

# Studies on obstacles and opportunities for doing business in the region

Study no.4

*Demographic crisis with an emphasis on youth*

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## EXECUTIVE SUMMARY

The world is undergoing a major demographic transformation - in many countries the population is aging. No country in the Western Balkans has been spared from a dangerous combination of migration and population ageing, but also exceptional rates of depopulation. Albanian nation of almost three million people is expected to fall below one million by the end of this century. After Albania, Northern Macedonia is also in a bad demographic situation, where it is estimated that it will lose 40% of its total population by the end of the century. Another Balkan country that has been hit hard by population decline is Serbia<sup>1</sup>. It is expected that the country with almost nine million inhabitants will have a million and a half less inhabitants by 2050. Serbia practically loses one city every year. Bosnia and Herzegovina has also been hit hard by the depopulation crisis - it is estimated that Bosnia and Herzegovina's population will shrink by as much as 50% by the end of the century. Montenegro is also affected by the crisis, but when compared to the countries in the region, at least - by the end of the century it is estimated that the Montenegrin population will decrease by a quarter. Also, it is concluded that in all the countries of the Western Balkans, there has been a decrease in the number of young people aged 15-34.

Western Balkan countries is experiencing one of the sharpest depopulations in the world. The most significant factor behind this trend is migration to Western Europe, which has remained widespread since the post-communist and post-conflict transition periods of the 1990s and 2000s. In recent years, migration has been compounded by low fertility and immigration rates, stalled social and human-rights advancements, and bleak economic projections, especially during the COVID-19 pandemic. According to official EUROSTAT data, the number of citizens of the Western Balkans who have a valid residence permit in the EU is 2,409,923. The previously presented data in Graph 2 show that the total number of inhabitants in the Western Balkans is 17.66 million, which leads us to the conclusion that as many as 13.6% of the inhabitants of this region have a valid foreign residence permit, ie. almost every seventh inhabitant has a valid foreign residence permit. Germany is the most desirable destination for residents of WB6 countries - on average about 43% of all residence permits within the EU, for residents of these countries, relate to Germany. In addition to Germany, Italy and Austria can be singled out as desirable destinations to which residents of WB6 countries go.

In 2018, the Western Balkan Six (WB6) kicked-off negotiations on an Agreement, which will enable common and shorter procedures for recognition of professional qualifications for Doctors of Medicine, Dentists, Architects and Civil Engineers. An intense negotiations process of monthly

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<sup>1</sup> Note: United Nations data on Serbia includes Kosovo's population. The Kosovar government's data on the estimated emigrant population is not reliable.

negotiating meetings took place in a constructive spirit between the delegations. At the 7th negotiations meeting held in Brussels on 14th of June 2019 there was no consensus between the participants under which framework to continue the negotiations. As the conditions to continue the negotiations were not there, the negotiations were discontinued. The report also contains an overview of the situation when it comes to legislation in the field of recognition of professional qualifications, and general information concerning this part, in the Western Balkans countries.

At the end of the report, the following key recommendations for decision makers have been highlighted:

- Improving migration data is a basis for evidence-based policies;
- Create more democratic and inclusive politics;
- Skills mismatch and labour underutilisation encourage youth emigration – reform the education system;
- Improve the vocational education system;
- Improvement of youth employability;
- Make return easier – promotion of return;
- Reducing regional inequalities within the countries;
- Learn from the experiences of countries with large immigrant populations.

## INTRODUCTION

The six Western Balkan countries have a long history of emigration resulting in large diaspora communities. In addition, the demographic crisis in terms of population decline and population ageing are considered to negatively affect economic growth in the Western Balkan countries as they increase labour shortages in some sectors despite still rather high unemployment rates.

Increasing numbers of people are leaving the Western Balkan countries, thereby creating a difficult situation for local labor markets, specialized sectors like health care, and sometimes even the most basic services. There is no easy cure for this exodus, and the situation both for the WB6 countries and for those emigrating would not instantly improve were everybody to return to their country of origin.

The first part of this report provides an overview of the global demographic crisis, with a focus on projections of declining total population growth. The following is a detailed overview of the above for the Western Balkans, with projections of population decline in these countries. Data related to the younger population in these countries are also presented, in order to get a broader picture of the demographic crisis in the Western Balkans.

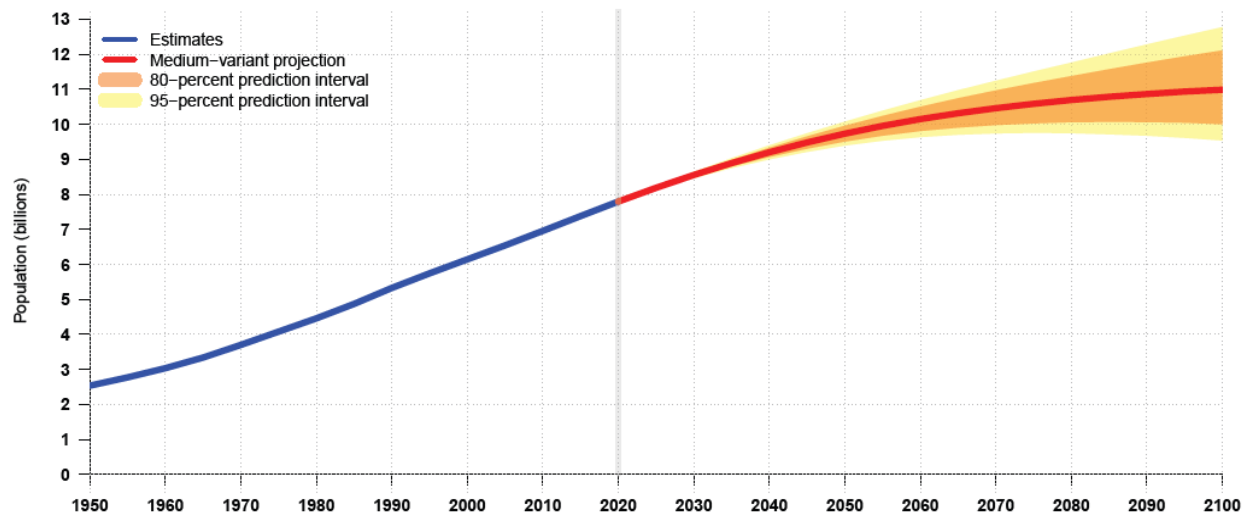
The second part presents detailed data on emigration and immigration within the Western Balkans. This section also provides a brief overview of youth immigration. After that part, the Economic and Investment Plan for the Western Balkans was presented, which aims to spur the long-term economic recovery of the region, support a green and digital transition, foster regional integration and convergence with the European Union.

The third part of this report contains information on the recognition of professional qualifications, as well as the Agreement on Mutual Recognition of Professional Qualifications in the Western Balkans. Following the information on the above, the following subsections provide an overview of the situation when it comes to legislation in the field of recognition of professional qualifications, and general information concerning this part, in the Western Balkans countries.

## 1. Global demographic crisis

The world is undergoing a major demographic transformation - in many countries the population is aging. The World Health Organization points out that by 2050, the proportion of the world's population over 60 years will nearly double from 12% to 22% (2.1 billion). In addition to that, they claim that the number of people aged 60 years and older will outnumber children younger than 5 years.<sup>2</sup>

Chart 1: Population of the world: estimates, 1950-2020, medium-variant projections, 2020-2100, with 80- and 95- percent prediction intervals



Source: World Population Prospects 2019: Data Booklet, UN

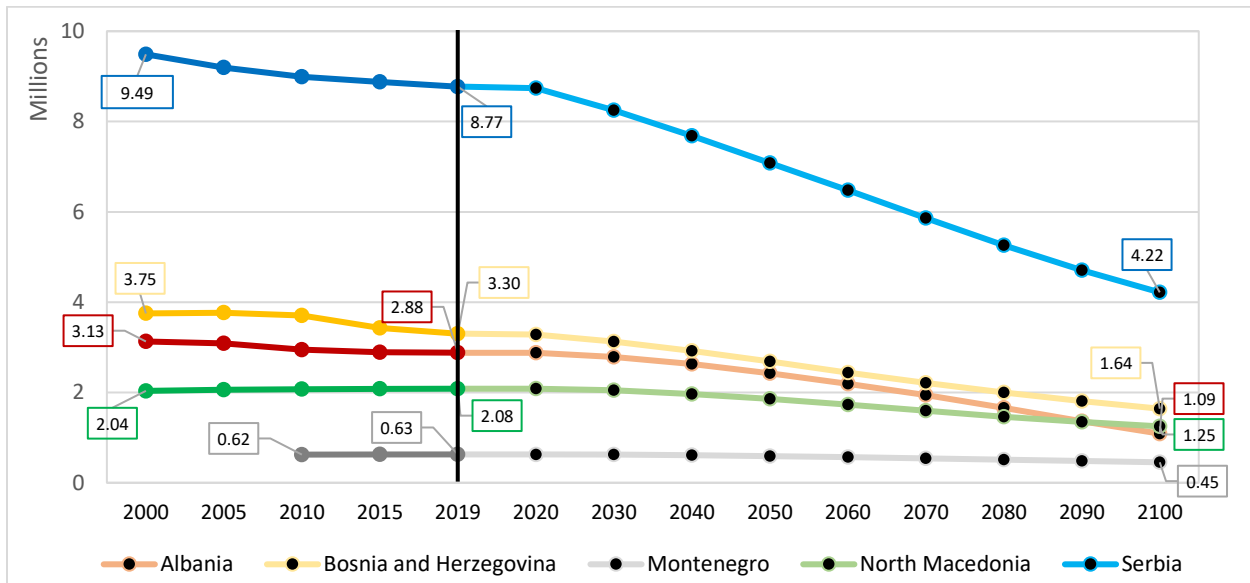
The bold blue curve refers to estimates for the period 1950-2020. The bold red curve shows the medium-variant projections for the period 2020-2100. The uncertainty of these projections is expressed using prediction intervals around the medium variant: shaded in orange for 80 per cent intervals and yellow for 95 per cent intervals. The results indicate that the global population is likely (95 per cent) to number between 8.5 and 8.6 billion in 2030, between 9.4 and 10.1 billion in 2050, and between 9.4 and 12.7 billion in 2100. Thus, uncertainty about the size of the world's population in 2030 and 2050 is relatively small but increases rapidly for projections extending into the second half of the century. Although the most likely scenario is that the world's population will continue to grow throughout the present century, there is an estimated 27 per cent probability that it could stabilize or even begin to shrink sometime before 2100.

<sup>2</sup> <https://www.who.int/news-room/fact-sheets/detail/ageing-and-health>

## 1.2. Demographic crisis in Western Balkans<sup>3</sup>

No country in the Western Balkans has been spared from a dangerous combination of migration and population ageing, but also exceptional rates of depopulation. Confirmatory data is shown below, for each of the countries of the Western Balkans.

Chart 2: Western Balkan countries population 2000-2019, with population projections 2020-2100



Source: Chart created by autor, using UN data for World population prospects, Medium fertility variant, 2020 – 2100<sup>4</sup>

United Nations World Population Prospects 2019 report<sup>5</sup> presented depressing data on future of Western Balkan region. Balkan countries are now in jeopardy of losing a substantial portion of their population density and their demographic characteristics.

According to the UN report, an Albanian nation of almost three million people is expected to fall below one million by the end of this century. After Albania, Northern Macedonia is also in a

<sup>3</sup> The Western Balkans is a political neologism coined in the early 1990s and is used by European Union institutions to refer to the Balkan countries which are not member of the European Union: Albania, Bosnia and Herzegovina, Kosovo\*, Montenegro, North Macedonia, and Serbia (the latter five are states that emerged from the former Socialist Federal Republic of Yugoslavia).

\* This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence

<sup>4</sup> Available online at: <https://population.un.org/wpp/Download/Standard/Population/>

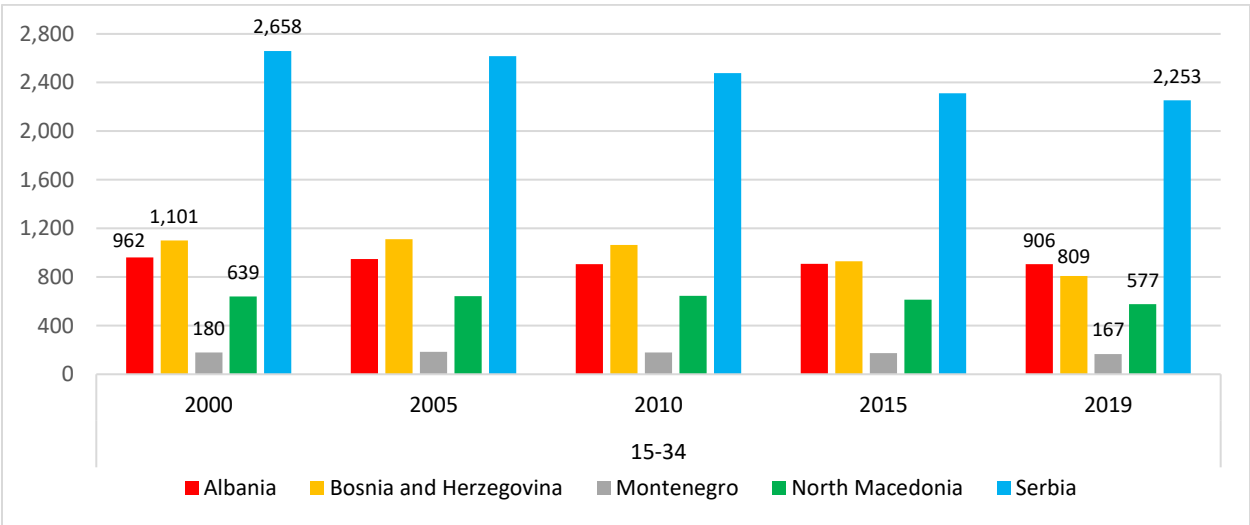
<sup>5</sup> Available online at: [https://population.un.org/wpp/publications/files/wpp2019\\_highlights.pdf](https://population.un.org/wpp/publications/files/wpp2019_highlights.pdf)

bad demographic situation, where it is estimated that it will lose 40% of its total population by the end of the century. Another Balkan country that has been hit hard by population decline is Serbia<sup>6</sup>. It is expected that the country with almost nine million inhabitants will have a million and a half less inhabitants by 2050. Serbia practically loses one city every year. Bosnia and Herzegovina has also been hit hard by the depopulation crisis - it is estimated that Bosnia and Herzegovina's population will shrink by as much as 50% by the end of the century. Montenegro is also affected by the crisis, but when compared to the countries in the region, at least - by the end of the century it is estimated that the Montenegrin population will decrease by a quarter.

This problem is not only characteristic for the mentioned countries of the Western Balkans, but also for the Balkan countries that are members of the EU: Croatia and Greece. Croatia has been a member of the European Union since 2013. Since then, more than quarter of a million Croats left the country looking for better paying jobs abroad. The population of just over four million has shrunk by almost 10 percent in a decade. Greece is also showing worrisome trends. According to the Greek statistics agency between 2011 and 2020 the population of the country shrunk by half a million people.

However, although the above data on population projections are already quite worrying, the data on the share of young people aged 15 to 34 in the total population, in the previous period, are even more worrying. Accordingly, the data on the total number of young people in the Western Balkans aged 15 to 34 for the period from 2000 to 2019 are presented below.

Chart 3: Youth population (15-34) in WB countries (2000-2019)



Source: Chart created by autor, using UN data

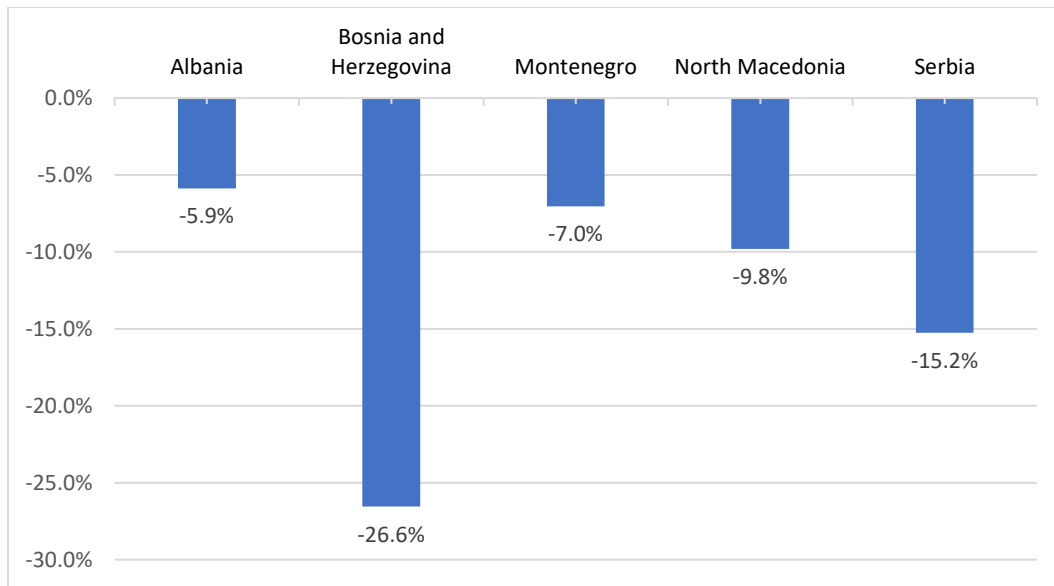
<sup>6</sup> Note: United Nations data on Serbia includes Kosovo’s population. The Kosovar government’s data on the estimated emigrant population is not reliable.



The graph shows a declining trend in the number of young people aged 15 to 34 in all Western Balkan countries. Namely, the graph shows the values of the number of young people aged 15-34 for the initial year (2000) and for the final year (2019). By simply comparing these data, it is concluded that in all the countries of the Western Balkans shown, there has been a decrease in the number of young people aged 15-34.

The following graph shows the percentage reduction in the number of people aged 15 to 34.

Chart 4: Percentage reduction in the number of young population (15-34 years) in the period from 2000 to 2019)

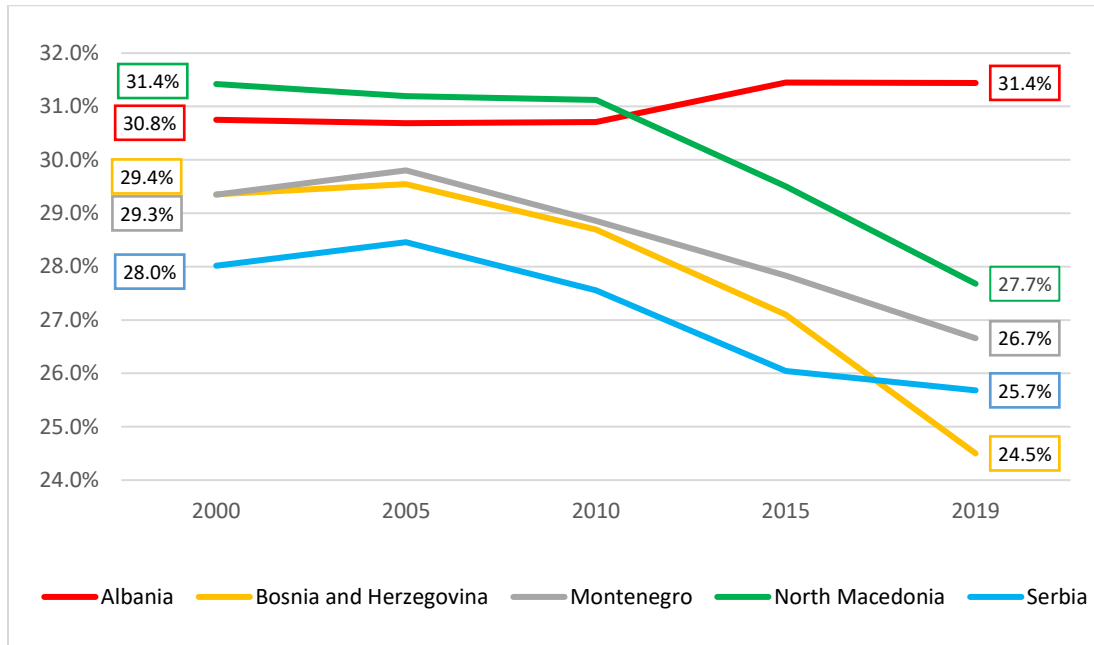


Source: Chart created by autor, using UN data

Graph 4 shows the percentage rates of decline in the young population (15-34 years). In the observed period (2000 to 2019), the rate of decline in the young population in Bosnia and Herzegovina is as high as 26.6% - in other words, more than a quarter of the young population in Bosnia and Herzegovina has disappeared in the past 20 years. After Bosnia and Herzegovina, Serbia recorded a decrease in the number of young people in the percentage of 15.2%. Decreases in the young population below 10% were recorded in Albania (5.9%), Montenegro (7.0%) and Northern Macedonia (9.8%).

The following graph shows the share of young population (15-34 years) in the total population, for the Western Balkans countries.

Chart 5: Share of young population (15-34 years) in the total population (2000-2019)



Source: Chart created by autor, using UN data

Although it has already been concluded that all these countries have recorded a negative trend when it comes to the number of young population (15-34 years), it is important to consider the trends of the share of this part of the population in the total population. In addition to the smallest decrease in the population aged 15 to 34 in Albania, this is the only country to record an increase in the share of the young population in the total population - from 30.8% to 31.4%. On the other hand, all other countries recorded a significant decline in the share of young people in the total population - the percentages shown are lower in the range of 2.3% to 4.9%.

## 2. International migration

### 2.1. Emigrations from the Western Balkan

In today's increasingly interconnected world, international migration has become a reality that touches nearly all corners of the globe. Modern transportation has made it easier, cheaper and faster for people to move in search of jobs, opportunity, education and quality of life. At the same time conflict, poverty, inequality and a lack of sustainable livelihoods compel people to leave their homes to seek a better future for themselves and their families abroad.

As shown above, Western Balkan countries is experiencing one of the sharpest depopulations in the world. The most significant factor behind this trend is migration to Western Europe, which has remained widespread since the post-communist and post-conflict transition periods of the 1990s and 2000s. In recent years, migration has been compounded by low fertility and immigration rates, stalled social and human-rights advancements, and bleak economic projections, especially during the COVID-19 pandemic. As several Southeastern European countries have joined the European Union and the Western Balkans begin to work toward accession, the region will continue to face sharp migration in the years to come.

Overall, people of the WB6 region should be able to actively seek opportunities abroad, especially since this often means better education, higher incomes, and more remittances for their family members back home. Furthermore, the region's governments should realize that there is much more to be gained from this active diaspora than money for consumption. Those who emigrate are also potential investors, they can bring new ideas to the country directly or digitally, and they have the necessary connections to create ties in different sectors between their countries of origin and of destination. In addition, not everyone who emigrates wants to leave, and not all of those who leave turn their back on their countries for good. Still, those who would rather stay can only be convinced to do so by a combination of an improved political (less nationalism, state capture, and corruption; more stability and openness to citizens' demands; more social and family policies), economic (better match between education and labor market demands; merit-based job markets; more stable working conditions), and natural environment (less pollution; more livable conditions).<sup>7</sup>

According to official EUROSTAT data, the number of citizens of the Western Balkans who have a valid residence permit in the EU is 2,409,923. In the context of demographic challenges, it must be emphasized that there are a number of citizens of the Western Balkans living in the EU who do not have valid residence permits (their number cannot be estimated).

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<sup>7</sup> Emigration from the Western Balkans, Aspen Institute Germany, 2020

Table 1: Valid residence permit issued by EU Member States to citizens of WB6 countries, 2019

Valid residence permits issued by EU Member States to citizens of candidate countries and potential candidates, 2019

	Total number	Top three EU Member States									Other EU Member States	
		First			Second			Third			Number	Share of EU (%)
		Name	Number	Share of EU (%)	Name	Number	Share of EU (%)	Name	Number	Share of EU (%)		
Montenegro	31 114	Germany	18 794	60.4	Luxembourg	3 501	11.3	Italy	2 007	6.5	6 812	21.9
North Macedonia	220 879	Germany	92 594	41.9	Italy	59 750	27.1	Austria	22 184	10.0	46 351	21.0
Albania	868 655	Italy	416 656	48.0	Greece	371 783	42.8	Germany	42 672	4.9	37 544	4.3
Serbia	504 143	Germany	231 120	45.8	Austria	107 369	21.3	Italy	37 123	7.4	128 531	25.5
Bosnia and Herzegovina	444 988	Germany	176 168	39.6	Austria	96 022	21.6	Slovenia	86 716	19.5	86 082	19.3
Kosovo *	340 144	Germany	199 348	58.6	Italy	44 980	13.2	Slovenia	25 978	7.6	69 838	20.5

\* 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.

Source: Eurostat (online data code: migr\_resfirst and migr\_resvalid)



Source: Eurostat<sup>8</sup>

The previously presented data in Graph 2 show that the total number of inhabitants in the Western Balkans is 17.66 million, which leads us to the conclusion that as many as 13.6% of the inhabitants of this region have a valid foreign residence permit, ie. almost every seventh inhabitant has a valid foreign residence permit.

From the table it can be concluded that Germany is the most desirable destination for residents of WB6 countries - on average about 43% of all residence permits within the EU, for residents of these countries, relate to Germany. In addition to Germany, Italy and Austria can be singled out as desirable destinations to which residents of WB6 countries go.

Youth migration and brain drain<sup>9</sup> represent the most sensitive issues policymakers in the Western Balkans dealing with migration are confronted with. A brain drain is reducing the regions' human capital that is necessary for economic growth while existing social infrastructure is failing to improve the human capital of those who remain behind. This is factor which hampers the region's economic competitiveness, ability to increase labour productivity, and capacity for innovation and technological progress, all of which are crucial components for the region's economies to transition to higher value added sectors and speed up convergence growth paths with the European Union (EU).

The cost of a decreasing number of young people in the Balkans has been calculated by the Westminster Foundation for Democracy and the Institute for Development and Innovation. The

<sup>8</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Enlargement countries - statistics on migration, residence permits, citizenship and asylum#Population change: natural change and net migration](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Enlargement_countries_-_statistics_on_migration,_residence_permits,_citizenship_and_asylum#Population_change:_natural_change_and_net_migration)

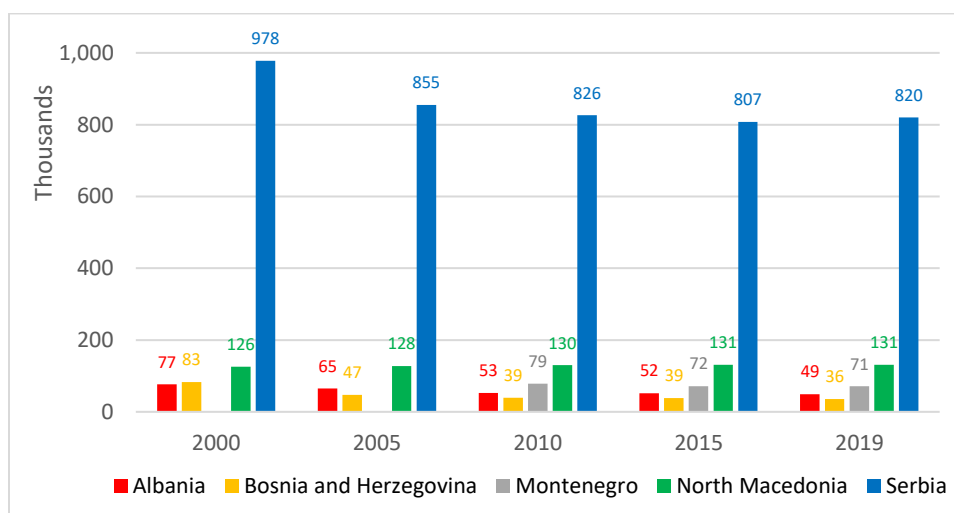
<sup>9</sup> Brain drain is defined by the European Union "as a region's loss of individuals with high skills and/or competencies (workers/students) due to permanent emigration.

studies<sup>10</sup> shows that the Western Balkans region is losing billions of euros each year due to migration by its young citizens. To estimate the economic footprint, the research takes into account both the costs associated with education - €2.46 billion - as well as the potential loss in GDP growth due the departure of the countries' youth. It has been calculated that Western Balkans countries lose, due to youth migration, €3.08 billion each year in potential GDP growth and decrease in consumption. Adding that figure together with the estimate for educational spending brings a total of around €5.5 billion per year.

## 2.2. Imigrations (with)in the Western Balkan

On the other hand, the data on the inflow of foreign population for the countries of the Western Balkans are presented below. We will not look at the migration from the last century, which was mainly a consequence of the wars in this area, but we will pay attention to the migration that has been present in the last 20 years (2000-2019). The following graph shows the data on international migrant stock at mid-year of the Western Balkan countries<sup>11</sup>.

Chart 6: International migrant stock at mid-year (both sexes), 2000-2019



Source: Chart created by autor, using UN data

<sup>10</sup> The studies are available at the following links:

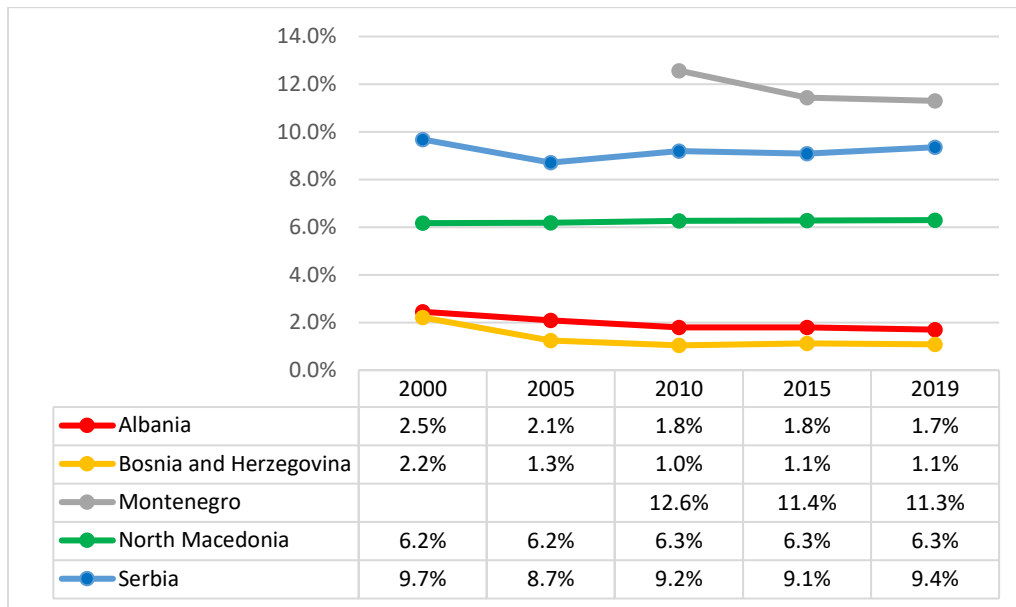
- for Albania: <https://iri.rs/en/institut/cost-of-youth-emigration-albania/>
- for B&H: <https://iri.rs/en/institut/the-cost-of-youth-emigration-in-bosnia-and-herzegovina/>
- for Montenegro: <https://iri.rs/en/institut/the-cost-of-youth-emigration-in-montenegro/>
- for North Macedonia: <https://iri.rs/en/institut/the-cost-of-youth-emigration-in-north-macedonia/>
- for Serbia: <https://iri.rs/en/institut/cost-of-youth-emigration-serbia/>

<sup>11</sup> The following graphs use UN International Migrant Stock 2019 data, for each country. Data are available at the following link –

<https://www.un.org/en/development/desa/population/migration/data/estimates2/countryprofiles.asp>

The graph clearly shows that Serbia has the largest number of inhabitants in international migration, but it is also possible to conclude that in the last 20 years, that number has recorded a downward trend. This trend is also present in Albania, Bosnia and Herzegovina and Montenegro, while only in Northern Macedonia there is a milder trend of growth of international migrants.

Chart 7: International migrant stock as a percentage of the total population (both sexes), 2000-2019



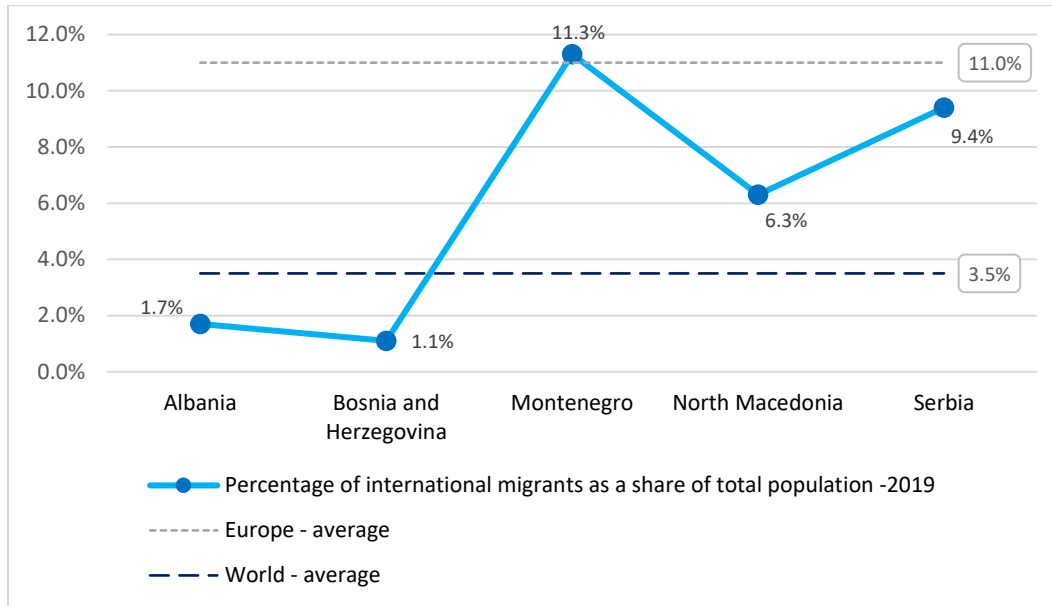
Source: Chart created by autor, using UN data

When it comes to the percentage of residents who migrate abroad, from Figure 5 it can be concluded that in Montenegro, on average, every tenth citizen migrates abroad. After Montenegro, Serbia (about 9%) and Northern Macedonia (about 6%) have a high percentage of people migrating abroad. On the other hand, Bosnia and Herzegovina (about 1%) and Albania (about 2%) have the lowest percentage of the population migrating abroad.

Once again, it is possible to conclude that the ranking of countries according to the percentage of women migrating abroad is identical, as with the data related to the total number of migrants by country.

The following graph provides a detailed overview of comparative data on the percentage of international migrants as a share of total population, for 2019.

Chart 8: Percentage of international migrants as a share of total population - 2019



Source: Chart created by autor, using UN data

When the previously analyzed data are compared with the average values of migrants from European countries, as well as the world, the conclusion is that only Bosnia and Herzegovina and Albania achieved lower values than the average for European countries (3.5%). On the other hand, the world average is 11%, and the only country in the Western Balkans that achieves values above that average is Montenegro with 11.3%.

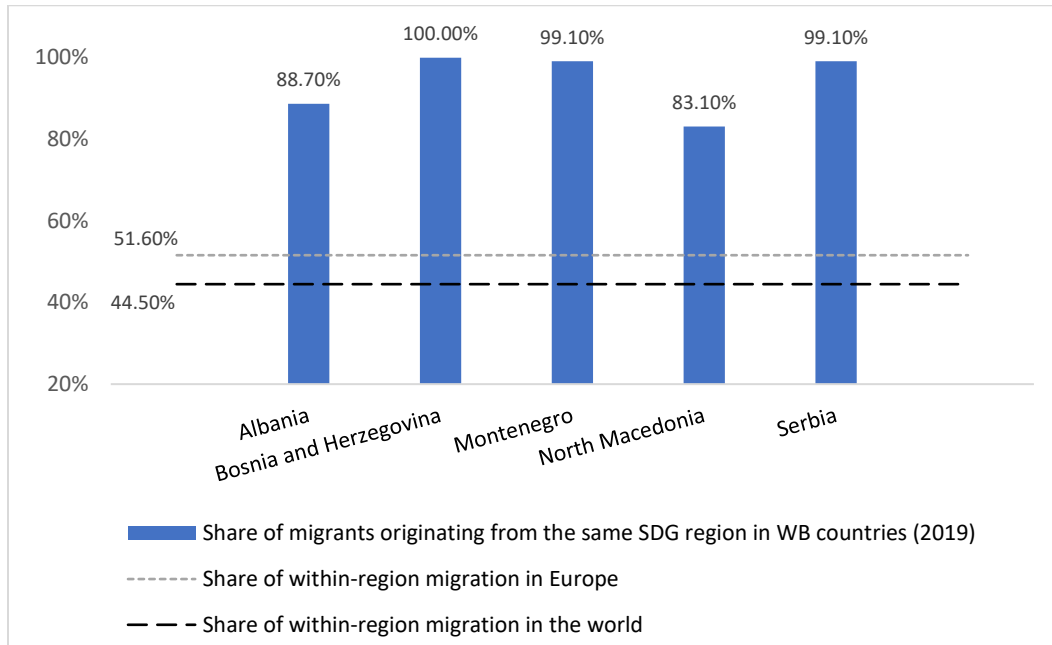
When it comes to the percentage of migrants who come from the same SDG<sup>12</sup> region, graph 8 shows the characteristic percentage for these countries in the Western Balkans.

<sup>12</sup> SDG – Sustainable development goals.

According to the 2021 SDG Index scores, as part of a Sustainable Development Report 2021 report, the ranking of the countries of the Western Balkans is as follows:

1. Serbia -> 75.59
2. Bosnia and Herzegovina -> 73.70
3. North Macedonia -> 72.53
4. Albania -> 71.02
5. Montenegro -> 68.21

Chart 8: Share of migrants originating from the same SDG region in WB countries (2019)



Source: Chart created by autor, using UN data

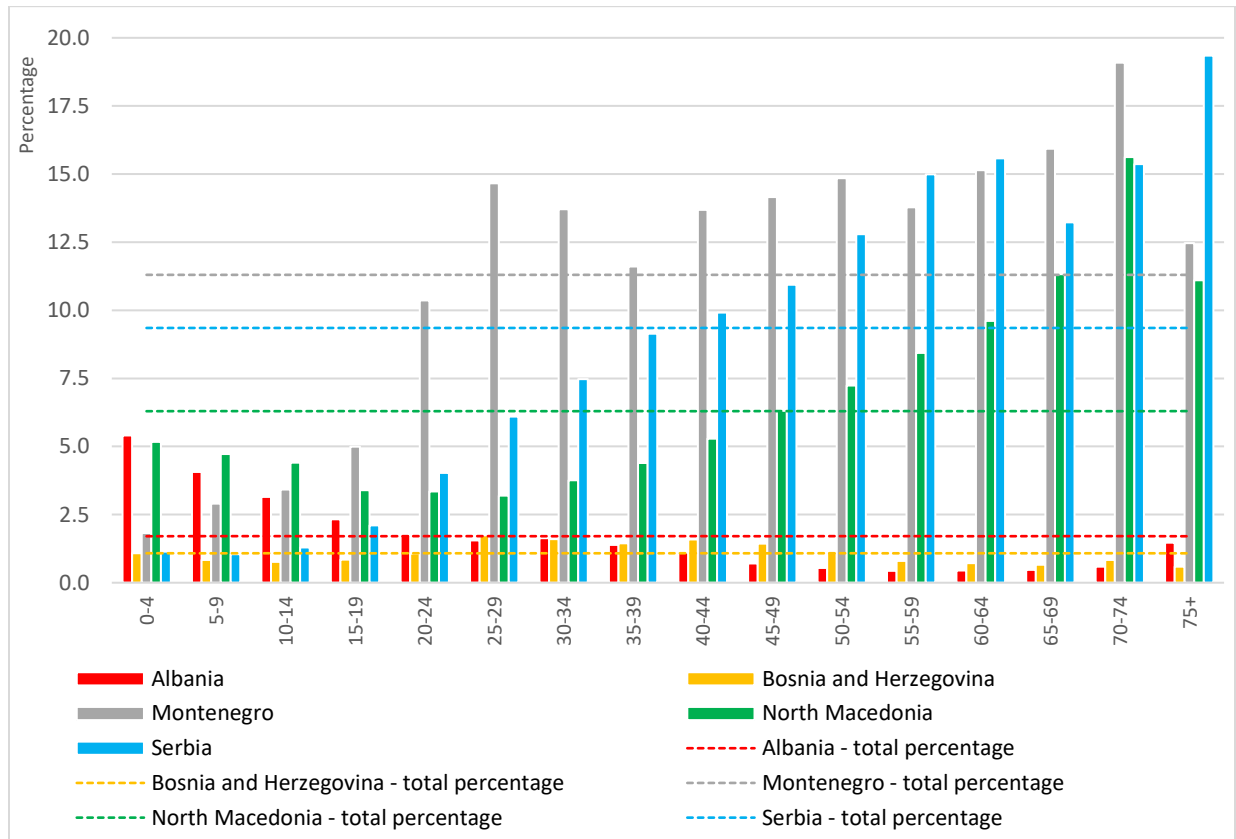
The graph shows the share of within-region migration in Europe and in the world, which are well below the percentages recorded in the Western Balkans. In Bosnia and Herzegovina, the percentage was 100%, while in Serbia and Montenegro the percentage was 99.1%. Albania has a percentage of 88.70%, while Northern Macedonia has the lowest percentage, which is also well above the percentages for Europe and the world, at 83.1%.

### 2.3. International youth immigration

In addition to a detailed overview of the overall data, it is important to draw attention to the percentage of young people who are among international immigrants in these Western Balkan countries. Below is an overview of international immigrants by age, for each of the Western Balkan country.



Chart 9: International imigrant stock as percentage of the total population (both sexes) by age (2019)

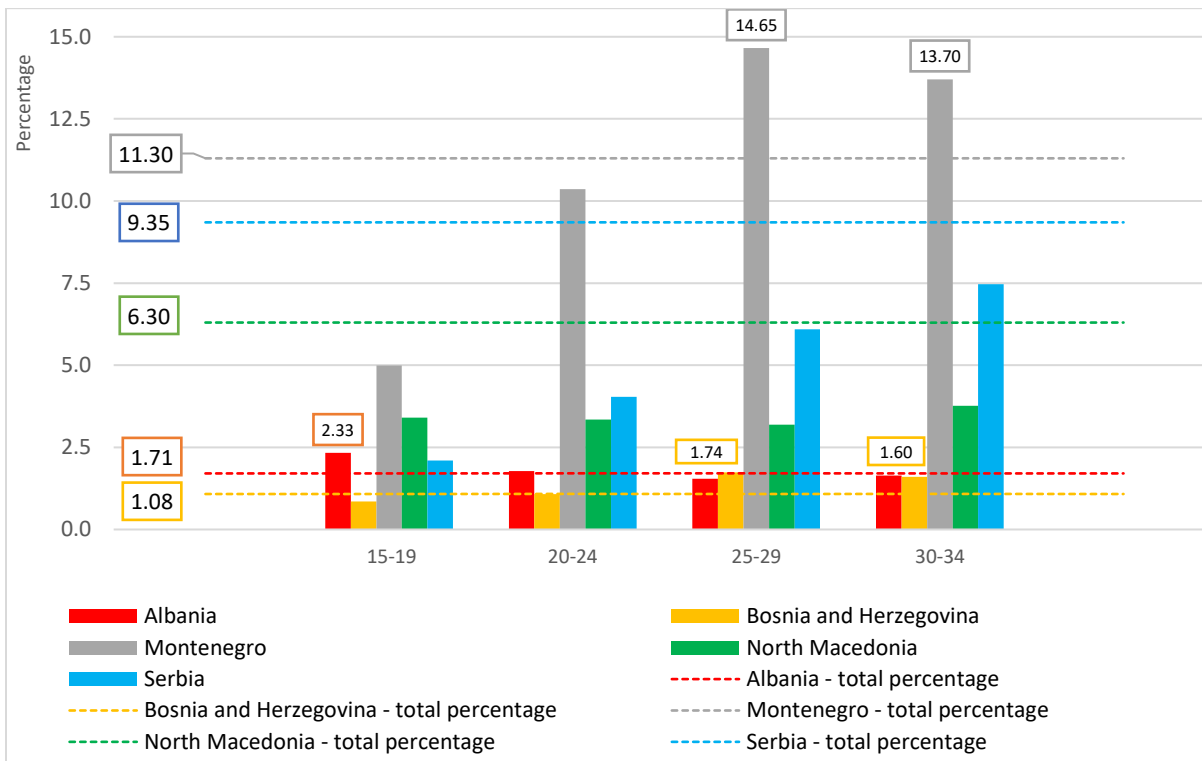


Source: Chart created by autor, using UN data

As shown in Graph 9, the distribution of percentages by age groups is identical to the total percentages of international migrants, for a large number of age groups. It can be concluded that for persons aged 0 to 19 there are smaller differences in percentages between countries, due to the overall lower percentage for all countries. Namely, the percentages of international migration, for persons aged 0 to 19, for Albania are above the average percentage valid at the state level, while for all other countries they are below the overall average valid for each of them. On the other hand, for people aged 20 to over 75, it is evident that the percentages of migration in most age groups are above the national average, and this is true for Montenegro, Serbia and Northern Macedonia. Bosnia and Herzegovina has the smallest deviations from the overall average.

The following graph shows the percentage of young international migrants (aged 15 to 34) in the total population, based on the graph shown above.

Chart 10: International imigrant stock as percentage of the total population (both sexes) by age (from 15 to 34) - 2019



Source: Chart created by autor, using UN data

From the graphs it can be concluded that the highest percentage of international migrants in relation to the total population, in the youth category, is present in Montenegro, and for young people aged 25 to 29 is as much as 14.65%, while for the age group 30 to 34 is 13.70%. In addition, it is important to single out a few percent of international young migrants, who are above the national average: 2.33% in Albania for young people aged 15 to 19, and 1.74% in Bosnia and Herzegovina for young people aged 25 to 29 years and 1.60% for young people aged 30 to 34. In addition to the selected data, the data for other countries are below the average that applies to those countries, and for that reason are not commented.

## 2.4. Economic and Investment plan for Western Balkan

In October 2020, the European Commission adopted a comprehensive Economic and Investment Plan for the Western Balkans, which aims to spur the long-term economic recovery of the region, support a green and digital transition, foster regional integration and convergence with the European Union.

COVID-19 is having massive disrupting effects on the economies of the Western Balkans, which were already lagging behind in terms of economic convergence with the EU. The region faced continued challenges from weak competitiveness, high unemployment and significant brain drain. The need to step up convergence efforts through implementing structural reforms, overcoming structural weaknesses, strengthening innovation potential, and accelerating the green and digital transition, also in light also of their future in the EU, is more pressing than ever. This Economic and Investment Plan sets out a substantial investment package for the region. It is built on the foundations of a performance-based and reform-oriented proposal for an *Instrument for Pre-accession Assistance III (IPA III)* and reinforced instruments to foster public and private-sector investment.

Subject to the adoption of the next Multi-annual Financial Framework and the related legal bases, the Commission proposes to mobilise up to EUR 9 billion of IPA III funding for the period 2021-2027 to support economic convergence with the EU primarily through investments and support to competitiveness and inclusive growth, sustainable connectivity, and the twin green and digital transition. The Commission proposes that the large majority of this support would be directed towards key productive investments and sustainable infrastructure in the Western Balkans. The investment capacity of the region in addition should be boosted by the mobilisation of a new Western Balkans Guarantee facility, with the ambition to potentially raise investments of up to EUR 20 billion.

The Western Balkans Investment Framework (WBIF), including its private sector platform the Western Balkans Enterprise Development and Innovation Facility (WB EDIF) and the Western Balkans Guarantee Facility, gathering Western Balkans partners, bilateral donors and International Financial Institutions will be the main vehicle to ensure swift deployment of the investment package to:

- Investing in sustainable transport;
- Investing in clean energy;
- Greening the Western Balkans – Investing in the environment and climate;
- Investing in a digital future;
- Boosting the private sector;
- Investing in human capital; and
- Regional economic integration and integration with the EU.

Addressing the needs of the young population is a particular priority, not least given the high number of young people not engaged in employment, education or training (NEETs). Interventions based on the example of EU Youth Guarantee are ever more necessary in times of

crisis to provide young people with an offer of employment, further education, an apprenticeship or a traineeship thereby also offering solutions and perspectives for young people and contributing to tackling brain drain.

The EU Youth Guarantee is one of the most innovative labour market policies of recent years. The Council Recommendation on establishing a Youth Guarantee was adopted in 2013 in response to the last economic crisis and the resulting youth unemployment rate (among those aged 15-24) which increased to a very high level of 24.4% in the EU on average and over 50% in some Member States. In addition to youth being unemployed, 6.5 million young people (aged 15-24) were neither in employment, education or training (NEET). Seven years after its launch, the Youth Guarantee has become a reality across the EU though challenges remain. Every year, more than 3.5 million young people receive a Youth Guarantee offer of employment, continued education, apprenticeship or traineeship. The Youth Employment Initiative 2014-2020 (in total almost EUR 9 billion of EU contribution), together with additional European Social Fund investment, has been a key EU financial resource to support its implementation. Rates of youth unemployment and young NEET decreased substantially. Before the COVID-19 crisis the youth unemployment rate (15-24) was down to 14.9% on average compared to its peak of 24.4% in 2013. The improving macroeconomic context has certainly played a role, but a recent study suggests that the Youth Guarantee coupled with European funding has created opportunities for young people and has triggered structural reforms in Public Employment Services and education systems in the Member States.<sup>13</sup>

EU Youth Guarantee is reinforced and commitment by all Member States to ensure that all young people under the age of 30 receive a good quality offer of employment, continued education, apprenticeship, traineeship, within a period of four months of becoming unemployed or leaving education.<sup>14</sup>

In addition, the Investment and Economic Plan identifies ten flagship investment initiatives in key areas of economic development: sustainable transport and energy connectivity, green and digital transformation, strengthening private sector competitiveness and supporting health, education and social protection, including the Youth Guarantee Fund. The following is the tenth flagship investment initiative, concerning the Youth Guarantee.

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<sup>13</sup> COUNCIL RECOMMENDATION on A Bridge to Jobs - Reinforcing the Youth Guarantee and replacing Council Recommendation of 22 April 2013 on establishing a Youth Guarantee, Brussels, July 2020. Available online at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0277&from=EN>

<sup>14</sup> <https://ec.europa.eu/social/main.jsp?catId=1079&langId=en>

## FLAGSHIP 10 – YOUTH GUARANTEE<sup>15</sup>

The Youth Guarantee is an activation scheme to ensure that all young people receive a good quality offer of employment, continued education, apprenticeship or traineeship within a period of four months of becoming unemployed or leaving formal education.

The Youth Guarantee flagship should be implemented by Western Balkan governments in line with the EU Youth Guarantee. It is proposed to implement it in four phases, which could all potentially benefit from EU support:

- Phase 1 – Implementation plan: identification of planned measures and their timelines, budget, necessary changes to legal framework, definition of a central coordinating body and the roles of relevant public authorities (line ministries and their agencies, including employment services and centres for social work, education and training institutions including VET schools, etc.) and stakeholders (employers and trade unions, chambers of commerce, youth organisations, NGOs, etc.);
- Phase 2 – Preparatory work: building commitment at political level; building the commitment and capacity of public authorities and stakeholders, staffing and infrastructure development; changes to legal framework, preparation of monitoring and evaluation frameworks;
- Phase 3 – Pilot phase: implementation in a limited number of localities/regions, monitoring and evaluation;
- Phase 4 – Progressive/General deployment: implementation in more regions/countrywide, monitoring and evaluation.

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<sup>15</sup> COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS - An Economic and Investment Plan for the Western Balkans, Brussels, October 2020. Available online at: [https://ec.europa.eu/neighbourhood-enlargement/system/files/2020-10/communication\\_on\\_wb\\_economic\\_and\\_investment\\_plan\\_october\\_2020\\_en.pdf](https://ec.europa.eu/neighbourhood-enlargement/system/files/2020-10/communication_on_wb_economic_and_investment_plan_october_2020_en.pdf)

### 3. Recognition of professional qualifications

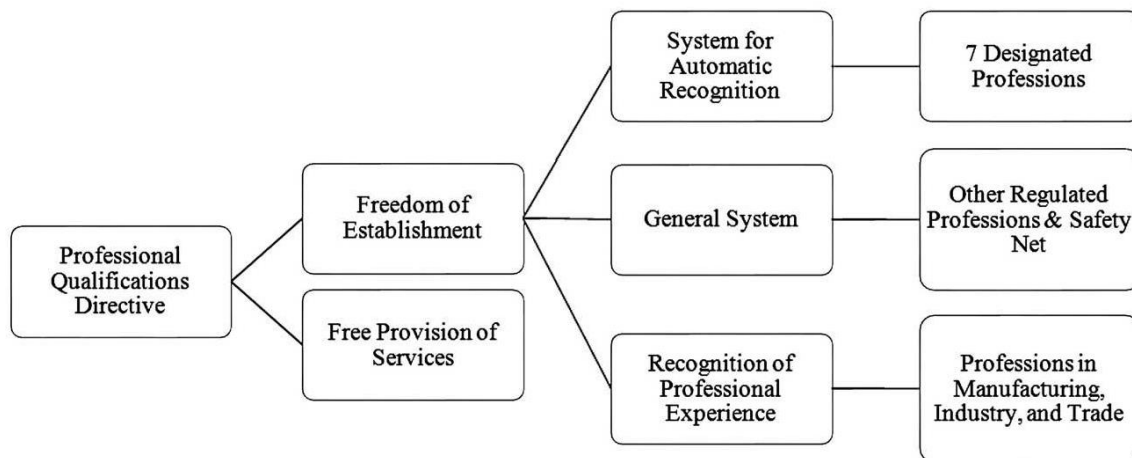
Within the EU legislation, there are two directives that deal with the issue of recognition of professional qualifications, and they are: Directive 2005/36/EC on the recognition of professional qualifications and Directive 2013/55/EU amending Directive 2005/36/EC on the recognition of professional qualifications and Regulation (EU) No 1024/2012 on administrative cooperation through the Internal Market Information System.

Directive 2005/36/EC<sup>16</sup> establishes rules according to which a Member State which makes access to or pursuit of a regulated profession in its territory contingent upon possession of specific professional qualifications shall recognise professional qualifications obtained in one or more other Member States and which allow the holder of the said qualifications to pursue the same profession there, for access to and pursuit of that profession. This Directive, also known as the Professional Qualifications Directive (PQD), is the primary piece of EU legislation concerned with recognising professional qualifications for regulated professions.

The 2005 Directive was amended and updated by Directive 2013/55/EU<sup>17</sup>, which was to be transposed in the Member States' legal orders on 18 January 2016. The latter Directive instituted various modernizations, thereby updating the PQD.

The various systems granting access to another Member State under the PQD can be schematically displayed as follows:

Figure 1: Professional Qualifications Directive scheme



Source: Portal Cairn.info<sup>18</sup>

<sup>16</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32005L0036&from=EN>

<sup>17</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013L0055&from=EN>

<sup>18</sup> <https://www.cairn.info/revue-journal-of-international-mobility-2016-1-page-43.htm#re24no24>

A large number of professions is regulated in the EU. However, which professions are regulated differs substantially per Member State. Nevertheless, there are seven professions which are regulated in all EU Member States: doctors, general care nurses, dentists, veterinarians, midwives, pharmacists, and architects. Upon fulfilment of the PQD's requirements, the abovementioned professionals are granted automatic recognition. The Directive establishes the minimum training conditions that have to be fulfilled for each of the designated professions to fall under the System for automatic recognition. If these conditions are fulfilled, recognition is granted meaning that the PQD applies to both higher education and vocational education and training qualifications.

Although third country qualifications of EU citizens can be recognized under the PQD, the same cannot be said for qualifications obtained by third country nationals. Third country nationals do not have a right like EU citizens to have their qualifications recognized under the Treaty or the PQD. Citizens from third countries may nonetheless acquire recognition under EU law. However, third country nationals are dependent on a patchwork of secondary legislation (Directives) that regulates their status within the EU. That patchwork of the 'legal immigration Directives' distinguishes different categories of third country nationals for whom the application of the Treaties and the PQD can be extended. Third country nationals will only be able to fall within the scope of EU law if they fulfil the conditions of these Directives.

Examples of the Directives providing explicit provisions on recognition procedures of Third country nationals concern long term residents<sup>19</sup>, third country family members of EU citizens<sup>20</sup>, refugees<sup>21</sup>, researchers<sup>22</sup>, highly skilled immigrants granted a Blue Card<sup>23</sup>, and third country nationals falling under the Single-permit Directive<sup>24</sup>. Under these Directives, third country nationals can obtain recognition in the context of equal treatment provisions.<sup>25</sup>

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<sup>19</sup> Directive 2003/109/EC, 25 November 2003, [2004] OJ L 16/44

<sup>20</sup> Directive 2004/38/EC, 29 April 2004, [2004] OJ L 158/77

<sup>21</sup> Directive 2004/83/EC, 29 April 2004, [2004] OJ L 304/12

<sup>22</sup> Directive 2005/71/EC, 12 October 2005, [2005] OJ L 289/15

<sup>23</sup> Directive 2009/50/EC, 25 May 2009, [2009] OJ L 155/17

<sup>24</sup> Directive 2011/98/EU, 13 December 2011, [2011] OJ L 343/1

<sup>25</sup> Source: Portal Cairn.info

### 3.1. Agreement on Mutual Recognition of Professional Qualifications in Western Balkan

In the framework of the “Europe 2020 Strategy for smart, sustainable and inclusive growth”, Western Balkan countries has endorsed the Strategy of South East Europe 2020 “Jobs and Prosperity in a European perspective” (SEE 2020)<sup>26</sup>. SEE 2020 aims to get better living conditions in the WB through a range of objectives, among others by enhancing education and competences. To this regard regional cooperation is focused on mobility of researchers and mutual recognition of professional qualifications.

ENIC centres (European Network of National Information Centres) are entities established in countries which are parties to the Lisbon Recognition Convention (Convention on the Recognition of Qualifications concerning Higher Education in the European Region<sup>27</sup>). They support international recognition of education qualifications and exchange of reliable information on education systems. Western Balkan countries, Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia, are among the signatory countries to this convention<sup>28</sup>.

In 2018, the Western Balkan Six (WB6) kicked-off negotiations on an Agreement, which will enable common and shorter procedures for recognition of professional qualifications for Doctors of Medicine, Dentists, Architects and Civil Engineers. The expected outcome of the negotiations is to conclude a Mutual Recognition Agreement, which would establish common rules for recognition of professional qualifications for the applicants holding a professional qualification obtained in one of the Western Balkan economies, enabling them to practice their profession in another economy.<sup>29</sup>

The negotiations on the Draft Agreement on Mutual Recognition of Professional Qualifications for Doctors of Medicine, Dentists, Architects and Civil Engineers have been initiated on 19th December 2018 when the first negotiations meeting took place. An intense negotiations process of monthly negotiating meetings, which involved Ministries of Education, Labour, Health and Construction, as well as the Chambers of Doctors of Medicine, Dentists, Architects and Civil Engineers, took place in a constructive spirit between the delegations. At the 7th negotiations meeting held in Brussels on 14th of June 2019 there was no consensus between the participants

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<sup>26</sup> <https://www.rcc.int/pages/86/south-east-europe-2020-strategy>

<sup>27</sup> <http://azk.gov.rs/Biblioteka/Centri/Enicnaric/Lisabonska%20konvencija.pdf>

<sup>28</sup> <https://www.coe.int/en/web/conventions/full-list?module=signatures-by-treaty&treatynum=165>

<sup>29</sup> <https://www.rcc.int/news/464/western-balkan-six-kick-off-negotiations-on-mutual-recognition-of-professional-qualifications>



under which framework to continue the negotiations. As the conditions to continue the negotiations were not there, the negotiations were discontinued.<sup>30</sup>

The Heads of Government of Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia, as well as the Heads of State or Government of Austria, Bulgaria, Croatia, France, Greece, Italy, Poland, Slovenia and the United Kingdom, and representatives of the European Union (EU) and of international and regional bodies and organisations met by video conference (in view of the ongoing challenges posed by the COVID-19 pandemic) in Berlin on 5 July 2021 for the Summit Meeting on the Western Balkans in the framework of the Berlin Process. Participants reiterated the importance of young people for the future of the Western Balkans and the need to take concrete measures to develop the region as a place of opportunities for young people to stay and live by increasing the intra-regional mobility of young citizens, taking decisive steps in the mutual recognition of academic degrees and professional qualifications, strengthening vocational education and training, supporting youth entrepreneurship and innovations, fostering digital transformation and making improvements in the field of sustainable development and environmental protection.

In an effort to enable the free provision of services and to establish the automatic recognition of professional qualifications based on minimum training requirements in the process of the accession of the Western Balkan countries to the European Union, it is recommended that the Draft Agreement on Mutual Recognition of Professional Qualifications of Medical Doctors, Dentists and Architects in the Context of the Central European Free Trade Agreement be based on Directive 2005/36/EC and amendments to Directive 2013/55/EU of the European Parliament and of the Council of 7 September 2005 recognition of professional qualifications.

The aim and purpose of concluding the Agreement on Mutual Recognition of Professional Qualifications of Medical Doctors, Dentists and Architects in the Context of the Central European Free Trade Agreement are to establish common rules for simplified recognition of professional qualifications of applicants who acquired these qualifications in one of the six countries of the Western Balkans, in order to enable persons with these qualifications to access and practice a regulated profession in another Western Balkan country in order to encourage professional mobility, better align skills with labor market needs and increase productivity.

The draft Agreement on Mutual Recognition of Professional Qualifications for Regulated Professions (Doctors of Medicine, Dentists and Architects), based on minimum training requirements, is based on Directive 2005/36/EC on the recognition of professional qualifications. Negotiations on the harmonization of this Agreement officially began on April 8, 2021, when the first meeting of the negotiating team was held under the auspices of the Regional Cooperation

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<sup>30</sup> Annual report on implementation of the multi-annual action plan for a regional economic area in Western Balkans, Regional Cooperation Council and Secretariat of the Central European Free Trade Agreement, July 2019

Council (RCC), online via the Webex platform), and ended at the eighth meeting of chief negotiators on October 1, 2021.

Negotiations between the main negotiators were successfully concluded at the eighth meeting held on October 1, 2021, so that it was stated at that meeting that 23 of the 25 articles of the text of the DRAFT Agreement<sup>31</sup> are fully harmonized, including the Annexes, and out of the mandate of the Negotiating Group, the remaining issues that need to be harmonized at a higher political level remain unresolved (parts of the title of the Agreement, Preamble (special aspects), and Articles: 19a (relating to EU-mediated dialogue) and Article 24 (relating to dispute settlement mechanisms)).

### 3.2. Situation in Albania

Albania's endeavours in education within the framework of European integration process aim to adjust the education system to European standards and with labor market needs. These objectives have been reflected in the "Strategy for the development of the pre-university Education 2014-2020" and the Law 80/2015 "On Higher Education and Scientific Research at the Higher Education Institutions in the Republic of Albania".

The Albanian Qualifications Framework (AQF) is based on the European Qualifications Framework (EQF) and the Qualifications Framework of the European Higher Education Area (EHEA).

In 2010, Albania approved the *Law on Albanian Qualification Framework (AQF)*<sup>32</sup>. Actually, this law is being reviewed. The suggested amendments aim to enhance the implementation of AQF and its referencing to the EQF. In October 2015 Albania has become a full rights member of the Advisory Group of EQF. The European Training Foundation (ETF) is supporting the Albanian Task Force in preparing and performing the referencing process with the EQF. At the same time Ministry of Education, Sport and Youth is working on the legal amendments in the field of regulated professions, where the main focus lies on the review of Law no. 10171 date 22.10.2009 "On regulated professions" amended and its respective bylaws, aiming at full approximation with the Directive 2005/36/EC of the European Council.<sup>33</sup>

The Convention on the Recognition of Qualifications concerning Higher Education in the European Region has been jointly designed by the Council of Europe (CoE) and UNESCO to unite the legal framework at European level and to replace six conventions adopted in this matter by

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<sup>31</sup> [Draft Agreement on Recognition of Professional Qualifications](#)

<sup>32</sup> <https://akafp.gov.al/wp-content/uploads/2014/09/LIGJ-10247.pdf>

<sup>33</sup> [https://eacea.ec.europa.eu/national-policies/eurydice/content/european-perspective\\_en](https://eacea.ec.europa.eu/national-policies/eurydice/content/european-perspective_en)

the Council of Europe and UNESCO. The Convention, known as well as the Lisbon Convention, which was opened for signature on April 11, 1997 in Lisbon and entered into force on February 1, 1999, and aims to facilitate the recognition of qualifications granted in one Party in another Party. It provides that requests should be assessed in a fair manner and within a reasonable time. Albania ratified the Agreement on membership to the “Convention on the Recognition of Qualifications concerning Higher Education in Europe” with the Law no. 8834, date 22.11.2001. Aiming at implementation of the Lisbon Convention, designing policies and practicing the recognition of qualifications, CoE and UNESCO established the European Network of National Information Centres on academic recognition and mobility (ENIC), which closely cooperates with the NARIC (National Academic Recognition Information Centre) network of the EU.

The Centre *ENIC Albania*<sup>34</sup> (European National Information Centre) operates at the Ministry of Education, Sport and Youth and carries out the recognition of the foreign diplomas since 2004. Starting from January 2017, this process is done online through the government portal *e-Albania*<sup>35</sup>. The centre is member of the European Network ENIC-NARIC and cooperates with all member offices by exchanging information aiming at encouraging and supporting the academic mobility.

### 3.3. Situation in Bosnia and Herzegovina

In 2013, a joint twinning project *Strengthening Institutions and Capacities for the Implementation of the EU Directive on Regulated Professions* between Bosnia and Herzegovina and the Slovak Republic was launched and ended in 2015, with the main goal of proposing legal changes in Bosnia and Herzegovina to regulated area of professional qualifications for the regulated profession. The project has achieved some results, but insufficient for the very complex structure of Bosnia and Herzegovina, in order to implement the PQD in Bosnia and Herzegovina after the implementation of this project. The project is funded by the European Union's 2011 IPA program for Bosnia and Herzegovina. The overall objective of the project was to increase mobility and employability by strengthening institutional and administrative capacities for the implementation of the EU acquis in the field of recognition of professional qualifications. GAP analysis of compliance with legislation and study programs, Roadmap including 77 recommendations and Action Plans for the Federation of BiH, Republika Srpska and Brčko District of BiH were completed during the Project. Unfortunately, all these documents and analyzes are not enough for the implementation of PQD in Bosnia and Herzegovina. During the Project, Slovak partners held various meetings with key stakeholders in Bosnia and Herzegovina in an attempt

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<sup>34</sup> [https://www.enic-naric.net/albania.aspx#anc01\\_1](https://www.enic-naric.net/albania.aspx#anc01_1)

<sup>35</sup> <https://e-albania.al/Default.aspx>

to identify key institutions for the implementation of PQD in Bosnia and Herzegovina. A study visit to the Slovak Republic was organized, where 13 representatives from BiH visited the following key institutions in Slovakia, such as the Accreditation Commission at the Ministry of Education, Science, Research and Sports, the Ministry of Health, the Chamber of Architects, the Chamber of Nurses and Midwives, and the National Veterinary and Food Agency. The project ended with a final conference, held in Sarajevo on September 8, 2015.

Following the completion of the twinning project in 2015, the Council of Ministers of Bosnia and Herzegovina adopted a Decision adopting a Roadmap for the implementation of the EU Directive on Regulated Professions 2005/36/EC and 2013/55/EU (Official Gazette of BiH, No. 10/16, in hereinafter referred to as the Roadmap). The roadmap was developed through a complex analysis of all shortcomings, conducted by Slovak partners after consultation with various key actors and stakeholders in Bosnia and Herzegovina. The roadmap has 77 conclusions separate for the Federation of Bosnia and Herzegovina, the Republika Srpska and the Brcko District of Bosnia and Herzegovina. According to the provisions of the Roadmap, in 2017 the Council of Ministers of Bosnia and Herzegovina adopted a Decision on designating a coordination institution and a contact point of the Roadmap for the implementation of the EU Directive on Regulated Professions 2005/36/EC and 2013/55/EU. By this Decision, the Ministry of Civil Affairs of Bosnia and Herzegovina has been appointed as the coordinating institution, while the Center for Information and Recognition of Documents in the Field of Higher Education has been appointed as the contact person.

Since the adoption of the Roadmap in 2016, there have been no significant activities in the next two years related to the implementation of the PQD. After that period, the Ministry of Civil Affairs of Bosnia and Herzegovina decided to organize two technical assistance and information exchange missions (TAIEX) in Bosnia and Herzegovina in 2018 and 2019 with the aim of launching activities for the implementation of the Roadmap. However, even after the TAIEX missions, there was no significant implementation of the Roadmap in BiH.

After the European Commission submitted the Commission Questionnaire to Bosnia and Herzegovina in 2016, and asked questions regarding professional qualifications, the responses of BiH institutions in the field of regulated professions did not show any or very little knowledge of staff in relevant institutions. Also, the Roadmap contains provisions that Bosnia and Herzegovina must apply and provisions that are not mandatory, but would be good to apply. Only a cursory analysis shows that the Roadmap is very general and although it is comprehensive and analyzes each PQD article, there are no detailed guidelines on which institutions to target, which laws to harmonize, which approaches to use in implementation as starting points, and additional consultations are needed with key stakeholders in BiH on how to implement the PQD.

In general, although the *Roadmap for the implementation of the PQD*<sup>36</sup> was adopted in 2016, there are no significant activities related to its implementation. The list of regulated professions has not been made yet, which is the first step needed for further implementation. It is clear that the responsibility for implementation lies with the two entities, the Republika Srpska and the Federation of Bosnia and Herzegovina, including ten cantons and the Brcko District. In order to have real mobility in Bosnia and Herzegovina in terms of professional qualifications, cooperation between them is a top priority during the implementation of the Roadmap.<sup>37</sup>

### 3.4. Situation in Kosovo\*

In 2016, Kosovo\* authorities adopted the Law on Regulated Professions and also drafted and approved several sub-legal acts, and still is working on drafting other relevant sub-legal acts provided in the Law on Regulated Professions.

In Kosovo, the authorities regarding the recognition of professional qualifications are distributed in the respective chambers and line ministries. There are special laws governing specific aspects of recognizing/licensing and practicing those professions. Currently the Ministry of Education, Science, Technology and Innovation is working on the functioning of the structures and competent authorities for recognition of professional qualifications according to the Law on Regulated Professions. Consequently, the State Council for Regulated Professions will function, as well as the relevant commissions, structures that foreseen to deal also with the recognition of professional qualifications.

The Ministry of Education, Science, Technology and Innovation, specifically the negotiating team, is currently in the process of negotiations led by CEFTA and RCC for an Agreement on automatic recognition of professional qualifications for doctors of medicine, dentists and architects, with the countries of the Western Balkans.

### 3.5. Situation in Montenegro

At its session on 13 May 2021, the Government of Montenegro determined the Basis for conducting negotiations on concluding the Agreement on Mutual Recognition of Professional Qualifications of Doctors of Medicine, Dentists and Architects in the context of the Central

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[http://www.cip.gov.ba/images/pdf/Legislativa/Bosanski/Odluka\\_o\\_usvajanju\\_mape\\_puta\\_za\\_implementationu\\_EU\\_Direktive\\_o\\_reguliranim\\_profesijama\\_2005-36EC\\_i\\_2013-55EU.bos.pdf](http://www.cip.gov.ba/images/pdf/Legislativa/Bosanski/Odluka_o_usvajanju_mape_puta_za_implementationu_EU_Direktive_o_reguliranim_profesijama_2005-36EC_i_2013-55EU.bos.pdf)

<sup>37</sup> Implementation of EU Directive 2005/36/EC and Directive 2013/55/EU on the recognition of professional qualifications in Bosnia and Herzegovina, Dz. Omanovic and M. Mandic-Martinovic, Mostar, March 2020

European Free Trade Agreement, which defines a negotiating team of 17 members. The same delegation will negotiate the Decision of the Joint Committee of the Central European Free Trade Agreement on the General Procedure for the Recognition of Professional Qualifications, for the establishment of common rules for simplified recognition of professional qualifications for civil engineers.

The conclusion of Agreement on Mutual Recognition of Professional Qualifications of Doctors of Medicine, Dentists and Architects, would confirm Montenegro's commitment to improving regional cooperation with the Western Balkans, which is important for further progress in negotiations with the European Union under Chapter - 3 "Right of establishment and freedom to provide services."

In Montenegro, there is the Law on Recognition of Foreign Educational Documents and Equalization of Qualifications, which was published in the Official Gazette of Montenegro in 2011, and subsequently amended in 2016. Recognition of the document on acquired higher education for employment is performed by the Ministry through the National Information Center (ENIC Center), as a special organizational unit of the Ministry. The competencies of the ENIC center are:

1. conduct the procedure of recognition of the document;
2. provide information on the procedure for recognizing the document to institutions, employers, ENIC partners and other organizations;
3. cooperation with the ENIC network on the development of national qualifications frameworks in the European Higher Education Area;
4. contribution to further improvement of the education system in Montenegro;
5. updating and providing information on educational systems, foreign educational documents and their relationship with educational documents in Montenegro, regulations on the recognition of documents, information on recognized or accredited institutions, conditions for enrollment, etc;
6. updating information on the education system of Montenegro, in the form given in the annex to the Joint ENIC/NARIC Charter on the tasks and competencies of ENIC / NARIC centers;
7. perform activities of national and international importance prescribed by the Lisbon Convention on the Recognition of Higher Education in Europe;
8. perform other tasks, in accordance with the regulations and the Joint ENIC/NARIC Charter on the competencies and tasks of ENIC/NARIC centers.

In addition to the above, in 2018, the *Law on Recognition of Professional Qualifications for Performing Regulated Professions*<sup>38</sup> was adopted in Montenegro. This law regulates the procedure for recognition of professional qualifications acquired in the Member States of the

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<sup>38</sup> <https://zakoni.skupstina.me/zakoni/web/dokumenta/zakoni-i-drugi-akti/471/1757-11050-26-1-18-4-4.pdf>

European Union, the European Economic Area or the Swiss Confederation, for the purpose of permanently regulated professions in Montenegro, providing occasional or temporary services in Montenegro in performing regulated professions, issuing European professional cards, administrative cooperation between the Contracting States, as well as other issues of importance for the recognition of professional qualifications for the performance of regulated professions.

### 3.6. Situation in North Macedonia

In 2010, the *Law on Recognition of Professional Qualifications*<sup>39</sup> was adopted in North Macedonia. This Law regulates the procedure and the bodies competent for issuing a license for providing services by foreigners in the Republic of Macedonia, the procedure and the bodies competent for recognition of professional qualifications for regulated professions recognized by the principle of automation, as well as the procedure and bodies competent for recognition of professional qualifications. for the regulated professions that enter the general system of the Republic of Macedonia.

EU Twinning Project “*Further support to the implementation of the National Qualifications Framework*”<sup>40</sup> started in October 2021. The Beneficiary of the Project is the Ministry of Education and Science of the Republic of North Macedonia. A Consortium of three Member States – Lithuania, France and Slovenia with the expertise of other relevant authorities is responsible for the implementation of the Project. The overall objective of the Project is further strengthening and operationalization of the National Qualifications Framework (NQF) aiming to increase the employability, mobility and social integration of workers and learners in the Republic of North Macedonia.

### 3.7. Situation in Serbia

In 2021, Serbian Ministry of education, science and technological development crated the *Report on Referencing the National Qualifications Framework of the Republic of Serbia to the European Qualifications Framework for Lifelong Learning and Self-certification to the Qualifications Framework of the European Higher Education Area*<sup>41</sup>. The purpose of this document is to present to other countries the way in which the Republic of Serbia harmonised its qualification levels with the EQF and how Serbia ensured the implementation of relevant procedures and criteria for referencing and self-certification. By establishing a link between the

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<sup>39</sup> <https://www.ilo.org/dyn/natlex/docs/MONOGRAPH/87316/109718/F-1843440769/MKD87316%20Mac.pdf>

<sup>40</sup> MK IPA 17 SO 01 21 – <https://mon.gov.mk/en/category/?id=2080>

<sup>41</sup> <https://zuov.gov.rs/wp-content/uploads/2021/02/Serbia-Referencing-Report.pdf>

two systems, European and national, the possibility is ensured for each individual qualification in the Republic of Serbia to be linked to the EQF using a transparent methodology.

Within the process of accession to the European Union and Chapter 3, which refers to business settlement and freedom to provide services, the Ministry of Education, Science and Technological Development of the Republic of Serbia is in charge of Subchapter 4, ie implementation of Directive 2005/36/EC (CELEX 32005L0036) and Directive 2013/55/EU, relating to the mutual recognition of professional qualifications between citizens of EU Member States, including measures to facilitate the exercise of the right to business and freedom to provide services.

The Republic of Serbia has undertaken to adopt the Law on Regulated Professions and Recognition of Professional Qualifications in the period before accession to the European Union, which will have a delayed effect, ie will be applied from the moment of EU accession, which requires administrative preconditions for its implementation. The Law on Regulated Professions and Recognition of Professional Qualifications was adopted on September 17, 2019, and published in the Official Gazette of the Republic of Serbia No. 66 of September 18, 2019.

The transposition of this law into domestic law will implement Directive 2005/36/EC of the European Parliament and of the Council of 7 September 2005 on the recognition of professional qualifications and Directive 2013/55/EU of the European Parliament and the Council of 20 November 2013 amending Directive 2005/36/EC on the recognition of professional qualifications and EU Regulation 1024/2012 on administrative cooperation through the Internal Market Information System ("IMI Regulation"). In order to provide administrative support for the implementation of EU regulations in this area, the *ENIC/NARIC Center*<sup>42</sup> at the Ministry of Education, Science and Technological Development was established, which is regulated by the provisions of the Law on Higher Education. In the meantime, in accordance with the adopted Law on the National Qualifications Framework, the *Qualifications Agency*<sup>43</sup> has been established, which includes the ENIC/NARIC Center (in 2018). Qualifications Agency shall many functions and duties, from the coordination and support of NQFS Council, over the cooperation with relevant international bodies and institutions and referencing of NQFS with the European Qualifications Framework, to the coordination and support of the Sector Skills Councils as well as support of development of Qualifications Standards. Qualifications Agency shall also support implementation and maintenance of the National Qualifications Register.

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<sup>42</sup> [http://azk.gov.rs/?page\\_id=75148](http://azk.gov.rs/?page_id=75148)

<sup>43</sup> <http://azk.gov.rs/>



## 4. Recommendations

As the report shows, the countries of the Western Balkans are facing a dangerous demographic crisis. In this context, it is important to single out certain recommendations for decision makers, which are compatible with the recommendations from some previous reports that have addressed this issue. In the coming period, it would be good for decision makers to pay attention to the following, in order to encourage people to stay in their countries of origin:

- **Improving migration data is a basis for evidence-based policies.** There is a need for improving and strengthening databases and for establishing long-term cohorts in order to evaluate and identify the influence of different variables. Quantitative data needs to be more reliable to achieve better estimation of the number of migrants and to project the scale of current and future migration. More efforts by the national statistical bureaus and by the international statistical organizations should be directed into creating comparable and up-to-date statistical data on migration from the Western Balkans.
- **Skills mismatch and labour underutilisation encourage youth emigration – reform the education system.** Education is invaluable in terms of personal development and it enables young people to readily enter the labor market. That is why formal education should fit the needs of both existing and new jobs and vocations with required skills and qualifications. Reform the education system is necessary to increase young peoples' employability, strive for a better match between acquired skills and labor market demands, and internationalize the system to allow for exchange and inflow of ideas.
- **Interventions based on the example of EU Youth Guarantee are necessary.** As previously stated, the Youth Guarantee provides a framework for tackling youth unemployment and inactivity and guarantees every young person below 25 years old a good quality offer of employment, continued education, apprenticeship or traineeship within a period of four months of becoming unemployed or leaving formal education. To function properly, the Youth Guarantee needs to be supported by effective hiring incentives and be based on strengthened public employment services, which provide career guidance, internships and structural reforms. Inspired by the EU's Youth Guarantee, North Macedonia began a Youth Guarantee scheme in 2018 with the aim of granting people up to the age of 29 an adequate job offer, the possibility to continue education, or an internship or training program to prepare for employment within four months of completing education or registering as unemployed. The introduction of a Youth Guarantee

scheme is also being considered by Serbia and could be considered in other countries of the region as well.

- **Strengthening labor market information systems, career support and school-to-work transition policies will be necessary to optimize career choices and skill-related decisions.** The capacities of public employment services to provide adequate support to the unemployed need to be strengthened. Moreover, labor market information systems and career support services need to be enhanced throughout the region.
- **Improve the vocational education system** and its image (balance between technical and higher education, quality of education, salaries, link to business needs, etc.), and make vocational education more available in rural areas.
- **Workers must also be given the opportunity to continue developing their skills throughout their working life.** With changing technologies and aging populations lifelong learning is essential. Those already out of school, whether employed or unemployed, must be given the opportunity to continually equip themselves with new skills. Skill upgrading must be a joint effort of both the public and private sectors.
- **Improvement of youth employability** should offer young people better opportunities for training, employment and decent work. This should primarily focus on reducing the unemployment rate in the long run and at economic empowerment of youth through direct and indirect employment measures.
- **Boost investments in quality education and job-relevant skills.** Failing to adapt to technology and automation transformations is a scenario that will trap the Western Balkans in a cycle of low-productivity, low-wages and it will become increasingly difficult for the region to compete globally and attract FDI through low cost of labor policies. Failing to adapt to new technologies is also contributing to a loss of “new economy” skills through outmigration, further undermining the likelihood of a technological transformation.
- **Social protection systems need to help vulnerable workers adapt to technological transformations.** Technological progress will affect unskilled and vulnerable workers most, not all of whom will adapt successfully and could fall into a spiral of lower wages and worsening labor market conditions. While retraining opportunities may work for some workers, social protection systems will need to support those who will be significantly affected by changing technologies.

- **Make return easier – promotion of return and circular migration** - create offers for re-integration as some people might return only after a longer period, promote best-practice examples of successful returnees, allow for dual citizenships to render migration decisions less ‘final’, perceive migrants in their broader social context thinking beyond jobs; childcare, housing, and health care, etc. are equally important areas.
- **Reducing regional inequalities within the countries** have raised the perception that „some places and people“ are left behind, but reducing inequalities must be a priority in every context. Policies that reduce distortions and encourage more open and flexible markets can help regions minimize increases in unemployment and improve the reallocation of workers and capital. Labor policies to retrain the displaced and speed re-employment can also help, particularly in lagging regions.
- **Seek regional cooperation among the WB6 countries** when it comes to regional mobility for work and education, e.g. through mutual acceptance of degrees – complete the process of signing the Agreement on Mutual Recognition of Professional Qualifications in the Western Balkans.
- **Create more democratic and inclusive politics:** people are tired of nationalism, corruption, cronyism, state capture, and biased media. Create better social policies, including support for families. Involve stakeholders at all levels of government and from different sectors (business, academia, civil society, youth) when designing policies targeting migration, and design better targeted policies for different groups of migrants.
- **Learn from the experiences of countries with large immigrant populations** (like Australia, Canada, France, Germany, Sweden and others) about how to adapt education systems to accommodate immigration and put in place education information systems to monitor students’ school performance pathways, including those of students with migration backgrounds.

## CONCLUSION

Demographic change is difficult to prevent. The society cannot but adapt with flexibility to the consequences of reduction and aging. Demographic change is changing the basic conditions of the economy in many ways. All this will affect public budgets, which will reduce costs in the youth sectors and increase the demand for facilities for the elderly. Personal consumption of households will change the consumer basket, will move from goods consumed by young people to products preferred by older people. Total consumption can be reduced, because older people have a lower consumption rate than young people, so that the aging process of the population can trigger negative acceleration processes for the economy.

It is argued that the Western Balkan countries need to shift their growth model towards production and trade in order to be able to compete in the European market and benefit from the EU accession. In achieving this model of growth, the WB countries face challenges such as the legacy of fragmented reforms, low levels of R&D, deterioration of research infrastructure and brain drain; low levels of business and research collaboration, lack of strategic policy processes, politicization and lack of systematic monitoring and evaluation of research performance.

As mentioned in the previous section, highlighted recommendations that policy makers should follow to improve the current situation in WB6 are:

- Improving migration data is a basis for evidence-based policies;
- Skills mismatch and labour underutilisation encourage youth emigration – reform the education system;
- Interventions based on the example of EU Youth Guarantee are necessary;
- Strengthening labor market information systems, career support and school-to-work transition policies will be necessary to optimize career choices and skill-related decisions;
- Improve the vocational education system and lifelong learning;
- Improvement of youth employability;
- Boost investments in quality education and job-relevant skills;
- Social protection systems need to help vulnerable workers adapt to technological transformations;
- Make return easier – promotion of return and circular migration;
- Reducing regional inequalities within the countries;
- Seek regional cooperation among the WB6 countries;
- Create more democratic and inclusive politics;
- Learn from the experiences of countries with large immigrant populations.