

HUMAN CAPITAL AND LABOR MARKET TRENDS IN BALKAN COUNTRIES

Briefing
2017

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Human capital/labour market trends

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Executive summary

This report analyses human capital and labour market trends in Albania, Bosnia and Herzegovina, Croatia, Greece, Kosovo, Macedonia, Montenegro and Serbia. The report is based on comparable data, provided by Eurostat and other available international, regional and national sources. The main purpose is to provide overview of the current circumstances across the countries through available evidence and statistics, identifying key challenges and their course over the years. Considering that, besides Greece and Croatia, all countries are aspirants to the European Union (EU), the EU-28 data has been used as referent point in this report.

Labour markets in the selected countries may be characterized by low participation and employment rates. Labour markets share the problem of high unemployment rates, while major concerns are youth unemployment, gender gaps and long-term unemployment.

Although economic and labour market performance differ between selected countries, they have in common many challenges to confront – overcoming the post-crisis period, adjustments to structural changes, rising unemployment rates and improving the quality of human capital.

The recent financial crisis reversed many recent developments affecting the functioning of labour markets. The modest economic growth in recent years has not yet brought significant improvements. However, it seems obvious that economic growth alone is not sufficient for improving labour market conditions. Of particular importance is the efficient implementation of labour market policies and reforms, which many countries have undertaken in recent years.

Job creation is mainly affected by poor economic performance of countries, structural weakness and low labour demand. Authorities are expected to show greater efforts to improve job creation, support employment of at-risk population, and to reduce informal employment.

The development of knowledge-based economies is yet to be seen. Skills mismatches remain the consequence of the low labour market adjustments to structural changes, and education system challenges. Thus, steps for fostering quality and modernising the education system need to take place.

Selected countries can be very attractive investment destinations – with strategic geographic location and diverse economies, and potential in many areas. However, current circumstances lead to the conclusion that the effects of economic governance along with employment and educational policies are limited, thus are still not able to adequately overcome these persistently challenges.

Introduction

The unemployment rate in all of the target countries remains high, especially in the Western Balkans. The unemployment rate varies from 32.9% in Kosovo, as an extreme case in which one third of the labour force was unemployed in 2015, to 16.2% in Croatia. Unemployment still remains highest and most concerning in the young population in these countries. Comparing to the EU-28 average, as 20.3% of youth was unemployed in 2015, the data for these countries are particularly worrying. Around half of the youth population was unemployed in 2015 in Bosnia and Herzegovina (62.3%), Kosovo (57.7%), Greece (49.8%) and Macedonia (47.3%). Among selected countries the lowest youth unemployment rate in 2015 was in Montenegro, though still more than a third (37.6%). The position of women position remains challenging, as the percentage of active and employed women is still less than men in activity and employment rates. The lowest economic activity rate for women is in Kosovo – less than fifth of women were either in work or available for work in 2015 (18.1%), while the highest in Croatia (62.3%). When it comes to employment rates for women, Kosovo is an extreme case as well,

since the employment rate for women was 11.5%. On the other hand, in Croatia it was 51.6% - as the only country in which the employment rate for women is more than 50%.

Fiscal consolidation measures put extra pressure on labour markets. Certain countries have changed their labour laws to make labour market more flexible but there is still need for further law change to create more active labour markets in all selected countries. Labour market policies are underfunded in most of the countries. The gap between acquired skills and labour market in most of these countries is still problematic, as a large percentage of the unemployed have medium or high-level education. Education, especially high-level education remains a field with high risk of corruption. In most of the selected countries brain drain remains a problem as young and educated people are leaving due to low job opportunities. An example of work to challenge the issue of youth employment is in Montenegro, that has been running the government's professional development training programme for 9-month graduate traineeships for five years, but European Commission (EC) recommends a deeper evaluation of its moderate success rate. In education, in countries like Kosovo, there are even problems with outdated textbooks, limited skilled teachers and an extremely low percentage of children attending pre-school education. Even though education funding in the selected countries is relatively high, additional investments are needed in basic education levels and education infrastructure in most of the selected countries. Although some countries have advanced their curriculum, additional vocational training (VET) is needed to better meet labour market requirements. Early school leaving rates have improved in the selected countries. Most of the countries actively participate in the Erasmus+ programme.

Labour markets in the context of economic trends

Historically, there is relatively high-income inequality between the EU-28 countries and Western Balkan countries. Considering the available data, GDP per capita varies from the lowest living standard of 30% in Bosnia and Herzegovina and Albania, to the highest of 68% in Greece.

Table 1: GDP (in Purchasing Power Standards (PPS) per capita), relative to the EU average (EU-28 = 100)¹

	2005	2010	2015
Albania	21	29	30
Bosnia and Herzegovina	26	29	30
Croatia	56	59	58
Greece	93	85	68
Kosovo	N/A	N/A	N/A
Macedonia	28	34	36
Montenegro	30	41	42
Serbia	32	36	36

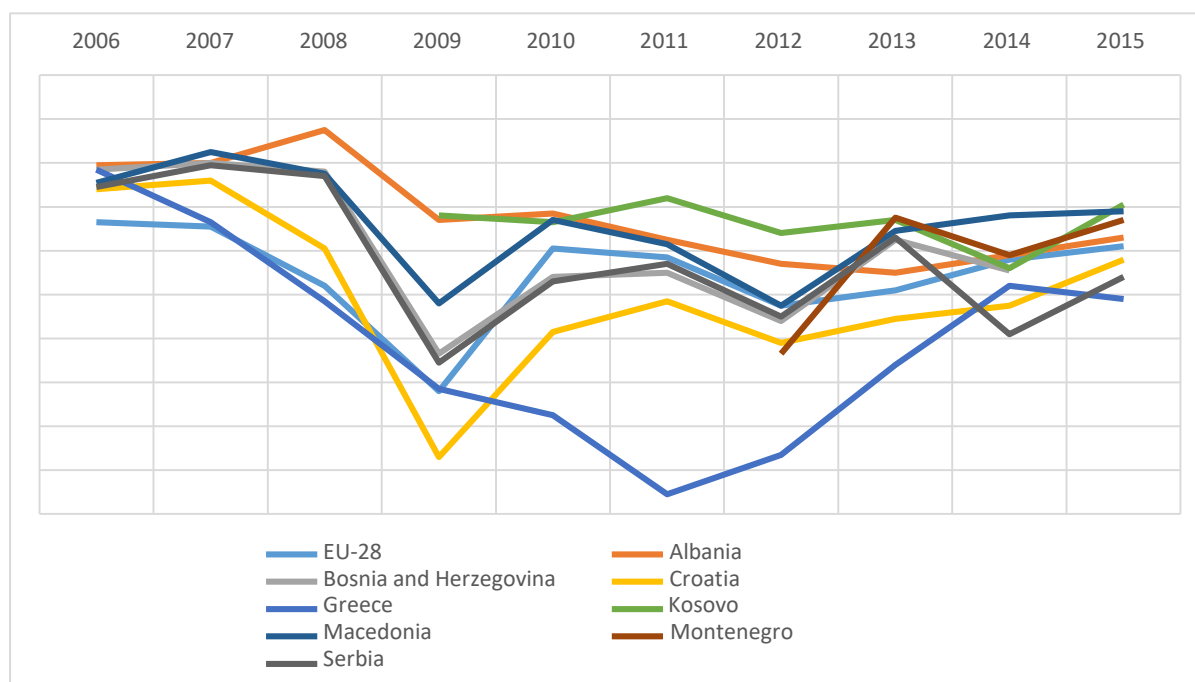
On a global level, 10.7% of population were living on less than \$1.90 a day at 2011 international prices, in 2013. These levels are lower among selected countries, varying from 5% in Macedonia (2015) to 0.1% in Bosnia and Herzegovina (2011). The levels among other countries as well vary - 1.1 % in Albania (2012), 1% in Croatia (2014), 0.8% in Kosovo (2013) and 1% in Montenegro (2013)².

The Great Recession hit t economic growth in all countries, leaving various consequences. After a decline in 2009, recovery started in 2010 in most of the countries with downturn again in 2012. Even though the GDP growth recovered slowly in the post-recession period, full recovery is yet to be seen.

¹ Source: Eurostat (online data code [tec00114](#)).

² The World Bank, Poverty & Equity Data Portal. Available at: <https://goo.gl/U32yPE>. Accessed: 20.11.2017.

Figure 1: GDP real growth, 2006-2015 (%)³



Estimates indicate that in 2009, between 160 000 and 240 000 jobs were lost in the Western Balkan countries⁴. The crises mainly affected youth, male employment rates, and the low-skilled⁵.

The positive link between GDP growth and employment growth is recorded in the period before and during recession in Western Balkan countries. However, no significant impact is currently observed which is in contrast to central EU countries, where this positive relationship also prevailed after the Great Recession⁶.

More jobs and low prices are helping to reduce poverty⁷, although the situation is challenging in all labour markets. The countries' policy reforms and presence of active labour market policies (ALMPs) are also very important factors in reducing the unemployment rates⁸.

Given the fact that ALMPs can contribute to increasing gross domestic product (GDP) growth, employment, improving labour-market matching and reducing benefit dependency⁹, public expenditure is rather insufficient. Considering available data, in most countries it is on the lower level

³ Source: Eurostat ([naida_10_gdp](#)), OECD and World Bank. For Bosnia and Herzegovina: Eurostat (online data code [cpc_ecnagdp](#))

⁴ Hermine Vidovic et al., *Developing Efficient Activation Approaches and Identifying Elements for Regional Cooperation in the Western Balkans*, The Vienna Institute for International Economic Studies (wiiw), Research Reports 374, 2011, page 14. Available at: <https://goo.gl/QdMQyj>. Accessed: 09.11.2017.

⁵ *Ibid.* page 15.

⁶ Hermine Vidovic et al. *Western Balkans Labor Market Trends 2017*, World Bank and the Vienna Institute for International Economic Studies (wiiw), Report Number: 113922, 2017, page 2. Available at: <https://goo.gl/HWXbgv>. Accessed: 09.11.2017.

⁷ Ekaterina Vostroknutova et al., *Faster Growth, More Jobs*, Western Balkans Regular Economic Report No.11, World Bank Group Macroeconomics & Fiscal Management, 2017, page 6. Available at: <https://goo.gl/NU1i7v>. Accessed: 09.11.2017.

⁸ *Ibid.*

⁹ European Semester: Thematic factsheet - Active labour market policies. Available at: <https://goo.gl/y1RQeE>. Accessed: 09.11.2017.

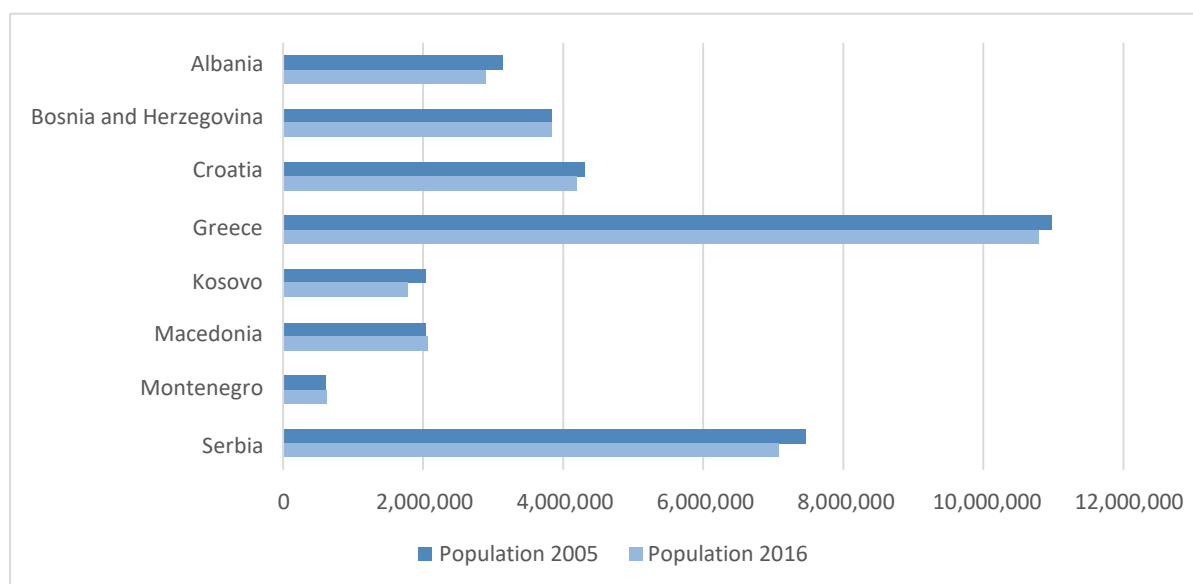
than the EU-28 and Organisation for Economic Co-operation and Development (OECD) countries average.

Latest available data from 2011 show that in the EU-28 countries public expenditure on ALMP was 0.46% of GDP, while in OECD 0.6% of GDP. In 2015 the public expenditure on ALMPs in Croatia was 0.37% of GDP and 0.24% of GDP in Greece. On the other hand, in Bosnia and Herzegovina it was 0.15%, in Macedonia 0.12% and in Albania 0.05% of GDP¹⁰.

Population structure

In the period 2005-2016, the population decreased in almost all of the selected countries, mainly due to migration and negative population growth. The overall population among selected countries fell for 1,16 million in this period. The highest decrease between 2005 and 2016 is recorded in Kosovo (-13%) Albania (-7.9%) and Serbia (-5.1%).

Figure 2: Population, 2005 and 2016¹¹¹²



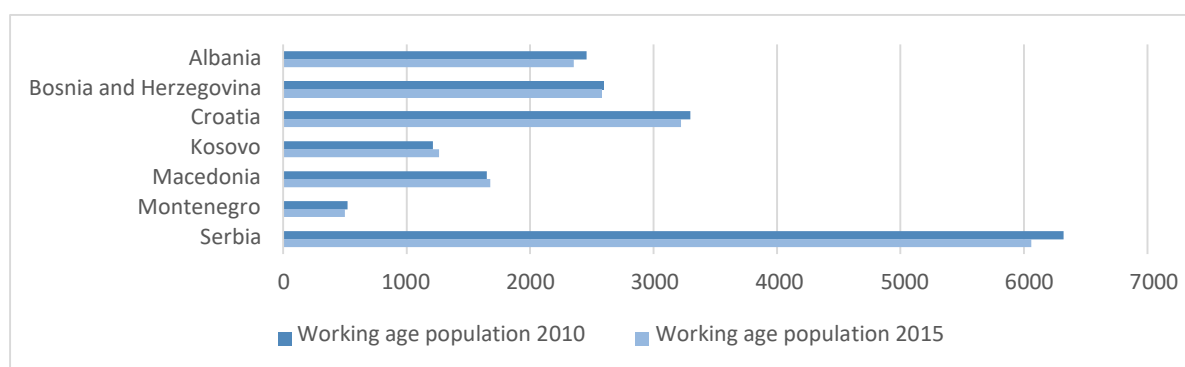
Different estimates show that the proportion of population aged 65 years or more is increasing in all countries, while the proportion of population aged less than 15 years is decreasing. Regarding working age population, available data shows its decrease among all countries, with the exception of Kosovo and Macedonia.

¹⁰ Amar Numanović et al., *Weak Labour Markets, Weak Policy Responses: Active Labour Market Policies in Albania, Bosnia and Herzegovina and Macedonia*, Analitika – Center for Social Research, 2016, page 36. Available at: <https://goo.gl/FgCzxA>. Accessed: 09.11.2017.

¹¹ 2012 for Bosnia and Herzegovina

¹² Source: Eurostat (online data code demo_pjangroup).

Figure 3: Working age population, 2010-2015¹³



It seems obvious that if productivity levels are not maintained or increased, the continuation of this demographic trend will have negative effects on GDP of countries.

(Un)employment rates – a constant concern

During the 2010-2015 period, economic activity in the EU-28 countries was continuously increasing, thus in 2015 almost three quarters of people aged 15-64 were active in the labour market. In this period, the dynamics of activity rates varied in selected countries, but compared to 2010 the level was exceeded in all countries in 2015, with exception of Greece (equal levels). However, the highest activity rate is recorded in Greece, while the lowest in Kosovo, where just over one third of the population is considered as economically active.

Table 2: Economic activity rate (persons aged 15-64), 2010-2015 (% of population)¹⁴

	2010	2011	2012	2013	2014	2015
EU-28	71.0	71.1	71.7	72.0	72.3	72.5
Albania	62.3	68.5	64.9	59.6	61.5	64.2
Bosnia and Herzegovina	54.0	53.8	53.9	53.5	54.2	54.6
Croatia	65.1	64.1	63.9	63.7	66.1	66.9
Greece	67.8	67.3	67.5	67.5	67.4	67.8
Kosovo	N/A	N/A	36.9	40.5	41.6	37.6
Macedonia	64.2	64.2	63.9	64.8	65.3	64.9
Montenegro	59.3	57.3	58.7	58.9	61.6	62.6
Serbia	59.1	59.4	60.2	61.8	63.5	63.7

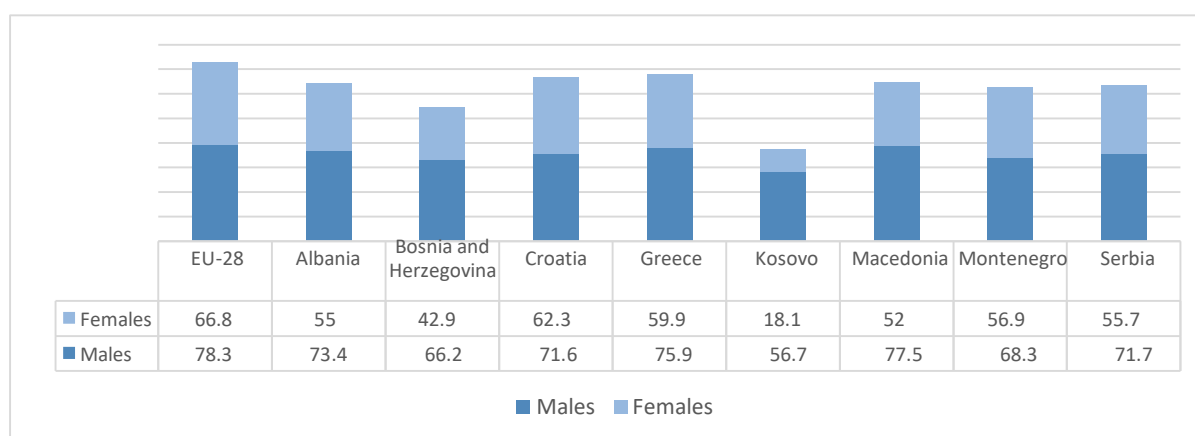
Low participation of women in labour markets is noticeable. This may reflect cultural or religious factors, patriarchal family structures or challenges in the career development¹⁵. Men are more economically active than women in all countries, as in the EU-28. However, the gender inequality is particularly worrying in Kosovo, where less than one fifth of women aged 15-64 was either in work or available for work in 2015.

¹³ Source: The Jobs Gateway database. Available at: <https://goo.gl/VuWEcU>. Accessed: 20.11.2017.

¹⁴ Source: Eurostat (online data codes: [lfsa_argan](#) and [cpc_pslm](#)).

¹⁵ Hermine Vidovic et al., World Bank and the Vienna Institute for International Economic Studies (wiiw), *ibid.*, page 7.

Figure 4: Economic activity rate (persons aged 15-64), 2015, by sex¹⁶



Activity rates for women were highest in Croatia and Greece, but still lower than the EU-28 average. In Montenegro, Serbia, Albania and Macedonia more than a half of all women aged 15-64 were active in labour market.

In 2015, the lowest gender gap was in Montenegro – 0.1 percentage point lower than the EU-28 average.

In the period 2012-2015, overall employment increased by roughly 720,000 jobs (in Western Balkan countries 470 000 and 250 000 in two EU member countries). Although vary among countries, the increase in number of persons in employment is still not at a satisfactory level.

Table 3: Total employment – number of persons in employment (thousand), 2012-2015¹⁷

	2012	2013	2014	2015	Average 2012-2015
EU-28	215,811.3	215,421.8	218,333.2	220,829.5	217,599
Albania	1,140.1	1,023.7	1,037.1	1,086.6	1,071.9
Bosnia and Herzegovina	814.0	822.0	812.0	821.5	817.4
Croatia	1,566.1	1,524.0	1,565.7	1,585.3	1,557.8
Greece	3,695.0	3,513.2	3,536.2	3,610.7	3,588.8
Kosovo	304.7	342.1	325.7	298.8	317.8
Macedonia	650.5	678.8	690.2	705.9	531.4
Montenegro	201.0	201.9	216.3	221.7	210.2
Serbia	2,220.6	2,300.0	2,543.9	2,573.4	2,409.5

It should be noted that in Albania, Greece and Kosovo the total number of employed persons in 2015 was lower than in 2012.

Even though lower than the EU-28 average, employment rates started raising in all countries from 2013. The extreme case is Kosovo, where in 2015 only one quarter of the labour force was in employment.

¹⁶ Source: Eurostat (online data codes: [lfsa_argan](#) and [cpc_pslm](#)).

¹⁷ Source: Eurosta (online data codes [lfsi_emp_a](#) and [cpc_pslm](#)).

Table 4: Employment rates (persons aged 15-64), 2010-2015, (%)¹⁸

	2010	2011	2012	2013	2014	2015
EU-28	64.1	64.2	64.1	64.1	64.8	65.6
Albania	53.5	58.7	55.9	49.9	50.5	52.9
Bosnia and Herzegovina	39.0	38.7	38.5	38.5	39.0	39.2
Croatia	57.4	55.2	53.5	52.5	54.6	56.0
Greece	59.1	55.1	50.8	48.8	49.4	50.8
Kosovo	N/A	N/A	25.5	28.4	26.9	25.2
Macedonia	43.5	43.9	44.0	46.0	46.9	47.8
Montenegro	47.6	45.9	47.0	47.4	50.4	51.4
Serbia	47.3	45.4	45.4	47.6	50.9	52.1

More than a half of labour force in 2015 was employed in Albania, Croatia, Greece, Montenegro and Serbia. The highest employment rate in 2015 was in Croatia – 56%.

Employment rates in 2015 exceeded the level from 2010 in Serbia, Montenegro, Macedonia and Bosnia and Herzegovina. However, their employment rates are behind the EU-28 average, especially in Bosnia and Herzegovina and Macedonia where less than half of the working population is employed.

Although there are variations over the years, the gender employment gap has reduced in the period between 2010 and 2015.

Table 5: Employment rates (persons aged 15–64) by sex, 2010-2015 (%)¹⁹

	Male						Female					
	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
EU-28	70.1	70.0	69.6	69.4	70.1	70.9	58.2	58.4	58.6	58.8	59.6	60.4
Albania	63.0	65.6	62.2	57.3	58.0	60.5	44.4	51.8	49.6	43.1	43.4	45.5
Bosnia and Herzegovina	49.6	48.7	49.0	48.0	48.9	48.8	28.6	28.7	28.1	28.9	28.9	29.5
Croatia	62.7	60.9	58.5	56.5	59.1	60.3	52.1	49.5	48.5	48.5	50.0	51.6
Greece	70.3	65.4	60.1	57.9	58.0	59.3	48.0	45.0	41.7	39.9	41.1	42.5
Kosovo	N/A	N/A	39.9	44.0	41.3	38.7	N/A	N/A	10.7	12.9	12.5	11.5
Macedonia	52.8	52.3	52.4	54.5	56.1	56.6	34.0	35.3	35.3	37.3	37.4	38.8
Montenegro	54.3	51.2	52.4	51.9	55.5	56.0	41.0	40.7	41.6	42.8	45.3	46.9
Serbia	54.7	52.5	52.6	55.1	58.0	59.2	40.1	38.3	38.2	40.2	43.9	45.0

In 2015 only in Croatia the employment rate for women aged 15-64 was more than 50%. The largest gender employment gap in 2015 was in Kosovo (27.2) and Bosnia and Herzegovina (19.3). In the same year, the lowest gender gap was reported in Croatia and Montenegro (1.8 and 1.4 percentage points lower than the EU-28). Kosovo was the only country in which employment rate for men was far less than 50%.

Employment rates increased among the older population (55-64). This may be due to demographic pressure, as previously discussed.

¹⁸ Source: Eurostat ([lfsa_ergan](#)), ([une_rt_a](#)), ([cpc_pslm](#)) and ([cpc_siemp](#)).

¹⁹ *Ibid.*

Table 6: Employment rates (persons 55-64), 2010-2015, %²⁰

	2010	2011	2012	2013	2014	2015
EU-28	46.2	47.2	48.7	50.1	51.8	53.3
Albania	48.3	54.7	56.3	51.1	51.2	53.6
Bosnia and Herzegovina	26.8	27.0	27.2	27.7	28.5	28.2
Croatia	39.1	38.2	37.5	37.8	36.2	39.2
Greece	42.4	39.5	36.5	35.6	34.0	34.3
Kosovo	N/A	N/A	25.8	30.8	29.8	27.2
Macedonia	34.2	35.4	35.4	37.9	38.6	40.1
Montenegro	N/A	N/A	N/A	38.7	38.7	40.0
Serbia	32.9	31.4	31.6	34.3	36.7	37.3

Employment rates among the older population is the highest in Albania (53.6%) as 0.3 percentage point higher than the EU-28 average, while the lowest in Kosovo (27.2%). In the 2010-2015 period the employment rate increased in Macedonia, Albania, Serbia and Montenegro, which may be explained by pension reforms.

In the same period, a marginal increase was recorded in Croatia.

Labour markets in most of the countries are as well characterized by shifting towards services, domination of private sector employment and informal sector employment.

Regarding economic activity, within the EU-28, services employed the biggest part of workforce in 2015. In second place came industry, and there was much less employment in construction and agriculture, forestry and fishing²¹.

Even though the shift in employment towards services may be the result of the course of economic transition, employing a significant part of the labour force in Western Balkan countries, it is generally lower than in the EU-28. The exception is Montenegro, with 74.8% of employees in the services. Among other things, this may be explained by an increase in tourism²².

Table 7: Employment by main sectors, 2012-2015, (%)²³

	Agriculture, forestry and fisheries		Industry		Construction		Services	
	2012	2015	2012	2015	2012	2015	2012	2015
Albania	46.1	41.3	9.1	11.6	8.2	6.9	36.6	40.2
Bosnia and Herzegovina	20.6	17.9	21.5	22.0	8.9	7.5	48.9	52.4
Kosovo	4.6	2.3	19.0	18.7	9.5	9.5	65.0	68.3
Macedonia	17.3	17.9	23.6	23.4	6.3	7.1	52.7	51.6
Montenegro	5.7	7.7	11.7	10.8	5.7	6.6	76.9	74.8
Serbia	21.0	19.4	21.5	19.9	5.3	4.5	51.9	56.1

Employment in agriculture remain important in the Western Balkan, especially in Albania. With exception of Montenegro and Albania, industry is a significant employer across the other countries.

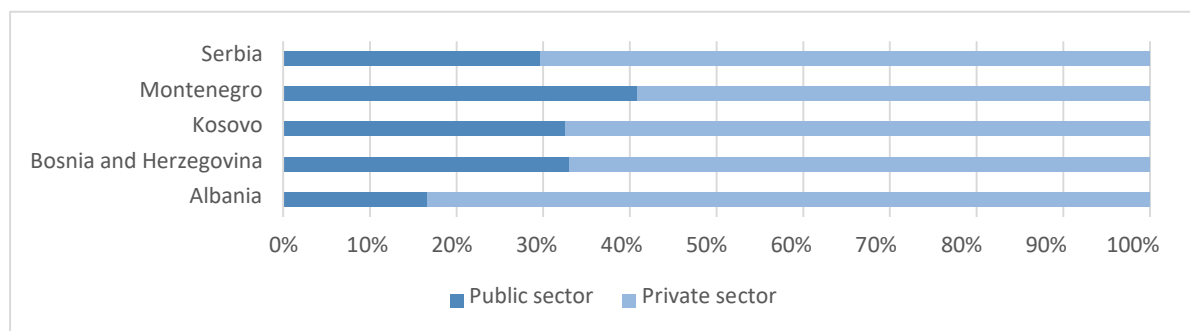
Another feature of labour markets is the domination of private sector employment – varying from 83% in Albania to 46.8% in Montenegro.

²⁰ Source Eurostat (online data codes lfsi_emp_a and cpc_siemp)

²¹ Eurostat, Key figures on enlargement countries 2017 edition, page 39. Available at: <https://goo.gl/hfptrD>. Accessed: 09.11.2017.

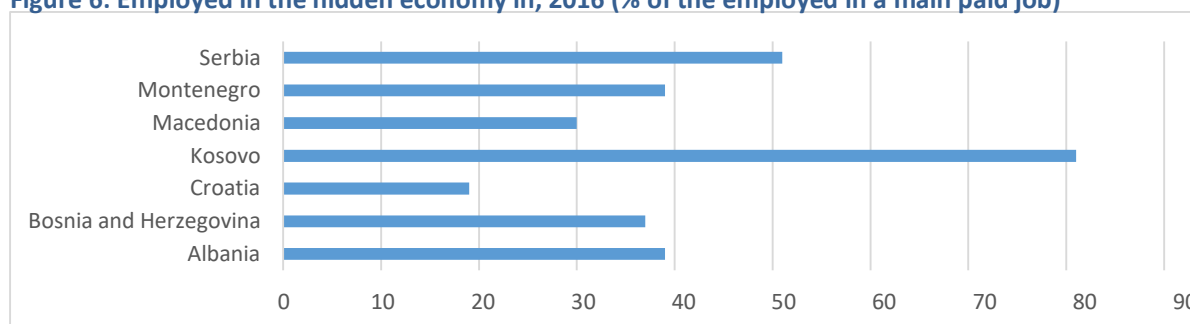
²³ *Ibid*, Source: Statistical annex in Progress Reports for 2016.

Figure 5: Employment in the public/private sector (persons aged 20-64), 2015 (% of total employment)²⁴



Different estimates indicate that a significant number of employed people are informally hired. According to data from 2016, the most extreme case is in Kosovo.

Figure 6: Employed in the hidden economy in, 2016 (% of the employed in a main paid job)²⁵



Unemployment rates in all countries were accordingly high in 2010-2015 period, much higher than the EU-28 average.

Table 8: Unemployment rates (persons aged 15-74), 2010-2015, (% of labor force)²⁶

	2010	2011	2012	2013	2014	2015
EU-28	9.5	9.6	10.4	10.8	10.2	9.4
Albania	14.0	14.0	13.4	15.9	17.5	17.1
Bosnia and Herzegovina	27.3	27.6	28.2	27.6	27.6	27.9
Croatia	11.7	13.7	16.0	17.3	17.3	16.2
Greece	12.7	17.9	24.5	27.5	26.5	24.9
Kosovo	N/A	N/A	30.9	30.0	35.3	32.9
Macedonia	32.0	31.4	31.0	29.0	28.0	26.1
Montenegro	19.7	19.7	19.7	19.5	18.0	17.5
Serbia	19.2	22.9	23.9	22.1	19.2	17.6

The beginning of the recovery varies between countries, but the unemployment rate decreased gradually in Macedonia (from 2010), Serbia and Montenegro (from 2012) and Greece (from 2013). The unemployment rate in 2015 varied from that of Kosovo, where one third of labour force was

²⁴ *Ibid.*

²⁵ The Southeast European Leadership for Development and Integrity (SELDI), Shadow Power - Assessment of Corruption and Hidden Economy in Southeast Europe, 2016, page 26. Available at: <https://goo.gl/Qq8Hjj>. Accessed: 09.11.2017.

²⁶ Source: Eurostat (online data codes: [lfsa_argan](#) and [cpc_pslm](#)).

unemployed, to Croatia where the unemployment rate was 16.2%. In 2015, the unemployment rate in Albania, Bosnia and Herzegovina, Croatia, Greece and Kosovo was higher compared to 2010²⁷.

Unemployment gender gaps (persons aged 15-74) are less evident than in employment rates (persons 15-64). These differences may be result of more women being outside the labour force²⁸.

Table 9: Unemployment rates (persons aged 15–74) by sex, 2010–2015, (% of labour force)²⁹

	Male						Female					
	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
EU-28	9.6	9.5	10.4	10.8	10.1	9.3	9.5	9.7	10.5	10.9	10.3	9.5
Albania	12.6	13.6	14.6	17.8	19.2	17.1	15.9	14.4	11.7	13.5	15.2	17.1
Bosnia and Herzegovina	25.6	26.1	26.5	26.7	25.3	25.9	29.9	30.0	30.8	29.1	31.2	30.9
Croatia	11.1	13.7	16.0	17.7	16.5	15.6	12.4	13.8	16.1	16.8	18.3	16.9
Greece	10.1	15.2	21.6	24.5	23.7	21.8	16.4	21.5	28.2	31.4	30.2	28.9
Kosovo	/	/	28.1	26.9	33.1	31.8	/	/	40.0	38.8	41.6	36.6
Macedonia	31.9	31.8	31.5	29.0	27.7	26.7	32.2	30.8	30.3	29.0	28.6	25.1
Montenegro	18.9	19.5	19.3	20.1	17.8	17.7	20.7	20.0	20.3	18.8	18.2	17.3
Serbia	18.4	22.3	23.2	20.9	18.3	16.8	20.2	23.7	24.9	23.7	20.3	18.7

Unemployment rates among women are higher than for men in almost all countries.

The lowest unemployment gender gap is recorded in Montenegro (0.4).

In the period 2006-2015, the percentage of the labour force out of work for at least a year was much higher in all countries compared to the EU-28 average.

Table 10: Long-term unemployment rates (persons aged 15–74), 2006–2015, (% of labour force)³⁰

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EU-28	3.7	3.0	2.6	2.9	3.8	4.1	4.6	5.1	5.0	4.5
Albania	N/A	9.4	8.5	9.1	10.6	10.2	10.3	11.5	11.2	11.3
Bosnia and Herzegovina	26.8	25.1	20.3	20.1	22.3	22.3	23.1	22.9	23.4	22.8
Croatia	6.4	6.0	5.3	5.1	6.6	8.4	10.2	11.0	10.1	10.2
Greece	4.9	4.2	3.7	3.9	5.7	8.8	14.5	18.5	19.5	18.2
Kosovo	18.5	16.2	18.5	16.8	N/A	N/A	18.5	20.7	26.1	23.8
Macedonia	31.1	29.7	28.7	26.3	26.7	25.9	25.5	23.9	23.4	21.3
Montenegro	N/A	14.2	13.4	15.6	15.5	15.7	15.6	16.0	14.0	13.6
Serbia	16.8	14.6	9.7	10.5	13.3	16.9	18.7	16.8	12.8	11.3

The long-term unemployment rate has been gradually decreasing from 2010 in Macedonia, 2012 in Serbia, 2013 in Montenegro. A decrease from 2014 was recorded in Kosovo, Greece and Bosnia and Herzegovina.

In 2015, the long-term unemployment rate varied from 10.2% in Croatia to 23.8% in Kosovo.

The unemployment rate for people educated to the tertiary level in 2014-2015 has decreased a little, but the situation is reversed in Albania, Kosovo and Montenegro.

²⁷ 2012 for Kosovo

²⁸ Hermine Vidovic et al., World Bank and the Vienna Institute for International Economic Studies (wiiw), *ibid.*, page 16.

²⁹ Source: Eurostat (online data codes: [lfsa_argan](#) and [cpc_pslm](#)).

³⁰ Source: Eurostat (online data code: [cpc_pslm](#) and [tesem130](#)).

Table 11: Unemployment rate (persons aged 25-64), 2014-2015, by educational attainment (%)³¹

	Having completed at most lower secondary education (ISCED 0–2) (%)		Having completed tertiary education (ISCED 5 & 6) (%)	
	2014	2015	2014	2015
EU-28	17.3	16.3	5.7	5.2
Albania	13.4	12.0	13.7	15.9
BiH	31.6	27.7	17.2	16.4
Croatia	24.4	21.5	9.0	8.9
Greece	27.6	26.2	19.1	19.0
Kosovo	44.0	45.5	17.1	17.4
Macedonia	31.0	30.0	19.6	18.9
Montenegro	32.8	28.7	9.0	9.4
Serbia	18.6	15.8	14.5	14.4

On the other hand, the dynamics of unemployment rate in the 2014-2015 period was much more favourable to less educated people, with exception of Kosovo – where the unemployment rate increased by 1.5 percentage points.

Comparing youth unemployment rates with the EU-28 average, it may be concluded that youth in the EU countries are more likely to get job than their peers from the Western Balkans. The situation in Croatia and Greece is also alarming considering that the unemployment rates in these countries in 2015 were at least as twice as high as the EU-28.

Table 12: Youth unemployment rates (persons aged 15-24), 2010-2015, (% of labour force)³²

	2010	2011	2012	2013	2014	2015
EU-28	21.0	21.7	23.2	23.6	22.2	20.3
Albania	30.5	23.6	29.8	31.4	39.0	39.8
Bosnia and Herzegovina	57.5	57.9	63.1	59.1	62.7	62.3
Croatia	32.4	36.7	42.1	50.0	45.5	42.3
Greece	33.0	44.7	55.3	58.3	52.4	49.8
Kosovo	N/A	N/A	55.3	55.9	61.0	57.7
Macedonia	53.7	55.3	53.9	51.9	53.1	47.3
Montenegro	N/A	N/A	43.7	41.6	35.8	37.6
Serbia	46.1	50.7	51.2	49.4	47.4	43.2

In 2015, with the exception of Macedonia and Kosovo, the youth employment rate in all countries was at least as twice as high as the overall unemployment rate.

In 2015 the most of the youth – above three fifths - were unemployed in Bosnia and Herzegovina and in Kosovo. Bosnia and Herzegovina is the country for which the trend of brain drain is a particularly characteristic.

Almost half of the young labour force was unemployed in Greece and Macedonia. In 2015 the lowest youth unemployment rate was in Montenegro. Still, in this country more than a third of youth was without work, which is much higher than within the EU-28.

Macedonia and Montenegro are the only countries in which the youth unemployment rate was lower in 2015 than in 2010.

³¹ Source: Progress reports and Eurostat (online data code [tps00066](#)) for the EU-28, Croatia and Greece.

³² Source: Eurostat ([lfsa_organ](#)) and ([cpc_pslm](#)).

Youth unemployment challenges - weak transfer from education system to labour market

In 2012, there were 109 million pupils and students (all levels of education) in the EU-28 countries³³. The number of pupils and students in the selected countries is mainly proportional to their size population.

According to data from 2015 within enlargement countries (*data including Turkey*) the absolute number of pupils and students was equivalent to just over one quarter of pupils and students in the EU-28³⁴.

However, significant increase of the number of students have happened in the last decade. In Western Balkan countries, the number of students registered for the first cycle Bachelor studies has increased for 37 % in the period of over 7 years – from 430,000 in the 2007-2008 academic year to about 590,000 in the 2014-2015³⁵. The greatest increase happened in the academic year 2012-2013, after which numbers began to stabilise³⁶.

The annual enrolment of students in Western Balkan countries have been generally stable in the period 2012-2015. The decrease in the number of enrolled students may be interpreted in the context of demographic change, i.e. the decrease of the population aged less than 15 years.

Table 13: Students enrolling and completing studies in the Western Balkans³⁷

	Enrollment			Completion		
	2012-2013	2013-2014	2014-2015	2012-2013	2013-2014	2014-2015
Total	218,936	219,974	211,514	106,302	110,390	115,809
Vocational diploma	944	1,021	883	1,098	1,011	739
Bachelor	172,044	173,918	159,829	61,963	62,973	65,183
Master	40,486	40,489	46,740	41,652	44,275	47,627
Doctorate	4,246	3,324	2,798	934	1,493	1,601
Unattributed	1,216	1,222	1,264	655	638	659

The highest enrolment is in Kosovo (over 2,000 enrolment per hundred thousand people), followed by Albania and Montenegro (over 1,000 per hundred thousand people)³⁸.

The overall number of students that completed studies in the 2014-2015 academic year is 115,809. Annual completions have continuously increased.

³³ Eurostat, Key figures on enlargement countries 2017 edition, *ibid.*, page 30.

³⁴ *Ibid.*

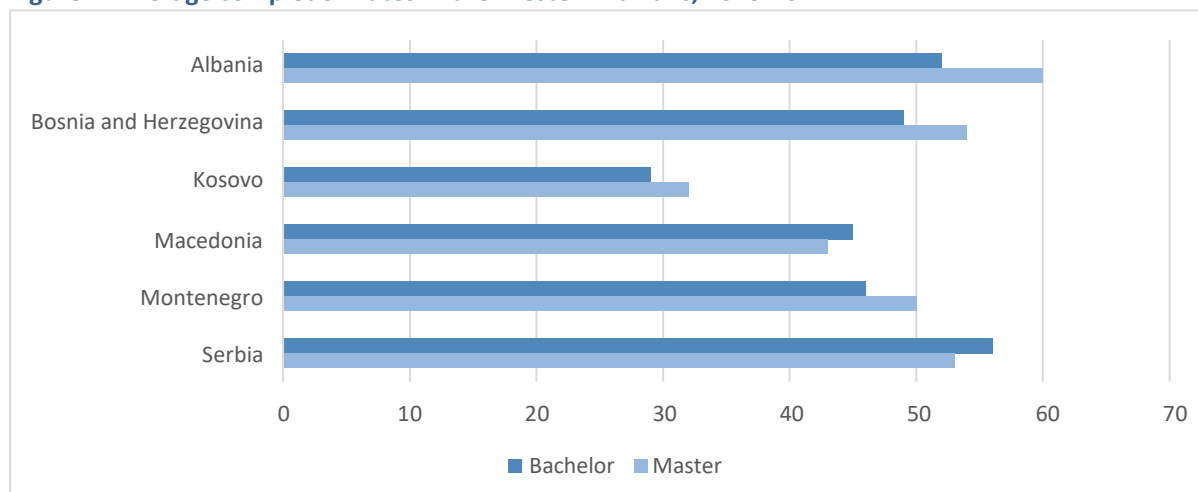
³⁵ Will Bartlett et al., *From University to Employment: Higher Education Provision and Labour Market Needs in the Western Balkans, Synthesis Report*, European Commission, 2016, page 16. Available at: <https://goo.gl/7ufCCj>. Accessed: 10.11.2017.

³⁶ *Ibid.*

³⁷ *Ibid.*, page 17

³⁸ *Ibid.*, page 18

Figure 7: Average completion rates in the Western Balkans, 2010-2014³⁹



Given the fact that completion of studies is an important element of effective and successful higher education system⁴⁰, the low completion rates among countries are worrying. The average completion rate in the Western Balkan is 46% for Bachelor programmes and 48% for Master.

Although low in all countries, the completion rate is by far the lowest in Kosovo (29% for Bachelor and 32% for Master programmes). The highest completion rate is in Serbia – 56%.

It may be concluded that PISA results from 2015 reflected the real state of education in the countries.

While the maths, science and reading comprehension skills of 15-year-olds in Kosovo and Macedonia are the poorest among these countries, the results in Croatia are the nearest to the average.

Table 14: PISA 2015 results⁴¹

	Science	Reading	Mathematics
Mean	493	493	490
Albania	427	405	413
Bosnia and Herzegovina	N/A	N/A	N/A
Croatia	475	487	464
Greece	455	467	454
Kosovo	378	347	362
Macedonia	384	352	371
Montenegro	411	427	418
Serbia ⁴²	445	446	449

Given the difficulties youth encounter once they enter in labour market and employment, remaining in education and training is important for skills development.

³⁹ *Ibid.*

⁴⁰ *Ibid.*, page 18-19

⁴¹ OECD, Pisa 2015 Results in Focus, 2016, page 5. Available at: <https://goo.gl/g1LgyJ>. Accessed: 10.11.2017.

⁴² Results from PISA 2012.

Table 15: Early leavers from education and training among those aged 18–24 years, 2010-2015⁴³

	2010	2015
EU-28	13.9	11.0
Albania	31.9	21.3
Bosnia and Herzegovina	31.8	26.3
Croatia	5.2	2.8
Greece	13.5	7.9
Kosovo	N/A	N/A
Macedonia	15.5	11.4
Montenegro	6.6	5.7
Serbia	8.2	7.5

The proportions of early leavers has decreased in all countries in the period between 2010-2015. The lowest rate recorded is in Croatia.

Even though having a degree may affect employment chances, it does not guarantee gaining a job. Rising unemployment rates of graduates is a matter of concern throughout the European periphery⁴⁴.

The unemployment rate of higher education (HE) graduates is high across selected countries. The data confirms that graduates are in very difficult situation once they enter the labour markets.

Table 16: Unemployment and employment rates of HE graduates, 2015 (%)⁴⁵

	Unemployment rate all HE graduates	Unemployment rate of recent HE graduates	Employment rate all HE graduates	Employment rate, recent HE graduates
EU-28	5.6	N/A	76.9	N/A
Albania	17.2	27.7	61.3	53.9
Bosnia and Herzegovina	18.4	40.1	n/a	48.8
Kosovo	14.7	50.7	n/a	39.7
Macedonia	21.4	37.2	66.8	53.9
Montenegro	10.3	25.9	70.9	66.3
Serbia	15.0	42.4	55.0	48.1

Over half of recent graduates in Kosovo (graduated since 2010) were without work in 2015. The situation is not much better in other countries – around two fifths of recent graduates were unemployed in Serbia, Bosnia and Herzegovina and Macedonia, and around one quarter in Montenegro and Albania.

The unemployment rate in Greece was 48.8% for tertiary educated people (aged 20-24) and 29.5% in Croatia⁴⁶.

The unemployment rate of all HE graduates in the Western Balkan countries is alarming compared to the unemployment rate in the EU-28. In Macedonia was 3.8 times as high as in the EU-28. In Bosnia

⁴³ Source: Eurostat (online data codes [edat lfse 14](#) and [cpc pseduc](#)).

⁴⁴ Will Bartlett et al., *From University to Employment: Higher Education Provision and Labour Market Needs in the Western Balkans, Synthesis Report*, European Commission, 2016, page 31. Available at: <https://goo.gl/7ufCCj>. Accessed: 10.11.2017.

⁴⁵ *Ibid.*, page 31.

⁴⁶ Source: Eurostat (online data code [tps00066](#)).

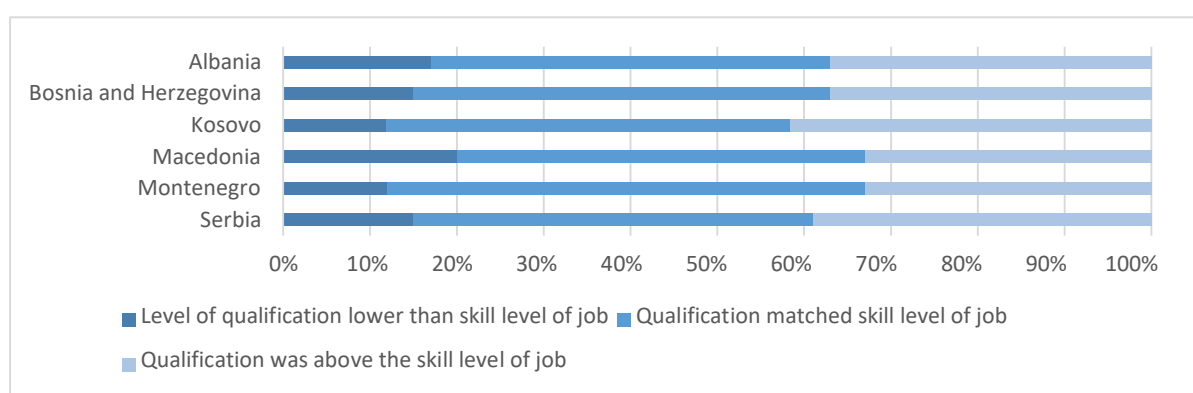
and Herzegovina 3.2 times, in Albania 3.0 times, in Serbia 2.7 times, in Kosovo 2.6 times and in Montenegro 1.8 times as high as in the EU-28 countries.

On the other hand, the employment rate of recent HE graduates vary from 39.7% in Kosovo to 66.3% in Montenegro. However, it remains lower than employment rate of all HE graduates in all countries.

Rapid structural changes have resulted in skills mismatches across the countries. This emerged mainly due to expansion of services, which have taken significant place of agriculture and industry. The weak links between the education systems and labour markets is not unusual, since expansion of demand for new skills has often take place more rapidly than education system has been able to adapt⁴⁷.

The graduate survey shows that in the entire Western Balkan region, only 48% of graduates matched the skill level of their job, 15% are unqualified and 37% are over-qualified. These results may indicate the level of nepotism in recruitment⁴⁸, another critical issue to which the region is not resistant.

Figure 8: Vertical matching: whether qualification level matched the requirements of the job (%)⁴⁹



The highest level of graduates in vertically well-matched jobs is in Montenegro. The most critical situation is in Macedonia, as one fifth of graduates is in a job which requires a higher level of qualification. Also, in Kosovo just under half of graduates reported their qualification as higher than needed for their workplace.

However, it is important to note that well-matched graduates have higher initial earning than mismatched ones⁵⁰.

Available data shows the similar pattern in Croatia – 57% are well-matched, 23% over-qualified and 7% underqualified⁵¹.

Additionally, the data show that at least one third of graduates in each Western Balkan country work outside their type/field of education. The average of the horizontally mismatched in the region is 34%.

⁴⁷ Will Bartlett et al., *ibid.*, page 48.

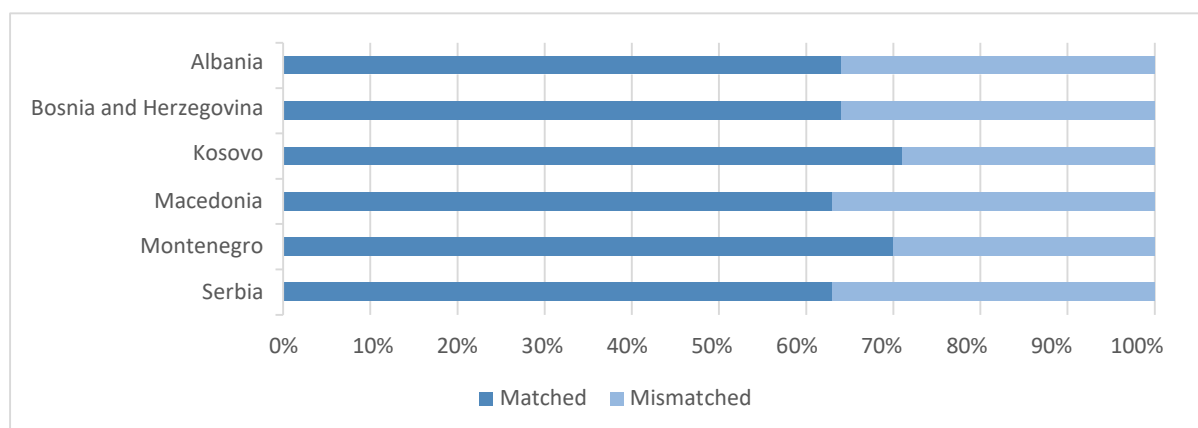
⁴⁸ *ibid.*, page 52.

⁴⁹ *ibid.*

⁵⁰ *ibid.*

⁵¹ Predrag Bejakovic, *Skills mismatches and anticipation of the future labour market need: Case of Croatia*, Institute of Public Finance, Zagreb, Croatia. Available at: <https://goo.gl/WxWFzN>. Accessed: 10.11.2017.

Figure 9: Proportion of graduates horizontally matched in Western Balkan countries (%)⁵²



The highest level of horizontal mismatch is reported in Macedonia and Serbia.

Following the data from the below forecast, in both 2015 and 2018 the actual demand of graduates is below the overall supply in 2014. In such case, the surplus would decrease in 2018. If that level of supply from 2014 was constant, the supply of graduates would be more than adequate for projected demand in 2018⁵³.

Table 17: Annual new demand and supply of graduates by field of study⁵⁴

Field of study	Demand		Supply		Surplus/Shortage
	2015	2018	2014	2018	
Education	4,490	6,796	11,881	5,086	
Arts & Humanities	4,367	6,542	13,051	6,509	
Social Sciences, Journalism & Information	9,978	14,957	16,591	1,634	
Business, Administration & Law	16,355	24,283	33,348	9,066	
Natural Sciences, Mathematics & Statistics	6,189	9,189	6,010	-3,179	
Information & Communication Technologies	3,970	5,973	6,401	427	
Engineering, Manufacturing & Construction	5,934	9,098	15,249	6,151	
Agriculture, Forestry, Fisheries & Veterinary	1,032	1,645	3,257	1,612	
Health & Welfare	4,122	6,516	13,191	6,675	
Services	2,443	3,607	6,718	3,111	
Total	58,880	88,605	125,697	37,092	

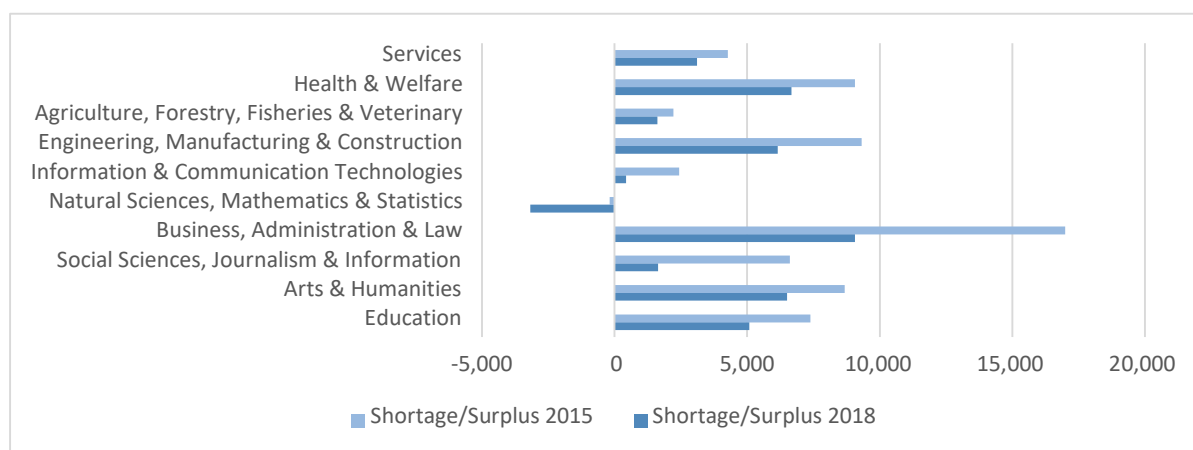
According to projections, the only shortage in 2015 could emerge in the field of Natural Sciences, Mathematics & Statistics. In 2018 an ever-higher shortage is projected, while the surplus in the field of Information and Communication Statistics is very low.

⁵² Will Bartlett et al., *ibid.*, page 49.

⁵³ *ibid.*, page 37.

⁵⁴ *ibid.*

Figure 10: Surpluses and shortages of graduates by field of study, 2015 and 2018⁵⁵



Finally, total public spending on education is below the EU level. Compared to 5.3% average in the EU, in 2015 public spending on education in Bosnia and Herzegovina was at some 5% of GDP, 4.7% in Croatia, 4.4% in Greece, 4.2% in Montenegro, 3.9% in Kosovo and less than 3% in Albania⁵⁶.

Employment policies – brief overview

Employment policies in the selected countries have gone through different phases of development. National legislation has to been modified and new strategies and programmes have been adopted, but their effectiveness is still questionable.

Albania is currently implementing the Strategy on development of pre-university education 2014-2020 and the Strategy for employment and skills 2014-2020. The major obstacle for effectively implementing a number of measures regarding jobs and skills strategy is the lack of a modernised VET legal framework⁵⁷. The European Commission has recommended extending employment and VET services to rural areas and the most vulnerable groups.

Bosnia and Herzegovina adopted new labour laws, with implementing legislation. Its national strategic framework entails the Action Plan for the Development and Implementation of the Qualifications Framework in Bosnia and Herzegovina for the period 2014 – 2020, Priorities for 2016 – 2026 Higher Education Development and Strategic Platform for the Development of Adult Education in the Context of the Lifelong Learning for the 2014 – 2020 period. In this country, ALMPs have not been effectively implemented and, as recommended by European Commission, additional capacity and financing are needed to stimulate people to actively search for jobs⁵⁸.

Even though Croatia has taken some steps combating long term unemployment, there is no policy focus observed on bringing more people into the labour market. No reforms have been made

⁵⁵ *Ibid.*, page 38.

⁵⁶ Source: Progress reports and European Commission, Education and Training Monitor 2016, for Croatia (page 2) /Greece (page 1). Available at: <https://goo.gl/eoHFRR>, <https://goo.gl/Au3oo2>. Accessed: 10.11.2017.

⁵⁷ European Commission, Albania 2016 Report, Brussels, 2016, page 78. Available at: <https://goo.gl/q6Bq5d>. Accessed: 09.11.2017.

⁵⁸ European Commission, Bosnia and Herzegovina 2016 Report, Brussels, 2016, page 49. Available at: <https://goo.gl/a9LUqp>. Accessed: 09.11.2017.

regarding a wage setting framework, postponing the adoption of new legislation until 2019⁵⁹. In 2014 guidelines were adopted for Development and Implementation of Active Employment Policy in the Republic of Croatia for the 2015 - 2017 period. The strategy for education, science and technology adopted in 2015 prescribed very comprehensive curriculum reform.

Greece has been implementing various labour market reforms in order to provide more flexibility. The employment sector strategy 2015-2020 and the 2017-2018 action plan in Kosovo need to be adopted and implemented, as recommended by European Commission, focusing on youth unemployment and active labour market measures. Also, Kosovo still needs to amend labour law.

Macedonia regulated parental leave and fines for not complying with the Law on minimal wages, by adopting the amendments to labour law⁶⁰. The Employment Strategy for the period 2016-2020 is adopted, with main the priorities being tackling employment policies with a focus on vulnerable groups, education and training of human capital, business environment and competitiveness. Macedonia is currently implementing a comprehensive Educational strategy 2016-2020.

In 2015, Montenegro adopted a National Strategy for Employment and Development of human resources development for the 2016-2020 period. The Strategy's priorities entail increasing employment and reducing the unemployment rate, effective functioning of the labour market, improving qualifications and competencies in line with labour market needs and promoting social inclusion and reducing poverty. Montenegro has also adopted a Strategy for the Development of Higher Education 2016 – 2020, planning harmonisation between labour markets and education.

In Serbia, progress has been made by the completion of the process of development of the Employment and Social Reform Programme. It entails labour market and employment, human capital and skills, social inclusion, pension and health care system.

Regional cooperation

Different regional initiatives and programmes have been developed in the course of EU integrations of countries. Even though regional cooperation is in the best interests of all countries, leading to regional stability and joint benefits, it is a part of international, rather than regional efforts.

Today, there are a number of regional policies, strategies, initiatives and programmes for very different fields aiming to developing, sharing, promoting and enhancing best practices among countries.

There are regional initiatives giving many incentives for fostering regional cooperation between the countries, such as the Western Balkan Six initiative (Berlin Process), launched in 2014. The fourth summit of the leaders of the Western Balkans in Trieste was concluded with signing Transport Community Treaty, opening new opportunities for connections. Additionally, it resulted in the adoption of the multi-annual action plan on regional economic space which includes trade, investment, mobility and digital integration.

⁵⁹ European Commission, Country Report Croatia 2017, Brussels, 2017, page 34-35. Available at: <https://goo.gl/AMFh5A>. Accessed: 21.11.2017.

⁶⁰ European Commission, The former Yugoslav Republic of Macedonia 2016 Report, Brussels, 2016, page 50. Available at: <https://goo.gl/LS8wya>. Accessed: 09.11.2017.

Table 18: Regional initiatives and programmes

Regional Initiatives/ Programmes	A brief overview
ERI SEE – Education Reform Initiative of South Eastern Europe	<p>The Education Reform Initiative of South Eastern Europe (ERI SEE) is a regional platform for cooperation in the field of education and training. It supports national reforms in education and training through regional capacity building, transfer of know-how and linking these efforts to European frameworks for education development (the EU Work Programme ‘Education and Training 2010’, the Bologna and the Copenhagen Processes). Promoting cooperation between the education and research sectors in South Eastern Europe (SEE) is a priority as well. ERI SEE also addresses more global developments in education and training (the World Declaration on Education for All and the Dakar Framework for Action, as well as the education objectives of the Millennium Development Goals). Further information can be found on: http://www.erisee.org/node/142.</p>
CPESSEC – Centre of Public Employment Services of South East European countries	<p>Centre of Public Employment Services of South East European countries (CPESSEC) is a regional non-profit organisation that freely unites national public institutions or government departments responsible for implementation of labour market policies or for manpower management. CPESSEC organises a wide variety of activities and projects. Further information can be found on: http://www.cpessec.org.</p>
RCC – Regional Council for Cooperation	<p>The Regional Cooperation Council (RCC) is an all-inclusive, regionally owned and led cooperation framework. This framework engages RCC participants from the South East Europe (SEE), members of the international community and donors on subjects which are important and of interest to the SEE, with a view to promoting and advancing the European and Euro- Atlantic integration of the region. In partnership with the Directorate General (DG) for Employment, Social Affairs and Inclusion, RCC has established a structured regional Employment and Social Affairs Platform (ESAP). The ESAP provides demand driven support to the national administration to effectively design, implement and monitor the implementation of national employment and labour market strategies, policies, measures and instruments. Central European Free Trade Agreement Structures (CEFTA), Education Reform Initiative of South Eastern Europe (ERISEE) and Social Agenda Working Group (SAWG) have formed a Joint Working Group on Professional Qualifications (JWGMRPQ) which operates under the auspices of RCC. The JWGMRPQ aims to facilitate negotiations for mutual recognition agreements of professional qualifications of mutual interest to the region; works towards enhancing transparency of national and regional arrangements on recognition of professional qualifications; and aims to enhance regional data exchange on the mobility of professionals. Further information can be found on: http://www.rcc.int.</p>
SEE CEL – South East European Centre for Entrepreneurial Learning	<p>The South East European Centre for Entrepreneurial Learning (SEE CEL) is an independent, non-profit institution. The main pillars of activities are: development of the entrepreneurial learning as a key competence at the following levels of education; ISCED 1, ISCED 2, ISCED 3 and ISCED 5&6; enterprise-driven Training Needs Analysis (TNA) for the existing entrepreneurs with special focus on Women Entrepreneurs (WETNAS); supporting development of policies and promotion of best policy practices in women entrepreneurship in line with the Small Business Act for Europe and capacity building of national and regional women entrepreneur's networks & associations; Dissemination and promotion of good policies and good practice examples (Information Gateway and Community of Practice). Further information can be found on: http://www.seecel.hr.</p>
<p>The Western Balkans’ Berlin process</p>	<p>Consisting of yearly high-level meetings between the six Western Balkan governments and several EU Member States between 2014 and 2018, the Western Balkans’ Berlin process aims to reaffirm the region's EU perspective by improving cooperation and economic stability within it. Connectivity is an important aspect of this process, with investment in infrastructure being seen as a means for creating jobs, business opportunities and other benefits. Creating high-level political connections, reconciling societies by stimulating youth exchange and education projects, and resolving outstanding bilateral disputes, while ensuring civil society participation in the whole process, are other significant aspects of this initiative. The Berlin process enjoys the support of the region and the EU alike, as an initiative bringing a new perspective and impetus to the enlargement process⁶¹.</p>

⁶¹ Lilyanova, Velina, Briefing “The Western Balkans' Berlin process: A new impulse for regional cooperation”, 04.07.2016. Available at: <https://goo.gl/kUjDif>. Accessed: 21.11.2016.
[http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI\(2016\)586602](http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI(2016)586602)

[Western Balkans Platform on Education and Training](#)

The Platform encourages regional cooperation and communication, sharing of good practices in the region and the EU and pooling of resources. It also provides follow-up in terms of joint projects, studies and events. The longer-term perspective of the policy dialogue is to assist the Western Balkans with their reform efforts and prepare them for EU Membership responsibilities including full participation in the EU's education programmes. Further information can be found on: https://ec.europa.eu/education/policy/international-cooperation/western-balkans_en.

How to overcome the challenges?

This overview of human capital and labour markets among selected countries may itself lead to joint general recommendations.

Authorities must show greater efforts to respond to EU 2020 Strategy and reach its targets.

There is a need for enhancing the business environment by strategically planning and developing both labour and educational governance. In other words, legislative, policy and institutional action is required. Thus, broader commitment for effective implementation of already undertaken actions is needed. It must be supported by strong political will and adequate resources.

Public expenditure on ALMPs need to be increased together with improving public employment services.

Authorities need to dedicate to in-depth labour market analysis following with appropriate policy actions and measures. Recent structural changes require better adjusting.

Countries need to undertake and foster incentives to attract more people to enter and remain in the labour market. Combatting unemployment requires new measures and programmes. Authorities need to provide equal opportunities for men and women, as well as support in job searching, especially for youth.

Stronger efforts are needed for reducing informal employment, through consistent controls and fines, but also new incentives to informal employers.

In order to harmonise the connections between labour market and education system, better communication between these sectors is required.

Authorities need to devote more resources for human capital development, education and training. In order to strengthen competitiveness, educational systems should be further improved, by increasing public expenditure on education and its quality. This should include modernising educational institutions, comprehensive curriculum reform, introducing new technologies. Programmes for improving lifelong learning and professional development need to take place.

Additionally, authorities need to tackle corruption, especially in higher education.

Networking and connecting with national and regional business and educational actors need to be further fostered, as this will boost policy learning and economic development of the countries.

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Center for Democratic Transition

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CDT works in five main program areas: Elections and Electoral System, Good Governance, Civil Society, Montenegro and EU, and Montenegro and NATO.

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About The Balkan Forum

The Balkan Forum is a regional, cross-sectoral platform that aims to create a new vision for the Balkans through sustainable cross-border dialogue on economic development, democratic values and the rule of law.

Our positive vision is built on the common values of hospitality, solidarity, and generosity. We commit to celebrating ethnic, religious, and cultural diversity, aiming to regenerate interaction and catalyze stronger relationships among the Balkan countries; and to create a stable platform of regular communication and cooperation.

Our geographic focus is Albania, Bosnia and Herzegovina, Croatia, Greece, Kosovo, Macedonia, Montenegro and Serbia.

The following four broad thematic areas, which have been identified as having a special dynamic in the Balkan region; thus, presenting great opportunities for cooperation and joint development - form the framework of The Balkan Forum initiative: (1) Education, (2) Energy and Environment, (3) Tourism and Infrastructure Development, (4) Human Capital and Labor Market

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