

YOUTH: FROM POZNAN TO SOFIA

POLICY BRIEF

BY FLORENSA HAXHI AND KRISELA HACKAJ

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Introduction

During the long transition period many initiatives have been taking place in the Western Balkans region to promote youth empowerment, employment, the development of skills, entrepreneurship culture, etc. A recent regional study confirmed that young people in the WB6 countries face lack of access to quality education and employment.¹ And because actual and potential emigration rate of youth from the WB6 continues to be very high, both education and employability remain key targets of the development and youth policies.

Through their declarations and commitments, EC and WB6 leaders have recognized the potential of this segment of the population in the economic development of the region as a whole, and more and more programmes and measures have become structurally included in the Regional Action Plans. But although acknowledging this situation, WB6 policymakers are either are unclear on what to do about it, or lack the means to tackle it².

This policy brief aims at to explore where does youth stands in the WB6 policy making agenda. A special focus will be on the positive momentum brought by the Berlin Process initiative.

It presents a set of recommendations for the upcoming Sofia Summit, that could better and more efficiently contribute to improved policy-making in youth areas, particularly with focus on digital skills as an important key development driver for future youth education and employment.

¹ “A new deal for youth in the Western Balkans”. A Non-paper with policy proposals based on the FES Youth Study Southeast Europe 2018/2019. Available here: <https://bit.ly/3552Fjn>

² <https://balkaninsight.com/2019/10/14/bye-bye-balkans-a-region-in-critical-demographic-decline/>

1. Youth challenges in WB6

A distinguishing feature for Western Balkans is its young population compared to other European countries. Youth constitutes 21.27% of the overall population in the Western Balkans with a median age of 38.1 years. But young people being more vulnerable than adults to economic and environmental fluctuations, they have suffered the most from consequences of the economic crisis in terms of unemployment and migration. High unemployment rates and low labour force participation characterize the WB youth labour market. A high level of skills mismatch is observed even for those young people in WB who manage to find employment.

This situation is further complicated by the structure of the production in WB6. Across the Western Balkans, up to 99 percent of all businesses are of small or medium size and provide employment to over 70 percent of the workforce. At the same time, unemployment rates among young people are the highest in the world. They vary from 28.3 percent in Albania to 55.4 percent in Kosovo^{*3} (2018).

In 2019-2020, the lack of participation in the labor market was most acute among WB6 young people (aged 15-24), with this age group reporting an inactivity rate of 68 percent in the second quarter of 2019. Young women were more likely to be inactive than were men (75.4 percent, vs. 61.8 percent in 2019). This high level of inactivity among young people can partly be explained by a longer stay in training and by the likelihood that they timed the start of their working lives according to the situation of the labor market (e.g., by extending their training when labor market conditions were tight).

Irrespective of a longer stay in education and training, there was a large group of young people (aged 15-24) who were not in employment, education or training (NEET): they accounted for about a fifth of that age group. This percentage changed slowly over time (25.9 percent in 2012, vs. 22.1 percent in 2018)⁴.

A geographical divide in youth labour market features suggests that rural youth are more likely to be unemployed than urban youth; more likely to work under precarious conditions; and more likely to suffer from poverty.

In rural areas, most young people work in subsistence farming and either work as unpaid family members or are self-employed. In general, most young people are forced to find work in family-owned enterprises. This decreases their motivation to innovate and to enhance their qualifications.

³ * This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

⁴ Ibid.

2. Youth in the context of Berlin Process

Established in 2014, the Berlin Process is an initiative aimed at stepping up regional cooperation in the Western Balkans and aiding the integration of these countries into the European Union. The goals of the Process were outlined in the Final Declaration by the German Chair: *“To make additional real progress in the reform process, in resolving outstanding bilateral and internal issues, and in achieving reconciliation within and between the societies in the region”, as well as to enhance “regional economic cooperation and lay the foundations for sustainable growth.”*⁵ Regional and European decision- and opinion-makers have gathered at interim and annual Western Balkan Summits, Civil Society Forums, Business Forums and Youth Forums.⁶

Set up on the principle of “three no” – no new budget, no new institution, no new legislation – after six years the Berlin process has produced an amazing array of outcomes. It has provided a renewed impetus to the Enlargement dynamics, to the WB6 regional cooperation, and to the reforms engaged in the Balkan countries. The process itself along with the regional instruments, mechanisms and projects has increased gradually the spotlight on the need for youth friendly policies.

2.1. Sofia Summit⁷

In the leaders’ conclusions of the Sofia Summit in May 2018, among others, a special focus was put on youth in the region with the aim of creating further opportunities for the youth, while ensuring that this contributes to the socio-economic development of the Western Balkans.

More specifically, it was mentioned that the **Erasmus+ funding would be doubled** for the region, including the establishment of a **“Western Balkans Youth Lab”** in 2018, providing space for innovative policy-making addressing the needs of young people, and tackling brain drain.

⁵ <https://berlinprocess.info/about/#wbsummits>

⁶ <https://berlinprocess.info/>

⁷ https://www.consilium.europa.eu/media/34776/sofia-declaration_en.pdf

2.2. Poznan Summit

Within the framework of the Berlin Process initiative, the Poznan Summit has built on the previous Berlin, Vienna, Paris, Trieste and London Summits, as well as the EU-Western Balkans Summit in Sofia of 2018. In Poznan, the leaders of Western Balkans countries reaffirmed the importance of young people for the future of the region, the need to tackle brain drain, and to address as soon as possible the persistent shortage of opportunities for young people in the region.

They agreed that *increased efforts are needed in order to provide opportunities for youth that would encourage participation and entrepreneurship, modernize education, increase job specific skills and employment opportunities, and encourage brain circulation and social and economic inclusion*⁸.

Especially, related to youth and digital economy the WB and EU leaders noted that:

- *Despite good economic recovery in the region, the labour market situation remains challenging, with a slow pace of job creation and joblessness remaining high, in particular among young people, women, and marginalized groups;*
- *The youth of the region needs to be better equipped with a wide range of skills, from basic skills to entrepreneurship and soft skills.*
- *Future skill needs have to be anticipated in order to train the youth of today according to the requirements of the labour market of tomorrow.*

2.3. Zagreb Summit

The EU-Western Balkans Summit of Zagreb⁹ of May 2020, focused on the support to the Western Balkans in tackling COVID-19 and the post-pandemic recovery, social development, and in particular on measures in the areas of health, education, social policy, and creating further opportunities for the youth. The EU assigned more than EUR 3.3 billion for countries in the region to address the immediate health crisis and resulting humanitarian needs, as well as longer term and structural impact on their societies and economies. EU granted Western Balkans as privileged partners by ensuring them access to many initiatives and instruments reserved for EU Member States.

⁸ <https://www.gov.pl/web/diplomacy/western-balkans-summit-poznan-chairs-conclusions>

⁹ <https://www.consilium.europa.eu/media/43776/zagreb-declaration-en-06052020.pdf>

The EC contribution ahead of the Summit emphasized that the EU support measures have the same objectives: to transform the Western Balkans into functioning market economies able to integrate fully into the EU's single market, while paying particular attention to the challenges faced by young people, especially regarding job prospects, inequality and retaining young talent in the region to tackle the brain drain and other demographic challenges facing the region. Focus on digital skills, as well as research and entrepreneurial skills, will be further strengthened in the future with a view to equip young people to become economically successful and thrive in the digital age¹⁰.

The Zagreb Declaration reiterated the EU support for deepening regional economic integration, building on EU rules and standards and thereby bringing the region and its companies closer to the EU Internal Market. This would be achieved, among other, through the Regional Economic Area (REA), and the new Common Market Action Plan, with a view to facilitate the economic recovery after the crisis and make the region more attractive for investment.

2.4. Youth policy instruments and mechanisms

A number of financial and supporting instruments and mechanisms focusing on youth policies have been introduced through each Summit during the years. These instruments aim at boosting employment among the young people, increase their participation in policy making through empowerment, and improve their education and skills.

2.4.1. Boosting youth employment

In the Paris Summit in 2016, RYCO came into life in the WBs as a regional organization aiming to promote the spirit of reconciliation and cooperation between the youth in the region. From there on youth has continued to be high in the agenda of the EU policies for the region.

At the Poznan Summit, a **EUR 10 million Youth Guarantee scheme** launched by the Commission together with the European Investment Fund at the beginning of 2019, was launched. This support was provided as part of the initiative 'EU for Youth Employment and Entrepreneurship' implemented under the Western

¹⁰ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/com_2020_315_en.pdf

Balkans Enterprise Development and Innovation Facility (WB EDIF)¹¹. The aim of this instrument is to provide first-loss capped guarantees to selected Financial Intermediaries that build up a portfolio of debt instruments to SMEs, established and operational in the region.

The Call for Expression of Interest was published in March 2019 and so far, five banks in three of the Western Balkans countries signed the agreement on July 31, 2020¹² for the provision of the loans. In Albania, the selected Financial Intermediaries are: Pro Credit Bank Sh.A. with a direct guarantee of EUR 1,440,000 and Raiffeisen Bank Sh.a with a direct guarantee of EUR 3,008,000¹³. In Bosnia and Herzegovina the selected Financial Intermediary is Intesa Sanpaolo Bank and in Kosovo*¹⁴ the selected banks are Pro Credit Bank Sh.A Kosovo with a direct guarantee of EUR 3,360,000 and Raiffeisen Bank Kosovo J.S.C with a direct guarantee EUR 1,920,000.

It is expected that businesses offering employment or training to young people in Albania, Bosnia and Herzegovina and Kosovo*¹⁵ will benefit from €85 million in loans. An estimated 1,200 businesses will be able to benefit from these loans, which will allow them to create 1,300 vocational training courses, internships and employment opportunities for young people.¹⁶

2.4.2. Young people in policy-making

According to the Balkan Barometer, 50% of the young people in the region were not involved in affecting government decision making and as many as 32% did not care for it at all.

This was an alarming indicator that things needed to change to bring young people closer to decision-making. Following the commitment taken in the Sofia Summit, WB Youth Lab Project started, being the proof of the continuous increase of the Western Balkans governments` attention on youth issues for providing space for innovative policy-making addressing the needs of young people, and to tackle brain drain issue.

¹¹ WB EDIF), is a comprehensive financing platform combining loans, equity, guarantees, incentive grants and technical assistance to support SME growth

¹² http://www.wbedif.eu/wp-content/uploads/2020/05/WB_Edif_AR_2019.pdf

¹³ http://www.eif.europa.eu/what_we_do/resources/wbedif/wb-edif-gf-youth-sub-intermediaries.pdf

¹⁴ * This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

¹⁵ Ibid.

¹⁶ https://ec.europa.eu/commission/commissioners/2019-2024/varhelyi/announcements/eu-boosts-youth-employment-western-balkans-eu10-million-small-and-medium-enterprises_en

The project¹⁷ is funded by the European Union with a budget of 1.5 million EUR and is implemented by the Regional Cooperation Council.

The 3-year project will establish Western Balkan Youth Labs with the goal of working on important issues common for all young people across the region, such as employment, entrepreneurship, education, etc. together with policy makers, to mobilize and involve the youth in decision-making process. Increased mobilization of youth in policy making and increased co-creation of relevant policies with youth are two of the main expected outcomes.

2.4.3. Erasmus+

The Erasmus program enables millions of young people from EU Member States (Program Countries) as well as from Partner Countries such as the Western Balkans to study, train or learn abroad while broadening their experience and awareness of Europe, and increasing their future chances on the job market. During 2015-2018, about 1.313 projects have been successfully implemented and over 27 000 people (students, researchers, and staff) have moved for short periods between Western Balkans and Europe¹⁸.

The EU Commission, following the commitment undertaken at Sofia Summit, by the end of May 2018, proposed to double the funds for Erasmus from 14.7 billion Euros (2014-2020) to 30 billion Euros (2021-2027). This is by far the biggest increase for any program in the EU budget. This fund is expected to breakdown as follows: €25,9 billion for education and training, €3,1 billion for youth and €550 million for sport¹⁹.

This would allow opening up more opportunities for young Europeans to study or train abroad, enabling them to learn and develop a European identity. More specifically for the region, the funding from **Erasmus+ has been doubled since 2018 (to over EUR 65 million)**, along with increased emphasis on vocational education.

"Erasmus+: Youth in Action" is a Program which refers to the activities within the Erasmus+ Program exclusively related to the field of youth and non-formal learning. It is also open for Partner Countries neighboring the European Union,

¹⁷ https://www.rcc.int/priority_areas/48/western-balkans-youth-lab-project

¹⁸ https://ec.europa.eu/programmes/erasmus-plus/sites/erasmusplus2/files/wbalkans_four-pager-2018.pdf

¹⁹ https://ec.europa.eu/malta/news/eu-budget-commission-proposes-double-funding-erasmus-programme_en

such as Albania, Bosnia and Herzegovina, Kosovo*²⁰ and Montenegro. This Program is a key instrument in the field of youth in facilitating the integration of these countries in the European Union²¹.

The Erasmus program has been shown as very effective in stimulating educational cross-border mobility. As per a recent study²², international mobility is related to higher political and civic engagement, higher interest and knowledge in politics, as well as lower levels of nationalism.

2.4.4. Regional Youth Cooperation Office

Compared to five years ago, the WB6 countries have learned to cooperate more systematically and in a structured way amongst them and with their partners. They have come to see the benefits that such cooperation can have on their growth and on their integration towards EU.

Proof of the progress in regional cooperation can be witnessed with the establishment and functioning of the Regional Youth Cooperation Office (RYCO), which has managed in a short time to create opportunities for cooperation and mobility of young people in the region. Through various projects and collaborative efforts on youth mobility, exchanges and educational initiatives, RYCO aims at establishing strong ties among young people in the Western Balkans.

The main goal of RYCO is that the Western Balkans young people are connected, aware of their shared challenges and dedicated to work together on bringing a new reality in the region. RYCO's Governing Board is composed of six Governments representatives and six youth representatives, making this structure unique in the region because of its co-management rule by unanimity applied in the Governing Board. There are 4 relevant projects²³ which RYCO is implementing for the period 2019-2021:

- *Supporting the Western Balkan's Collective Leadership on Reconciliation: Building Capacity and Momentum for RYCO.* The overall goal of this project is to strengthen RYCO as a regionally owned mechanism with the mandate

²⁰ * This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

²¹ <https://www.salto-youth.net/rc/see/seeyia/>

²² Youth Study South EastEurope 2018/2019, Friedrich Ebert Stiftung

²³ <https://www.rycowb.org/>

to promote reconciliation, mobility, diversity, democratic values, participation, active citizenship and intercultural learning.

- *Enhancing Youth Cooperation and Youth Exchange in the WB6*, with the aim to create a more enabling environment and new opportunities for young people to travel and explore the WB6, get to know their peers, and cooperate on shared projects in the field of community activism, culture, sports, environment, and many more.
- *ROUTE WB6* promotes cross-border long-term and short-term volunteering as a tool that will contribute to reduction of social and ethnic distance among young people in the region as well as to strengthen their pro-social and European values that will lead to reconciliation, stability and prosperity of the WB6 region.
- *RISE (Regional Incubator for Social Entrepreneurs)*. The objective of the project is to address a specific and crucial need in the region in relation to its current context and history: opening new spaces of reconciliation for the youth of the Western Balkans through social entrepreneurship. The project aims to increase the number of cross-border interactions around social entrepreneurship. The goal is to enrich the capacity of the social entrepreneurship ecosystem in the Western Balkans region, aimed at local support structures (RISE incubators) who are promoting innovative and social projects and project leaders.

In addition, RYCO has launched four Calls for Proposals during the four years of its existence. The three first calls enabled the creation of more than 1.000 youth-focused partnerships in the region.

3. The Regional Economic Area (REA) and Youth

3.1. Assessment of implementation of The Multiannual Action Plan of REA - Measures and Bottlenecks

Regional Economic Area (REA) has been developed upon the request of the WB Six Prime Ministers to prepare a “...*proposal for a joint approach to furthering economic cooperation in the Western Balkans*”. Mobility and Digital Integration are the two pillars (out of four in total) that concretely address the social and economic development of the society in the region, and directly or indirectly impact youth.

Even though a lot of effort has been done from the countries to move forward in the area of Mobility and achieve the listed measures, this remains an area with the greatest "stagnation" in terms of political progress. Specifically, there are two main unrealized measures: i) the Mutual Regional Agreement (MRA) on regulated professions; and, ii) the Joint Declaration on Automatic Recognition of Academic Qualifications²⁴. Both are high-impact measures in forming a common market and enabling one essential element: the mobility of human capital and knowledge.

In addition, there are other measures which aim to increase the innovation capacities of the societies in the region, that suffer from delays mainly related to lengthy institutional planning and preparation processes. They include “Mapping of research infrastructure”, “Design and planning of the Smart Specialization Strategies”, etc.

The delivery of REA MAP measures faces three main challenges so far: i) the lack of political will; ii) lack of financial support; and, iii) bureaucratic barriers and delays in coordinating their implementation. Despite these challenges, it can be concluded that overall REA 1.0 has been a successful tool to achieve regional cooperation towards mutual goals. The WB governments have proved that they can achieve a lot in the political and technical sphere, when they are willing to collaborate together for their common good.

²⁴ From now on referred to as the Declaration.

3.2. Towards Sofia Summit 2020

The next phase of regional economic integration agenda is expected to be endorsed by the WB Leaders in the upcoming Berlin Process Summit in autumn 2020. The WB governments together with RCC and CEFTA Secretariat have already proposed the potential building blocks and core areas, in which regional economic integration needs to be strengthened. The aim is for these measures to support Western Balkan economies, whilst enhancing their integration with the EU single market.

The consultation process with the governments of the WB6 is ongoing and the final goal is to approve the new and upgraded REA action plan, now to be called Common Market Action Plan 2021-2024, that incorporates concrete, impact- and target-oriented and achievable measures. This Action Plan will also reflect the post-COVID-19 recovery context in the region and serve as a basis for responding to and containing negative socio-economic consequences of the pandemic. It provides for three policy areas with measures that are expected to have a direct impact on youth in the region.



Source: RCC

The policy area: **“Free movement of people”** aims to boost the mobility of students, researchers and professors in the Western Balkans and endorse a Western Balkans Framework Agreement on Access to Study. Some of the expected results under this priority area are:

- Regional assessment and guidelines for legal adjustments
- WB Working Group on Access to Study established
- Western Balkans Framework Agreement on Access to Study signed
- Number of students with equal access to study within WB increased

Another goal under this priority area is to open the European Universities Initiative to Western Balkans Universities and aiming to increase the number of WB Universities application and participation.

The **“Regional digital area”** is linked to the objective of increasing digital skills and competence in the region. A first and most important step will be the assessment of digital skills gap in WB and agree on the benchmarks for closing the gap. In this context, WB countries will agree on benchmarks for closing digital skills gap with particular focus on market need for targeted groups such as citizens, women, public administration, etc., and with a special focus on start-ups and youth in general. An expected result of this priority area would be the establishment of WB Digital Skills and Job Coalition Initiative (WB DSJC) to support up-skilling and re-skilling. It is expected that about 100 traineeships are offered to students yearly in each economy and a digital learning platform is established, based on WB benchmark on digital skill needs for targeted groups. In addition, a regional repository of courses and other training programmes developed by different organizations will be established to help the targeted groups increase their knowledge and skills and be better prepared for the labor market.

A new Policy Area introduced in this Action Plan is the **“Regional industrial and innovation space”**. This Policy area aims to boost regional Innovation by launching a Regional Early Stage Innovation Funding Scheme. A new model of support to start ups and MSMEs with innovative ideas will be created and implemented and private capital from businesses in the region and beyond will be mobilized. Guarantee schemes for MSMEs will be established through financed under WB ENIF.

In addition, countries have agreed to facilitate establishment of Start-up Western Balkans Network of existing start-up ecosystems supported to identify key business pitfalls and help ease business. In this context a start-up coordination committee is envisaged to be created as well as a WB6 Forum for start-ups will be established. Another focus will be the creation of a Regional Diaspora Knowledge Transfer Initiative to tap into potential of the region’s diaspora and encourage brain circulation.

Another initiative is to set up the Regional Network of Women in STEM for the Next Decade to encourage increased participation of young girls and women in STEM education and careers as well as to create a Western Balkans Women Entrepreneurs Network to encourage women from an early age to pursue entrepreneurship careers.

The measures, after being formulated, prioritized, accompanied with deliverables, will be passed to the leaders for approval in the Western Balkan Summit in November 2020. Given the already mentioned challenges of REA, the

focus with the new Action Plan is to approve a Plan of measures that will commit the WB6 governments to deliver results that have an immediate impact on the population of the Western Balkans. There is an increased need for a selective approach on those policy and action measures that can really foster the integration of WB6 in new markets and provide new opportunities for the youth of the region to get better educated, increase their skills and prepare themselves for the challenges of tomorrow's European job market.

4. Innovation and Startups – An opportunity for the WB youth

Data from the Global Competitiveness Report show that the region has progressed and reduced the gap with the European Union on many of the drivers of productivity and – with a projected GDP growth rate of 3.8% in 2020 – the Western Balkans remain one of the areas of Europe with the best growth prospects for the future.²⁵ WB6 countries are turning to innovation, digitalisation and startups as a novel way of fostering digital skills for employability and entrepreneurship.

There are several digital innovation hubs (DIHs) and science-technology parks across the Western Balkans. Digital Innovation Hubs (DIHs) can help ensure that every company, small or large, high-tech or not, can take advantage of digital opportunities. DIHs are one-stop shops that help companies become more competitive with regard to their business/production processes, products or services using digital technologies. Until now not much has been achieved at regional level in this area.

It is foreseen that very soon a mapping DIHs in the Western Balkans will take place with the support of RCC. This support will provide expert advice in identifying needs within WB economies aimed at developing further Digital Innovation Hubs, define model/steps to be chosen in each WB economy that supports promotion of DIHs, as well as provide expert advice on concrete actions and activities at both national and regional level, and engage DIHs in concrete work of EU DIHs network. Cooperation of these digital hubs in the region should be strengthened, as well as cooperation with the ones in EU should be reinforced.

Recently a number of initiatives have been undertaken regarding youth employment, education and participation in policy making by creating possibilities for young people to be more competitive in the market and to include them in different innovative activities that can enable an entrepreneurship-friendly environment in the near future. The role of innovative startups has steadily gained importance as a driving force for economic and social development towards a knowledge-based society, and by bringing innovative business ideas and services; start-ups represent a specific segment of the economy which has the potential to determine the success and well-being of the economy in the long run.

²⁵ <https://www.weforum.org/agenda/2020/02/western-balkans-become-more-innovative/>

Among the countries in the region of Southeast Europe, Albania, Bosnia and Herzegovina, Kosovo*²⁶ and North Macedonia have the least developed ecosystem of start-ups, while Serbia and Croatia have more developed ones. On the other hand, Slovenia is considered the country with the most consolidated ecosystem in the region. Montenegro is reported to be at an early stage of development.

Despite changes in ecosystem development, in all countries in the region, it is noticed that capital raised by start-ups is less than \$ 1m for 2016. The most important investments are targeted at start-ups that come mainly from the ICT field, but there are also tendencies for start-ups that focus on creating products or Business to Consumers (B2C) services as well as other industries that are not related to the ICT field.

The **Albanian** startup ecosystem is in the early stages of development. It is developing gradually but the young entrepreneurs' commitment is very promising, as indicated by the launching rate of innovative startups and of business ideas²⁷. The Unit of Development Program and Cooperation, Department of Development and Good Governance, at the Prime Minister's Office, in cooperation with other Line Ministries, is developing a National Program on "Startups and Innovation" that responds to start up and innovation needs. In addition, a draft law has been prepared on "Startups" which will help provide incentives to new start and existing startups to flourish and turn into successful SMEs.

Kosovo*²⁸: Kosovo ranks 40th out of 190 economies on ease of starting a business in 2018 (Doing Business Report 2018). With increased government support and no capital or fee required to register a business, Kosovo*²⁹ is developing into a potential location for anyone looking to start a business in technology.³⁰

Bosnia and Herzegovina: The startup and venture ecosystem in Bosnia and Herzegovina is growing, but it is still underdeveloped, unexplored and undocumented. Based on the South East Europe Startup Report 2018, the number of programs for young entrepreneurs is expanding, from university

²⁶ * This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

²⁷ "Entrepreneurship Ecosystem in Albania", published in November 2019, EU for Innovation project and available here: <http://euforinnovation.al/wp-content/uploads/2020/03/e-publication-of-the-regional-gap-analysis.pdf>

²⁸ * This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

²⁹ Ibid.

³⁰ <https://medium.com/@francescocracolici/the-startup-ecosystem-in-the-western-balkan-region-an-overview-362dfd153450>

programs through non-governmental organizations and government initiatives to professional incubators and accelerators.

Montenegro: The Montenegrin startup ecosystem is in the early stage of forming.³¹ In general, Montenegro continues to have very few enterprises that are basing their activities on innovation, knowledge and modern technologies. Furthermore, the present cooperation of enterprises with scientific and research institutions is still in an initial phase; thus it has not yet produced significant results in the field of innovation. For more, policy measures supporting startups in Montenegro are mostly limited to plans and recommendations, often based on policy support facilities from the EU. With lack of specific policy measures. There are no specific policy measures influencing startup ecosystem currently and this comes as a result of overall low levels of competitiveness and innovativeness as the total investments into R&D.

North Macedonia: The Macedonian startup ecosystem is smaller compared to other European and even neighbouring countries but has similar size to few quite vibrant and successful such as Slovenia and Estonia. General impression is that the country is not lacking ideas, but the creation of products and adopting to the market is still a struggle for many. One of the reasons behind this is lack of adequate support and expertise that will go much more beyond basic business launching education

Serbia: The Republic of Serbia considers the development of startups, small and medium enterprises, and entrepreneurs as a crucial segment for recovery and development of Serbian economy. In Serbia, SMEs make up 99.8% of the total number of businesses and generate about 2/3 of employment, turnover 54.1% of GDP, and account for 43.2% of exports. 80% of the total workforce works in the SME sector.³²

In the Western Balkans, there are about 22 Digital Innovation Hubs (DIHs) present or planned, whose aim is to help startups and companies become more competitive with regard to their business/production processes, products or services using digital technologies. The collaboration in terms of pooling of expertise, resource, and budgets across several or all WB6 countries can create critical mass and synergy effects. Smooth political processes (through REA MAP) may make these opportunities easier to realize.

Efforts have started from all WB6 countries to establish cooperation networks / platforms aimed at developing the start-up ecosystem, which could lead later to joint initiatives such as the creation of a Regional Centre for Startups and

³¹ <https://startupeurope.network/ecosystems/me>

³² <https://startupeurope.network/ecosystems/rs>

Innovation. These efforts are reflected in the new measures proposed under the new Common Market Action Plan 2021-2024. In addition, there is an increased concern to link new initiatives with the green economy. With the new Action Plan, one of the objectives is to facilitate the establishment of a Green Start-up Western Balkans Network, where young people with innovative green ideas, will be the focus, to accelerate the growth of green economy.

4.1. Balkathon³³

Following the Covid-19 Pandemic, many countries all over the world organized Hackathons to tackle the crisis with innovative ideas from young people. In this context, the Regional Cooperation Council organized the first regional Hackathon called: “Balkathon” - the first ever Western Balkans competition event, under the slogan “Smarten up for the future”, to trigger development of digital innovative solutions in selected categories.

The Balkathon was a successful instrument for youngsters, start-ups, small and medium enterprises, students, etc. from all Western Balkan economies to unlock innovative ideas, develop and promote their digital solutions to support citizens and businesses to recover from effects of the COVID-19. It promoted practical digital solutions in three selected categories (smart tourism, digital learning platform, and online payment) through an all-inclusive and transparent process to ensure full regional ownership and participation. A prize was awarded at the end for each category. A total of 88 applications were received, and according to the organizers, this number exceeded the initial expectations, and shows the interest and eagerness of youngsters in the region to participate and contribute with their ideas.

The Balkathon was mainly focused on Smart Tourism due to the situation created by COVID-19, where tourism sector came to a standstill in the first half of 2020. Another area of focus was online learning. **Only 30% of Western Balkans citizens use the internet for education³⁴** and pandemic forced millions to replace their classrooms with online learning. In this regard, Balkathon tried to support the development of innovative ideas in addressing basic digital skills needs of citizens through the establishment of dedicated digital learning platform.

The Balkathon selected three winners, who are obliged to further develop their digital solutions, in order to be applicable in all WB economies.

Balkathon has shown its potential to grow and develop beyond that, not just as a response to this unprecedented situation but to change our approach to things - a mind-setter that would be much needed in the changing world, to ensure

³³ <https://www.rcc.int/news/637/1st-western-balkans-balkathon-is-on-apply-and-rcc-will-support-best-ideas-for-innovative-digital-solutions-development-with-10000-eur>

³⁴ Balkan Barometer 2020

dynamic growth on personal level as well as on the level of a society and economy. Events like this proved to be very successful to bring the youth together, brainstorm and generate innovative solutions to challenges that the region as a whole is facing.

5. Youth as a vulnerable group during Covid-19

According to International Labour Organization, prior to the onset of Covid-19, youth (aged 15 to 24) were already three times more likely to be unemployed compared to adults, while 126 million young workers were in extreme and moderate poverty worldwide. Following Covid-19, the increase in youth unemployment is expected to rise and also the global pandemic is having an unprecedented impact on education systems all over the world, with far-reaching social consequences. (International Labour Organization, 2020)³⁵

During this time, students are facing different disruptions due to conditions that can negatively impact learning and consequently graduation rates. Schools closures have a greater impact on vulnerable students, especially to the poorer ones who don't have internet access at home, or students with many siblings, students with health problems and specifically girls and young women who are disproportionately excluded from education. Marginalized youth are at particular risk of COVID-19 and its impacts. Young migrants and refugees, youth living in rural areas, adolescent girls and young women, indigenous and ethnic minority youth, young persons with disabilities, young people living with HIV/AIDS, young people of different sexual orientations and gender identities, and homeless youth already experience challenges in accessing healthcare services and social protection. Young people with physical or mental health conditions also face an elevated risk in relation to COVID-19. There may be longer term mental health impacts that are currently unknown, to which public service providers should be sensitive³⁶.

To alleviate the situation, WB6 governments should ensure there is continuity in learning by promoting optimal and feasible combinations of high-tech, low-tech and no-tech solutions. Given the large digital divide that exists, solutions such as delivering text-based content via cellular networks rather than videoconferencing that relies on high-speed internet and paper-based distance learning materials for families without any digital connectivity access should also be considered. Students with special needs, such as those with disabilities, will require additional attention and support as remote learning pose particular challenges for them and their families.³⁷

³⁵ https://www.ilo.org/global/publications/books/WCMS_737648/lang--en/index.htm

³⁶ [https://www.thelancet.com/journals/lanchi/article/PIIS2352-4642\(20\)30109-7/fulltext](https://www.thelancet.com/journals/lanchi/article/PIIS2352-4642(20)30109-7/fulltext)

³⁷ <https://www.un.org/development/desa/youth/news/2020/05/covid-19/>

6. Conclusion and Recommendations

Conclusions

The amount of attention and initiatives related to youth are expected to increase during the years to come. The topic remains high in both EU and WB agendas as youth is considered as a driving force for economic development of the region, if its needs are understood and addressed by the governing structures sooner rather than later.

The cost of emigration of youth is high and directly impacts the development of our countries. Taking into consideration the relatively young population of WB6 it is of great importance that the younger population is encouraged through different stimulus to live, innovate, work and be able to participate in the policy-making of their countries and in this way minimize the phenomenon of brain drain.

In addition, the role of youth in the democratization and reform processes is very relevant. The WB countries have demonstrated that they believe in the empowerment of youth, through including specific measures related to them in the regional agendas, such as the Regional Economic Area Multiannual Action Plan or the new Common Market Action Plan. Cooperation among the countries and the governments at a political and technical level is a key to achieve these measures and have a direct impact on the young population in the region.

On October 6, the EC adopted a comprehensive Economic and Investment Plan for the Western Balkans, with ten investment flagship initiatives in key areas for economic development. In addition of traditional connectivity such as sustainable transport and energy connectivity, the green and digital transformation, strengthening the competitiveness of the private sector and support to health, education and social protection, youth has been specially targeted by the inclusion of a youth guarantee to create job opportunities for young people.

Recommendations

The WB6 countries should step up their efforts for regional cooperation by **reinforcing the regional agenda and the measures** they have agreed to achieve through common actions. The region should act as one and deliver as one. Policies addressed to youth needs should be considered among the highest objectives of WB6 countries.

But, in order to be able to provide the youth with the necessary skills required, bigger resources are needed especially when it comes to those measures targeting youth **education and employment**, with particular focus on young people that need to get back into education, to catch up with schooling especially during this pandemic times, and progress further in their professional paths. In this context, WB governments should take measures to increase the numbers of young people studying and graduating in sectors as ICT and STEM, as well as support the development and spread of short-term training programs for young people (ICT and other graduates) to take up jobs that are most needed in the market. There are increased opportunities for young people because of existing skills shortages, opportunities in new industries, opportunities for entrepreneurship such as Start-ups and SMEs as they go onto grow and recruit.

Increasing the **participation of women and youth in policy-making and politics**, is another policy-making goal. Younger generations may offer new approaches and solutions to different challenges that governments may face. As such they deserve to be heard and be part of government reforms. It should be kept in mind here that an impactful policy starts from **good statistics**, therefore the data gathering processes and capacities should undergo a reform in order to enable the drafting of evidenced based policy making.

Thirdly, WB6 governments should aim at a **better alignment of IPA programming and implementation with national programming cycle and resources allocated to youth**, including efficient national implementing structures with proper rules and procedures.

To better fit policy-making to WB6 youth needs, policy-makers should move their stance from “dialogue” to “**partnership**” and all stages of policy-cycle are relevant for the exercise of such principle. Youth should be an active partner in such exercise.

In addition, the WB6 countries should focus on providing **intensive and prolonged support to rural and out-of-capital cities youth potential**. This segment of youth should have the same opportunities as those living in the urban areas. In order to achieve this, measures should be taken by the governments, to provide them with the basic tools needed such as internet connection, access to education and online learning and access to the labor market.

The WB6 should move on with the approval and implementation of the Western Balkans Declaration on Recognition of Academic Qualifications. This would contribute to the removal of obstacles of academic qualifications. A procedure for fast track recognition of higher education qualifications specifying criteria for fast track recognition in the region can be initiated and concluded. An agreement on recognition of primary, secondary including professional, VET qualifications

may also be initiated, as well as an agreement on recognition of non-formal and formal learning.

Moreover, the WB economies could cooperate to sign an agreement on Access to Study in the Western Balkans with the goal to treat students, researchers and professors equally to national ones when studying, carrying out research or teaching in the national system (regarding tuition fees, costs of accommodation and food, and employment).



YOUTH: FROM POZNAN TO SOFIA

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