concern due to the fact that SCG has undergone years of conflict, which has produced a wide variety of destabilizing factors, such as a large IDP and refugee population. As Montenegro moves towards independence and other ethnic groups within Serbia begin agitating for

independence, highly destabilizing incidents in this cluster could prove to be spoiler events. Population Heterogeneity is also of concern due to the wide variety of ethnic groups in SCG and their history of antagonism. This cluster may also provide spoiler events that could seriously destabilize the region, particularly if the overall environment in SCG deteriorates.

Governance and Political Instability is also problematic, largely due to the uncertainty over SCG future unity, but also due to governance problems within each Republic and the federal system writ large. There are some stabilizing factors, but the cluster is largely typified by uncertainty, corruption, weak institutions, and contention between political parties. Economic Performance and Militarization constitute two final areas of concern. First, Militarization is a high risk cluster because of the high level of military spending and the problems with defence reform. Economic Performance is problematic because although there has been a demonstrated improvement, the overall economy is weak and exhibits problems such as high unemployment and inflation.

7.2. Risk indicators by cluster

7.2.1. History of Armed Conflict

High risk (7.13)

Stabilizing Factors

- Some IDPs have returned or opted for citizenship in Serbia or Montenegro¹³

Destabilizing Factors

- Recent history of several violent conflicts
- Large IDP, refugee population
- Friction between republics and internally displaced persons from Kosovo¹⁴; discrimination/vulnerability common place

Potential spoilers

- Extremist political parties instigate violence
- Increase in ethnically motivated violence

7.2.2. Governance and Political Instability

High risk (7.79)

Stabilizing Factors

- Working towards a new constitution
- Some reforms in public administration, governance, law enforcement, judiciary¹⁵
- Modest level of democracy¹⁶

Destabilizing Factors

- Uncertainty of future unity: Montenegro agitating for an independence referendum, ethnic groups in the north and south of Serbia stirring for autonomy

¹³ International Committee of the Red Cross. (2005) *The situation of internally displaced persons in Serbia and Montenegro*. Available:

<http://www.icrc.org/Web/Eng/siteeng0.nsf/iwplList471/507CE9CD9087460CC125701F0031969D> (accessed 15 May 2006). Hereafter ICRC (2005).

¹⁴ Estimated amount of 208 135 IDPs in Serbia and 18 019 in Montenegro. ICRC (2005).

¹⁵ European Union (2005) *Progress Report*. Available: http://www.delscg.cec.eu.int/en/eu_and_fry/key_documents/documents/2005%20sec_1428_final_en_progress_report_scg.pdf (Accessed 11 May 2006).

¹⁶ Country Indicators for Foreign Policy (2006) *Conflict Risk Assessment Report*. Forthcoming.

- Difficulties in electing parliaments, presidents¹⁷
- Weak institutions, difficulties implementing Constitutional Charter¹⁸
- Montenegro intends to hold independence referendum; opposition unwilling to work with government
- Widespread corruption¹⁹
- High degree of organized crime²⁰ and criminal violence²¹
- Inability of SCG to control small arms and light weapons (SALW) proliferation²²
- Serbian nationalist church pushing expansion²³

Potential spoilers

- Nationalistic statements regarding Montenegrin independence; major opposition to referendum and/or its results
- Serbian government falls due to opposition pressure

7.2.3. Militarization

High risk (8.53)

Stabilizing Factors

- Steps taken in defence reform²⁴
- Retraining program for former officers²⁵

¹⁷ In 2005 parliamentary mandates expired without elections, "while legally the parliament had ceased to exist, it continued to function as if nothing had happened." ICG (2005) 8.

¹⁸ European Union (2005).

¹⁹ United Nations Development Group (UNDG). (2001) *Common Country Assessment*. Available: http://www.undg.org/documents/4544-Serbia_and_Montenegro_CCA.pdf (Accessed 13 May 2006). 8. Hereafter UNDG (2001).

²⁰ SALW Survey 9.

²¹ In 2003, the Prime Minister of Serbia was assassinated as a result of criminal crackdowns Economist Intelligence Unit. (2006) 8.

²² Serbia has an estimated amount of 2.9 billion SALW. The inability stems from the uncertainty of the state union, lack of resources and competent staff and inadequacy of existing legislation. SALW Survey 1.

²³ ICG (2005).

²⁴ Bonn International Centre for Conversion (2005) *Demobilizing and Retraining for the Future The Armed Forces in Serbia and Montenegro*. Available: <http://bicc.de/publications/briefs/brief31/brief31.pdf> (Accessed 12 May 2006) 4.

²⁵ *Ibid*.

Destabilizing Factors

- High military spending, large military²⁶
- Resistance to defence reform
- Budgetary pressure from social assistance to veterans and modernisation efforts²⁷
- Some veterans excluded from social assistance²⁸

Potential spoilers

- Officers refuse further reforms

7.2.4. Population Heterogeneity

High risk (7.33)

Stabilizing Factors

- Minorities allowed to take education in their language
- Adopted a Charter on Human and Minority Rights²⁹
- Law stating that multi-ethnic municipalities have a Council for Ethnic Relations³⁰

Destabilizing Factors

- 670,000, Montenegro has a complex national structure, comprising 41 per cent Montenegrins, 30 per cent Serbs, 14.7 per cent Bosniaks, seven per cent Albanians and one per cent Croats.³¹
- Ethnic majorities with numerous minorities in both republics; small number of mixed marriages³²
- Tensions and discrimination in
 - Southern Serbia (Serbs and Albanians);

²⁶ Country Indicators for Foreign Policy (2006) *Conflict Risk Assessment Report*. Forthcoming.

²⁷ Bonn International Centre for Conversion (2005) 4.

²⁸ *Ibid.*

²⁹ United Nations Development Program (2005) *Serbia Human Development Report: Diversity*. Available: http://www.undp.org.yu/nhdr/2005/NHDR_Serbia_2_005_eng.pdf (Accessed 13 May 2006) 2. Hereafter *Serbia HDR*.

³⁰ Where the population consists of more than 10% minorities or one minority group is more than 5%. *Serbia HDR* 3.

³¹ Sead Sadikovic (2006) "Minorities Flex Their Political Muscles." *Institute for War and Peace Reporting*.

³² *Serbia HDR* 2.

- Northern Serbia - Vojvodina (Serbs and Hungarians);
- Montenegro (Serbs, Montenegrins, and Bosniaks/Muslims);
- SCG generally (Roma)
- Low levels of ethnically motivated violence, particularly in Vojvodina and government unable/unwilling to respond adequately, acknowledge the problem³³

Potential spoilers

- Rapid deterioration of inter-ethnic tensions

7.2.5. Economic Performance

High risk (6.57)

Stabilizing Factors

- Demonstrated improvement³⁴; expected to continue growing; adoption of poverty reduction plans³⁵
- Renegotiated much international debt (or currently doing so), including some debt write-offs³⁶
- Positive trends in foreign investment; ongoing privatization and other economic reforms³⁷
- Improvement in inflation rate³⁸

Destabilizing Factors

- Low level of economic development relative to region, European states
- High unemployment, inflation³⁹

³³ Human Rights Watch (2005) *Violence against minorities* Available:

<http://hrw.org/reports/2005/serbia1005/> (Accessed 6 May 2006). Hereafter HRW.

³⁴ For instance, GDP has grown by 18.6% between 2000 and 2003. *SALW Survey* 7.

³⁵ United Nations Development Program (2005) *The review of the implementation: The millennium development goals in Serbia*. Available: http://www.undp.org.yu/mdgs/2005/mdg_report_en_g.pdf (Accessed 13 May 2006) 5. Hereafter *UNDP MDGs Serbia*.

³⁶ European Union (2005) 56.

³⁷ Economist Intelligence Unit. (2006) and European Union (2005) 56-57.

³⁸ *UNDP MDGs Serbia* 48.

³⁹ Estimated around 30%. United Nations Development Program (2005) (2005) *Montenegro Human Development Report: inequality, gender and poverty*. Available: http://hdr.undp.org/docs/reports/national/YUG_Serbia_and_Montenegro/Montenegro_2005_en.pdf

- High debt levels, low foreign assistance⁴⁰
- Large degree informal economic activity⁴¹
- Scarcity of electricity production⁴²
- Consistently large trade deficit⁴³
- Low investment levels⁴⁴

Potential spoilers

- Failures in privatization schemes
- Increasing unemployment
- Economic crisis

7.2.6. International Linkages

Medium risk (5.76)

Stabilizing Factors

- Working towards EU membership through initiation of SAA⁴⁵ talks
- Membership in a variety of international and regional bodies⁴⁶
- Increasing cooperation with ICTY
- EU providing assistance so that the referendum meets international standards

Destabilizing Factors

- Obstacles to EU membership: better internal economic relations, cooperation with the ICTY, functioning institutions
- Lack of full cooperation with ICTY – deadlines to hand over Ratko Mladic
 - The ICTY has outstanding warrants for Ratko Mladic and Radovan Karadzic; believes that they are hiding in SCG

- EU pressure for ICTY cooperation, reforms
- International community still unsatisfied with SCG reforms
- Montenegro dissatisfied with EU actions towards referendum; feels it has been more responsive to EU reform demands than Serbia and deserves support⁴⁷

Potential spoilers

- Difficulties with EU SAA, such as problems with “twin-track” approach⁴⁸
- Worsening relationship between Serbia and western powers over Mladic

7.2.7. Environmental Stress

Low risk (2.33)

Stabilizing Factors

- Some steps towards environmental protection⁴⁹
- NGOs raising awareness of environmental problems⁵⁰
- Low overall environmental stress level

Destabilizing Factors

- Four ‘environmental hotspots’⁵¹
- Lack of environmental protection⁵²
- High demand for and exploitation of wood⁵³

Potential spoilers

- Natural disaster

7.2.8. Demographic Stress

Medium risk (3.59)

Stabilizing Factors

- Lack of youth bulge⁵⁴

(Accessed 13 May 2006) 15. Hereafter *Montenegro HDR*.

⁴⁰ CIFP

⁴¹ Estimated to be 40% of GDP in 2002. *Montenegro HDR* 13.

⁴² Due to high energy demands from industry. *Montenegro HDR* 20.

⁴³ *UNDP MDGs Serbia* 48.

⁴⁴ *Ibid.*

⁴⁵ Stabilization and association agreement

⁴⁶ In particular: Council of Europe, Central European Initiative, European Bank for Reconstruction and Development, International Bank for Reconstruction and Development (World Bank), International Criminal Court, International Monetary Fund, Organization for Security and Co-operation in Europe, United Nations. CIA World Factbook, <http://www.cia.gov/cia/publications/factbook/geos/yi.html>

⁴⁷ ICG (2005) 6.

⁴⁸ The EU is conducting talks both jointly and independently with Serbia and Montenegro due to the uncertainty over future status and differences in institutions, capacity, and reforms. Economist Intelligence Unit. (2006).

⁴⁹ European Union (2005) 58.

⁵⁰ *Montenegro HDR* 21.

⁵¹ UNDG (2001) 9.

⁵² *Ibid.*

⁵³ *Montenegro HDR* 20.

⁵⁴ In Serbia, youth aged 15 to 24 constituted 13.4% of the population. *Serbia HDR* 1.

- Low overall demographic stress⁵⁵

Destabilizing Factors

- IDPs in Serbia migrating to urban centres for employment⁵⁶

Potential spoilers

- Mass increase in youth unemployment, urban migration

7.2.9. Human Development

Medium risk (5.35)

Stabilizing Factors

- Compulsory, free elementary education; reforms in education⁵⁷
- Some positive health indicators; health reforms⁵⁸
- Relatively low HIV/AIDS levels⁵⁹

Destabilizing Factors

- Poor education system
- Persistent gender inequality⁶⁰
- Some decreasing health indicators in Montenegro⁶¹

Potential spoilers

- Problems with service provision

⁵⁵ Country Indicators for Foreign Policy.

⁵⁶ ICRC (2005).

⁵⁷ *UNDP MDGs Serbia* 7.

⁵⁸ *Ibid.*

⁵⁹ *UNDP MDGs Serbia* 34.

⁶⁰ *UNDP MDGs Serbia* 8.

⁶¹ *Montenegro HDR* 17.




8. Events Data: Trends and Analysis

8.1. Summary

Table 3. Overall statistics

	Total number of events	Average event score	Average score as a percent of total possible (9)
All	661	.05	1%
Stabilizing	349	3.5	39%
Destabilizing	312	-3.9	-43%

Table 4. Overall event trends

	All events	Stabilizing events	Destabilizing events
Weekly aggregate	Moderately negative 	Moderately positive 	Strongly negative 

Between 24 October 2005 and 2 May 2006, 661 events were recorded for SCG. 349 (53%) of the events were stabilizing, and 312 (47%) were destabilizing. The overall statistics demonstrate a somewhat risky region, as the average event scored .05 (1%) and there was a moderately negative trend. The deterioration is due to the strongly negative trend among destabilizing events, which overpowered the stabilizing events' moderately positive trend. Essentially, the occurrence and magnitude of destabilizing events have increased significantly over the past six months.

The main clusters that have caused these problems include Governance and Political Instability and International Linkages, while Economic Performance instead points to a positive trend.

The moderately negative trend in Governance and Political Instability is partly due to Serbia's continual comments

that they will capture Mladic, which is considered destabilizing for those Serbs who are anti-ICTY. Montenegro's progression towards independence has had a similarly detrimental effect, and the hostility between political parties in both Republics likewise contributes to an already negative trend.

International Linkages differs from Governance and Political Instability as it exhibits a positive average event score, due to the fact that stabilizing events outnumber destabilizing events. However, International Linkages appears to remain at the status quo trend. This is largely due to the balance between destabilizing events (increasing pressure being placed on Serbia) and stabilizing events (international cooperation with the Montenegrin referendum).

Despite these problem areas, SCG does possess a primary driver with a positive trend. Economic Performance not only shows an indication of improvement, but also possesses positive average event scores. Essentially, there has been an increase in the number of stabilizing events, combined with a decrease in the number and magnitude of destabilizing events.

In conclusion, although there are a few areas where SCG has improved and the average event score indicates stability, it appears as though the situation in SCG is generally deteriorating.

8.2. Primary Drivers

Primary drivers are those clusters that contain more than twenty-five events. These clusters are the main areas of activity in the region, with the greatest contribution to the overall trend.




8.2.1. Governance and Political Instability

- Police introduce stronger gun control
- Government achieves 2005 budget surplus; 2006 budget approved with surplus; intended for public spending
- Referendum uncertainties begin to reduce; opposition agrees to date
- Serbia offers some concessions to Milosevic supports, relatives over funeral
- Peaceful mourning of Milosevic
- DS agrees to support government until ICTY demands are met

Table 5. Governance and Political Instability statistics

	Total number of events	Average score	Average score % of possible 9
All	158	-1.65	-18%
Stabilizing	46	3.8	42%
Destabilizing	112	-3.9	-43%

Table 6. Governance and Political Instability event trends

	All events	Stabilizing events	Destabilizing events
Weekly aggregate	Moderately negative 	Status quo 	Moderately negative 

Governance and Political Instability constituted the second largest cluster category and is one of the main causes of problems within SCG, accounting for the overall negative trend. This is reflected by the average conflict indicator statistic, which is highly negative. This is caused by high numbers of destabilizing events coupled with a lack of offsetting stabilizing events.

Overall, the deterioration in Governance and Political Instability is largely due to the increase in destabilizing events and the fall in the magnitude of stabilizing events. This was brought about by the upsurge in tensions among political parties within both Serbia and Montenegro.

Overview of Stabilizing Events

- Serbia introduces a commission to deal with violence, and discrimination in Vojvodina
- Attempts to handle corruption, crime: arresting suspects, legal reforms
- Montenegro gestures of goodwill towards Serbia regarding post-referendum relations
- Serbia jails war criminals
- Montenegro and opposition discuss referendum rules

Overview of Destabilizing Events

- Serbian government begins to make gestures towards cooperating with ICTY, capturing Mladic⁶²; conflict with government over who is to blame for not capturing Mladic
- Montenegro begins independence drive
 - Relations between Serbia and Montenegro sour: Serbia requests EU intervention and Montenegro accuses Serbia of interference.
 - Relations between Montenegrin leaders and opposition sour; opposition walks out of discussions; constant verbal conflict
- Serbian leaders and opposition wrangle over when to hold elections
- Well-known Serbian political figure faces arrest, criminal charges; alleges that it is motivated for political reasons
- Ethnic Hungarian leaders in the north push for autonomy
- Serbian political figures protest over Serbian discrimination in southern Serbia
- Serbia implements a controversial religious bill; many complaints over its discrimination
- Serbian extremist groups gaining popularity⁶³
- Milosevic dies amidst rumours of poisoning; supporters call for state burial and government refuses
- Continuation of corruption

⁶² For instance, the police arrested some of Mladic's former aides and searched the homes of friends and relatives, and the government cut off Mladic's pension. Note that this is destabilizing in governance because there are factions in the opposition, military and general public that do not support Mladic's capture. It is double counted within international linkages as a stabilizing factor because the international community is placing pressure on SCG to hand Mladic to the ICTY.




⁶³ "Tadic and Radicals lead opinion polls," B92 13 April 2006.

8.2.2. Economic Performance

Table 7. Economic Performance statistics

	Total number of events	Average score	Average score % of possible 9
All	133	1	11%
Stabilizing	99	3	33%
Destabilizing	34	-3	-33%

Table 8. Economic Performance event trends

	All events	Stabilizing events	Destabilizing events
Weekly aggregate	Moderately positive 	Moderately positive 	Status quo 

Economic performance provides a measure of optimism for SCG. Overall, the total average statistic points towards a generally positive situation. Plus, the trend statistic is moderately positive, due to the increase in the number of stabilizing events. Thus, although SCG faces economic difficulties, the outlook is encouraging.

The positive trend and overall statistics are caused by the expanding economy and introduction of various reforms. Privatisation continues to occur, and the government has seen some success in addressing economic problems. This has helped to prevent negative events, such as the energy crisis, from having a major impact on the economic outlook. One would also expect that as long as there is not a major increase in destabilizing events, Economic Performance will continue to perform well, as current reforms start to have their effect.

Overview of Stabilizing Events

- Trade, exports expand
- Government budget surplus
- Increase in industrial production
- GDP growth
- Continuation of privatization efforts
- Employment growth
- Significant FDI activity
- Some measures to address inflation seem to work

- Building of infrastructure: roads
- Plans to develop hydro power
- Positive reforms

Overview of Destabilizing Events




- Unable to address inflation, unemployment; some argue monetary measures taken will only harm the economy
- Several energy crises: reduction in gas imports over Russia-Ukraine crisis, high financial losses from power distribution company, electric workers threaten to strike
- Tensions over privatisation; not as successful as hoped
- Low technology use; fall in mobile users
- Costly damages from earthquake, floods⁶⁴

8.2.3. International Linkages

Table 9. International Linkages statistics

	Total number of events	Average score	Average score % of possible 9
All	296	.5	5%
Stabilizing	176	3	33%
Destabilizing	120	-3	-33%

Table 10. International Linkages event trends

	All events	Stabilizing events	Destabilizing events
Weekly aggregate	Status quo 	Status quo 	Status quo 

International Linkages is a key cluster, as it includes the largest number of events. However, events in this cluster are only slightly positive on average, and the trend sits at the status quo level. International Linkages is thus situated so that it could have an impact – positive or negative – on the overall situation in SCG. The situation could improve should the number of destabilizing events fall or if there is an increase in the stabilizing event scores. Alternatively, the situation may deteriorate if the number of stabilizing events fall or the value of destabilizing events rises.

The status quo trend is caused by a rise of both stabilizing and destabilizing events,

⁶⁴ Estimated 18 million and 40 million respectively.

resulting in an overall balanced trend. Over the past six months, SCG has experienced mounting pressure with regional states and organizations, particularly the EU, over Mladic's capture as well as Montenegro's referendum. At the same time the international community praised SCG over its reforms, increased cooperation with the EU on both the Mladic and referendum issues, and it has reached a number of international agreements, including a highly significant debt write-off. However, at the time of writing, the EU had just ended SAA talks with SCG, a highly destabilizing event. Should such events continue without a mitigating change in number of destabilizing events or and increase in the stabilizing trend, the international linkages trend will likely worsen.

Overview of Stabilizing Events

- Initiation of SAA
- Serbian government begins to make gestures towards capturing Mladic⁶⁵
- Montenegro cooperates with EU on referendum
 - Agrees (reluctantly) to postpone the implementation of the referendum
 - Invites international representation
 - EU promises not to impose rules
- Significant amount of foreign aid pledges
- High degree of consultation with, between neighbours and other parties; regional cooperation
- Regional, international support for future EU membership
- International praise for reforms: IMF, OSCE, World Bank, Financial Times
- Achieved a variety of international agreements: economic, political and military
- Debt write-off from Paris Club

Overview of Destabilizing Events

- EU pressure to adopt reforms

- Fines from soccer association due to riots between SCG and BiH fans
- Failed attempt to strengthen cooperation among Balkan states
- EU pressure on Montenegro to postpone referendum, come to rules agreement with opposition, accept EU-defined threshold
- Tensions between Serbia and Slovenia, Macedonia
- Mounting pressure on Serbia to surrender Mladic: EU, ICTY, UN, NATO
 - Serbia denies allegations Mladic is being assisted by government; claims his supporters are in BiH
 - SAA talks threatened; deadline for capture imposed
 - Serbia claims unable to capture Mladic; requests more time; misses deadline
 - EU ends SAA talks
- General international criticism
 - OSCE: Serbian parliament, religious law
 - Human Rights Watch: Montenegrin judiciary
 - Amnesty International: war reparations in Montenegro
- BiH presents genocide case against Serbia to International Court of Justice

⁶⁵ For instance, the police arrested some of Mladic's former aides and searched the homes of friends and relatives, and the government cut off Mladic's pension. Note that this is stabilizing in within international linkages as a stabilizing factor because the international community is placing pressure on SCG to hand Mladic to the ICTY. It is double counted within governance because there are factions in the opposition, military and general public that do not support Mladic's capture.

8.3. Secondary Drivers

Secondary drivers are those clusters with less than twenty-five monitored events. These clusters provide supplementary information to the overall analysis.

8.3.1. Armed Conflict

Armed Conflict remains an area of concern, because there are only destabilizing events occurring in this cluster. Over the past six months there have been some incidences of violence, but levels remain low and relatively stable. However, should such events begin to rise without any offsetting stabilizing events, this area could contribute to greater deterioration of SCG. Essentially, although this cluster does not appear to present much of a threat in the way of overall deterioration, it could very well provide a trigger event in a sufficiently destabilized environment.

8.3.2. Militarization

Events in the militarization cluster were generally negative during this period. This reflects the fact that despite some reforms, the SCG military still faces difficulties in terms of finances and control. This was demonstrated by tensions between the Montenegrin President and the SCG Minister of Defence over control of the military during the referendum.

8.3.3. Population Heterogeneity

Overall, population heterogeneity events were generally positive. There were some efforts to address ethnic tensions, such as conferences and economic assistance.

However, there were still sporadic incidences of hate graffiti in northern Serbia, Muslims protest over Danish cartoons, tensions rise between Montenegrins and Serbians over a Eurovision contest, and rising tensions in southern Serbia.

8.3.4. Environmental Stress

The events within the Environmental Stress cluster are generally negative, indicating the overall weakness of this cluster. SCG experienced multiple environmental crises, including flooding, avian flu and a minor earthquake.

8.3.5. Demographic Stress

Demographic stress continues to be a slightly significant structural risk factor in SCG. The biggest risk comes from future IDP movement and stress that such migration may place on urban settings.

8.3.6. Human Development

Human Development events were essentially balanced between stabilizing and destabilizing. On the positive side, actions such as opening a national HIV/AIDS office and educational programs were beneficial. On the other hand, lack of heat during the winter caused a number of deaths, and there were some school strikes over pay and work environment.

Part C: Annex

9. Summary of Data

Table 11. Overall data

Risk indicator	All events		Stabilizing events		Destabilizing events	
	Trend	Avg.	Trend	Avg.	Trend	Avg.
Medium risk (6.15)	-0.53	0.05	0.53	3.5	-1.1	-3.9

Table 12. Data for primary drivers

Cluster	Risk indicator	All events		Stabilizing events		Destabilizing events	
		Trend	Avg.	Trend	Avg.	Trend	Avg.
Governance and Political Instability	High risk (7.79)	-0.9	-1.65	-0.096	3.8	-0.88	-3.9
Economic Performance	High risk (6.57)	0.1	1	0.2	3	0.07	-3
International Linkages	Medium risk (5.76)	0.03	0.5	-0.01	3	-0.002	-3

Table 13. Data for Secondary Drivers

Cluster	Risk indicator	
Armed Conflict	High risk	(7.13)
Militarization	High risk	(8.53)
Population Heterogeneity	High risk	(7.33)
Environmental Stress	Low risk	(2.33)
Demographic Stress	Medium risk	(3.59)
Human Development	Medium risk	(5.35)

10. Trend Line Charts

10.1. All events

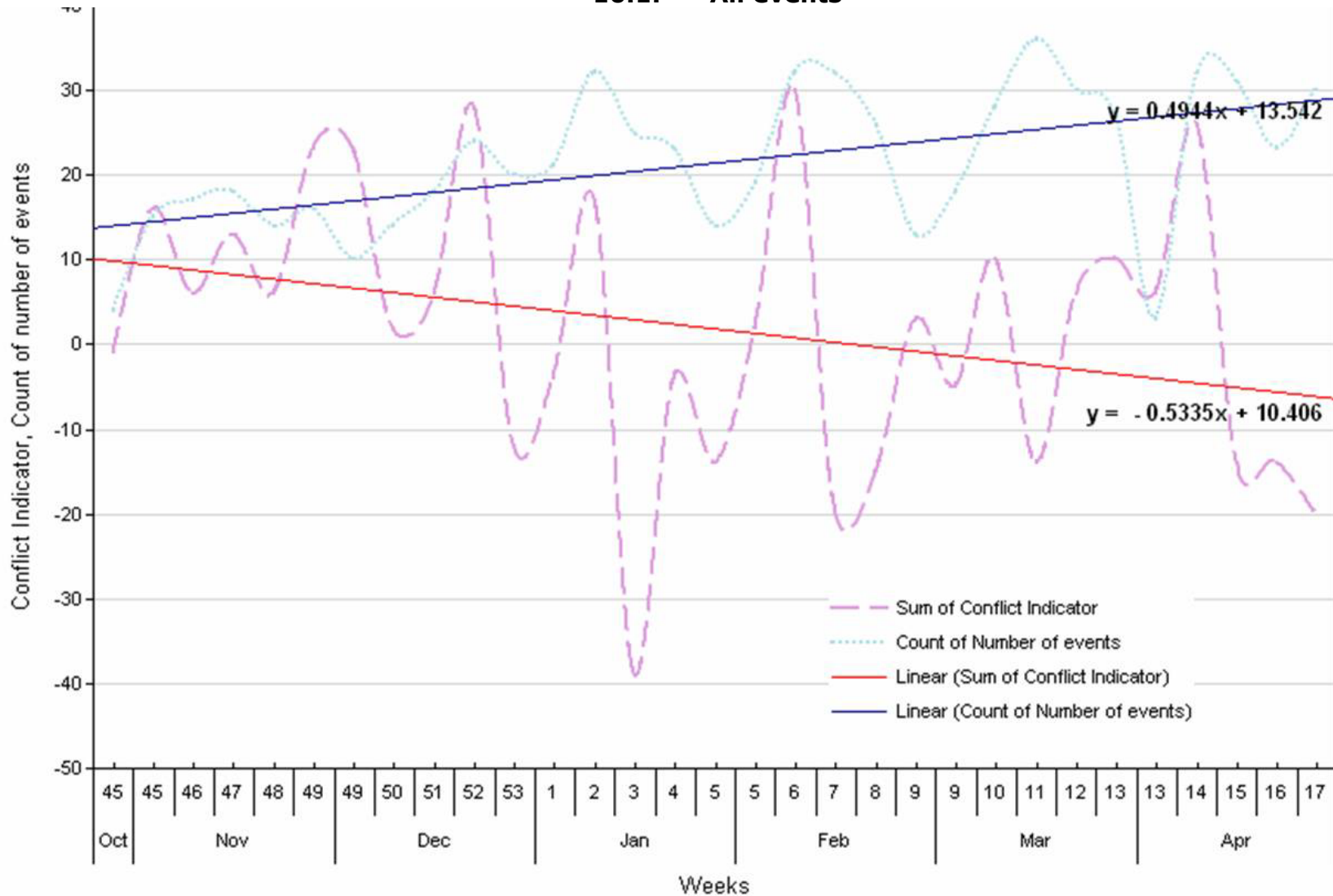


Figure 2. Chart of trend lines for all events and the count of events by week

10.2. Stabilizing events

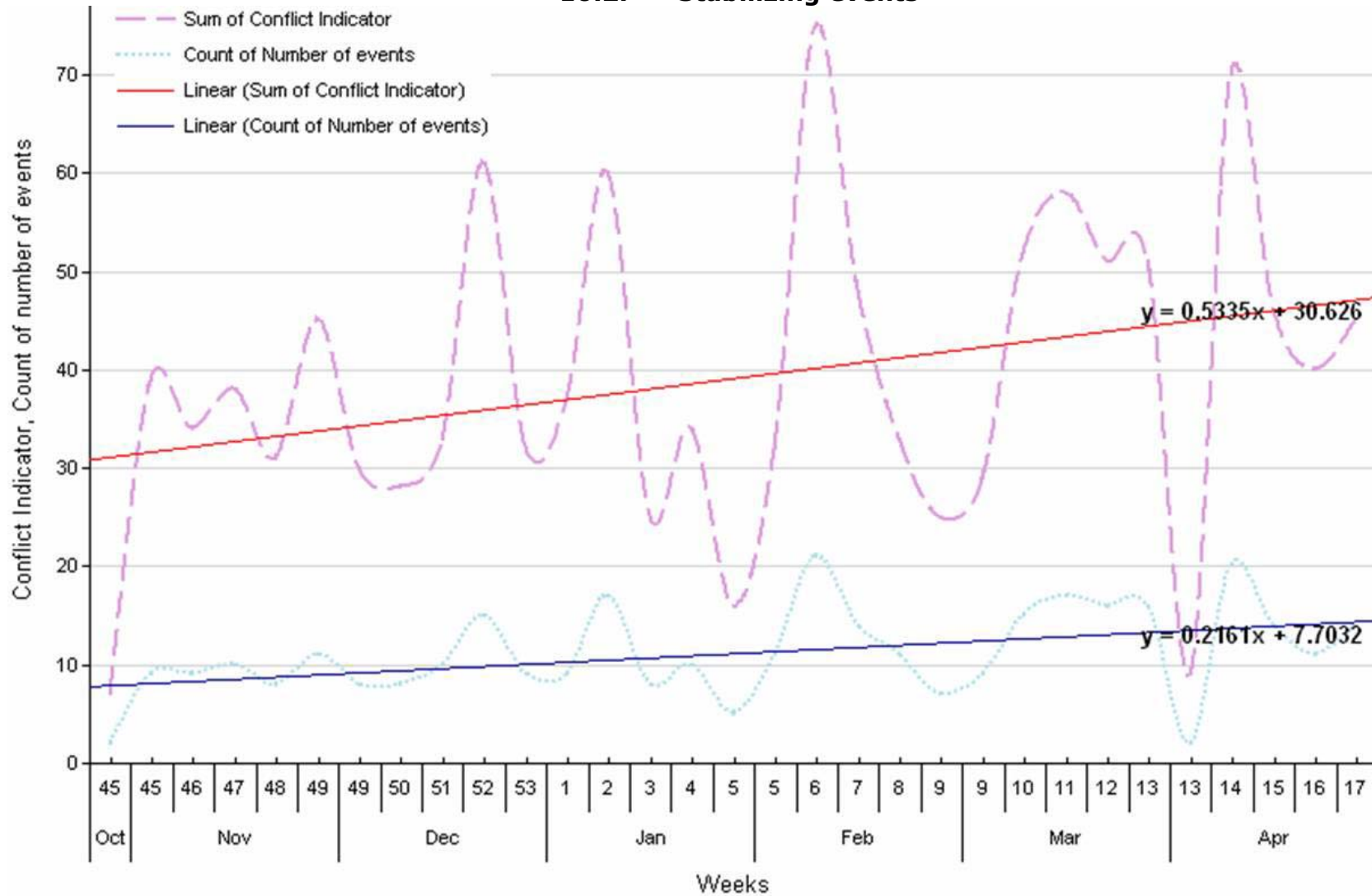


Figure 3. Chart of trend lines for stabilizing events and the count of events by week

10.3. Destabilizing events

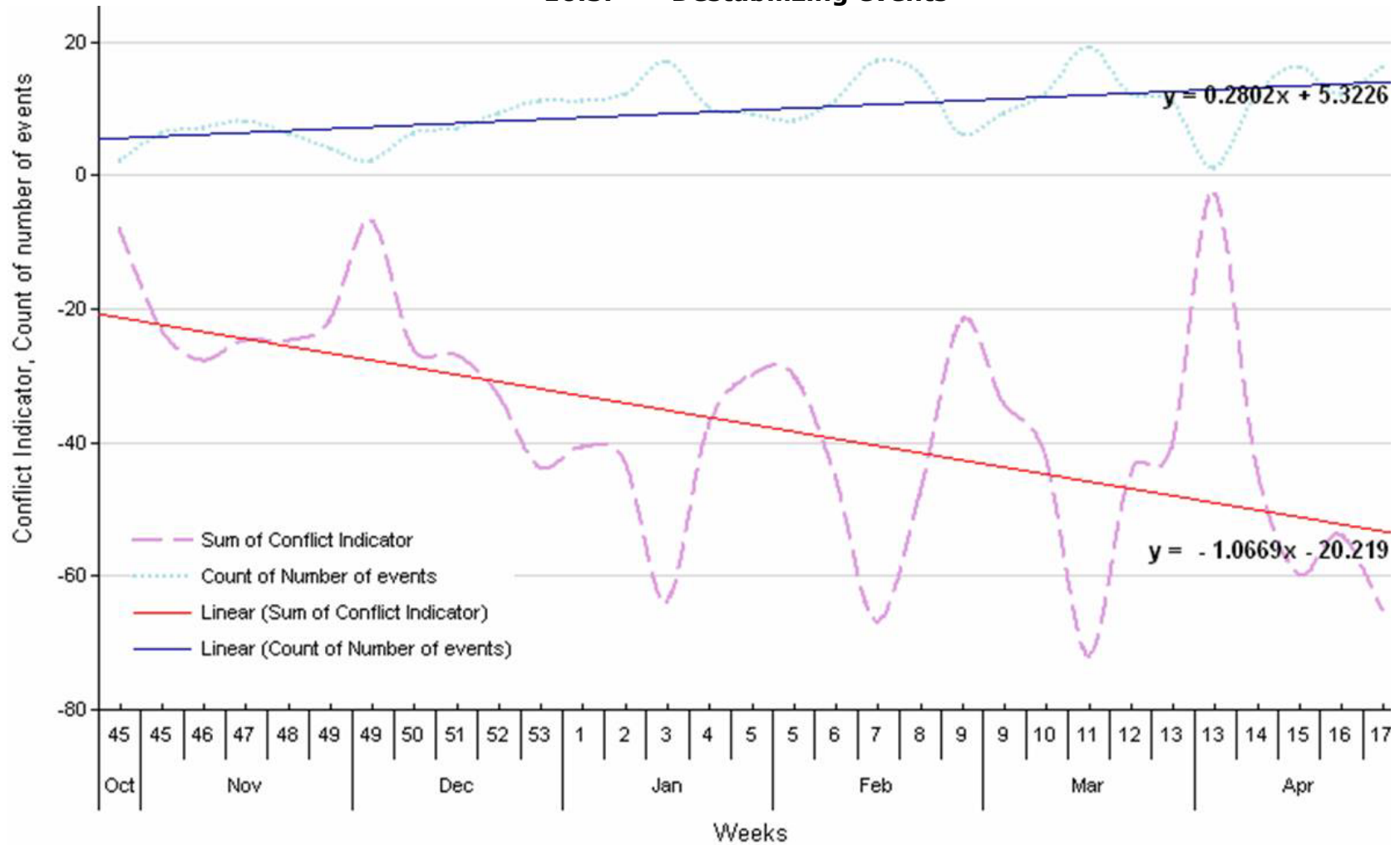


Figure 4. Chart of trend lines for destabilizing events and the count of events by week

11. Maps



Figure 5. Map of Serbia and Montenegro from the International Crisis Group

12. Bibliography

12.1. Event Sources

Events were obtained using Google Alerts (<http://www.google.com/alerts>), which provided a daily summary of news reports for the search terms 'Serbia', 'Montenegro' and 'Serbia and Montenegro'. The news reports originated from a wide variety of local and international sources, including:

- Agency of Information - Skopje, Macedonia
- AKI Rome Italy
- Akron Beacon Journal - Akron, OH, USA
- AME Info - United Arab Emirates
- Amnesty International
- Associated Press
- B92 - Belgrade
- Balkan Update - USA
- BBC News
- Black Enterprise - New York
- BosNewsLife - Budapest, Hungary
- Bucharest Daily News - Bucharest, Romania
- Bulgarian News Network - Sofia, Bulgaria
- Business Day - Johannesburg, South Africa
- BusinessWeek - USA
- CatererSearch - Surrey, UK
- CNN
- Combined Jewish Philantropies - Boston, MA, USA
- CRI Beijing
- Daily Times - Lahore, Pakistan
- DailyIndia.com - Niskayuna, NY, USA
- Deutsche Welle - Germany
- Doteurovision - UK
- dtt.net - Brussels
- Economic Times - India
- Enniscorthy Echo - Ireland
- esctoday.com - Leiden, Netherlands
- ESPN
- EU observer
- EUPolitix.com - Brussels, Belgium
- EurofundingMag - Paris, France
- Evroportal.bg - Bulgaria
- FENA - Bosnia and Herzegovina
- Kim Info-service - Serbia and Montenegro
- KosovaLive - Prishtina
- Kosovareport
- Kuwait News Agency - Kuwait
- Los Angeles Times - CA
- Fibre2fashion.com - India
- Financial Mirror - Cyprus
- Financial times
- Focus News - Sofia
- Forbes
- ForUm - Kiev, Ukraine
- Forum 18 - Oslo, Norway
- Guardian Unlimited - UK
- Gulf Times - Qatar
- Harold Doan and Associates - Rocklin, CA, USA
- Hindu - Chennai, India
- Hindu Business Line - India
- Hindustan Times - India
- Houston Chronicle
- Independent Online - Cape Town, South Africa
- Institute for War and Peace Reporting - London
- Institutional Investor - New York
- International Herald Tribune
- International News Service - Sydney, Australia
- International Water Power and Dam Construction - London, UK
- Ireland Online - Dublin, Ireland
- Islamic Republic News Agency - Tehran, Iran
- ISN - Zurich
- ITAR-TASS - Moscow
- Jerusalem Post - Israel
- Journal of Turkish Weekly - Ankara
- JURIST - USA
- just-drinks.com - UK
- Kathimerini - Athens
- Kauppalehti - Press Release
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- Luchtzak Aviation - Belgium
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- Macedonian Press Agency - Greece
- Maclean's - Canada
- Makfax - Skopije, Macedonia
- MarketWatch - USA
- Mediafax - Bucuresti, Romania
- MedIndia - India
- Monsters and critics - Glasgow
- MTI - Budapest, Hungary
- New York Times - United States
- New Zealand Herald
- Newindpress - Chennai, India
- NewKerala.com - Ernakulam, Kerala, India
- Norway Post - Bærum, Norway
- Noticias.info - Spain
- Oneworld.net - London
- OSCE
- Pakistan Link - Inglewood, CA, USA
- People's Daily Online - Beijing China
- Political Gateway - Deerfield Beach, FL, USA
- Portalino - Italy
- Pravda
- Radio Free Europe - Prague
- Radio Netherlands - Netherlands
- Reliefweb
- Science Daily
- Scotsman
- Seattle Post Intelligencer - USA
- Serbianna.com
- Slovenian Business Week
- Sofia News Agency - Bulgaria
- Southeast European Times
- Stratfor - USA
- Swissinfo
- Sydney Morning Herald - Sydney, New South Wales, Australia
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- The Statesman - Kolkata, India
- Toronto Star - Canada
- Travel Daily News International - Athens, Greece
- Turkish Daily News - Ankara, Turkey
- United Press International
- Voice of America - USA
- Washington Times - Washington, DC, USA
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13. Methodology

13.1. Description of Events Monitoring

Event trends are assessed using the slope of time-series trend lines that are provided by plotting event data over a given period of time. First, based on the context of the region as described by the Background, Stakeholders and Risk Indicators sections, events are identified as being generally stabilizing or destabilizing⁶⁶ and given a sign of either +1 (stabilizing) or -1 (destabilizing). Events are then coded on a scale of 1 to 3 for three dimensions: the degree to which they can be linked to the risk of future peace or conflict – Causality (Ca); whether the event is typical or constitutes an acceleration of events – Escalation (Es); and the degree to which the event affects relevant stakeholders– Centrality (Ce). Causality and Escalation are coded based on a qualitative analysis of the event considered within the context of the region's risk indicators. Centrality is coded using a quantitative analysis of the proportion of stakeholders affected by the event.

A conflict indicator statistic is then calculated by summing the three dimensions of an event (Ca+Es+Ce), and multiplying it by the sign to provide a stabilizing indicator of +3 to +9 and a destabilizing indicator of -3 to -9. The analyst can use this conflict indicator to explore summary statistics as well as trend lines of the region's events.

Summary statistics provide the analyst with an overview of the average event scores. The total number of events and the average conflict indicator statistics are calculated, including sub-calculations by sign. For the average scores, a percentage is calculated based on the highest score for that conflict indicator statistic. For

instance, an average Ca+Es+Ce can score as high (or low) as +/- 9, so a score of +/- 2 achieves a percentage of +/- 22%. Positive percentages are indicative of an environment that on average experiences stabilizing events, as there are either more stabilizing events or more strongly valued stabilizing events. Negative percentages indicate the opposite, an environment characterized by destabilizing events. The closer the percentage comes to +/- 100% the better (or worse) events tend to be.

The second avenue of analysis is via trend lines to observe whether the events demonstrate any positive or negative trend over time. The conflict indicators are plotted against time – usually six months – and trend lines are generated, based on ordinary least squares regression, and compared in two different ways. The first comparison, the individual event trend line, plots the conflict indicators of each event over time. This is useful in that it indicates whether and to what degree the individual event conflict indicators have a positive or negative trend over time. However, it does not account for an increase or decrease in the total *number* of events, so the second trend analysis is that of the weekly aggregate. To attain this trend line, the conflict indicators are first summed by week; for instance, if one week has four events with the conflict indicators of +2, +2, -2 and -2, the overall weekly aggregate would be 0, the stabilizing weekly aggregate would be +4 and the destabilizing weekly aggregate would be -4. The weekly aggregate is then plotted over time to produce a trend line that incorporates the theory that an increase or decrease in total number of events should matter in addition to their changing value. That is, one would presume that a rapid increase in the number of stabilizing events would






⁶⁶ Note that in some unique cases an event will be coded as both stabilizing and destabilizing.

indicate an improving trend, even if the conflict indicators for the individual events remain largely unchanged.

Taken together, these two trend analyses provide an overview of the general event developments over the previous months. In the analysis, both stabilizing and destabilizing trend lines reflect

improvements through positive slopes, indicating the reduction in conflict vulnerability. On the other hand, negative slopes denote a deteriorating situation – an increase in conflict vulnerability. The degree of improvement or deterioration is identified as status quo, moderate, or strong, based on the slope and according to the following chart:

Table 14. Matrix of Trend Magnitudes and associated symbols

Trend Magnitude	Strongly Negative	Moderately Negative	Status quo	Moderately Positive	Strongly Positive
Slope size	Below -1	Between -1 and -.1	Between -.1 and .1	Between +.1 and +1	Over +1
Symbol					

Finally, scenarios are created for best case, worst case and status quo situations, based on an analysis of overall and cluster summary statistics and trends. The best and worst cases consider the trends among stabilizing and destabilizing events. The best case assumes that the strongest of the positive trends will hold for the future time period, and the worst case assumes that the strongest of the negative trends will occur. This holds regardless of whether the positive (or negative) trend occurs among destabilizing (or stabilizing) events. For instance, if there is strongly positive trend among destabilizing events, this trend would be used to extrapolate events for the best case scenario. If there is a strongly negative trend among stabilizing events, this trend would be used for the worst case. The status quo, on the other hand, will extrapolate future tendencies based on the overall trend. For instance, if there is moderate overall improvement, then the status quo assumes that this is the trend for the future. Events are then surmised based on these trends in order to provide a conjectured future case.

Each case concludes by estimating the region's future capacity to absorb damaging events and take advantage of

peace-building opportunities by forecasting the best, worst or status quo trends. The conclusion will also state the likelihood that the region will approach a higher or lower risk level; this analysis is based on whether the current risk level is already near a lower or higher category and the magnitude of the trend under consideration. For example, a medium-risk region of 3.6 with a strongly positive trend line is likely to move into the low risk level. Alternatively, a medium-risk region of 6.4 with a weak trend line is unlikely to move into the low risk level, but it could move into a high risk level with a moderately deteriorating trend.

13.2. Description of Events Data Collection

Events were collected in one of two methods for this study.

In most cases, the news-parsing technology of Google-Alerts (www.google.com/alerts) was employed to scan and collect daily reports of events data reported by the international press about the particular sub-national region of interest. Search terms were identified by the sub-national region itself and as a result of the stakeholder analysis (if one actor or group tended to garner a significant amount of press but not necessarily reported in the same news stories as the name of the sub-national region); in some cases, alternate spellings and transliterations were used as search terms to ensure a more robust set of data. News reports were then delivered to

analysts as daily emails (if news events were found for that day) which were then coded into a Microsoft Access Database using the methodology described above.

The other method by which data was gathered for this study was to collect the data post-facto. Some sub-national regions' data was collected only partially using Google-Alerts so a more robust reassessment of the monitoring time period was required. To do this, analysts employed a LexisNexis search for the monitoring period and using the same search parameters as had been used with Google-Alerts. The events collected using this methodology are identical in type to the daily digest-type – the only difference is the timing in which the analysts coded the events was not continuous.