KOSOVO'S PARLIAMENTARY ELECTION SPELLS POLITICAL UNCERTAINTY

Pristina headed for coalition talks as neither party secures outright majority

12 February 2025

EXECUTIVE SUMMARY

Kosovo's February 2025 parliamentary elections have resulted in a complex political outcome that could lead to an extended period of negotiations. With 99.6% of the votes counted, incumbent PM Albin Kurti's Vetëvendosje has emerged as the largest party with 40,87%* of the vote, a significant decline from the 2021 majority position that necessitates coalition building. The opposition's enhanced position (with PDK at 22.03%, LDK at 17.61% and AAK at 7,46%) presents a potential alternative governing configuration, though this path is not without challenges.

Several scenarios are emerging: Kurti could try to secure his third government by combining Vetëvendosje's projected seats with minority representatives and potentially strong diaspora vote results, but this would also not be straightforward, especially considering his complex relations with Srpska Lista, the Serbian government-backed minority list. He could also attempt to form a coalition with one of the opposition parties, though this would be against his pre-election rhetoric. Alternatively, the opposition parties, which together control roughly 47% of the vote, could attempt to form a coalition government, which would require significant compromise.

Although potentially unstable, a wide opposition coalition would likely enjoy greater international support. If neither path succeeds, Kosovo could face repeated elections and political deadlock, which would particularly impact progress on international agreements and delay critical development projects.

Whoever forms the next government – or in case of a prolonged stalemate – faces immediate challenges: addressing EU sanctions, managing increasingly complex U.S. relations and navigating Kosovo's international obligations, particularly regarding dialogue with Serbia. The uncertainty introduces additional risks for investors and development projects, potentially stalling both domestic reforms and international engagement.

Below, Aretera takes a deeper look at Kosovo's post-election political landscape, as well as the political and policy implications.

POST-ELECTION LANDSCAPE

On 9th February, Kosovar citizens went to the polls to elect the 120 members of the Assembly of the Republic of Kosovo, the country's unicameral parliament. According to preliminary results, the social democratic Vetëvendosje (LVV) party of Prime Minister Albin Kurti has won the popular vote with 40.87%, down from 50.3% at the last parliamentary election. Accordingly, Vetëvendosje has lost its majority in parliament and will be unable to continue governing on its own.

The opposition Democratic Party of Kosovo (PDK) finished second with 22.03%, followed by the Democratic Leage of Kosovo (LDK) with 17.61% and AAK-NISMA, a two-party alliance with 7.46%. Support for the main opposition PDK has slightly increased (from 17% in 2021), while the LDK has also expanded its share of supporters, by nearly 5%.

The aforementioned four national political formations will hold 100 of the 120 MP seats in the country's parliament, with the remaining 20 seats allocated for the electoral lists of national minorities. Of these formations, according to preliminary results, the ethnic Srpska Lista scored 4.4%, while none of the ten competing national minority parties scored above 1%. As the votes are still being counted, it remains uncertain whether Srpska Lista will secure all 10 seats allocated for the Serbian minority.

POLITICAL & POLICY IMPACT

For Kosovo's domestic trajectory, the February 2025 election results signal a fundamental shift in governance dynamics. Vetëvendosje's decline to 41% from its 2021 majority position, coupled with a strengthened opposition, heralds a return to coalition politics at a crucial juncture in the country's development.

While PM Kurti remains confident about forming his third government by potentially leveraging diaspora votes, minority representatives or one of the opposition parties, the opposition's combined strength presents a credible alternative path to government formation. However, any opposition-led coalition would face significant challenges in maintaining stability, particularly given competing ambitions among PDK, LDK, and AAK.

The necessity of securing a parliamentary majority of 61 seats, combined with the looming prospect of presidential elections requiring a two-thirds majority, adds another layer of complexity to coalition calculations. If Kurti fails in forming a government or the opposition fails to unite, Kosovo could face repeated elections and political deadlock. This could in turn lead to an extended period of uncertainty, stalling both domestic reforms and progress on international obligations.

This recalibration occurs as Kosovo faces pressing domestic challenges, particularly in healthcare and economic development, while operating under EU sanctions. The pending diaspora vote count might slightly change the coalition arithmetic, but regardless of the final configuration, the next government will likely need to adopt more consensus-based approaches to both domestic reform and international engagement. The notably low 40% turnout suggests growing public fatigue with political volatility, potentially pressuring all parties toward more pragmatic governance.

REGIONAL IMPLICATIONS

Regionally, the election's implications resonate beyond Kosovo's borders in several crucial ways. Despite the Serb List's retention of parliamentary representation, these elections reflect evolving dynamics in the broader Belgrade-Pristina relationship. Kosovo's next government must navigate this landscape while addressing EU sanctions and managing a more complex relationship with the United States, as evidenced by US Special Presidential Envoy for Special Missions Richard Grenell's critique of Kosovo-US relations.

Just ahead of the election, Grenell posted on social media that relations between the US and Kosovo have "never been lower", adding that "Albin Kurti has been condemned by the first Trump Administration, the Biden Administration, NATO, the EU, the U.S. Embassy, Anthony Blinken, etc". These challenges emerge against a backdrop of broader regional developments, including Montenegro's EU accession trajectory and evolving regional cooperation frameworks, requiring careful diplomatic balancing from whoever forms the next government.

IMPLICATIONS FOR INVESTORS

For local investors and the broader business community, the post-election landscape presents a mixed picture. The likely period of extended coalition negotiations introduces short-term uncertainty, particularly concerning regulatory stability and policy continuity. However, the forced return to consensus politics could ultimately prove beneficial for the investment environment, potentially moderating policy approaches and encouraging broader stakeholder consultation.

The potential for improved international relations under a more consensual government could also help unlock EU funding and technical assistance, though this will depend heavily on progress in addressing current points of tension with international partners.

In addition, the election results introduce new variables into the Belgrade-Pristina dialogue, though their impact remains contingent on coalition formation dynamics. The necessity of building parliamentary majorities could moderate Pristina's negotiating positions, particularly regarding the Association of Serb Municipalities implementation.

However, this moderation effect shouldn't be overstated – any dramatic policy shifts would face significant domestic resistance, regardless of coalition composition. Furthermore, with EU sanctions still in effect and Washington signalling growing impatience, the next government could face immediate pressure to demonstrate constructive engagement in the dialogue process.

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