



South East Europe 2020 Strategy

IMPLEMENTATION RESULTS 2018

A major milestone:

WESTERN BALKANS
adds more than

JOBS



Good. Better. Regional.

Summary

The Western Balkans has returned to the growth path, having added more than **600 THOUSAND JOBS** to its economies since 2010 and half a million highly educated people to its workforce. The region expanded its trade by additional **EUR 33 BILLION** and decreased its trade deficit from **-23.1 to -19.7 percent of GDP over the last 7 years** through strong export performance, signalling increasing competitiveness of its products and services on the international markets. However, these developments, while encouraging, will not be sufficient to lift all boats and ensure faster convergence with the EU. Sustaining growth rates at the current levels would delay prosperity for the region's citizens by decades.

The regional cooperation framework has been strengthened with several initiatives, including the emergence of the Berlin process, the Western Balkans Six cooperation framework and the start of implementation of the **Multi-Annual Plan for Regional Economic Area (MAP REA)**, as approved by WB Leaders in Trieste in July 2017. The **EU's Enlargement Strategy** released earlier this year provided a credible path for EU membership of the region and outlined a comprehensive road map for the region's governments, economies and societies at large.



Progress towards meeting the SEE 2020 targets at the end of 2017

SEE 2020 Headline Indicator	2010 (baseline)	Progress so far (last available data)	Achieved/ targeted	2020 target
GDP per capita relative to the EU average (in PPS, %)	33	34	17%	40
Total trade in goods and services (EUR million)	54,409	87,920	45%	129,500
Trade balance, trade in goods (% of GDP)*	-23.1	-19.7	147%	-20.8
Intra-regional trade in goods (% of GDP)*	11.0	10.3	-21%	14.3
Overall FDI Inflows (EUR million)	3,612	5,007	38%	7,300
GDP per person employed (EUR)	27,553	30,739	36%	36,300
No of highly qualified persons in the workforce (mil)	1.17	1.64	164%	1.44
Net enterprise creation (no. of companies)	29,639	34,112	n/a	26,790
Share of Renewables in Gross Final Energy Consumption*	27.1%	26.0	-27%	31.2%
Employment rate - age group 20-64, %*	50.3%	58.9	113%	57.9%
Government's effectiveness, WGI (scale 0-5)	2.21	2.42	46%	2.65

Source: SEE statistical offices and administration sources, Eurostat, wiiw annual database, RCC calculations

REGIONAL OVERVIEW

per each of the 2020 Strategy targets

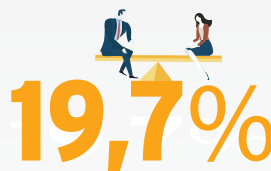


The region's progress in reaching 40% of average **GDP PER CAPITA OF EU28** has been sluggish, with **MINIMAL MOVEMENT TOWARDS** the set **TARGET**, and now is at **34%**. Should Western Balkan economies maintain the current course of convergence, they would need approximately 6 decades to reach the EU average

The **PROGRESS** on **TRADE GROWTH**, including both goods and services, has been **MARKEDLY BETTER** with region **SCORING** from 54,4 to **87.9 billion of EUR**. With this pace the region can **EXPECT TO REACH** roughly **70%** of the set **TARGET** by 2020



The 2020 target on **BALANCING TRADE** (as % of GDP) has already been **ACHIEVED AND EXCEEDED**, from -23.1% in 2010 to **-19,7% in 2017**, through remarkable export performance, with close to double digit annual growth rates, as the 2020 target was to reduce the negative trade to -20.8%



While in absolute terms **INTRA-REGIONAL TRADE IN GOODS** (% in GDP), has **INCREASED** by roughly **1 BILLION EUR** over the past 6 years, its **SHARE IN GDP** has **DROPPED** by 1%





5BN

The **FOREIGN DIRECT INVESTMENT (FDI) INFLOWS** have seen a **MODEST INCREASE**, and are now at **5 billion EUR**, with the trend seen so far indicating that the region **MIGHT MISS THE FDI TARGET** (from EUR 3.6 billion to EUR 7.3 billion by 2020) unless more decisive reforms are implemented to improve the investment climate and the overall business environment

The **PROGRESS ON** achieving the productivity target (**GDP PER PERSON EMPLOYED**) has been **TEMPERED** by increasing employment (given that employment is the denominator of this indicator) and currently **STANDS AT 30,739 EUR**, an increase from 27,553 in 2010




30,739



SEE2020 target of increasing the number of **HIGHLY QUALIFIED PERSONS IN THE WORKFORCE** has been **ACHIEVED** by the region with **HALF A MILLION HIGHLY QUALIFIED** persons **ADDED TO** the **WORKFORCE** between 2010 and 2016. To further boost productivity and employment outcomes, the region will need to continue aligning the educational qualifications with the actual needs of the labour market

500 000



31.2%

THE SHARE OF **RENEWABLE ENERGY SOURCES (RES)** IN GROSS FINAL ENERGY CONSUMPTION HAS DROPPED **BELOW THE 2010 BASELINE** during **2016** due to temporary unfavourable hydrological situation and decreased share of biomass. Nevertheless, the region is **PROGRESSING WELL** towards the RES target of **31.2%**, substantially higher than EU's own 2020 RES target of 20%

Since 2010, **EMPLOYMENT** in the region **HAS EXPANDED BY MORE THAN 600,000 JOBS**, a **MAJOR MILESTONE** suggesting that the 2020 **EMPLOYMENT RATE** target in the 20-64 age group is **WITHIN THE REGION'S REACH**, with the greatest gains made in the last three years



600,000

Finally, the **PERFORMANCE ON THE GOVERNMENT EFFECTIVENESS HAS LEVELLED OUT**, and has been fairly stagnant for the past three years, with the **CURRENT PERFORMANCE** (on a scale 1 to 5) at **2.42** of the **TARGET**. This indicates that new, fresh approaches in improving the efficiency of public administration and quality of public services are warranted




2.42

ALBANIA


28,000 new jobs added!

5.8%



Albania has seen strong performance on increasing **INTRA-REGIONAL TRADE**, and is currently at **5.8%**, which is a **200% increase** (from 4 in 2010 with the target set at 4.9) and an encouraging sign that Albania, which was least integrated into the regional economy, is expanding its trade with regional partners

64%



It has the second best performance in the region in terms of **PROGRESS** made towards reaching the target on **GDP PER PERSON EMPLOYED**, **SCORING AT 64%**

Albania **ATTAINED** the SEE2020 **TARGET** on number of **HIGHLY QUALIFIED PERSONS** by adding new **102,385** persons **TO THE WORKFORCE**

102,385



Measuring **EMPLOYMENT**, Albania **REACHED AND EXCEEDED** the set **TARGET** by **9%**, by adding **28,000 NEW JOBS** over the past years. While its **national target** was the **least ambitious in the region**, Albania's baseline was substantially higher than all other region's economies

28,000



BOSNIA AND HERZEGOVINA

New jobs, 63% of target achieved

-24%



Bosnia and Herzegovina has set one of the **MOST AMBITIOUS TARGETS** for reducing negative **TRADE BALANCE** and is currently at **-24%** due to strong export performance. The baseline in 2010 was -28,3 and the set target is at -20,2%

Although the **FDI INFLOWS** were fairly stagnant in the previous period, recent **FDI** figures show the economy's **ENCOURAGING** progress from 331 to **338** million of EUR

338M




40,769



As for the **PROGRESS ON GDP PER PERSON EMPLOYED**, the **ECONOMY** is the regional leader **REACHING AND EXCEEDING THE SET TARGET**, currently stands at **40,769 EUR**

28.9%



On the **SHARE OF RENEWABLES IN GROSS FINAL ENERGY CONSUMPTION (%)** target, Bosnia and Herzegovina has seen a **DROP IN USE OF RENEWABLES** compared to 2010 baseline (28,9% in 2016 vs. 33,1% in 2010)

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

103,000 new jobs added!

103 000
71%

EMPLOYMENT shows a **CONSTANT INCREASE** and is on a good path to meet the set 2020 target, with current performance at **71%**. The economy added the second largest **NUMBER OF NEW JOBS, 103,000**

TRADE GROWTH has been impressive, with the economy almost **DOUBLING ITS TRADE** over the past 7 years from 6,9 billion EUR to **12,5 billion EUR**

12.5BN

71,062

The economy is **AMONG THE LEADERS IN THE REGION** with **71,062** of newly added **HIGHLY QUALIFIED PERSONS TO THE WORKFORCE**

The economy shows progress in **REACHING** its **GDP PER CAPITA** target and it's currently at **37%**, moving from **34% from 2010 to 43% by 2020**

37%

KOSOVO*

85,000 new jobs added!

30%

The **ONLY REGIONAL ECONOMY** that **REACHED AND EXCEEDED** its **GROWTH** and convergence **objective**, currently at **160% of its GDP PER CAPITA** target, although from the lowest baseline (22% in 2010 moving to **30% in 2017**)

The economy is **THE CLOSEST IN** the **REGION** to **REACHING** the 2020 **OBJECTIVE** in **TRADE GROWTH**, as its **PROGRESS** towards reaching the target **IS AT 66%**, with total trade jumping from 3.3 bill EUR in 2010 to **5 bill EUR in 2017**

5BN

When it comes to **EMPLOYMENT** **Kosovo* REACHED AND SURPASSED** the set **TARGET**, by adding **85,000 NEW JOBS** over the past years

85,000

When it comes to the target measuring **GOVERNMENT EFFECTIVENESS, KOSOVO* IS HALF WAY TO REACHING THE TARGET**, with currently standing at **2.1** on its way from 1.9 in 2010 to 2.3

2.1

*This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

MONTENEGRO

21,000 new jobs added!

21,000



When it comes to **EMPLOYMENT**, **MONTENEGRO REACHED AND EXCEEDED** the set **TARGET**, by adding **21,000 NEW JOBS** over the past years

Montenegro surpassed the target on number of **HIGHLY QUALIFIED PERSONS** added **TO THE WORKFORCE**, by adding new **25,600** highly qualified persons added to the workforce

25,600



4.5BN



Montenegro **TRADE GROWTH** reached **4.5 bill EUR in 2017**, and is half way to **REACHING** the 2020 OBJECTIVE of 6 bill EUR

Montenegro **DEMONSTRATES** the **HIGHEST SCORE** of its **GDP per CAPITA** in 2017 with **45%**, in comparison to the **REGIONAL 34%**

45%



SERBIA

400,000 new jobs added!

Serbia's job creation **ADDED** almost two thirds of the **OVERALL** regional **JOB CREATION**, with almost **400,000 NEW JOBS** created in the past few years

400,000



Serbia has received the **OVER 50% OF OVERALL SHARE OF FDI** in the **REGION**, with **2.5 billion EUR** thus **EXCEEDING** its **PROGRESS** towards the **SEE 2020 TARGET**

2.5BN



When it comes to **progress on TRADE BALANCE** (as % of GDP), Serbia **REACHED AND SURPASSED THE SET TARGET**, moving from **-5.9** in 2010 to **-10.8% in 2017**

-10.8%



However, Serbia has seen **NO PROGRESS** on its **GROWTH AND CONVERGENCE TARGET** over the past 7 years



[10]
YEARS
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Regional Cooperation Council Secretariat

Trg Bosne i Hercegovine 1/V

71000 Sarajevo, Bosnia and Herzegovina

T +387 33 561 700 F +387 33 561 701 E rcc@rcc.int



rcc.int



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This booklet has been made in accordance with the data from the Draft SEE2020 Annual Report on Implementation 2018, which is subject to verification and approval by the SEE 2020 Governing Board.