

# SEE→2030 STRATEGY

## STATE OF PLAY

— THIRD ANNUAL INTERIM IMPLEMENTATION REPORT —



RegionalCooperationCouncil

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# INTRODUCTION

The Third Annual Interim Report on Implementation of the South East Europe (SEE) 2030 Strategy covers the period from 1 June 2023 to 31 December 2024, in accordance with the monitoring cycle adopted by the SEE 2030 Monitoring Committee.

Following the previous two such reports, the current report provides an overview and assesses the state-of-play of regional efforts towards meeting the UN Sustainable Development Goals (SDGs). Its findings are meant to help the SEE region calibrate its efforts to achieve sustainable economic growth, reduce poverty and inequality, improve social inclusion, empower women, decelerate depopulation, enhance the overall quality of life for citizens, and accelerate the green and digital transition while strengthening competitiveness and private sector development.

Given the poly-crisis hitting the world, with a barrage of multidimensional and interconnected crises succeeding and reinforcing one another, the main theme of this year's report is "human security", which shifts the focus from traditional, territorially-defined security to the level of individual citizen and the multitude of factors related to the economy, society, environment and governance that determine citizen's life, livelihood and overall sense of security (see more detailed definition in the corresponding section below). Connected to this is the concept of resilience, i.e. the ability of a person or system, institution or society to resist, absorb, adapt to, transform and recover on time from the effects of a significant shock or crisis that impacts it. Further to this broad definition, the concept of resilience adopted here signifies "the ability not only to withstand and cope with challenges but also to undergo transitions, in a sustainable, fair, and democratic manner",<sup>1</sup> a definition already used in the preparation of the Second Interim Report.<sup>2</sup>

The SEE 2030 Strategy provides a unique framework for regional implementation of UN SDGs. It foresees holistic cooperation at the regional level through a defined and by now successfully tested governance structure. From the level of individuals and local communities to that of SEE economies and of the region as a whole, resilience is a common thread that cuts across the implementation of all SDGs. As such, it is worth being studied more closely, for deeper understanding and better responses by all entities at all levels of governance. A robust regional partnership owned locally and interlinked with international structures and organisations is a sine qua non requirement for success in all such efforts.

## Objective of the Annual Interim Report

This interim report seeks to provide the SEE 2030 Strategy Monitoring Committee (MC) an overview of both progress and challenges in the implementation of SEE 2030 Strategy during the reporting period. For the purposes of accuracy and objectivity, the report often relies on data provided by the respected external sources, as indicated throughout Chapter 1 below. The report assesses the

1 [https://joint-research-centre.ec.europa.eu/scientific-activities-z/resilience\\_en](https://joint-research-centre.ec.europa.eu/scientific-activities-z/resilience_en)

2 See [Second Interim Report](#)

developments over the preceding eighteen months as either positive or negative based on their relative contribution to the strengthening of human security and the resilience of economies, societies and individuals of SEE region.

Chapter 1 presents key developments in the reporting period through the prism of human security, defined specifically within the context of South East Europe. Special attention is paid to measuring human security and human development in SEE region. Additionally, the first chapter briefly discusses the limitations of income-oriented indicators for measuring the economic development of SEE economies in particular and the global economy more broadly.

The second topic highlighted under Chapter 1 is disaster preparedness, prevention, response, and socio-economic impact. Here, particular attention is devoted to the need to enhance regional cooperation in regional risk-sharing mechanisms that may potentially involve the insurance sector of the SEE region. The third highlight under the subject chapter is the “just” digital transition as a pillar of inclusive growth; and demographics / human capital. The chapter concludes with an overview of SDGs implementation in SEE in connection to the SEE 2030 Strategy.

Chapter 2 addresses the overall status of SEE 2030 Strategy implementation process, providing a brief summary of the activities undertaken by the Regional Cooperation Council (RCC) in support of the process. It also briefly presents the RCC’s budget execution for SEE2030 in the reporting period and outlines budget planning for the next implementation period.

Chapter 3 analyses inputs from SEECF Participants in response to a set of questions on the resilience of their economies, challenges in SDG implementation, and the role of regional cooperation. The report concludes with a set of recommendations relating to the monitoring and implementation of SEE 2030 Strategy.

## Procedural Note

*As part of the inclusive procedures of the RCC, the Third Annual Interim Implementation Report is shared with the members of the Monitoring Committee and other stakeholders for their comments, before being endorsed by the SEE2030 Monitoring Committee through a written procedure in December 2024. The report is submitted for the approval of the RCC Board. Its highlights will be reported to the SEECF Leaders for their consideration at their Summit in June 2025. The process of preparing the report also contributes to the first comprehensive review and update of the SEE 2030 Strategy, which is in progress in parallel and is expected to be completed in mid-2025.*

# CHAPTER 1: KEY DEVELOPMENTS

## Human security

### Introduction to Human Security in the context of the Anthropocene

Human security is a concept that has been popularised through the [Human Development Report 1994](#) of the United Nations Development Programme (UNDP). It is a broad concept that shifts the focus from traditional territorial security to the safety and well-being of individuals. **Human security is not incompatible with traditional security; rather, it** complements the traditional understanding of security by helping public authorities to “identify and address widespread and cross-cutting challenges to the survival, livelihood, and dignity of their people.”<sup>3</sup> It is also closely linked to human rights and development, and in that way to the realisation of the 2030 Agenda, Sustainable Development Goals (SDGs) and, by extension, SEE2030 Strategy.

The combination of external threats, structural weaknesses and everyday struggles that citizens experience in their daily lives leads to a heightened sense of insecurity for many people. This is a global phenomenon, as highlighted in the UNDP’s [2022 Special Report on Human Security](#). The report also documented the significant worldwide impact of the Covid-19 pandemic. Alongside issues like **food insecurity, job insecurity, persecution and corruption, health-related risks** have become increasingly prominent in people’s sense of security due to the pandemic. Ensuring a life “free from want, free from fear and free from indignity” for individuals and communities, which lies at the heart of human security,<sup>4</sup> now encompasses several new dimensions.

Our era, known as the Anthropocene, is marked by a series of multidimensional and interconnected crises (a “poly-crisis”) resulting from or exacerbated by large-scale human interference with planetary processes. This is intensely exemplified by the risks associated with **climate change** that leads to natural disasters and broader disruptions in social and economic systems. Additionally, the accelerating pace of **digital transformation, energy poverty, economic instability** and widening **inequalities** also threaten human lives and livelihoods, further heightening the sense of insecurity. A notable aspect of our time is the “human development–human security disconnect” with the perceptions of insecurity rising even in societies with high levels of human development. More than 6 in 7 people worldwide felt moderately or very insecure already before the outbreak

3 Quote from UN General Assembly [Resolution 66/290](#) of 10 September 2012, which also calls for “people-centred, comprehensive, context-specific and prevention-oriented responses that strengthen the protection and empowerment of all people.”

4 New Threats to Human Security in the Anthropocene: Demanding Greater Solidarity, 2022 Special Report on Human Security, UNDP, New York 2022, p. 15 – simplified to “SRHS” for future references – see <https://hdr.undp.org/system/files/documents/srhs2022.pdf>

of the Covid-19 pandemic.<sup>5</sup> Both human development measurements and human security perceptions dropped as a result of the pandemic.<sup>6</sup>

## Human security in South East Europe

Human security in South East Europe must be **considered within** the broader context of the Anthropocene and poly-crisis the world is currently facing. As in other parts of the globe, objective progress in human development and well-being, along with subjective perceptions of security, are intertwined and ultimately shaped by a variety of factors, some external to the region and some internal.

Amongst the external factors are the two major wars currently raging to the region's northeast and southeast vicinity, in Ukraine and the Middle East, respectively. These wars and their repercussions influence access to and the affordability of basic necessities like food and energy. The impacts of Covid-19 pandemic are still being felt through a gradual and incomplete recovery of health, education and economic systems that were previously battered by the pandemic and the response to it. **Climate change** is increasingly affecting lives and livelihoods through extreme weather events and subsequent natural disasters, but also through its impact on **food security, biodiversity, poverty, and migration**. Rapidly advancing digitalisation raises urgent issues of personal data protection and cyber security, while exacerbating the divide between those with digital literacy and high-speed access, and those without.

Internal factors shaping human security in SEE region span social, economic, environmental and governance dimensions and their complex interplay. They include unemployment, especially **youth unemployment, increasing cost of living with relatively low wages, and the inadequacy of healthcare and social protection systems**, such as pensions and disability benefits. Additionally, people's low trust in institutions and their perceptions of the width of corruption in their economies are of significant concern.<sup>7</sup>

## Measuring human security perceptions in SEE

Although no comprehensive reports or indicators are available to assess human security in all of South East Europe, the annual *SecuriMeter* provides valuable insights into the human security landscape in the Western Balkans sub-region of the SEE region. According to the latest *SecuriMeter*<sup>8</sup> findings, while 51.7% of Western Balkan citizens consider the economy where they live a secure place to live in, only 38.9% see the Western Balkans as a region a secure living place. Thus, it could be observed that the respondents have much lower confidence over the security conditions in their neighbouring economies than their own. This finding aligns with the relevant academic literature as people tend to feel less safe in entities which are farther from themselves. Concerns about potential

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5 <https://www.undp.org/press-releases/6-7-people-worldwide-plagued-feelings-insecurity-reports-un-development-programme>

6 SRHS, pp. 3-6.

7 See the region's ratings in indices like Transparency International's Corruption Perceptions Index (CPI) – <https://www.transparency.org/en/cpi/2023> and the World Happiness Report, which covers people's perception of their wellbeing / life evaluation – <https://worldhappiness.report/ed/2024/happiness-of-the-younger-the-older-and-those-in-between/#ranking-of-happiness-2021-2023>

8 SecuriMeter 2024. Regional Cooperation Council | SecuriMeter2023–Public Opinion Survey on Security (rcc.int) – simplified to "SecuriMeter2024" for future references.



conflicts between the region's economies, the **spill over from the Ukraine-Russia war**, and further **ethnic conflicts** within the region are widespread. Alarmingly, the SecuriMeter2024 reveals that over one million citizens report feeling the need to conceal their ethnic, religious identity, or sexual orientation for safety reasons, and approximately 700,000 citizens can be predicted to be of a positive opinion towards carrying a weapon and thus feeling more secure.<sup>9</sup>

**Economic instability** is another pervasive concern, exacerbated since the Covid-19 pandemic. Citizens are increasingly worried about the **rising cost of living, unemployment, and the inadequacy of social systems**, such as pensions. **Corruption**, particularly high-level political corruption and the capture of government institutions by economic interests, remains a significant matter of concern, as it causes people to lose their trust in formal institutions. While bribery is reportedly declining in areas like healthcare and policing, widespread distrust in civic institutions persists, which reinforces feelings of insecurity.

Global patterns show that similar concerns as those of Western Balkan citizens are emerging worldwide. Therefore, it can be assumed that similar patterns in these concerns could also be found in the rest of SEE region even though RCC's SecuriMeter does not cover this area. The UNDP's 2022 Special Report on Human Security highlights that the Covid-19 pandemic caused major disruptions globally, while recovery has been fragile and uneven throughout the world. Institutional resilience and trust in institutions play a crucial role in the speed and consistency of this recovery across different economies.

**Extending the geographic scope of RCC's SecuriMeter** to include all SEE economies, as suggested by the RCC in its presentation on the new approach to the implementation of SEE2030<sup>10</sup> at the previous Monitoring Committee meeting, will allow the Monitoring Committee to measure the progress in human security conditions in all SEE economies through the relevant indicators that gauge people's perceptions.

## Measuring development and well-being in SEE

The role of Gross Domestic Product (GDP) and Gross National Income (GNI) as primary indicators of a country's growth is increasingly being re-evaluated to explore what alternative indicators may replace them to better reflect and monitor the global efforts on more environmental and equitable transition.

In addition, both indicators have substantial limitations in quantifying economy's wealth and capital in diverse forms such as social capital, natural capital, or human capital formations. Most of those capital types are not as easily quantifiable as an economy's financial capital. The indiscriminate adding up of economic transactions under the GDP/GNI regime is therefore no longer seen as a reliable reflection of the long-term performance, sustainability, and resilience of an economy, and of the polity, society and natural environment constituting an integrated socio-economic unit.

As stated in the UN Secretary-General's Policy Brief tellingly titled "Valuing What Counts: Framework to Progress Beyond Gross Domestic Product": "...a harmful anachronism exists at the heart of global policymaking, which is that our economic models and measurements overlook many aspects that

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9 SecuriMeter 2024, p.5.

10 SEE2030 Monitoring Committee Meeting Document on New Approach to the Implementation of SEE2030 and Remedial Actions for Human Resource and Financial Capacity Constraints Confronted, 10 November 2023



sustain life and contribute to human well-being, while perversely placing disproportionate value on activities that deplete the planet.”<sup>11</sup>

It is difficult to change the established habits, especially when GDP as an indicator is so deeply entrenched in the running of the world economy and in the epistemology of policy-makers, business people and economists alike. Nonetheless, the process has started, quoting the UN Secretary-General’s Policy Brief again: “not to replace gross domestic product but to outline a path to develop complementary metrics in which what matters to people, the planet and the future is more fully recognised.”<sup>12</sup> The call of the Secretary-General, and of many others over the years, was heard by UN Member States. The Summit of the Future outcome the Pact for the Future that was adopted on 22 September 2024 included Action 53 (out of a total of 56 Actions) that states: “We will develop a framework on measures of progress on sustainable development to complement and go beyond gross domestic product.”<sup>13</sup> Implementation will take a while, pending the establishment of “an independent high-level expert group to develop recommendations for a limited number of country-owned and universally applicable indicators of sustainable development that complement and go beyond gross domestic product” to be followed by intergovernmental negotiations on those recommendations.<sup>14</sup> In this regard, regional organisations may effectively bridge the gap between global consultations, such as those surrounding GDP and GNI, and the local realities of diverse regions. By acting as conduits, these organisations can regionalise global-level discussions, capturing and articulating the unique feedback and positions of stakeholders within their regions. This feedback, grounded in the specific needs and sensitivities of each economy, can then be conveyed to global forums, ensuring that international economic policies and measuring indicators such as the ones which may replace or adjust GDP/GDI remain informed by a diversity of perspectives.

In the meantime, the wider use of indices measuring economic development containing more people-inclusive and equality-sensitive indicators or the development of new ones to respond to specific policy needs may supplement GDP in economic discourse and policy-making. Examples of such indices at a global scale include UNDP’s Human Development Index and its other indices for human development (i.e. Multidimensional Poverty Index- MPI, Inequality-adjusted Human Development Index – IHDI, Gender Inequality Index – GII, Gender Development Index – GDI, Planetary pressures-adjusted Human Development Index – PHDI, and Gender Social Norms Index – GSNI), UNCTAD’s Inclusive Growth Index and OECD’s Better Life Index which can be given as examples to those attempts at a global scale. There is also the Gini Coefficient that measures inequality within economies and by extension the level of their inclusiveness.<sup>15</sup> However, each index

11 “Valuing What Counts: Framework to Progress Beyond Gross Domestic Product”, Our Common Agenda, Policy Brief 4, United Nations, New York, May 2023, p. 2 – see <https://www.un.org/sites/un2.un.org/files/our-common-agenda-policy-brief-beyond-gross-domestic-product-en.pdf>

12 Ibid.

13 See UN General Assembly Resolution A/RES/79/1 of 22 September 2024 entitled “The Pact for the Future”, para. 81 – <https://documents.un.org/doc/undoc/gen/n24/272/22/pdf/n2427222.pdf>

14 Ibid.

15 **Human Development Index (HDI)** values are taken from the latest UNDP Human Development Report – <https://hdr.undp.org/content/human-development-report-2023-24>. **Better Life Index** <https://www.oecdbetterlifeindex.org/>. **Gross National Happiness Index** <https://sdgs.un.org/partnerships/gross-national-happiness-index>. **Gini Coefficient values** <https://ourworldindata.org/grapher/economic-inequality-gini-index?tab=table>. **Inclusive Growth Index** <https://unctadstat.unctad.org/datacentre/dataviewer/US.InclusiveGrowth> RCC Inclusive Growth Index Final Technical Report – the approval of SEE economies is pending

has its own policy objectives being shaped by the global scale priorities and may not necessarily address the specific needs and challenges of the regions.

A comparison is made in the below graphs between EU 22, SEE EU Member States, and SEE non-EU economies by visualising the longitudinal performance of each group in Gross National Income per capita, Inequality-adjusted HDI, and Planetary pressures-adjusted HDI scores. Via the below visual it aims to provide a quick snapshot of how each subregional group (i.e. EU 22, SEE EU, and SEE non-EU) has delivered before or after the pandemic, and of the current state of play regarding convergence between each of them by income per capita but also by human development scores adjusted for inequalities and planetary pressures.

According to RCC's opinion, the graphs below illustrate a distinct parallelism in income/GNI per capita development trends across each subregional group, underscoring the economic and trade connectivity amongst them. However, this convergence pattern does not extend to the other two metrics: the Inequality-adjusted Human Development Index (IHDI) and Planetary pressures-adjusted Human Development Index (PHDI). Both indicators reveal that the socioeconomic impacts of COVID-19 on the South East Europe subregional groups are significantly more severe than on the EU-22 group, with a markedly slower pace of post-pandemic recovery in the SEE region.

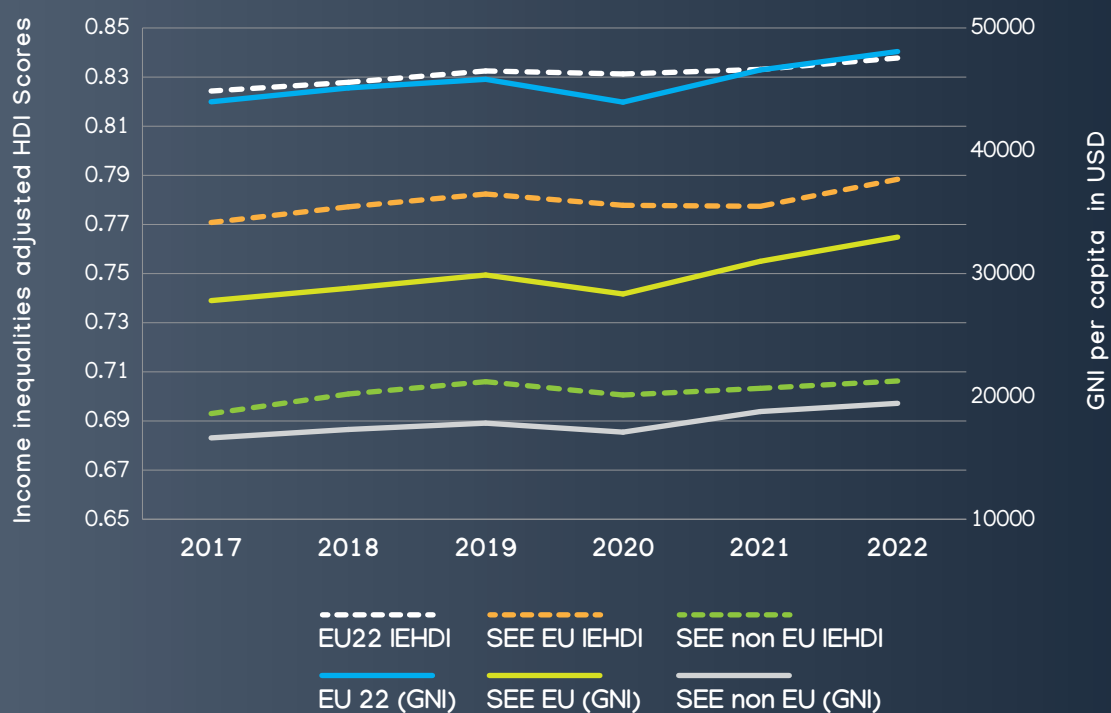
While overall economic growth at the macro level may signal broad progress, it does not adequately capture income distribution across demographic groups or quantify the environmental externalities associated with growth. Socioeconomic convergence remains particularly challenging between the SEE non-EU economies and the EU groups (i.e. EU 22 and SEE EU), suggesting that convergence in equitable/inclusive economic growth will take considerably more time.

Interestingly, the disparity in PHDI values between the SEE-EU and EU-22 groups is relatively smaller, but this convergence results not from substantial improvements in the SEE-EU's PHDI but from downward adjustments in the EU-22's index due to the inertia in environmental transition in the latter and the environmental externalities of human development in the EU 22. Meanwhile, the divergence between SEE non-EU and EU-22 remains substantial, even widened in some years, underscoring the need for intensified, targeted policies to accelerate green-adjusted human development recovery in the SEE non-EU economies in the post-pandemic period.

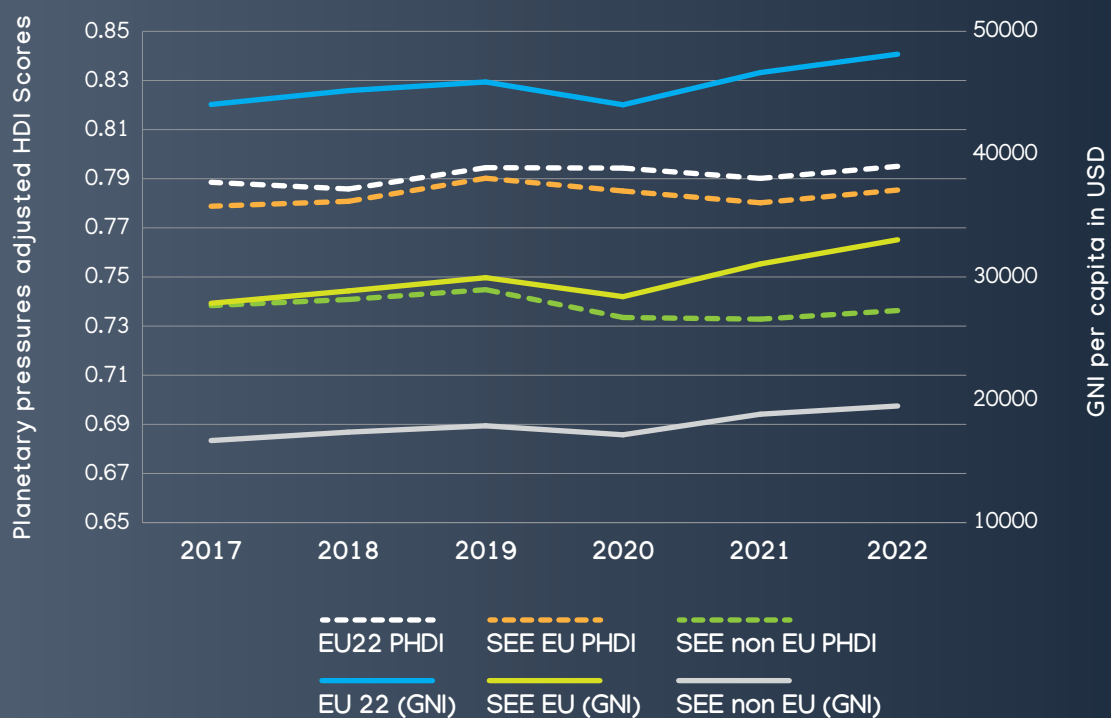
Projecting trend lines for the HDI-based indicators would likely indicate a prolonged recovery timeline for SEE non-EU economies relative to their pre-pandemic period trend. Therefore, RCC considers these insights to underscore the limitations of using income per capita as a standalone indicator for policy formulation or evaluation. These considerations do not necessarily reflect the opinion of individual SEE economies.

A multi-dimensional approach, incorporating both inequality and environmental sustainability measures, is essential for a comprehensive understanding of regional economic resilience and progress.

### GNI per capita vs Income inequalities adjusted human development index score



### GNI per capita vs Planetary pressures adjusted human development index score



Source: UNDP <https://hdr.undp.org/data-center/documentation-and-downloads>

Moreover, many indicators in traditional economic metrics fail to take into account some of the critical aspects of inclusive development, such as **universal health coverage and access to health services**. Universal health coverage ensures everyone has access to the health services they need without suffering financial hardship. Access to health care is not only a fundamental human right but also a key factor in reducing inequality, enhancing productivity, and improving quality of life. In SEE, where social protection systems are still developing, gaps in health coverage remain significant. Economies with more inclusive health systems tend to rank higher on indices measuring well-being and social equality, as universal access to health services correlates with lower poverty rates and greater social mobility.<sup>16</sup>

Access to health services directly influences many of the broader metrics of well-being, including the HDI, which accounts for life expectancy and health outcomes. Economies that have made strides in providing comprehensive health insurance have shown improvements in these indices. In contrast, economies where large sections of the population remain uninsured or underinsured face higher risks of social and economic disparities through greater catastrophic out-of-pocket health spending, and poorer health outcomes exacerbating inequalities. This is a challenge for the majority of SEE economies.<sup>17</sup>

**Universal health insurance systems** therefore play a crucial role in **resilience** to economic shocks and natural disasters. The Covid-19 pandemic demonstrated the importance of robust health care systems and universal coverage in buffering the socio-economic impacts of health crises. In the context of South East Europe, where economic volatility and natural disasters pose ongoing risks, improving access to health services is fundamental to building inclusive, sustainable growth.

It is clear from the above information that different indices rate different aspects of each economy's performance and provide different insights to policymakers. It is up to the latter to choose to act on improving one or the other indicator, on the basis of the main priorities of their economies and societies.

It is one of the main reasons why RCC has launched its efforts to construct an index to measure the inclusive growth performance of SEE region. None of the available indices includes depopulation and the quality of life drivers of emigration into their contents. For the SEE region, depopulation and depletion of its human capital are common challenges. Income-centric indicators and regional policy initiatives aiming to promote income development-centric monitoring mechanisms to measure the economies' performances may not respond to those challenges exhaustively.

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 16 See World Health Organization, *Tracking Universal Health Coverage: 2023 Global Monitoring Report*, World Health Organization and World Bank, ISBN (WHO) 978-92-4-008037-9, 18 September 2023, pg 59-66.

17 Ibid., 59-66.



Source: RCC Inclusive Growth Index (Draft report)

That is why the technical work on SEE Inclusive Growth Index<sup>18</sup> (IGI) started in late 2023 with a view to reaching a consensus upon a state-of-the-art instrument for regional cooperation policymakers in the SEE and is planned to finish in 2025. As a side benefit, the SEE2030 Strategy would also be able to contribute to the global discussion on GDP by sharing its lessons learnt in this exercise in the UN.

## Disaster preparedness, prevention, response, and socio-economic impacts

South East Europe is facing an escalating risk of natural disasters, increasingly driven by climate change. According to the Intergovernmental Panel on Climate Change (IPCC), Europe has been heating twice as fast as the global average since 1980 and the Mediterranean region of SEE is warming 20% faster than the global average,<sup>19 20</sup> significantly increasing the likelihood of extreme weather events. European reinsurance companies have reported a marked increase in climate-related disasters such as floods, droughts and wildfires.<sup>21</sup> Notable recent incidents include the

<sup>18</sup> See Regional Cooperation Council, *South East Europe Inclusive Growth Index: Technical Report*, 2024, draft pending approval by the SEEC Participants.

<sup>19</sup> United Nations Environment Program Mediterranean Action Plan. *Fact Sheet*. <https://www.unep.org/unepmap/resources/factsheets/climate-change>.

<sup>20</sup> Copernicus: Temperatures in Europe increase more than twice global average; Europe presents a live picture of a warming world | Copernicus

<sup>21</sup> Munich Re 2023 Assessment. <https://www.munichre.com/en/company/media-relations/media-information-and-corporate-news/media-information/2024/natural-disaster-figures-2023.html>

devastating floods in several parts of the SEE region, lately in Jablanica, which caused significant damage, loss of life and economic hardship in the region.<sup>22</sup>

Between 2000 and 2020, the number of natural disasters recorded in the region more than doubled. According to the **Centre for Research on the Epidemiology of Disasters (CRED)**, floods account for the majority of these events, but wildfires and heatwaves are also becoming more frequent.

To combat these growing risks, the majority of SEE economies have adopted several key frameworks aimed at enhancing preparedness and prevention. Chief among these is the **Sendai Framework for Disaster Risk Reduction 2015-2030**, a UN-endorsed strategy to reduce disaster risk and strengthen resilience. SEE economies have committed to this framework, with at least eleven establishing National Platforms for Disaster Risk Reduction (DRR). These platforms provide multi-sectoral coordination, bringing together public, private, and civil society actors to address disaster risks.<sup>23</sup> In addition, the Paris Agreement plays a vital role in climate change mitigation, with economies across the region committed to reducing emissions and adapting to the inevitable impacts of global warming. The SEE2030 Strategy also aligns with the Sustainable Development Goals (SDGs), particularly those related to climate action (SDG 13) and sustainable cities and communities (SDG 11).

Despite frameworks for preparedness, and despite the need to urgently strengthen preparedness<sup>24</sup>, **response mechanisms** in the region vary in effectiveness. Athens and Ankara, which experience frequent natural disasters, have invested heavily in **emergency response** infrastructure; yet, even they need to ask for external assistance to tackle large-scale disasters. The latest disasters in the region reveal that many other SEE economies face challenges in mobilising sufficient resources even when much smaller-scale disasters strike. The European Union Civil Protection Mechanism is therefore crucial in coordinating disaster response, providing both financial and logistical support during large-scale emergencies including for non-EU economies. However, such broader mobilisation needs to be further buttressed with local capacity building, including the mechanisms through sharing experience, know-how and resources. The Disaster Preparedness and Prevention Initiative for South Eastern Europe (DPPI), in which ten of the SEE economies participate, has been working in this direction since its launch in 2000.<sup>25</sup>

The **economic cost of natural disasters in SEE is substantial**. The world's top reinsurance agencies, including Munich Re and Swiss Re, estimate that the cost of losses from natural disasters in Europe (including all economies of South East Europe) came to €77bn. This includes direct costs such as damage to infrastructure, property, and agricultural land, as well as indirect costs like business disruptions and reduced tourism revenues. For example, the 2023 floods in Europe, which were particularly impactful along the Adriatic coast of South East Europe alone amounted to

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22 Ibid.

23 See <https://www.preventionweb.net/sendai-framework/national-platforms> and <https://www.preventionweb.net/national-platform/albania-national-platform-0>. DRR profiles and resources on the main hazards affecting each of the SEE economies can be found at <https://www.preventionweb.net/knowledge-base/continents-countries> and <https://www.preventionweb.net/search#query=kosovo>

24 The report prepared by the former Finnish president Sauli Niinisto at the request of the President of the EC, which refers to the strengthening of European civil and military preparedness and readiness ([https://commission.europa.eu/document/5bb2881f-9e29-42f2-8b77-8739b19d047c\\_en](https://commission.europa.eu/document/5bb2881f-9e29-42f2-8b77-8739b19d047c_en)),

25 See <https://dppl.info/dppi-see/>

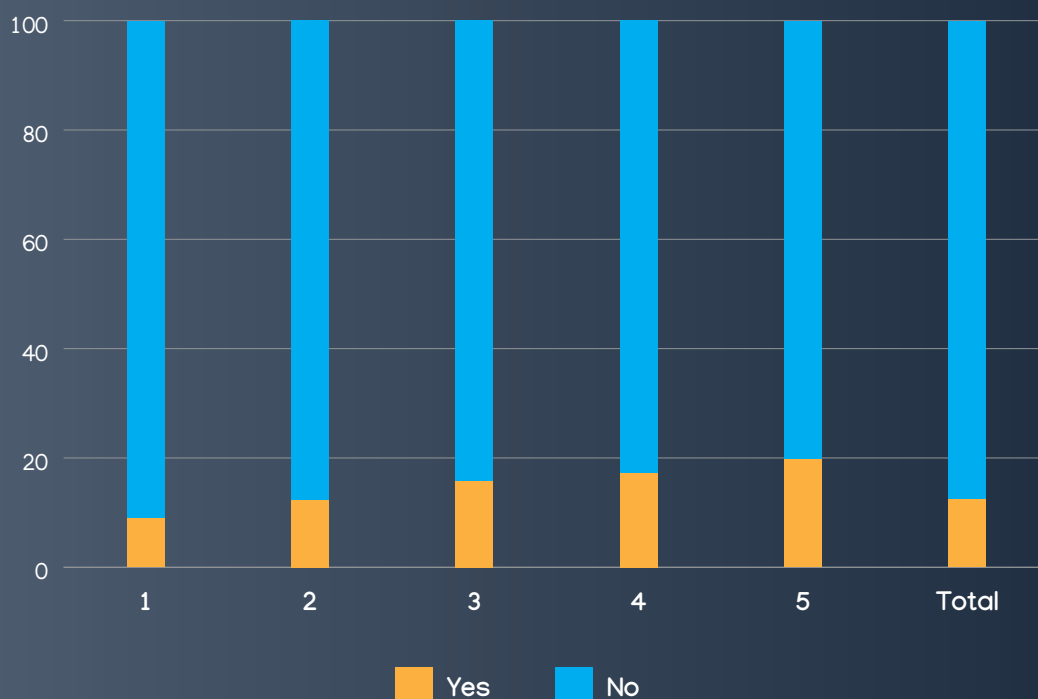
US\$ 17bn, of which only US\$ 2bn was insured. The floods are estimated to have caused over €500 million in damages for Athens alone as a SEE economy.<sup>26</sup> Meanwhile, wildfires resulted in significant costs for Athens' agricultural and tourism sectors, with estimates surpassing €1.5 billion for 2023.<sup>27</sup>

A critical challenge is the region's low insurance penetration, which exacerbates the economic impact of disasters. According to the latest RCC SecuriMeter, fewer than 12% of households in the Western Balkans region have disaster insurance policies. This already low coverage rate decreases further in line with income levels. Only 9% of households in the lowest income quintile of WB society report having disaster insurance.

### Western Balkans households having insurance policy by income quintiles (%)

(1=Lowest quintile 5=Highest quintile)

(Source: RCC's Securimeter 2024)



Source: RCC SecuriMeter 2024

According to the **European Insurance and Occupational Pensions Authority (EIOPA)**, there is a significant protection gap for natural catastrophes in the European Economic Area, where only a quarter of the losses are insured.<sup>28</sup>

26 The First report regarding post-disaster remediation of 2023 Thessaly flooding, HVA, October 2023. <https://www.government.gr/wp-content/uploads/2023/11/HVA-Fact-Finding-Mission-Report-on-Thessaly-Post-Disaster-Remediation.pdf>

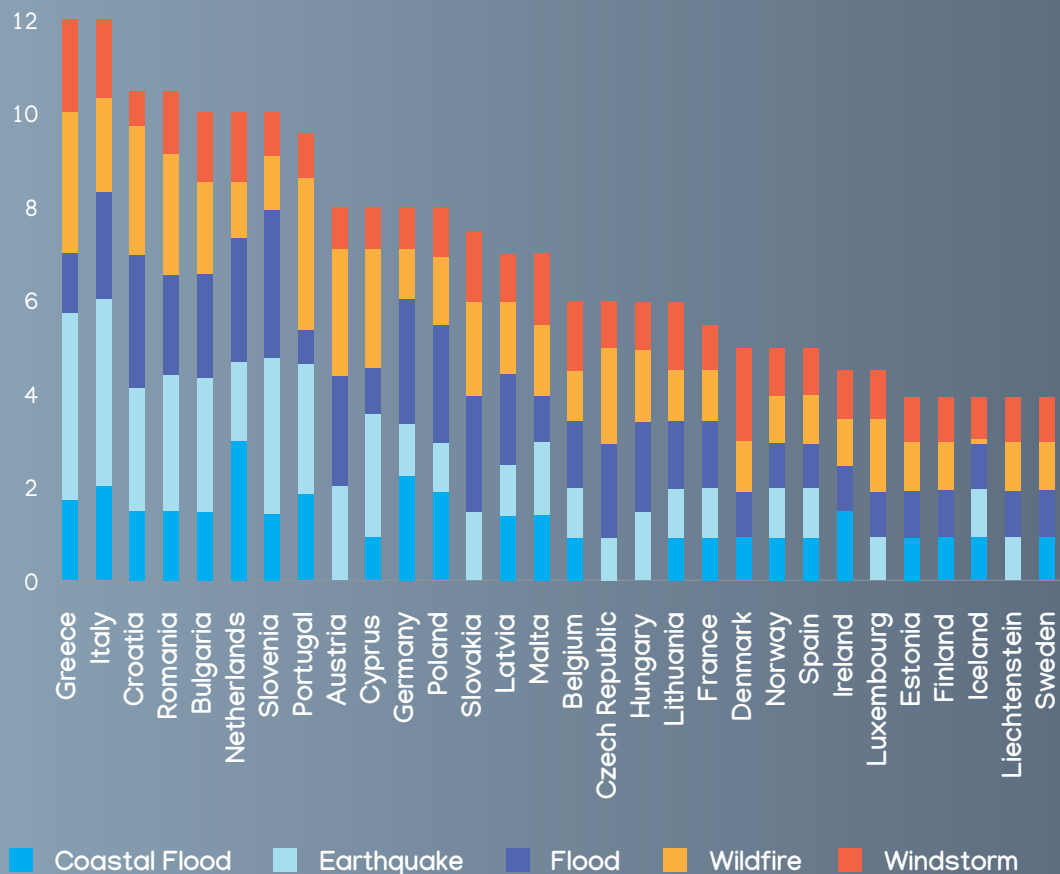
27 Scope ESG Analysis. Wildfires: Greece case study shows potential for more frequent, damaging outbreaks, 5 October 2023 - see [https://www.scopegroup.com/dam/jcr:a3c101e0-5c39-45ae-9f62-5d98e77e7e5a/Scope%20ESG\\_Wildfire%20Greece\\_case%20study\\_Oct23\\_051023.pdf](https://www.scopegroup.com/dam/jcr:a3c101e0-5c39-45ae-9f62-5d98e77e7e5a/Scope%20ESG_Wildfire%20Greece_case%20study_Oct23_051023.pdf)

28 European Insurance and Occupational Pensions Authority (EIOPA), *The supervisory duty to address insurance protection gaps*. February 2024 see [https://www.eiopa.europa.eu/publications/supervisory-duty-address-insurance-protection-gaps\\_en#\\_ftn3](https://www.eiopa.europa.eu/publications/supervisory-duty-address-insurance-protection-gaps_en#_ftn3).



According to EIOPA's 2023 dashboard, SEE EU economies have higher total current insurance protection gap scores compared to other EU member states. The insurance protection gap score is calculated to measure the insurance penetration rate in proportion to the level of hazard risk. EIOPA's data indicate that all SEE EU economies face high earthquake and flood risks despite their low insurance penetration rates.

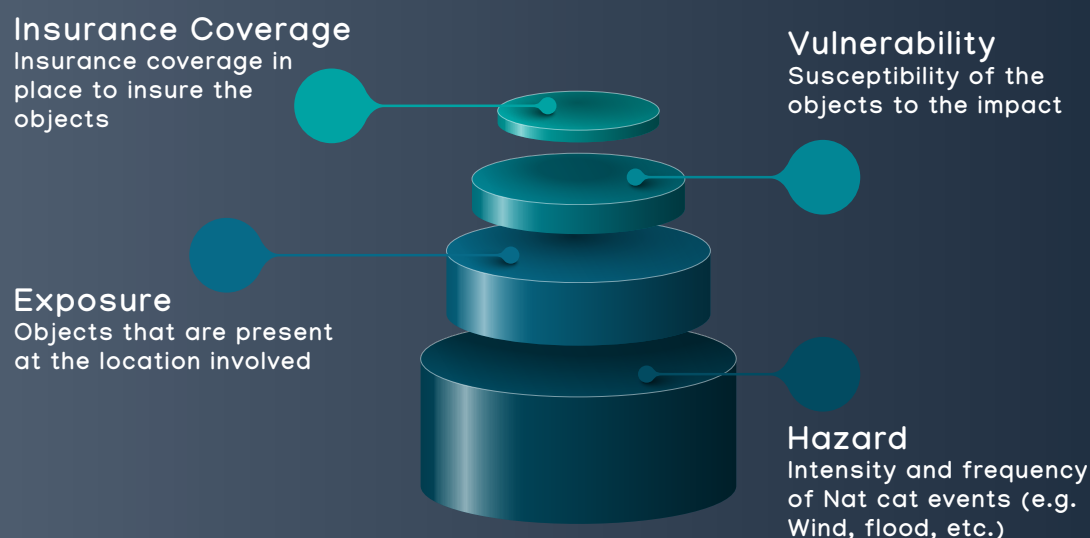
### Insurance protection gap for natural catastrophes in the EU



**Note: Y axis is cumulated protection gap score for each type of natural catastrophe**

Source: EIOPA, The Dashboard on insurance protection gap for natural catastrophes in a nutshell 13 October 2023, [the dashboard on insurance protection gap for natural catastrophes in a nutshell](#)

The insurance protection gap is a combination of different elements. According to EIOPA's definition, the risk of natural disasters in each economy is considered in interaction with the exposure risk and the vulnerability of those affected by catastrophic risks. The visual below is excerpted from EIOPA's technical description of the dashboard on the insurance protection gap for natural catastrophes ([Technical description - dashboard on insurance protection gap for natural catastrophes](#)).



Source: EIOPA [https://www.eiopa.europa.eu/document/download/3e9c5e07-1be0-4be1-9fad-37970eb35a04\\_en?filename=EIOPA-BOS-23-419%20Technical%20description%20-%20Dashboard%20on%20insurance%20protection%20gap.pdf](https://www.eiopa.europa.eu/document/download/3e9c5e07-1be0-4be1-9fad-37970eb35a04_en?filename=EIOPA-BOS-23-419%20Technical%20description%20-%20Dashboard%20on%20insurance%20protection%20gap.pdf)

The low level of insurance penetration is due to several factors, including perceived affordability issues linked to income and income distribution, a lack of comprehensive insurance products tailored to natural disasters in the economies concerned, low awareness about the potential impact of climate risk at a local level, and the absence of obligatory disaster insurance schemes in the majority of SEE economies.<sup>29</sup>

Disasters disproportionately affect poorer communities, deepening existing inequalities, particularly in rural areas. Floods and wildfires, for example, often cause the greatest damage in hit **rural areas**, where residents depend on agriculture for their livelihoods, and where access to health services and gender wage gaps are already problematic. The destruction of crops and livestock can push already vulnerable families into poverty, and the recovery process is often slow due to inadequate social safety nets. Therefore, disaster insurance schemes should not only be considered for households but also for certain sectors such as agriculture and husbandry due to their role in ensuring the food security of overall population.

**Urban areas**, meanwhile, face their own challenges. Rapid urbanisation and poor infrastructure planning have increased the risk of urban flooding, as seen in the January 2023 floods that caused severe damage in Tirana and Skopje. The combination of rising property values and inadequate flood defences has left many urban residents exposed to significant financial losses. Moreover, climate-induced migration is becoming an increasing concern, as more people are forced to relocate due to recurring disasters.

Furthermore, insurance coverage and risk sharing of **public property** would be an important aspect for public financing as non-insured public property damages need to be compensated

<sup>29</sup> *Securimeter 2023*. Regional Cooperation Council | Securimeter2023–Public Opinion Survey on Security (rcc.int) – simplified to “Securimeter2023” for future references. The research shows that while 81% of respondents agreed that natural disasters pose a significant risk to human life, only 26% of respondents felt well-informed about the specific risks for their communities.

directly by the national budgetary sources. A sudden and big-scale damage to public property and infrastructure may destabilise the macro-financial balance.

**Gaps in data availability** present a significant barrier to understanding the full scope of the impact of natural disasters. While reinsurance companies like Swiss Re and Munich Re provide estimates of direct economic losses, comprehensive data on the long-term socio-economic effects of disasters is lacking. This points to the apparent lack of a well-defined methodology for aggregating all costs associated with a disaster, including the immediate material, human and environmental costs, as well as long-term consequences for people and the environment.

Ad hoc efforts to calculate such costs, by government authorities with the assistance of international organisations, as in the case of the 2023 earthquakes that hit 11 Turkish provinces,<sup>30</sup> can serve as good practices for the development of a unified system of disaster cost appraisal that could be used by all SEE economies. This would allow for more valid comparisons, reliable measurement of progress from one year to the next, and a fuller understanding of the impacts leading to more adequate response measures. Moreover, this would be a key tool to encourage SEE economies to accelerate climate change adaptation and resilience building.

In addition to a more comprehensive calculation of the costs of natural disasters, there is a particular need for some SEE economies to collect more granular data on the distributional impacts of disasters—who are affected, to what extent, and how recovery varies between regions and demographic groups. Furthermore, the increasing number of extreme weather events and the natural catastrophes they trigger cause significant damage to the natural and human capital of economies. Measuring the inclusive cost of damage to natural and human capital—not only the physical capital of the affected area on a static level—requires additional efforts to develop institutional capacities within public authorities, possibly with support from academia and relevant international organisations only for the SEE economies which reveal their willingness to cooperate in this regard. Capacity building in damage cost calculation through regional efforts to address these gaps could significantly improve disaster response and recovery strategies at the regional level.

It is considered crucially important to initiate a regional network amongst the insurance regulatory bodies of SEE economies and their sectoral representatives, particularly those related to disaster insurance and reinsurance. Establishing a regional network, as foreseen by the SEE2030 Strategy, and engaging that network to share know-how and best practices in disaster insurance, creating a suitable platform for data generation and collection, promoting capacity building in disaster cost calculation, and exploring further possibilities for regional risk sharing through institutionalised public-private partnerships and bankable projects will greatly support the region's efforts in disaster management and coping with the risks associated with climate change.

## Digital transition - A pillar of inclusive growth

Digital transition is a critical area for development in South East Europe, offering both opportunities and challenges in the context of inclusive economic growth. As economies move beyond

30 [sbb.gov.tr/wp-content/uploads/2023/03/2023-Kahramanmaras-and-Hatay-Earthquakes-Report.pdf](https://sbb.gov.tr/wp-content/uploads/2023/03/2023-Kahramanmaras-and-Hatay-Earthquakes-Report.pdf)

traditional metrics such as GDP / GNI to focus on more comprehensive measures of well-being and sustainability, digital infrastructure and connectivity emerge as fundamental components of this shift. According to the 2023 Eurostat data on Digitalisation in Europe, nearly all businesses in the Western Balkans (94%) have had broadband internet access, including 94% of small and medium-sized enterprises (SMEs) and 99% of large businesses by 2022. E-commerce is growing, with businesses increasingly using online platforms to promote goods and services. However, regional disparities in internet usage, particularly in rural and poorer areas, reflect the broader socio-economic inequalities that persist in the majority of SEE.<sup>31</sup>

According to Eurostat data, 55.56% of the individuals in the EU have basic or above basic overall digital skills. However, all SEE economies for which Eurostat data is available are below the EU average.<sup>32</sup>

Lack of sufficient skills also provokes fear of digitalisation and undermines citizens' trust in their institutions. According to the RCC's SecuriMeter 2024, only 19% of the WB population considers that digital transition and artificial intelligence will help in the future.

QUESTION: THESE DAYS, THERE ARE MACHINES OR ROBOTS THAT CAN THINK AND MAKE DECISIONS ON THEIR OWN, OFTEN KNOWN AS ARTIFICIAL INTELLIGENCE. DO YOU THINK ARTIFICIAL INTELLIGENCE WILL MOSTLY HELP OR MOSTLY HARM PEOPLE IN THIS [ECONOMY] IN THE NEXT 20 YEARS?		
	Frequency	%
<b>MOSTLY HARM</b>	2,027	39.4
<b>NEITHER HARM NOR HELP</b>	1,595	31.0
<b>MOSTLY HELP</b>	959	18.7
<b>DON'T KNOW / REFUSE TO ANSWER</b>	560	10.9
<b>TOTAL</b>	5,141	100.0

Source: RCC SecuriMeter 2024

More than 70% of WB population are worried about their personal data being stolen, used by their governments or even stolen by foreign countries.

31 Eurostat: Digital Societies statistics at regional level. March 24. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Digital\\_society\\_statistics\\_at\\_regional\\_level](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Digital_society_statistics_at_regional_level)

32 [https://ec.europa.eu/eurostat/databrowser/view/ISOC\\_SK\\_DSKL\\_I21\\_custom\\_13581469/default/table?lang=en&page=time:2023](https://ec.europa.eu/eurostat/databrowser/view/ISOC_SK_DSKL_I21_custom_13581469/default/table?lang=en&page=time:2023)

### Trust in personal data protection (%)

(Source: SecuriMeter 2024)



20

Just as universal health coverage is essential to ensuring social and economic equality, digital inclusion is necessary for equitable participation in the modern economy. The OECD South East Europe Regional Programme (SEERP), which has been assisting the Western Balkan economies for nearly 25 years, highlights the importance of bridging the digital divide. Programmes such as "Accelerating SMEs' digital and green transition in Western Balkans"<sup>33</sup> are instrumental in enhancing the competitiveness of SMEs, which are vital for the region's economic resilience and long-term growth.

The importance of digital skills development cannot be overstated in the region's broader digital transformation. As South East Europe strives to enhance well-being as measured by indices like the Human Development Index (HDI), digital and financial literacy are critical for ensuring that all citizens benefit from the digital economy. In particular, the rise of **financial technology** (fintech) offers a pathway to greater financial inclusion, allowing previously underserved populations to **access banking, payments, and investment services** through digital platforms. Yet, the emigration of skilled workers from SEE, often referred to as the brain drain, poses a risk to the region's digital transition. Retaining and attracting skilled professionals is essential for accelerating digital adoption and sustaining innovation.

As digitalisation advances, **cyber security** becomes increasingly crucial. In 2022, 22% of EU businesses experienced ICT security incidents, and 92% applied security measures, according

<sup>33</sup> OECD Digital Transition in the Western Balkans. <https://www.oecd.org/en/about/programmes/oecd-south-east-europe-regional-programme/digital-transition-in-the-western-balkans.html#:~:text=Accelerating%20SMEs'%20digital%20and%20green,sustainable%20and%20digitally%20empowered%20future.>

to Eurostat. The figures for several economies of the SEE are similarly concerning, particularly as businesses and public services grow more reliant on digital systems and the limited data reveals great variations in data protection practices.<sup>34</sup> The variations underscore the importance of strengthening the independence and capacity of Data Protection Authorities (DPAs) to oversee these processes. Just as universal health insurance ensures population's access to care and security in times of crisis, robust cyber security measures are essential for protecting the digital infrastructure that underpins modern economies.

Despite these challenges, digitalisation presents numerous opportunities for inclusive growth. The development of digital infrastructure can attract investment, with SEE's geographical advantages, tax incentives, and cost efficiencies making it an appealing destination for international operators, particularly in the data centre industry. At the same time, fintech is poised to become a key driver of digital economy, promoting financial inclusion and creating new opportunities for businesses and individuals alike.

## Demographics / Human capital

People are the ultimate wealth of economies and regions. Retaining a healthy and productive workforce, having engaged and responsible citizens, advancing science and innovation, performing arts and sports – all of these aspirations relate to people and the way they contribute, or not, to each other's well-being. It is a matter of both quantity and quality, as societies need a certain critical mass across specialisations and age groups to be able to function. Additionally, it is empirically proved that human capital is a human capital-intensive capital. Depletion of human capital, particularly through mass emigration of young and highly skilled labour force would drain the future potentials of the economies to benefit from a competitive human capital. Furthermore, many empirical studies reveal a high correlation between immigration and the economic development of economies receiving migration and the contribution of migrants to the economic growth of the host economies. However, as its populations are shrinking, the South East Europe region seems to be losing the demographics bet. As the comparison between population data for 2011 and 2022 shows, the population of all but a couple of SEE economies has been shrinking.<sup>35</sup>

Part of the explanation for this decline is the low fertility rates that have fallen well below the replacement rate of 2.1. Births are thus unable to compensate for the deaths, even as life expectancy increases (except for the Covid-19 years, 2019-2021). The same pattern prevails in the European Union.<sup>36</sup>

This decline is exacerbated for SEE economies by high emigration rates, particularly amongst the educated youth. Often referred to as brain drain, this is a pressing issue in the SEE region. High

34 EUROSTAT: ICT Security in Enterprises - [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=ICT\\_security\\_in\\_enterprises#ICT\\_security\\_measures](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=ICT_security_in_enterprises#ICT_security_measures)

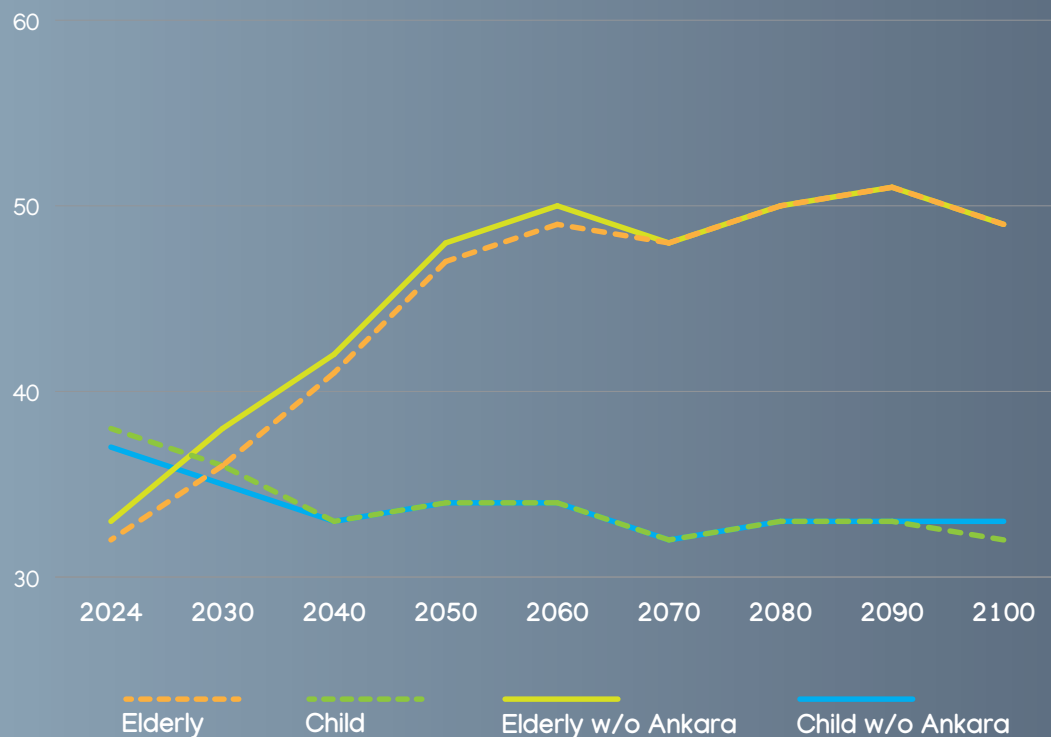
35 United Nations Department of Economic and Social Affairs Population Division World Population Prospectus 2024. [World Population Prospects - Population Division - United Nations](#).

36 [Fertility statistics - Statistics Explained \(europa.eu\)](#). Note that 2022 Eurostat data on fertility rates does not include four economies of the Western Balkans, namely those represented by Sarajevo, Podgorica, Pristina and Skopje. As a result, data has been cross-referenced with World Bank Data derived from the United Nations Population Division (World Population Prospects: 2022). In the case of the latter, no data from Tirana is available.

levels of youth unemployment, mismatch between educational qualifications and labour market demands, low salaries, poor working conditions, fewer possibilities to develop one's own talents and personality traits, perceived insecurity and corruption / limited trust in institutions, climate change impacts with inadequate adaptation measures and insurance provisions have pushed many to seek better opportunities abroad, usually in the Central and Northwestern EU.<sup>37</sup> Economies with significant emigration struggle to maintain economic growth and innovation capacity.

The ageing population poses additional challenges for social welfare systems and labour markets, as the proportion of working-age individuals to elderly people/pensioners declines. The population projections for the next 75 years are bleak for the whole SEE region even for the ones which have a positive population increase at present. As the SEE2030 Strategy urges all SEE economies, the SEE population will be 122 million people in 2100 according to the medium fertility scenario compared to 150 million people at the present. The Strategy takes the attention of all SEE economies to the dependency ratio of old people to the working age population in SEE which will jump to 50% in 2100 from above 30% in 2024 with a steady increase every year in the next 76 years. Simultaneously, due to the ageing of the region's population, child dependency will decrease from 36% to 32% by 2100. The forecasted decrease in child dependency will be proportional due to the overall negative fertility in the SEE population.<sup>38</sup> The policy choices to ensure the sustainability of pension systems under those depopulation patterns are very few. The SEE economies will have to increase incrementally the retirement age (access to the pension system) and narrow down the benefits for pensioners (quality of the pension system).

### Dependency ratio to working age population in SEE



37 SecuriMeter 2023. [Regional Cooperation Council | SecuriMeter2023–Public Opinion Survey on Security \(rcc.int\) and Migration Policy Institute, Borderless Europe: Seven Decades of Free Movement, 3 June 2021.](#)

38 <https://population.un.org/wpp/Download/Standard/Population/>



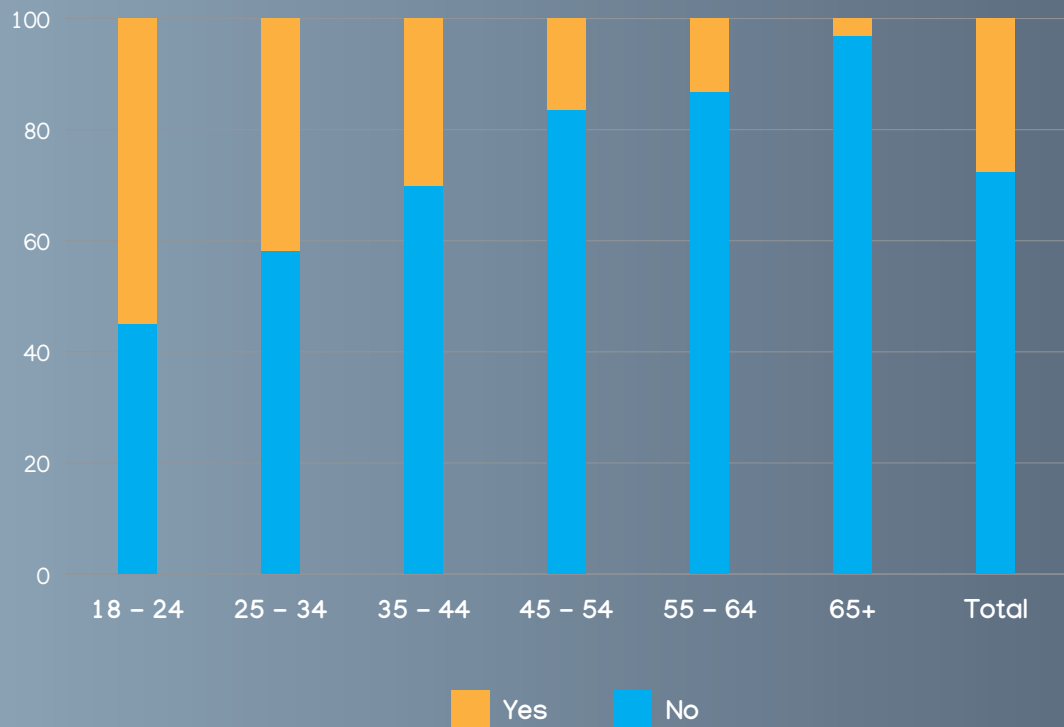
## Elderly and child dependency to working age population in SEE

	2024		2030		2040		2050		2060		2070		2080		2090		2100	
	Elderly*	Child**	Elderly*	Child**	Elderly*	Child**	Elderly*	Child**	Elderly*	Child**	Elderly*	Child**	Elderly*	Child**	Elderly*	Child**	Elderly*	Child**
Ankara	16.86	46.87	20.63	42.62	25.94	35.07	34.79	34.44	41.90	32.93	48.47	31.82	53.57	32.42	55.78	32.273	54.722	31.485
Athens	41.57	32.08	45.05	29.35	54.23	27.93	62.64	31.53	56.84	30.77	50.88	28.13	56.44	29.85	57.85	30.591	54.189	29.036
Belgrade	39.12	33.31	42.33	33.33	43.77	32.00	47.50	32.42	49.00	32.86	47.11	31.79	46.13	31.41	48.14	31.9	47.933	31.442
Bucharest	34.13	36.67	34.12	34.77	42.16	35.19	46.46	37.12	46.29	37.35	41.48	36.18	42.16	36.83	43.21	36.902	42.071	36.449
Chisinau	28.01	44.75	33.03	44.12	31.52	36.13	34.83	39.67	39.64	40.27	30.05	35.49	34.55	38.05	37.62	38.274	32.993	36.615
Ljubljana	37.20	33.68	42.86	33.08	49.42	31.55	56.69	35.50	54.49	36.10	45.37	33.07	46.59	34.70	48.22	35.257	45.817	33.664
Podgorica	30.80	42.02	35.33	40.98	38.61	38.10	43.64	39.00	44.40	38.66	42.61	37.08	44.63	37.99	46.21	38.538	44.348	37.584
Pristina	16.55	47.78	20.02	40.44	26.47	35.56	32.72	34.58	38.19	30.83	45.39	30.91	55.23	33.37	50.86	31.339	49.219	31.45
Sarajevo	37.31	30.57	44.28	29.69	49.24	29.01	58.91	30.69	56.05	29.64	56.22	29.96	55.98	30.44	55.07	30.263	54.033	30.25
Skopje	30.28	37.76	35.19	36.12	39.18	30.95	44.16	31.29	48.73	30.93	48.30	28.47	52.48	29.43	56.64	30.053	53.152	28.68
Sofia	37.68	33.37	39.87	33.54	44.18	34.08	49.79	36.60	50.93	38.37	42.21	36.96	40.76	37.43	41.37	37.623	40.559	37.279
Tirana	28.07	37.82	35.55	36.15	41.58	29.42	43.33	25.40	60.36	26.29	73.32	26.23	74.57	26.04	74.06	27.227	71.469	27.355
Zagreb	40.25	33.41	44.37	32.08	47.65	31.14	51.48	32.13	50.31	31.38	49.53	30.62	52.50	31.60	52.41	31.478	50.976	30.896
SEE	32.14	37.70	36.36	35.87	41.07	32.78	46.69	33.87	49.01	33.57	47.76	32.05	50.43	33.04	51.34	33.21	49.34	32.48
* Annual old-age dependency ratio [65+ / 20-64] (%)																		
** Annual child dependency ratio [0-19 / 20-64] (%)																		

Source: UN Department of Economic and Social Affairs Population Division, World Population Prospects 2024

The SecuriMeter data confirms that emigration intention amongst Western Balkans youth continues being high. Accordingly, 48.5% of the population between 18 and 34 years of age in Western Balkans want to move abroad for living and working.

### Emigration intention in Western Balkans by age group (%)



Source: RCC SecuriMeter 2024

The combination of those three factors (i.e. high emigration of youth, negative fertility and ageing population, and increasing elderly dependency ratio) would lead to a significant level of pressure over socioeconomic equilibria in each SEE economy. People's overall negative perceptions and dissatisfaction over their respective pension systems are early indicators of the upcoming stress. SEE economies may consider launching a regional network to discuss the potentials of **regional cooperation to strengthen the sustainability of pension systems and collective risk sharing** through innovative mechanisms. Any possible success in the regional risk sharing would help individual SEE economies decrease economy-level depopulation related tensions over the individual social security systems. Furthermore, **coping with emigration-related challenges** would also require regional solidarity not only to make collective efforts to retain the critical part of human capital in the region but also to join the efforts to develop joint know-how and research capacities to quantify the overall financial burden of emigrating youth and high-skilled on the region's economies and forecast future impact on the human capital quality of the region.

# State of play of UN SDGs implementation in SEE in connection to the SEE 2030 Strategy

The SEE economies have committed to achieving 45 socio-economic targets aligned with the United Nations Sustainable Development Goals (SDGs). This section explores the performance of SEE concerning the implementation of SDGs, beginning with an assessment of the region's overall performance and then delving into each pillar of the SEE 2030 Strategy and the corresponding SDGs. Specifically, the SEE 2030 Strategy organises its targets into four pillars: People, Prosperity, Peace, and Partnerships. Additionally, this section of the 3rd Annual Interim Implementation Report introduces a fourth category, Planet, which, although not explicitly part of the SEE 2030 Strategy, is integral to the UN's SDG framework and crucial for addressing issues vital to the region's development and sustainability.

## An Overview of SDG Performance in SEE

While obtaining authoritative and comparable data on the performance of all SEE economies in achieving the SDGs, and comparing the region as a whole to other regions, remains a challenge, the Sustainable Development Solutions Network (SDSN)'s 2024 Sustainable Development Report provides valuable insights into the overall trends. According to the 2024 report, all SEE economies scored 70 or above, with the region achieving an average score of 76.38<sup>39</sup>. Scores are based on a scale from 0 to 100 and each economy's index score is the distance, in percentage points, that must be overcome to reach optimum SDG performance.<sup>40</sup> This reflects a general improvement in SEE's performance compared to 2022 and the cumulative average for the region of 75.91 between 2019 and 2023. The report highlights notable progress in certain areas of SDGs, particularly in social inclusion and regional cooperation. While many priorities of the SEE 2030 Strategy promote greater social inclusion in the region, the Strategy and its implementation have directly contributed to improving regional cooperation. This has been achieved through its emphasis on a bottom-up approach, active engagement with public authorities, civil society, and academia, as well as its commitment to ensuring widespread participation and ownership of the SDG implementation process.

Amongst SEE economies, the 2024 SDG Index reveals uneven performance in pursuing the SDGs, with some economies making significant strides while others lag. The report indicates that economic inequality and environmental sustainability are the main areas where this lagging behind is observed. A summary of the key achievements, challenges, and areas for improvement, as highlighted by compiling individual economy data in the report, is provided below.

## Key Achievements

- ♦ **Economic Growth and Innovation:** Several SEE economies have made notable progress in SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastruc-

39 The Sustainable Development Solutions Network 2024 Sustainable Development Report. [sustainable-development-report-2024.pdf\(unsdsn.org\)](https://sustainable-development-report-2024.pdf(unsdsn.org))

40 Ibid, pg 68.

ture). The report states that this progress is attributed to increased investments in infrastructure and technology, fostering innovation and economic development.

- ◆ **Social Inclusion:** Improvements have been noted in SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities), with targeted policies aimed at reducing poverty and promoting social equity. However, significant disparities remain, particularly in rural areas and in vulnerable population subgroups, the majority of which are mainstream citizens of the economies.
- ◆ **Education and Health:** Advancements in SDG 4 (Quality Education) and SDG 3 (Good Health and Well-being) are evident, with increased access to education and healthcare services. These improvements are crucial for building human capital and ensuring long-term sustainable development. However, the high pattern of emigration from the SEE region to the advanced economies, particularly youth and highly skilled labour, would endanger the return on investment the economies so far made in their human capital accumulation and their human capital quality would be under downward pressure in case retaining highly qualified part of the economies' human capital is not achieved.

### Challenges and Areas for Improvement

- ◆ **Environmental Sustainability:** The region faces significant challenges in achieving SDG 13 (Climate Action) and SDG 15 (Life on Land). Continued environmental degradation is noted, while the region could benefit from strengthening climate action policies to ensure the sustainable use of natural resources.
- ◆ **Peace and Justice:** Progress on SDG 16 (Peace, Justice, and Strong Institutions) is uneven throughout SEE, with several economies noting a need to address governance issues and strengthen institutions. Strengthening institutions and promoting the rule of law are essential for achieving sustainable peace and development.
- ◆ **Economic Disparities:** Economic growth has been noted in many SEE economies since the launch of the report in 2015, however disparities remain between urban and rural areas, which burdens the SEE's performance on SDG 10 (Reduced Inequalities) as mentioned above. Bridging the gap in economic development between urban and rural areas, and achieving a much fairer income distribution is essential for promoting inclusive growth and strengthening social cohesion. Exclusionary economic growth is not sustainable and may endanger the inclusiveness of political institutions.

### People of the SEE Region

#### SDG 1: No Poverty

#### SDG 2: No Hunger

#### SDG 3: Good Health and Well-being

#### SDG 4: Quality Education

#### SDG 5: Gender Equality

The SEE 2030 Strategy supports development of regional policies that benefit all members of the society and prioritises activities that ensure no one is left behind, a core principle of the SDGs.

The strategy emphasizes the need to enhance the quality of life for citizens by promoting social inclusion, reducing poverty, and empowering vulnerable groups. Key goals for the region include improving access to and the quality of education and healthcare services, promoting gender equality, decelerating depopulation trends, better utilising human capital, and enhancing access to quality environmental and sanitation services as well as affordable and safer housing.

SDG implementation for the category of ‘People of the SEE’ has been significantly influenced by demographic trends and social challenges in SEE region. The region faces persistent issues such as high unemployment and low labour participation rates, particularly amongst youth, low labour productivity, and a continuing ‘brain drain’, where skilled individuals migrate to more developed economies in search of a better life of their own and of their children. Those migration drivers would not necessarily mean only seeking better income but also people’s intention to have betterment in other aspects of their lives. For example, 58.5% of the respondents in the Western Balkans who disclosed their intention to emigrate consider earning a higher wage for their work as one of the three main reasons for their emigration. However, the ones who want to give a better life to their children as the main push factor to migrate also reach 42.14% and rank second after the wish to earn a higher income. However, once the demographic group is restricted to those intending to emigrate with children, that driver hikes to 53% and the margin with motivation to earn a higher wage drops to 1 percentage point.<sup>41</sup>

In terms of health and well-being (SDG 3), the region has made strides in improving healthcare access and outcomes, yet disparities remain. For instance, life expectancy in the economies of SEE has generally increased, although the life expectancy of each economy varies widely. The COVID-19 pandemic further exacerbated existing health inequalities and has led to uneven recoveries, thus highlighting the need for an enhanced focus on the robustness and resilience of healthcare systems and social protection measures.

	Life expectancy at birth (years)	Health life expectancy (HALE) at birth (years)
<b>EU 22</b>	79.61	68.64
<b>SEE EU</b>	76.19	66.21
<b>SEE non EU</b>	73.80	64.42

Source: WHO <https://www.who.int/data/gho/data/themes/mortality-and-global-health-estimates/ghe-life-expectancy-and-healthy-life-expectancy>

Education (SDG 4) is another critical area, where SEE economies have made progress in increasing enrolment rates in primary and secondary education. However, challenges persist in terms of quality and relevance, with many graduates noting they lack the skills demanded by the labour market. This skills mismatch, when combined with the economies’ differing rates of economic growth, contributes to high youth unemployment rates and/or low labour participation rates. In some cases, youth unemployment rates were as high as 30% as of 2021 (see earlier section). By encouraging economic migration, the situation furthermore contributes to depopulation trends.

.....  
41 RCC SecuriMeter 2024

## Prosperity in the SEE Region

### **SDG 7: Affordable and clean energy**

### **SDG 8: Decent Work and Economic Growth**

### **SDG 9: Industry, Innovation, and Infrastructure**

### **SDG 10: Reduced inequalities**

### **SDG 11: Sustainable Cities and Communities**

Inclusive economic growth is a central focus of the SEE 2030 Strategy, encapsulated under the theme of "Prosperity in SEE". The region aims to achieve inclusive and sustainable economic development by promoting trade, enhancing competitiveness, fostering innovation and research in renewable energy, strengthening resilience to natural disasters, supporting the digital transition, and improving financing for the implementation of SDGs. These priorities are intended to reduce economic disparities within the region and align its growth with that of the EU.

However, economic growth in SEE and its recovery after the COVID-19 pandemic has been uneven, with several economies struggling to achieve sustainable economic development (SDG 8). The region faces high levels of informality and reliance on low-wage sectors, which hampers productivity and economic resilience. Thus, **dependency on low-wage sectors** creates a vicious cycle as they need low-skilled labour. Thus, low-wage sectors are mainly dependent on low-skilled labour and that dependency pushes their native high-skilled labour force out as the ones who have the professional and educational skills recognised in the advanced economies' labour markets. That recognition also creates a privilege for those individuals who could benefit from mobility opportunities offered by selective migration policies of the advanced economies. In parallel, increased opportunity and facilitation offered by the selective migration policies create a more enhanced **relative deprivation** amongst high skilled labour force as they increasingly compare their income, mostly nominal but not real income, and the quality of their lives with their peers in the advanced economies. Overall, the investment made by the economies in educating and training high skilled labour force and their expected added value to their economies is transferred to the advanced economies once they migrate. Return migration or circular migration would not be a sufficient remedy to this challenge. The latest World Bank report reveals that the return migration of highly skilled labour is mainly populated by the ones who could not succeed in getting integrated into the host labour markets and **international mobility** has increasingly turned into a privilege for high-income and/or high-skilled and educated population groups of the migration sending economies.<sup>42</sup>

Additionally, the region's ambition to foster inclusive economic growth by promoting investment in innovation and technology, enhancing business environment, and improving access to finance for small and medium enterprises (SMEs) continues to encounter challenges. Future areas of focus should include further accelerating the **digital and green transitions** and addressing the underlying issues contributing to perceptions of low human security.

## Peace and Partnerships in the SEE Region

42 World Development Report 2024, "the Middle Income Trap" [Open Knowledge Repository](#)

**SDG 16: Peace, justice and strong institutions****SDG 17: Partnership for the Goals**

The SEE 2030 Strategy promotes peace and stability through strengthened regional cooperation, partnerships, and more resilient institutions. It also aims to facilitate creation of funding mechanisms to support the Strategy's implementation and promote dialogue amongst SEE economies to address common challenges and build trust. The RCC plays a pivotal role in facilitating cooperation and ensuring that regional initiatives align with the broader goals of SDGs.

Peace, justice, and strong institutions (SDG 16) are fundamental to sustainable development in SEE. Ongoing efforts to strengthen democratic institutions and promote the rule of law are central to this goal. The SEE 2030 Strategy underscores the importance of regional cooperation and partnerships in addressing common challenges, such as migration and environmental sustainability. Furthermore, collaborative initiatives amongst economies in the region seek to enhance dialogue and foster trust, which are essential for achieving long-term peace, stability, and resilience against future challenges.

In this regard, the SEE2030 provides an appropriate platform for SEE economies to share their experiences and transfer their know-how with each other in the implementation of Agenda 2030 and SDGs. The experiences gained in the SEE2030 and its implementation approach have been reported by the UN structures as good practices for other regions.<sup>43</sup> Thus, the SEE2030's implementation even to date and its future achievements once they become more tangible to report may attract further attention of other regions.

Under this pillar, the SEE2030 could be considered the context through which training of SEE bureaucrats in charge of the implementation of SDGs and Agenda 2030 in their economies could be delivered. In case the willingness of SEE economies is confirmed at the Monitoring Committee meetings, RCC may explore the possibilities of collaborating with the relevant international and academic institutions to design short to mid-term training programmes in which international, and regional experts from the SEE may share their experiences and transfer their know-how.

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**Planet in the SEE Region<sup>44</sup>****SDG 6: Clean Water and Sanitation****SDG 12: Responsible consumption and productions****SDG 13: Climate Action****SDG 14: Life below Water****SDG 15: Life on Land**

Although not currently an explicit pillar of SEE 2030 Strategy, the environment is a cross-cutting

43 <https://unsouthsouth.org/2024/08/23/evolution-of-institutional-architecture-in-europe-and-the-commonwealth-of-independent-states-unossc-2024/>

44 The category of Planet is introduced herein to highlight the crucial nature of healthy land and sea-based ecosystems for the categories of prosperity, peace and people. This proposed addition, also to the revised SEE2030 Strategy, will result in a strategy mirroring the "5 P's" of the United Nations.



priority within the Strategy and is an explicit focus of the UN SDGs, captured under the UN's "Planet" pillar. Consequently, this report also addresses the UN's Planet SDGs as a separate pillar. The region is actively working towards reducing its ecological footprint, promoting renewable energy, and enhancing resource efficiency. These efforts align with EU and global initiatives to combat climate change and protect biodiversity, ensuring that economic growth does not come at the expense of environmental health.

Within SEE, the transition to **sustainable consumption and production patterns** (SDG 12) remains a significant challenge. SEE economies increasingly recognise the importance of sustainable practices, yet implementation is often slow and fragmented due to various limitations, including infrastructure, technical capacity, varying regulatory frameworks, market dynamics, and policies. Stronger SEE-wide policies and incentives to promote green technologies, sustainable resource management, and related financial mechanisms would be beneficial.

The importance of pursuing **environmental sustainability**, particularly in light of the multifaceted and destabilising impacts of climate change is emphasized in many policy documents. The SEE region is one of the fastest-warming regions in the world and is consequently prone to natural disasters, such as wildfires, floods and drought. Reinsurance reports on the region highlight that the greatest percentage of losses from natural disasters in Europe occur in SEE. These climate-related events, including floods and droughts, threaten livelihoods, exacerbate existing socio-economic challenges, and further erode the resilience of institutions. However, how this translates into increased Climate Action (SDG 13) across the region and amongst various stakeholders is uneven.

Furthermore, climate change puts additional pressure on **access to clean water and sanitation** (SDG 6), which has always been an explicit priority for SEE. However, this SDG now takes on renewed importance as climate change threatens access to clean water, whether through drought or floodwaters, and tests the resilience of sanitation systems, which are in certain places antiquated, insufficient, or unable to cope with intense weather phenomena. The challenges faced with SDG 6 are also interrelated with SDG 14, Life below Water, and the nexus of conservation and the blue economy. It is highly recommended that SDG 14 becomes an explicit priority in an enhanced SEE strategy due to the tremendous impact that healthy seas and waters have on livelihoods, environment, and the people of SEE.

Looking at the cumulative performance of SEE in the SDGs and the poly-crisis impacting the region, it becomes even more pertinent that the region accelerates its performance in the green transition, but a provision must be made to ensure that it is a "just" green transition. For a region already impacted by poverty and demographic challenges, policy makers and governments are encouraged to look **beyond GDP** to ensure inclusive growth, at the risk of exacerbating existing inequalities. Thus, the green transition should not be considered exclusively as a new investment programme. Investment-centric green transition understanding carries its embedded limitation of social inclusiveness. A more holistic approach relying on the whole-of-society principle and inclusiveness in terms of social cohesion and reduced inequalities between regions needs to be inserted into the policy framework of the mainstream regional green transition strategies, and SEE2030 structures may act as a strong facilitator due to the transboundary impacts of climate change.

# CHAPTER 2: STATUS AND OVERVIEW OF THE IMPLEMENTATION OF SEE2030

## Governance

Monitoring Committee, the main SEE2030 Strategy governance structure, held three meetings during the reporting period. In addition, one online information meeting was held with the SEE2030 contact points before the SEECF Summit in June 2024.

The appointment of Pristina's SEE2030 Coordinator is still pending. In addition, SEE economies were also requested to update the names of their SEE2030 national coordinators, in case of new appointments made due to the changes in their respective governments.

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### The fourth meeting of SEE2030 Strategy Monitoring Committee

The fourth Meeting of the SEE2030 Strategy Monitoring Committee was held on 26 June 2023 in Podgorica. The objectives of the fourth SEE2030 Strategy Monitoring Committee meeting were to discuss key challenges in the implementation of SDGs and how to utilise the SEE2030 Strategy to respond better to those challenges, and to present key highlights of the Second Annual Interim Implementation Report of the SEE2030 Strategy, and the activities foreseen in the period June-December 2023.

The main outcomes and conclusions of the fourth meeting of the SEE2030 Strategy Monitoring Committee include the adoption of the Second Annual Interim SEE2030 Implementation Report; focusing in the upcoming period on new key concepts: resilience and human security, which would be the guiding principles for SEE2030 Strategy update; proposing to organise peer-learning activities amongst SEE economies; inviting the Monitoring Committee to consider calling for a thematic discussion with the National Coordinators to define the level and type of activities with regard to the implementation of SEE2030 Strategy; and to explore the possibilities to organise a special SEECF Summit on SEE2030 Strategy and SDGs in collaboration with the upcoming rotating SEECF Chairs in Office.

## The fifth meeting of SEE2030 Strategy Monitoring Committee

The fifth meeting of the SEE2030 Strategy Monitoring Committee was held on 28 November 2023 in Athens in a hybrid format. The main objectives of the meeting were to discuss the new approach to the implementation of SEE2030 Strategy and remedial actions for human resources and financial capacity related constraints to the implementation of the Strategy, the current state of play in green transformation and disaster management in the SEE region, based on SEE2030 monitoring indicators, and to present the draft concept of South East Europe Inclusive Growth Index (SEE IGI) and the outcomes of the second meeting of SSN (held on 21 November 2023).

The main outcomes and conclusions of the meeting were as follows:

- ◆ The Participants reached a consensus on deepening the implementation of SEE2030 Strategy;
- ◆ Additional financial contributions for SEE2030 Strategy implementation were to be made on a voluntary basis. The decision for additional contribution will be taken by each SEECIP Participant individually;
- ◆ The Participants support the flagships presented by RCC Secretariat as part of its new approach to the SEE2030 implementation;
- ◆ The Monitoring Committee agreed in principle to organise high-level (ministerial) meetings on SDGs and SEE2030 Strategy annually;
- ◆ Ankara and Sarajevo expressed readiness to make voluntary budgetary contributions to SEE2030 in 2024;
- ◆ RCC Secretariat will prepare a concept note on expanding SecuriMeter to the entire SEE region and share it with the Participants;
- ◆ Participants agreed on organising peer-learning activities and are ready to take part and share their experience and knowledge;
- ◆ Policy-level visibility of SEE2030 Strategy should be increased. The RCC Secretariat is ready to explore ways of increasing the visibility of the Strategy in the global SDG fora;
- ◆ Project proposals to be revised to reach better quality. The Participants are encouraged to share new project proposals as part of the SEE2030 programming cycle as the call for project proposals submission remains open;
- ◆ The work on SEE IGI to continue. More policy-level discussion on SEE IGI to be included in the SEE IGI creation process.

## Online information meeting with SEE2030 Contact Points

An online information meeting with SEE2030 Contact Points was held on 5 June 2024. During the meeting, RCC Secretariat briefed about the current state of play regarding the implementation cycles of SEE2030. Accordingly, RCC Secretariat gave a summary information on its meeting with EU IPA Care Project Team held on 8 April 2024. Regarding the monitoring cycle, RCC informed the contact points that technical part of the SEE IGI's preparation was completed and the final draft

of the technical report was circulated for political consultation. In the consultation process, there were two questions to which the responses of each SEE economy were requested. During the online information meeting, RCC informed the contact points about the content of the upcoming SecuriMeter and its subtitles. Furthermore, the information on the calendar of data collection and data analysis stages was presented.

A short reminder was made to the RCC Secretary General's letter of 28 March 2024, launching officially the first biennial update of SEE2030 Strategy. Until the date of information meeting, RCC had consultation meetings with Athens and Belgrade, and received short information notes from Sofia and Zagreb.

## The sixth meeting of SEE2030 Strategy Monitoring Committee

The sixth meeting of SEE2030 Strategy Monitoring Committee was held in Belgrade on 5 December 2024. The SEE economies participated in the Monitoring Committee meeting and provided their strategic guidance and recommendations regarding the SEE2030 Strategy updating exercise. All delegations that participated in the meeting confirmed their intention to see an updated Strategy which aims to reach more tangible and visible outputs. The delegations also emphasised the need to strengthen connectivity and complementarities between the SEE2030 Strategy, EU policies and strategies on SDGs, and the global agendas.

During the meeting, the participants also found an opportunity to discuss the main highlights of this report, and provided their comments verbally. Regarding the discussions on SEE IGI, RCC Secretariat reiterated that the goal of SEE IGI was to show regional progress towards achieving inclusive growth. RCC reminded the Monitoring Committee that it would neither publicly publish any economy-specific data nor rank the economies in its displays. The economy data will exclusively be available for the economies for their internal use. However, for the sake of addressing all the comments received during the preparations of the SEE IGI and at the sixth Monitoring Committee, RCC stated that it would remain flexible to address all the concerns and undertake necessary adjustments in the design of SEE IGI to finalise its preparations by the end of 2025.

During the sixth Monitoring Committee meeting, RCC stated its aim to take a more active and leading role in the programming cycle. Therefore, RCC mentioned that it would select project proposals that were in accordance with the SEE2030 Strategy priorities to the largest extent, and approach the relevant SEE economies which proposed selected projects and were willing to offer technical assistance in the implementation of those projects.

At the sixth monitoring committee, SEE economies also exchanged their views about the needs to improve political level visibility of the SEE2030 Strategy. RCC informed the Monitoring Committee that it would reach out to the current and next SEECF CiOs (Tirana and Sofia) and explore their willingness to organise SEECF Ministerial and SEECF Summit on SDGs during their respective Chairmanship. All the conclusions of the Monitoring Committee meeting were circulated for the approval of SEE economies.

## New approach to the implementation of SEE2030 Strategy

RCC Secretariat's new approach to the implementation of SEE2030 suggested flagship initiatives and remedial actions.

The first flagship initiative was to advance SEE Participants' commitment to a **higher political level**. Specifically, organising a **SEECF Summit on the current state of play of SDGs implementation** in the SEE region and SEE2030 was proposed by the RCC. If organising a SEECF Summit on SDGs as a first-instance action is deemed too early, a SEECF Ministers Meeting in charge of SDGs could be considered as a preparatory step. The representatives of UN and other relevant international organisations such as the European Commission, World Bank, and OECD would be invited to such Summits/meetings.

The second flagship initiative proposed by the RCC was related to the **aid effectiveness** and the SDGs responsiveness of Official Development Assistance (ODA). Furthermore, strengthening **coordination between SEE2030 Monitoring Committee and SEECF Parliamentary Assembly (PA)** is advised. In this regard, the representatives of SEECF PA CiO would be invited to the meetings of the Monitoring Committee once the interest appears on the side of SEECF PA.

Other flagship initiatives are related to **the extension of RCC's SecuriMeter survey** (which currently covers the Western Balkans) to the entirety of SEE13 and organising **peer-learning activities** between SEE Participants. The first peer learning activity was dedicated to the exchange of experiences in the preparation of Voluntary National Reviews (VNRs) and organised in collaboration with Athens.

Finally, RCC has readjusted its resource allocation to accelerate and strengthen the monitoring cycle. Developing a full-fledged and innovative tool for the quantitative monitoring of SEE2030 is expected to provide the Monitoring Committee and any high-level SEECF meeting to be held in the future with **evidence-based inputs related to the SDGs and SEE2030** implementation in SEE. The backbone of that revitalised SEE2030 monitoring will be developing an **Inclusive Growth Index (IGI)** for SEE, at the aggregate level, based on available data and in line with European standards. It is considered that developing SEE IGI would also contribute to the global discussion on "beyond GDP".

The remedial actions suggested as part of the new approach for strengthening monitoring-related human resource capacity of the SEE2030 team and increasing annual contributions to the RCC's core budget would mitigate budgetary and human resource constraints to implement the 2nd AIIR recommendations. Increasing annual contributions of SEECF participants by 30,000 EUR on a voluntary basis will allow RCC to allocate much larger financial resources to the SEE2030 implementation and its flagships. Increasing the RCC's core budget will therefore facilitate and promote the implementation of SEE2030, the Strategy which was adopted by the highest political body in regional cooperation in SEE.

In line with the new approach to the implementation, the programming cycle will remain open, but the attention on it would be decreased and focused towards monitoring.

## Peer-learning activities

For the sake of being responsive to the needs stated by the SEE economies at the previous Monitoring Committee meetings and related to the regional cooperation on SDGs, the second AIIR adopted by the SEE2030 Monitoring Committee recommended focusing on regional networking

and peer-learning meetings between the SEE economies. In light of this recommendation, upon the initiative of Athens, RCC and Athens organised together the first peer-learning meeting between SEE participants to exchange their experiences in the preparation of Voluntary National Reviews (VNRs) on 19 April 2024. The peer learning webinar on VNR was opened by Director of the Deputy Minister Cabinet to the Prime Minister from Athens, Mr. Pavlos Kouris. During the webinar, the representatives of Bucharest, Sarajevo and Zagreb made presentations on their latest VNRs submitted at the UN HLPF and shared their experiences and lessons learnt with other representatives of SEE economies. In addition, the European Commission presented the highlights of EU Voluntary Review – the first-ever regional voluntary review on SDGs and Agenda 2030. At the meeting, SEE2030 National Coordinator of Sarajevo announced that Sarajevo will also make an additional financial contribution to the SEE2030 Strategy on a voluntary basis of 10,000 EUR in 2024 and more for the following years.

## Programming

Based on the new approach to the implementation of SEE2030 Strategy agreed by the SEE2030 Monitoring Committee at its fifth meeting held in November 2023 in Athens, the focus on the programming cycle, which was central in the first two years of SEE2030 Strategy implementation, will be shifted to the monitoring cycle in the following two-year period. Nevertheless, the programming cycle remains open and SEECF Participants and other stakeholders are encouraged to propose new ones and to further their work on the current ones. So far, 16 project proposals have been submitted. At the moment, there is not enough donor attention regarding the proposed projects. During the reporting, RCC has not received a new project proposal.

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## Monitoring cycle of the SEE2030

In light of the adopted recommendations of the second AIR and the importance of monitoring in the overall steering of the Strategy, RCC accelerated its efforts to strengthen the monitoring cycle. For the sake of developing a full-fledged and innovative tool for the quantitative monitoring of SEE2030, in consultation with SEE economies, RCC has conceptualised a composite index to measure inclusive growth performance of the SEE region based on several socioeconomic indicators with a particular emphasis on depopulation and emigration.

In September 2023, the RCC had contracted a consultancy team to provide support, conduct research and prepare a methodology for the quantitative monitoring exercise by constructing a composite index, at the aggregate level, to measure the SEE region's progress in achieving inclusive growth focused on the priorities of SEE2030 Strategy and people-centred approach.

The initial technical preparations of SEE IGI were completed under the auspices of SEE Statistical Network (SSN). After its establishment and the first meeting of SSN (June 2022), two online meetings of SSN were held in the reporting period: the second SSN Meeting was held on 21 November 2023 and the third on 22 February 2024.

At the second meeting of SSN, the RCC Secretariat and consultancy team working on the SEE IGI presented the first draft proposal of Conceptual Framework of the SEE IGI. After the meeting, some of the economies shared their questions and concerns which were accommodated in the following period. In addition, the list of SEE IGI indicators was refined based on different criteria such as data availability and correlation analysis. The final SEE IGI technical report was presented at the third meeting of SSN along with the preliminary results and endorsed at the technical level.

The final technical report on SEE IGI and its findings together with the methodology were submitted to the political level approval of SEE economies in March 2024. According to the technical level preliminary outputs of SEE IGI, the RCC's definition of inclusive growth is sustainable economic growth that reduces poverty and inequality, empowers women, improves social inclusion, and reduces depopulation through enhancing the quality of life for all. SEE IGI foresees benchmarking the SEE region with the remaining 22 EU Member States in three pillars of SEE2030 (prosperity, people, and peace and partnerships) disaggregated into eight components (i.e. education, health, standards of living, productive employment, natural resources, quality of institutions, and stability). Upon its adoption at the political level, the index will become an integral part of SEE2030 quantitative monitoring, and its policy reporting will be submitted to the governance structures of SEE2030 and SEECF.

## SEE 2030 Dialogue Mechanism

### Dialogue with civil society and think-tanks

RCC co-organised with TEPAV (The Economic Policy Research Foundation of Türkiye) a regional panel titled Human Security and Resilience in South East Europe in Ankara on 5 December 2023. The panel on human security and resilience was the first gathering of SEE2030 think-tank dialogue mechanism – T4SEE – the creation of which was adopted at the fourth Monitoring Committee meeting in Podgorica on 26 June 2023. The T4SEE panel on human security and resilience was opened by the speech of Ankara's Deputy Foreign Minister, who announced in his speech Ankara's voluntary additional financial contribution of 40,000 EUR to SEE2030. The official confirmation of Ankara's additional contribution earmarked to the implementation of SEE2030 was then conveyed to RCC and other SEE2030 National Coordinators on 18 December 2023. At the panel, the academic and policy speakers from Athens, Bucharest, Sarajevo and Skopje tackled the concepts of human security and resilience from a holistic, non-traditional perspective encompassing economic challenges, trust in institutions, energy dynamics, green transformation and climate change, and emigration trends. The speakers also held a separate gathering with university students after the panel.

### Dialogue with academia

The 14th Days of Bosnian-Herzegovinian American Academy of Arts and Sciences (BHAAAS) were held 1-4 June 2023 in Tuzla. Among numerous multidisciplinary sessions at this academic Symposium, the RCC co-organised and moderated a Disaster Management and Risk Reduction session on 2 June 2023. The objective of the session was to discuss and present applicable methods in estimating multi-dimensional damage of disasters and policy instruments for enhancing



capacity to improve the detection and risk reduction of natural disasters in South East Europe. Speakers from SEE, coming from academia, governments, organisations and private sector, spoke about the promotion of disaster reduction policies based on evidence and lessons learnt, available methodologies in calculating the ex-post cost of disaster, earthquake risk assessment, regional financial risk sharing, implementation of Sendai Framework and regional cooperation amongst civil protection agencies in SEE. The main take-away of the event is emphasised importance of pre-disaster action and successful pre-disaster measures, focusing on the vulnerability of people, not just of the buildings.

In 2024, RCC continued to collaborate with BHAAAS on the dialogue with academia. Lately, RCC organised a panel discussion on the Emigration of Medical Doctors from South East Europe at the 15th Days of BHAAAS symposium in Sarajevo on 20 June 2024. The objectives of the RCC's session were as follows:

1. to assess the extent of medical doctor emigration from South East Europe and its impact on the healthcare systems of the origin economies,
2. to explore the push and pull factors contributing to the emigration of medical doctors, including economic incentives, working conditions, and professional development opportunities,
3. to evaluate existing and potential policy measures aimed at retaining medical doctors in South East Europe, such as improving working conditions, offering competitive salaries, and enhancing professional development pathways.

The session was moderated by Sarajevo's SEE2030 National Coordinator and the panellists were Deputy Minister of Health of Tirana, a representative of WHO in charge of human resources for country health policies and systems, a private sector representative from Ankara providing healthcare services in the region, and a senior academic researcher from Bucharest. RCC's panel was followed by a reflection session which was participated by several academics and healthcare service providers in Sarajevo.

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## Dialogue with private sector representatives

A meeting with the **representatives of insurance sector regulators and sectoral representatives** was held in Istanbul on 3 December 2024 and focused on disaster insurance schemes and risk sharing. The objectives of the meeting with insurance sector representatives of SEE were to discuss the possibilities and willingness of the sector to extend the regional cooperation on risk sharing and exchanging good practices in disaster insurance schemes in the context of SEE 2030 Strategy. Furthermore, during the meeting the participants shared their positions on the possibilities of establishing a Regional Network on Disaster Risk Insurance and Risk Sharing consisting of representatives of insurance sector regulatory authorities, and insurance and reinsurance sector associations of SEE economies.

RCC circulated a meeting report for approval of SEE economies. In case no objections are received on the reported conclusions of the meeting in Istanbul, the RCC Secretariat will request the Monitoring Committee's written consent on the establishment of a SEE Regional Network on Disaster Risk Insurance and Risk Sharing. When launching this procedure, the RCC Secretariat will provide the Monitoring Committee with draft Terms of Reference of the Regional Network and a preliminary

Work Programme listing activities that this network is recommended to focus on. Should the RCC receive the consent of Monitoring Committee, the matter will be referred to the political directors of the Ministries of Foreign Affairs of SEECP economies for their consent, as foreseen under the SEE2030 Strategy. The consent of the SEE2030 Strategy Monitoring Committee and SEECP Political Directors could be requested in parallel. If the Monitoring Committee and SEECP Political Directors have no objections, the RCC Secretariat will present the proposal on the establishment of SEE Regional Network on Disaster Risk Insurance and Risk Sharing to the RCC Board for its approval according to the procedures foreseen by the SEE2030 Strategy (the next RCC Board Meeting will be held on 12 March 2025).

## Meetings with SEECP Parliamentary Assembly (PA)

After attaining good cooperation with the SEECP PA Podgorica CiO, the RCC Secretariat organised an online meeting with the representative of Skopje and the RCC on 30 August 2023 with the objective to discuss the cooperation of the RCC and Skopje SEECP CiO in the context of SEECP PA and SEE2030 Strategy.

On 20 and 21 April 2024, RCC participated in both general committee meetings of SEECP PA upon the invitation of Pristina CiO. At the SEECP PA GC on Social Development, Education, Research and Science, the SEE2030 Strategy Coordinator made a presentation on the preliminary outcomes of SEE Inclusive Growth Index, informed interlocutors about the launch of SEE2030 Strategy updating exercise and stated that the RCC will reach out to the SEECP parliaments through their contact points. At the SEECP PA GC on Justice, Home Affairs and Security meeting, the SEE2030 Coordinator presented RCC's WB6 SecuriMeter and the results of its survey in 2023. The second part of both meetings was closed to the public and RCC did not participate.

## Dialogue with other institutions

During the reporting period, RCC had meetings with DG ECHO, OSCE, WHO, UNFPA, and UNDP. Regarding the meeting with DG ECHO, both sides agreed to send a list of questions to facilitate DG ECHO's contributions to the revision exercise of SEE2030. The receipt of DG ECHO's responses to the questions is still pending.

OSCE Secretariat initiated a project on climate change, migration, and security in South East Europe. In the implementation of that project, OSCE informed that RCC's Barometer and SecuriMeter longitudinal data sets are considered beneficial. Furthermore, OSCE and RCC will seek further collaboration in OSCE's future initiatives that will crosscut SEE2030 priorities.

WHO and RCC have deepened their collaboration through regular meetings exchanging data and information on the implementation of both organisations' work programmes. WHO has become one of the key contributors to the work plan of SEE2030 Strategy particularly in the areas related to the preparation of SEE IGI, and discussions on the priorities related to human security and resilience.

Regarding RCC-UNDP collaboration on SEE2030, it is planned to extend the scope of cooperation with UNDP regarding the implementation of SEE2030 and SDGs-related monitoring in the region.

Regarding the dialogue with other regional organisations, RCC attended a meeting on the coordination of regional organisations organised by CEI Secretariat in Trieste on 17 September 2024. The participating regional organisations were BSEC and Adriatic and Ionian Initiative

Secretariats together with RCC. The Secretariat of the Union for the Mediterranean was not present. The representatives of the European Commission, ReSPA and RAI were invited as guests. At the meeting, all participants presented their SDG-related activities. The next coordination meeting amongst regional organisations will be organised by the RCC Secretariat.

## Human Resources and Financial Capacity Requirement for the implementation of SEE 2030

The human resources constraints were lessened by mobilising the availability and commitment of RCC's Political Department staff members to the implementation of SEE2030. In terms of finances, two economies (Ankara and Sarajevo) officially announced increasing their budgetary contributions to the RCC. Ankara communicated officially to RCC Secretary General that it grants an additional voluntary contribution of 40,000 EUR to the SEE2030 implementation on 18 December 2023. Sarajevo sent an official letter to Secretary General of the RCC to inform that it grants a voluntary contribution of 10,000 EUR to the implementation of SEE2030 Strategy on 16 September 2024.

In the RCC's Board Meeting held on 6 November 2024, Ankara announced that it would continue to make its voluntary contribution of 40,000 EUR to the SEE2030 Strategy and will regularise its additional payment in the upcoming years.

All economies were asked to increase their contributions by 30,000 EUR annually on a voluntary basis at the meeting of SEE2030 Monitoring Committee in November 2023, but due to the dynamics of budgetary planning in each economy, the majority of Participants was not ready to follow the request at that point. The additional resources received from Ankara and Sarajevo will be used for the implementation of flagship initiatives presented at the aforementioned meeting together with the financial resources allocated from the operational budget of the RCC.

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## Visibility activities and SEE2030 Strategy promotion

As part of the activities to increase the international visibility of SEE2030 Strategy, RCC organised a side event at the UNECE Regional Forum on Sustainable Development: "Human security and resilience in South East Europe in the context of South East Europe 2030 Strategy" on 12 March 2024. The event aimed to shed light on the pressing issues facing the region, particularly depopulation trends and the ageing of societies. Representatives of UNPFA and Bucharest together with the SEE2030 Coordinator made presentations. In addition, a representative of the youth organisations in the region was invited to give the perspective of young people on human security conditions in the region.<sup>45</sup>

RCC was invited to the Third Regional Influenza Vaccination Meeting organised by the Southeast European Centre for Surveillance and Control of Infectious Diseases (SECID) and South-Eastern Europe Health Network (SEEHN) on 23-24 October 2023 in Belgrade. SEE2030 Strategy Coordinator delivered a presentation on RCC's work, SEECIP and SEE2030 Strategy and its scope, priorities, objectives, vision and pillars.

RCC participated in the session on security in the Western Balkans at the Stockholm International Security and Peace Forum in Stockholm on 6 May 2024. During the session, the SEE2030 Strategy

45 <https://regionalforum.unece.org/events/side-event-human-security-and-resilience-south-east-europe-context-south-east-europe-2030>

Coordinator highlighted the global trends in human development and human security by giving references to the latest Human Development Report 2024, and connecting these trends to the ones in South East Europe by using the evidence collected from SEE Inclusive Growth Index and the Western Balkans according to the results of the latest WB SecuriMeter.

RCC organised a side event in the context of Belgrade Security Conference on human security in SEE and the role of regional cooperation. The side event took place in Belgrade on 20 November 2024.

## Highlights of the latest SEECP Summit Declaration related to the implementation of SEE2030 Strategy<sup>46</sup>

The latest SEECP Summit was held in Skopje on 13 June 2024. Under the rotating chairpersonship of Skopje, SEECP Summit concluded with the following points regarding the implementation of SEE2030 Strategy:

ENHANCING reconciliation and trust-building, regional cooperation and accelerated merit-based EU accession process, and the implementation of SDGs in SEE in line with SEE 2030 Strategy, we encourage strengthening regional people-to-people connections and the full realisation in unleashing of economic potential as an essential element in bringing the entire SEE region closer to joining the EU;

RECALLING that the SEE 2030 Strategy, which was adopted in Antalya (2021), unites the 13 SEECP Participants of the SEE region in their quest for achieving the UN Sustainable Development Goals across three dimensions: prosperity, people and peace and partnerships, maintaining sustainable economic growth by decreasing poverty and inequality, women empowerment, social inclusion, decreasing the SEE region's depopulation by improving the quality of life for young people and speeding up the Green and Digital transition, as necessary elements for further progress;

### 5. SEECP-RCC SYNERGY

IV. We support the RCC's ongoing efforts to facilitate the implementation of regional programmes and projects. In this regard, we particularly emphasize the SEE 2030 Strategy and we urge RCC to continue working on its full implementation and to ensure its priorities remain aligned with the current challenges facing the SEE region.

V. We recognise human security and resilience as the new priorities of SEE2030 Strategy and consider incorporating them into the existing one, which will focus more on regional resilience.

VI. We underline a significant level of parallelism between the priorities set by the Reform and Growth Facility of 2024-2027 for the relevant SEECP beneficiaries and the objectives of SEE2030 Strategy. Enhancing the potential synergies between two processes requires the coherent

46 SEECP [www.seecp.info/879876\\_8d1dd2d456a54a7d91a01046e82d1c6e.pdf](https://www.seecp.info/879876_8d1dd2d456a54a7d91a01046e82d1c6e.pdf)

implementation of both in a consolidated way rather than their parallel implementation, to the maximum possible extent.

VII. We urge RCC to promote synergies between the Growth Plan and SEE2030 and consolidate the implementation of its activities related to the Growth Plan and Common Regional Market such as strengthening human capital, decelerating brain drain, enhancing the rule of law, and strengthening sustainable economic development with the ones of SEE2030 Strategy. SEE2030 governance structures will provide appropriate platforms for monitoring the consolidated implementation. In this context, we expect RCC to report the progress achieved in consolidating the two processes at our next meeting.

## State of play of implementation of action plan

Since its adoption, SEE2030 implementation was predominantly devoted to horizontal actions. In the course of the previous period, the SEE2030 governance structures and networks were created and their rules of procedure were adopted. Furthermore, the main implementation cycles of the Strategy, namely monitoring, programming and reporting, were launched. Those cycles, except (quantitative) monitoring, have been functioning without major delays and interruptions. On the other hand, given that no major breakthrough happened regarding the pending constraints and due to the unavailability of sufficient budget for the implementation of these cycles, their effectiveness and impact are limited, and their vertical penetration remained at the surface.

## Launch of SEE2030's Biennial Update

As foreseen by the Strategy, its first biennial update process commenced. RCC's Secretary General has launched the SEE2030 updating procedure through her communication to SEE2030 National Coordinators on 28 March 2024. The RCC SG's communication was made on behalf of the SEE2030 Monitoring Committee and all SEE economies were invited to launch internal communication with their relevant government institutions on SEE2030 and organise consultation meeting with RCC. In the framework of the updating exercise, the RCC has and will also hold consultations with other public and private sector stakeholders in the SEE region, from SEE economies' parliaments to youth organisations to academia and think-tanks. As the last cycle of consultation, RCC will meet with the relevant international and regional organisations once all the feedback from SEE economies is collected and comprised.

As mentioned in the RCC Secretary General's communication to all SEE2030 National Coordinators, the updating process aims to strengthen regional cooperation through the adoption of a text that would foresee achievable priorities and actions for the benefit of the region as a whole. Additionally, the following results are expected to be achieved through updating the SEE2030 Strategy:

- ◆ Transform the SEE2030 Strategy into a more actionable document by calibrating the scope of its activities to the available depth of engagement,
- ◆ Prioritise the content-related margins of SEE2030 according to short-term and tangibly achievable activities,

- ◆ Build policy level dialogue mechanisms in SEECF or deepen the existing ones on the mid-term priority areas where SEE2030 constitutes the ultimate regionally all-inclusive policy framework in collaboration with the rotating Chairs of SEECF,
- ◆ Strengthen monitoring mechanisms and reporting to raise political level awareness of SEE economies towards high-end and short-term challenges regarding which regional cooperation may take a facilitating role to cope with,
- ◆ Mobilise and extend multi-stakeholder engagement mechanisms towards the updated priorities through strong bottom-up involvement,
- ◆ Create coordination mechanisms with the international donors to alert them about aid efficiency and SDGs financing related bottlenecks in the SEE region and to raise their attention to the updated priorities of SEE2030.

## Budget implementation in 2024:

Area of the budget allocation	Allocated budget	Reserved amount	Disbursed amount (September 2024)	Short description of activities
<b>Supporting the implementation of SEE2030 related activities of SEE academia</b>	20,000			
		5,000	4,449.46	BHAAAS 2024 (20-23 June 2024)
		10,000		Belgrade Security Conference
<b>SEE2030 technical assistance to updating SEE2030 and reporting</b>	20,000			
		14,500	4,350.00	Preparation of the Annual Interim Report on the Implementation of the South East Europe (SEE) 2030 Strategy
<b>SEE2030 Monitoring Committee meeting</b>	12,000			
		12,000		6th Monitoring Committee meeting, Belgrade, 5 December 2024

Area of the budget allocation	Allocated budget	Reserved amount	Disbursed amount (September 2024)	Short description of activities
<b>Upgrading SEE2030's sub-webpage and supporting PR/ visibility related to SEE2030 and SDGs in SEE</b>	10,000			
		520	458.97	Visual editing of annual implementation reports of SEE2030
<b>SEE2030 intern/ assistant</b>	8,400			
		8,400	4,800	SEE2030 Assistant's cost (Jovana Popova)
<b>Online secondee for SEE2030 monitoring (allowances for online work of a secondee)</b>	6,000	0	0	Not contracted
<b>Dialogue with financial sector, development financing</b>	23,000	23,000		Meeting with insurance sector representatives
<b>SEE Inclusive Growth Index 1st phase</b>	10,000*			
		9,965	9,965	SEE Inclusive Growth Index *(30,000 EUR was incurred in 2023)
	99,400	83,385		



## Planned Budget for the implementation of SEE2030 in 2025

In 2025, 180,000 EUR was allocated from the operational budget of RCC to the implementation of SEE2030 Strategy's priorities and activities including the meetings and conferences to be organised in that context. Furthermore, 131,000 EUR is available in the EU's financial contribution to the RCC which could be allocated to complete the development of SEE IGI and its promotion by the end of next year. RCC has also received additional voluntary contributions of 50,000 EUR from Ankara and Sarajevo in 2024, and an additional 40,000 EUR from Ankara for 2025 which will have to be allocated to the SEE2030's implementation exclusively. Except for the additional voluntary contributions which are exclusively earmarked for the implementation of SEE2030, other amounts mentioned refer to the allocated budget. Contracted and disbursed amounts can be much less than the allocated amount and RCC may reallocate the balance to other budget items or priorities.

# CHAPTER 3: INPUTS FROM SEECP PARTICIPANTS ON THE RESILIENCE OF THEIR ECONOMIES, SDG IMPLEMENTATION CHALLENGES AND THE REGIONAL DIMENSION

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As part of the drafting process for the Third Annual Interim Implementation Report (AIIR) and in line with the SEE 2030 Monitoring Framework adopted by the SEE 2030 Monitoring Committee at its inaugural meeting, SEECP Participants were asked to complete a questionnaire (see Questions Q1 to Q4 below). In line with this year's report focus, participants were invited to reflect on their economies' resilience in terms of: demographics and human capital; inclusive growth and the just green and digital transition; and human security in relation to health, environment, and disaster preparedness. Additionally, as with the previous year, participants were asked to provide further details on the most pressing short-term and long-term challenges they face in implementing the SDGs within their economies. Finally, they were encouraged to explore how enhanced regional cooperation could support their economies in overcoming both short- and long-term challenges related to SDG implementation.

Conducting a keyword analysis of the SEECP Participant responses, it becomes apparent that they are primarily concerned with energy and sustainability, along with social inclusion, education, healthcare, and disaster preparedness. Participants highlight regional cooperation – particularly in renewable energy, climate resilience including disaster preparedness and response, education and health infrastructure – as a factor that could substantially contribute to overcoming these challenges.



Herein is a compilation of anonymised feedback from the following SEEC Participants: Ankara, Athens, Belgrade, Bucharest, Ljubljana, Sarajevo and Zagreb.

## Compiled and Anonymised Feedback

Q1: Please comment on the overall assessment of the resilience of your Economy in the context of the SEE 2030 Strategy and more specifically in terms of:

- ◆ Demographics / Human capital
- ◆ Inclusive growth / Just green and digital transition
- ◆ Human security (particularly as it relates to disaster preparedness, health and environmental security)

## Demographics and Human Capital

**The majority of SEE economies acknowledge that they face significant demographic challenges** due to declining birth rates, ageing populations, and emigration. These trends are putting pressure on the workforce, health and insurance systems, and human capital. For example, one of the SEE participants notes that its population decreased by 5% between 2011 and 2021. Meanwhile, another points to its ageing society, where life expectancy but also the median age have increased significantly over the last decade. On the positive side, a third SEE participant points to the importance of increased women's participation in the labour market, as a source of new labour and effective contributors to management at all levels.

Several economies reported **low employment rates amongst young people and significant youth unemployment**. There is a focus on increasing participation in education and vocational training to address this issue, though some economies still struggle with high rates of NEET (youth

not in education, employment, or training). One participant highlighted its progress in reducing the NEET rate from 17% in 2021 to 12.4% in 2023.

**Educational reforms** are critical to improve access to quality education, particularly for disadvantaged and vulnerable groups, and this has been communicated as a common priority for all economies. Some economies have implemented inclusive education policies, though challenges remain in ensuring equal access to quality education and in connecting education outcomes with marketplace requirements. Investment in lifelong learning is also becoming more critical to equip the workforce for the green and digital transitions.

## Inclusive Growth / Just Green and Digital Transition

Most economies note that they are making progress in inclusive growth and in the transition to a green and digital economy, though the pace of change varies.

Many economies note that while they have experienced GDP growth, income inequality remains a persistent issue. At the same time, some economies report significant improvements in ending absolute poverty and increasing their Human Development Index. Economies continue to develop targeted strategies to foster social inclusion and support vulnerable groups, such as people with disabilities and the elderly, through people-centred social service models, though progress is uneven, and particularly challenging in rural areas. Agriculture continues to require special attention in terms of its contributions to climate change and environmental pollution, while being central to achieving food security and societal resilience.

The shift to renewable energy and environmentally sustainable practices, as part of the green transition, is a major focus. Economies have made notable strides in increasing the share of renewables in their energy mix, **though challenges remain in phasing out fossil fuels and reducing greenhouse gas emissions**. Several participants are investing heavily in renewable energy projects, energy efficiency measures, and waste management improvements. Meanwhile, others focus on climate resilience by taking measures to make their tourism industry more sustainable.

**Progress related to the digital transition is uneven.** However, several economies report making significant investments to close digital gaps, improve infrastructure, and boost digital skills. Economies commonly treat the green and digital transitions as interconnected processes. Therefore, they focus on improving or strengthening the capacities and know-how of their populations in digital technologies in order to enhance productivity and support green economic growth. New policy frameworks and increased resources particularly encourage innovation, especially – but not exclusively – in the ICT sector.

## Human Security (Disaster Preparedness, Health, Environmental Security)

Human security features prominently amongst SEECF Participants' concerns, particularly in relation to disaster preparedness and management, healthcare, and environmental security. According to the collected responses, **climate change poses significant risks to SEE economies**, with extreme weather events becoming more frequent and severe. Participants focus on enhancing the resilience of their societies to these risks through sustainable agriculture, forest management, and renewable energy investments. However, air pollution and waste management remain pressing issues for some economies, with several of them noting that the challenges are becoming increasingly difficult to overcome.

In view of past disasters with significant negative impacts on people, infrastructures and economic activity, **many economies have improved their disaster preparedness and response systems**, particularly in response to climate change-related risks like floods, wildfires, erosion and landslides. Investments in early warning systems, infrastructure upgrades, and new technologies such as drones are helping economies better manage natural hazards and their impacts, and safeguard their development gains.

Finally, the **recovery from the COVID-19 pandemic has been uneven**. The pandemic exposed and exacerbated weaknesses in many participants' healthcare systems. Some participants are modernising healthcare infrastructure, expanding access to medical services and attempting to address public health disparities, particularly in rural areas, but more work is to be done. Meanwhile others note that they are investing in preventative healthcare measures, including economy-wide screening programmes and initiatives to improve childhood health.

## SDGs and Short-term Challenges

Q2. Which Agenda 2030 points / SDG goals, targets or indicators, are posing the biggest short-term challenges (1-2 year horizon) for your Economy and what measures are you taking or contemplating in that regard?

The responses from SEECF Participants reveal a range of common and participant-specific short-term challenges, as participants work towards achieving the SDGs by 2030. While many **participants share similar concerns, such as inequality, environmental sustainability, and education**, they are addressing these challenges in ways that reflect their unique circumstances.

A primary challenge across the region is **achieving economic growth while reducing social inequalities and improving healthcare access**, which aligns with SDG 1 (No Poverty), SDG 3 (Good Health and Well-being), SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities). Participants have implemented measures to address these issues, such as expanding social protection programmes, taming inflation to achieve price stability, enhancing affordable housing options, and modernising healthcare infrastructure.

Several economies report that they are focusing on boosting their competitiveness on the global stage by increasing productivity and enhancing technology adoption, as well as by improving their business and investment climate. Several participants are grappling with high poverty rates, gender inequality, and disparities in healthcare services, particularly in rural areas. One economy notes that it has taken significant strides in addressing public health issues, specifically the issue of a higher rate of physical inactivity that resulted from the COVID-19 pandemic response. This participant is implementing an economy-wide sports programme to promote health through physical activity, aligning with SDG 3.

Another widespread challenge is **ensuring quality education**, which relates to SDG 4 (Quality Education for All). Participants face issues with high dropout rates and the need for educational reforms to prepare students for the demands of a green and digital economy. Education systems are being reformed to improve accessibility and quality, particularly for disadvantaged groups. Investments are being made in digital tools and vocational training, as participants recognise that education plays a crucial role in boosting economic resilience. However, the pace of progress remains slow in some areas, and further investment is needed to equip the population with the skills required for sustainable development.

The **transition to sustainable energy and the promotion of responsible consumption** are also critical concerns, in line with SDG 11 (Sustainable Cities and Communities), SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action). Many participants are working on improving their renewable energy infrastructure and reducing their carbon footprint, but progress is uneven. Some participants are struggling to phase out fossil fuels, while others are investing heavily in renewable energy projects and improving waste management. The ongoing shift to green energy is often hampered by slow technology adoption and a lack of infrastructure, though participants state they are making substantial efforts towards addressing the barriers. Securing the necessary financing for effective disaster preparedness and response remains a critical policy area, with measures taken to build inclusive, safe, and resilient infrastructure and superstructure, improve technical and human capacity, and establish comprehensive disaster insurance mechanisms.

**Climate change also poses a significant threat to agriculture and environmental security**, particularly with regards to SDG 15 (Life on Land). Several participants are experiencing extreme weather events, such as droughts and floods, which threaten agricultural productivity and livelihoods. To combat this, governments are investing in modernising irrigation systems, enhancing soil erosion control, and promoting climate-resilient agricultural practices. These measures aim to build long-term resilience in the face of increasing climate-related risks, but the economies relay that the scale of the problem demands more extensive efforts.

In summary, the common short-term challenges for the region include reducing inequality, improving education, transitioning to sustainable energy, and coping with the impacts of climate change. However, each economy's approach to these challenges is tailored to its specific context. Measures such as social protection programmes, educational reforms, renewable energy investments, and climate resilience projects are being implemented across the board, but the level of progress varies depending on the economy's resources, institutional capacity and policy priorities.

## SDGs and Long-term Challenges

Q3. Which Agenda 2030 points / SDG goals, targets or indicators, are posing the biggest long-term challenges (3-year plus horizon) for your Economy and what measures are you taking or contemplating in that regard?

The **anticipated long-term challenges identified by SEE Participants are similar to those already noted as short-term challenges**, and include social/demographic, economic, environmental and governance issues. A participant points to the use of a multi-year national development plan that determines their long-term macroeconomic and sectoral policies. SDGs are integrated into sectoral strategies and monitoring of their achievement is done in a holistic way. Economies recognise the need to address key issues related to the green and digital transition, as well as demographic shifts, in a timely manner, before they get worse, but also acknowledge that this requires significant financial and policy efforts in a context of geopolitical uncertainty.

Several economies identify **demographic decline** as their key long-term challenge. Ageing populations, low birth rates, and a shrinking workforce threaten their future economic stability by increasing pressure on public finances and social services. One participant notes that it has developed a comprehensive National Action Plan that includes support for family formation, vocational training, and ageing strategies in an attempt to slow demographic decline. Meanwhile, another economy is focusing on improving its education system and expanding vocational programmes to ensure that its workforce is prepared for the green and digital transitions necessary to sustain economic growth and generate more skilled jobs.

**Climate change presents a significant long-term threat across the region**, forcing climate resilience, transitioning to renewable energy and waste management to the top of several economies' agenda. One economy reports that it is focused on promoting sustainable tourism while minimising the environmental impacts of its thriving tourism sector. Other economies say they are realigning their economic growth strategies with the green agenda and are therefore increasing their renewable energy capacity and modernising their waste management infrastructure.

**The road to environmental sustainability** and the just transition to a greener future is long and difficult, with one economy noting the short-term negative side-effects that the green transition and climate change will have on its established agricultural and forestry sectors. In an effort to mitigate the pressure, the participant is implementing adaptive strategies, such as forest management and modernising irrigation systems to build resilience against droughts and wildfires. The same economy also faces difficulties in reducing its CO<sub>2</sub> emissions and increasing energy production from renewable energy sources.

**Education remains a major long-term focus for several SEE Participants**, especially in terms of preparing future generations for new labour market demands. Integrating digital tools, reforming curricula and expanding vocational education programmes to reskill and upskill citizens are considered imperative to meeting the demands of the green and digital economy.

In the context of long-term economic challenges, several economies are focusing on **fostering innovation and improving their industrial sectors**. Boosting productivity, enhancing technological capabilities, attracting investments in renewable energy and digital infrastructure,



and facilitating research and development (R&D) capacity, are some of the key priorities noted by the SEE economies.

## The Benefit of Further Regional Cooperation

Q4. Could SEE regional cooperation help you overcome some short- and long-term SDG implementation challenges, and if so which and how?

Economies emphasize that increased cooperation within the SEE region could help address issues of shared concern, particularly in areas like environmental protection, energy transition, education, healthcare and disaster preparedness. They frequently mention the potential benefits of data collection and monitoring mechanisms, policy coherence, knowledge-sharing, joint infrastructure projects and the capacity for joint operations in all of these sectors. See below specific suggestions per sector.

### Environmental Sustainability and Renewable Energy

Several participants identified environmental sustainability and the transition to renewable energy (SDG 7 – Affordable and Clean Energy, SDG 13 – Climate Action) as key areas where regional cooperation could be valuable. By working together, participants could accelerate the uptake of renewable energy through shared expertise and resources. Developing trans-territorial energy grids and launching joint investment initiatives in technologies like solar and wind power were highlighted as practical solutions. This cooperation could enhance energy security and support more efficient and sustainable energy infrastructures across the region.

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### Disaster Preparedness and Response

Participants expressed the need for regional collaboration in achieving adequate disaster preparedness and response (SDG 11 – Sustainable Cities and Communities, SDG 13 – Climate Action). With extreme weather events such as floods and wildfires becoming more frequent, coordinated disaster management is considered crucial. Regional cooperation could help participants develop early warning systems and share best practices in disaster response, making the region more resilient to natural disasters. Cooperation between neighbouring economies could also improve climate resilience strategies.

### Education and Workforce Development

Education (SDG 4 – Quality Education for All) was highlighted as a challenge, with several participants emphasizing the benefits of regional cooperation in improving educational standards and aligning skills with labour market needs. Joint initiatives focused on teacher training, student exchanges, and vocational education could help to raise the quality of education across the region. By sharing best practices, participants could better prepare their workforces for the demands of the green and digital transitions, ensuring that workers possess the necessary skills to drive future economic growth.

## Social Inclusion and Poverty Reduction

Regional cooperation was further recognised as a valuable tool for addressing social inequalities, particularly in rural areas (SDG 1 – No Poverty, SDG 10 – Reduced Inequalities). Collaborative efforts could strengthen social protection systems and provide targeted support to vulnerable populations. Participants suggested joint regional development funds and programmes aimed at rural development as effective ways to reduce poverty and close the economic gap between urban and rural areas.

## Health and Healthcare Infrastructure

Participants highlighted the potential benefits of working together to strengthen healthcare systems and improve access to medical services (SDG 3 – Good Health and Well-being). Regional cooperation on health issues, such as combating viral diseases, was identified as a key area for joint action, as several economies still struggle to recover from the impact of COVID-19 pandemic. Participants suggested coordinated training programmes for medical professionals and shared healthcare infrastructure, such as hospitals, as ways to enhance healthcare services across the region.

In summary, SEE participants view regional cooperation as a crucial mechanism for addressing shared regional challenges, including those related to SDG implementation. In addition to collaboration amongst SEE economies, partnerships with civil society and international organisations can also strengthen policy integration and alignment of national and regional SDG priorities, while engaging local communities in implementation is of paramount importance. By working together and by engaging other stakeholders, SEE Participants could share knowledge, pool resources and thus manage risks and get positive results more effectively.

# CONCLUSION AND RECOMMENDATIONS

The third AIIR comes at a critical period regarding the implementation of SEE2030. After the first two years of implementation, the third year of SEE2030 has provided SEE economies and the RCC with a valuable opportunity to evaluate the strengths and weaknesses encountered in steering the governance of SEE2030 and the constraints faced.

The SEE2030 Strategy is the key strategic instrument that defines the scope of SEE-level regional cooperation. Its focus on the SDGs and Agenda 2030, along with its two key principles of geographic inclusiveness and bottom-up implementation, was directly mandated by the SEECF Summit in 2019.

As mentioned on several previous occasions, the initial period after the adoption of SEE2030 at the SEECF Summit of 2021 was devoted to establishing and sustaining the governance structures of SEE2030. The SEE2030 Monitoring Committee, along with the appointment of SEE2030 National Coordinators and Contact Points, has formed a sustainable and smoothly functioning governance body. However, the absence of one National Coordinator appointment, delays in updating coordinator appointments following governmental changes in several SEE economies, and the recurring absence of some SEE economies in Monitoring Committee meetings can be seen as factors undermining the relatively strong functioning of SEE2030 governance structures. Consequently, the interest and commitment to the SEE2030 Strategy's implementation amongst SEE economies appear uneven. Therefore, enhancing the political visibility of SEE2030 implementation by underscoring the importance of SDGs and Agenda 2030 for all SEE economies, as well as their commitment to the SEE2030 Strategy adopted at the SEECF Summit, is considered essential. Referring to RCC's previous proposals, calling for a special SEECF Summit on SDGs and SEE2030 and agreeing on an annual SEECF Ministerial on SDGs would be effective measures to enhance and sustain the political visibility of SEE2030 Strategy's implementation.

Over the past three years, the RCC has noted several times the financial and human resource constraints it has encountered. It is very encouraging to see that SEE economies have responded attentively to the RCC's requests. In this regard, the efforts of SEE economies to mobilise additional financial contributions for SEE2030's implementation, engage expert teams in SEE2030 activities, propose and organise joint activities, and appoint experts from their administrations to events organised under SEE2030 are significant achievements. Nevertheless, it is still considered that such engaged responsiveness, as shown by the majority of SEE economies, needs to be extended across the entire SEE region. Further efforts, particularly by the RCC, are needed to secure an even level of attentiveness from all SEE economies to the maximum extent.

The revision of SEE2030 will present an opportunity for SEE economies to revitalise their understanding of regional cooperation on SDGs in South East Europe and provide updated guidance to the RCC on how the SEE2030 could be steered. As highlighted in the RCC's letter launching the revision procedure, the SEE2030 Strategy will need to evolve into a more actionable

document, focused on short-term and tangibly achievable activities. In this regard, a renewed push is needed to inject additional momentum into the SEE2030 programming cycle. In line with the new approach to SEE2030 implementation, the RCC with its new management is ready to take the lead in revitalising the programming cycle. Accordingly, RCC will consider allocating funds from its operational budget and the additional voluntary contributions exclusively donated for SEE2030 implementation to finance activities within the programming cycle. This approach will also facilitate the implementation of either already proposed projects or new projects to be received in line with the priorities. In this context, the RCC will carefully select the areas to lead in the programming based on the following operational criteria under SEE2030's strategic priorities, including human security and resilience:

- ◆ Areas explicitly mentioned as priority or mandated activities in the SEE2030 Strategy (e.g. creating a regional network on insurance for disaster insurance and risk sharing)
- ◆ Areas that facilitate dialogue with relevant stakeholders (e.g. joint meetings and conferences with academia)
- ◆ Areas that contribute to global discussions on SDGs (e.g. activities contributing to the global discourse on "beyond GDP")
- ◆ Areas that could potentially attract more funding from donors or could be developed into bankable projects (e.g. dialogue with the insurance and banking sectors)

As a reminder, the RCC received 16 project proposals in the programming cycle. Furthermore, it earlier recommended creating clusters for SEE2030 implementation to expand the available human resources and secure sustained commitment from SEE economies in a decentralised way. However, in these areas, no tangible progress has been recorded.

In light of the RCC-led implementation approach, the RCC would consider to draw the attention of SEE economies regarding the project proposals submitted in the programming cycle, update their texts, if necessary, and reconfirm their preferences to each proposal in the cycle. The RCC is committed to mobilising its available resources to support the organisation of initial or pilot activities with SEE economies that proposed these projects to gauge interest from other SEE economies as stakeholders. In this context, the RCC also expects the economies that proposed these projects to allocate financial resources to co-finance these initial or pilot activities.

Regarding the clusters, the RCC reiterates its request to decentralise SEE2030 implementation into clusters. To streamline the number of clusters, six clusters were proposed earlier. The RCC now requests the SEE2030 Monitoring Committee to select one cluster topic from amongst the short-term priorities and recommended areas of regional cooperation jointly shared by the SEE region as reported in this report and nominate volunteering SEE economies to lead that cluster for one year on a rotational basis. The previous list of six clusters could also be employed if still suitable, and one cluster amongst those six can be agreed upon. The RCC will also make every effort to support joint activities with volunteered cluster lead.

The final point concerns renewing the political visibility of SEE2030. SEE2030 deserves greater visibility both internationally and regionally. The lessons learned from SEE2030 implementation, along with the outputs of its activities (e.g. the SEE IGI, if preparations are completed on time), would be valuable contributions to global discussions, particularly at the UN level. In this regard, the active

support of SEE economies, particularly those with the UN Security Council rotating memberships, would be greatly appreciated in assisting the RCC with disseminating SEE2030's implementation results and promoting its visibility. For regional visibility, the most impactful action would be to organise a special SEECF Summit on SDGs and SEE2030, as the RCC has recommended on multiple occasions. This high-level effort could then be supported by various technical visibility meetings and initiatives. In addition, publicity campaigns on regional cooperation in SDGs together with UN good-will ambassadors of SEE economies may reach out to the general public of SEE.

Regarding RCC's recommendations and contributions to the SEE2030 revision, the first two chapters of this report provide a substance related guidance on technical areas where the RCC may suggest tangible activities to include in the revised SEE2030 text. However, it is essential to emphasize that the SEE2030 Strategy is a process driven by SEE economies. Therefore, primary guidance for the revision must come from the SEE economies. In this regard, the contributions of SEE economies to the third chapter of this report constitute valuable inputs.

In conclusion, the SEE2030 Strategy enters its second two-year phase of implementation. This second biennial period will be crucial for its success. With cautious confidence, it could be stated that the SEE2030 implementation can become a tangible and visible success in regional cooperation if all SEE economies renew their support and commitment to broader regional cooperation in carefully selected policy areas that can benefit each economy for inclusive and sustainable development.



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