



GLOBAL RELATIONS
Policy Insights



Labour Migration in the Western Balkans: Mapping Patterns, Addressing Challenges and Reaping Benefits



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Foreword

The Western Balkan Six economies (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, and Serbia) have advanced structural reforms to create new jobs, spur economic growth and move closer to European living standards. However, the slow pace of convergence and the sizeable development gap with other European countries have continued to encourage Western Balkan Six citizens to seek employment and educational opportunities outside the region. The emigration rate from the Western Balkan Six has increased by 10% over the past decade; today, about one-fifth of the Western Balkan Six population resides abroad.

Continued high levels of emigration can pose severe developmental challenges. They can create labour market distortions and skill shortages, which may lead to fewer investments due to the potential investors not finding the right skills needed. However, the region's large and growing diaspora can also provide opportunities for its future development. Beyond the substantial remittances they generate, emigrants' skills and experience gained abroad can benefit the Western Balkan Six – if policies are in place to reap the full benefits, if migrants are returning, and if their integration into local labour markets and skill systems is being supported. Human capital and a skilled workforce that can satisfy the labour market's skills needs and drive innovation are essential for increasing competitiveness, attracting investment, and navigating the region's ecological and digital transition. They are also key pillars of an economy's resilience and prosperity, which is particularly relevant in a changing international environment and the aftermath of the COVID-19 pandemic.

This report furnishes an analysis of the many aspects of Western Balkan Six emigration. It explores possibilities for maximising the potential that their large diasporas represent for development, as well as the socio-economic factors that incite people to look for better opportunities abroad. It looks at the region's labour emigration patterns, investigates the root causes of those patterns as well as their potential consequences, and examines the Western Balkan Six economies' current migration and diaspora policies. Based on its analysis, the report provides Western Balkan Six policy makers with a set of targeted recommendations they may wish to consider when designing future policies. Those could, in turn, result in the formation of even stronger ties between the WB6 economies and their diasporas.

This report was produced by the OECD South East Europe Regional Programme and the OECD International Migration Division. It also benefitted from inputs from a wide range of migration policy stakeholders from each of the Western Balkan Six economies. This work has been co-funded by the Austrian Development Agency and the Swiss Agency for Development and Cooperation.

* 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.

Acknowledgements

This report was written under the guidance of Andreas Schaal, OECD Director for Global Relations and Cooperation and OECD Sherpa to the G7, the G20 and APEC, and Marzena Kisielewska, Head of the OECD South East Europe Division.

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The report benefitted from the inputs and continuous support of the Austrian Development Agency (ADA), the Swiss Agency for Development and Cooperation (SDC), and the Austrian and Swiss embassies in each of the Western Balkan Six (WB6) economies. In particular, the OECD team is grateful for the contributions of Michaela Flenner (ADA), and Anne Savary Tchoursine and Sandra Imhof (both from the SDC). The report was also reviewed and received feedback from the European Commission's Directorate-General for Neighbourhood and Enlargement Negotiations.

The report also benefitted from the inputs of migration policy makers and non-governmental stakeholders from each of the WB6 economies, in particular from Genta Prodan and Etleva Dyrmyshi (both from the Ministry of Finance and Economy of Albania), Burim Bilali (Albanian National Agency for Diaspora), Marin Meksi (Ministry of Europe and Foreign Affairs of Albania), Keti Suli (Ministry of Interior of Albania), Soana Jaupllari (Albanian Diaspora Business Chamber), Zlata Smajić (Ministry of Human Rights and Refugees of Bosnia and Herzegovina), Nenad Novaković (Ministry of Civil Affairs of Bosnia and Herzegovina), Siniša Veselinović (Labour and Employment Agency of Bosnia and Herzegovina), Enes Ališković and Elma Kovačević-Bajtal (both from the Foreign Trade Chamber of Bosnia and Herzegovina), Fadil O. Osmani and Ylber A. Aliu (both from the Ministry of Finance, Labour and Transfers of Kosovo), Bedri Xhafa and Agron Hajdari (both from the Employment Promotion Agency Kosovo, Lirim Krasniqi (Germin), Aleksandra Mugoša (Ministry of Economic Development of Montenegro), Nataša Mirotić and Selma Redžić (both from the Ministry of Interior of Montenegro), Milica Radojičić and Renata Gojković (both from the Directorate for Cooperation with Diaspora of Montenegro), Dushanka Karamitre (Ministry of Labour and Social Policy of North Macedonia), Nikola Ivanovski (National Youth Council of North Macedonia), Meto Koloski (United Macedonian Diaspora), Ivana Ćkarić and Melita Perić (both from the Ministry of Labor, Employment, Veterans and Social Affairs of Serbia), Jovana Konjević (Commissariat for Refugees and Migration of Serbia), Đorđe Andrić (Chamber of Commerce and Industry of Serbia), and Aleksandar Jakovljević (Tačka Povratka).

The final report was edited, proofread and prepared for publication by Randall Holden and Jennifer Allain with the strategic support of Kate Lancaster (OECD Global Relations and Cooperation Directorate). The cover was designed by Susan Rantalainen (OECD South East Europe Division).

The report was produced with the financial assistance of the ADA and the SDC.

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Acronyms and abbreviations

AADF	Albanian-American Development Foundation
ADA	Austrian Development Agency
ADBC	Albanian Diaspora Business Chamber
ALB	Albania
APEC	Asia-Pacific Economic Cooperation
APPK	Agjensioni i Përkrahjes së Punësimit Kosovë (Employment Promotion Agency Kosovo)
B2B	Business-to-business
BCP	Border crossing points
BEEPS	Business Environment and Enterprise Performance Survey
BIH	Bosnia and Herzegovina
BLAs	Bilateral labour agreements
BoA	Bank of Albania
CCIS	Chamber of Commerce and Industry in Serbia
CEECs	Central and Eastern European Countries
CEEPUS	Central European Exchange Programme for University Studies
COMMO	Cooperation in Mediterranean and Western Balkan through Mobility of Students and Staff
CRM	Common Regional Market
CSOs	Civil society organisations
D4D	Diaspora for Development, Bosnia and Herzegovina
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations
DIOC	Database on Immigrants in OECD Countries
ECA	Europe and Central Asia
EEA	European Economic Area
EIGE	European Institute for Gender Equality
EMJMD	Erasmus Mundus Joint Master Degrees
EMN	European Migration Network
ERMA	European Regional Master's Programme

ESPN	European Social Policy Network
ETF	European Training Foundation
EU	European Union
FAQ	Frequently Asked Questions
FBIH	Federation of Bosnia and Herzegovina
FDI	Foreign direct investment
FYUG	Former Yugoslavia
GAID	Gabinete de Apoio ao Investidor da Diáspora (Office for Diaspora Investors Support), Portugal
GAM	Government Authority on Migration, Kosovo
GDFP	Greek Diaspora Fellowship Programme
GDP	Gross domestic product
GEI	Gender Equality Index
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation), Germany
ICM	International Credit Mobility
ICMPD	International Centre for Migration Policy Development
ICT	Information and communication technology
IIE	Institute of International Education
IMD	OECD International Migration Database
INSTAT	Institute of Statistics, Albania
INTERVET	Internationalisation of VET systems in the Western Balkans
IOM	International Organization for Migration
IPA	Instrument for Pre-Accession Assistance
ISCED	International Standard Classification of Education
IT	Information technology
KAS	Kosovo Agency of Statistics
KOS	Kosovo
LFS	Labour force survey
MFI	Micro finance institutions
MIMAK	“Strengthening Migration Management Authorities in Kosovo” project
MKD	North Macedonia
MNE	Montenegro
MoHRR	Ministry of Human Rights and Refugees, Bosnia and Herzegovina
MONSTAT	Statistical Office of Montenegro

MTOs	Money transfer operators
NCM	National Coordinator for Migration, Kosovo
NGO	Non-governmental organisation
NPG	Naša Perpektiva Group, (Our Perspective Group), Bosnia and Herzegovina
PES	Public employment services
PISA	Programme for International Student Assessment
PKS	Privredna komora Srbije (Chamber of Commerce and Industry in Serbia)
RCC	Regional Cooperation Council
READ	Research Expertise from the Academic Diaspora
RS	Republika Srpska
SDC	Swiss Agency for Development and Cooperation
SMEs	Small and medium-sized enterprises
SMPs	Skills Mobility Partnerships
SNF	Stavros Niarchos Foundation, Greece
SOG	Südosteuropa-Gesellschaft (Southeast Europe Association)
SRB	Serbia
SROs	Scientific Research Organisations
STP I, II	(First, second) Science and Technology Project, Croatia
UKF	Unity through Knowledge Fund, Croatia
UNDESA	United Nations Department for Economic and Social Affairs
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UOE	UNESCO-OECD-Eurostat
USAID	United States Agency for International Development
VET	Vocational education and training
WB6	Western Balkan Six economies
WB6 CIF	Western Balkans 6 Chamber Investment Forum
WBAA	Western Balkans Alumni Association
WBL	Work-based learning
WEF	World Economic Forum
WEI	Women Empowerment Index
wiiw	Wiener Institut für Internationale Wirtschaftsforschung (Vienna Institute for International Economic Studies)

Executive summary

Labour migration from the Western Balkan Six (WB6) economies (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia) has been sizeable for decades. Today, about one-fifth of the population born in the Western Balkan Six region lives abroad, mostly in a handful of OECD member countries. While emigrants are often considered a loss for their country of origin, they can also play an important role in boosting economic development in their country of origin.

Against such a backdrop, this report explores how to promote the transfer back of diaspora skills, knowledge, new ideas and investments to support socio-economic development in the Western Balkan Six economies. At the same time, it addresses some of the adverse structural challenges that incite people to look for better opportunities abroad in the first place. It analyses the labour migration patterns of the Western Balkan Six, investigates their root causes as well as potential consequences, and examines the current migration and diaspora policies of these economies. It builds on results from a dedicated survey of emigrants from the Western Balkan Six region, in addition to a wide range of OECD and international migration data sources and regional stakeholder consultations. The report provides Western Balkan Six policy makers with targeted recommendations on how to deal with the factors that incentivise emigration while maximising the benefits from emigration for the Western Balkan Six economies' own socio-economic development.

Key findings

Labour emigration waves from the Western Balkan Six economies over the past decades have led to significant international diasporas in Europe and North America

Since 1990, the number of WB6 migrants has roughly doubled: today, 4.8 million people born in the region, or about one-fifth of the WB6 population, live abroad. WB6 migrants live mainly in a handful of OECD countries (e.g. Germany, Italy, Greece, Austria, the United States and Switzerland), but emigration to neighbouring EU countries Croatia and Slovenia has been increasing in recent years. Western Balkan intra-regional migration, on the other hand, has remained stable at around 15% of the total WB6 migrant stock.

Labour migration and student mobility were on the rise prior to the Covid-19 pandemic

Migration from the WB6 economies to the European Economic Area and Switzerland saw an important increase from 2011 until the start of the Covid-19 pandemic. The number of first residence permits for remunerated activities issued to citizens of the WB6 economies was between five and ten times higher in 2019 than in 2011. The pandemic substantially reduced the number of permits issued for WB6 citizens in the European Economic Area and Switzerland: it dropped by more than a third between 2019 and 2020. The number of international students from the WB6 increased by 2.5 times between 2013 and 2018, before also seeing a sharp decrease in 2019.

Labour market outcomes of Western Balkan Six migrants in OECD countries have slightly improved, but these emigrants are less integrated in the labour markets than other emigrants

While labour force participation and employment rates have increased over time, WB6 migrants continue to experience lower employment and labour force participation rates and higher unemployment than the average foreign-born population in OECD countries. Significant gender gaps in employment outcomes also indicate that immigrant women from the WB6 face particularly high barriers to labour market integration. In addition, over-qualification among WB6 migrants is common, as close to half of all WB6 migrants with a tertiary education degree worked in a low- or mid-skilled job in 2015/16, compared to only about one-third of the average foreign-born population in OECD countries.

Most Western Balkan Six migrants in OECD countries are employed in mid-skilled occupations and are more vulnerable to unemployment and inactivity

On average, more than half of all WB6 migrants in OECD countries were employed in mid-skilled jobs, while only about one-fifth of them were employed in low-skilled and about one-fifth in high-skilled jobs. The most frequent employment sectors of WB6 male migrants in OECD countries are building and related trades as well as blue-collar manufacturing jobs, while WB6 female migrants are most frequently employed as cleaners and helpers, sales workers, personal service and care workers, and health associate professionals. The nature of the work that WB6 migrants perform makes them particularly vulnerable to unemployment and inactivity during recessions. This was manifested during the initial phase of the Covid-19 pandemic, when unemployment rapidly increased among WB6 migrants in Austria and Germany.

A mix of push and pull factors contributes to emigration from the Western Balkan Six economies

Despite progress in improving economic and social prospects over the past decade, structural challenges and socio-economic hardships continue to incentivise emigration from the WB6 economies. These include high unemployment levels, comparatively low wages, weak education outcomes and low social security, as well as corruption. At the same time, migration networks, continued labour demand and migration policy schemes that specifically target WB6 labour migrants have lowered the barriers for emigration to many destination countries.

All governments of the Western Balkan Six have developed migration policies, with varying priorities and funding sources

All WB6 economies have recently prepared and/or adopted holistic multi-annual migration strategies. They have all also established policy co-ordination bodies to assure coherent migration policy implementation. While most of the strategies include objectives relating to addressing irregular migration and reintegration of returnees, North Macedonia and Serbia are the only economies that focus on reducing the push factors of emigration. International organisations support the implementation budget of all main WB6 migration strategies, but the amount of their financial support varies a great deal.

Remittances correspond to 10% of GDP in the Western Balkan Six, but there are barriers to remittance investments

On average, the WB6 economies received an estimated equivalent of 10% of their gross domestic product (GDP) in remittances in 2019, ranging from 16% of GDP in Kosovo to 2.5% in North Macedonia. Lack of trust in and access to financial institutions and high remittance transaction costs are important reasons that WB6 migrants use informal channels for delivering remittances. The costs for transferring remittances

in most of the WB6 economies' main remittance corridors are still more than twice as high as the 3% target set in Sustainable Development Goal 10; on average, about one-third of men and two-fifths of women in the Western Balkans did not have access to a bank account in 2017.

Diaspora investment and knowledge transfers offer development potential, but dedicated policies and support mechanisms have yet to be developed in most Western Balkan Six economies

Almost all WB6 economies have explicit objectives in their main migration strategies to encourage skills and knowledge transfers from their diasporas, to map their diasporas more comprehensively, and to create networks of (mostly highly skilled) diaspora members. Bosnia and Herzegovina and Serbia have also implemented dedicated policies to facilitate knowledge transfers through temporary return, engagement of diaspora or incentives for research collaborations with the diaspora. All WB6 economies also aim to increase co-operation with diaspora businesses and facilitate investment, but there is often a lack of economy-wide frameworks and mechanisms to exploit their full investment potential. While a lack of trust in public institutions is a key barrier in diaspora engagement and investment, working together with chambers of commerce and non-governmental organisations has proved key to mobilising diaspora resources in Albania and Serbia.

Knowledge about return migrants is limited due to data gaps, while policies to actively attract migrants back are lacking

Return and reintegration support in the WB6 economies currently mainly focuses on the return of migrants from EU Member States under readmission agreements. However, concrete measures to actively attract WB6 migrants back beyond readmission agreements and to facilitate their socio-economic reintegration are only planned in the adopted strategies of Albania, Kosovo, North Macedonia and Serbia.

Key policy recommendations

To strengthen their migration policies and maximise the development benefits of emigration at home – while alleviating the strength of push factors that incentivise emigration – WB6 policy makers could consider the following key policy recommendations:

Strengthen the management of labour migration flows and improve the outcomes of labour migrants in destination countries

- **Reinforce migration management by boosting migration data collection.** To enable effective and evidence-based policy design, implementation and monitoring, there should be greater investment in systematic migration data collection and analysis, especially when it comes to intra-regional migration and return migration; data on these aspects are currently scarce.
- **Support WB6 migrants in improving their employment outcomes abroad by strengthening and harmonising curricula and skills recognition systems and by partnering with destination countries.** To support their citizens and help reduce the sizeable share of highly skilled WB6 migrants who are overqualified for the job they perform in OECD countries, the WB6 economies could further adjust education and training curricula to international standards and work closely with destination countries to extend skills recognition systems. They could also seek to establish institutionalised co-operation between vocational education and training schools and universities in the Western Balkans and public employment agencies in key destination countries.

Maximise the development benefits from emigration

- **Build trust and strengthen engagement with the diaspora by capitalising on the many and active diaspora associations that already exist in the region.** Use multifunctional diaspora platforms to start building relationships with the diaspora, to provide matching and network services that connect diaspora members from different destination countries with each other and with the private and public sectors in their home economies. Promote the establishment of key partnerships between diasporas and embassies and consulates to strengthen embassies' engagement in the development of WB6 economies.
- **Make the most of the diaspora's skills and financial resources by encouraging diaspora knowledge transfers, formalising remittances and attracting diaspora investments more strategically.** The WB6 economies could facilitate collaborations between researchers and individuals or institutions in the Western Balkans and abroad, for example by establishing scientific networks and knowledge funds. To formalise remittances, they could exploit new technologies to facilitate transfers and bring down costs. They could also offer tailored financial services to remittance receivers who may be reluctant to use traditional banking services. Strengthening citizens' financial literacy and inclusion could also help increase access to bank finance. To attract diaspora investments more strategically, the WB6 economies could further develop ecosystems to facilitate investment and entrepreneurship promotion among the diaspora, and improve the business environment more generally.
- **Facilitate emigrants' return and reintegration into the labour market by providing incentives and simplifying administrative procedures.** The WB6 economies could develop a more holistic policy approach for increasing return migration by calibrating a set of measures ranging from a reduction of administrative burdens to return migration, to the provision of economic incentives (e.g. tax reductions) and the facilitation of investments and entrepreneurial activities for those who return.

Reduce the strength of the push factors behind emigration

- **Ameliorate the conditions for living, working and investing in the Western Balkan Six economies by pursuing economic and social reforms.** The WB6 economies could continue addressing structural economic and social challenges by reinforcing the fight against corruption; ensuring that all citizens are protected from poverty and have access to high-quality education and healthcare; and further improving the business environment to stimulate entrepreneurship and attract investments for job creation.
- **Improve citizens' education and labour market outcomes by strengthening skills policies and improving employment conditions.** To reduce skills mismatches and ease the school-to-work transition, the WB6 economies could extend skills anticipation systems to guide young people, adult workers and the unemployed in retraining and upskilling activities, and to better foresee skills shortages. They could also focus on ensuring that all vocational education and training students develop core literacy and numeracy skills while acquiring a number of practical skills through extended work-based learning. To improve citizens' employment conditions, the WB6 economies could continue upgrading labour laws and occupational health and safety regulations. They could also improve labour market monitoring, for example by regularly analysing earnings structures.

Introduction

Context

The Western Balkan Six (WB6) economies (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia) all have a long history of emigration. In 2020, more than one in five citizens born in the region lived abroad, mainly in a handful of OECD countries. This trend is set to continue, as more than one-third of WB6 citizens surveyed in 2021 considered emigrating. Current migration patterns and trends continue to be shaped by both past and present political and economic factors, including a lack of quality jobs and career prospects.

Continued high levels of labour emigration, especially of young talents, pose a severe development challenge for the region. While they alleviate pressure from the labour market and reduce unemployment levels, they also engender and accentuate the region's noticeable skills mismatches and shortages; those, in turn, reduce the growth potential of local companies and can prevent potential investors from finding adequate skills. Establishing the right conditions for attracting investments and creating new jobs with stimulating career prospects – while producing the skills that match labour market needs – is a prerequisite to building a resilient economy and retaining or attracting talent.

The large and growing diaspora nonetheless also provides opportunities for the region, which remain largely untapped. Strengthening ties with the diaspora and capitalising on its skills and investment resources could contribute greatly to the region's economic and social development. Remittances to WB6 households, which represent on average one-tenth of the WB6 economies' gross domestic product, could be further formalised to realise their full development potential. Migrants' experience gained abroad and their increased language, entrepreneurial and technical skills can also benefit the WB6 economies, if they return to their country of origin and their integration into local labour markets and skills systems are supported.

Objective and outline of the report

Against such a backdrop, this report provides insights into the labour migration trends and patterns of the WB6 economies, shedding light on the root causes of emigration and exploring policy approaches geared towards maximising the benefits for the region from migration while mitigating its negative consequences.

To achieve that objective, the report focuses on the following:

- **Chapter 1** analyses patterns and trends of labour migration from the WB6 economies. It begins with an historical overview of the long tradition of that migration, then presents more recent trends in migrant stocks in and flows to OECD countries. The chapter notes the main destination countries and types of migration, as well as socio-demographic characteristics and the labour market outcomes of migrants from the WB6 economies in OECD and selected destination countries.
- **Chapter 2** investigates the main structural causes of emigration from the WB6 region and the impact migration can have on the region's economic development. It starts by examining the major

push factors driving emigration from the WB6 economies. The chapter then discusses potential consequences for the region's labour markets, education outcomes and policies, as well as financial inflows.

- **Chapter 3** outlines the migration policy landscape in the WB6 economies. It presents the main strategic approaches to migration policy in each WB6 economy before focusing on their multilateral and bilateral co-operation in migration management.
- **Chapter 4** presents an overview of the WB6 economies' institutional and strategic framework for diaspora policy. It then presents how the WB6 economies currently map their diasporas and engage with them. Lastly, the chapter analyses how the WB6 economies currently implement policies that can help maximise the development benefits of diaspora engagement in their economies.
- **Chapter 5** provides conclusions and policy recommendations on how to reduce the strength of potential push factors behind labour emigration and on how to draw development benefits from emigration and diasporas. The first part of the chapter presents conclusions and policy recommendations for the WB6 region as a whole while the second part offers conclusions and policy recommendations that are economy-specific.

This report was prepared between spring 2021 and January 2022, i.e. prior to the war in Ukraine. It does not cover migration flows or policies resulting from this event.

Methodology and data sources

This study has built on existing knowledge and research conducted on emigration and return migration in the region. The following research instruments were used:

1. **Literature review:** The study has taken relevant research findings into account. This includes studies conducted by the OECD, the European Training Foundation, the International Organization for Migration, the United Nations Development Programme and other international organisations. It has also drawn from studies on labour migration, return migration and the role of the diaspora by research institutes located in the WB6 region, destination countries and other countries. The literature review also includes good practices from other countries.
2. **Statistical data:** This report uses a number of international migration databases to analyse patterns and trends of migration from the WB6 to the OECD area. When recent OECD data are unavailable, data covering migration to the European Union are used. The most important data sources used for this report are the:
 - OECD *Database on Immigrants in OECD Countries* (DIOC) 2010/11 and 2015/16
 - Eurostat *Migration and Migrant Population Database*
 - United Nations Department for Economic and Social Affairs (UN DESA) migration statistics
 - international students UNESCO-OECD-Eurostat (UOE) data collection
 - data from the statistical offices or employment agencies of Austria, Germany and Switzerland on WB6 immigrants
 - national migration data collected in co-operation with statistical offices, ministries of interior, ministries for external affairs, and ministries or agencies linking with the diaspora of the WB6 economies.
3. **Survey of WB6 emigrants:** From July 2021 to January 2022, the OECD conducted a (non-representative) survey of WB6 migrants. The purpose of the survey was to understand the reasons and incentives for emigration and return migration. It also sought to shed light on the barriers WB6 diaspora members face when returning to or engaging with their economy of origin;

possibilities of knowledge transfer; and opportunities for and barriers to financial investments in the home economies. More detailed information on the survey can be found in Annex 2.A.

4. **Expert roundtables:** Two expert roundtables were held virtually for each WB6 economy, the first in Q2 2021 and the second in December 2021 or January 2022, depending on the economy. They brought together key migration policy stakeholders, including policy makers and representatives from chambers of commerce, relevant diaspora and non-governmental organisations, and international organisations. The expert roundtables provided insights into policy objectives, challenges, initiatives and institutional capacities in the following key areas: managing labour migration; managing the consequences of emigration; facilitating return migration; providing support to return migrants; and linking with the diaspora. They also helped to identify good policy practices, which could support mutual learning within the region. All of this formed an important basis for the policy recommendations.

1 Labour migration patterns of the Western Balkan Six

This chapter analyses patterns and trends of labour migration from the Western Balkan Six (WB6) economies. It begins with a brief historical overview of the long tradition of migration from the region, and then presents more recent trends in migrant stocks and flows to the OECD area. Using different international migration data sources, the chapter identifies the main destination countries and examines types of migration; the gender dimensions; and some of the outcomes for migrants from the WB6 now in OECD countries, particularly Austria, Germany and Switzerland.

Key findings

- **More than one in five of the population born in the Western Balkan Six (WB6) live abroad.** The region has a long history of large-scale emigration, and current migration patterns and trends continue to be shaped by both past and present political and economic factors.
- **Migration towards traditional destination countries in the OECD area is on the rise, but new destination countries are also emerging.** OECD member countries attract the majority of migrants from the WB6 economies. Immigration to the OECD area, and especially to the European Economic Area (EEA) and Switzerland, had steadily been increasing prior to the COVID-19 pandemic. In 2019, more than 226 000 residence permits were issued to WB6 workers compared to 102 000 in 2011, representing an increase of around 120%. Recent migration trends show a sizeable increase in emigration in 2015, while targeted migration policies in destination countries as well as European Union (EU) enlargement to Croatia and Slovenia have to some extent reshaped the destinations of migrants from the Western Balkan Six.
- **Student mobility from the Western Balkan Six to OECD member countries is growing.** The number of international students from WB6 economies increased by 150% between 2013 and 2018. The top destination countries for tertiary studies are Austria, the United States, Italy and Turkey.
- **Intra-regional migration remains stable in relation to overall migration, at about 15% of total migration stocks.** Montenegro and Serbia are attracting migrants from the other WB6 economies. However, the relative importance of intra-regional migration remains rather limited compared to the migrant stocks in OECD countries.
- **Employment rates of Western Balkan Six migrants in OECD countries show a positive trend, but the highly skilled are often accepting jobs below their qualifications.** The employment rate of migrants from all the WB6 economies increased between 2010/11 and 2015/16, while unemployment rates decreased. There are, however, important differences in unemployment rates across the migrant populations. While only 8% of Bosnian migrants in OECD countries are unemployed – lower than the average for all migrants in member countries – close to one in five Albanian migrants in the OECD area is unemployed.
- **Women constituted about half of the migrant stock from the Western Balkan Six in OECD countries in 2015/16, but women are less likely to participate in the labour market.** There is a gender gap in labour market participation for migrants across all WB6 economies; the largest gap is found among migrants from Albania (85% for men compared to 52% for women) and Kosovo (83% for men and 46% for women), while the smallest is for migrants from Bosnia and Herzegovina (83% for men and 68% for women). There are also important gender gaps in employment rates, which are more pronounced among WB6 migrants than for the average migrant population in the OECD area.
- **Contrary to other migrant groups in OECD member countries, male migrants from the Western Balkan Six are more likely to be overqualified than female migrants.** This higher over-qualification rate for men applies to migrants from all WB6 economies but Serbia. Both men and women from the WB6 are more likely to be overqualified compared to all foreign-born migrants in the OECD area.
- **The COVID-19 pandemic increased the number of unemployed Western Balkan Six citizens in the Austrian, German and Swiss labour markets.** However, while Switzerland saw a decrease in the number of employed WB6 citizens during the pandemic, the number of WB6 citizens in the German labour market continued to grow, with an increase of 21% between January 2020 and January 2021.

1.1. Historical overview and recent migration trends and patterns from the Western Balkan Six

Emigration from the Western Balkan Six has been significant for decades, resulting in a large diaspora in OECD destination countries. The data used in this chapter are based on different sources and make use of different methods to identify migrants (Box 1.1).

Box 1.1. Migration databases

This report uses a number of international migration databases to analyse patterns of and trends in movement from the Western Balkan Six to OECD member countries. Where recent OECD data are unavailable, data covering migration to the EU are used. The databases described below are also complemented with national population and labour statistics to provide more in-depth analysis of migration to Austria, Germany and Switzerland.

OECD Database on Immigrants in OECD Countries (DIOC), 2010/11 and 2015/16

The DIOC covers the OECD destination countries over four periods: 2000/01, 2005/06, 2010/11 and 2015/16. This report makes use of the two most recent rounds, which correspond to the period after all economies of the WB6 gained independence; this allows disaggregation of the data by current economies of origin. The principal sources of DIOC data are national administrative registers and population censuses. The DIOC contains information on the population from over 200 origin countries who reside in OECD countries. Migrants are defined based on their country of birth and country of residence. In some sections of this chapter, specifically those related to labour market outcomes, the data are restricted to the population of working age, i.e. those aged between 15 and 64 years old.

OECD International Migration Database (IMD), 2011-2020

The IMD covers legal migration flows to the OECD on a yearly basis. It covers most OECD countries as well as Bulgaria, Romania and the Russian Federation. A limitation with the data for this report is that they do not cover Kosovo as a country of origin. The data in the IMD have not been harmonised at the international level, and should therefore be interpreted with some caution.

Eurostat Migration and Migrant Population Database

The Eurostat database on asylum and managed migration includes information on inflows of migrants and asylum seekers to the EU and certain neighbouring countries, as well as statistics on the enforcement of immigration legislation. The data are provided by the Member States. Data related to immigrants are disaggregated by age group, gender, citizenship and country of previous residence.

United Nations Department for Economic and Social Affairs (UN DESA) migration statics

The UN DESA database includes estimates of international migrant stocks by age, gender and country of origin and destination worldwide, over the years 1990-2020. The estimates are based on official statistics on the foreign-born or foreign citizens. Independent data for Kosovo are not available; estimates for Serbia include Kosovo.

International students (UOE data collection)

The UNESCO-OECD-Eurostat (UOE) data collection on education statistics is compiled from national administrative sources, as reported by ministries of education or national statistical offices. A distinction is made between resident foreign students and non-resident foreign students who came to the country expressly to pursue their education. International students are defined as students with permanent

residence outside the reporting country, and data on non-citizen students are used only where information on non-resident foreign students is unavailable.

Labour migration from the Western Balkans has been sizeable for decades, and past migration continues to shape current patterns. High demand for labour to support industrial development in Western and Northern Europe was the main driver of migration in the 1960s and 1970s. Yugoslavia held a unique position as the only socialist regime in East-Central Europe to encourage labour migration at the time (Bonifazi and Mamolo, 2004^[1]). Austria, Germany and Switzerland became the main destination countries due to the strong labour demand, marked income differences and geographical proximity. There were moreover active policies to attract workers. For instance, Austria and Germany signed specific agreements (*Anwerbeankommen*) with the Republic of Yugoslavia in the second half of the 1960s. Switzerland had specific rules for short-term migrants in place. A shift in migration policy in these main destination countries put a halt to the emigration flows from the region from 1974 until the mid-1980s. Many of those who had migrated at the end of the 1960s and beginning of the 1970s remained in the destination countries.

A new wave of emigration took place following the economic and political crises in Yugoslavia in the later part of the 1980s. The wars in the 1990s led to mass resettlement, both internally and internationally. About half of the population of Bosnia and Herzegovina is estimated to have been displaced during the war that broke out in 1992; around half of those displaced relocated within Bosnia and the other half abroad (Oruč, 2009^[2]). Neighbouring countries in the region as well as Western European countries became major host countries for those who fled abroad. Germany was the main host country, accepting 320 000 refugees – 60% of the refugees seeking protection in Europe. The post-war period was characterised by large repatriation of refugees, but a large share of the refugees from Bosnia and Herzegovina chose not to return due to fear of “ethnic cleansing”, preferring to stay abroad even after the Dayton Peace Agreement in 1995. Certain OECD countries (e.g. Austria, Finland and Luxembourg) allowed transition from temporary protection status to different forms of permanent residence. Germany initially promoted voluntary return; it is estimated, however, that only one-third of the Bosnian population who fled to Germany had returned by 1997 (OECD, 2017^[3]). The low return rates of Bosnian refugees contrasted with the large-scale return of refugees from Kosovo following the Kosovo war in 1998-99 that led to the international displacement of over 850 000 people. A great majority of those people (600 000) chose to return after a peace accord was signed. The mass return was described as one of the fastest in modern history (OECD, 2017^[3]).

At the beginning of the 2000s, emigration to Western European countries was challenging due to high costs and difficulties in obtaining visas. Starting in 2005, the European Union concluded visa facilitation and readmission agreements with five of the WB6 economies (all but Kosovo); these facilitate short-term movements from the region to the EU. More recently, individual destination countries have also put in place policies to facilitate migration from the Western Balkan region, and migration flows towards the EU, most notably Germany, have been on the rise in the past decade. Another defining event for WB6 emigration is EU enlargement to cover two countries of the former Yugoslavia, Slovenia in 2004 and Croatia in 2013. Increased migration from Croatia to the EU has led to labour shortages in the Croatian labour market and consequently an opening for workers from the WB6, notably Bosnia and Herzegovina, Montenegro, and Serbia (Krasteva et al., 2018^[4]).

Migration from Albania is a special case in the Western Balkans. Albania has a long history of migration going back centuries in time. Large Albanian diaspora communities were established in Egypt, Greece and Turkey in the 19th century, while at the beginning of the 20th century emigration expanded to destination countries further away, such as Argentina, Australia and the United States (Barjaba and Barjaba, 2015^[5]). The communist regime in place from 1945 to 1990 placed a ban on international movement, which ended most outward migration. Since the 1990s, emigration from Albania has been characterised by different waves of large-scale outflows. The first wave came after the fall of communism in the early 1990s, when Albania faced mass emigration due to challenging the economic and political situation. More than 860 000 Albanians left the country between 1989 and 2005; that figure represents almost 28% of the total

population (García-Pereiro and Biscione, 2016^[6]). The collapse of the pyramid scheme, an alternative banking system in which many Albanians had invested, led to a socio-economic crisis and sparked a second significant migration wave in 1997. The 2008 financial crisis sparked further emigration from Albania, but also led to the return of 150 000 migrants due to the economic recession in the main destination countries Greece and Italy (Barjaba and Barjaba, 2015^[5]). The beginning of the new millennium also brought a new pattern of emigration, as the image of Europe started to change in Albania. While Greece and Italy had been the two most important destination countries for Albanian migrants in the previous decades, emigration numbers to the United Kingdom, the United States and Canada were higher in the 2000s due to their stronger economies and better prospects for legal migration and regularisation (García-Pereiro and Biscione, 2016^[6]). Besides labour migration, emigration from Albania has additionally been driven by education opportunities for students in Western Europe and the United States (Barjaba and Barjaba, 2015^[5]).

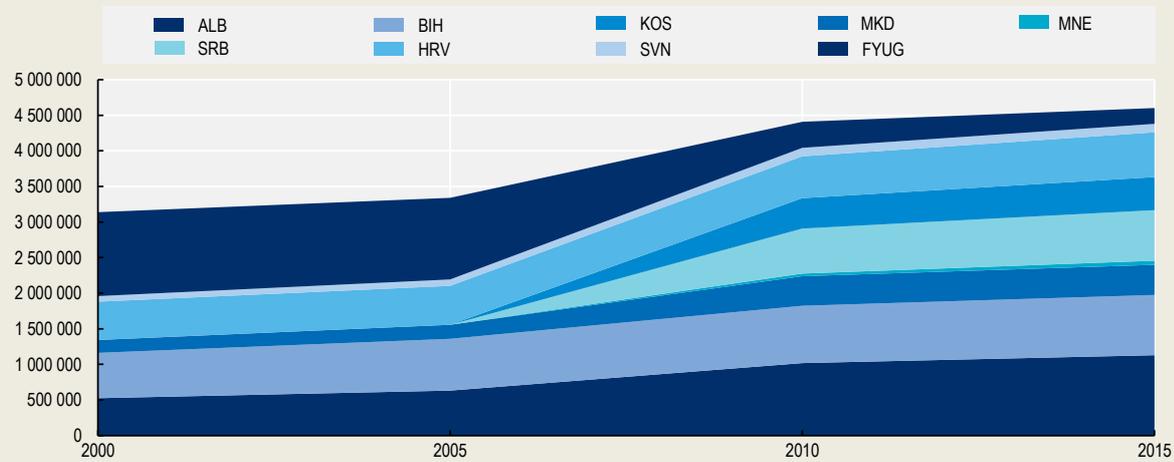
1.1.1. Migration stocks and flows from the Western Balkan Six are significant

The history of the region, with the breakup of the former Yugoslavia and a population consisting of different ethnic groups that overlap national borders makes it challenging to define and measure migration (see further Box 1.2). When possible, this chapter defines migrants according to the country of birth principle. When data on the country of birth are not available, citizenship is used. This is especially the case with national data from the three destination countries Austria, Germany and Switzerland. Data that identify migrants according to the citizenship principle may, however, underestimate the true number of migrants, as they do not take account of migrants with dual citizenship, including both those holding dual citizenship prior to emigration, or those that naturalised over time in the country of destination. On the other hand, an advantage of the citizen principle is that it includes individuals born abroad with citizenship of the WB6, such as the children of immigrants from the WB6; that information is relevant for analyses related to the WB6 diaspora. To distinguish between different ways of defining emigrants, this chapter refers to “WB6 migrants” or “WB6 emigrants” when migrants are defined based on country of birth, and “WB6 citizens” when referring to data using the citizen principle.

Box 1.2. Challenges of defining and measuring emigrants from the Western Balkans

Defining, measuring and analysing migration from the Western Balkans across destination countries and over time involve multiple challenges. To begin with, the breakup of the former Yugoslavia makes it difficult to measure emigrant stocks and flows over time, as migrants are defined based on country of birth or citizenship, which change when new states are formed. This is particularly an issue for the five WB6 economies of the former Yugoslavia (Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia). Many of the current migrants moved to the OECD area prior to when these new economies were formed, which has implications for how they are recorded in migration databases. Data from the OECD *Database on Immigrants in OECD Countries* (DIOC) include a category for migrants born in the former Yugoslavia. The number of migrants registered as born in that category decreases over time in the database, but in 2015/16 there were still about 224 000 of these migrants in 18 destination countries (Figure 1.1). In order to take all migrants born in the WB6 into account in the presentation of migrant stocks for this report, the migrants in the former Yugoslavia category are proportionally redistributed to the five WB6 economies of former Yugoslavia (see Annex 1.A for more details).

Figure 1.1. Migrants of the former Yugoslavia in the OECD migration database in relation to Western Balkan Six migrants



Note: During the period 2000-15 three new economies were formed: Montenegro and Serbia in 2006, and Kosovo in 2008. HRV=Croatia, SVN=Slovenia, FYUG=former Yugoslavia.

Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

Another challenge involves dual nationality, which complicates definitions of migrants as only one nationality is recorded in most databases. Many people in the Western Balkans have mixed origins, and it is common to hold more than one citizenship. Certain OECD destination countries allow dual nationality (e.g. Switzerland), while others do not (e.g. Austria and Germany). This has implications for data that use a citizenship-based definition of migration, as this would exclude from the migrant stock those born in the Western Balkan Six (WB6) economies but who acquired the nationality of the country of destination. Nationality is also sometimes linked to ethnicity, and dual nationality from two Western Balkan economies is relatively common. For example, Bosnia and Herzegovina has an agreement with Croatia and Serbia that allows dual nationality, which facilitates Bosnian Croats obtaining Croatian nationality (ETF, 2021^[8]).

There is also a lack of recent data on emigration from the WB6 to the OECD area. The DIOC is the only available database that covers migration to the OECD area from the WB6 economies respectively. The latest round of the DIOC data is, however, from 2015/16 and does not cover the most recent migrant patterns and trends. Databases covering more recent years either do not cover all OECD destination countries (e.g. Eurostat) or do not disaggregate the data by all six origin economies individually (e.g. UN DESA, which includes Kosovo in the data for Serbia).

Finally, migration from the Western Balkans includes temporary and seasonal migration flows that are only partly covered in the migration databases used in this report.

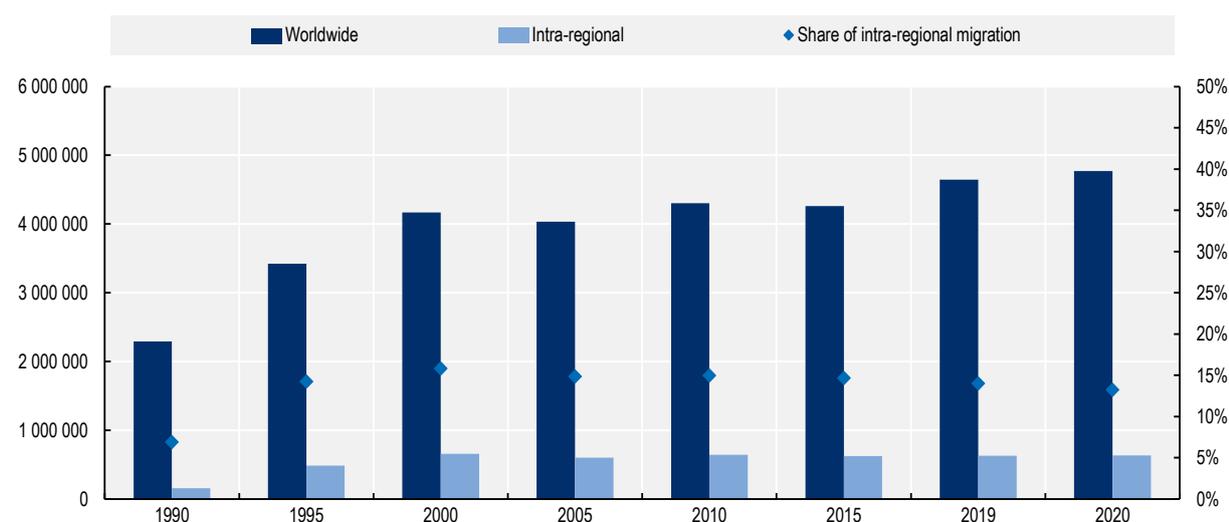
More than 20% of the population born in the Western Balkan Six lives abroad

Large emigration waves from the Western Balkans over the past decades have led to a significant international diaspora. In 2020, close to 4.77 million people from the WB6 were living abroad (Figure 1.2), which means more than double the migrant stock of 2.3 million in 1990. For a region with a population of 17.6 million,¹ this corresponds to an emigration rate of about 21% in 2020.² The number of emigrants is likely even higher when taking into account short-term seasonal migrants who are only partly covered in the international migration statistics (see Box 1.2 on the challenges in measuring migration from the WB6).

Between 2015 and 2020, the number of migrants from the WB6 worldwide increased by 461 000, or about 10%. The great majority of the WB6 migrants (87% in 2020) have moved outside the region, while the remaining 631 000 migrants reside in another WB6 economy. Intra-regional migration has remained relatively stable since 1995, at around 15% in relation to total emigration from the WB6.

Figure 1.2. Number of migrants from the Western Balkan Six worldwide, 1990-2020

Total number of migrants from the WB6 residing abroad and in another WB6 economy (left scale) and intra-regional migration share (right scale)



Note: Intra-regional migration is defined as migration within the Western Balkan Six.

Source: UN DESA (2020^[9]), *International migrant stock* 2019, <https://www.un.org/en/development/desa/population/migration/data/estimates2/estimates19.asp>.

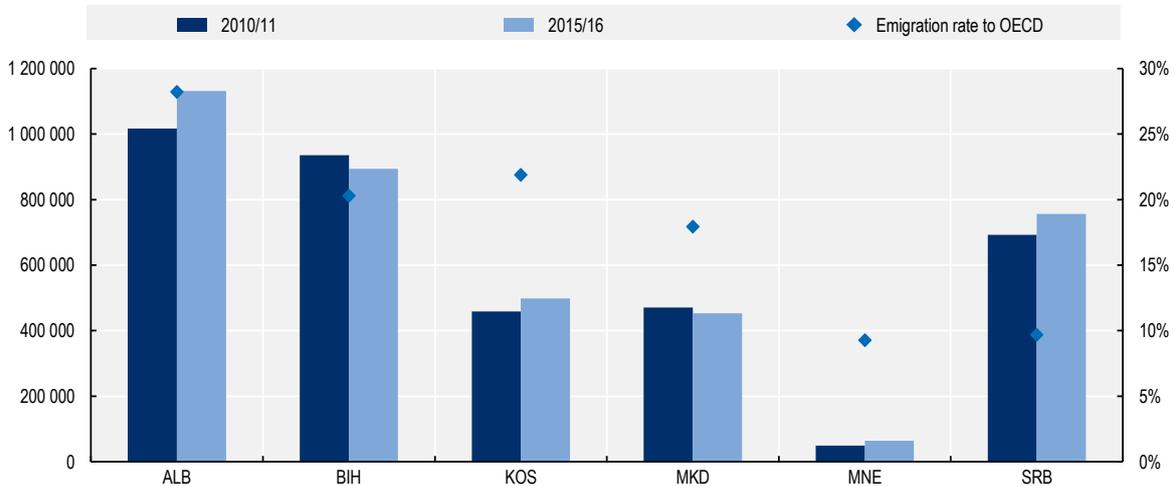
A majority of migrants from the Western Balkan Six live in OECD member countries

The OECD area hosts a large majority of the migrants from the WB6. Close to 3.8 million migrants born in the WB6 were living in OECD destination countries in 2015/16. Disaggregating the data by country of origin shows that the largest stocks of migrants originate from Albania and Bosnia and Herzegovina (Figure 1.3). In 2015/16, about 1.1 million migrants from Albania and 844 000 migrants from Bosnia and Herzegovina were residing in OECD countries. Between 2010/11 and 2015/16, the migrant population from the WB6 in the OECD grew by 172 700 migrants, or 5%, driven by an increase in the number of migrants from Albania, Kosovo, Montenegro and Serbia. At the same time, the share of migrants from Bosnia and Herzegovina and North Macedonia decreased by 4%.

Emigration from the Western Balkans is also significant when comparing the number of emigrants from the WB6 to the total population born in the respective origin economies. Albania has the highest emigration rate at 28%, followed by Kosovo (22%), Bosnia and Herzegovina (20%), and North Macedonia (18%). The emigration rates from Serbia and Montenegro are slightly lower but still significant, at 10% and 9% respectively.

Figure 1.3. Number of migrants from Western Balkan Six residing in the OECD area

Total emigrant population in OECD countries (left scale) and emigration rate (right scale)



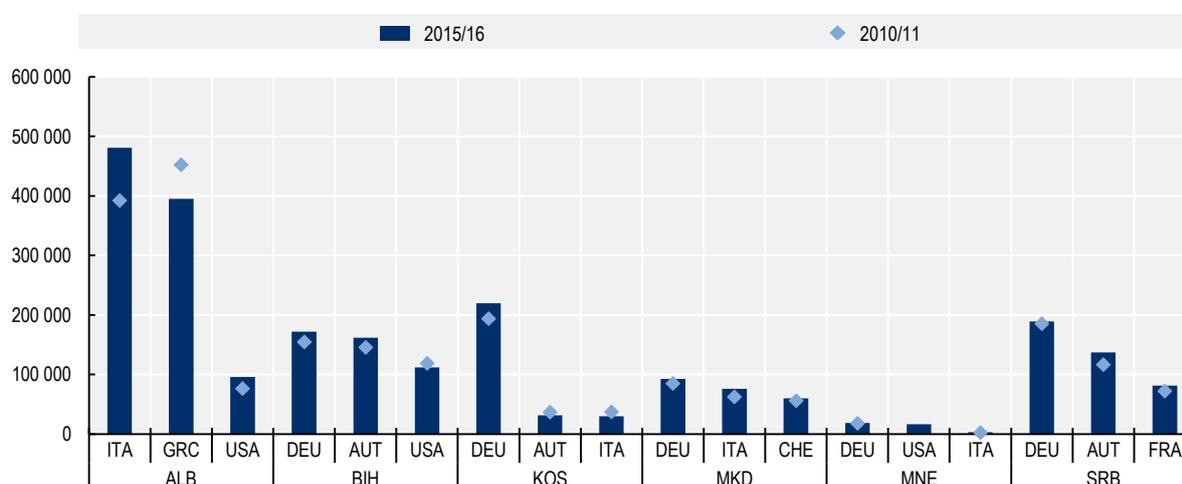
Note: Emigration rate to the OECD area is defined as the number of migrants in OECD countries divided by the sum of the migrant population in OECD countries and the population residing in the economy of origin. Adjustments have been made to the migrant stock data to account for migrants recorded as born in the former Yugoslavia (see details in Annex 1.A). Data for migrants born in Montenegro and Serbia residing in the United States in 2010/11 are not available. Data for Kosovo-born migrants in Switzerland in 2015/16 are missing and have been replaced by population data from the Swiss Federal Statistical Agency (number of permanent and temporary migrants with Kosovo citizenship in 2016). Sources: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>; Swiss Federal Statistical Agency (2022); Eurostat (2022^[10]), *Population change - Demographic balance and crude rates at national level [DEMO_GIND]*, https://ec.europa.eu/eurostat/databrowser/view/demo_gind/default/table?lang=en.

Emigrants from the Western Balkan Six are mainly concentrated in a handful of Western European countries and the United States

As discussed at the beginning of the chapter, Albania stands out with a large number of migrants residing in Italy and Greece, while Germany is the destination country that attracts most migrants from the other WB6 economies (Figure 1.4). Outside Europe, the United States is a top destination country for migrants from Albania, Bosnia and Herzegovina, and Montenegro. The distribution of migrants across the top destination countries remained relatively stable between 2010/11 and 2015/16, with the exception of a shift in the number of Albanian migrants in the two top destination countries Greece and Italy; this made Italy the most important country of destination for Albanian migrants in 2015/16. Albanian migrants in Greece were particularly affected by the economic recession following the global financial crisis, which led to high unemployment rates among the migrants and a mass return to Albania (Hausmann and Nedelkoska, 2018^[11]). The increase in the Albanian migrant stock in Italy also indicates that some migrants may have chosen to relocate to a different destination country when conditions in Greece worsened.

Figure 1.4. Top destination countries of Western Balkan Six migrants in the OECD area, 2010/11 and 2015/16

Number of migrants in the top three OECD destination countries for each of the WB6



Note: Data for migrants from Kosovo in the United States are not available. AUT=Austria, CHE=Switzerland, DEU=Germany, GRC=Greece, ITA=Italy, USA=United States.

Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

Migration patterns differ among the WB6 economies when it comes to the concentration of migrants in the top destination countries. Migrants from Kosovo are highly concentrated in the top three destination countries, most notably in Germany which hosts more than 60% of the total Kosovo migrant stock (Table 1.1) Similarly, Albania has a very high concentration of migrants in the top two destination countries, Italy (43%) and Greece (35%). Migrants from Bosnia and Herzegovina are more evenly distributed over several destination countries, with the four top destination countries hosting between 12% and 20% of the total migrants respectively.

Table 1.1. Main destination countries of Western Balkan Six migrants in 2015/16 and 2010/11

	Country of destination	2015/16		2010/11	
		Number of migrants	% of migrant stock	Number of migrants	% of migrant stock
Albania	Italy	481 106	43%	392 406	39%
	Greece	394 986	35%	452 553	44%
	United States	95 725	8%	76 611	8%
	Germany	63 981	6%	30 053	3%
	United Kingdom	28 747	3%	13 666	1%
Bosnia and Herzegovina	Germany	171 729	20%	154 545	19%
	Austria	162 019	19%	145 457	18%
	United States	111 922	13%	119 091	15%
	Slovenia	102 846	12%	96 897	12%
	Sweden	58 110	7%	55 190	7%
Kosovo	Germany	219 763	62%	193 852	45%
	Austria	31 215	9%	36 881	9%
	Italy	29 704	8%	37 120	9%

	Country of destination	2015/16		2010/11	
		Number of migrants	% of migrant stock	Number of migrants	% of migrant stock
	United Kingdom	22 093	6%	28 705	7%
	Slovenia	16 164	5%	9 350	2%
	Montenegro	Germany	18 725	33%	18 061	47%
	United States	16 612	29%	m.	m.
	Italy	2 946	5%	2 647	7%
	Slovenia	2 848	5%	2 811	7%
	Switzerland	2 475	4%	2 660	7%
	North Macedonia	Germany	92 427	22%	85 278	21%
	Italy	75 914	18%	62 377	15%
	Switzerland	59 927	14%	56 110	14%
	Turkey	43 402	10%	74 024	18%
	Austria	38 961	9%	40 220	10%
Serbia	Germany	188 977	27%	185 139	29%
	Austria	137 057	19%	116 980	19%
	France	81 307	11%	72 193	11%
	Switzerland	61 047	9%	69 522	11%
	Hungary	44 625	6%	29 144	5%

Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

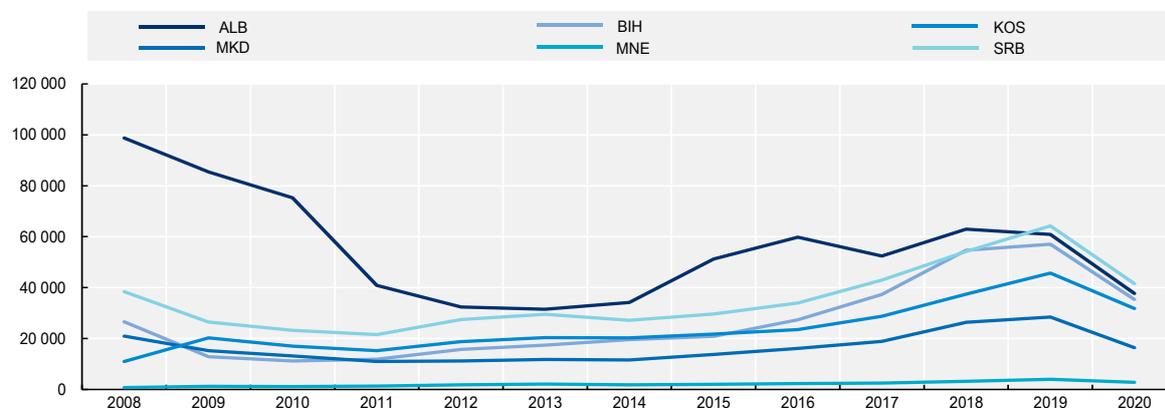
The inflow of migrants from the Western Balkan Six to Europe was on the rise pre-COVID

The annual inflow of migrants from the WB6 to the EEA and Switzerland has seen an increase in the past decade. After a period of relatively stable to decreasing inflows in 2008-11, immigration from WB6 to the EEA and Switzerland steadily increased up to the start of the COVID-19 pandemic. In 2020, more than 260 000 EEA residence permits were issued to WB6 citizens, compared to 102 000 in 2011, an increase by 155%. The accumulated number of residents permits issued to citizens from the WB6 2011-19 reached close to 1.59 million (Figure 1.5). More than half of the permits were issued to citizens from Albania (29%) and Serbia (23%). The increase in emigration from the WB6 is also confirmed by a recent study using Labour Force Survey data from the WB6 economies (Leitner, 2021^[12]). The study shows a greater outward migration from the six economies in the period 2015-19 compared to 2012-14. An easing of entry restrictions and economic recovery in destination countries in the aftermath of the economic crisis likely drove the surge in migration to the OECD – and notably the EU – in the later period. On the other hand, the visa liberalisation agreements signed by all WB6 economies but Kosovo in 2008 and 2009 that facilitate short-term stays in the EU do not seem to have led to any sizeable increase in migration flows.

The number of residence permits issued to WB6 citizens decreased substantially in 2020 because of the COVID-19 pandemic, which imposed restrictions on travelling and had negative impacts on labour market outcomes in destination countries.

Figure 1.5. Migration to the European Economic Area and Switzerland, 2008-20

Number of first residence permits attained by WB6 citizens in EEA countries and Switzerland, by citizenship

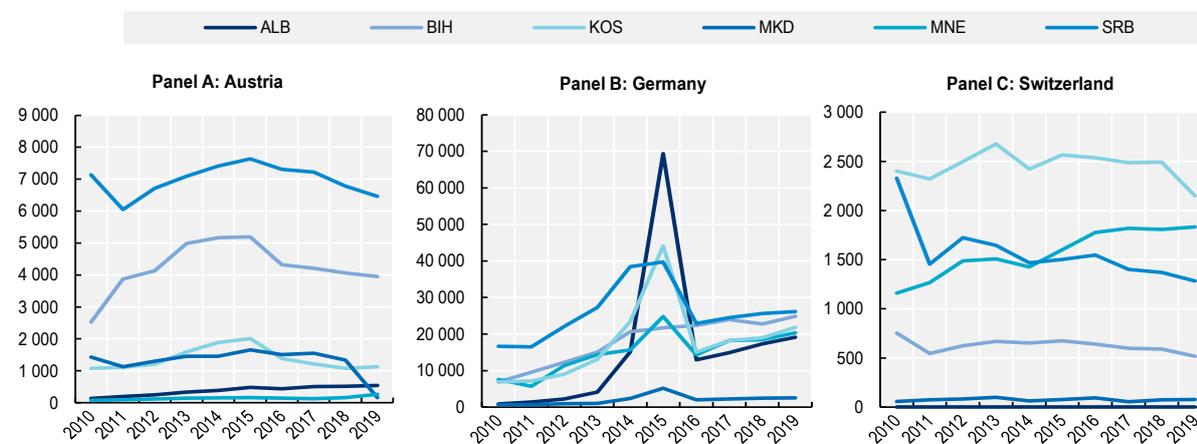


Note: Destination countries include EU Member Countries, EEA non-EU countries (Iceland, Liechtenstein and Norway) and Switzerland. Data for the United Kingdom are available until 2018.

Source: Eurostat (2021^[13]), *First permits by reason, length of validity and citizenship [MIGR_RESFIRST]*, https://ec.europa.eu/eurostat/databrowser/view/migr_resfirst/default/table?lang=en.

A closer look at immigration of WB6 citizens to key destination countries shows relative stability over time for Switzerland and Austria (Figure 1.6), while immigration to Germany has largely been affected by a large inflow of asylum seekers in 2014-15 (Box 1.3.). The large peak in immigration from the WB6 to Germany in 2015 was, however, followed by a steep decrease in 2016, taking the numbers back to levels pre-2015. Since 2016, immigration of WB6 citizens to Germany has steadily increased on a yearly basis, driven by a number of policies and most notably the Western Balkan Regulation that was introduced in 2016 as a way to create legal channels for citizens from that region. The policy had important effects on migration patterns in the years following its introduction; in particular, it facilitated migration for less-skilled and skilled migrants in the construction sector. The design and outcomes of the policy are further discussed in Section 3.2.3 in Chapter 3.

Figure 1.6. Migration flows of Western Balkan Six citizens to Austria, Germany and Switzerland, 2010-19, by citizenship



Source: Statistics Austria (2022); German Federal Statistical Office (2022); Swiss Federal Statistical Office (2022).

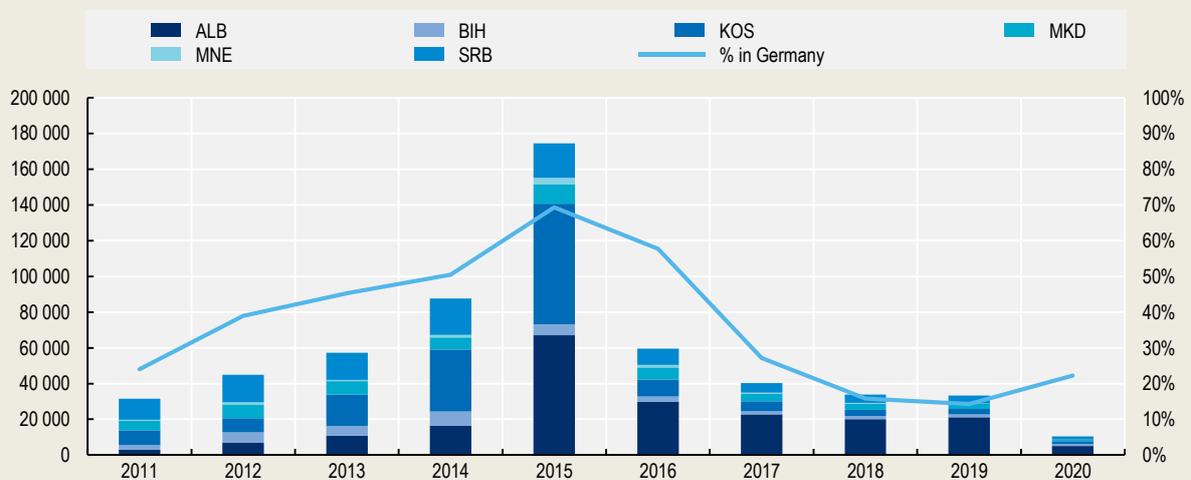
Box 1.3. The number of asylum seekers from the Western Balkan Six peaked in 2015

Migration from the Western Balkan Six (WB6) has also been marked by a surge in EU asylum applications in the period 2013-15, reaching a peak in 2015 associated with the Syrian refugee crisis. During this time, the Western Balkans not only served as a transit region for asylum seekers from outside the region heading for the EU, but also saw rising numbers of the national populations leaving to seek asylum in the EU, especially from Albania and Kosovo. Germany was the main country of destination for asylum seekers, hosting close to 70% in 2016 (Figure 1.7).

The migration of WB6 citizens was not, however, primarily rooted in humanitarian issues. Rather, it was part of established labour mobility dynamics in the region that had been sparked by frustration over political and economic situations in the countries of origin, in combination with the spread of misinformation about migration and asylum conditions through media and personal networks (Möllers et al., 2015^[14]; Krasteva et al., 2018^[4]). Examples of such misinformation include rumours of Germany accepting seasonal workers and automatically granting asylum status to everyone who entered the country. Following the 2015 exodus of irregular migrants and asylum seekers, Germany declared Western Balkan economies as “safe countries of origin”, allowing for faster return of asylum seekers.

Figure 1.7. Number of asylum seekers from the Western Balkan Six to the EEA and Switzerland, 2011-20

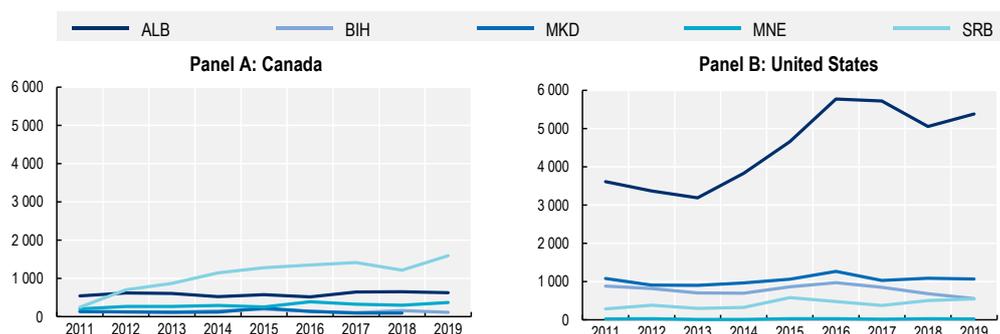
Number of persons from the WB6 seeking asylum in EEA countries and Switzerland, by citizenship (left scale) and share of those seeking asylum in Germany (%) (right scale)



Source: Eurostat (2022^[15]), *Asylum applicants by type of applicant, citizenship, age and sex - annual aggregated data [MIGR_ASYAPPCTZA]*, https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=migr_asyappctza&lang=en.

The main OECD destination countries outside Europe for migrants from the WB6 are the United States and, for some nationalities, Canada. In the past decade, there has been a major increase in the flow of Albanian migrants to the United States and Serbian migrants to Canada, while the flows of migrants from the other economies have remained relatively stable (Figure 1.8).

Figure 1.8. Inflow of Western Balkan Six migrants to Canada and the United States, 2011-19



Note: Data for Kosovo not available.

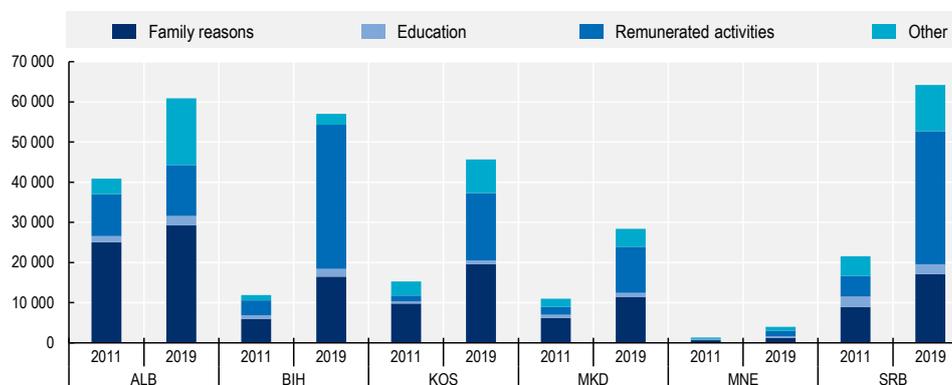
Source: OECD (2020^[16]), *International Migration Database (IMD)*, <https://stats.oecd.org/Index.aspx?DataSetCode=MIG>.

Migration for work reasons is on the rise

The most common reasons for WB6 citizens to enter the EEA and Switzerland have been for work or family. Migration for employment reasons has increased over time. The number of permits for remunerated activities issued to citizens from Bosnia and Herzegovina, Kosovo, and Montenegro was ten times higher in 2019 compared to 2011, and five times higher for citizens from North Macedonia and Serbia (Figure 1.9). Labour-related migration rose significantly after 2015, and likely is strongly related to the Western Balkan Regulation implemented by Germany following the peak in asylum seekers from the region (see Box 1.3.). Family migration has also increased over time, with about twice as many permits being issued in 2019 compared to 2011 for all economies but Albania. Albanian migrants are nonetheless more likely to enter the EU for family reasons; that was the most important category in 2011 and remains so, with the number of residence permits increasing from 25 000 (2011) to 29 000 (2020). Albanian migrants are also the most likely to attain a residence permit in the “Other” category (20% of permits issued to Albanian migrants in 2020); the category “Other” includes international protection, residence without the right to work (such as pensioners) and people in the intermediate stages of the regularisation process.

Figure 1.9. First residence permit by reason, 2011 and 2019

Number of first residence permits attained by WB6 citizens in EEA countries and Switzerland, by citizenship and reason



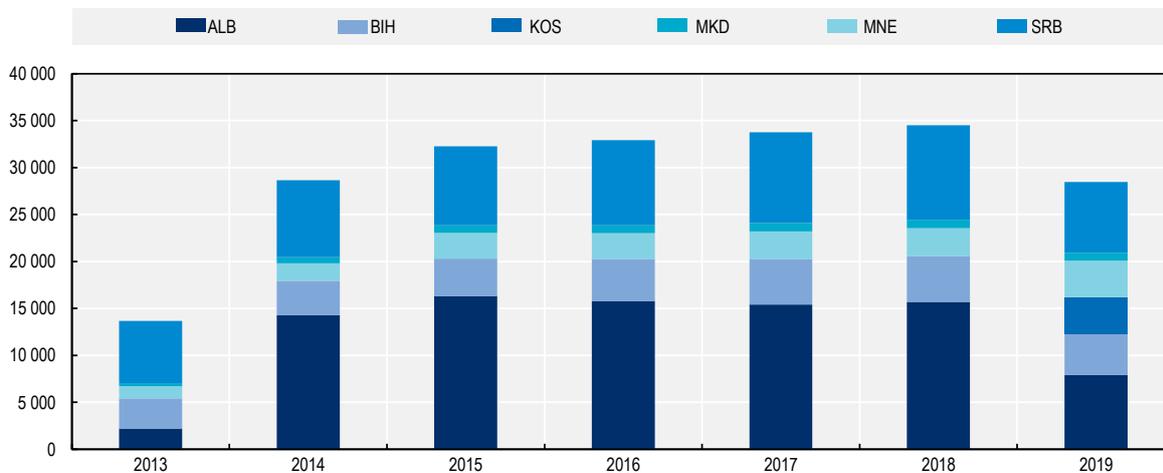
Note: Destination countries include EU Member Countries, EEA non-EU countries (Iceland, Liechtenstein and Norway) and Switzerland. Data for the United Kingdom are available until 2018.

Source: Eurostat (2021^[13]), *First permits by reason, length of validity and citizenship [MIGR_RESFIRST]*, https://ec.europa.eu/eurostat/databrowser/view/migr_resfirst/default/table?lang=en.

International student mobility from the Western Balkan Six has intensified

As shown in Figure 1.10, educational opportunity abroad is a relatively important reason for migration from the WB6. The number of students from the WB6 in the OECD area has significantly increased in recent years. In the 2013-18 period, the number of international students increased by 150%, from 13 600 tertiary students in 2013 to 34 500 in 2018. However, a decrease in the number of WB6 international students has been observed for 2019, mainly driven by a large drop in students from Albania in Italy and Serbian students in Austria. The number of students from Bosnia and Herzegovina and Montenegro also declined in this period, while North Macedonia continued to see an increase in student mobility throughout the period, mainly to the United States (Table 1.2).

Figure 1.10. Number of tertiary students from the Western Balkan Six in the OECD area, 2013-19



Note: Data for Kosovo are only available for 2019

Source: UNESCO-OECD-Eurostat (2022^[17]), *Education database*, https://www.oecd-ilibrary.org/education/data/education-database_edu-db-data-en.

The main destination countries for students from the WB6 include a number of Western European countries, but students also move beyond the EU to pursue education – notably to Turkey and the United States (Table 1.2). In 2019, Turkey appears in the top five most popular destination countries for international students from all WB6 economies except Kosovo, and the United States is a top-five country for students from all economies but Serbia. Austria and Germany also appear as top destination countries, especially among students from Bosnia and Herzegovina and Serbia.

Table 1.2. Main destination countries for Western Balkan Six students, 2018 and 2019

	Country of destination	2018		2019	
		Number of students	% of international students	Number of students	% of international students
Albania	Greece	1 297	8%	1 858	23%
	Italy	10 267	65%	1 670	21%
	Germany	1 105	7%	1 604	20%
	Turkey	1 084	7%	1 148	15%
	United States	910	6%	1 026	13%
	Austria	3 139	64%	2 904	66%

	Country of destination	2018		2019	
		Number of students	% of international students	Number of students	% of international students
Bosnia and Herzegovina	Germany	805	16%	816	19%
	Turkey	475	10%	430	10%
	United States	308	6%	305	7%
	Czech Republic	90	2%	99	2%
Kosovo	United States	n.a.	n.a.	2 934	76%
	Austria	n.a.	n.a.	498	13%
	Switzerland	n.a.	n.a.	128	3%
	Hungary	n.a.	n.a.	123	3%
	Italy	n.a.	n.a.	66	2%
Montenegro	Turkey	229	25%	218	26%
	Italy	243	26%	151	18%
	Austria	124	13%	116	14%
	United States	117	13%	113	13%
	Germany	96	10%	106	12%
North Macedonia	United States	226	8%	1 803	46%
	Turkey	911	31%	883	23%
	Germany	487	16%	527	13%
	Austria	282	10%	245	6%
	Australia	132	4%	158	4%
Serbia	Hungary	1 931	19%	1 944	26%
	Austria	2 295	23%	1 679	22%
	Germany	932	9%	931	12%
	Slovak Republic	742	7%	834	11%
	Turkey	756	8%	789	10%

Note: Data for Kosovo are only available for 2019. The percentage of international students represents the share of international students in relation to all international students from the specific origin economy in the OECD area.

Source: UNESCO-OECD-Eurostat (2022^[17]), *Education database*, https://www.oecd-ilibrary.org/education/data/education-database_edu-db-data-en.

Student mobility between the WB6 and the EU has been facilitated by a number of regional and EU-wide mobility programmes, such as Erasmus+, the Central European Exchange Programme for University Studies and the European Regional Master's Programme. Universities in the WB6 have been active in signing bilateral and multilateral agreements, which has contributed to the increase in student mobility from the region. The Erasmus+ programme that was put in place in 2015 to allow students from outside the EU to study at foreign universities for 3-12 months has likely contributed to the increase in international students in recent years. Between 2015 and 2020, the number of students, researchers and university staff from the WB6 benefitting from Erasmus+ exceeded 48 000 (see further Box 3.1 in Chapter 3). International mobility allows students to access high-quality education and build future professional networks; it could also ultimately help strengthen human capital stock in the WB6 through knowledge transfers and capacity building. This is particularly important in a region like the Western Balkans that struggles with weak education systems and important skill gaps (see further Chapter 2).

1.1.2. Regional migration is shaped by new EU Member States

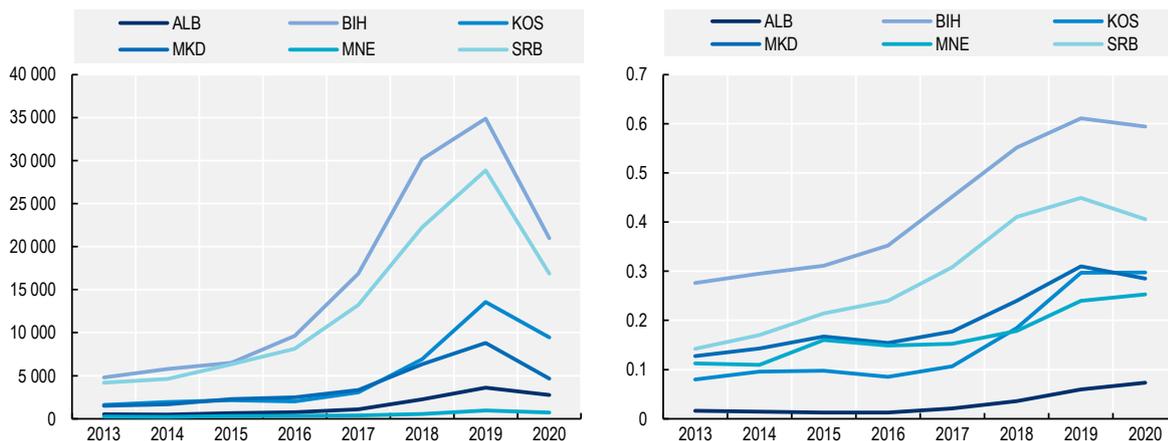
Croatia and Slovenia are attracting migrants from the Western Balkan Six

Regional migration to neighbouring Central and Eastern European Countries (CEECs)³ continues to rise from levels that were initially relatively low in 2013. The increase between 2015 and 2019 (Figure 1.11) is mainly driven by migration from Bosnia and Herzegovina, Serbia, and Kosovo to Croatia and Slovenia. In 2019, almost 35 000 Bosnian migrants applied for residence permits in the CEEC (the large majority in Croatia and Slovenia), compared to 57 000 migrants that arrived in the EEA and Switzerland. Migration between Bosnia and Herzegovina and Croatia is facilitated by an agreement that Bosnian migrants can have dual citizenship, a status held notably by Bosnian Croats.

Regional migration has also been affected by the COVID-19 pandemic, which resulted in significantly lower levels of migration in 2020 compared to 2019. The drop in first permits issued over that time ranges from 23% (Albania) to 47% (North Macedonia).

Figure 1.11. Migration to Central and Eastern European countries, 2013-20

Number of first resident permits issued to WB6 citizens in selected CEEC countries (left) and share of CEEC migrants among total OECD migrants (right)

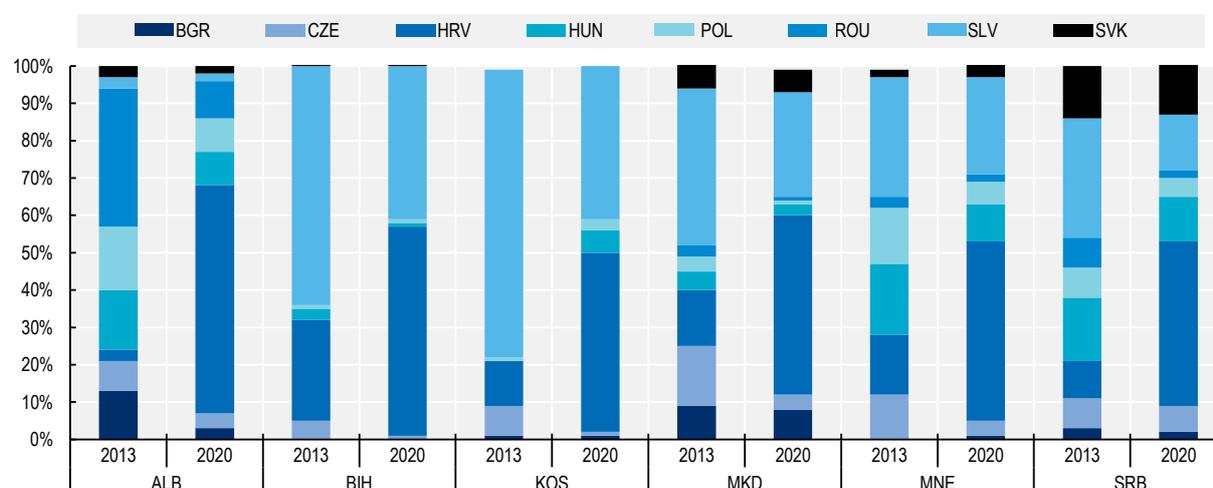


Note: The destination countries include selected CEECs: Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, the Slovak Republic and Slovenia. Estonia, Latvia and Lithuania are excluded due to low immigration rates to these countries from the WB6.

Source: Eurostat (2021^[13]), *First permits by reason, length of validity and citizenship [MIGR_RESFIRST]*, https://ec.europa.eu/eurostat/databrowser/view/migr_resfirst/default/table?lang=en.

Breaking down the regional migration by country of destination shows that the rise in migration towards neighbouring CEEC countries has almost exclusively been driven by increased migration flows to former Yugoslavia states Croatia and Slovenia (Figure 1.12). A more detailed comparison of the distribution over time indicates that the increase is in turn explained by Croatia joining the EU in 2013. This is especially true for Albanian migrants: the share of CEEC migrants from Albania in Croatia increased from 3% in 2013 to 61% in 2020, although the number of Albanians in CEEC countries in relation to migration to the OECD area at large is still limited, as shown in Figure 1.11. Croatia was the top destination country in the CEEC region for WB6 economies in 2020, while the share of migrants in Slovenia decreased for all economies, indicating a shift in migration from Slovenia to Croatia, again due to Croatia joining the EU (Figure 1.12). Other EU Member Countries in the region, such as the Czech Republic and Hungary, were relatively attractive destination countries for WB6 migrants in 2013, but their absolute and relative importance has decreased over time.

Figure 1.12. Distribution of Western Balkan Six citizens in Central and Eastern European countries, 2013 and 2020



Note: Estonia, Latvia and Lithuania are excluded from the set of CEECs due to low immigration rates to these countries from the WB6.

Source: Eurostat (2021^[13]), *First permits by reason, length of validity and citizenship [MIGR_RESFIRST]*, https://ec.europa.eu/eurostat/databrowser/view/migr_resfirst/default/table?lang=en..

Intra-regional migration remains stable at around 15% of total migrant stock

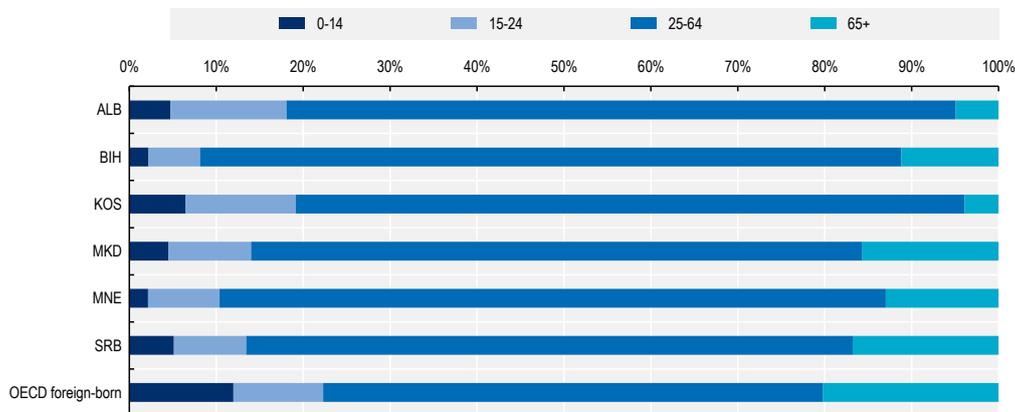
No complete dataset fully covers the stocks and flows of intra-regional migration. Still, data of selected migration corridors indicate that intra-regional migration has increased in absolute numbers while remaining relatively stable in relation to the overall migrant population over the past 15 years. In 2020, intra-regional migration represented 13% of the total stock of WB6 migrants according to UN data (as shown in Figure 1.2), a small decrease from the period 2005-15 when intra-regional migrants constituted 15% of migrant stock. A closer look at the data shows that Serbia attracts the most migrants from the other WB6 economies, but there are also significant stocks of Albanian migrants in North Macedonia and Bosnians in Montenegro. Bosnia and Herzegovina has the largest stock of migrants in other WB6 economies: more than 383 000, or 23% of the total migrant stock in neighbouring countries and economies.

A number of initiatives to strengthen intra-regional economic collaboration, including agreements to facilitate labour mobility, may lead to further intra-regional migration in the future (see further Chapter 3).

1.2. Socio-demographic characteristics of Western Balkan Six migrants

A great majority of migrants from the WB6 in OECD member countries are of working age (Figure 1.13). There is also a significant share of elderly migrants that are 65 years old or above, particularly among migrants from North Macedonia (16%) and Serbia (17%). Children 14 years old and younger constitute about 5% of the migrants from most economies, with a lower share for Bosnia and Herzegovina and Montenegro. This indicates that family migration and family reunification play a relatively important role in migration from the WB6. Youth (aged 15-24) also constitute an important share of the migrant population, particularly for Kosovo and Albania. The emigration of youth is a persistent trend in recent times: analysis of WB6 labour force survey data covering the period 2015-19 shows that emigration tends to be most pronounced among the younger cohorts (Leitner, 2021^[12]).

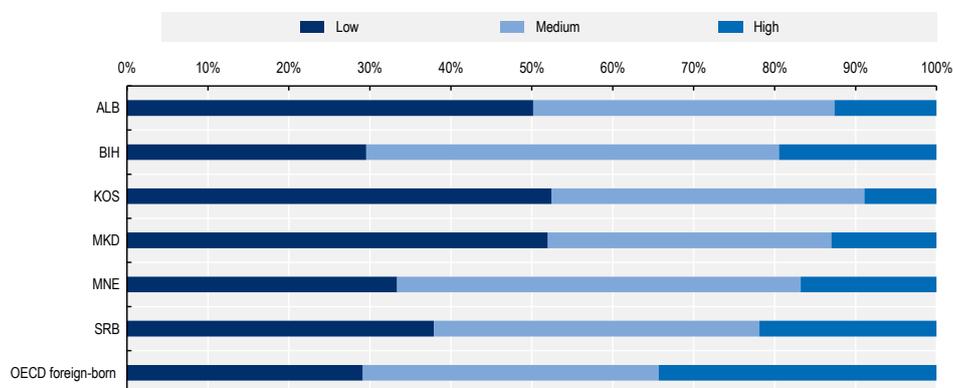
Figure 1.13. Age distribution of Western Balkan Six migrants in the OECD area, 2015/16



Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

Migrants from the WB6 in the OECD area are composed of a mix of low-, middle- and highly educated individuals. Serbia and Bosnia and Herzegovina have the highest share of highly educated migrants, at 22% and 19% respectively (Figure 1.14). Large-scale outflows of the highly educated part of the population are a concern for many countries of origin. However, as discussed in Chapter 2, this concern only seems to be supported by the data in some of the six economies. While Bosnia and Herzegovina and North Macedonia have been losing a relatively higher share of their highly educated population, migrants from Albania, Kosovo, Montenegro and Serbia are more likely to have a lower level of education than the average population in the origin economies. This is in line with recent evidence showing that migration from the WB6 is mainly taking place among those with low- and middle-level education levels, and that for some of the WB6 economies – notably Montenegro, North Macedonia and Serbia – the return of highly educated individuals is also taking place and could contribute to brain gain (Leitner, 2021^[12]). The over-representation of low-educated people in the migrant populations from Albania, Kosovo, Montenegro and Serbia could also partly reflect increasing educational attainment among the populations in the economies of origin over time, as some of the migrants living in the destination countries migrated decades ago.

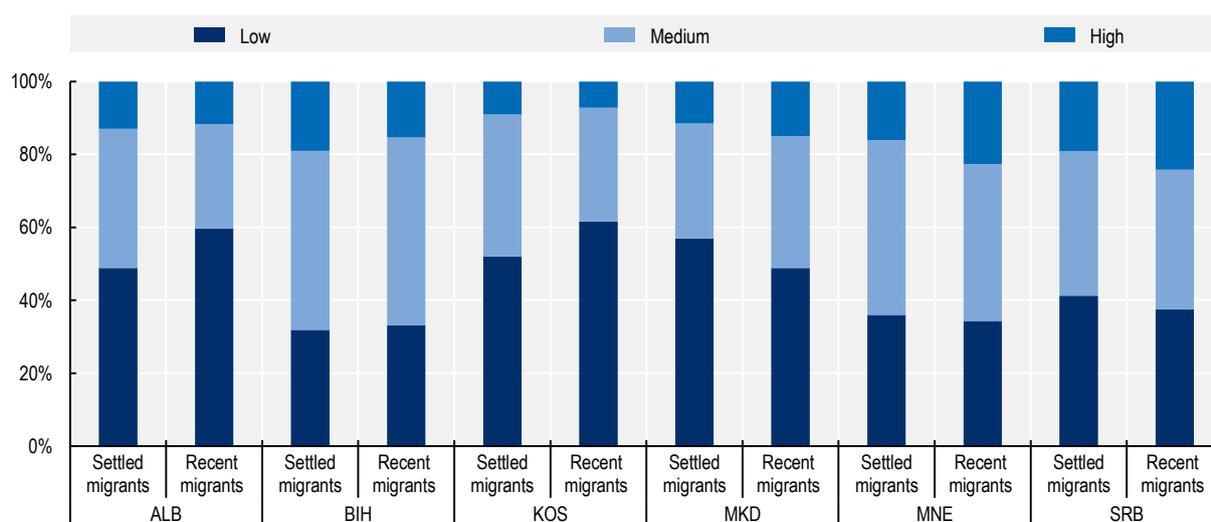
Figure 1.14. Distribution of education among Western Balkan Six migrants (aged 15-64) in OECD member countries, 2015/16



Note: Low education is defined as ISCED 0/1/2, medium education is defined as ISCED 3/4 and high education includes ISCED 5/6/7/8.
Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

Given the long history of migration from the WB6, it is interesting to compare the characteristics of migrants who arrived more recently with those who migrated in the past. A comparison between migrants who arrived in the period 2010-15 and those who arrived prior to 2010 shows that more recent migrants from Montenegro, North Macedonia and Serbia are more educated than those who arrived in earlier time periods, while the share of low-educated is higher among more recent migrants from Albania and Kosovo (Figure 1.15).

Figure 1.15. Distribution of education levels among Western Balkan Six migrants by duration of stay, 2015/16



Note: Recent migrants are defined as migrants who arrived in the country of destination in 2010 or more recently.

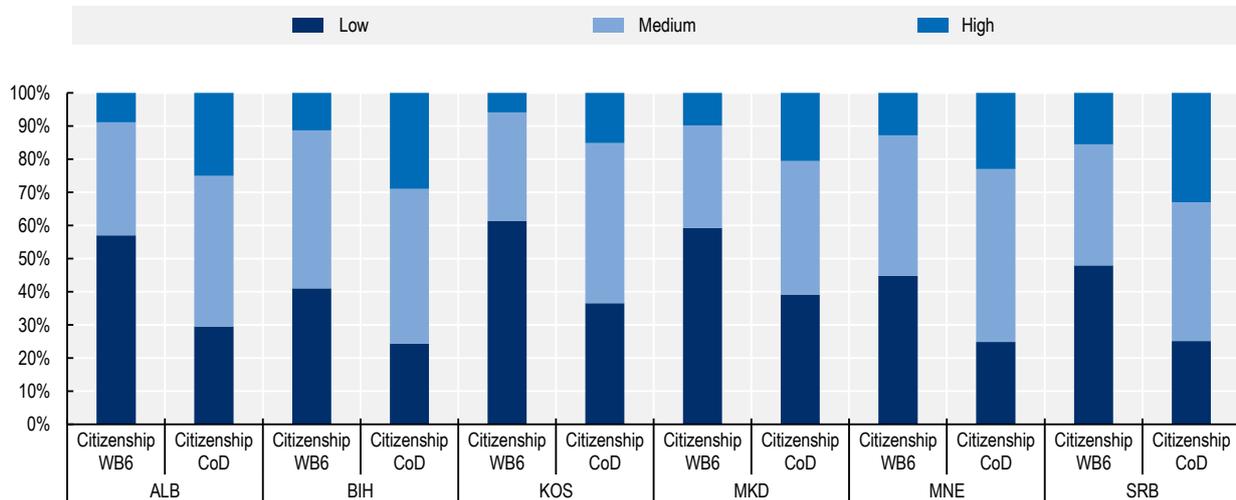
Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

Migrants who arrived post-2010 from Bosnia and Herzegovina are less likely to be highly skilled than those arriving pre-2010 (15% vs. 19%). This is consistent with a recent study showing that Bosnia and Herzegovina experienced a return of highly educated migrants, particularly younger cohorts, between 2011 and 2014, which suggests that migrants return after having acquired tertiary education abroad (Leitner, 2021^[12]). This trend, however, is not persistent over time, and analysis of the period 2015-19 shows an opposing trend of the more highly educated leaving. The composition of education level among settled and more recent migrants observed in Figure 1.15 is not necessarily explained solely by recent and previous labour migration. It may also partly reflect selection by migrants during the large wave of forced migration in the 1990s. Analysis of the composition of the forced migrants from Bosnia and Herzegovina during the war reveals self-selection in the international displacement of highly educated migrants, while those with a lower education were more likely to be internally displaced (Oruč, 2009^[2]). This could partly explain the lower share of highly educated Bosnian migrants in more recent migrant waves. Later analyses of labour force survey data from the WB6 economies reveal that for Serbia, highly skilled migration seems relatively limited, as net migration flows of tertiary educated are negative (Leitner, 2021^[12]).

There is a significant difference in the shares of migrants that have acquired destination country citizenship across the different migrant populations. A majority of Bosnian migrants (54%) have acquired the citizenship of the destination country, while only about one in four migrants from Albania (23%) and Kosovo (28%) have obtained destination country citizenship. Looking at the interaction with education attainment shows that migrants holding destination country citizenship are more educated than migrants with origin economy citizenship (Figure 1.16). This is true for all WB6 economies; the greatest difference is found with

Serbian migrants. For example, the share of highly educated migrants with Serbian citizenship is 14%, compared to 33% of highly educated migrants among those with destination country citizenship.

Figure 1.16. Distribution of education levels among Western Balkan Six migrants by citizenship, 2015/16



Note: CoD = country of destination.

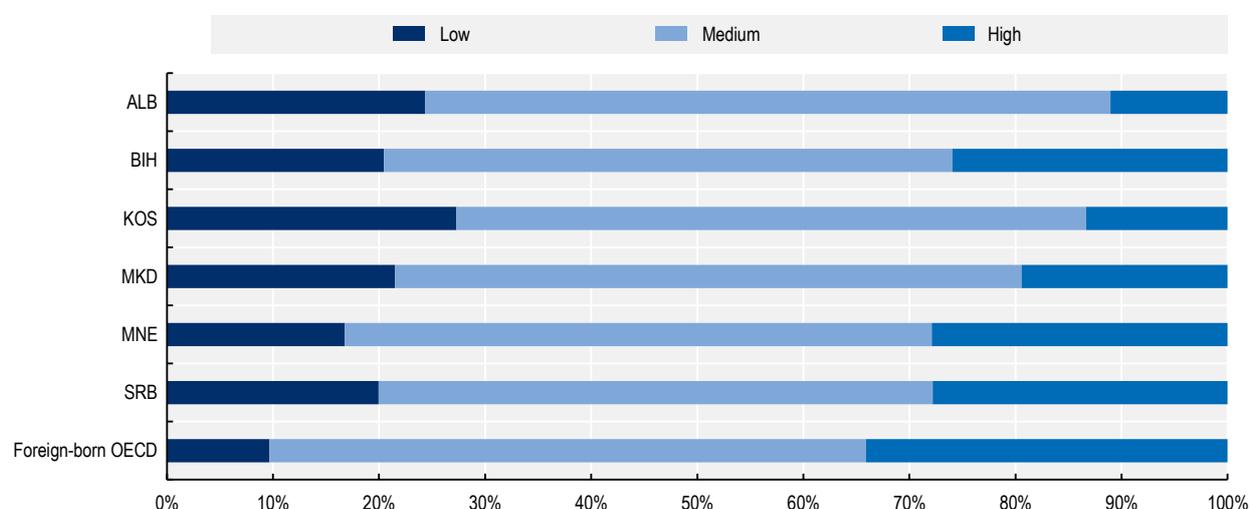
Source: OECD (2016^[77]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

1.3. Labour market outcomes

1.3.1. Key labour market outcomes of Western Balkan Six migrants in OECD countries

Comparing the distribution of skills among migrants reveals that a majority are mid-skilled (Figure 1.17). The share of migrants with mid-skilled occupations ranges from 48% among those from Bosnia and Herzegovina to 65% among those from Albania in 2015/16. Consistent with education distribution, migrants from Serbia are the most likely to hold highly skilled occupations (28%), followed by migrants from Montenegro (28%) and Bosnia and Herzegovina (23%). Only 11% of migrants from Albania are highly skilled. Compared to the overall migrant population in the OECD area, migrants from the WB6 are on average more likely to be low-skilled.

Figure 1.17. Occupational skill levels among Western Balkan Six migrants in the OECD area, 2015/16



Source: OECD (2016^[77]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

As for the sectoral distribution of WB6 migrants in OECD countries, data from 2015/16 reveal that migrants are concentrated in relatively few key sectors. However, the top sectors of employment in which the WB6 migrants are employed differ between male and female migrants (Table 1.3 and Table 1.4).

The most frequent sectors of employment of WB6 male migrants in OECD countries include building and related trades (the sector with the highest concentration of migrants from all WB6 economies) and blue-collar manufacturing jobs, as well as agricultural work in the case of Albanians. For Serbians, the category of science engineering and associate professions was included in the five most frequent occupations, and personal services among migrants from Kosovo.

The highest sectoral concentration is found among Albanian men, with more than three in four migrants (77%) being employed in the top ten most common sectors. The most diversity in the distribution of sectors is found among Serbian migrants, with 58% of emigrants working in the top ten most common sectors (Table 1.3)

Table 1.3. Sectoral distribution of Western Balkan Six male migrants in the OECD area, 2015/16

Occupation	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia
Building and related trades workers	30.42	15.23	18.73	19.35	18.76	13.58
Metal, machinery and related trades workers	6.11	10.34	6.2	7.43	6.56	7.05
Drivers and mobile plant operators	4.81	9.63	6.75	6.49	8.18	8.4
Labourers in mining, construction, manufacturing	6.21	6.65	10.45	6.94	5.77	5.95
Stationary plant and machine operators	4.05	4.54	4.33	6.02	5.21	3.99
Personal service workers	5.37	4.18	4.81	3.72	4.36	4.13
Science and engineering associate professionals	1.26	4.14	2.69	3.13	3.86	4.22
Numerical and material reporting clerks	1.6	3.51	4.5	6.38	3.22	3.11

Occupation	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia
Sales workers	3.3	3.24	4.66	2.88	1.98	2.58
Business and administration associate professionals	0.71	2.62	0.63	2.66	1.94	3
Agricultural, forestry and fishery labourers	7.78	0.63	2.66	0.87	3.13	0.33
Skilled agricultural workers	6.6	0.68	4.05	0.9	2.08	1.48
Food processing, woodworking, garment and other craft and related trades workers	2.79	1.85	2.61	1.11	3.72	3.29
Cleaners and helpers	2.21	1.9	3.36	3.69	2.01	2.38
Hospitality retail and other services managers	0.58	0.78	0.94	3.74	1.07	1.23
Production and specialised service managers	0.68	1.77	1.13	5.35	1.43	1.82
Science and engineering professionals	0.43	2.54	0.46	2.94	1.06	4.06
Other	15.09	25.77	21.04	16.4	25.66	29.0

Note: The top ten most common occupations for each economy are marked in bold.

Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

The top sectors of employment for female migrants from the WB6 include cleaners and helpers, personal care workers, personal services workers, sales workers, and health associate professionals (Table 1.4). Blue-collar skilled and elementary blue-collar occupations are among the top five occupations carried out by women from North Macedonia. The concentration of female migrant workers in specific sectors is the highest among Kosovars. Close to 83% of migrant women from Kosovo are employed in the top ten sectors, compared to 62% in the case of Serbia.

Table 1.4. Sectoral distribution of Western Balkan Six female migrants in the OECD area, 2015/16

Occupation	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia
Cleaners and helpers	30.36	18.31	30.98	26.79	21.51	15.22
Sales workers	8.2	9.19	12.41	11.87	8.50	8.91
Personal service workers	15.24	7.05	7.96	11.06	8.08	8.18
Personal care workers	5.34	7.33	3.98	4.33	6.33	5.29
Health associate professionals	2.37	5.89	10.93	6.58	4.15	5.53
Stationary plant and machine operators	2.74	2.94	1.39	3.76	5.74	3.04
Business and administration associate professionals	1.68	4.8	0.56	2.42	3.11	5.23
General and keyboard clerks	1.99	3.62	4.3	2.27	1.88	3.86
Labourers in mining, construction, manufacturing and transport	2.66	2.72	4.65	1.7	1.82	2.4
Food preparation assistants	3.89	2.63	2.8	2.75	2.9	2.12
Agricultural, forestry and fishery labourers	3.58	0.88	1.15	1.09	1.91	0.50
Building and related trades workers	0.58	1.09	3.1	2.72	1.01	1.01
Food processing, woodworking, garment and other craft and related trades	2.94	1.62	0.82	1.58	3	1.99
Market-oriented skilled agricultural workers	2.87	0.23	0.46	0.42	1.27	0.60
Customer services clerks	1.96	1.56	1.59	0.77	2.05	2.52
Teaching professionals	1.35	2.41	0.56	2.46	1.43	3.14
Business and administration professionals	1.31	2.48	1.07	2.26	1.07	3.33

Other	10.94	25.25	11.29	15.17	24.25	27.13
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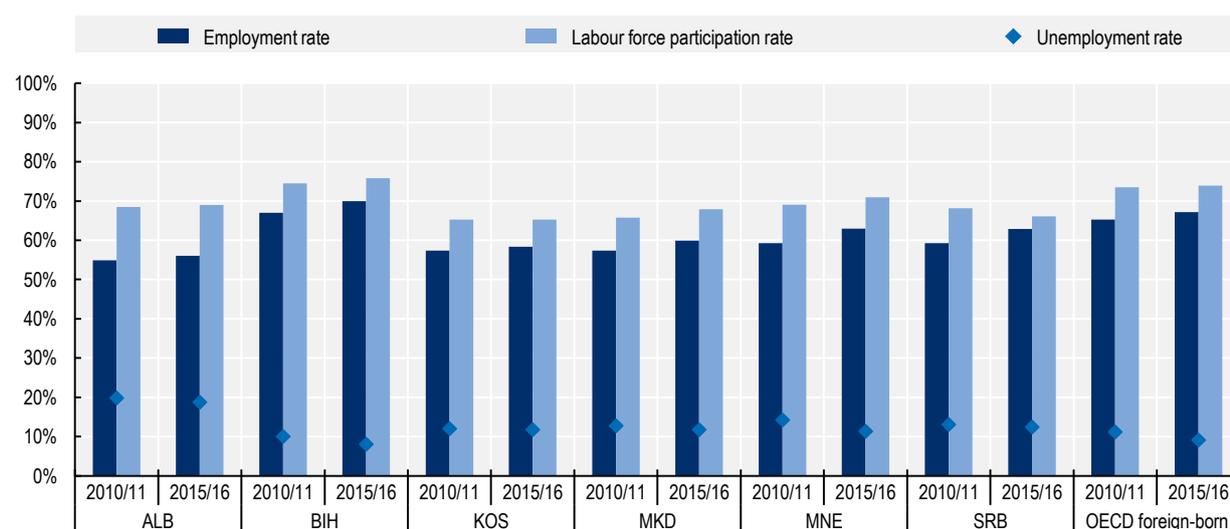
Note: The top ten most common occupations for each economy are marked in bold.

Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

Participation and employment rates of Western Balkan Six migrants in the OECD area have increased over time, but over-qualification among the highly skilled is common

Employment outcomes also differ across the migrant populations from the WB6. While the employment rate was 70% among Bosnian migrants, it was significantly lower for Albanian migrants (56%) and migrants from Kosovo (58%). The employment rate increased among migrants from all six economies in the period 2010-15, but migrants from the WB6 still experience lower employment rates than other foreign-born migrants in OECD member countries (67%), with the exception of migrants from Bosnia and Herzegovina (Figure 1.18). There are also great differences in unemployment among the different migrant populations. The unemployment rate among Albanian migrants was 19%, compared to 9% among all those foreign-born in the OECD area and 8% among Bosnian migrants (Figure 1.18).

Figure 1.18. Labour market status of Western Balkan Six migrants in OECD countries (aged 15-64), 2010/11 and 2015/16



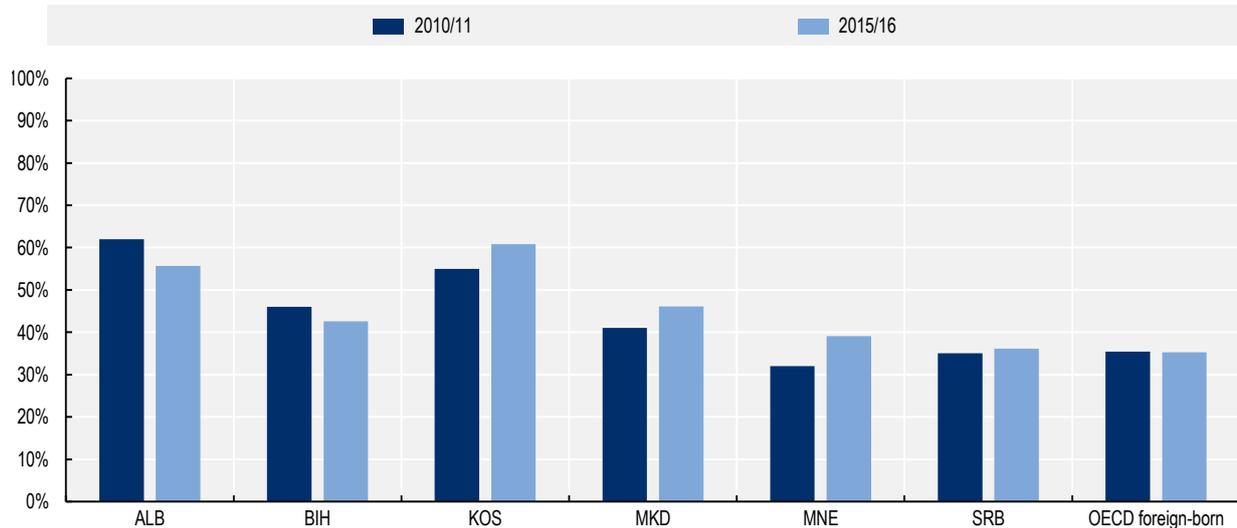
Note: Includes migrants aged 15-64.

Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

Not all migrants are able to find jobs that match their qualifications. Over-qualification, defined as having formal education that is higher than what is required for the occupation held, is widespread among WB6 migrants. Albania and Kosovo have the lowest share of highly skilled migrants, but also the largest share of migrants with skills that exceed what their occupation requires (Figure 1.19). More than half of the migrants from Albania (56%) and Kosovo (61%) were overqualified in 2015/16. It is also notable that the rate of over-qualification has been growing over time for migrants originating from four of the WB6 economies: Kosovo, Montenegro, North Macedonia and Serbia. Over-qualification is also significantly more common among migrants from the Western Balkans compared to the foreign-born population in the OECD area at large. About one in three highly skilled migrants in OECD countries face over-qualification, which is comparable to the levels for migrants from Montenegro and Serbia but considerably lower than the share of overqualified among migrants from the other four economies. Over-qualification of migrants can be explained by several factors, including the possibility that human capital acquired prior to migration

is not fully transferable to the destination country due to language barriers; discrimination; and the inability of employers to judge qualifications or work experience gained abroad efficiently (Adalet McGowan and Andrews, 2015^[18]).

Figure 1.19. Over-qualification rates of Western Balkan Six migrants in the OECD area, 2010/11 and 2015/16



Note: Overqualified is defined as having tertiary education (ISCED 5-8) and an occupational skill level that is low or medium (ISCO 4-9). Over-qualification is only calculated for highly skilled migrants.

Source: OECD (2016^[77]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

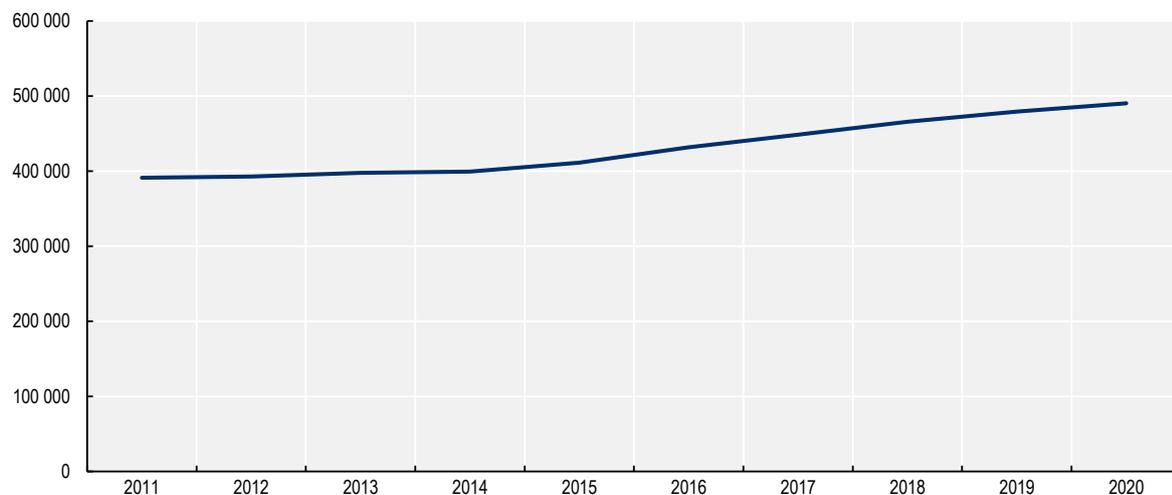
1.3.2. Western Balkan Six migrants in labour markets in Austria, Germany and Switzerland

A closer look at recent labour market outcomes for WB6 citizens in Austria, Germany and Switzerland reveals both similarities and differences. While the number of WB6 citizens employed in the three labour markets have shown different trends in the past decade, the sectoral distribution across labour markets is relatively similar, with a high concentration in manufacturing, construction and service occupations.

The number of Western Balkan Six citizens in the Austrian labour market has steadily increased, with a workforce concentrated in a few key sectors

The number of employed WB6 citizens in Austria remained stable at around 400 000 in 2011-14. Beginning in 2015, the number increased yearly to reach 490 000 in 2020, roughly corresponding to a 25% increase in the number of WB6 workers from 2011 to 2020 (Figure 1.20). The actual number of citizens from the WB6 in Austria may be higher, however, as some workers in the data are still registered as citizens of former Yugoslavia. The number of employed former Yugoslavian citizens in the Austrian labour market was 200 000.

Figure 1.20. Number of employed Western Balkan Six citizens in Austria, 2011-20

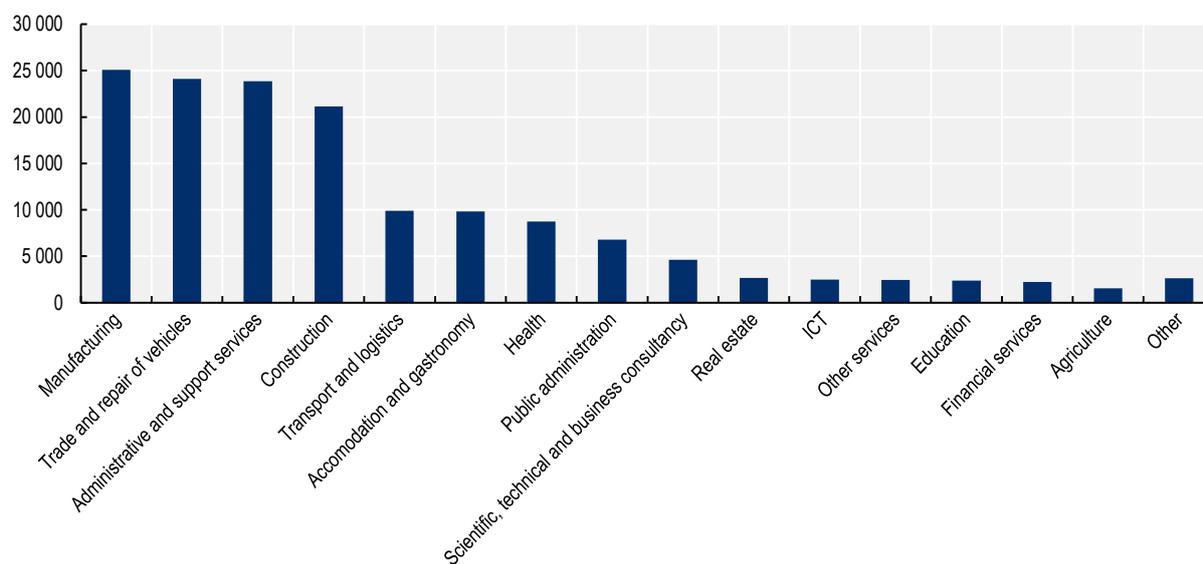


Note: Does not include workers registered as citizens of former Yugoslavia.

Source: Federal Ministry of Labour of the Republic of Austria (2022).

The WB6 workforce in Austria is concentrated in relatively few sectors, including manufacturing, trade and repair of vehicles, public administration, and construction (Figure 1.21). It should be noted that these numbers do not include self-employed workers, who could presumably be present in some of the service sectors (e.g. the private household sector) and the construction sector.

Figure 1.21. Sectoral distribution of Western Balkan Six citizens in Austria, 2021



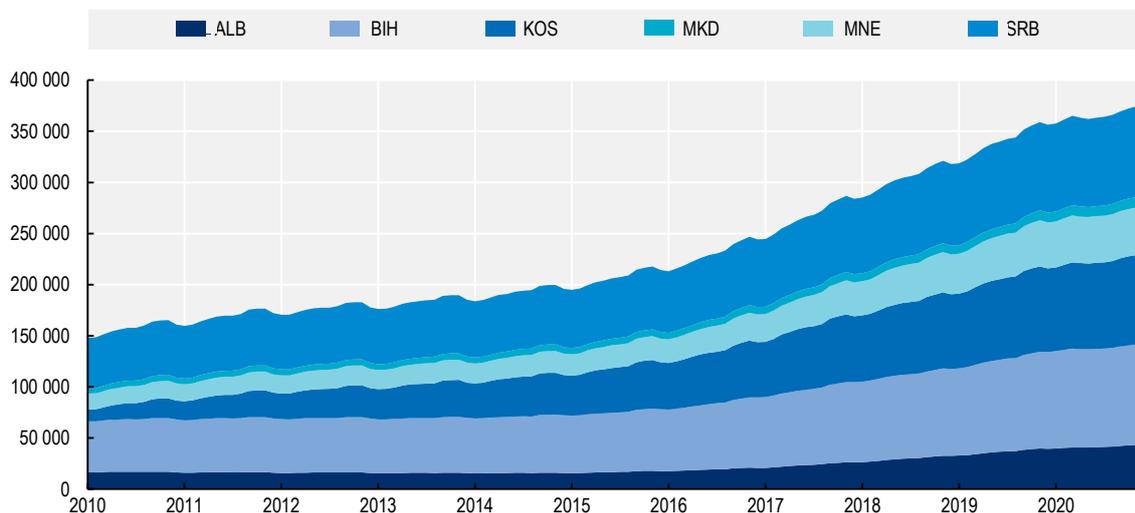
Source: Public Employment Service Austria (AMS) (2022).

The Western Balkan Six workforce in Germany has increased significantly since 2015

Migration from the former Yugoslavia to Germany has been considerable for many decades and largely demand-driven, as the German labour market needed low-skilled and skilled workers. The number of employed WB6 citizens in the German labour market has been greatly increasing in the past decade, especially since 2015 (Figure 1.22). This coincides with the introduction of the country's Western Balkan Regulation, which targets migrants of all skill levels from that region (see Section 3.2.3 in Chapter 3). Further analysis of employment growth among WB6 workers between 2018 and 2019 shows that the increase in the number of employed has been larger among professionals and highly skilled specialists than among the medium- and low-educated one (Becker et al., 2020^[19]). This follows a general trend in the German labour market. The employment of citizens of the WB6 in Germany grew by 11% in total, and by 13% among the highly skilled (experts). This growth was also sustained during the COVID-19 pandemic: the number of WB6 citizens employed increased by 21% between January 2020 and January 2021.

Figure 1.22. Number of employed Western Balkan Six citizens in Germany, 2010-20

Quarterly data on number of employed subject to social security contributions and in mini-jobs

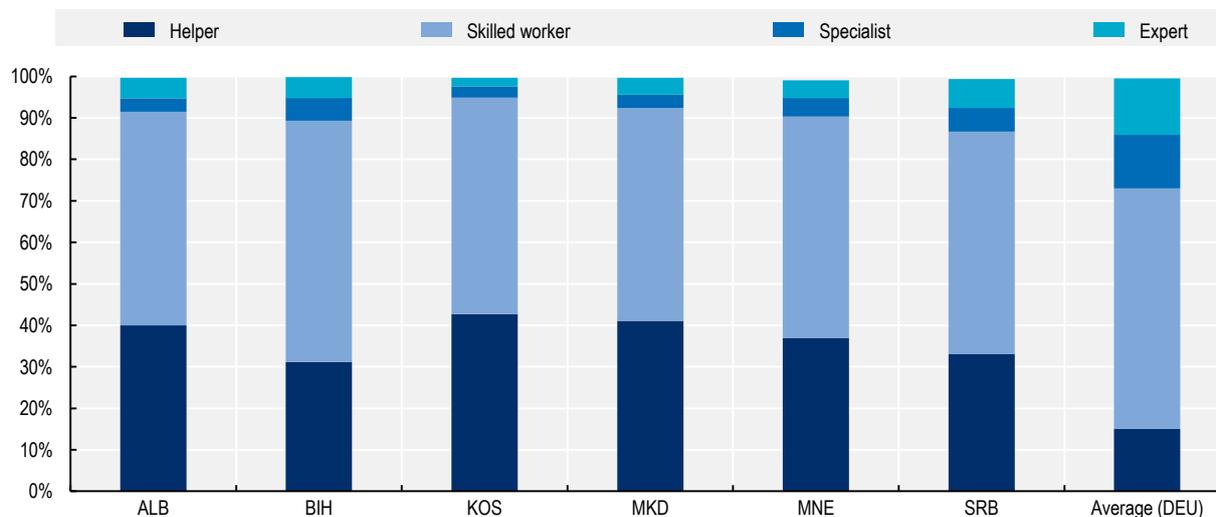


Note: Mini-jobs are marginal part-time jobs that are paid a maximum of EUR 450 per month and are generally exempt from social insurance contributions. Short-term mini-jobs are limited to a duration of 3 months within a calendar year or 70 days in total.

Source: German Federal Employment Agency (2021).

In 2020, 37% of employed WB6 citizens were working in occupations classified as helpers (low skilled), 54% were medium- (vocational education and training, VET-) skilled workers, 4% professionals and close to 5% highly skilled specialists (Figure 1.23). Citizens of Bosnia and Herzegovina and Serbia are less often employed as helpers and slightly more often employed as professionals or specialists than migrants from the other WB6 economies. WB6 citizens employed in the German labour market are less skilled compared to the average employed workforce.

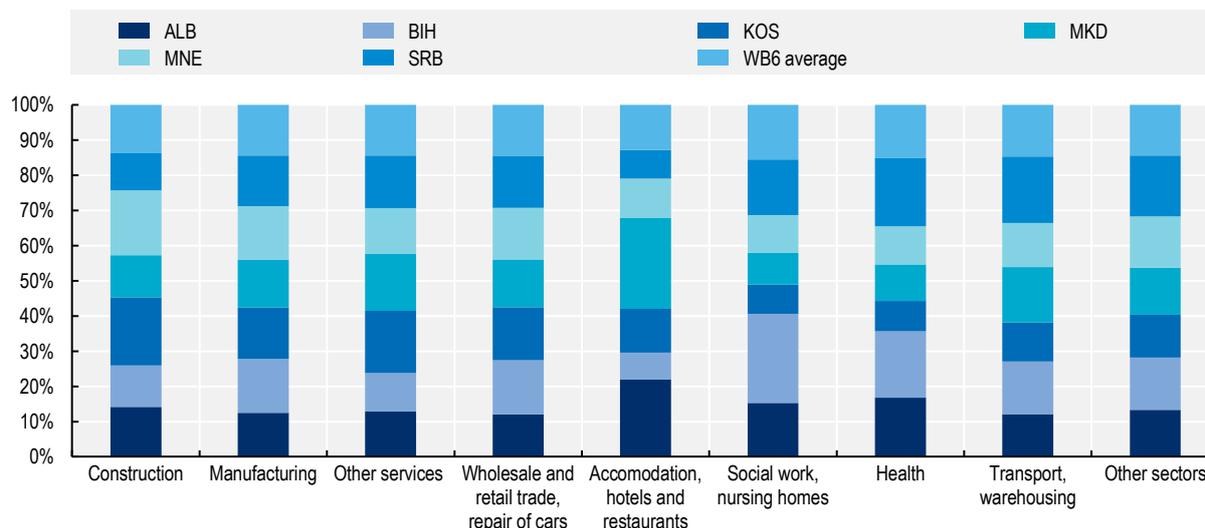
Figure 1.23. Skills distribution of Western Balkan Six citizens in Germany, 2020



Note: Includes persons employed and subject to social security contributions. Data are available for four qualification levels according to the national classification (KIdB 2010): helpers, medium (VET)-skilled, professionals (specialists) and experts, and by sector.
Source: German Federal Employment Agency (2021).

WB6 citizens employed in the German labour market are most likely to work in construction (19%), manufacturing industry (14%), other services (12%), trade and repair of vehicles (11%), hospitality and catering (8%), healthcare (8%), and social care services (8%) (Figure 1.24).

Figure 1.24. Sectoral distribution of registered employed Western Balkan Six citizens in Germany, 2020

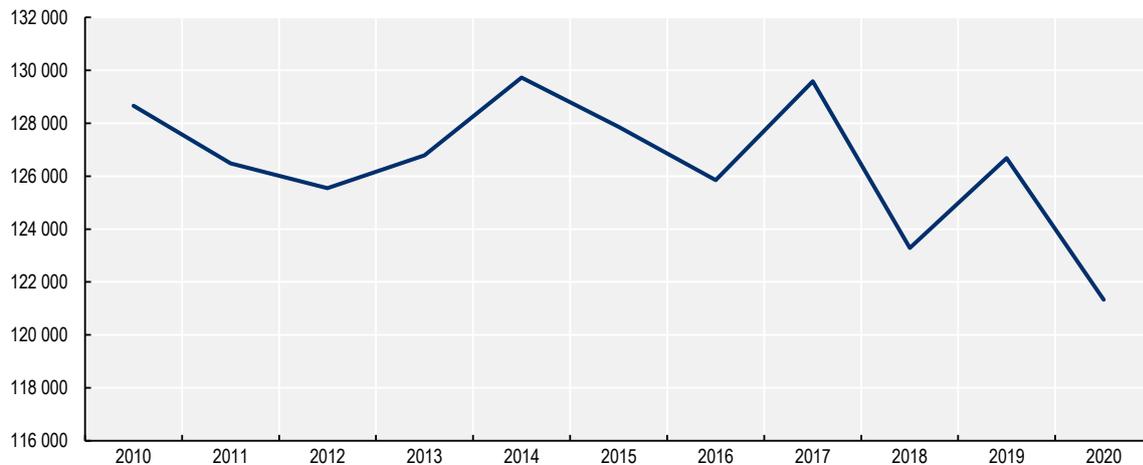


Note: Includes persons employed and subject to social security contributions.
Source: German Federal Employment Agency (2021).

The number of employed has seen a downward trend since 2014

Contrary to the trend in Austria and Germany, the number of WB6 citizens in the Swiss labour market has been volatile but seen a negative trend since 2014, down from around 130 000 WB6 citizens employed in 2014 to about 121 000 in 2020 (Figure 1.25). The COVID-19 pandemic seems to have contributed to an already decreasing trend, with a significant drop in the number of employed between 2019 and 2020. The largest group of employed from WB6 in Switzerland are Kosovars, followed in descending order by citizens from Serbia, North Macedonia, and Bosnia and Herzegovina. The number of citizens from Montenegro and Albania is very small.

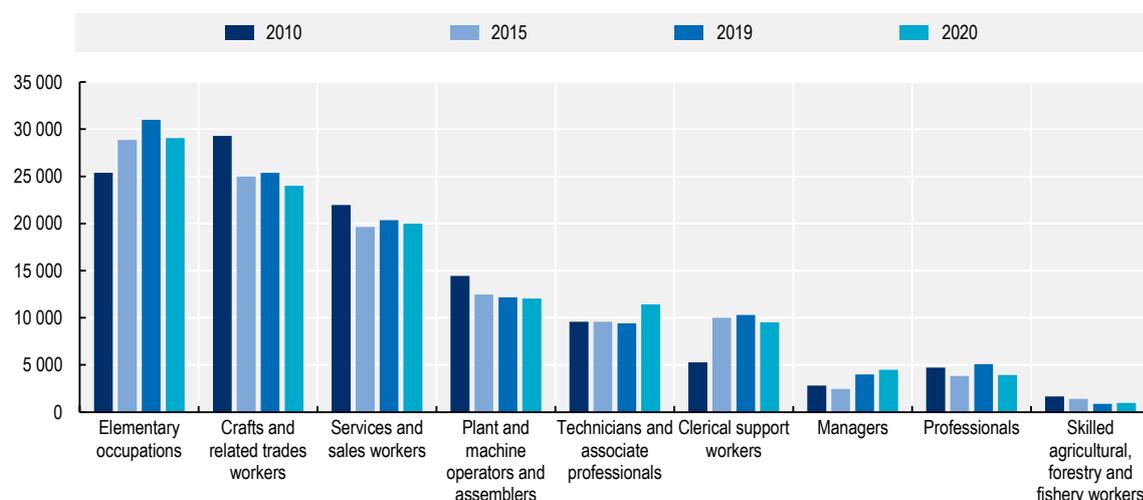
Figure 1.25. Number of employed Western Balkan Six citizens in Switzerland, 2010-20



Source: Swiss Federal Statistical Office (2022).

In 2020, 25% of WB6 citizens employed in Switzerland worked in elementary occupations, an increase compared to 2010 (at 22%) (Figure 1.26). The second most important group of occupations was crafts and related trades at 21% in 2020, a decrease from 26% in 2010. The third most important group was service and sales workers (17% in 2020). The structural shift in employment of WB6 citizens meant that occupational groups that were less present in 2010 increased, including managers (4% in 2020 as compared to 2% in 2010) and clerical support workers (8% in 2020 compared to 5% in 2010). The share of technicians and associate professionals increased slightly (from 8% in 2010 to 10% in 2020). Thus a trend towards a polarisation of employment of WB6 citizens can be observed, with some concentration in higher mid-skill and highly skilled occupations as well as in elementary occupations.

Figure 1.26. Sectoral distribution of employed Western Balkan Six citizens in Switzerland, 2010-20



Source: Swiss Federal Statistical Office (2022).

The COVID-19 pandemic had varying effects on employment of Western Balkan Six citizens in Austria, Germany and Switzerland

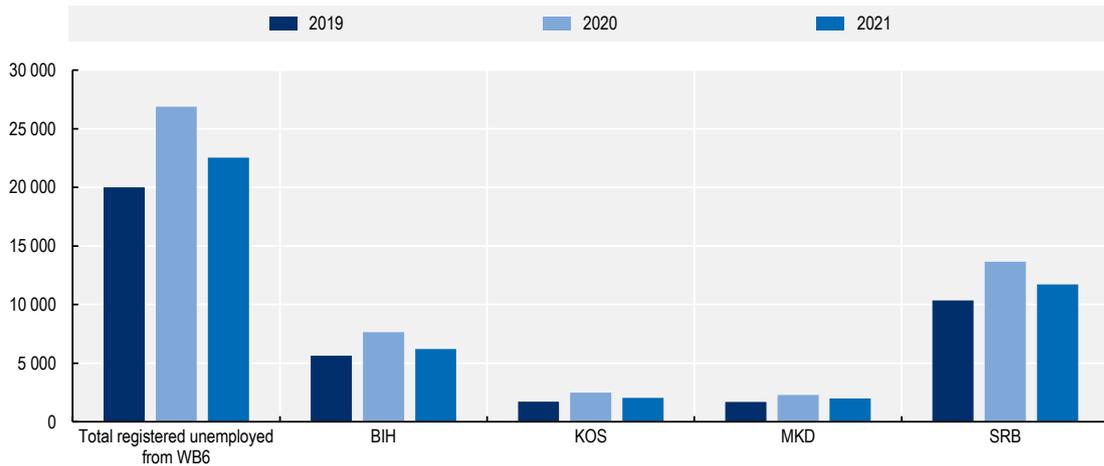
As shown in Section 1.1.1, the inflow of migrants towards the EEA and Switzerland area saw a decrease from the beginning of the COVID-19 pandemic, with a significant drop between 2019 and 2020 (Figure 1.5). However, the trend in the German labour market showed a different pattern. The number of employed WB6 citizens in Germany continued to increase between 2019 and 2020 despite the pandemic (Figure 1.22). Data of the Federal Employment Agency indicate that the number of WB6 migrants on the German labour market continued to grow in the first half of 2021. In Switzerland, employment of WB6 citizens decreased in the first year of COVID-19, with some variation across employment categories: the number of dependent employed, company managers and helping family members decreased, while the number of self-employed increased between 2019 and 2022 (data provided by the Swiss Federal Statistical Office). This indicates that some workers who lost jobs during the pandemic may have chosen to become self-employed. The continued increase in employment of WB6 citizens in Germany during the pandemic in contrast to the situation in Switzerland can be explained by German migration policies (see Section 3.2.3 in Chapter 3). The employment growth of WB6 citizens in Germany between June 2019 and June 2022 was the highest for workers employed in the healthcare sector, as well as for those in social services, construction, manufacturing and transportation.

Unemployment increased among Western Balkan Six citizens in Austria, Germany and Switzerland during the COVID-19 pandemic

The unemployment rate among WB6 citizens in Austria, Germany and Switzerland is higher than average unemployment rates. This is mainly linked to the sectoral distribution of WB6 citizens, with a high concentration in sectors that are typically more sensitive to business cycle fluctuations. Another reason is the education level of the WB6 workforce, which tends to be lower than the average education level of the workforce. In general, a low level of education increases the risk of being unemployed in the destination country. Data from Austria show that the unemployment rate of low-educated WB5 citizens (the WB economies excluding Albania) is significantly higher than among Austrians, while the unemployment rate of the highly educated is only half the one of Austrians (Statistics Austria, 2019_[20]). During the first year of the COVID-19 pandemic, unemployment among WB6 citizens in Austria increased. The labour market

situation improved in the second year of the pandemic, but the unemployment rate of WB6 citizens remained above the pre-pandemic level (Figure 1.27). Unemployment among WB6 migrants in Austria is particularly high among a few occupations: building cleaning, construction, elementary occupations, tourism and sales workers (Statistics Austria, 2019^[20]). These labour market segments are marked by precarious employment conditions and high dependency on business cycles.

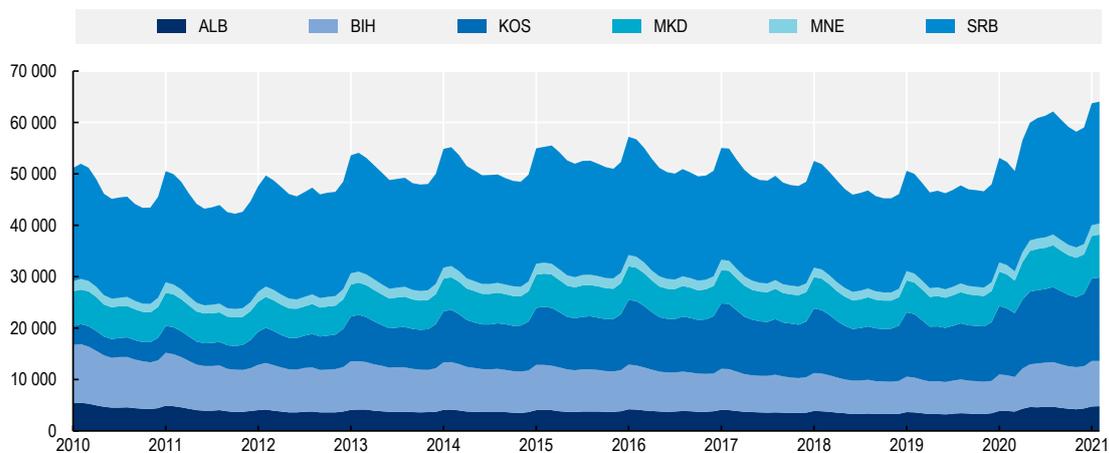
Figure 1.27. Number of registered unemployed Western Balkan Six citizens in Austria



Source: Public Employment Service Austria (2022).

Similarly, in Germany, the number of registered unemployed WB6 citizens has increased since the start of the pandemic in 2020 (Figure 1.28). The average number of unemployed during 2019 was 47 600, compared to an average of 57 800 during 2020, and 63 900 in the first two months of 2021. The German labour market has hence seen an increase in the number of employed WB6 citizens during the pandemic, but at the same time also growing numbers of unemployment.

Figure 1.28. Registered unemployed Western Balkan Six citizens in Germany, 2010-20 (quarterly data)



Source: German Federal Employment Agency (2021^[21]), *Migrationsmonitor*, https://statistik.arbeitsagentur.de/SiteGlobals/Forms/Suche/Einzelheftsuche_Formular.html?nn=15024&topic_f=migrationsmonitor.

In Switzerland, the unemployment rate of WB6 citizens increased from 10% in 2019 to 12.5% in 2020, as compared to the total unemployment rate in Switzerland of 4% and 5% respectively (data provided by the Swiss Federal Statistical Office).

1.4. Gender-specific trends

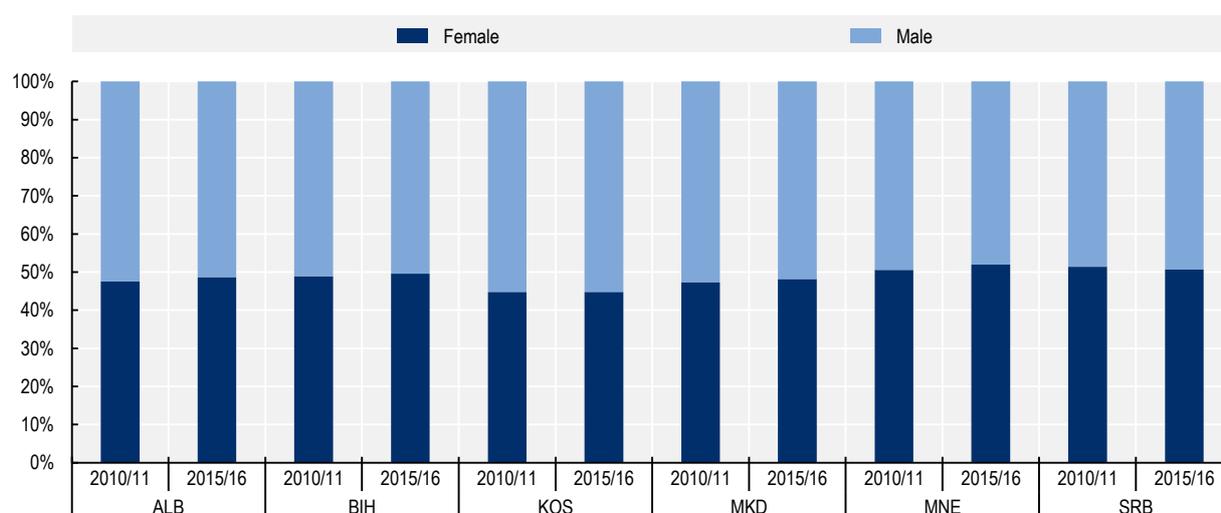
1.4.1. Women constitute about half of the migrants from the Western Balkan Six in the OECD area

The share of women in the stock of migrants in OECD countries is about the same as that of men for all WB6 economies, with a slightly lower share for Kosovo. In 2015/16, the share of women was lowest for Kosovo (45%) and the highest for Montenegro (52%) (

Figure 1.29). The gender distribution has also remained stable over time, with a one percentage point increase in the share of women between 2010/11 and 2015/16 among migrants from Albania, Bosnia and Herzegovina, Montenegro, and North Macedonia.

Figure 1.29. Gender distribution of Western Balkan Six migrants in OECD countries, 2010/11 and 2015/16

Share of male and female migrants in total migrant stock



Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

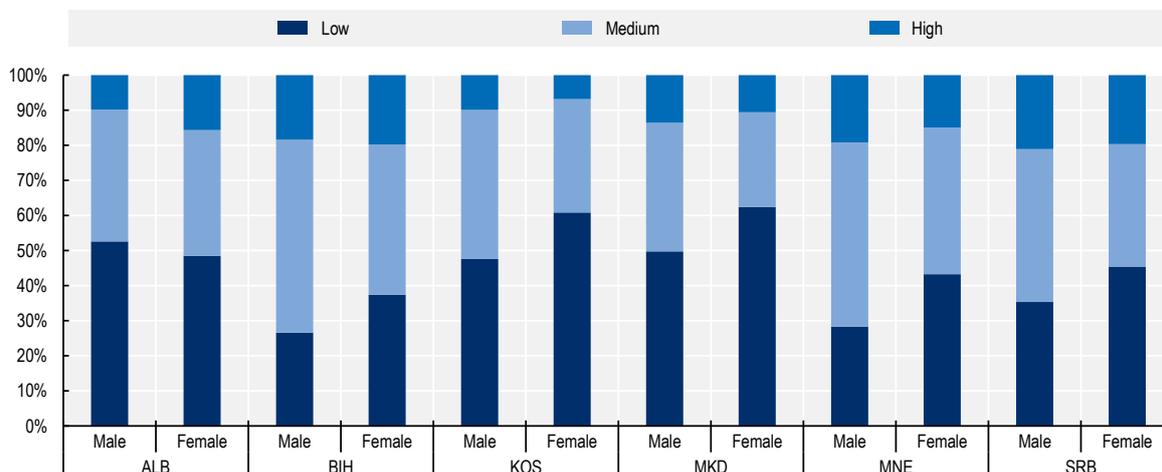
Even gender distribution among WB6 migrants is also confirmed in more recent national data from Austria, Germany and Switzerland.

1.4.2. Men are more concentrated in middle-skilled occupations than women, which reflects the distribution of education

When it comes to education, there is a gender-specific pattern common to migrants from most WB6 economies: men are more likely to have middle-level education while women are more likely to either be low- or highly educated (Figure 1.30). Migrants from Albania are the exception: Albanian women and men are about equally likely to have obtained middle-level education. The education level of women in the WB6

economies has increased significantly in recent years, and today women are better educated than men in the WB6 economies.

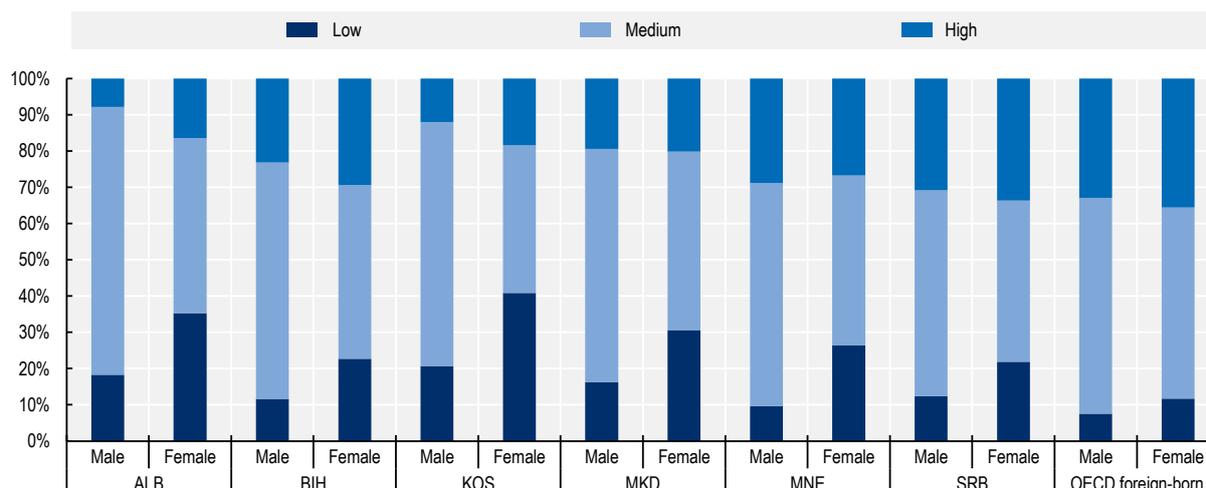
Figure 1.30. Distribution of education level among Western Balkan Six migrants (15+) in OECD countries, 2015/16, by gender



Note: Low education is defined as ISCED 0/1/2, medium education is defined as ISCED 3/4 and high education includes ISCED 5/6/7/8.
Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

Both male and female migrants from the WB6 are most likely to be employed in occupations that require middle-level skills. However, the concentration in middle-skilled occupations is higher for men than for women, and women are more often employed in occupations that require either low skills or high skills. This pattern partly reflects the education level among the migrants (Figure 1.31).

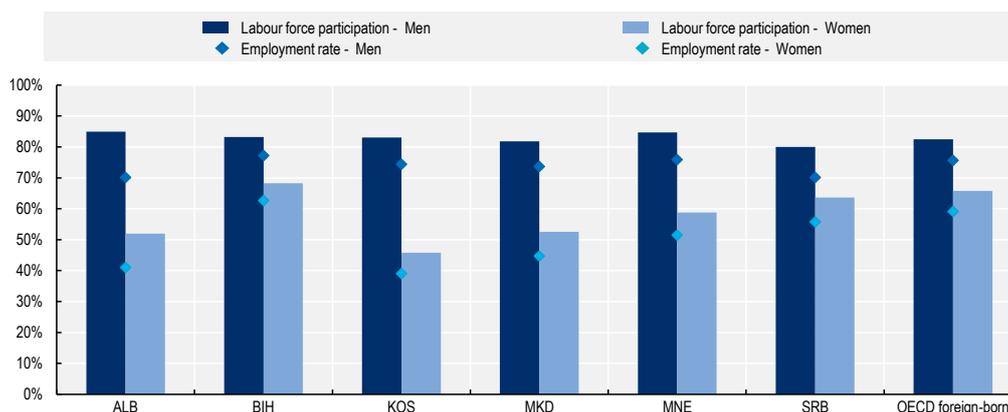
Figure 1.31. Distribution of skill level among Western Balkan Six migrants in the OECD area, 2015/16, by gender



Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

There are important gender gaps in the employment outcomes of WB6 migrants in the OECD area – notably with respect to labour force participation, but also with employment rates (Figure 1.32). Men are consistently more likely to participate in the labour market, and have higher employment rates. The gender gap is biggest among Albanian migrants, and more narrow and close to the average gap in the migrant population in OECD countries among migrants from Bosnia and Herzegovina and Serbia.

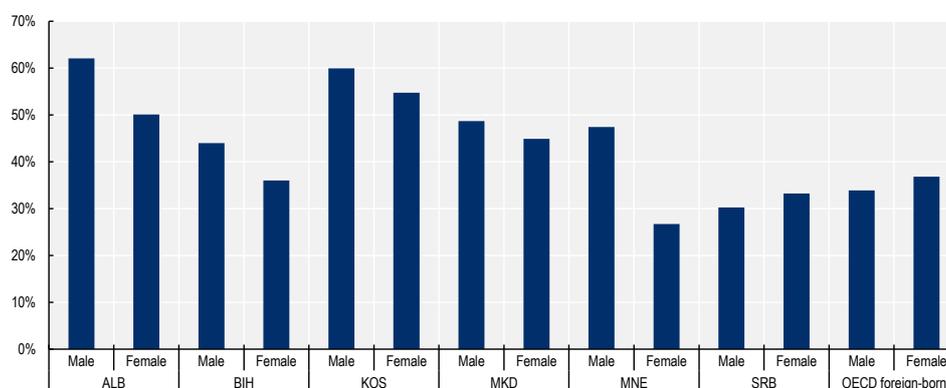
Figure 1.32. Gender gaps in employment outcomes of Western Balkan Six migrants in the OECD area



Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

Male migrants from the WB6 are more likely to be overqualified than female migrants (Figure 1.33). This holds for migrants from all economies but Serbia. In 2015/16, the share of highly skilled migrants facing over-qualification was close to or above 50% for male migrants from Albania, Kosovo, Montenegro and North Macedonia. The over-qualification rate for female migrants was lower, but still high for female migrants from North Macedonia (45%), Albania (50%) and Kosovo (55%). Over-qualification rates and gender gaps in over-qualification are also large compared to the overall foreign-born population in OECD countries.

Figure 1.33. Over-qualification of Western Balkan Six migrants in OECD countries in 2015/16 (%), by gender



Note: Overqualified is defined as having tertiary education (ISCED 5-8) and an occupational skill level that is low or medium (ISCO 4-9). Over-qualification is only calculated for highly skilled migrants.

Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

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Notes

¹ Based on *World Population Prospects: The 2019 Revision*, United Nations, Department of Economic and Social Affairs, Population Division. These population data do not include the latest census from North Macedonia conducted in 2021.

² The regional emigration rate is defined as the number of migrants from the Western Balkan Six divided by the sum of the migrant population and the population residing in the WB6.

³ The 11 CEECs that have joined the European Union are Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia.

Annex 1.A. Data modifications and observations in the DIOC Database

The OECD *Database on Immigrants in OECD Countries* (DIOC) includes a category of migrants born in the former Yugoslavia (FYUG). The number of migrants reported under this category is relatively significant in a number of destination countries. Although the numbers decrease over time, they still total close to 366 000 migrants in 2010/11, and 224 000 migrants across 18 destination countries in 2015/16 (Annex Table 1.A.1). The destination countries hosting a significant number of FYUG-born migrants (>10 000 migrants) include Germany, the United States, Sweden, Belgium, the United Kingdom, the Netherlands and Denmark (Annex Figure 1.A.1). The relative distribution across destination countries remains relatively unchanged between the two time frames, but the absolute numbers decrease in most countries between the two periods (likely mainly explained by mortality). It should be noted that there are two major changes in the FYUG category over time that is more likely explained by the way that data were collected: no migrants born in the FYUG were registered for Belgium in 2015/16, and the number of FYUG-born migrants in the United States significantly decreased from about 113 800 to 36 500 between the two periods. The latter might be explained by a shift in the registration of the country of birth for migrants from Serbia and Montenegro, as data for migrants born in these two countries are only available from 2013 onwards in the American Community Survey.

To take the FYUG-born migrants into account when calculating migrant stocks from the WB6, the migrants in the FYUG category have been redistributed to the seven economies of the former Yugoslavia (Bosnia and Herzegovina, Croatia, Kosovo, Montenegro, North Macedonia, Serbia, and Slovenia). The distribution was made based on the relative distribution of migrants born in these economies in each of the 15 destination countries in the two periods 2010/11 and 2015/16. Annex Table 1.A.1 shows the number of migrants redistributed from the FYUG-born category to the respective seven origin economies, both the total and by country of destination.

It should also be noted that the DIOC database does not contain any information on the number of Kosovar-born migrants in Switzerland for the year 2015/16. Given that Switzerland is an important destination country for migrants from Kosovo, the data have been imputed using national statistics on temporary and permanent migrants with Kosovar nationality.

Annex Table 1.A.1. Redistribution of FYUG-born migrants in the DIOC data, 2010/11 and 2015/16

Number of migrants redistributed to the seven economies of the former Yugoslavia, total and by destination country

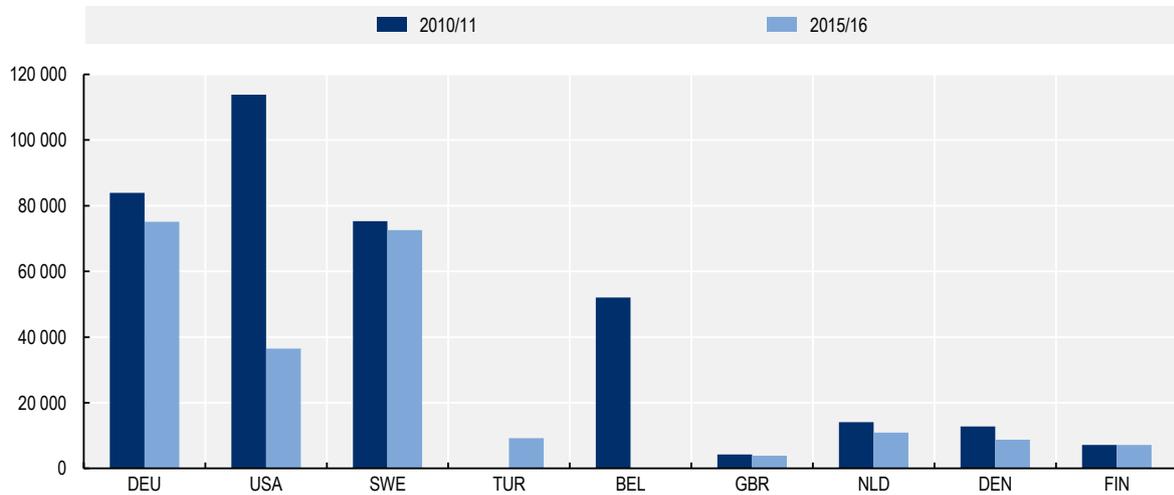
Destination country	2010/11							
	Total number of migrants to be distributed	Bosnia and Herzegovina	North Macedonia	Montenegro	Serbia	Kosovo	Croatia	Slovenia
Germany	83 870	14 445	7 971	1 688	17 304	18 119	21 234	3 109
United States	113 769	52 858	10 920	7 373	16 411	0	20 036	6 171
Sweden	75 255	32 322	10 438	331	11 887	4 729	14 188	1 360
United Kingdom	4 228	558	209	86	594	2 034	595	152
Netherlands	14 115	7 057	1 179	61	1 818	1 470	2 206	324
Denmark	12 756	9 987	1 465	52	309	381	412	150
Finland	7 120	4 352	737	0	610	0	1 228	193
Ireland	130	41	3	2	17	26	34	7
Poland	13	8	1	0	2	0	2	0
Belgium	52 071	7 713	24 082	240	10 318	5 091	2 674	1 954
Israel	1 470	0	85	0	0	0	186	1 199
Luxembourg	770	172	34	219	135	151	28	30
Iceland	194	33	6	1	72	40	35	7
Mexico	92	16	0	0	52	0	4	20
TOTAL	365 853	129 563	57 128	10 054	59 530	32 040	62 861	14 676
Destination country	2015/16							
	Total number of migrants to be distributed	Bosnia and Herzegovina	North Macedonia	Montenegro	Serbia	Kosovo	Croatia	Slovenia
Germany	75 087	12 517	6 737	1 365	13 774	16 018	22 293	2 384
United States	36 459	15 710	3 945	2 332	5 190	0	5 892	3 391
Sweden	72 600	2 798	13 231	1 809	20 737	14 300	17 401	2 324
Turkey	9 201	4 980	3 826	0	176	191	27	0
United Kingdom	3 890	552	176	167	551	1 686	534	224
Netherlands	10 877	5 579	870	331	1 163	1 445	1 169	319
Denmark	8 771	5 544	1 036	81	985	538	460	127
Finland	7 118	2 289	529	16	3 290	0	804	190
Ireland	157	26	2	1	14	14	95	5
Poland	13	7	1	0	3	0	2	0
TOTAL	224 173	50 001	30 353	6 101	45 883	34 193	48 676	8 965

Note: The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

Annex Figure 1.A.1. Distribution of migrants born in the former Yugoslavia in top destination countries in the DIOC database, 2010/11 and 2015/16

Number of migrants registered as born in the former Yugoslavia, by main destination countries



Note: The figure only displays countries with more than 10 000 FYUG-born migrants. BEL=Belgium, DEN=Denmark, DEU=Germany, GBR=United Kingdom, NLD=Netherlands, SWE=Sweden, TUR=Turkey, USA=United States.

Source: OECD (2016^[7]), *Database on Immigrants in OECD and non-OECD Countries (DIOC)*, <https://www.oecd.org/els/mig/dioc.htm>.

2 Root causes of migration and its economic impact in the Western Balkan Six

This chapter investigates the main structural causes for emigration from the Western Balkan Six and the impact migration can have on the region's economic and social development. It starts by examining four push factors that incentivise emigration: 1) weak labour market outcomes and low wages; 2) education systems that struggle to produce needed skills; 3) a challenging business climate; and 4) inequalities and an under-resourced social protection and health infrastructure. The chapter then discusses the potential consequences of emigration on Western Balkan Six development, through impacts on labour markets, human capital, education and training systems, and financial inflows.

Key findings

- **A set of factors drives emigration from the Western Balkan Six.** They include, among others, lower living standards compared to those in destination countries, weak labour market outcomes, and high levels of corruption and political instability.
- **Comparatively weak labour market outcomes and low wages create incentives for emigration from the Western Balkan Six.** The region's average unemployment rate is more than double the OECD average, ranging from 9% in Serbia to as much as 26% in Kosovo. Those who are in employment receive on average lower salaries than employees in main EU destination countries, even if controlled for purchasing power parity. For example, monthly minimum wages in Germany and France are more than twice as high as in North Macedonia, Montenegro and Serbia, and almost four times higher than in Albania.
- **The Western Balkan education systems struggle to equip students with skills that the labour market requires, creating important skills mismatches.** Data from the OECD Programme for International Student Assessment (PISA) show that, on average, half of all 15-year-old students in the region do not achieve basic literacy or numeracy skills. This share is even higher for vocational students. These findings point to the difficulties of the region's general and vocational education systems in easing students' school-to-work transition and meeting labour market demands. As a result, one-quarter of surveyed employees in the region do not consider the skills they acquired via the education system to be adequate to meet the needs of their jobs, while more than two-fifths of surveyed firms name applicants' lack of skills as a reason for unfilled vacancies. The mismatch between skills supply and labour demand may incentivise youth in particular to seek adequate job opportunities abroad.
- **Private sector development is hampered by a challenging business climate, high levels of corruption and weak linkages between foreign direct investment (FDI) sectors and the local economy.** While the business environment in the region has improved, it remains complex and cumbersome for many – in particular small – businesses to navigate. Moreover, more than one-fifth of firms in the Western Balkans identify corruption as a major obstacle to doing business in the region. While FDI in the region is sizeable, relatively weak linkages with the local economy restrain potential spillover effects into know-how and technology. Such an environment hinders the potential for increased economic growth and job creation, which in turn can reinforce push factors of migration.
- **Inequalities and an under-resourced social protection and health infrastructure can hamper citizens' well-being.** The employment rate for men is on average 18 percentage points (pp.) higher than that for women in the Western Balkans. Similarly, the unemployment rate for young people aged 15-24 is on average 17 pp. higher than that for the total labour force. Expenditures on social protection and pension benefits in the region are also comparatively low, while high out-of-pocket expenditures for health services and relatively low numbers of medical staff constrain citizens' equal access to quality health services. Access to more advanced social protection systems and health infrastructure in destination countries can motivate emigration of Western Balkan Six citizens.
- **High emigration rates can lead to skill shortages and labour market distortions.** High levels of emigration can result in a loss of human capital investments, engender and accentuate skill shortages, and thereby hinder productivity growth. On average, more than two-fifths of surveyed employers in the six Western Balkans indicate that they are unable to fill vacancies due to emigration of the labour force.

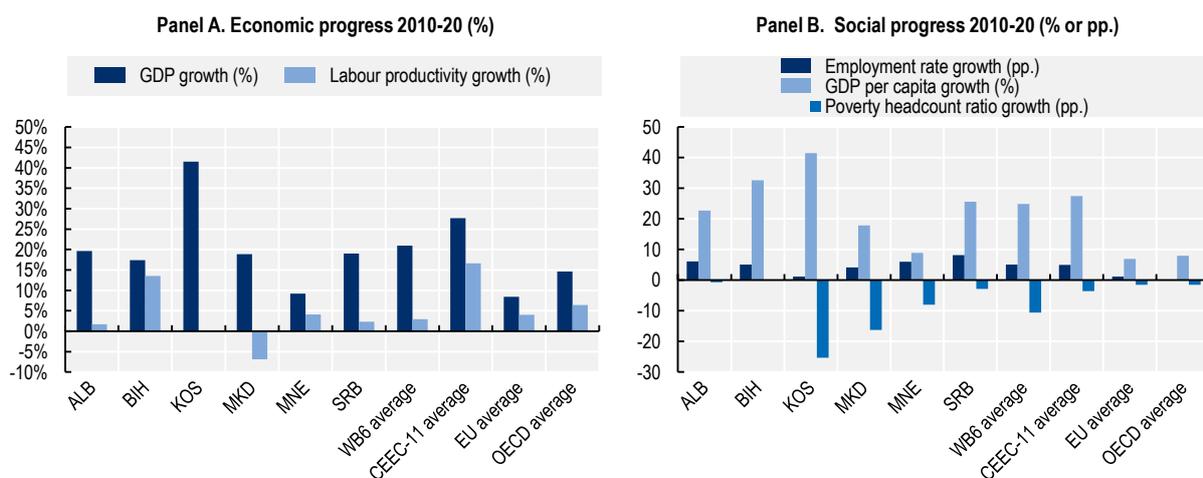
- **Emigration can impact Western Balkan human capital levels and education systems.** Experience gained abroad and increased language, entrepreneurial and technical skills can benefit the Western Balkans, if migrants are returning and their integration into local labour markets and skills systems is supported. Evidence suggests that migration prospects have also encouraged adjustments in some Western Balkan education systems, in particular with regard to vocational education and training systems.
- **Western Balkan Six emigrants generate financial resources that support economic and social development in the region.** Remittances received by the Western Balkan Six economies in 2019 averaged 9.7% of GDP, ranging from 16% of GDP in Kosovo to 2.5% in North Macedonia. While empirical evidence shows that remittances have positively contributed to economic growth in the region, some also indicates that they negatively affect the employment and participation rates of those receiving the remittances, in particular among women. FDI by the diaspora may be an important driver for economic development. While it remains difficult to disentangle the effect of transnational migration on FDI in the Western Balkan Six, a correlation can be observed between the origin of FDI and countries of destination for migration.

2.1. Structural economic and social challenges create incentives for emigration

Incentives for labour migration are often classified as push and pull factors. Push factors, which drive emigration decisions, can include unsatisfactory labour market outcomes, a feeling of economic insecurity or poor prospects for career progression. Low living standards and institutional quality can also influence the emigration decision. Pull factors mainly have to do with higher living standards and comparatively higher wages (even if considered in purchasing power parity terms) in destination countries, stronger social and healthcare systems, strong demand for skilled labour, and access to renowned universities and more generally to higher-quality education. This section takes a closer look at structural challenges that create incentives for emigration from the Western Balkan Six (WB6) economies.

Those economies have made notable progress in improving their economic and social outcomes over the past decade. Between 2010 and 2020, GDP and GDP per capita grew on average by about one-fifth and one-quarter respectively, while the poverty headcount ratio declined by about one-tenth (Figure 2.1, Panels A and B). However, the region's development continues to lag significantly behind CEEC-11 and EU levels, as its GDP per capita is only about one-third of the EU level and its poverty headcount ratio more than seven times higher than the CEEC-11 average (Figure 2.2, Panels A and B).

Figure 2.1. There has been economic and social progress in the Western Balkan Six over the past decade



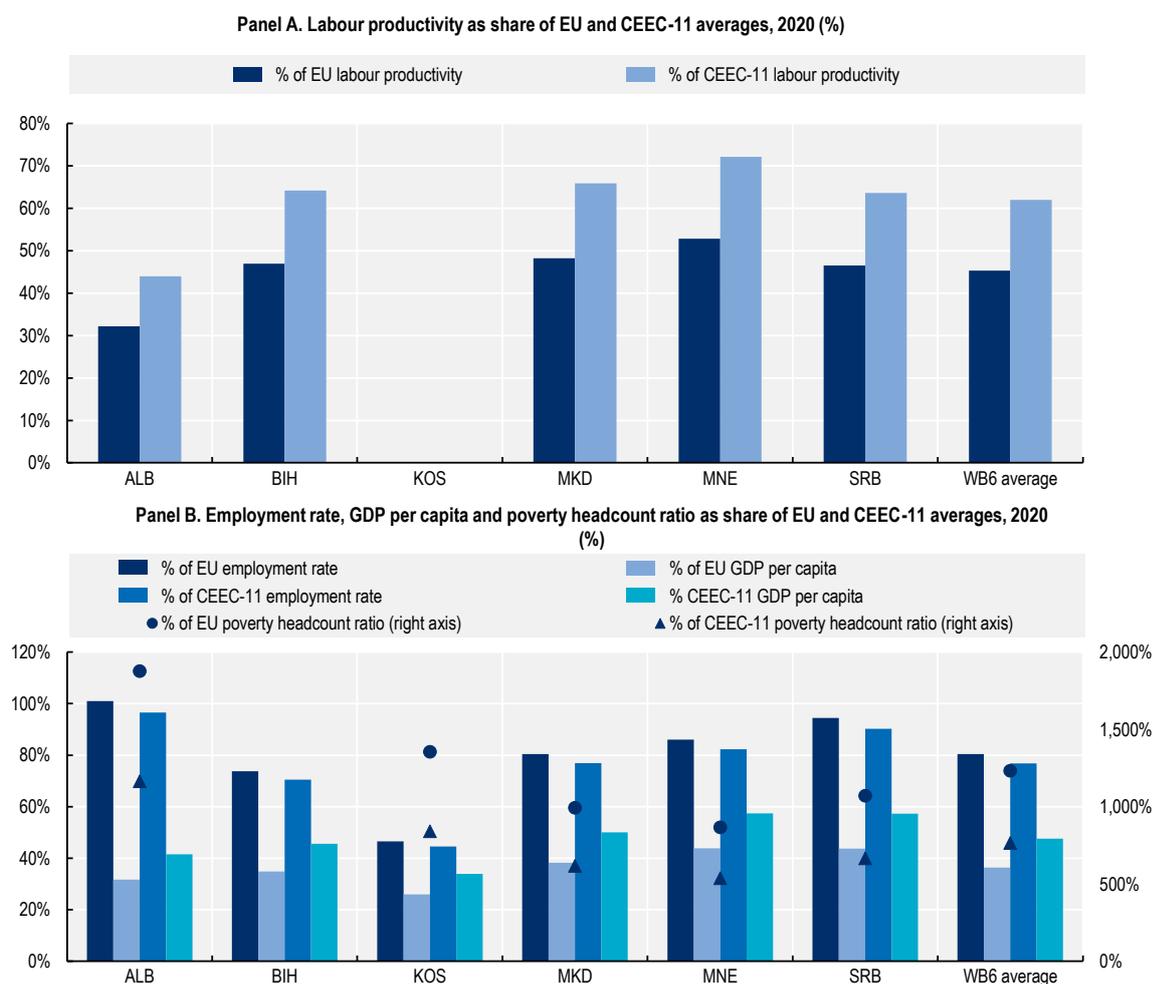
Note: Indicator description: GDP and GDP per capita in 2017 PPP USD. Labour productivity as measured by GDP per person employed in 2017 PPP USD. Poverty headcount ratio refers to the share of the population living on less than USD 5.50 a day at 2011 PPP USD. Employment rate data for Kosovo is based on economy-wide estimates as opposed to ILO-modelled estimates for all remaining economies.

Data limitations: For Kosovo, labour productivity (as measured by GDP per person employed) and for Bosnia and Herzegovina poverty headcount ratio at USD 5.50 a day are not available. Due to unavailability of data, change in the 2010-20 employment rate in Kosovo is calculated for the period 2012-20 instead. The poverty headcount ratio growth at USD 5.50 a day is calculated for the period 2012-17 for Albania, 2010-17 for Kosovo, 2012-16 for Montenegro, 2010-18 for North Macedonia, and 2012-17 for Serbia. For the CEEC-11, EU and OECD averages, the latest available data are used for the poverty headcount ratio at USD 5.50 a day, which ranges from 2016 to 2019. For the change in poverty headcount ratio at USD 5.50 a day, the earliest available data as of 2010 are used for the CEEC-11, EU and OECD averages. All WB6 and CEEC-11 averages in this report have been calculated as simple averages, unless otherwise specified.

The CEEC-11 are the 11 Central and Eastern European countries that have joined the European Union: Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia.

Source: World Bank (2021_[1]), *World Development Indicators*, <https://databank.worldbank.org/source/world-development-indicators>.

Figure 2.2. Important development gaps with EU and CEEC-11 countries remain



Note: Indicator description: GDP per capita in 2017 PPP USD. Labour productivity as measured by GDP per person employed in 2017 PPP USD. Poverty headcount ratio refers to the share of the population living on less than USD 5.50 a day at 2011 PPP USD. Employment rate data for Kosovo is based on economy-wide estimates as opposed to ILO-modelled estimates for all remaining economies. Data limitations: For Kosovo, labour productivity (as measured by GDP per person employed) and for Bosnia and Herzegovina poverty headcount ratio at USD 5.50 a day are not available. Due to unavailability of data, the poverty headcount ratio at USD 5.50 a day is calculated for 2017 for Albania, 2017 for Kosovo, 2016 for Montenegro, 2018 for North Macedonia, and 2017 for Serbia. For the CEEC-11, EU and OECD averages, the latest available data are used for the poverty headcount ratio at USD 5.50 a day, which ranges from 2016 to 2019.

Source: World Bank (2021^[1]), *World Development Indicators*, <https://databank.worldbank.org/source/world-development-indicators>.

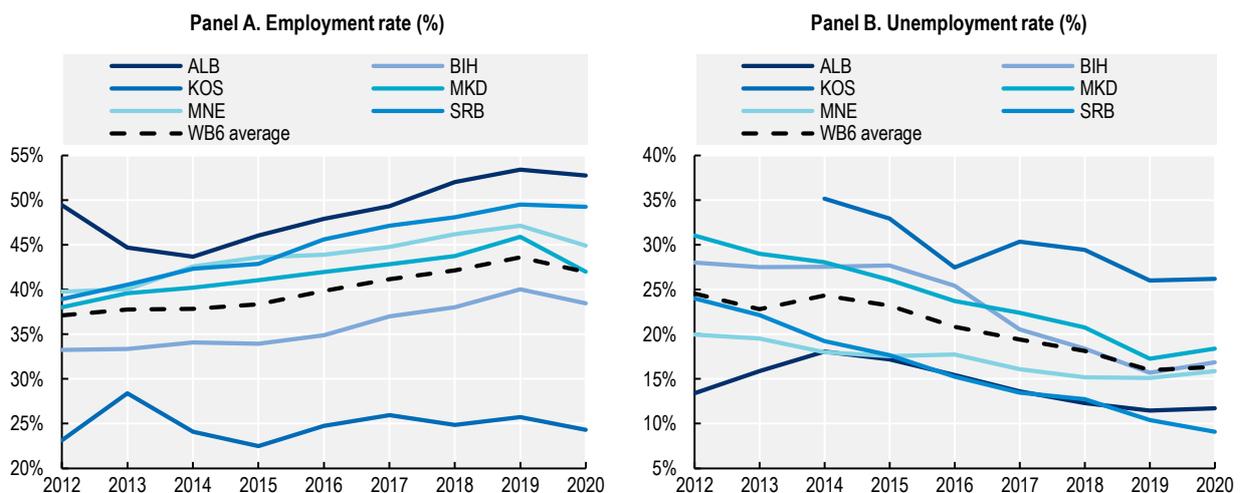
Structural challenges and development gaps with neighbouring European, EU and OECD countries constitute potential push and pull factors that contribute to emigration from the Western Balkan Six. These specifically include weak labour market outcomes and low wages (Section 2.1.1); education systems, which struggle to produce needed skills (Section 2.1.2); a challenging business climate, high levels of corruption and weak linkages between FDI and the local economy (Section 2.1.3); and inequalities and an under-resourced social protection and health infrastructure (Section 2.1.4).

2.1.1. Weak labour market outcomes and low wages create strong incentives for emigration

Labour market outcomes have followed a positive trend but remained unsatisfactory

Over the past decade, labour market trends in the six Western Balkan Six economies have been positive (Figure 2.3). Between 2012 and 2020, the region's average employment rate increased by 5 percentage points, while the unemployment rate declined by 8 percentage points.

Figure 2.3. The Western Balkan Six have seen positive labour market trends



Note: The employment rate is defined as the employment-to-population ratio for the population aged 15+. The unemployment rate is expressed as the share of the total labour force. The Western Balkan Six average is a simple average of indicator values for the six Western Balkan economies.

Source: World Bank (2021^[11]), *World Development Indicators*, <https://databank.worldbank.org/source/world-development-indicators>.

However, labour markets in the Western Balkans are still characterised by considerable structural constraints that hinder economic competitiveness and negatively affect employment and wage levels, which in turn encourage labour emigration. Slow structural transformation has led to weak job creation in the formal sector and the inability of most economies to absorb the labour released due to urbanisation, deindustrialisation and other developments that followed the breakup of the Yugoslav Federation and the demise of the communist regime of Albania. As a result, the Western Balkan economies still struggle with high and persistent unemployment rates. The region's average unemployment rate in 2020 was 16% compared to the EU or OECD average of 7% (Table 2.1). Related to the problem of weak job creation and demand for labour is the region's low labour force participation rate, which stood only at an average of 50% (Table 2.1).

Employment also remains predominantly in low productivity jobs. In 2020, labour productivity, measured as GDP per person employed, represented only 45% of the EU and OECD average levels (Table 2.1). Between 2010 and 2020, labour productivity grew on average by only 3% in the Western Balkan Six, compared to more than 16% growth in the average CEEC-11 country (Figure 2.1). Productivity growth is constrained by insufficient innovation and technology adoption. Slow incorporation of digital tools and processes into business practices affects firms' productivity and competitiveness in increasingly digital markets. Policies for supporting SME digitalisation in the Western Balkan Six are scarce, while many of those economies are lagging behind the EU and Central and Eastern European Countries in indicators measuring the use of digital tools (OECD, 2021^[21]). Innovation and technology absorption capacity, as

important drivers of growth, remain constrained by systemically underfunded public research and the nonexistence of business-academia collaboration that could allow for increased commercialisation of public sector innovations (OECD, 2021^[2]).

Another contributor to low productivity in the region is the high share of informality. Informal employment rates in the Western Balkan Six are estimated to range from 18% in Serbia to 37% in Albania (OECD, 2021^[2]). Informal employment may also be a cause of increased inequalities and poverty, as informal workers are prone to have lower wages and are not as well covered by the social protection system in case they lose their jobs. This reflects underlying constraints in terms of access to skills, access to finance and technology, and insufficiently developed infrastructure. It also points to obstacles in the institutional and business environment that impede investment in and the growth of SMEs across all sectors of the economy, their internationalisation, and their integration into global value chains.

Table 2.1. Key labour market indicators in the Western Balkan Six (2020)

	ALB	BIH	KOS	MKD	MNE	SRB	WB6 average	CEEC-11 average	EU average	OECD average
Employment rate (%)	53	38	24	42	45	49	42	55	52	55
Unemployment rate (%)	12	17	26	18	16	9	16	6	7	7
Female employment rate (%)	47	30	11	37	40	43	35	49	47	50
Youth unemployment rate (%)	27	34	50	36	25	27	33	12	17	13
Labour force participation rate (%)	60	46	33	51	53	54	50	58	56	59
Labour productivity as GDP per person employed (constant 2017 PPP USD)	30 229	44 124	..	45 335	49 631	43 739	42 612	68 780	93 983	94 059

Note: Data for the female employment rate and youth unemployment rate are from 2019, while the rest of the indicators refer to the year 2020. Data for Kosovo are economy-wide estimates as opposed to ILO-modelled estimates for all remaining economies. The employment rate, female employment rate and labour force participation rate refer to the 15+ age group. The unemployment rate is expressed as the share of the total labour force. The youth unemployment rate refers to the 15-24 age group. The Western Balkan Six and CEEC-11 averages are simple averages. Source: World Bank (2021^[1]), *World Development Indicators*, <https://databank.worldbank.org/source/world-development-indicators>.

Recent emigration from the Western Balkan Six to the Europe is increasingly motivated by employment reasons. This holds true for all skill levels, although data from main European destination countries show an ongoing predominance of migration of low- and medium-skilled workers (see Chapter 1). Lack of quality job opportunities fuels intentions to emigrate. Poor working conditions, temporary employment and health and safety issues result in the poor job quality of many private sector jobs in the Western Balkan region (OECD, 2021^[2]). Findings from the OECD survey on migration from the Western Balkan Six also indicate that better employment opportunities are considered a very important motive for migration by survey respondents (Box 2.1).

Box 2.1. OECD Survey results for “better employment opportunities” as a motive for migration

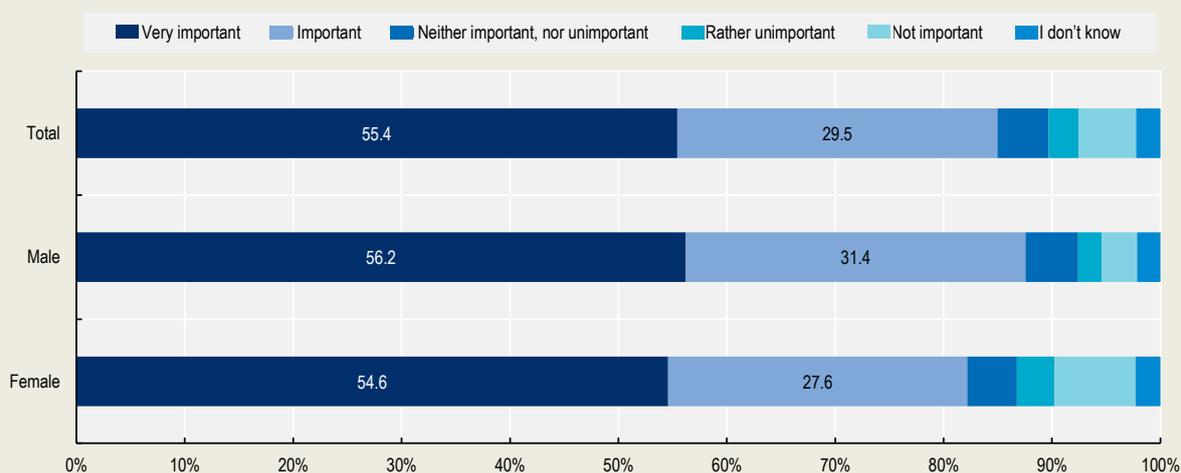
Between June 2021 and January 2022, the OECD conducted a survey among respondents from the Western Balkan Six with current and past migration experience.

Respondents were asked about their main reasons for moving to another country. From a list of 13 potential reasons, 55.4% of respondents ranked *better employment opportunities* as very important, while 29.5% qualified them as important (Figure 2.4). *Better employment opportunities* ranked as the second most important reason for emigration after corruption and political instability (see Box 2.5) among the answer options.

For more information on the OECD Survey, see Annex 2.A.

Figure 2.4. Better employment opportunities as a motive for migration

Distribution of respondents according to the level of importance attributed to *better employment opportunities* as a reason to migrate (%)



Note: The number of total respondents for this question is 359; the number of female respondents is 174, and the number of male respondents is 185.

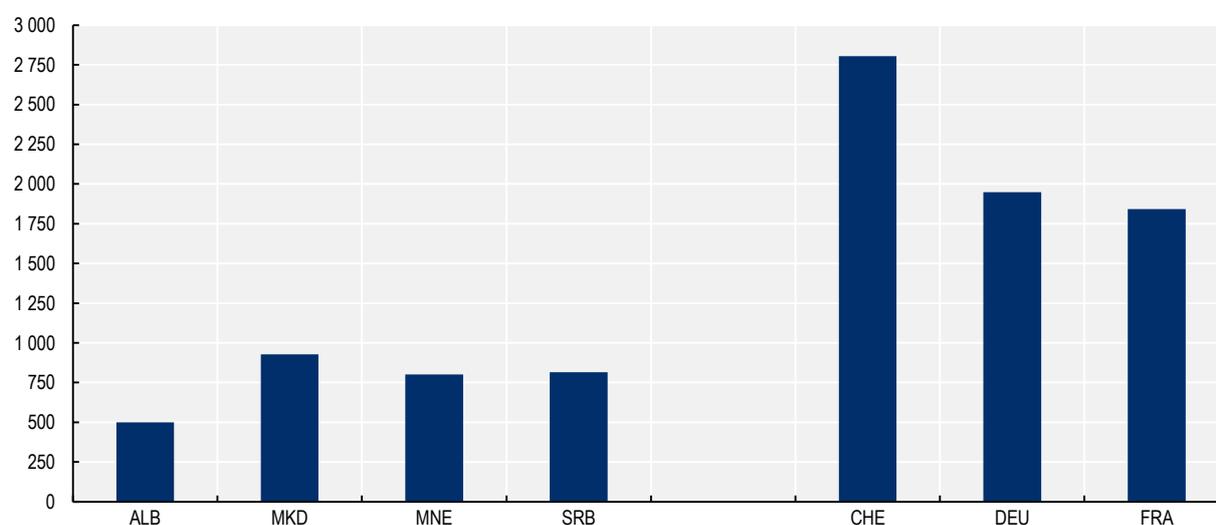
Source: OECD Survey on Emigration from the WB6.

Wages in the Western Balkan Six are significantly lower than in other European countries

Differences in minimum wages are very large between the Western Balkan economies and countries in Central and Western Europe. For example, monthly minimum wages in Germany and France are more than twice as high as in North Macedonia, Montenegro and Serbia, and almost four times higher than in Albania (Figure 2.5).

Figure 2.5. Minimum wages in the Western Balkans are set at a low level

Statutory nominal gross monthly minimum wage (2017 PPP USD) (2020)



Note: Data for Bosnia and Herzegovina and for Kosovo are not available. Data for Switzerland for 2019 are used due to unavailability of more recent information. CHE=Switzerland, DEU=Germany, FRA=France.

Source: ILO (2021^[3]), ILOSTAT database, <https://ilostat ilo.org/>.

Similarly, the average monthly gross wage in the Western Balkans in 2018 varied from EUR 397 in Albania to EUR 766 in Montenegro. In comparison, Croatia had an average wage of EUR 1 139, while Austria had an average wage of EUR 3 220 in 2018 (Table 2.2).

Table 2.2. Minimum and gross average wages in the Western Balkan Six, Bulgaria, Croatia and Austria (2018)

	Monthly gross minimum wages, EUR	Monthly gross minimum wages, EUR (PPP)	Average monthly gross wage, EUR	Ratio of minimum wage to average gross wage
Albania	181	358	397	0.46
Bosnia and Herzegovina	..	..	724	..
Kosovo	170	334	558	0.30
Montenegro	288	514	766	0.38
North Macedonia	279	576	579	0.48
Serbia	285	530	580	0.49
Bulgaria	261	517	586	0.45
Croatia	462	681	1139	0.41
Austria	..	..	3 220	..

Note: Data for Bosnia and Herzegovina refer to Q2 2017. Data for monthly gross minimum wages were not available for Bosnia and Herzegovina and Austria. PPP = purchasing power parity.

Source: Statistical Offices of the Western Balkan Six economies. Data retrieved from World Bank and Vienna Institute for International Economic Studies (2022^[4]), SEE Jobs Gateway Database, <https://data.wiiw.ac.at/seejobsgateway.html>.

Wage differences can act as important drivers of emigration. A majority of respondents from the OECD Survey on migration from the Western Balkan Six economies also considered higher salaries as an important motive (Box 2.2). Until the Western Balkan Six economies can achieve a considerably higher level of economic development and wages rise proportionally to reflect the related productivity growth, this

factor will remain an important driver of outward migration toward Western Europe. Large differences in wages may in part also explain why migrant workers accept employment below their qualification level in destination countries (see Chapter 1).

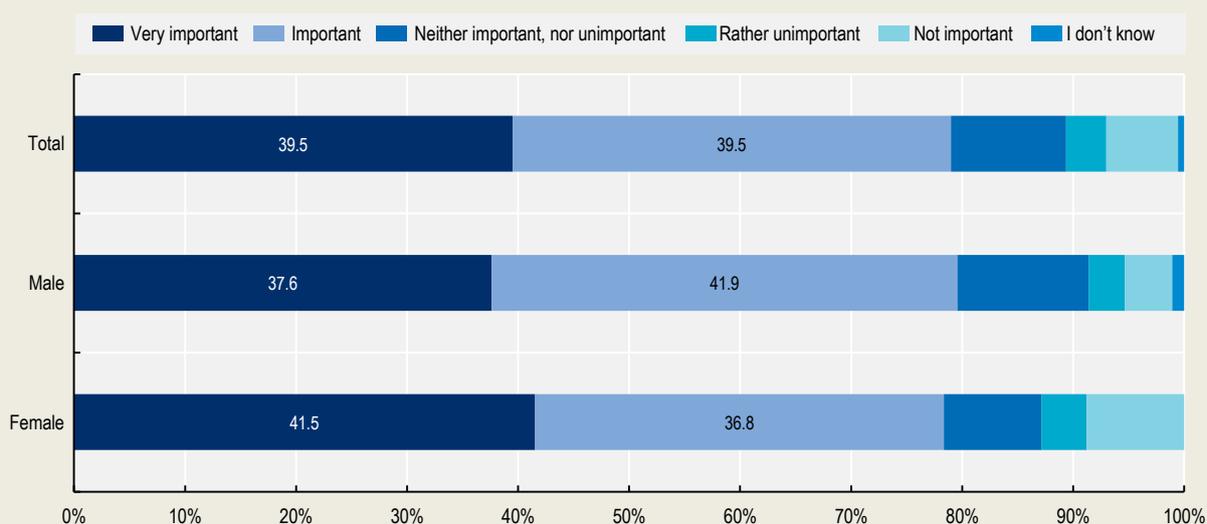
Box 2.2. OECD Survey results for “higher salaries” as a motive for migration

Between June 2021 and January 2022, the OECD conducted a survey among respondents from the Western Balkan Six with current and past migration experience.

Respondents were asked about their main reasons to move to another country. From a list of 13 potential reasons, 79% of respondents ranked *higher salaries* as either very important or important (Figure 2.6). *Higher salaries* ranked as the sixth most important reason for emigration among the answer options. A slightly higher percentage of female respondents considered *higher salaries* as very important compared to male respondents. For more information on the OECD Survey, see Annex 2.A.

Figure 2.6. Higher salaries as a motive for migration

Distribution of respondents according to the level of importance attributed to *higher salaries* as a reason to migrate (%)



Note: The number of total respondents for this question is 357; the number of female respondents is 171, and the number of male respondents is 186.

Source: OECD Survey on Emigration from the WB6.

2.1.2. Education systems struggle to produce needed skills and “better education prospects” is a motive for emigration

Similarly to labour market conditions and wages, the quality of a country’s education system can be an important push or pull factor for migration. The education systems of the Western Balkans have produced relatively weak student learning outcomes when compared with international benchmarks (Figure 2.8 and Figure 2.10). They also struggle to produce the skills in demand in the labour markets (Table 2.3). School-to-work transition mechanisms have room for improvement, and participation in upskilling and skills adaptation activities among both the employed and unemployed is low (OECD, 2021^[2]). Given these

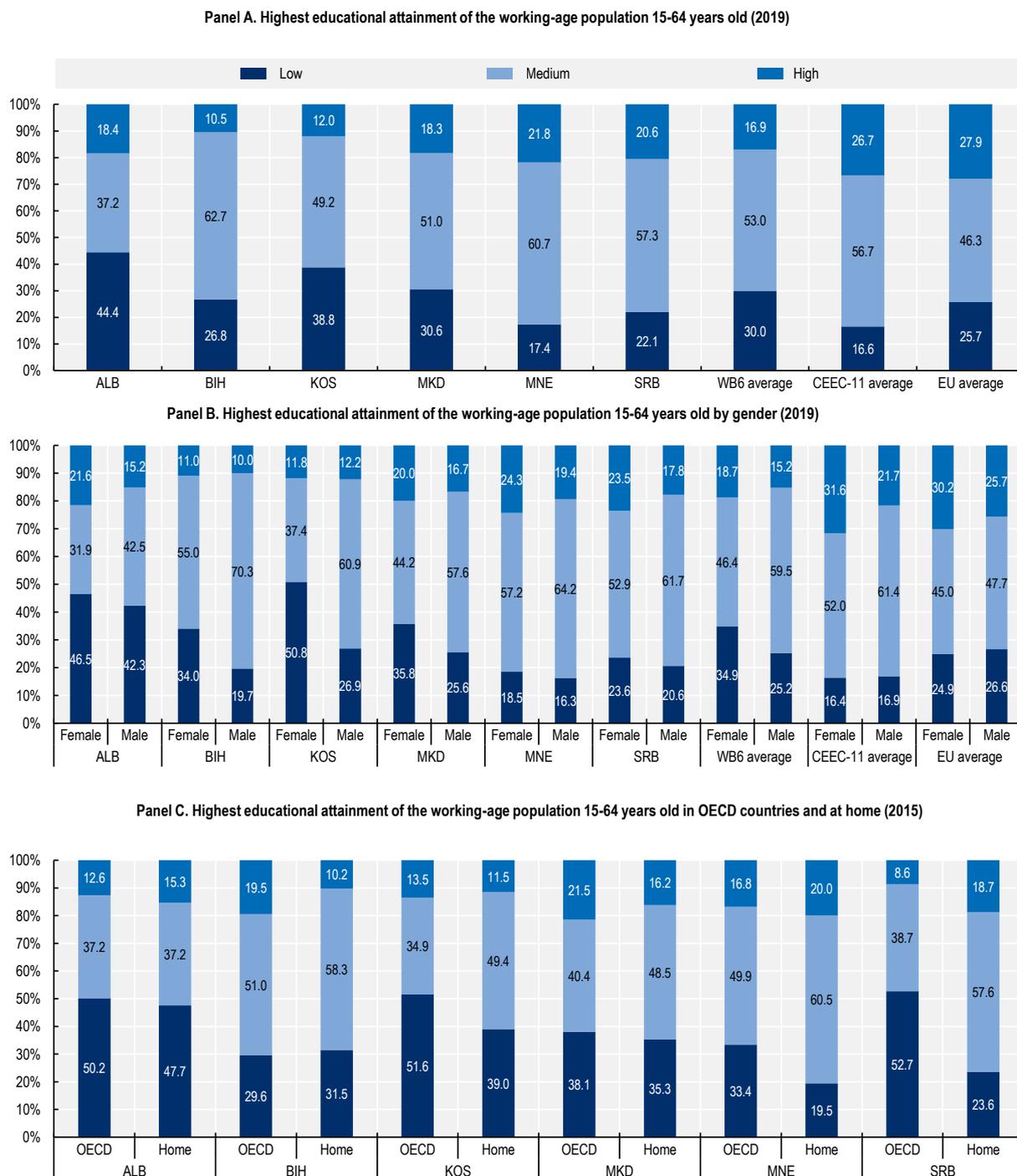
characteristics of the region's skills development systems, it is not surprising that an important share of respondents to the OECD survey on migration from the Western Balkan Six economies has qualified better education prospects abroad as an important or very important reason for their decision to emigrate (Box 2.3).

Medium-level education (upper or post-secondary non-tertiary education) is the most common educational attainment of the working-age population in all Western Balkan economies except Albania, similar to the educational distribution in CEEC-11 and EU countries (Figure 2.7, Panel A). On average, about one third of the working-age population in the region has only completed low education, a share 4 percentage points higher than in the EU countries and almost 13 percentage points higher than in CEEC-11 countries. Albania stands out with a higher share of low-educated among its working population, at 44%. The share of the working population with tertiary education ranges from 10.5% in Bosnia and Herzegovina to 22% in Montenegro. However, the share of highly educated remains below the CEEC-11 and EU averages, where the share of highly educated individuals is higher than the share of those with a low education level. In the Western Balkan Six region, that is the case only for Montenegro.

The distribution of education levels for the working-age population in the Western Balkan Six has remained relatively stable in the period 2015 to 2019 (Figure 2.7). Comparing the distribution of education levels of those living in the Western Balkan Six with Western Balkan Six migrants in OECD countries in 2015 provides additional information about the educational profiles of the Western Balkan Six emigrants (Figure 2.7, Panel C and see also Chapter 1). The comparison shows that the working-age population in Albania, Kosovo, Montenegro and Serbia were on average more educated – i.e. less likely to be low-educated and more likely to be highly educated – than emigrants from these economies residing in OECD countries. The opposite was true for Bosnia and Herzegovina, and the pattern is more mixed for North Macedonia with a higher share of both low-educated and highly educated emigrants compared to average education level of the population at home. This indicates that migrants from Albania, Kosovo, Montenegro and Serbia are more likely to have lower education level than the average population in the origin economies, while Bosnia and North Macedonia have been losing a relatively higher share of its highly educated population. For example, the share of highly educated emigrants from Bosnia and Herzegovina was 9 percentage points higher than the share of highly educated living in Bosnia and Herzegovina (19% and 10% respectively) while the share of highly educated Serbian emigrants was 10% lower than the share of highly educated in Serbia (9% and 19% respectively) in 2015.

In all Western Balkan Six economies, there are more low-educated women than men, but also more highly educated women than men, with the exception of Kosovo (Figure 2.7, Panel B). The gender gap among the low-educated at home is particularly large in Kosovo (where half of all women are low-educated), Bosnia and Herzegovina and North Macedonia, which also translates into particularly low employment rates for women in these economies (see Table 2.1). Unlike the Western Balkans, there is almost no gender gap among the low-educated for CEEC-11 and EU countries on average. In 2015, there were also more low-educated women than men for both Western Balkan Six migrants and the working-age population at home, with the exception of Albanian migrants (as seen in Chapter 1). In particular, the gender gap was much lower for low-educated migrants from Kosovo, but much higher for those from Montenegro and Serbia. On the other hand, as opposed to those at home, Western Balkan Six migrant men were more likely to be highly educated than women, with the exception of Albanian and Bosnian migrants.

Figure 2.7. Less than one-fifth of the working-age population has completed tertiary education



Note: Level of education refers to the highest level completed, classified according to the 2011 International Standard Classification of Education (ISCED). Low education is defined as ISCED 0/1/2, medium education is defined as ISCED 3/4 and high education includes ISCED 5/6/7/8.

Sources: Eurostat (2021^[5]), *Population by educational attainment level, sex and age (%) -- Main indicators [EDAT_LFSE_03]*, https://ec.europa.eu/eurostat/databrowser/view/EDAT_LFSE_03_custom_2441073/default/table?lang=en; World Bank and Vienna Institute for International Economic Studies (2022^[4]), *SEE Jobs Gateway Database*, <https://data.wiwi.ac.at/seejobsgateway.html>; OECD (2016^[6]), *Database on Immigrants in OECD and non-OECD countries (DIOC)*, 2015/16, <https://www.oecd.org/els/mig/dioc.htm>.

Acquired skills do not match labour market needs

Labour markets in the Western Balkan Six economies are marked by skills mismatches (Table 2.3), while high unemployment rates coexist with skill shortages. Such skill shortages and gaps are results of insufficient adaptation of curricula to changing economic structure, as well as technological development, while also falling short of developing workplace-related skills (OECD, 2021^[2]).

The STEP Skills Measurement Program survey conducted by the World Bank in a number of regional economies has pointed to skill gaps as a major cause of hiring difficulties (Table 2.3). In the latest Business Environment and Enterprise Performance Survey (BEEPS), 16% of firms in Montenegro, 24% of firms in Bosnia and Herzegovina and as much as 44% of Kosovo firms identified an inadequately educated workforce as a major constraint (Table 2.3). Meanwhile, a significant share of respondents to the Balkan Barometer survey do not feel that the skills they obtained during their education meet the needs of their jobs. The skills that the respondents stated they were most lacking include digital skills, as well as more cognitive and behavioural skills such as communication, and the ability to learn on the job (RCC, 2021^[7]).

Table 2.3. Skills mismatches in the Western Balkan Six are high

		Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia	Western Balkan Six average
BEEPS 2019	Percentage of firms identifying an inadequately educated workforce as a major constraint	25	24	44	16	19	20	25
Balkan Public Opinion Barometer 2021	Percentage of respondents disagreeing with the claim that skills learned in the education system meet the needs of their job	30	29	17	28	24	19	24
Balkan Business Opinion Barometer 2021	Percentage of firms identifying applicants' lack of skills as a reason for unfilled vacancies	45	38	44	51	50	30	44
Skills Measurement Program (STEP) survey	Percentage of firms that encountered problems in hiring workers in "non-routine" jobs due to lack of skills or experience	55	62	77	n/a	87	63	69
Skills Measurement Program (STEP) survey	Percentage of firms that encountered problems in hiring workers in "routine" jobs due to lack of skills or experience	54	52	59	n/a	53	68	57

Note: "Non-routine" jobs include managers, professionals and higher-level technicians, whose roles contain "non-routine" cognitive and socio-emotional tasks. This corresponds to Type A occupations in STEP methodology. "Routine jobs" include all other occupations, which are Type B occupations in STEP methodology (WIIW/World Bank, 2020^[8]).

Sources: World Bank (2019^[9]), *Enterprise Surveys - What Businesses Experience*, <https://www.enterprisesurveys.org/en/enterprisesurveys>; RCC (2021^[7]), *Balkan Barometer 2021 Public Opinion Analytical Report*, <https://www.rcc.int/balkanbarometer/publications>; WIIW/World Bank (2020^[8]), *Western Balkans Labor Market Trends 2020*, <https://wiiw.ac.at/western-balkans-labor-market-trends-2020-dlp-5300.pdf>.

Although skills mismatches remain a challenge in the region, most economies have become much better at analysing them and have started to set up strategies to reduce them (OECD, 2020^[10]). For instance,

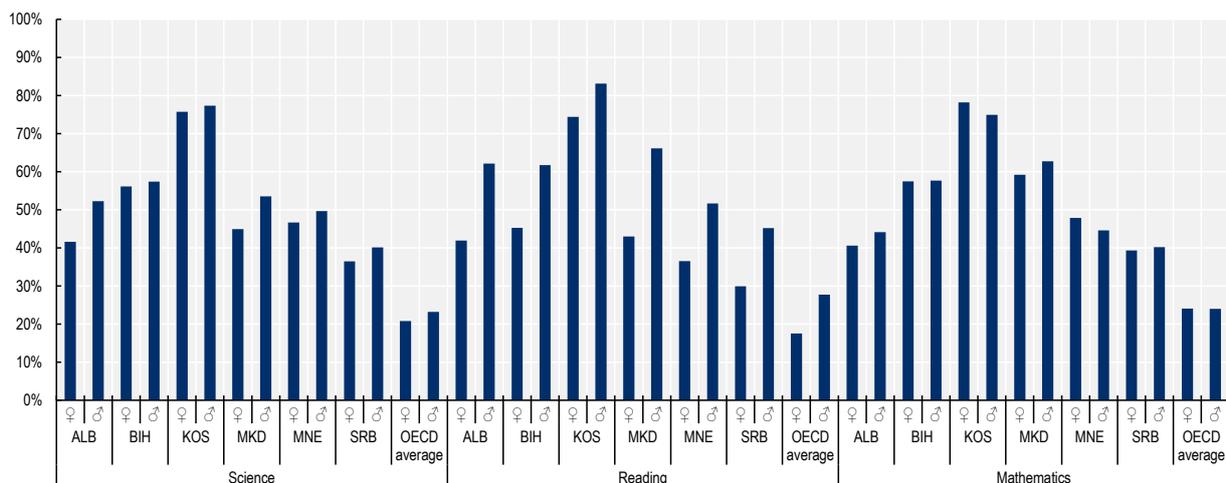
Montenegro and North Macedonia have introduced employability tracer studies, and Albania and Serbia, which already have these tracer studies, have improved their design. Those four economies have also introduced workplace-based training modules into VET curricula. Furthermore, North Macedonia has been implementing the Youth Guarantee scheme to help young people gain experience, while Serbia has set up a new programme called My First Salary that offers monthly cash benefits to young graduates being employed through this scheme.

Education outcomes in the Western Balkans are lower than in the average OECD country

Student performance in international assessments, such as the Programme for International Student Assessment (PISA), is significantly behind that in OECD countries, as well as in Central and Eastern European countries. For example, around 50% of students in the Western Balkan Six fail to achieve the baseline level of proficiency (level 2) in each of the three subjects tested by PISA (mathematics, science and reading). By comparison, about 80% of OECD students achieve baseline proficiency across each of the three. (Figure 2.8).

Figure 2.8. A high share of students do not achieve the baseline level of proficiency in science, reading or mathematics

Percentage of students scoring below level 2 in PISA, 2018



Note: The figure shows percentages for two genders, with values of ♀ corresponding to female, and of ♂ corresponding to male.

Source: OECD (2020_[10]), *PISA 2018 database*, www.oecd.org/pisa/data/2018database/.

There are many reasons for the poor quality of education at all levels, including low and inefficient spending on education. The relatively low spending on education compared to international benchmarks is reflected in inadequate teaching facilities, limited access to technology and other teaching tools, and infrequent updating and upgrading of curricula (OECD, 2021_[2]). This shows a misallocation of spending, with a high share going to teacher salaries but not resulting in higher educational outcomes.

Enrolling in higher education has also been a growing reason for emigration to OECD countries (see Chapter 1). Enrolment in education is a pathway to the labour market in the destination country, as it eases subsequent job-search. Studying abroad is also perceived as raising the quality of education and enriching personal experience. In some Western Balkan economies, universities are small and many do not offer the full range of subjects. Also, easier access to universities outside the Western Balkans region (e.g. in the European Union, China, Russia, or Turkey) compared to universities in another Western Balkan Six economy increases leave from the region (SOG, 2021_[11]). Results from the OECD Survey on migration

from the Western Balkan Six economies also indicate that better education is considered an important motive for migration by survey respondents (Box 2.3).

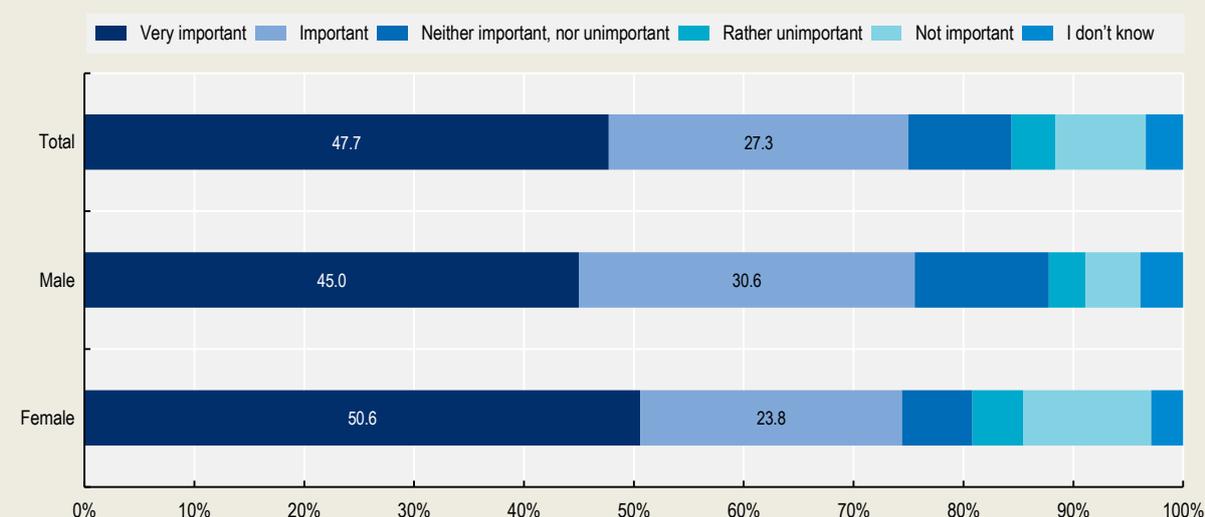
Box 2.3. OECD Survey results for “better education” as a motive for migration

Between June 2021 and January 2022, the OECD conducted a survey among respondents from the WB6 with current and past migration experience.

Respondents were asked about their main reasons for moving to another country. From a list of 13 potential reasons, 47.7% of respondents ranked *better education* as very important, while 27.3% qualified it as important (Figure 2.9). *Better education* ranked as the eighth most important reason for emigration among the answer options. For more information on the OECD Survey, see Annex 2.A.

Figure 2.9. Better education as a motive for migration

Distribution of respondents according to the level of importance attributed to *better education* as a reason for migrating (%)



Note: The number of total respondents for this question is 352; the number of female respondents is 172, and the number of male respondents is 180.

Source: OECD Survey on Emigration from the WB6.

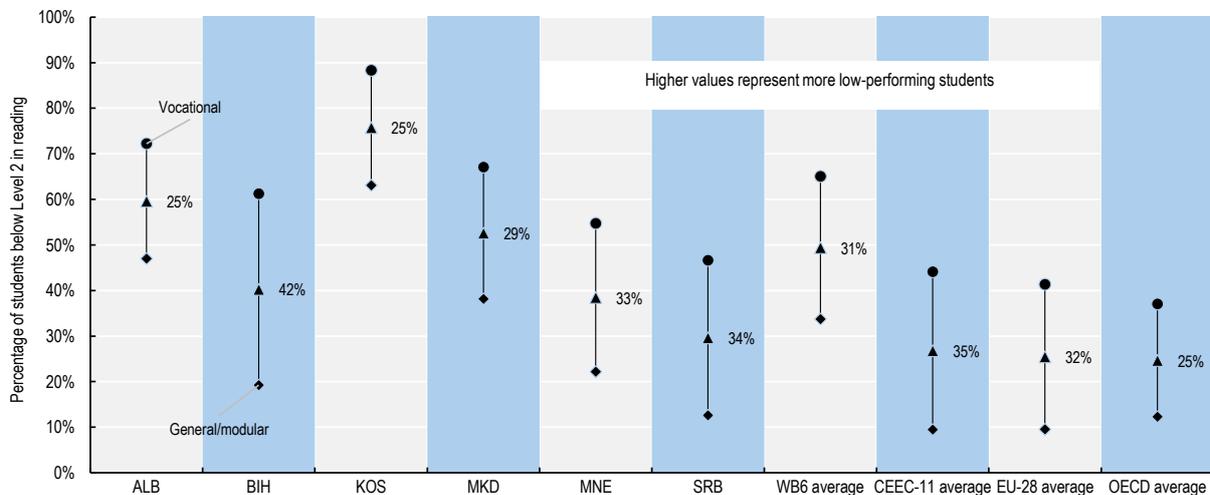
Work-based learning can be improved and adult learning increased

Work-based learning is a key component of VET systems, as it provides a powerful way for learners to acquire professional skills and the key competencies needed for working life. Its effectiveness in easing school-to-work transitions and meeting labour market demand is increasingly recognised internationally (OECD, 2018^[12]; UNESCO, 2018^[13]).

Students in the Western Balkan Six economies have higher average enrolment rates in VET programmes than the OECD and EU averages. Data from PISA underscores the need for vocational programmes to help students develop fundamental competencies, especially in the Western Balkans where large shares of students have not achieved basic literacy or numeracy skills by age 15 (Figure 2.10).

Figure 2.10. Students in general education have higher literacy skills than VET students

Differences in PISA 2018 reading performance of students in upper-secondary education, by education programme



Note: The PISA assessment has a scale of proficiency levels for the different subject domains. All students should be expected to attain level 2 by the time they leave compulsory education, as this is considered the baseline level of proficiency required to participate fully in society. Students who score below level 2 are classified by PISA as “low achievers”.

Source: OECD (2020_[10]), *PISA 2018 database*, www.oecd.org/pisa/data/2018database/.

However, engaging students, employers, social partners and education and training systems in these learning processes remains a challenge for many economies around the world, and especially in the Western Balkan Six; there, the transition from centrally planned economies means that private sector partnerships with state education systems are a relatively new tradition. Such partnerships between VET providers and businesses are critical to the success of work-based learning (WBL) models. Strengthening VET governance and improving VET curricula is thus key to reducing disparities in learning outcomes between VET and general students. Such measures can also help ensure that VET students are equipped with the core knowledge and skills needed for success in work and life. There are often skill shortages in VET-trained occupations within the Western Balkan Six. World Bank STEP Survey results confirm that the majority of employers in the Western Balkan Six face skill shortages in “routine” jobs (Table 2.3).

The low skill levels of older adults will hinder their employment opportunities. Adult learning initiatives consist mainly of systems to recognise and validate prior learning and some small-scale measures for the low-skilled and unemployed. According to data from the Adult Education Survey, last conducted in 2016, the share of adults participating in job-related non-formal education and training was far below the EU average of 35% (Table 2.4).

There is however an interest in participating in training for occupations that are in demand in destination countries, including developing the relevant language skills, thus signalling interest in preparing for migration abroad and better income perspectives (ETF, 2021_[14]).

Low digital literacy in many Western Balkan economies increases the risk of widening the digital divide as public services and businesses move on line (OECD, 2021_[2]). All economies recognise digital skills as a key competency in their education policies, and the Western Balkan Six have incorporated information technology (IT) subjects in education and training systems. Shortcomings in schools’ information and communication technology (ICT) equipment, distance-learning platforms, and IT training for teachers are key obstacles to digital skill development that hinder exploitation of more potentials for economic development, in terms of specialisation in “exporting IT services” and for the digitalisation of Western Balkan Six economies (OECD, 2021_[2]).

Table 2.4. Adults' participation in job-related education and training in the Western Balkan Six (2016)

	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia	Western Balkan Six average	EU average
Share of adults participating in job-related non-formal education and training (%)	6	5	n/a	n/a	10	14	9	35

Note: Data for Kosovo and Montenegro are unavailable.

Source: Eurostat (2021^[15]), "Participation rate in job-related non-formal education and training by type and age", https://ec.europa.eu/eurostat/databrowser/view/trng_aes_121/default/table?lang=en.

Underinvestment in lifelong learning is preventing economies from making the best use of the workforce and increasing productivity. In a labour market in which a sizeable share of skilled workers is migrating, the need for continuing training will become more pronounced.

2.1.3. Private sector development is hampered by a challenging business climate, high levels of corruption and weak linkages between FDI sectors and the local economy

A challenging business environment and high levels of corruption can deter entrepreneurs from establishing a business and potential investors from investing. In particular, it can also hamper the diaspora from investing in their country of origins (see Chapter 4). These factors also seem to be in play in the Western Balkans and motivate emigration as hinted by results from the OECD survey (Box 2.4 and Box 2.5).

FDI in the Western Balkans is sizeable, but often concentrated in sectors with limited productivity-enhancing potential

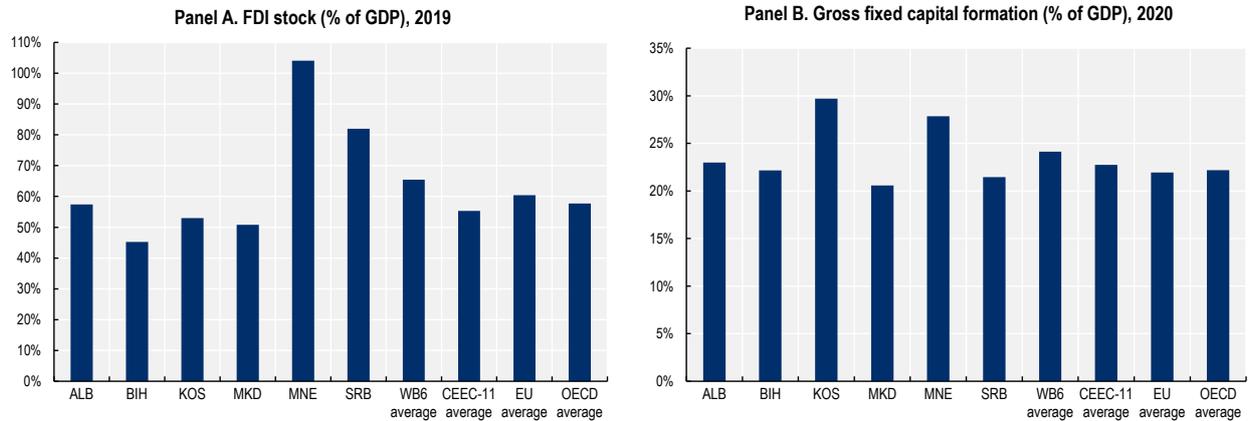
FDI stocks represented over 45% of GDP in the Western Balkan Six in 2019, reflecting the importance of foreign investment in these economies (Figure 2.11). A significant portion of investment in the region is directed to the non-tradeable sector and sectors with weak productivity-enhancing potential (such as real estate and wholesale and retail trade). Among the Western Balkan economies, Serbia and North Macedonia have been more successful in attracting greenfield FDI in export-oriented sectors. However, relatively weak linkages with the local economy restrain potential spillover effects from these investments into know-how and technology (OECD, 2021^[16]; 2019^[17]).

Over the past two decades, the Western Balkan Six economies have removed impediments to foreign direct investment and trade. They have also increased their policy efforts and put in place special incentives to attract new investment flows to expand certain sectors, such as the automotive and machinery industries (OECD, 2019^[17]). Despite recent developments that aim to encourage smart specialisation and knowledge-based investments in some economies, these investment policies did not always target the development of complex and knowledge-based service industries (OECD, 2021^[16]; 2019^[17]).

While the business environment in the region has improved, it remains complex and cumbersome for many businesses to navigate

Over the past decade, most Western Balkan Six economies have made progress in simplifying and streamlining administrative procedures in order to make it easier to start and operate businesses. However, obtaining permits and enforcing contracts remain relatively long and costly processes for businesses in most of the Western Balkan Six (Table 2.5).

Figure 2.11. Investments in the Western Balkans are comparably high



Note: FDI stock data for Kosovo are from 2018. CEEC 11 – Bulgaria, Czech Republic, Estonia, Croatia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia.

Sources: Panel A: UNCTAD (2020^[18]), *World Investment Report 2020*, International production beyond the pandemic, https://unctad.org/system/files/official-document/wir2020_en.pdf; IMF (2022^[19]), *IMF eLibrary Data*, <https://data.imf.org/?sk=388dfa60-1d26-4ade-b505-a05a558d9a42&slid=1479331931186>; OECD (2019^[20]), *OECD International Direct Investment Statistics 2019*, <https://doi.org/10.1787/g2g9fb42-en>. Panel B: World Bank (2021^[11]), *World Development Indicators*, <https://databank.worldbank.org/source/world-development-indicators>; OECD (2021^[21]), *Competitiveness in South East Europe 2021: A Policy Outlook*, <https://doi.org/10.1787/dcbc2ea9-en>.

Moreover, lack of confidence in the judicial system's fair and impartial decision making and unfair competition from the informal sector also represent important constraints for businesses in most Western Balkan Six economies (Table 2.5).

Table 2.5. Selected business environment indicators in Western Balkan Six

	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia	Western Balkan Six average	OECD average
Doing Business: Number of days needed to obtain a construction permit	324	180	237	102	91	100	172	152
Doing Business: Number of procedures needed to obtain a construction permit	19	17	18	9	9	11	14	13
Doing Business: Number of days needed for contract enforcement	525	595	330	545	634	622	541.8	590
Doing Business: Cost of contract enforcement (% of claim value)	43	36	34	26	29	40	35	22
BEEPS: Percentage of firms competing against unregistered or informal firms	45	42	19	58	55	50	45	34
Balkan Public Barometer 2021: Percentage of respondents stating they totally distrust or tend	65	66	67	53	70	47	61	n/a

	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia	Western Balkan Six average	OECD average
not to trust courts or judiciary								

Note: OECD average of the percentage of firms competing against unregistered or informal firms is computed for 25 OECD countries for which data are available.

Sources: World Bank (2020^[22]), *Doing Business*, <https://www.doingbusiness.org/en/data/exploreconomies>; World Bank (2019^[9]), *Enterprise Surveys - What Businesses Experience*, <https://www.enterprisesurveys.org/en/enterprisesurveys>; RCC (2021^[7]), *Balkan Barometer 2021 Public Opinion Analytical Report*, <https://www.rcc.int/balkanbarometer/publications>.

One-third of the OECD Survey respondents on migration from the Western Balkans also considered better opportunities for their own business as an important reason to move to another country (Box 2.4).

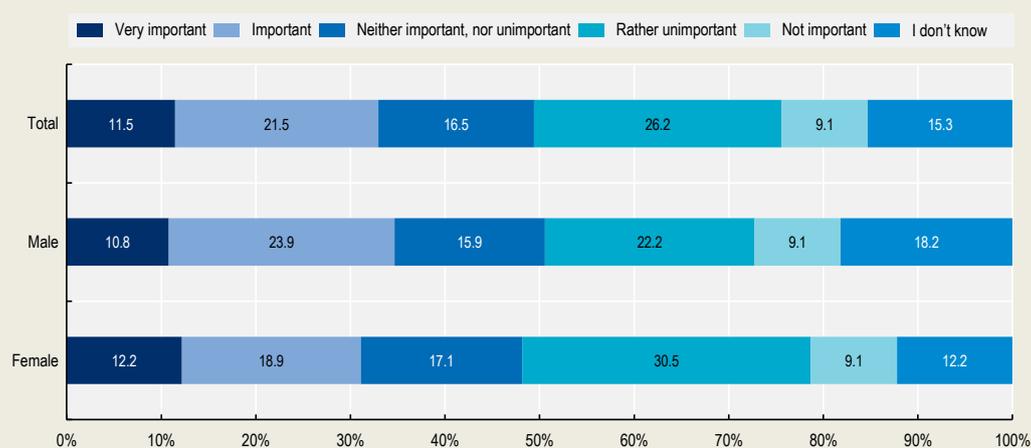
Box 2.4. OECD Survey results for “better opportunities for my own business” as a motive for migration

Between June 2021 and January 2022, the OECD conducted a survey among respondents from the Western Balkan Six with current and past migration experience.

Respondents were asked about their main reasons for moving to another country. From a list of 13 potential reasons, 15.3% of respondents ranked *better opportunities for my own business* as very important, while 21.5% qualified it as important (Figure 2.12). *Better opportunities for my own business* ranked last in importance among the answer options, which may also be explained by the fact that only 5% of 374 respondents were entrepreneurs/owned a company. For more information on the OECD Survey, see Annex 2.A.

Figure 2.12. Better opportunities for business as a motive for migration

Distribution of respondents according to the level of importance attributed to *better opportunities for my own business* as a reason to migrate (%)



Note: The number of total respondents for this question is 340; the number of female respondents is 164, and the number of male respondents is 176.

Source: OECD Survey on Emigration from the WB6.

High-levels of perceived corruption discourage private sector development and drive emigration

Lack of trust in public institutions and high levels of corruption negatively affect the business environment. On the World Economic Forum (WEF) Global Competitiveness Index 2019, the Western Balkan Six economies scored poorly on the incidence of corruption, with a ranking below 75th place for most economies (Table 2.6). According to the Business Environment and Enterprise Performance Survey (BEEPS), a large share of Western Balkan Six firms identified corruption as a major obstacle to doing business in the region, with most concern coming from Kosovo, Albania and Bosnia and Herzegovina. For example, in Kosovo over half of all surveyed firms identified corruption as a major constraint, compared to only 18% of the Europe and Central Asia (ECA) (Table 2.6). The equivalent figure for Albania was over 43.4%, and 29.5% for Bosnia and Herzegovina (Table 2.6). In addition, only 14% of businesses surveyed in the 2021 Balkan Barometer survey rated the “political will” to report and prosecute corruption cases as adequate or better, while 44% considered the government efforts in the field to be poor or very poor (Table 2.6) (RCC, 2021^[7]). The most recent Transparency International Corruption Perception Index ranks most economies in the Western Balkan region at over 85th place out of the 180 participating economies (Table 2.6).

Clientelism and corruption, as well as mistrust in institutions in their home economies, have also been named in the literature as significant migration factors (Pfeffer-Hoffmann, 2020^[23]). It has been shown that corruption reduces incentives for innovation and productive labour, and damages government services (OECD, 2015^[24]). A strong negative correlation is also found between confidence in government, and perceptions of government corruption (OECD, 2020^[25]).

Given the high levels of perceived corruption in the Western Balkan Six, it is not surprising that the OECD Survey on migration from the region shows that a large majority of the respondents find corruption and political instability to be an important reason to migrate (Box 2.5).

Table 2.6. Corruption in the Western Balkans perceived as an important constraint to business

	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia	Western Balkan Six average
Global Competitiveness Index: Incidence of corruption score (2019)	36	38	..	45	37	39	39
Global Competitiveness Index: Incidence of corruption ranking (2019)	85	77	..	58	81	75	75
Enterprise Surveys: Percentage of firms identifying corruption as a major constraint (2019)	43	30	56	5	18	15	23
Transparency International: Corruption perceptions index (2021)	35	35	39	46	39	38	38.7
Transparency International: Corruption perceptions index ranking (2021)	110	110	87	64	87	96	92
Balkan Business Barometer: Percentage of businesses rating the existence of government(s) “political will” for reporting and processing corruption cases as poor or very poor (2021)	47	71	44	40	41	22	44

	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia	Western Balkan Six average
Balkan Business Barometer: Percentage of businesses rating the existence of government(s) "political will" for reporting and processing corruption cases as adequate or exceptional (2021)	18	3	6	9	22	30	14

Note: The incidence of corruption is scored from 0 (lowest score) to 100 (best score). Corruption perceptions index is scored from 0 (highly corrupt) to 100 (very clean).

Sources: World Economic Forum (2019^[26]), *The Global Competitiveness Report 2019*, https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf; World Bank (2020^[27]), *Enterprise Surveys - What Businesses Experience*, <https://www.enterprisesurveys.org/en/data/exploretopics/corruption>; Transparency International (2021^[28]), *Corruption Perception Index*, www.transparency.org/en/cpi/2021; RCC (2021^[29]), *Balkan Business Barometer*, www.rcc.int/balkanbarometer/results/1/business.

Box 2.5. OECD Survey results for “corruption or political instability” as a motive for migration

Between June 2021 and January 2022, the OECD conducted a survey among respondents from the Western Balkan Six with current and past migration experience.

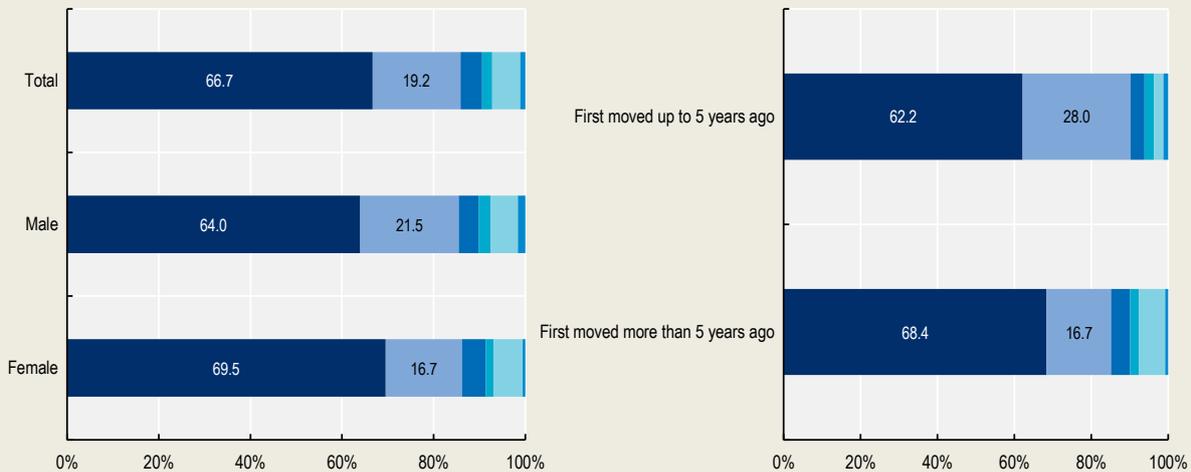
Respondents were asked about their main reasons for moving to another country. From a list of 13 potential reasons, 66.7% of respondents ranked *corruption or political instability in my home country* as very important, while 19.2% qualified it as important (Figure 2.13).

This opinion is even more present among recent emigrants: 90% of respondents who first moved within the 5 years preceding the survey find corruption and instability to be a very important or important reason for their emigration decision, compared to 85% of those who first emigrated more than 5 years ago.

Corruption or political instability in my home country ranked as the most important reason for emigrating among the answer options. For more information on the OECD Survey, see Annex 2.A.

Figure 2.13. Corruption and political instability as motives for migration

Distribution of respondents according to the level of importance attributed to *corruption or political instability in my home country* as a reason to migrate (%)



Note: The total number of respondents for this question is 360; the number of female respondents is 174, and the number of male respondents is 186. The number of respondents to this question who first moved more than 5 years ago is 263, and of those who moved less than 5 years ago is 82, making the total number of respondents declaring the time of first move abroad 345.

Source: OECD Survey on Emigration from the WB6.

2.1.4. Inequalities and an under-resourced social protection and health infrastructure can hamper citizens' well-being

Unequal access to employment opportunities, under-resourced healthcare systems and comparatively low levels of social protection pose a threat to social cohesion in the Western Balkans and provide an incentive for citizens to seek better living conditions abroad.

Income inequalities in the region are larger than in the average EU or OECD country, and sub-regional disparities in economic development and access to public services exist in all Western Balkan Six economies (OECD, 2021_[16]). Ethnic minorities, such as the Roma population, are disproportionately affected by these inequalities; together with other minority groups such as lesbian, gay, bisexual, transgender and intersex (LGBTI) people, they continue to be subject to discrimination (OECD, 2021_[16]).

Women and young people are less often employed

In all Western Balkan Six economies, significant employment gaps exist between men and women as well as between the younger and older working-age population.

On average, the employment rate of men is 18 percentage points (pp.) higher than that of women in the region, with particularly large gaps observed in Kosovo (28.6 pp.), Bosnia and Herzegovina (19.7 pp.) and North Macedonia (18.6 pp.) (Figure 2.14, Panel A). In Bosnia and Herzegovina, North Macedonia and Serbia, the gender employment gap is much higher in rural than in urban areas, while this spatial dimension is less significant in Albania and Montenegro.

Further insights into gender gaps in the Western Balkan Six are provided by gender equality indicators. The Regional Cooperation Council developed the Women Empowerment Index (WEI) as a measure of

women empowerment in the Western Balkans. In addition to the gender employment gap, this indicator also includes the share of females in middle and senior management, the female unemployment rate, the female labour force participation rate, and the share of female employees in full-time employment (Suta et al., 2021^[30]). In 2019 the average WEI score for the Western Balkan Six economies was 52.4 out of 100, while the EU average was 80. In the region, the highest scores were achieved by Albania and Montenegro. Bosnia and Herzegovina and Kosovo scored the lowest among the Western Balkan economies (Table 2.7).

Four of the Western Balkan Six economies have also calculated their Gender Equality Index (GEI) following European Institute for Gender Equality (EIGE) methodology, which also includes dimensions such as money, knowledge, time spent in care activities, power, and access to services (EIGE, 2022^[31]). North Macedonia received the highest score in the region, followed by Albania, Serbia and Montenegro; all economies scored below the EU average (Table 2.7). Bosnia and Herzegovina and Kosovo did not take part.

Table 2.7. Gender equality indicators in the Western Balkan Six (2019)

	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia	Western Balkan Six average	EU average
Women Empowerment Index score	75.1	45.9	25.4	53.0	70.9	62.4	52.4	80
Gender Equality Index score	60.4	..	..	62	55	58	58.9	66.9

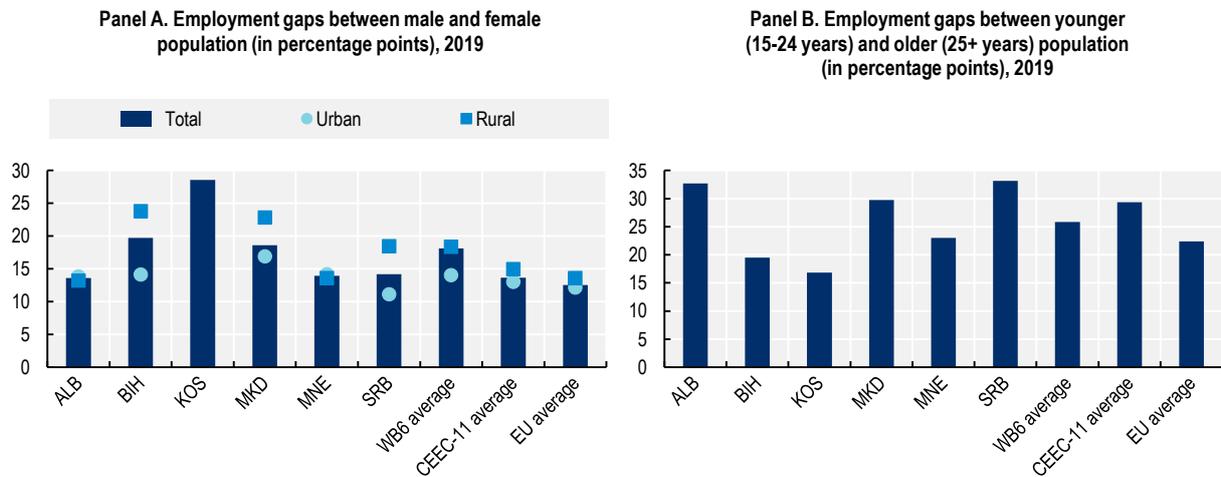
Note: Bosnia and Herzegovina and Kosovo did not take part in calculating their Gender Equality Index. WEI scores are calculated for the year 2019. GEI scores are calculated for 2019 for Albania, Montenegro and North Macedonia, and for 2021 for Serbia. EU average GEI score is calculated for 2019.

Source: Suta et al. (2021^[30]), "Economic Benefits of Gender Equality and Women Empowerment in the Western Balkans Six"; EIGE (2022^[32]), *Gender equality indices in the Western Balkans and Turkey*, <https://eige.europa.eu/gender-equality-indices-western-balkans-and-turkey>.

There are a number of reasons for women's comparatively low employment, including gender stereotypes, a lack of affordable and high-quality child care and elderly care, and inflexible working time arrangements (World Bank, 2017^[33]; Haxhikadrija, Mustafa and Loxha, 2019^[34]; Stanojevic et al., 2016^[35]; NALED, 2019^[36]). Educational attainment is decisive for women's labour market participation, and gender employment gaps are smallest among the well-educated (WIIW/World Bank, 2020^[8]). Conversely, the gaps are largest among the low-educated, while low-educated women also work more often as unpaid family members than their male peers. Differences in labour market outcomes are also related to occupational segregation, lack of access to finance and entrepreneurship support, and discrimination in recruitment and career progression.

Young people also face difficulties finding employment. The employment rate of young people aged 15-24 years is on average 25.8 pp. lower than that of the working-age population aged 25 years and above (Figure 2.14, Panel B). This age employment gap is particularly large in Serbia (33.2 pp.), Albania (32.7 pp.) and North Macedonia (29.8 pp.), where overall employment rates are higher than in Bosnia and Herzegovina and Kosovo. The difficulties of the education system in equipping people with skills needed in the labour market, as well as underperforming school-to-work transition mechanisms (see Section 2.1.2), are significant contributors to this major employment gap and the region's very high youth unemployment rates (Table 2.1).

Figure 2.14. Gaps in employment by gender and age are large



Note: Data for employment gaps represent the difference between the employment rates of the different groups. Data for all economies are based on ILO modelled estimates for the working-age population 15+ years, except for Kosovo where LFS data was used. For Kosovo, data for rural and urban areas is unavailable.

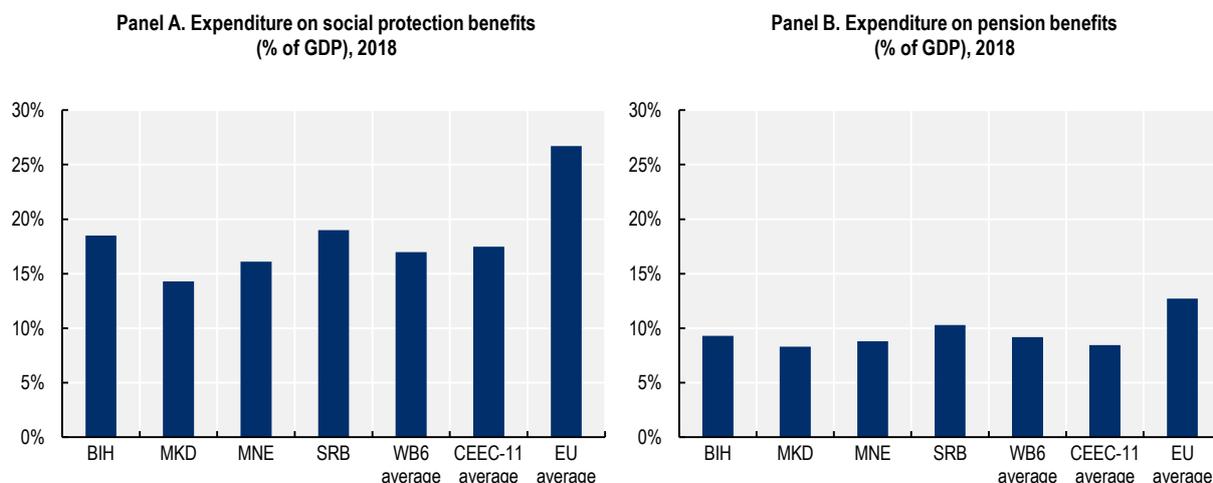
Source: Authors' calculations based on data from ILO (2021^[3]), *ILOSTAT database*, <https://ilostat.ilo.org/>.

Social protection, in particular pension and healthcare systems, are comparatively under-resourced

People who are not benefitting from employment or who are employed in low-paid occupations rely more heavily on social protection to avoid living in poverty. They are also more likely to fall into old-age poverty as their contributions to pensions are lower. By comparison with the average EU country, expenditures on social protection benefits in the four Western Balkan economies with available comparable data are low, ranging from 14% of GDP in North Macedonia to 19% of GDP in Serbia (Figure 2.15, Panel A). Similarly, expenditures on pension benefits in these four economies only ranged from 8% of GDP in North Macedonia to 10% of GDP in Serbia, compared to an EU average of 13% of GDP (Figure 2.15, Panel B).

While the exact set-ups of social benefits and pension schemes are economy-specific, the Western Balkan Six economies share some common challenges. Assuring the long-term financial sustainability of their schemes remains a priority, in particular as financing from social security contributions is made more difficult by the high levels of informality. Old-age poverty can be a concern in the region as pension payments and the uptake of private old-age insurance are relatively low (OECD, 2021^[16]).

Figure 2.15. Expenditures on social protection and pension benefits are below the EU average

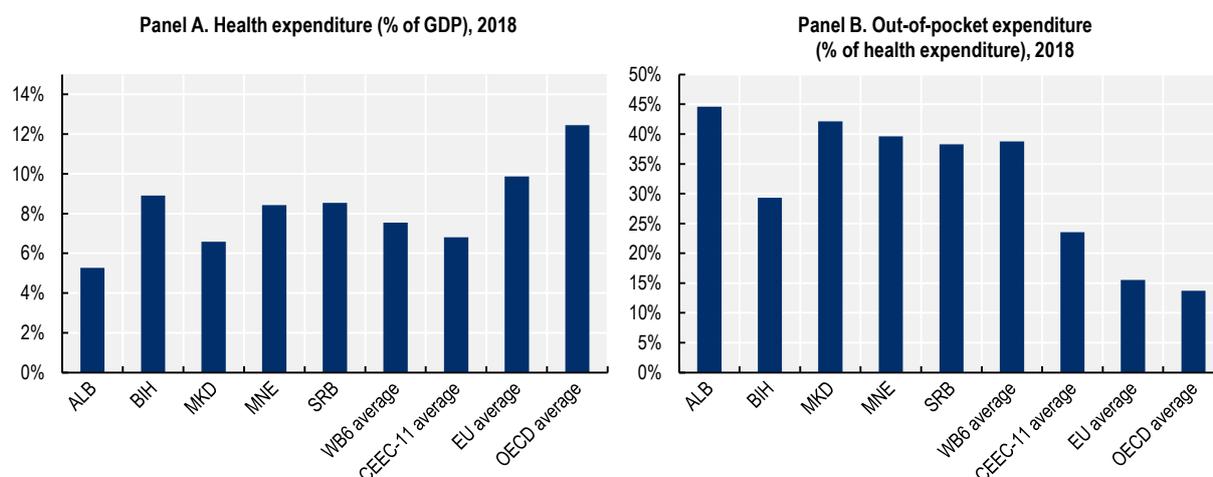


Note: Data for Albania and Kosovo not available. For North Macedonia, data on government expenditure on social protection benefits are from 2017 due to unavailability of more recent data.

Sources: Eurostat (2022^[37]), *Social protection expenditure [spr_exp_sum]*, https://ec.europa.eu/eurostat/databrowser/view/spr_exp_sum/default/table?lang=en; Eurostat (2022^[38]), *Social protection expenditures-Pensions [spr_exp_pens]*, https://ec.europa.eu/eurostat/databrowser/view/spr_exp_pens/default/table?lang=en.

Citizens' ability to benefit from medical services, irrespective of their material resources, is vital for their quality of life. In all Western Balkan Six economies, citizens have difficulties in accessing high-quality healthcare due a number of factors. Health expenditures (as a share of GDP) are lower in the region than in the average EU or OECD country (Figure 2.16, Panel A), which can impact not only the availability of health services but also their quality. With shares of out-of-pocket expenditures more than double the EU and OECD averages (Figure 2.16, Panel B), access to quality healthcare in the region is much more conditioned on income, thus threatening social equity.

Figure 2.16. The health system's financing threatens access to quality care

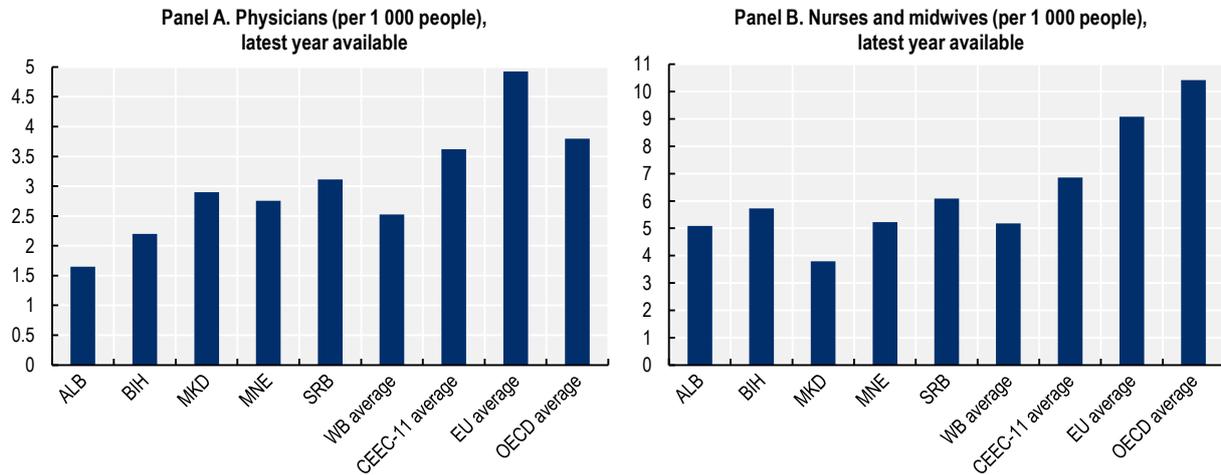


Note: Data for Kosovo are not available.

Source: World Bank (2021^[11]), *World Development Indicators*, <https://databank.worldbank.org/source/world-development-indicators>.

The number of physicians per capita in the region is also much lower than in the average CEEC-11, EU or OECD country, ranging from only 1.6 physicians per 1 000 people in Albania to 3.1 in Serbia (Figure 2.17, Panel A). This situation is similar with other medical staff; the region's average per capita number of nurses and midwives is only half the OECD average (Figure 2.17, Panel B).

Figure 2.17. Low numbers of medical staff constrain the Western Balkan Six's health systems



Note: Data for Kosovo are not available. For Panel A, latest year available refers to 2015 (Bosnia and Herzegovina, North Macedonia), 2016 (Serbia), 2017 (EU and OECD averages), 2017-18 (CEEC-11 average), 2018 (Montenegro) and 2019 (Albania). For Panel B, latest year available refers to 2015 (North Macedonia), 2016 (Serbia), 2017 (EU and OECD averages), 2018 (Bosnia and Herzegovina, Montenegro, CEEC-11 average except for Croatia [2015] and Romania [2016]), 2019 (Albania).

Source: World Bank (2021^[11]), *World Development Indicators*, <https://databank.worldbank.org/source/world-development-indicators>.

Fostering equity and social cohesion by promoting women's and young people's participation in the labour market and strengthening social protection and the healthcare system will be vital to increasing Western Balkan citizens' quality of life. They are also important factors in emigration decision. Indeed, a great number of respondents to the OECD survey on migration in the Western Balkans consider prospects of better social, health and pension systems as an important reason to migrate (Box 2.6).

Box 2.6. OECD Survey results on migration motivated by prospects of better social systems

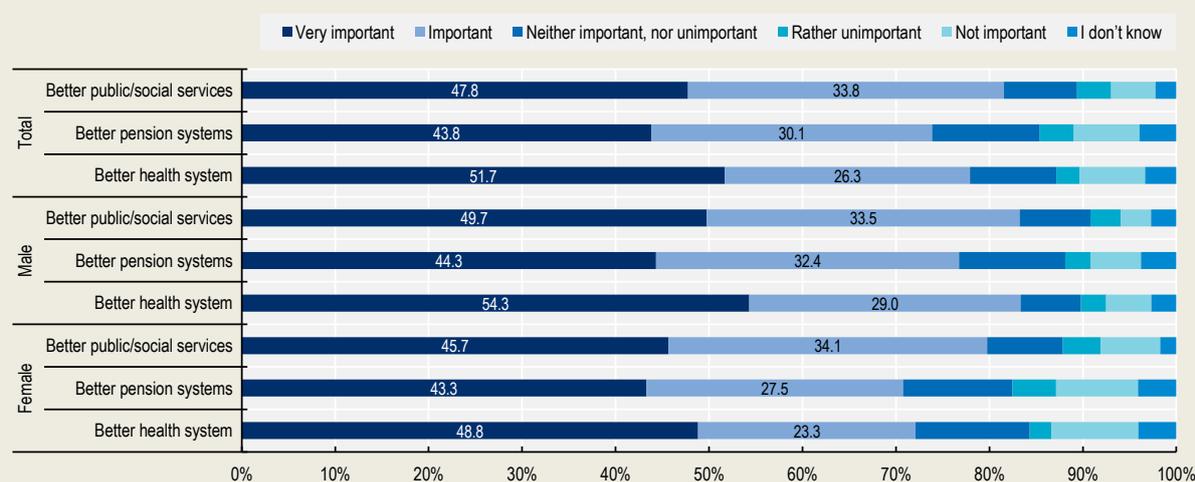
Between June 2021 and January 2022, the OECD conducted a survey among respondents from the Western Balkan Six with current and past migration experience.

Respondents were asked about their main reasons for moving to another country. Among a list of 13 potential reasons, the survey included *better public/social services*, *better pension systems* and *better health system*. Figure 2.18 shows that according to more than 70% of survey respondents, social systems – including public and social services, healthcare and pension systems – played an important role in their motivation to emigrate. *Better public/social services* ranked as fourth, *better health system* as seventh, and *better pension systems* as ninth most important reason to migrate among the answer options.

For more information on the OECD Survey, see Annex 2.A.

Figure 2.18. Migration from the Western Balkan Six motivated by prospects of better social systems

Distribution of respondents according to the level of importance attributed to *better public/social services*, *better pension systems* and *better health system* as a reason to migrate (%)



Note: The total number of respondents for the Better health systems question is 358, of which 172 were female and 186 male; the total number for Better pension systems is 356, of which 171 were female and 185 male; the total number for Better public/social services is 358, of which 173 were female and 185 male.

Source: OECD Survey on Emigration from the WB6.

2.2. Emigration from the Western Balkans can impact the region in different ways

There is evidence of strong links between migration and a range of key development indicators (OECD, 2017^[39]). However, migration effects are two-faceted. On the one hand, the economies could benefit in terms of poverty alleviation and investments made through remittances. On the other hand, this may come at the cost of reduced economic development perspectives in some local areas and regions (depopulation of particular rural areas is an issue in the Western Balkans). There are concerns about widening inequalities in regional economic development prospects, which could be exacerbated by increased labour and skill shortages.

Emigration can impact the labour market by generating labour shortages in certain sectors and skill groups, but it can also alleviate pressure on the labour market. The prospect of finding employment abroad could also increase incentives to invest in education (including upskilling), translating into higher levels of human capital. This could benefit the Western Balkan Six economies if the highly skilled individuals ultimately decide to stay in their home economy, or if they return after having migrated. A loss of human capital could also be possible in the case of their permanent migration. In any case, emigration could help build financial capital in the region, mainly in the form of remittances. Receipt of remittances can allow households to invest in productive activities and human capital, among others.

Section 2.2.1 examines the potential impacts of migration on the labour market for the Western Balkan Six, while Section 2.2.2 focuses on the potential impacts on human capital. Finally, Section 2.2.3 looks into the impact of migration on financial investments in the Western Balkans.

2.2.1. Emigration can create labour market distortions, skill shortages and affect unemployment and activity rates

Emigration can affect the labour market in different ways. By reducing labour supply, it may cause a decrease in unemployment. A reduction of labour supply at both national and household level may lead to constrained productivity and development. It is possible that emigration has a more pronounced effect on some sectors or some skills groups than on others, leading to skill shortages (OECD, 2017^[39]).

High emigration rates can lead to skills shortages and labour market distortions

The risk of brain drain resulting from the emigration of skilled labour has received much attention in the academic and public debate. A loss of human capital can also imply a lost return on investment and engender and accentuate skills shortages, thus hindering the increase in productivity of the economy.

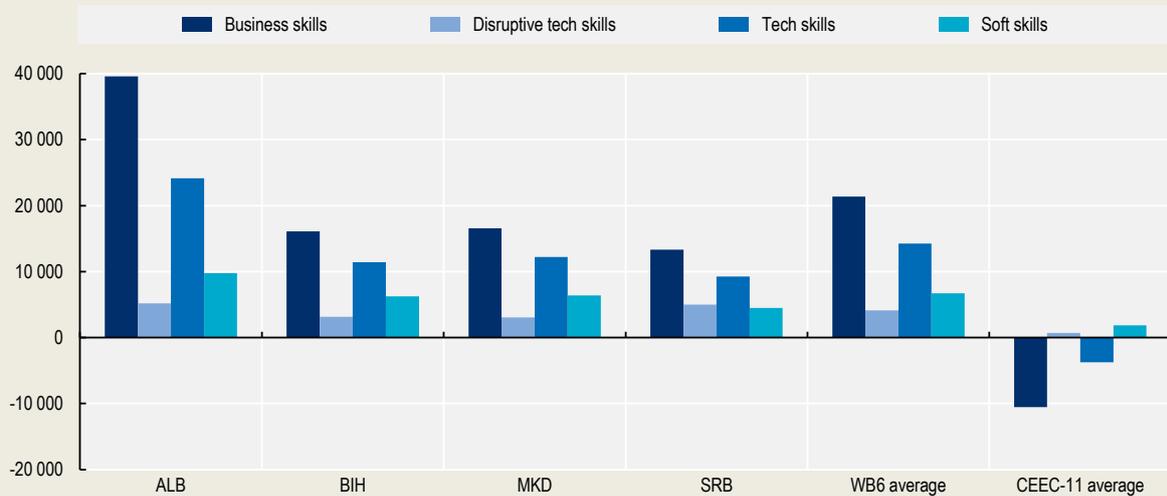
Box 2.7. LinkedIn and World Bank data analysis on skills in the Western Balkan Six

An analysis of LinkedIn data, carried out by LinkedIn and the World Bank, suggests that net migration for the Western Balkan Six economies of LinkedIn members during the period 2015-19 led to important skills losses, in particular of business skills and tech skills. For comparison, net skills losses for CEEC-11 economies were comparatively small, with net skills gains in business and tech (Figure 2.19). The analysis of LinkedIn data also showed a loss of industry-specific skills, such as in ICT, engineering and medical skills (World Bank Group and LinkedIn Corporation, 2022^[40]). The LinkedIn data mainly include information on higher-skilled professional groups working in knowledge-intensive sectors, which can offer important insights for observing and measuring brain drain. Among soft skills, problem-solving, business development, human resource management and time management have been major skills categories that have left the Western Balkan Six economies (World Bank and wiiw, 2020^[41]).

The World Bank LinkedIn Digital Data for Development show that in Serbia, skill losses have mainly affected Internet services, financial services, higher education, research and international affairs. The five main skills that were lost were dentistry, genetic engineering, development tools, medicine and rehabilitation, and web development. In addition, Serbia has lost management and transversal skills such as problem solving, time management and oral communication (although less than in North Macedonia, Bosnia and Herzegovina and Albania) (World Bank and wiiw, 2020^[41]).

Figure 2.19. Skill losses among LinkedIn users in the Western Balkan Six (2015-19)

Net loss per 10 000 LinkedIn users



Note: The figure shows the net loss of members from the economy with a given skill divided by the number of LinkedIn members with that skill in the selected economy, multiplied by 10 000. Data for Kosovo and Montenegro are unavailable. Western Balkan Six and CEEC-11 averages are simple averages.

Source: World Bank Group & LinkedIn Corporation (2022^[40]), *World Bank LinkedIn Digital Data for Development*, <https://linkedindata.worldbank.org/data>.

Results of the Regional Cooperation Council's Balkan Business Barometer show that on average, 44% of Western Balkan Six employers participating in the survey are unable to fill their vacancies due to applicants' lack of skills, while 37% consider that the emigration of the labour force is a reason for unfilled vacancies (Table 2.8). In Bosnia and Herzegovina and Serbia, businesses found the emigration of the labour force to be an even more important reason for unfilled vacancies than applicants' lack of skills (Table 2.8).

Table 2.8. Skill shortages aggravated by emigration

Percentage of responses to Balkan Business Barometer 2021 survey

Reasons for unfilled vacancies	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia	Western Balkan Six average
Applicants lack skills	45	38	44	50	51	30	44
Labour force emigrated	38	50	37	33	27	48	37

Note: The table shows the opinion of businesses surveyed regarding reasons for unfilled vacancies.

Source: RCC (2021^[29]), *Balkan Business Barometer*, www.rcc.int/balkanbarometer/results/1/business.

The share of highly skilled persons among the emigrant population varies across the Western Balkan economies (see Chapter 1). However, high emigration rates in some sectors, such as healthcare, have been observed for all six economies (see Box 2.8). Evidence on intentions to emigrate provides additional insights on the migration potential of Albanian students in fields of study such as medicine, nursing, informatics and engineering, who have higher intention of emigrating compared to students in other fields (ETF, 2021^[42]).

A series of reports from the European Training Foundation point to high labour demand and shortages in the area of ICT (e.g. (OECD, 2021^[21]; ETF, 2021^[14]). Shortages of ICT specialists are however not specific to Western Balkan Six economies, but tend to occur globally (ILO, 2020^[43]). Shortages of engineers have been reported in Serbia (OECD, 2021^[21]).

Besides high-skilled migration, emigration of medium-skilled workers is also an issue for the Western Balkan Six region given the skills structure of the economies. As shown in Chapter 1, the large majority of migrants from Western Balkan Six employed in OECD countries are low- and medium-skilled, and this also holds true for recent labour migration to Germany and Switzerland, although there is also a trend towards increasing levels of emigration of the highly skilled. Labour shortages in the area of mid-level educated workers, e.g. craft professions, have been less at the centre of public debate, although they represent a larger issue for some Western Balkan Six economies such as North Macedonia and Serbia. Skill shortages do also concern a number of crafts and low-skilled activities and medium-educated service sector workers (OECD, 2021^[21]). Examples include specific manufacturing occupations (e.g. welders), construction workers and road transportation, care services and nurses (OECD, 2021^[21]; ETF, 2021^[14]). There are, however, large differences in the skill composition of emigrants by economy (see Chapter 1).

In the case of Serbia, skill shortages have become prevalent in manufacturing (metal processing, in particular), construction (owing to the housing market and civil engineering investment booms) and road transport (e.g. truck drivers). As Serbian manufacturing firms become more like those in other Central and Eastern European Countries – i.e. more closely integrated into global value chains – they are increasingly competing for the same types of skilled workers and so have to offer more competitive salaries. For Serbia, an estimation of costs of emigration of young people shows that directly and indirectly lost employment has generated an annual loss of gross value added of EUR 897.3 million, which is about 2.1% of Serbia GDP from 2018 (Government of Serbia, 2019^[44]). Similarly in North Macedonia, there has been growth in the demand for medium skills over the past decade by manufacturing companies, brought in by the FDI attraction policy, and especially by multinational companies competing for these skills types globally. This has led to skill shortages in the country, which have been exacerbated by emigration (ETF, 2021^[45]).

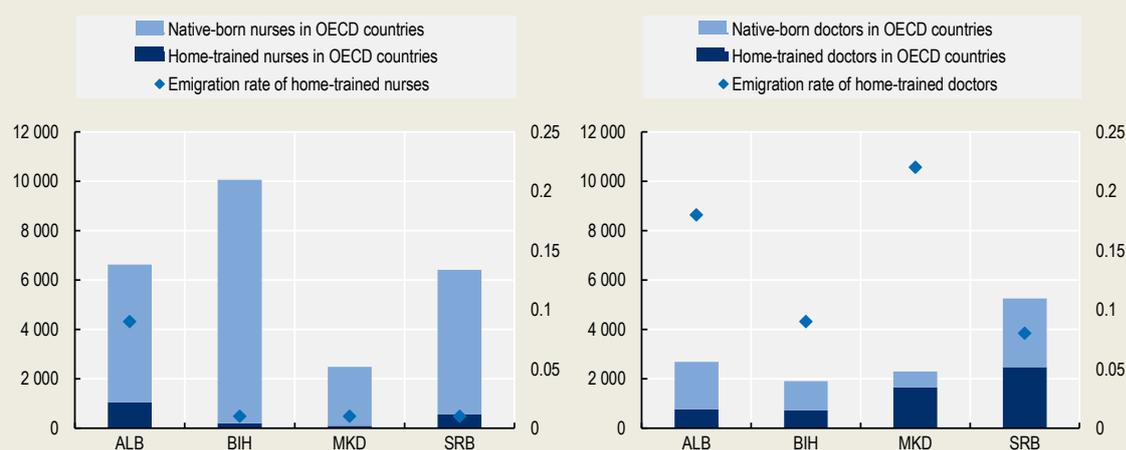
Box 2.8. High emigration rates in the medical sector are affecting all Western Balkan Six economies

The medical sector is one of the sectors where high emigration rates have been observed in all Western Balkan Six economies. This causes an aggravation of the labour shortages reported in the healthcare system, demonstrated by the low numbers of medical staff per capita in the region compared to the average of CEEC-11, EU and OECD countries (see Figure 2.17).

Data on the emigration of Western Balkan Six health workers include both the number of home-trained doctors and nurses that emigrated to OECD countries, and the number of doctors and nurses born in the Western Balkan Six but trained and living in OECD countries (Figure 2.20). In 2017/18, more than 2 700 home-trained Serbian doctors and 1 500 home-trained Macedonian doctors were identified in OECD countries, representing an emigration rate of about 8% and 22% respectively. Albania has lower absolute levels of home-trained doctors (close to 800), but an emigration rate of 18% of these doctors. Albania also had the highest absolute number of home-trained nurses (1 042) and highest rate of emigration of nurses (9%) to OECD countries in the region. This rate is higher than all CEEC-11 economies except for Romania (15%) and Poland (9%) (Socha-Dietrich and Dumont, 2021^[46]). These high emigration rates in the medical sector may have been an important factor leading to the low numbers of medical staff in Albania. In 2019, Albania had the lowest number of physicians per 1 000 people in the Western Balkan Six region and the second lowest number of nurses per 1 000 people (see Figure 2.17). The number of doctors and nurses born in the Western Balkan Six but trained and working in OECD countries are higher than the number that are home-trained in all cases

except for doctors from North Macedonia. Albania, Bosnia and Herzegovina and Serbia all have relatively high levels of native-born doctors and nurses, professions that also correspond to top sectors in which the Western Balkan Six migrants work in OECD countries, as presented in Chapter 1 (Tables 1.2 and 1.4 in Chapter 1).

Figure 2.20. Emigration of Western Balkan Six health workers to the OECD area (in 2017/18 or closest year)



Note: Home-trained doctors/nurses refers to those who were born and trained in the origin economy, but work in an OECD destination country. Native-born refers to doctors/nurses who were born in the Western Balkan Six economy but were trained and work in an OECD destination country. The emigration rate represents the ratio of the number of doctors/nurses born and trained in a given country but working in (other) OECD countries, to the number of doctors/nurses that would be in the country, if all these migrants worked there as doctors/nurses (Socha-Dietrich and Dumont, 2021^[46]).

Source: OECD (2022^[47]), *OECD Health Workforce Migration Database*, https://stats.oecd.org/Index.aspx?DataSetCode=HEALTH_WFMI.

Emigration can reduce unemployment rates but can have a negative impact on activity rates

An advantage of emigration can be that it reduces the level of unemployment. The effect of emigration (and circular migration) on activity rates and employment rates are manifold. While employment rates can increase, remittances received from emigrants can negatively impact activity rates (see Section 2.2.3 below).

Evidence from the Western Balkans shows that unemployment has fallen over the past decade (Figure 2.2). However, a strong linkage between reduced unemployment and emigration is not evident. Not only has unemployment decreased, but also employment has grown over the same period, including among older workers. Most importantly, the still high unemployment rate, and in particular the high youth unemployment rate (despite the recent fall), comes with skills shortages and points to weaknesses in the education system and the school-to-work transition (OECD, 2021^[2]).

2.2.2. Emigration can impact human capital and education and training systems

Emigration can have different effects on education

In principle, emigration could have an effect on investment in education, depending on the demand for low-educated, medium-educated and high-educated in the countries of destination and the countries of origin, as well as the wage gap between the two. There could be an incentive for individuals to invest in education (including in upskilling) if doing so offers prospect of better job opportunities abroad. This can be beneficial

for the Western Balkan Six economies if it incites those who stay to increase their skills level, or if migrants return to the home economy. For example, Beine, Docquier and Rapoport (2001^[48]) find that the “drain effect” of losing human capital can be beneficial if it generates sufficient additional investment in education (supporting the “brain effect”).

It needs to be examined whether, in the case of Western Balkan Six, emigration has increased incentives to invest in education in the home economies and in the destination countries, and whether there are potential returns on investments in the economies of origin. Some evidence suggests that migration prospects do shape education investment decisions of individuals in Western Balkan Six economies and encourage adjustment of education systems. Adjustments in the education system can be seen in North Macedonia – with German language becoming the second most important foreign language taught after English – as well as a shift towards teaching IT subjects (ETF, 2021^[45]). A major advancement in the economy has been reform of the VET system, including the promotion of work-based training (ETF, 2021^[45]) (OECD, 2021^[2]). It can be assumed that the main destination countries for VET-trained workers have an influence on modernising the VET system in Western Balkan Six (see Chapter 3 for concrete examples of support given by German institutions).

Return and circular migration can result in knowledge transfer

A major benefit of migration for the country of origin consists in knowledge and human capital transfers. This can in principle happen through circular migration, return migration, immigration of highly skilled workers, or co-operation in research or through FDI. Experience gained abroad, increased language skills, entrepreneurial skills, technical skills, as well as the open mindset of students who have studied abroad¹ can benefit the country of origin, if migrants are returning. Brain gain may also happen if other skilled labour can be attracted to the Western Balkan Six. Studies show that immigrant workers’ skills can improve technology adoption and adaptation through their contribution to innovation (Chellaraj, Maskus and Mattoo, 2005^[49]), or facilitation of knowledge spillovers (Moen, 2005^[50]), and thus contribute to productivity growth.

Return migration holds important development potential in terms of both financial and human capital transfers. This is particularly true for the Western Balkan Six region, given the large emigration of workers of different skill levels that are equally in demand in the labour markets at home, and the increasing number of international students that could bring back important knowledge and skills to the region – provided that they return. Return migration has consequently received increasing interest from policy makers in the Western Balkan Six economies. However, analysis of return migration flows and labour market outcomes are hampered by data scarcity. There are no systematic data collected to capture return migration patterns or characteristics of the return migrants to Western Balkan Six economies. More surveys and harmonised data collection on return migration in both economies of origin and destination are needed.

Difficulties in integrating return migrants back into the socio-economic environment in the country of origin can prevent their full participation in the labour market and thus represent an obstacle for human capital transfer (OECD, 2017^[39]). At the same time, skills mismatch of emigrants on the labour markets of destination countries could somewhat limit their human capital accumulation abroad. While Western Balkan Six migrants in destination countries have employment rates that are high they are often overqualified, with levels of education higher than required for performing their occupations (see Chapter 1). Such shares of overqualified emigrants, surpassing 50% for some Western Balkan Six economies of origin, could risk limiting human capital transfer upon their potential return.

Analysis of return migration to the region mainly relies on a limited number of household surveys of return migrants, as well as Labour Force Surveys (LFSs). This makes it difficult to draw general conclusions about the contribution of return migration to development in the Western Balkan Six region. However, a few studies have looked into the available data that do exist for one or several of the Western Balkan Six

¹ https://ec.europa.eu/assets/eac/education/library/study/2014/erasmus-impact-summary_en.pdf.

economies. Recent analyses of net migration flows by educational attainment in the period 2010-19, using LFS data, reveal some differences across the Western Balkan Six economies (Leitner, 2021^[51]). The results indicated a net outflow of highly skilled migrants with little evidence of return to Albania, Bosnia and Herzegovina and Kosovo, while Montenegro, North Macedonia and Serbia experienced positive net migration among those with the highest skill level, especially among the younger cohorts. The findings indicate that return migration in the form of students returning home after acquiring university education abroad is taking place in Montenegro, North Macedonia and Serbia (Leitner, 2021^[51]).

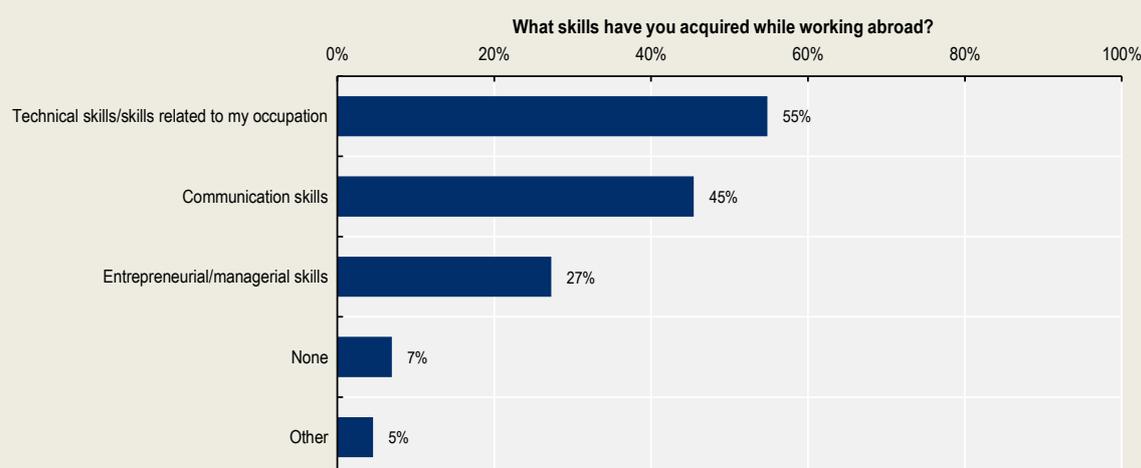
Some additional country-specific evidence related to return migration is available for Albania. LFS data (2012-14) and household survey data (2013) from Albania indicate that the majority of the return migrants are young men (García-Pereiro and Biscione, 2016^[52]; Hausmann and Nedelkoska, 2018^[53]). In terms of education, Albanian return migrants were more likely to have undertaken vocational training but less likely to have a university degree than other Albanian nationals, which indicates that return migrants in Albania are negatively selected in terms of higher education (Hausmann and Nedelkoska, 2018^[53]). However, the same study also showed that engaging in self-employment, especially in the agriculture sector, allowed Albanian returnees to generate employment opportunities for non-migrants (Hausmann and Nedelkoska, 2018^[53]). Evidence from another survey with returning Albanians indicated that skills transfers take place when return migrants are self-employed but that human capital transfers generally are limited due to deskilling in the countries of destination (King and Vullnetari, 2009^[54]).

Box 2.9. Individual gains in skills development

In the OECD Survey on migration from the Western Balkans, respondents were asked about the skills they acquired while working abroad. The respondents then selected, based on their experience, one or more skill options.

As shown in Figure 2.21, more than 50% of the respondents replied that they acquired technical skills or skills related to their occupation. Sixty-one per cent of the respondents replied that they had acquired language skills, while 45% of them had acquired communication skills. Almost one-third of the respondents also claimed to have acquired entrepreneurial/managerial skills.

Figure 2.21. Skills acquired while working abroad



Note: The total number of respondents for this question is 374.

Source: OECD Survey on Emigration from the WB6.

Learning has been achieved across all educational levels (Table 2.9). The skills acquired can be beneficial for the home economy if people return. It could be useful for the public employment services to profile skills of returnees.

Table 2.9. Skills acquired across educational levels

	None	Technical skills/ skills related to my occupation	Language skills	Communication skills	Entrepreneurial/ managerial skills
9 years of schooling or less and no formal vocational qualification	10%	55%	45%	20%	15%
Doctorate degree / PhD	4%	52%	64%	44%	40%
General vocation school but no vocational qualification	10%	32%	37%	17%	10%
University degree at bachelor level	1%	40%	53%	41%	19%
University degree at master's level	4%	54%	62%	53%	35%
Vocational qualification	8%	38%	34%	21%	13%
Other	4%	19%	33%	33%	7%
All educational levels	7%	55%	61%	45%	27%

Source: OECD Survey on Emigration from the WB6.

For more information on the OECD Survey see Annex 2.A.

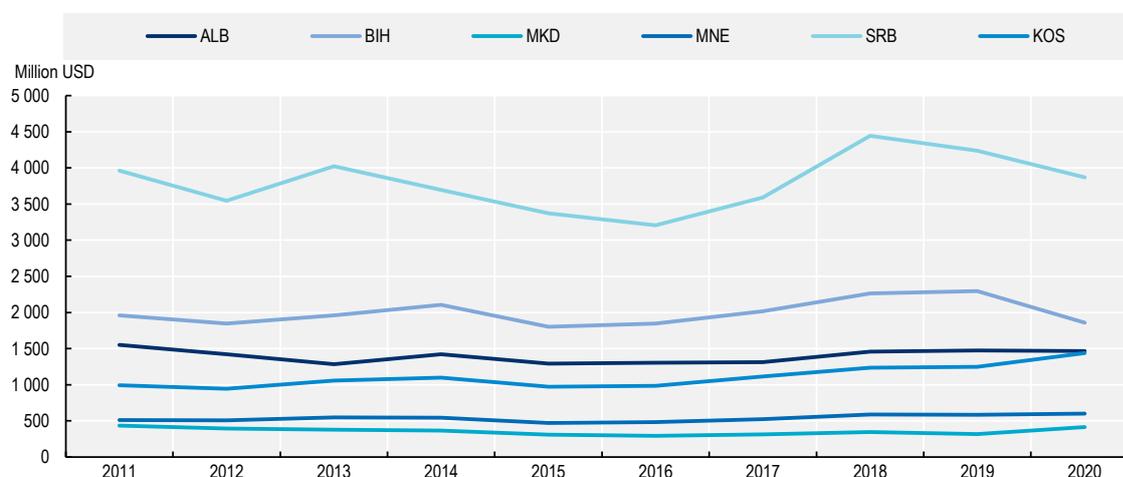
2.2.3. Financial inflows to the region can increase from emigration, but do not necessarily translate into positive outcomes

As this report has made clear, emigration can generate financial resources such as remittances or foreign direct investment. Diaspora and return migrants are important factors that could help increase investment in the Western Balkan Six. This can ultimately lead to a greater well-being for migrant households and more long-term development in the region.

Remittances to the Western Balkan Six are substantial

Emigration from the Western Balkan Six has generated an important source of income in the form of remittances to the Western Balkan Six. Serbia is the largest recipient of remittances in the region, with an inflow of USD 3.9 billion in 2020 (Figure 2.22). This was a slight decrease compared to 2019 (at USD 4.2 billion) and the record year 2018 (at USD 4.4 billion). The second top receiver of remittances, Bosnia and Herzegovina, also saw a decline in remittances between 2019 and 2020 – down from USD 2.3 billion in 2019 to USD 1.9 billion in 2020 – while remittances sent to Kosovo and North Macedonia increased slightly in the same period. The inflow of remittances exceeds the inflow of FDI in all economies but North Macedonia and Serbia.

Figure 2.22. Remittances to the Western Balkan Six region (in million USD), 2011-20



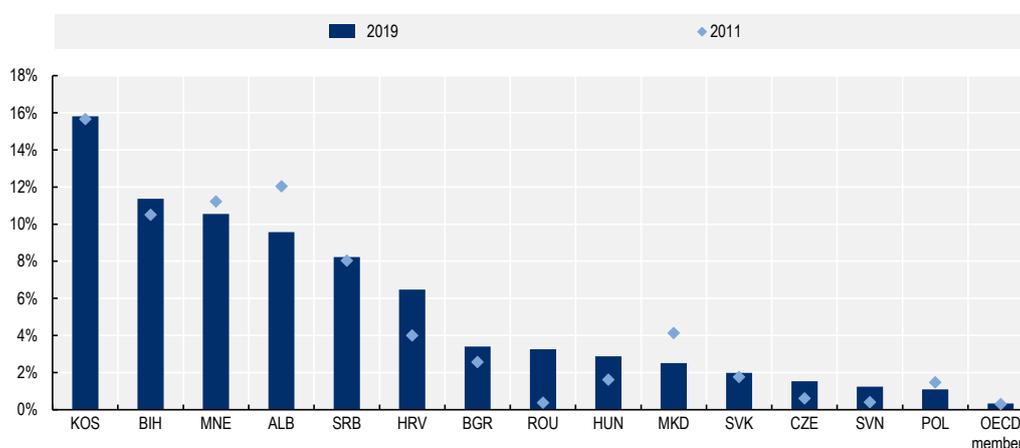
Note: Personal remittances comprise personal transfers and compensation of employees.

Source: World Bank (2021^[11]), *World Development Indicators*, <https://databank.worldbank.org/source/world-development-indicators..>

Remittance inflows to the Western Balkan Six region are also significant when compared with those to neighbouring CEEC countries and OECD member countries (Figure 2.23). In 2020, Kosovo received remittances corresponding to close to 16% of its GDP, which made it the top receiver of remittances among the Western Balkan Six and CEEC countries, and also one of the top receivers in the Europe and Central Asia region (Ratha et al., 2020^[55]). In fact, Kosovo is among the top 20 remittance-receiving economies in relation to GDP worldwide (EMN/OECD, 2020^[56]). The remittance-to-GDP ratio is also significant in Albania (9.5%), Bosnia and Herzegovina and Montenegro (11.4% and 10.5% respectively). The importance of remittances for the economy has remained relatively stable over time for most Western Balkan Six economies, with a slight increase for Bosnia and Herzegovina (from 10.5% in 2011 to 11.4% in 2019) and a decrease in Albania (from 12% to 9.5%) and North Macedonia (from 4% to 2.5%).

Figure 2.23. Remittance inflows to Western Balkan Six and selected CEEC countries, 2011 and 2019

Remittance inflow as share of GDP (%)



Note: Personal remittances comprise personal transfers and compensation of employees. BGR=Bulgaria, CZE=Czechia, HRV=Croatia, HUN=Hungary, POL=Poland, ROU=Romania, SVK=Slovakia, SVN=Slovenia.

Source: World Bank (2021^[11]), *World Development Indicators*, <https://databank.worldbank.org/source/world-development-indicators..>

Remittances can play an important role in boosting national economies and improving individual and household well-being in migrant origin countries. At national level, remittances constitute an important source of external funding – sometimes more important than FDI flows, which is the case for the majority of Western Balkan Six economies – that can enhance balance of payments, spur economic growth and reduce poverty and inequality. At the household and individual level, remittances can help alleviate credit constraints and encourage investments in productive activities such as purchase of land and businesses, as well as productive assets (Adams and Cuecuecha, 2010^[57]; Massey and Parrado, 1998^[58]; Woodruff and Zenteno, 2007^[59]; Yang, 2008^[60]), and human capital (Cox Edwards and Ureta, 2003^[61]; Hanson and Woodruff, 2003^[62]; Yang, 2008^[60]). Remittances can also increase savings and help households cope with risk by smoothing income and consumption over time.

However, a number of factors may impede the positive impacts of remittances. Firstly, large inflows of foreign currency place upward pressure on prices and make exports less competitive, which results in reduced production (Chami et al., 2018^[63]). The evidence regarding remittances' role in reducing poverty and inequality is also mixed. Migration is an expensive undertaking in many contexts, and remittances may thus not reach the poorer parts of the population, which could even lead to increased inequality in areas where migration is costly (Ratha, 2003^[64]). Furthermore, the income effect from remittances may also negatively affect work incentives, and empirical evidence points to a negative impact of remittances on labour supply (Kim, 2007^[65]; Acosta, 2006^[66]; Hanson, 2007^[67]). Finally, it has also been argued that large remittance inflows may generate political side effects as remittances help households cope with economic shocks and thereby make them less motivated to demand change from the government (Chami et al., 2018^[63]). Other studies have however shown a positive relation between remittances and quality of government and accountability, as remittance receivers use their earning capacity to influence governance and public service provision (Tusalem, 2018^[68]).

Empirical evidence from the Western Balkan Six show that remittances have positively contributed to economic growth in the region (Meyer and Shera, 2016^[69]) for Albania, Bosnia and Herzegovina, and North Macedonia; (Topxhiu and Krasniqi, 2017^[70]; Çollaku and Merovci, 2021^[71]) and to a limited extent helped reduce inequality (Bajra, 2021^[72]). GAP Institute (2020^[73]) has looked into FDI generated by the diaspora in Kosovo. The results indicate that a large portion of real estate investments in Kosovo comes from the diaspora. Remittances have also been shown to boost employment in Bosnia and Herzegovina (Baškot, 2020^[74]). At microeconomic level, remittances have been positively linked with educational attainment in Bosnia and Herzegovina, but only among households that are relatively well off (Oruč, Jackson and Pugh, 2019^[75]). Evidence from Kosovo and North Macedonia shows that remittances increase consumption and reduce poverty (Petreski et al., 2018^[76]; Duval and François-Charles, 2016^[77]), and have positive impacts on health outcomes in North Macedonia (Petreski et al., 2018^[76]).

Box 2.10. Source of income for households in Western Balkan Six

Many households from the Western Balkan Six rely on income from remittances

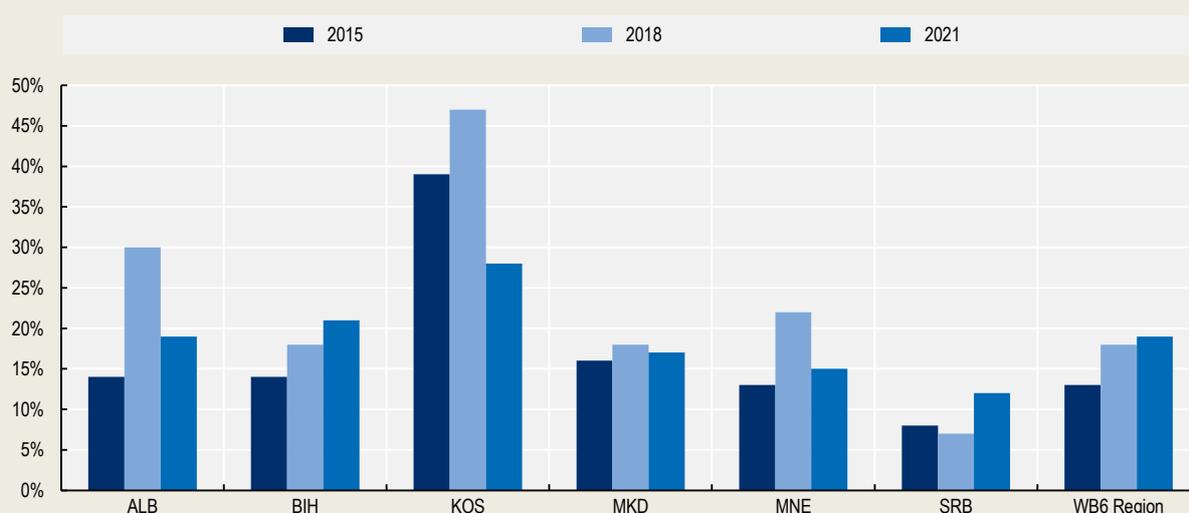
Remittances constitute an important income source for many households across the Western Balkans. An annual survey of 6 000 respondents shows that about one in five households (19%) in the Western Balkan Six receive remittances, up from 13% in 2015 and 18% in 2018 (Figure 2.24). Kosovar households are the most likely to receive remittances across the six economies, despite a sharp decrease in the share of households receiving remittances between 2018 and 2021. In 2018, 47% of households in Kosovo received remittances, compared to 28% in 2021. Albania and Montenegro experienced similar reductions between 2018 and 2021, while the opposite trend is true for Bosnia and Herzegovina, which saw an increase in the share of households receiving remittances. Serbia is the country with the lowest share of households receiving remittances (12% in 2021), which implies that

the large inflow of remittances the country received annually (see Figure 2.22) goes to a smaller share of the population compared to the other economies in the sample.

The importance of remittances was also reflected in the OECD survey on migration from the Western Balkans: 53% of the respondents stated that they had sent money back to their families in the 12 preceding months.

Figure 2.24. Share of households receiving remittances

Share of respondents in the Balkan Barometer stating that the household receives remittances (%)



Source: RCC (2015^[78]), *Balkan Public Barometer 2015*, <https://www.rcc.int/balkanbarometer/publications>; RCC (2018^[79]), *Balkan Public Barometer 2018*, <https://www.rcc.int/balkanbarometer/publications>; RCC (2021^[7]), *Balkan Public Barometer 2021*, <https://www.rcc.int/balkanbarometer/publications>.

Remittances are mainly used for daily consumption, but also for investments in human capital and productive investment

Data and analyses on remittance spending for the Western Balkan Six are relatively scarce. A remittance survey in Kosovo conducted in 2012 showed that 60% of households receiving remittances used them for daily consumption (including food, clothing, services and appliances), about 20% invested in real estate, 11% used remittances for education and health investments, and 8% spent them on productive activities such as business investments or purchase of productive assets (UNDP, 2012). Two surveys from Macedonia showed similar patterns: daily consumption was the primary use of remittances (about 48% in 2012), but there was also important spending on education and health, productive investments in business activities and savings (Petreski and Jovanovic, 2016^[80]). The primary use of remittances to cover household basic needs is in line with other studies outside the Western Balkan Six region. While a low share of remittances invested in productive activities could be seen as a missed opportunity for remittances to contribute to long-term development, it is important to keep in mind that increased consumption from remittances can have significant multiplier effects on the economy as it increases local demand for goods and services (Ratha, 2003^[64]). Remittances can also act as a lifeline in times of economic recession, as shown by an increase in share of households in North Macedonia receiving remittances following the financial crisis in 2009 (Petreski and Jovanovic, 2016^[80]).

On the other hand, remittances have also been shown to be associated with lower labour supply in Kosovo and North Macedonia (Petreski, 2019^[81]; Rudi, 2014^[82]; UNDP, 2012^[83]). Findings of the literature review by Atoyan and Rahman (2017^[84]) show that remittances negatively affect employment and participation rates of those receiving the remittances, in particular among women. Reasons for this may be higher reservation wages as well as increased difficulties in combining work and family lives. Very low employment rates for women in Kosovo and Bosnia and Herzegovina might thus be reinforced through emigration of men, leaving behind women in remote rural areas (who have little access to childcare facilities) (ETF, 2021^[85]). Finally, remittances can also provide incentives for future migration. Studies indicate that that Bosnian families who receive remittances are more likely to want to leave the country, suggesting that remittances serve as a potential source of financing emigration (Dimova and Wolff, 2015^[86]).

The OECD Survey on migration from the Western Balkans also shows that a considerable number of respondents are investing or are interested in investing in their home economies (Box 2.11).

The diaspora and returnees can be an important source of foreign direct investment

FDI by the diaspora or by other actors in the destination countries may be an important driver for economic development. It can also serve as an important source of knowledge that can boost competencies in the Western Balkan Six. The presence of the diaspora in the country of destination may encourage not only the diaspora but also other actors to invest in sending countries. This may result in long-lasting ties between the countries of destination and the countries of origin.

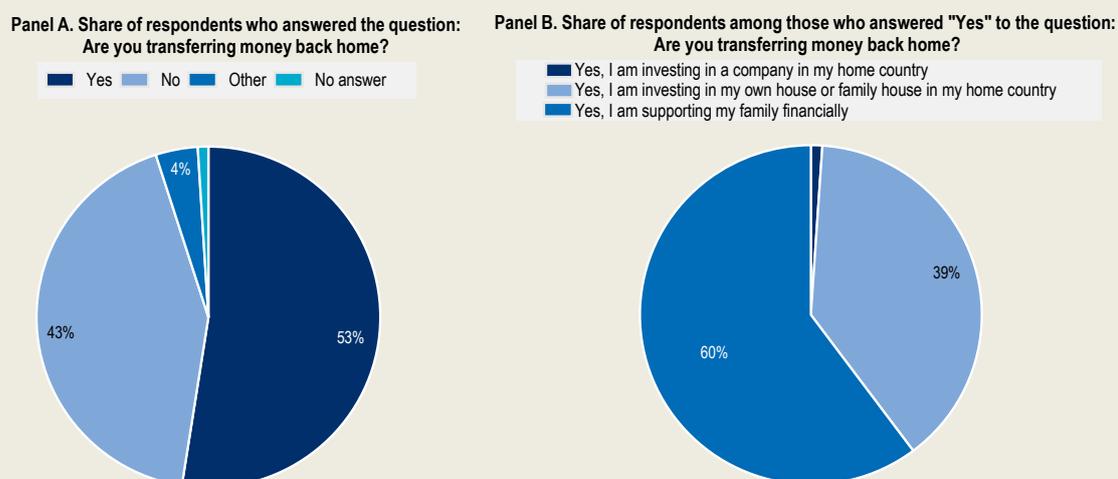
Diaspora investment can take place through various channels. In their implementation of the *Diaspora Invest* project in BIH funded by the US Agency for International Development (USAID), the Naša Perspektiva Group identified three broad categories of diaspora investors. There are *diaspora change agents* (or first movers) who are ready to invest their own capital in the home country; *diaspora tipping agents* who act as brand ambassadors for the home country, influencing the investment decisions of companies in which they often take up equity or management positions; and *diaspora trade agents* who link industries in home and destination countries (Interview with Naša Perspektiva Group).

Box 2.11. OECD Survey results for diaspora investments in the home economy

To learn more about remittances to and potential investments in home economies from respondents currently living abroad, the survey included questions on money transfers back home and whether respondents were interested in investing in their home economy.

The results of the OECD Survey show that 53% of respondents transfer money to their home economies. While the highest percentage of those who transfer money does so to financially support their families, 39% of respondents invest in real estate and only 1% in a business (Figure 2.25).

Figure 2.25. Investments in the home economy



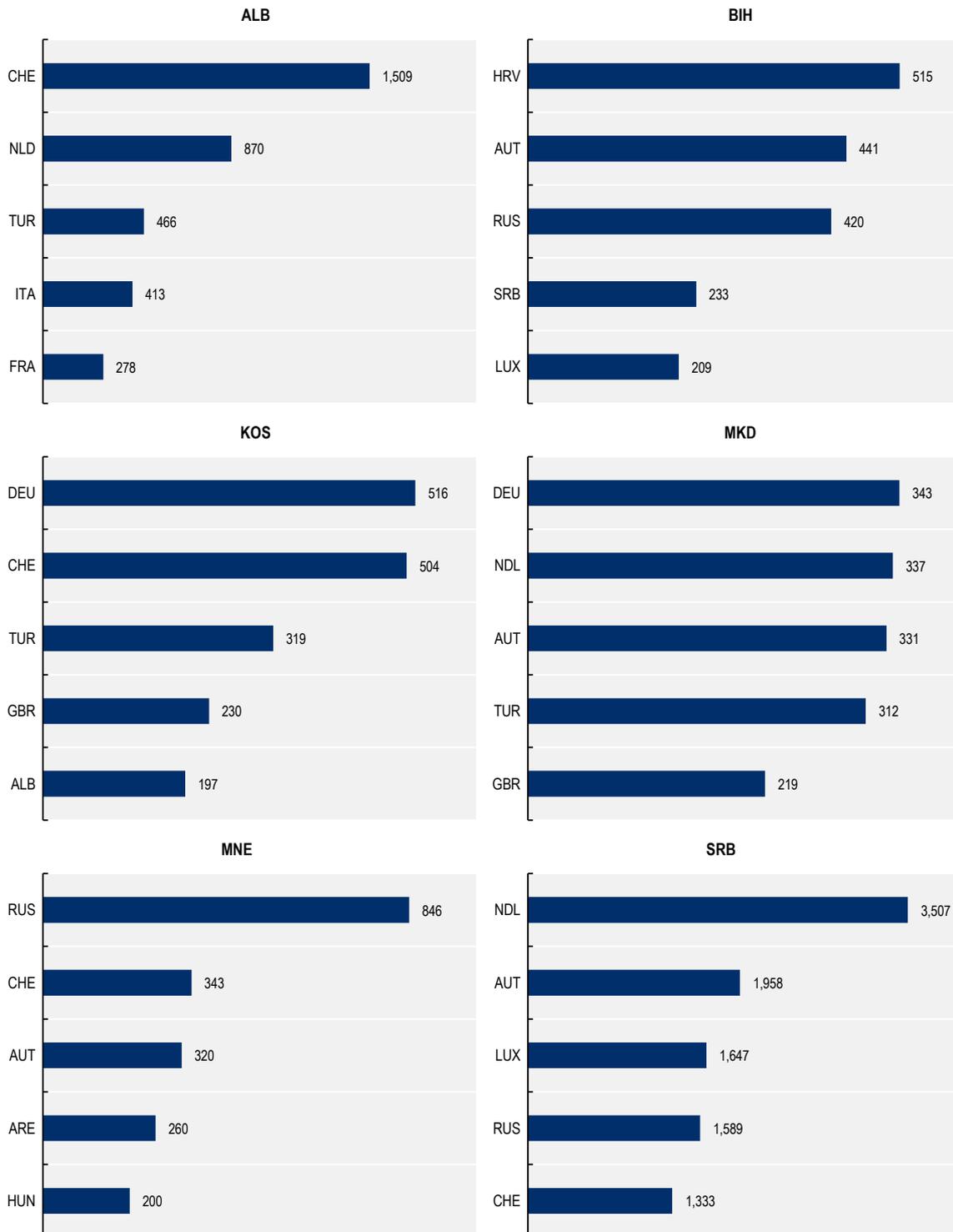
Note: The total number of respondents for this question is 176. The number of respondents who answered "Yes" is 93.
Source: OECD Survey on Emigration from the WB6.

While it remains difficult to disentangle the effect of transnational migration on FDI, a link between the origin of FDI and countries of destination for migration can be observed. Switzerland, Austria and Germany are among the five countries with the largest amounts of FDI flows toward the Western Balkan Six in the 2010-19 period (Jovanović et al., 2021^[87]). They also represent important destination countries for Western Balkan Six migrants (see Chapter 1).

A look into the main investors in each of the Western Balkan Six economies shows the following patterns (Figure 2.26):

Figure 2.26. Top 5 countries of origin of FDI per Western Balkan Six economy (2010-19)

EUR million



Note: Data for Albania refer to 2013-19. AUT=Austria, ARE=United Arab Emirates, CHE=Switzerland, DEU=Germany, FRA=France, GBR=United Kingdom, ITA=Italy, LUX=Luxembourg, NDL=Netherlands, RUS=Russian Federation, TUR=Turkey.

Source: Figure adapted from Jovanović et al. (2021^[87]), *Getting Stronger after COVID-19: Nearshoring Potential in the Western Balkans*, <https://wiiw.ac.at/getting-stronger-after-covid-19-nearshoring-potential-in-the-western-balkans-dlp-5814.pdf>.

An economy would also benefit from temporary migration if return migrants invest in the home economies. The example of Albania, however, shows that only 8% of returnees surveyed in 2013 said they invested in at least one project. The remaining 92% said they did not invest, for three main reasons: insufficient capital limiting the availability of financial resources required to start a business; no prior plan to invest; and lack of experience and training in investment (García-Pereiro and Biscione, 2016^[52])

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Annex 2.A. OECD Survey of Western Balkan Six migrants

The OECD South East Europe Division conducted a non-representative online survey of migrants and return migrants from the Western Balkan Six (WB6) economies from July 2021 to January 2022.

Survey objectives and design

The survey was designed to complement the migration data and policy review with a qualitative assessment to better understand the main reasons and incentives for emigration and return migration. It also aimed at gaining information on barriers and opportunities in the migration and/or return processes.

The survey contained a total of 31 questions, which were divided into the four following thematic groups: 1) place of residence and migration experience; 2) education and work experience; 3) family, networks and social situation; and 4) personal characteristics.

The survey, available in Albanian, Bosnian, Croatian, English, German, Montenegrin and Serbian, was disseminated through two main channels: social media (using primarily Facebook advertisements), and a network of migration policy stakeholders in each WB6 economy, who contributed to this project.

Survey advertisements targeted users originating from the WB6 who live abroad (with special attention paid to those living in Austria, Germany and Switzerland), as well as users who had returned to the WB6 region after having lived abroad.

Sample characteristics

A total of 1 668 individuals responded to the OECD survey. After controlling respondents for i) having migrated abroad at least once, and ii) either holding WB6 citizenship or having declared that they grew up in a WB6 economy, 374 respondents were kept in the sample. Among those 374, 176 declared that they were currently living abroad. The number of respondents to each question, the answers to which are presented in this report, is specified in the corresponding figure note.

The survey sample was gender-balanced, as seen in Annex Table 2.A.1, with only a slightly higher share of male respondents.

Annex Table 2.A.1. OECD survey of WB6 migrants: Respondents' gender distribution

Gender	Number of respondents	Share of respondents (%)
Women	181	48.4
Men	193	51.6
Total	374	100.0

Respondents between the ages of 25 and 54 were the most represented, comprising four-fifths of the entire sample (Annex Table 2.A.2).

Annex Table 2.A.2. OECD survey of WB6 migrants: Respondents' age distribution

Age group (years)	Number of respondents	Share of respondents (%)
16-24	12	3.2
25-34	100	26.7
35-44	103	27.5
45-54	105	28.1
55-64	45	12.1
65+	9	2.4
Total	374	100.0

People with higher levels of education were more strongly represented in the sample; more than half of all respondents had a university degree (Annex Table 2.A.3)

Annex Table 2.A.3. OECD survey of WB6 migrants: Respondents' levels of education

Highest educational attainment	Number of respondents	Share of respondents (%)
Doctorate degree / PhD	21	5.6
University degree at master's level	117	31.3
University degree at bachelor level	68	18.2
Vocational qualification	104	27.8
General vocation school but no vocational qualification	31	8.3
9 years of schooling or less and no formal vocational qualification	16	4.3
Other	16	4.3
No answer	1	0.2
Total	374	100.0

3

Managing migration in the Western Balkan Six

This chapter outlines the migration policy landscape in the Western Balkan Six. It starts by presenting the main economy-specific strategic approaches to migration policy of all six economies, before focusing on their multilateral and bilateral co-operation in migration management.

Key findings

- **All Western Balkan Six (WB6) economies have labour migration strategies with objectives, action plans and budgets.** The strategies' objectives are multiple, with an emphasis on retaining the workforce, addressing irregular migration and harnessing the development potential of diasporas and remittance investments. The action plans include specific actions to be taken over multiple years to reach the set objectives. Budgets vary among the economies, with Bosnia and Herzegovina and Serbia having the highest implementation budget amount in PPP USD. Donor funding comprises an important share of the budget for some of the strategies, amounting for almost the total budget for Bosnia and Herzegovina, half of the budget for Montenegro, and one-third for Kosovo.
- **Dedicated inter-ministerial bodies have been established to improve policy co-ordination and coherence.** Migration policy co-ordination mechanisms are important to address policy trade-offs and provide overall strategic guidance in migration management. While all six economies have co-ordination mechanisms in place, most of them have identified a need to strengthen the roles and capacity of these bodies.
- **All Western Balkan Six economies monitor international migration flows to inform migration policy making, but regular in-depth monitoring is rare.** Immigration data are generally collected by ministries of interior and foreign affairs; collecting accurate data on emigration, however, is more challenging. Only the State Statistical Office of North Macedonia continues to publish annual information on the socio-demographic characteristics of emigrants.
- **All Western Balkan Six economies have set policy objectives for improving the reintegration of return migrants under readmission agreements, but the scope and depth of the measures to achieve these differ significantly.** Montenegro has planned the most measures to achieve this objective in its main migration policy strategy, while Bosnia and Herzegovina and Serbia have in place separate (draft) strategies to do so.
- **Albania, Kosovo, North Macedonia and Serbia have developed objectives to address labour market bottlenecks through immigration in their main migration strategies.** However, Serbia is only planning to specify the relevant actions in its next action plan.
- **Steps have been taken towards developing a common intra-regional market, which could have implications for future migration within the Western Balkan region.** All Western Balkan Six economies have endorsed the Common Regional Market 2021-24 Action Plan, and Albania, North Macedonia and Serbia have signed the Open Balkan initiative aiming to create a common economic area among these economies. However, intra-regional migration remains relatively limited in relation to migration to the OECD and is likely to remain so in the near future, as few citizens of the WB6 appear to be anticipating to move within the region.
- **EU co-operation and destination country policy has played an important role in the levels and channels of migration from the Western Balkan Six.** Policies at both bilateral and multilateral level have allowed migrants with different skill levels to emigrate to the OECD area. The most influential policy for emigration from the region is the Western Balkan Regulation in Germany, which has facilitated legal migration for a significant number of unskilled and skilled migrants from the WB6.
- **Multilateral collaboration has enhanced the mobility of students and academic staff.** The WB6 economies have actively taken part in co-operation such as Erasmus+ and other programmes that offer an opportunity for student and academic staff exchange.
- **New policy instruments in the form of skills partnerships are currently being implemented in the region.** Collaboration in the area of skills and education can offer an opportunity to strengthen skills and build capacity in key sectors in the WB6 economies.

3.1. Migration policies in the Western Balkan Six economies

The migration landscape in the Western Balkan region is complex, with mixed migration flows that include emigration, return migration, transit migration and immigration flows. A precondition for effective migration management is a well-formulated and coherent national migration strategy with clear objectives, as well as an institutional and legal framework to support its implementation. Given the many actors involved in different aspects of migration management, efficient co-ordination is also key to ensure policy coherence.

3.1.1. All Western Balkan Six economies have developed migration strategies, whose implementation relies on a wide range of actors, including public institutions and international donors

Table 3.1 summarises the main institutions involved in migration policy making in the WB6. Responsibility for migration management generally lies with the ministry of interior in all WB6 economies, and these often have designated specialised departments or agencies for migration management.

Besides those lead ministries, a multitude of other ministries are involved in different aspects of migration management (Table 3.1). These include the ministry of foreign affairs and the ministry of labour, but other ones are often also involved in supporting migration-related work. For example, in Albania, the State Social Services agency, under the Ministry of Health and Social Protection, provides support and services to vulnerable categories, including vulnerable migrants such as unaccompanied minors and victims of trafficking. In Kosovo, the Ministry of Education, Science, Technology and Innovation is responsible for provision of services for the reintegration of repatriated persons in the educational system and implementing programmes for the mobility of students, as well as enrolling foreigners in Kosovo's education system.

The need for effective policy co-ordination

All WB6 economies have advanced co-ordination of migration policies through the creation of dedicated inter-ministerial bodies (Table 3.1).

Of all the WB6 economies, Kosovo and Bosnia and Herzegovina were earliest in establishing their co-ordinating mechanisms, in 2013. The National Coordinator for Migration in Kosovo co-ordinates, monitors and reports on the implementation of policies, activities and actions envisaged in the field of migration. The Government Authority on Migration is an inter-institutional body including all relevant institutions and agencies linked with migration; it provides advice to the National Coordinator for Migration and migration expertise to government institutions, drafts the National Strategies on Migration and Action Plans, and assesses the level of implementation of migration policies. On the other hand, the Coordination Body for Migration Issues in Bosnia and Herzegovina assures horizontal co-ordination across the state ministries in charge of migration policy.¹ Both economies have also planned in their latest strategies to strengthen the role and capacities of their co-ordination bodies.

North Macedonia has created an intra-governmental co-ordination body to ensure implementation of the Resolution on Migration Policy of the Republic of North Macedonia. With the latest adopted resolution, North Macedonia has decided to strengthen the capacities of the body by including new institutions and organising trainings.

In 2019, both Albania and Serbia began setting up structures to improve co-ordination of migration. The Coordination Body for Monitoring Flows in the Area of Economic Migration in the Republic of Serbia is in charge of reviewing the situation in the field of economic migration and steering public administration decisions on the subject. Albania on the other hand has set up three different structures after noting the lack of a high-level co-ordination mechanism to govern migration in its National Strategy on Migration and

Action Plan: the Technical Secretariat on Migration (2019), the Technical Committee on Migration (2020) and the Steering Group on Migration (2021).²

While there is no permanent co-ordination body on migration policy established in Montenegro, the latest strategic document in the field was prepared by an Interdepartmental Working Group, comprised of relevant state authorities, international organisations and a civil society association. This group is also in charge of monitoring the implementation of the strategy, and has published a monitoring report for the year 2021.

Box 3.1 presents key principles for managing policy coherence; these could be useful for the WB6 economies in addressing co-ordination and trade-off challenges inherent in migration management.

Table 3.1. Overview of the main institutions involved in migration policy making in the Western Balkan Six economies

	Main institutions in charge of migration management	Supporting institutions/agencies	Policy co-ordination mechanism
Albania	Ministry of Interior	Ministry for Europe and Foreign Affairs; Ministry of Finance and Economy; Ministry of Health and Social Protection; Ministry of Education, Sport and Youth; Institute of Statistics	Technical Secretariat on Migration; Technical Committee on Migration; Steering Group on Migration
Bosnia and Herzegovina	Ministry of Security	Ministry of Human Rights and Refugees; Ministry of Foreign Affairs; Ministry of Civil Affairs; Ministry of Education, Science and Youth; Ministry of Foreign Trade and Economic Relations; Ministry of Finance and Treasury	Coordination Body for Migration Issues in Bosnia and Herzegovina
Kosovo	Ministry of Internal Affairs	Ministry of Foreign Affairs and Diaspora; Ministry of Finance, Labour and Transfers; Ministry of Education, Science, Technology and Innovation; Ministry of Economy; Ministry of Industry, Entrepreneurship and Trade; Ministry of Local Government Administration; Kosovo Agency of Statistics; Central Bank of Kosovo	National Coordinator for Migration; Government Authority on Migration
Montenegro	Ministry of Interior	Ministry of Foreign Affairs; Ministry of Economic Development; Ministry of Finance and Social Welfare; Ministry of Education, Science, Culture and Sports; Ministry of Health	Interdepartmental Working Group
North Macedonia	Ministry of Interior	Ministry of Foreign Affairs; Ministry of Labour and Social Policy; Migration, Asylum, Refugees Regional Initiative; State Statistical Office; Ministry of Education and Science; Ministry of Justice; Ministry of Economy; Ministry of Finance; Ministry of Health; Secretariat for European Affairs; Emigration Agency	Inter-ministerial Group for Migration Policy
Serbia	Ministry of Interior	Ministry of Labour, Employment, Veteran and Social Affairs; Ministry of Foreign Affairs; Ministry of Youth and Sports; Ministry of Education, Science and Technological Development; Ministry of Economy; Ministry of Public Administration and Local Self-Government; Commissariat for Refugees and Migration	Coordination Body for Monitoring Flows in the Area of Economic Migration in the Republic of Serbia

Sources: Government of Albania (2019^[11]), *National Strategy on Migration and Action Plan 2019-2022*, <https://albania.iom.int/resources/national-strategy-migration-and-action-plan-2019-2022>; Government of Bosnia and Herzegovina (2021^[21]), *Draft Strategy in the Area of Migrations and Asylum and Action Plan*, <https://ekonsultacije.gov.ba/legislativeactivities/details/113045->; Government of Kosovo (2021^[31]), *Strategy on Migration 2021-2025*, <https://kryeministri.rks-gov.net/wp-content/uploads/2021/11/Strategy-on-Migration-2021-2025.pdf>; Government of Montenegro (2021^[41]), *Strategy on Migration and Reintegration of Returnees in Montenegro, for the period 2021-2025, with the Action Plan for 2021 and 2022*, www.gov.me/dokumenta/3158ee96-b336-4e3b-b04f-064eb51b19c9; Government of North Macedonia (2021^[51]), *Resolution on Migration Policy of the Republic of Macedonia 2021-2025*, <https://north-macedonia.iom.int/sites/g/files/tmzbd1316/files/documents/Resolution%20on%20Migration%20Policy%20of%20The%20Republic%20of%20North%20Macedonia.pdf>; Government of Serbia (2021^[61]), *Economic Migration Strategy of the Republic of Serbia (2021-2027)*, www.minrzs.gov.rs/sites/default/files/2021-02/ENG_%20Strategija%20ekonomske%20migracije%202021-2027-30_10%20%28002%29.pdf.

Box 3.1. Policy coherence for effective migration management

Migration management is complex, with a multitude of actors, a variety of objectives, and overlap and interaction with other policy domains.

Coherence and trade-offs within the migration policy landscape

From the country of origin perspective, the ultimate goal of migration policy often involves ways of harnessing the development impacts of migration while ensuring sufficient labour and skill supply in the local labour market. Balancing these goals involves trade-offs and finding the right way to strengthen the benefits of emigration while mitigating the costs. For example, an objective to stem emigration of the highly skilled can encourage more people to stay in the country of origin, but may lead to fewer prospects for financial and knowledge transfers in the future.

The institutional context also plays an important role in migration management and policy; the choice of lead institution will have consequences for priorities and decisions. There is no one-size-fits-all solution, and the model chosen will depend on the nature and profile of the migrants, the national migration policy objectives to be achieved and the institution(s) involved. Overall responsibility often falls under one ministry, but could also be split among several institutions with different mandates. Some countries have dedicated ministries or agencies for migration or migration-related issues (e.g. diaspora and return and reintegration), such as the Diaspora Agency in Albania or the Commission on Filipinos Overseas in the Philippines. Other state and non-state actors can also play a role in migration management. This includes regional and local authorities that may be in charge of aspects of migration management such as reintegration of return migrants, as well as recruitment agencies, non-governmental organisations, trade unions, and migrant and diaspora associations.

Coherence and trade-offs with other policy domains

Apart from the trade-offs and co-ordination challenges inherent in migration policy, there can be effects from many other policy areas. Co-ordination with key policy domains with direct and indirect impacts on migration – such as education, the labour market and the financial sector – are therefore key to improve coherence and strengthen the benefits of migration. Co-operation among ministries and institutions in charge of labour market, education and skills, as well as national employers, can help develop education and training programmes that are better adapted to the local labour market, increase employability, and address skills mismatches. Increased collaboration between the central bank, key financial institutions, money transfer operators and microfinance organisations could help create solutions to facilitate remittance transfers and enhance the development impacts of remittances.

How can policy coherence be achieved? Some lessons learnt

To address co-ordination and trade-off challenges in migration management, there are several key principles for achieving coherence:

- **Set clear goals and attach indicators to measure progress.** Goals and indicators also enable monitoring and evaluation to ensure that policies have achieved their goals.
- **Include consultation mechanisms and partnerships with key state and non-state actors in the process** to actively involve all parts of society in migration management.
- **Create a national interministerial co-ordination mechanism** to strengthen co-operation across ministries in charge of key policy areas for migration, such as labour, education and skills, and social protection, and ensure coherence across different policy domains.

- **Integrate migration into development strategies** to ensure that migration policy objectives are in line with other policy domains and national development objectives.

Sources: Chaloff, Dumont and Ramasamy Kone (2016^[7]), "Building policy coherence for labour migration", *Coherence for Sustainable Development*, <https://www.oecd.org/gov/pcsd/Coherence%20for%20Development%20issue%207%20WEB.pdf>; OECD (2017^[8]), *Interrelations between Public Policies, Migration and Development*, <https://doi.org/10.1787/9789264265615-en>.

To inform migration policy making, all Western Balkan Six economies monitor international migration flows, but regular in-depth monitoring is rare

Collecting and analysing data on international migration flows are crucial for designing, implementing and monitoring evidence-based migration, labour market, and other social and economic policies.

In all WB6 economies, immigration data are generally collected by ministries of interior and foreign affairs, but also by other competent public institutions that deal more specifically with asylum seekers or the distribution of work permits. Collecting accurate data on emigration is however more challenging, as the WB6 economies rely on emigrants to report their emigration to the respective consular office abroad, or on the destination country's authorities to collect that data.

Different approaches are found among the WB6 economies in the way statistical offices are involved in the publication of migration data. They play a much more important role in Albania, Kosovo and North Macedonia than they do in the other three Western Balkan economies (Table 3.2). In North Macedonia, data published yearly on the online portal of the State Statistical Office include information on a wide range of socio-economic indicators for both immigrants and emigrants. While the yearly-published data from the Institute of Statistics of Albania does include information on many different socio-demographic indicators for immigrants, this level of detail is lacking in data on emigrants. Since 2017, the Kosovo Agency of Statistics only publishes data on the number of immigrants and emigrants by region.

In Bosnia and Herzegovina and Serbia, international migration data are not published by the economies' statistical offices but by the Ministry of Security and the Commissariat for Refugees and Migration respectively. These institutions publish on a yearly basis what are called Migration Profiles, which draw on available migration data from all relevant institutions. The Migration Profiles provide extensive data on immigrants but comparably little information on emigrants, due to the reason outlined above.

The Statistical Office of Montenegro collects data on demographic indicators and internal migration, but does not publish data on international migration. According to the Law on Registry of Temporary and Permanent Residences, the Ministry of Interior is responsible for collecting and managing records on residence (and thus of recorded movement) of citizens, which is shared with the statistical office, but there is no obligation to make these data publicly available. The Law on Foreigners designates the Ministry of Interior, Ministry of Foreign Affairs and Police Administration as relevant authorities for keeping records on the internal migration of non-citizens.

More specific data on international migration and particularly on emigrants have also been published by the statistical offices of Albania (for 2011), Bosnia and Herzegovina (for 2013), and Kosovo (for 2011), based on their latest population censuses.

In addition to migration data, which are collected on a regular basis by the competent public institutions in the WB6 economies, collaboration with international organisations and/or bilateral donors has resulted in more granular data.

Table 3.2. Types and availability of regular migration data published by Western Balkan Six statistical offices

	Socio-demographic characteristics	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia
Data on immigrants regularly published by statistical office	Number	✓	✗	✓	✗	✓	✗
	Country of origin	✓	✗	✗	✗	✓	✗
	Gender	✓	✗	✓ ¹	✗	✓	✗
	Age (group)	✓	✗	✗	✗	✓	✗
	Education level	✗	✗	✗	✗	✓	✗
	Occupation/sector	✗	✗	✗	✗	✗	✗
	Duration of stay	✗	✗	✗	✗	✗	✗
	Region/municipality	✗	✗	✓ ¹	✗	✓	✗
	Motive for immigration	✓	✗	✗	✗	✗	✗
Data on emigrants regularly published by statistical office	Number	✓	✗	✓	✗	✓	✗
	Country of destination	✗	✗	✗	✗	✓	✗
	Gender	✗	✗	✓ ²	✗	✓	✗
	Age (group)	✗	✗	✓ ²	✗	✓	✗
	Education level	✗	✗	✗	✗	✓	✗
	Occupation/sector	✗	✗	✗	✗	✗	✗
	Duration of stay	✗	✗	✗	✗	✗	✗
	Region/municipality	✗	✗	✗	✗	✓	✗
Motive for emigration	✗	✗	✗	✗	✗	✗	

1. Data available only for 1989-2011.

2. Data available only for 2001-2011.

Note: ✓=available; ✗=unavailable.

Sources: Author's compilation based on INSTAT (2022^[9]), *Statistical database - Migration and migrant integration*, <http://databaza.instat.gov.al/pxweb/en/DST>; Agency for Statistics of Bosnia and Herzegovina (2022^[10]), *Website of Agency for Statistics of Bosnia and Herzegovina*, <https://bhas.gov.ba/Home>; ASK (2022^[11]), *ASKdata Database – Demography and Migration*, <https://askdata.rks-gov.net/pxweb/en/ASKdata>; MONSTAT (2022^[12]); MAKSTAT (2022^[13]), *Migrations – data*, <https://makstat.stat.gov.mk/PXWeb/pxweb/en/MakStat/?rxid=46ee0f64-2992-4b45-a2d9-cb4e5f7ec5ef>; Statistical Office of the Republic of Serbia (2022^[14]), *Statistics by Theme – Population*, <https://www.stat.gov.rs/en-us/oblasti/stanovnistvo>.

All Western Balkan Six economies have adopted (or are about to adopt) multi-annual migration policy strategies, mobilising a substantial budget – but some of them rely almost exclusively on donor funding, which threatens the policies' long-term viability

All WB6 economies have a legal framework addressing migration, which includes a law on foreigners, a law on asylum, a law on emigration of citizens for employment reasons, a law on permanent and temporary residence of citizens, and in some cases specific laws on migration management.

In addition to the legal framework, the WB6 economies have also relied on forward-looking strategic documents to improve their migration policies over the long term. All WB6 economies except for Bosnia and Herzegovina have holistic multi-annual migration strategies in place, which touch on the most important aspects of migration policies. At the time of writing, Bosnia and Herzegovina had not yet adopted its new draft migration strategy, following the expiration of its previous strategy in 2020. Kosovo also delayed adoption of its new migration strategy for a period of approximately two years, due to political uncertainty. Its previous strategy expired in 2018, and the new one was adopted at the end of 2021.

All WB6 governments have also adopted or prepared action plans for their respective strategies, but progress in implementing the measures and the size of allocated funds vary across economies (Table 3.3). Bosnia and Herzegovina has allocated the highest budget for implementing its strategy of all the WB6 economies, including annually and as a percentage of gross domestic product (GDP). However, Bosnia

and Herzegovina also has the highest donor funding percentage, a staggering 95% of the total budget. The donor funding comes mainly from UN agencies such as the United Nations High Commissioner for Refugees and the International Organization for Migration (IOM), and is allocated mostly to measures that aim to achieve more efficient management of irregular migration and improve the asylum system. For Serbia, the situation is very different. While it allocates the second-highest budget of all WB6 economies to its main migration strategy (including again in annual terms and as a percentage of GDP), its strategy has the lowest percentage of donor funding in the region.

The rest of the economies stand below the regional average in most categories (Table 3.3). Nevertheless, the differences in percentage of donor funding are noticeable among the remaining three economies as well. While Albania drafted its strategy with the support of the IOM, the funding for its implementation originates largely from the state budget. On the other hand, Montenegro sources almost half of its funding from international donors, and Kosovo almost a third of its total implementation budget. Donations for Montenegro originated primarily from the IOM and for Kosovo the main origin was the German Corporation for International Cooperation (GIZ) and the project “Strengthening Migration Management Authorities in Kosovo” / Swiss Agency for Development and Cooperation (MIMAK/SDC).³ The budget allocated by North Macedonia was not publicly available at the time of writing.

Table 3.3. Western Balkan Six economies have allocated significant budgets to implement their multi-annual migration strategies

	Latest main migration strategy documents	Total implementation budget (in PPP USD)	Annual average implementation budget (in PPP USD)	Annual average implementation budget (% of GDP)	Donor funding (% of total implementation budget)*
Albania	National Strategy on Migration and Action Plan (2019-2022)	6 272 906	1 568 226	0.004	0.81
Bosnia and Herzegovina	Strategy in the Area of Migrations and Asylum (2016-2020) Draft Strategy in the Area of Migrations and Asylum (2021-2025)	894 498 407	178 899 681	0.349	95.04*
Kosovo	National Strategy for Migration (2021-2025)	21 070 000	7 023 333	0.035	27.22*
Montenegro	Strategy on Migration and Reintegration of Persons Returned on the Basis of Readmission Agreements (2021-2025)	4 333 636	2 166 818	0.017	48.68*
North Macedonia	Resolution on Migration Policy (2021-2025)	..	..	..	..
Serbia	Economic Migration Strategy of the Republic of Serbia (2021-2027)	315 994 408	105 331 469	0.080	0.13
Western Balkan Six average		308 974 113	73 355 325	0.120	42.82

* Does not include parts of the budget for which funding sources included both the state budget and donor funding (0.07% for Bosnia and Herzegovina, 29.94% for Kosovo and 10.47% for Montenegro). The budgets have been converted from local currencies to PPP USD using PPP conversion factors for private consumption, published in World Bank (2022^[15]). The budget amount for implementation of the Resolution on Migration Policy of the Republic of North Macedonia 2021-2025 is not specified. A new Strategy in the Area of Migration and Asylum is pending adoption in Bosnia and Herzegovina.

Source: Author’s calculations based on Government of Albania (2019^[11]), *National Strategy on Migration and Action Plan 2019-2022*, <https://albania.iom.int/resources/national-strategy-migration-and-action-plan-2019-2022>; Government of Bosnia and Herzegovina (2021^[12]), *Draft Strategy in the Area of Migrations and Asylum and Action Plan*, <https://ekonsultacije.gov.ba/legislativeactivities/details/113045->; Government of Kosovo (2021^[13]), *Strategy on Migration 2021-2025*, <https://kryeministri.rks-gov.net/wp-content/uploads/2021/11/Strategy-on-Migration-2021-2025.pdf>; Government of Montenegro (2021^[14]), *Strategy on Migration and Reintegration of Returnees in Montenegro, for the period 2021-2025, with the Action Plan for 2021 and 2022*, www.gov.me/dokumenta/3158ee96-b336-4e3b-b04f-064eb51b19c9; Government of North Macedonia (2021^[15]), *Resolution on Migration Policy of the Republic of Macedonia 2021-2025*, <https://north-macedonia.iom.int/sites/g/files/tmzbd1316/files/documents/Resolution%20on%20Migration%20Policy%20of%20The%20Republic%20of%20North%20Macedonia.pdf>; Government of Serbia (2021^[16]), *Economic Migration Strategy of the Republic of Serbia (2021-2027)*, www.minrzs.gov.rs/sites/default/files/2021-02/ENG_%20Strategija%20ekonomske%20migracije%202021-2027-30_10%20%28002%29.pdf.

3.1.2. The Western Balkan Six economies' migration policy strategies encompass a wide range of issues, including supporting the socio-economic reintegration of return migrants

In most Western Balkan Six economies, the main strategic frameworks for migration include objectives and specific policy measures to address irregular migration and support the socio-economic integration of immigrants and return migrants

Table 3.4 shows that the main migration strategies of all WB6 economies, with the exception of Serbia, include objectives and specific policy measures to: 1) address irregular migration; 2) support the socio-economic integration of immigrants; and 3) support the economic integration of return migrants. Albania, Kosovo, North Macedonia and Serbia also envision attracting skilled immigration to address labour market needs in their main migration strategies. The strategies of North Macedonia and Serbia also included specific measures aimed at reducing emigration factors, i.e. the push factors.

In contrast to other WB6 economies, the main migration strategy of Serbia (the Economic Migration Strategy [2021-2027]) does not address irregular migration, nor integrating immigrants or returnees under readmission agreements socio-economically. It instead concentrates on encouraging and supporting circular and return migration as well as on reducing emigration factors. It also focuses on benefitting from the diaspora for the economy's development, which will be explored in more detail in Chapter 4.

The amount of budget allocated to accomplishing the listed objectives varies significantly among the WB6 economies (Table 3.4). However, Bosnia and Herzegovina and Kosovo have allocated their budget in a similar manner. Most funding goes to the reintegration of return migrants, followed by immigrant integration and lastly to addressing irregular migration. Donor funds follow the same ranking for both economies as well.

On the other hand, Albania and Montenegro provide the most funding towards measures to address irregular migration. While Albania receives no donor funding to achieve this objective, almost two-thirds of Montenegro's funding originates from donors. Finally, in the special case of Serbia, most of the budget is allocated towards reducing emigration factors, and more precisely, the harmonisation of the education system with labour market needs. All economies provide monitoring indicators in their strategies.

Table 3.4. Overview of Western Balkan Six economies' migration policy objectives and budgets on selected topics

	Topic	Main objectives in latest main migration strategy document	Measures included	Budget (PPP USD)	Donor funded budget (PPP USD)	Monitoring indicators
Albania	Addressing irregular migration	Effectively addressing irregular movements at the country's borders and within the territory of Albania	✓	2 027 647	0	✓
	Integrating immigrants	Promoting and protecting migrants' rights and their integration	✓	788 632	5 515	✓
	Reintegrating return migrants	Improving conditions of migrants' socio-economic and cultural integration (both for Albanian and foreign citizens)	✓	266 169	0	✓
	Attracting skilled immigration to address labour	Ensuring an effective labour migration policy framework ¹	✓	760 257	0	✓

	Topic	Main objectives in latest main migration strategy document	Measures included	Budget (PPP USD)	Donor funded budget (PPP USD)	Monitoring indicators
	market needs					
	Reducing push factors	/	n/a	n/a	n/a	n/a
Bosnia and Herzegovina	Addressing irregular migration	Strengthening institutional capacities on irregular migration management	✓	881 772	881 772	✓
	Integrating immigrants	Improving integration of foreigners and its monitoring	✓	3 350 253	1 767 975	✓
	Reintegrating return migrants	Improving the readmission process	✓	3 670 886	3 670 886	✓
	Attracting skilled immigration to address labour market needs	/	n/a	n/a	n/a	n/a
	Reducing push factors	/	n/a	n/a	n/a	n/a
Kosovo	Addressing irregular migration	Managing the regular migration process	✓	1 674 286	605 714	✓
	Integrating immigrants	Strengthening the system for the integration of foreigners	✓	2 857 143	942 857 (+200 000 mixed)	✓
	Reintegrating return migrants	Advancing policies and system for sustainable reintegration of returned migrants	✓	6 942 857	(5 228 571 mixed)	✓
	Attracting skilled immigration to address labour market needs	Developing policies and schemes aimed at managing immigration for employment purposes and to create incentives for attracting qualified immigrants based on the needs of the labour market	✓	228 571	157 143 (+57 143 mixed)	✓
	Reducing push factors	/	n/a	n/a	n/a	n/a
Montenegro	Addressing irregular migration	Increasing housing and administrative capacities for reception of persons with granted international protection	✓	3 556 136	1 818 182 (+328 864 mixed)	✓
		Aligning legal framework with the EU <i>acquis</i>	✓	68 182	45 455	✓
	Integrating immigrants	Alignment of legal framework with the EU <i>acquis</i>	✓			
	Reintegrating return migrants	Improving the system of readmission and return of Montenegrin and foreign citizens with an efficient assistance process, in accordance with the concluded agreements and protocols on readmission and in co-operation with other countries and international organisations	✓	407 046	132 501 (+95 455 mixed)	✓
	Attracting skilled immigration to address labour market needs	/	n/a	n/a	n/a	n/a
	Reducing push factors	/	n/a	n/a	n/a	n/a

	Topic	Main objectives in latest main migration strategy document	Measures included	Budget (PPP USD)	Donor funded budget (PPP USD)	Monitoring indicators
North Macedonia	Addressing irregular migration	Strengthening national capacities for timely, effective and efficient prevention, detection and management of illegal migration	✓	..	..	✓
	Integrating immigrants	Improving the residence policies for aliens and readmission of aliens, visa regime and visa policy, as well as the opportunities for inclusion and social cohesion of aliens	✓	..	..	✓
	Reintegrating return migrants	Increasing intensity of return of our citizens from abroad	✓	..	..	✓
	Attracting skilled immigration to address labour market needs	Immigration policy for aliens and creation of an appropriate visa policy to facilitate the admission of deficient labour force in Republic of North Macedonia	✓	..	..	✓
	Reducing push factors	Reduced intensity of permanent emigration abroad, with special focus on people with a high level of education, by continuously addressing the reasons for emigration	✓	..	..	✓
Serbia	Addressing irregular migration	/	n/a	n/a	n/a	n/a
	Integrating immigrants	/	n/a	n/a	n/a	n/a
	Reintegrating return migrants	/	n/a	n/a	n/a	n/a
	Attracting skilled immigration to address labour market needs	Developing a programme to retain human capacities in the category of deficient occupations (by type-incentive) ²	n/a	n/a	n/a	n/a
	Reducing push factors	Improving the living and working conditions in economic and social sectors	✓	1 202 985	0	✓
		Harmonising the education system with labour market demand, especially in the sphere of developing new occupations and professional profiles	✓	22 823 682	0	✓

1. The measures under this specific objective are addressed to both returned Albanian migrants and foreign immigrants.

2. This measure is in the Economic Migration Strategy of the Republic of Serbia 2021-2027 but will only be developed within the activities envisaged by the next action plan after 2023.

Note: Mixed = It is not specified how much of the budget amount is provided by the donors, and how much is from the state budget. For North Macedonia, the budget amount is not provided in the action plan.

Sources: Government of Albania (2019^[1]), *National Strategy on Migration and Action Plan 2019-2022*, <https://albania.iom.int/resources/national-strategy-migration-and-action-plan-2019-2022>; Government of Bosnia and Herzegovina (2021^[2]), *Draft Strategy in the Area of Migrations and Asylum and Action Plan*, <https://ekonsultacije.gov.ba/legislativeactivities/details/113045->; Government of Kosovo (2021^[3]), *Strategy on Migration 2021-2025*, <https://kryeministri.rks-gov.net/wp-content/uploads/2021/11/Strategy-on-Migration-2021-2025.pdf>; Government of Montenegro (2021^[4]), *Strategy on Migration and Reintegration of Returnees in Montenegro, for the period 2021-2025, with the Action Plan for 2021 and 2022*, www.gov.me/dokumenta/3158ee96-b336-4e3b-b04f-064eb51b19c9; Government of North Macedonia (2021^[5]), *Resolution on Migration Policy of the Republic of Macedonia 2021-2025*, <https://north-macedonia.iom.int/sites/g/files/tmzbd1316/files/documents/Resolution%20on%20Migration%20Policy%20of%20The%20Republic%20of%20North%20Macedonia.pdf>; Government of Serbia (2021^[6]), *Economic Migration Strategy of the Republic of Serbia (2021-2027)*, www.minrzs.gov.rs/sites/default/files/2021-02/ENG_%20Strategija%20ekonomske%20migracije%202021-2027-30_10%20%28002%29.pdf.

All Western Balkan Six economies have set policy objectives for improving the reintegration of return migrants, but the scope and depth of the measures to achieve these differ significantly

Strategic and institutional frameworks in all WB6 economies foresee the need for supporting the socio-economic reintegration of return migrants. For the most part, frameworks focus on facilitating assisted voluntary returns or reintegration upon return under readmission agreements. However, some WB6 economies have started to also focus on encouraging and supporting return and circular migration to utilise the resources of their diasporas for their own development (to be discussed in Chapter 4).

Table 3.5 summarises the policy objectives spelled out in the WB6 economies' main migration strategies (mentioned in Table 3.3) for improving the reintegration of returnees. It shows that all WB6 economies except Serbia have included specific measures to support the socio-economic reintegration of returnees under readmission agreements.

Serbia's main migration strategy does not include objectives to support the socio-economic reintegration of return migrants under readmission agreements. There is, however, a dedicated strategic document on the topic, the Strategy of Returnees' Integration Based on Readmission Agreement. Its main objectives include building institutional co-operation on readmission and reintegration; monitoring of return and exchange of information; establishing and implementing returnees' admission and emergency support programme; and developing a functional reintegration mechanism. It was adopted in 2009 and the strategic support framework on readmission has not been updated since.

Table 3.5. Main objectives and measures for improving reintegration of return migrants in the main migration strategies of the Western Balkan Six

	Objectives	Specific measures in main migration strategy
Albania	Ensuring safe and orderly migration from, through and to Albania Supporting return and reintegration of readmitted Albanian citizens	<ul style="list-style-type: none"> – Carrying out obligatory briefings with readmitted nationals – raising their awareness of the implications of irregular migration – and providing with contacts of relevant state bodies and non-governmental organisations in the locations of these nationals' permanent residence – Establishing a dedicated co-operation mechanism between ministries of interior, the Department of Border and Migration, and municipalities on provision of assistance for readmitted Albanian unaccompanied minors
Bosnia and Herzegovina	Continuing implementation and expansion of mechanisms for return of irregular migrants to countries of origin and reception of returnees of Bosnia and Herzegovina on the basis of readmission agreements	<ul style="list-style-type: none"> – Continuing the process of preparing, concluding and ratifying international bilateral readmission border agreements – Ensuring inclusion of all local communities in Bosnia and Herzegovina in the system of functional, transparent and sustainable reception and reintegration of Bosnian citizens returning to Bosnia and Herzegovina on the basis of a readmission agreement – Assisting in the reintegration of Bosnian citizens returning to Bosnia and Herzegovina on the basis of readmission agreements with local communities
Kosovo	Advancing policies and system for sustainable reintegration of returned migrants	<ul style="list-style-type: none"> – Registering all readmitted persons at arrival at border crossing points (BCPs) – Advancing the system for providing information, counselling and referral of cases from the moment of arrival at the BCP – Advancing the case management through individual needs-based returnee approach – Providing psychological and psycho-social services and other counselling services for vulnerable groups, economic empowerment, protection and social inclusion in the community – Strengthening municipal capacities, co-ordination and inter-institutional co-operation – Promoting gender equality and empowerment of all repatriated women and girls – Promoting the rights of children, and applying the principle of best interest of the child during the whole reintegration process, with special attention to unaccompanied children
Montenegro	Improving the system of readmission and return of Montenegrin and foreign citizens by concluding new agreements and protocols on readmission,	<ul style="list-style-type: none"> – Concluding implementation protocols on readmission with other EU Member States, and certain third countries with which Montenegro has not signed protocols – Organising regional and bilateral meetings between relevant EU Member States and Western Balkan economies regarding readmission of Western Balkan and third country nationals – Carrying out a legal, technical and operational assessment of the current state of the framework for

	Objectives	Specific measures in main migration strategy
	improving the return process of foreigners who were not granted stay in Montenegro, and systematic work on voluntary return	<p>readmission co-operation between the Western Balkans and the countries of origin of migrants (third countries)</p> <ul style="list-style-type: none"> – Organising bilateral and multilateral meetings with third countries, with the aim of establishing negotiation channels and co-operation on readmission – Organising two working study visits to third countries for practitioners in the field of readmission – Developing a regional functional analysis of the current operation of the readmission agreements among the Western Balkan economies and related challenges in implementing these agreements – Organising regional and bilateral meetings among the Western Balkan economies on the challenges in implementing the agreements on readmission and exchange of good practice between the economies of the Western Balkans – Organising joint regional trainings for migration and readmission officers from the Western Balkans on security-sensitive migration management, rights-oriented return and readmission policies, effective case management, and detection of document fraud – Initiating and holding meetings of the Joint Committees for Monitoring the Implementation of the Readmission Agreement with the EU, Albania, Bosnia and Herzegovina, Croatia, Kosovo and Serbia – Improving the existing Rulebook on Voluntary Return in relation to the EU Strategy on Return and Reintegration
	Improving the institutional framework for the reintegration of returnees into Montenegrin society through the construction and strengthening of local governments, which will ultimately prevent repeated attempts at irregular migration to EU countries, with the establishment of a system of continuous monitoring of return	<ul style="list-style-type: none"> – Conducting a gender-sensitive analysis of the situation with the aim of mapping current needs, as well as providing reintegration assistance – Developing a Handbook on Assistance and Reintegration of Returnees, with a focus on persons vulnerable to violence, exploitation and abuse – Timely provision of relevant post-readmission information on the returnee before his return to Montenegro, in order to provide the necessary level of service – Providing and equipping space for the reception of returnees after readmission at the border crossing Airport "Golubovci" – Providing transportation for returnees upon readmission from the border crossing point to the place of residence in Montenegro, when necessary – Providing accommodation for returnees upon readmission from the day of return to Montenegro, when necessary in accordance with the Law on Social and Child Protection (Articles 60-72) – Providing accommodation for returnees upon readmission from the day of return to Montenegro, when necessary in accordance with the needs of returnees and the possibilities of municipalities – Strengthening institutional and administrative capacity to provide adequate assistance to returnees and ensure equal access to returnees' rights – Organising trainings on the development of a business plan in co-operation with employees of the Employment Service, aimed at returnees after readmission with a view to preventing sexual exploitation and abuse as well as respect for gender-sensitive approach – Providing assistance to returnees upon readmission with a view to their reintegration and exchange of information between relevant institutions and actors – Establishing a system of co-ordination between institutions dealing with the issues of reception and reintegration of returnees, especially from the aspect of bodies at the state and local level, to prevent possible abuses of the visa-free regime by readmission returnees, who may be potential asylum seekers in the EU
	Establishing an electronic data exchange system between the competent state authorities and strengthening professional capacities of employees involved in the process of reintegration of returnees	<ul style="list-style-type: none"> – Carrying out legal, technical and operational assessment of challenges in implementing the Readmission Agreement with EU countries and assessment of the need for electronic registration and case management system – Establishing an electronic database on persons returned in accordance with readmission agreements and capacity building of officials for the use of the database – Organising trainings for team members in local communities, officers of the Ministry of the Interior, and the Police Administration to provide necessary information on the rights and obligations of returnees upon readmission – Producing, merging and distributing information materials on referral and reintegration assistance for returnees upon readmission
North Macedonia	Increasing intensity of return of our citizens from abroad	<ul style="list-style-type: none"> – Promoting implementation of the UN Agenda for Sustainable Development by 2030 – Developing standards and guidelines for mutual recognition of foreign qualifications and informally acquired skills – Promoting certification transparency and compatibility of the national qualifications frameworks – Concluding bilateral, regional and multilateral agreements for mutual recognition of qualifications or including provisions for recognition in other agreements

	Objectives	Specific measures in main migration strategy
		– Developing inter-institutional networks and programmes for co-operation and partnerships between the private sector and educational institutions in North Macedonia and the destination countries
Serbia	Serbia's main migration strategy, the Economic Migration Strategy 2021-2027, does not include objectives or measures to improve the reintegration of return migrants under readmission agreements. These are detailed in Serbia's 2009 Strategy of Returnees' Integration Based on Readmission Agreement.	

Note: For more information on return as a driver for development, see Chapter 4.

Sources: Government of Albania (2019^[1]), *National Strategy on Migration and Action Plan 2019-2022*, <https://albania.iom.int/resources/national-strategy-migration-and-action-plan-2019-2022>; Government of Bosnia and Herzegovina (2021^[2]), *Draft Strategy in the Area of Migrations and Asylum and Action Plan*, <https://ekonsultacije.gov.ba/legislativeactivities/details/113045->; Government of Kosovo (2021^[3]), *Strategy on Migration 2021-2025*, <https://kryeministri.rks-gov.net/wp-content/uploads/2021/11/Strategy-on-Migration-2021-2025.pdf>; Government of Montenegro (2021^[4]), *Strategy on Migration and Reintegration of Returnees in Montenegro, for the period 2021-2025, with the Action Plan for 2021 and 2022*, www.gov.me/dokumenta/3158ee96-b336-4e3b-b04f-064eb51b19c9; Government of North Macedonia (2021^[5]), *Resolution on Migration Policy of the Republic of Macedonia 2021-2025*, <https://north-macedonia.iom.int/sites/g/files/tmzbd1316/files/documents/Resolution%20on%20Migration%20Policy%20of%20The%20Republic%20of%20North%20Macedonia.pdf>; Government of Serbia (2021^[6]), *Economic Migration Strategy of the Republic of Serbia (2021-2027)*, www.minrzs.gov.rs/sites/default/files/2021-02/ENG_%20Strategija%20ekonomske%20migracije%202021-2027-30_10%20%28002%29.pdf.

Compared to all other Western Balkan economies, Montenegro's main migration policy strategy includes many more measures to improve the reintegration of return migrants under readmission agreements. In fact, its main migration strategy, the Strategy on Migration and Reintegration of Persons Returned on the Basis of Readmission Agreements (2021-2025), integrates the areas previously covered by Strategy for Integrated Migration Management in Montenegro 2017-2020 and the Strategy for Reintegration of Persons Returned on the Basis of Readmission Agreements 2016-2020. Such integration has led to the main migration strategy's strong focus on return under readmission agreements.

In addition to the objectives of Bosnia and Herzegovina's main migration strategy, further measures on return migration under readmission agreements are defined in the economy's new draft Strategy for Acceptance and Integration of Citizens of Bosnia and Herzegovina Returning to Bosnia and Herzegovina on the Basis of the Readmission Agreement and the Action Plan for the Period 2020-2023. It acknowledges the issue of economic empowerment of returnees under readmission agreements and the need for co-ordination in supporting and monitoring such returns. It aims to assure sustainable reintegration into local communities through measures such as continuous work on drafting local action plans for reintegration upon readmission. However, no specific budget is allocated for these measures in the draft Action Plan.

3.2. Multilateral and bilateral co-operation in migration management

Besides national migration policy frameworks, emigration from and within the WB6 is affected by policy mechanisms at the multilateral and bilateral levels that facilitate mobility. This section takes a closer look at some of the main policies at bilateral and multilateral level, and their implications for migration from the WB6.

3.2.1. Intra-regional migration co-operation

As shown in Chapter 1, intra-regional migration in the Western Balkans is relatively limited in comparison to emigration towards the OECD area. Certain regional migration corridors are still hindered by existing rules, such as continuing visa requirements for movement between Bosnia and Herzegovina and Kosovo. However, intra-regional mobility has recently become a topic on the political agenda in the region, with several initiatives to strengthen regional co-operation, including in the area of migration, under way.

Intra-regional migration is limited, but the Western Balkan Six are taking steps towards free movement in the region

The WB6 have recently declared their willingness to develop a common regional market. The leaders of Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia endorsed the Common Regional Market (CRM) 2021-24 Action Plan at the Berlin Process Summit held on 10 November 2020 in Sofia. The Action Plan is described as a “catalyst for deeper regional economic integration and a stepping stone towards EU Single Market”. To spur intra-regional mobility, the plan notably foresees to:

- adopt in a pilot sector a framework for recognition of professional qualifications based on the EU general system of recognition, and gradually extend it to other sectors
- adopt the Western Balkans Framework Agreement on Access to Study
- implement freedom of movement for students, researchers and professors, and for individuals based on IDs, and remove work permits for intercompany transfers and service providers
- recognise academic qualifications in the Western Balkans and enhance the quality of recognition of academic qualifications
- establish portability of social rights and removal of working permits.

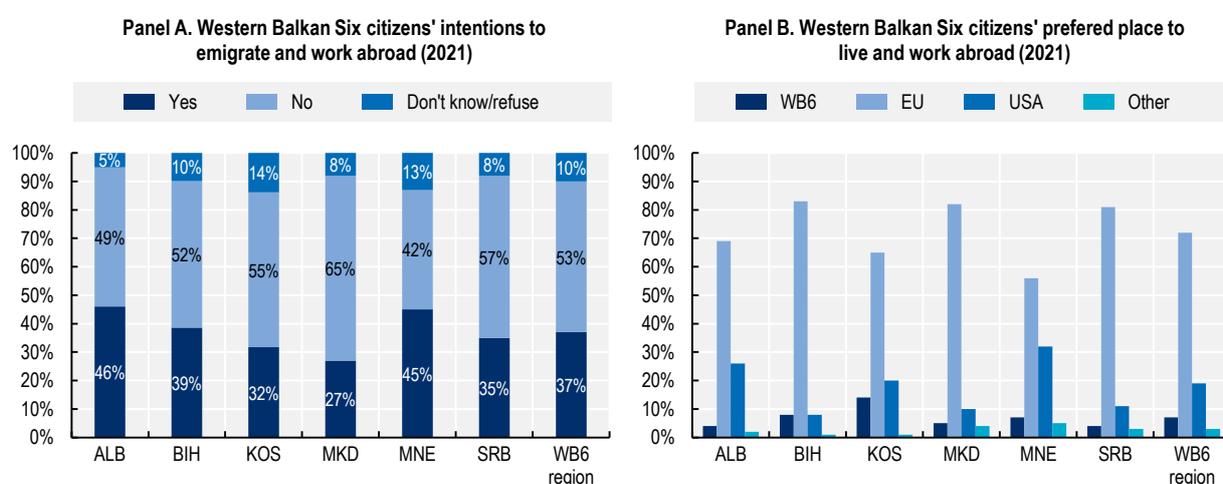
In addition, there are commitments to intensify skills development in strategic sectors, and promote innovation and trade within the region, which indirectly would also serve as a comprehensive approach to managing the root causes of migration.

In addition, Albania, North Macedonia and Serbia also signed an agreement launching the Open Balkan initiative in July 2021. This initiative aims to create a common economic area among the three signatory countries by 2023, and help pave their way to EU Membership. Bosnia and Herzegovina, Kosovo, and Montenegro have not become part of the initiative, although they were invited to join. A memorandum on trade facilitation and movement of persons, as well as a memorandum on steps towards a single labour market, was first signed in July 2021 (European Commission, 2021^[16]). In December 2021, six more agreements were signed among the three economies, including:

- Agreement on Conditions for Free Access to the Labour Market in the Western Balkans, enabling the introduction of a single work permit for the three economies
- Agreement on Connecting Electronic Identification Schemes for Citizens, allowing citizens to file applications from anywhere in the signatory economies
- Agreement on co-operation between official accreditation bodies, enabling mutual recognition of documentation issued by these bodies.

However, the migration intentions of people in the WB6 indicate that the interest to move to another WB6 economy remains limited. Results from the 2021 Public Balkan Barometer show that while many citizens consider moving abroad, ranging from 27% of respondents in North Macedonia to 46% of respondents in Albania (Figure 3.1, Panel A), only a small share of those with intentions to migrate are interested in intra-regional migration: on average, only 7% (Figure 3.1, Panel B). Citizens in Kosovo view intra-regional migration most positively, while Albanians and Serbs are the least interested in migrating within the region.

Figure 3.1. More than a third of Western Balkan Six citizens would emigrate, but less than a tenth of prospective migrants would move to another Western Balkan Six economy



Note: The Balkan Barometer is a yearly public opinion survey that targets 6 000 citizens of the WB6 (1 000 per economy). The survey asks a number of questions on migration intentions. Panel A Question: *Would you consider leaving and working abroad?* N= 6 000 (complete sample). Panel B Question: *Where do you consider living and working abroad?* N= 2 231 (follow-up question to those who consider living and working abroad).

Source: RCC (2021_[17]), *Balkan Public Barometer 2021*, <https://www.rcc.int/balkanbarometer/results/2/public>.

3.2.2. EU-Western Balkan migration co-operation

At the EU level, several co-operation mechanisms for migration from the Western Balkans have been introduced in the past decade (OECD, 2021_[18]).

Visa liberalisation has enabled short-term mobility towards the EU, but the impact on long-term migration is likely limited

Five of the WB6 economies have signed visa liberalisation agreements with the EU in the past decade. The visa waiver came into force in 2009 for Montenegro, North Macedonia and Serbia, and in 2010 for Albania and Bosnia and Herzegovina. The lifting of visa requirements for short-stayers in the Schengen Area has facilitated short-term mobility from the WB6.

Visa liberalisation has no impact on long-term migration from a strictly legal perspective. However, allowing short-term stays may also translate into more long-term stays, through legal channels of extension or change of visa, but also through irregular means by migrants overstaying in the country after the expiration of the short-term visa. Migrants may hence use the short-term visa as a means to enter the EU for work. The indirect effect of the visa liberalisation policy on migration flows is not straightforward to estimate, as migration depends on different factors. However, the fact that one economy in the region, Kosovo, does not enjoy the same visa-free arrangement allows for some comparison between emigration flows from the visa-free economies and Kosovo, and so can shed some light on the importance of the visa liberalisation for migration flows.

Hoffmeyer-Zlotnik (2019_[19]) analyses migration trends from the Western Balkans to Germany right before and the years after visa liberalisation using several different national and international data sources. The analysis shows that the number of new arrivals decreased in the five economies with visa-free entry the year prior to the visa liberalisation coming into effect, and increased in the years after. However, emigration of citizens from Kosovo to Germany increased in a manner similar to that observed for migrants from countries under visa liberalisation, indicating that long-term migration was not linked to the liberalisation of

short-term visas. Furthermore, the fact that the increase in asylum applications from Kosovo was also similar to that from the economies under visa exemption in the period around 2015 (see Box 1.3 in Chapter 1) further indicates that visa liberalisation was only one of several factors affecting migration patterns during this time. Other factors, such as the Western Balkan Regulation introduced in 2016 also applying to Kosovar nationals (see Section 3.2.3), are likely to have played a more important role for long-term migration (Hoffmeyer-Zlotnik, 2019^[19]).

International programmes have supported the mobility of students and academic staff

The number of international students from the WB6 has been on the rise since 2013 (see also Chapter 1). International mobility of students and academic staff has been facilitated by a number of international mobility programmes targeting students, researchers and university staff, such as Erasmus+, the Central European Exchange Programme for University Studies, Cooperation in Mediterranean and Western Balkan through Mobility of Students and Staff, and the European Regional Master's Programme.

International mobility programmes offer an opportunity to expand human capital in the WB6, from both an individual and a national perspective. Student mobility allows students to access high-quality education, acquire skills that are not taught in the country of origin, and expand professional networks and language skills (OECD, 2021^[20]). At the national level, international exchange programmes for students and staff can support capacity building, knowledge transfers and technology upgrading. The economies of the WB6 have been active in participating in opportunities for academic exchange in EU Member States through Erasmus+ (Box 3.2), although less in some exchange aspects than in others.

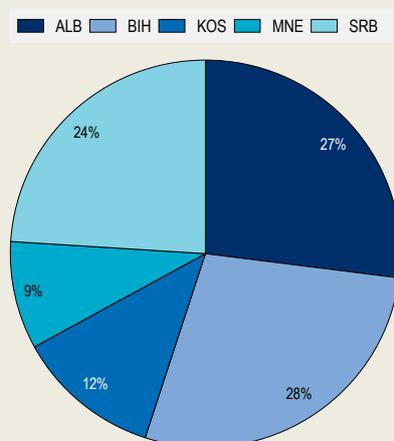
At the end of 2021, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia also became full members of the Horizon Europe programme, and Albania followed in the beginning of 2022 (European Commission, 2022^[21]). This membership enables closer research and innovation co-operation with EU Member States and allows researchers, innovators and research entities in the WB6 region to fully participate in the programme, with a budget of EUR 95.5 billion.

Box 3.2. Erasmus+ has increased mobility of university students and staff from the Western Balkan Six

In 2015, the European Union expanded its Erasmus programme to also include youth and academic mobility between Europe and other parts of the world. Erasmus+ funds academic and youth mobility and co-operation projects targeting its programme and partner countries. The programme countries include all EU Member States and European Free Trade Association countries, Turkey, and two WB6 economies: North Macedonia (since 2014) and Serbia (since 2019). Albania, Bosnia and Herzegovina, Montenegro, and Kosovo are included among the partner economies.

One of the areas of collaboration under Erasmus+ is International Credit Mobility (ICM), which provides opportunities for short-term mobility for students, researchers and staff. Institutions in programme countries establish partnerships with universities in partner countries to facilitate two-way mobility. The budget for the WB6 makes up about one-sixth of the total ICM budget, and allowed the mobility of over 48 000 students and staff between 2015 and 2020 (Figure 3.2). Of these, about 30 000 involved outgoing mobility from the WB6 to the EU, and 18 000 mobility in the opposite direction, from Europe to the WB6.

Figure 3.2. International Credit Mobility in the Western Balkan Six, 2015-20



Note: North Macedonia is an Erasmus+ programme country and not included in the statistics. Serbia became a project country in 2019 and statistics for Serbia include 2015-18.

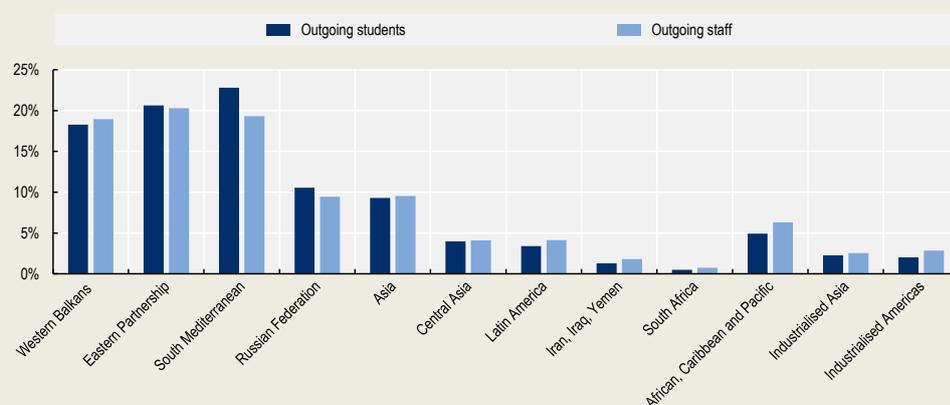
Source: European Commission (2021^[22]), *EU-Western Balkan cooperation through Erasmus+*, <https://ec.europa.eu/assets/eac/erasmus-plus/factsheets/regional/westernbalkans-regional-erasmusplus-2020.pdf>.

WB6 participation in student and staff mobility constituted close to 19% of all outgoing mobility from partner countries in 2019 (Figure 3.2)

Other collaboration within the Erasmus+ framework includes the Erasmus Mundus Joint Master Degrees (EMJMD), which award full-degree scholarships to Master's students who carry out studies in at least two different programme countries. In the programme period 2014-20, 405 EMJMD scholarships were awarded to students from the Western Balkans, representing about 4% of the total number of scholarships awarded to students from Erasmus+ partner countries – a significantly lower share than for the ICM exchanges (at 19%). More than half of the EMJMD scholarships (220) were awarded to students from Serbia.

Figure 3.3. Outgoing student and staff from Erasmus+ partner countries

Share of total number of mobility from partner countries in 2019



Note: Western Balkans includes all Western Balkan Six economies except North Macedonia.

Source: European Commission (2020^[23]), *Erasmus+ annual report 2019: statistical annex*, Directorate-General for Education, Youth, Sport and Culture, Publications Office, <https://data.europa.eu/doi/10.2766/651849>.

In addition, Erasmus+ supports capacity building in higher education through projects to modernise and reform the higher education sector and prepare the ground for higher education reform. Between 2014 and 2020, Western Balkan economies were involved in 112 projects and 831 instances of participation in capacity building in higher education.

Source: European Commission (2021^[22]), "EU-Western Balkan Cooperation through Erasmus+", <https://ec.europa.eu/assets/eac/erasmus-plus/factsheets/regional/westembalkans-regional-erasmusplus-2020.pdf>.

New EU policy tools for mobility are focusing on the Western Balkan Six

The new EU Pact on Migration and Asylum, announced by the European Commission in September 2020, includes new tools for the management of labour migration at EU level, including Talent Partnerships. These partnerships established to create better job opportunities at home and legal routes to the EU, starting first in the EU's Neighbourhood, the WB6 and Africa. The partnerships will combine mobility schemes for workers and students with related capacity-building support in migrant-origin countries. The partnerships thus offer a way to combine migration opportunities with long-term investments in key areas such as labour market assessments, education, migrant reintegration and diaspora engagement. They also imply a shift in focus from recruitment to investing and building skills in both countries of origin and destination. Similar partnership models have also been piloted at bilateral level through mobility skills partnerships, which are discussed in the next section.

In addition, the EU is supporting the internationalisation of vocational education and training (VET) systems in the WB6. For example, the pilot project Internationalisation of VET systems in the Western Balkans has been awarded EUR 2 million to support mobility of VET students and teachers in the WB6 economies. The project involves eight EU Member State partners: Belgium, France, Italy, Malta, the Netherlands, Poland, Slovenia and Spain, and offers students and staff various means of spending limited time in training centres in EU Member States.

3.2.3. Bilateral policy mechanisms and collaboration

Besides collaboration at multilateral level, there are many bilateral programmes in place between the WB6 and its main destination countries. Bilateral co-operation in migration management often relies on bilateral labour agreements. Bilateral labour agreements can have different objectives, but they often focus on promoting regular migration and protection of migrant rights, and are often implemented in the context of temporary migration. Typically, these types of agreements would regulate working conditions, wages and worker's rights, and sometimes also portability of social benefits. Other mechanisms and policy frameworks in specific destination countries have a significant impact on the size and types of migration from the WB6, some of which are discussed below.

Germany has created legal pathways for the Western Balkan Six to reduce irregular migration

In January 2016, Germany initiated what is called the Western Balkan Regulation, a policy that opened up the labour market for nationals from the WB6. The policy, initially valid until 2020, allows citizens of Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro, and Serbia to enter Germany for employment without any formal qualification requirements, provided that they have a binding job offer. In September 2020, Germany extended and amended the regulation and it is now valid until 2023, with a few modifications. A new quota of 25 000 work permissions per year was established (if needed this contingent

can be adapted to labour demand) and a prior labour market test is required. Those who had already migrated and have been employed for the past two years need to have their permission to work renewed. The requirements for the employers are still that they must prove that they cannot find local workers for the positions, and that the employment conditions meet a certain minimum standard. Both German employers and jobseekers from the WB6 have taken great advantage of the Western Balkan Regulation. Up to 2017, more than 117 000 work contracts had been submitted and approved under the regulation, and close to 44 100 applicants had received work contracts. In parallel, asylum applications from citizens of the WB6 economies dropped by 90%.

Most visa applications under the Western Balkan Regulation came from men. About three in four (74%) were younger than 40 and 64% younger than 26. In terms of skill level, 58% of the migrants under the regulation were skilled workers (mostly at the level of a VET qualification), and 42% were low skilled (Table 3.6). There is a high concentration of workers under the Western Balkan Regulation in the construction sector (44%); the share stands out from those of other groups of migrants such as asylum seekers or migrants from new EU Member States, with much lower shares of construction workers. The second most common occupation sector is hospitality (13%), which is more comparable to the other groups of migrants (Brücker et al., 2020^[24]). In addition, more in-depth studies of the programme also point to positive labour market outcomes. Migrants who arrived under the regulation tend to have high employment rates; relatively stable employment relationships with few changes of employers; earnings comparable to those of other migrant groups and job entrants who are German citizens; and work in occupations that matches their skill level. Overall satisfaction with the outcomes of the regulation is also high among employers, as well as among workers (Brücker et al., 2020^[24]). Reviews of the first years of implementation of the Western Balkan Regulation offer interesting lessons for future policy making in Germany and beyond (see Box 3.3).

Table 3.6. Distribution of occupation of migrants in Germany, by migration channel

Comparison of occupational distribution between Western Balkan Six migrants, other migrants and Germans, in %

Migrant category/migration channel	Skill level			Sector				
	Unskilled	Skilled	Specialist /expert	Construction	Hospitality	Administrative and support services	Health and social sector	Other
Western Balkan Regulation (WB6)	42	54	4	44	13	10	11	22
Highly qualified (WB6)	2	12	87	8	1	3	34	54
Bottleneck occupations (WB6)	45	51	5	9	1	2	84	5
Access for asylum seekers (WB6)	74	25	1	15	19	30	6	31
New EU Member States	61	36	4	13	10	34	3	40
Other third-country nationals	46	29	25	3	20	21	6	51
German nationals	22	55	23	5	6	10	12	67
All individuals in dependent employment in Germany	26	53	21	5	7	12	12	64

Note: The migrant sample in the categories of WB6 migrants include those aged 26 and above.

Source: Brücker et al. (2020^[24]), "Evaluierung der Westbalkanregelung: Registerdatenanalyse und Betriebsfallstudien; Abschlussbericht", www.ssoar.info/ssoar/bitstream/handle/document/68998/ssoar-2020-bruecker_et_al-Evaluierung_der_Westbalkanregelung_Registerdatenanalyse_und.pdf?sequence=1&isAllowed=y&lnkname=ssoar-2020-bruecker_et_al-Evaluierung_der_Westbalkanregelung_Registerdaten, based on the *Integrated Employment Biographies Database* of the German Federal Employment Agency.

Box 3.3. The Western Balkan Regulation: What lessons can be drawn for other countries?

The large influx of over 1 million migrants and asylum seekers in 2015 put the question of orderly migration management at the top of the political agenda in Europe. Legal pathways for migration have been highlighted as one of the main tools to address irregular migration, although examples of policies that create channels for legal migration are relatively scarce. However, the way the regulation was implemented, with an absence of qualification requirements, led to concerns that the policy would create social and economic risk to the workers as well as the German state. The Western Balkan Regulation is thus an interesting case study to learn from for the design of future migration management and policy.

It should first be noted that the Western Balkan Regulation was introduced in a particular context, as it came into effect in parallel to a number of different migration measures both in Germany and in the EU context. These included, for example, faster deportation mechanisms and stricter border enforcement in the Balkan region, which certainly also contributed to changing migration patterns after the policy was introduced. This also implies that separating causal impacts of the Western Balkan Regulation from impacts of other policies introduced around the same time is very difficult, especially since no systematic evaluation was put in place.

Nevertheless, since the introduction of the Western Balkan Regulation, an increase in legal migration as well as a significant drop in asylum applications have been observed in Germany, and although no causal impact can be established, it is plausible to assume that the regulation played a central role. About half of the contracts submitted for pre-approval under the regulation in the immediate years following introduction (2016-17) were for unskilled or low-skilled immigrants, which indicates that this may have opened up a channel for migration for a category of migrants who had had limited options. At the same time, the fact that the majority of the visas (54%) were issued for skilled workers shows that labour migration without qualification requirements is not automatically associated with unskilled occupations.

However, the design and implementation of the policy was far from ideal, and the implementation process suffered a lack of co-ordination and clear mandate. There were also bottlenecks in the application process, which created long waiting times for visas to be approved. Furthermore, a lack of communication strategy for the economies of origin opened the door to misinformation and created uncertainty around the policy.

Despite implementation challenges, a qualitative and quantitative evaluation of the first few years of the regulation overall indicates positive outcomes, and both migrants and German employers expressed satisfaction with the programme. Some main takeaways from evaluations of the first few years after the regulation came into effect undertaken by Brücker et al. (2020^[24]) and Bither and Ziebarth (2018^[25]) include the following:

- Despite being a policy without restrictions in terms of skill level, the outcomes of the programme show that skilled migrants also largely benefited from the programme.
- The labour market outcomes of those migrants who arrived under the regulation have been positive, with high employment rates, employment stability and earnings comparable to other migrant groups. The share that are unemployed or receive benefits is lower than for other migrant groups. This indicates that the fears of the regulation proving costly do not seem to have been founded.
- Even though it is difficult to establish causality, the regulation also seems to have been successful in reducing the number of asylum applications from the WB6 economies by creating an option for people looking to migrate to Germany.

- The success of the programme partly relies on the close ties Germany has with the Western Balkan region, as personal and professional networks played a key role in matching prospective migrants with employers in Germany. This indicates that such a policy could not be easily transferred to or replicated in other contexts.
- The long waiting times for visa approval led to far fewer visas issued compared to pre-approved work contracts, and became a major challenge in implementing the policy. This weak implementation capacity undermined the ability to use the policy as a tool to respond to (short-term and temporary) labour demands in the German labour market.

Lessons learnt for future policy

- Policies should be underpinned by a **clear policy logic** connected to explicit migration goals, and a **clear mandate and co-ordination process**.
- Ensure systematic and correct **information to manage expectations** and to avoid misinformation in countries of origin.
- The policy should be **tailored to the local context**, as many factors will contribute to the ultimate outcome of a policy to open up legal migration channels.
- Integrate proper **evaluation mechanisms** into the policy's design, to be able to establish causal policy impact and draw lessons for the future.

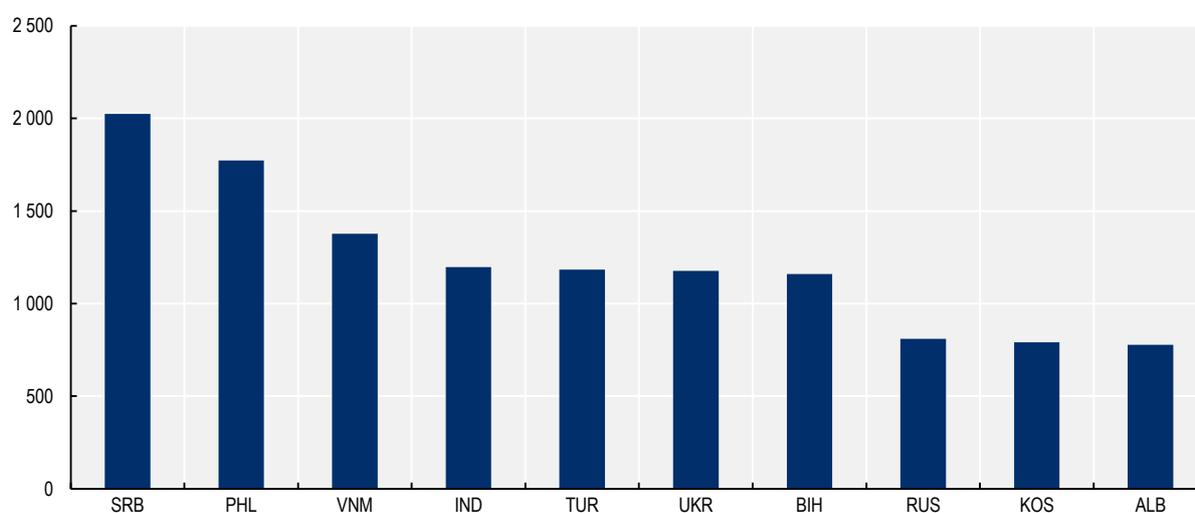
Sources: Brücker et al. (2020^[24]), "Evaluierung der Westbalkanregelung: Registerdatenanalyse und Betriebsfallstudien; Abschlussbericht", www.ssoar.info/ssoar/bitstream/handle/document/68998/ssoar-2020-bruecker_et_al-Evaluierung_der_Westbalkanregelung_Registerdatenanalyse_und.pdf?sequence=1&isAllowed=y&Inkname=ssoar-2020-bruecker_et_al-Evaluierung_der_Westbalkanregelung_Registerdaten; Bither and Ziebarth (2018^[25]), "Creating Legal Pathways to Reduce Irregular Migration? What We Can Learn from Germany's "Western Balkan Regulation"", <https://www.gmfus.org/news/creating-legal-pathways-reduce-irregular-migration-what-we-can-learn-germanys-western-balkan>.

Certain destination country policies target migrants with specific skills or in specific sectors

Destination countries also introduce specific policies and mobility schemes to address skill shortages in specific sectors. These include seasonal worker programmes, which are often based on a co-operation agreement between the public employment services in origin and destination countries. With regard to the WB6, Greece has a large-scale seasonal programme for Albanian workers (OECD, 2020^[26]). Another example is the seasonal work visa programme in Italy, which includes the WB6 economies among the list of 30 eligible countries of origin. Workers are recruited mainly for the agriculture and tourism sectors. In 2019, almost 370 000 foreign workers were hired in the agriculture sector, out of which 34 000 were Albanians, making them the fourth-largest migrant group in the Italian agriculture sector (OECD, 2020^[26]). For 2022, Italy has announced a quota of 42 000 work permits to be issued to citizens outside the EU, for both seasonal and non-seasonal work. The work visa programme will accord priority to migrants from a certain number of countries, including migrants from the WB6 economies (SchengenVisaInfo.com, 2022^[27]).

An example of a policy with implications for skilled migrants from the Western Balkans is the German Skilled Workers Immigration Act, which came into force in March 2020. The purpose of the act is to simplify procedures and rules for skilled non-EU citizens to take up employment in sectors with skill shortages in Germany. Despite some challenges due to COVID-19, 30 000 permits were granted to migrants outside the EU in the first ten months after the law came into effect. Four WB6 economies (Serbia, Bosnia and Herzegovina, Kosovo, and Albania) appear among the top origin economies to have benefitted from the policy between March and December 2020, with Serbian migrants being the main economy for visa issuance (Figure 3.4). Detailed information on the visas issued in 2021 is not yet available, but the total number of visas issued in 2021 doubled from the previous year, reaching 60 000.

Figure 3.4. Number of visas issued under the German Skilled Immigration Act, top application economies, 2020



Note: IND=India, PHL=Philippines, RUS=Russia, TUR=Turkey, UKR=Ukraine, VNM=Viet Nam.

Source: Schengenvisa.info.com (2021^[28]), *Skilled workers from the Western Balkans benefited the most from the German Skilled Immigration Act in 2020*, [www.schengenvisa.info.com/news/de/facharbeiter-aus-dem-westlichen-balkan-profitierten-im-jahr-2020-am-meisten-vom-deutschen-fachkräfteeinwanderungsgesetz/..](http://www.schengenvisa.info.com/news/de/facharbeiter-aus-dem-westlichen-balkan-profitierten-im-jahr-2020-am-meisten-vom-deutschen-fachkräfteeinwanderungsgesetz/)

Skills partnerships: A new model for migration collaboration

The demand for skills in the migration destination countries largely overlaps with the skills needed in the local labour markets in the WB6, which creates competition for talent and skills shortages in the region. As discussed in Chapter 2, migration can benefit the origin countries through financial and knowledge transfers, but also creates skills shortages when a large part of the workforce with valuable skills (both high- and mid-level) is emigrating. A challenge for the region is therefore to find a system that can maximise the benefits of migration and skill investment.

Skills mobility partnerships (SMPs) are an international model that can generate benefits for both countries of origin and destination (Box 3.4). Austria, Germany and Switzerland have already invested in similar partnering with training centres in the Balkans to improve VET training for potential future migrants, arrangements that are along the lines of SMPs. For example, the Austrian Development Agency and the Austrian Federal Economic Chamber have been working together with the Serbian Federal Economic Chamber and other project partners to implement the Austrian dual-training apprenticeship system (IOM/EMN, 2019^[29]). The Swiss Agency for Development and Cooperation has implemented various VET projects in the Western Balkans to increase youth employment. One example is the Education 2 Employment (E2E) programme that supports labour market measures in Serbia through career guidance and counselling and work based learning to generate employment opportunities for youth. GIZ has been involved in recent far-reaching VET reform, resulting in the adoption of a law on and subsequent introduction of dual education; here German, Swiss and Austrian dual education systems have been taken as models for replication. GIZ projects can be mapped into three categories: 1) support for skilled migration, e.g. for the migration of nurses, and recognition of existing skills and provision of additional training in Germany; 2) destination training, where migrants access training and apprenticeship programmes in Germany; and 3) origin training (e.g. in the construction sector in Kosovo), where training is offered to non-migrants in their economies (Clemens, Dempster and Gough, 2019^[30]). Another example is the Heimerer College in Kosovo, which was established in Pristina in 2010 and is co-owned by a German and a Kosovar partner. The college implements a fully operational dual-track model, training students in

Kosovo for work opportunities both in Germany and in local Kosovo markets in the health sector (Clemens, Dempster and Gough, 2019^[30]). It is common for prospective employers to pay the language fee, whereas the college itself is financed by tuition fees.

Given the strong and well-developed VET schemes in key destination countries such as Austria, Germany and Switzerland, there are significant potential benefits for the WB6 economies through knowledge and capacity transfers. From a capacity-building point of view, these include upgrading of both equipment and local skills, as well as development of new training curricula in the countries of origin. From a migration perspective, skills partnerships open up new regular migration channels, offering more secure and better job opportunities for migrants in the partner countries. However, it is important to learn from experience in the implementation of such partnerships to date, to ensure that the benefits for the country of origin are realised (Box 3.4).

Box 3.4. Experience of skills partnerships to date

In recent years, new and innovative models of partnerships that combine development interventions, skills training programmes and legal labour migration pathways have been developed and piloted. Skills mobility partnerships (SMPs) aim to create mutual benefits for migration destination and origin countries. The partnerships can take many forms, but have the common idea of providing two training tracks: one for future migrants and one for non-migrants. The training track for non-migrants ensures that the training is directly relevant to the local market, and the migrant origin country benefits both from increased human capital acquisition through training partly or fully funded by migrant destination countries and from the migration of a part of those that are trained through knowledge transfers. As such, SMPs offer something different from many of the migration management models seen to date, which can be summarised in three main components:

1. **Skills development and recognition**, in which the migrant acquires new professional skills or improves existing ones, building upon prior experience and training
2. **Partnership**, in which mobility is organised, generally within existing legal migration channels, and the costs of training and matching are at least partially borne by the country of destination and/or employers
3. **Mutual benefit**, in which benefits are provided for all involved: countries of origin (by increasing the potential pool of skills); the destination country (by facilitating access to skills in demand); and migrants (by enabling them to acquire and market new skills).

Maximising the benefits of skills mobility partnerships

To maximise the benefits for the countries involved, the following recommendations stem from empirical evidence and experience to date.

Shift technical training to the country of origin. Placing the training component of the skills partnerships in the country of origin will maximise the development impact there. This approach strengthens country of origin training capacity and institutions, creates a sustainable human capital increase in a relatively short time frame (by training participants who will reintegrate into local markets), and fosters a technology and innovation transfer by bringing training to the country of origin communities. Such an approach is ultimately more sustainable and cost-effective in the longer run, as training costs are lower.

Tailor the “home” track to partner country of origin needs. The dual-track approach can help address specific challenges around labour market participation rates or high unemployment. Countries of origin and destination may, however, have complementary but different skill shortages and needs.

The dual-track systems should therefore be designed with both countries in mind, and flexible curricula that can provide skills for both markets.

Identify and address human capital challenges among trainers in origin countries at an early stage. Finding qualified technical trainers in the partner country may be challenging. This can be addressed by putting in place mobility schemes for trainers from destination countries to provide short-term training focused on upskilling in the country of origin.

Align visa policy with the skills mobility partnerships. Partnerships are often developed for the mobility of individuals with non-tertiary level skills. Yet many migration systems do not have favourable – or indeed any – provisions for medium-skilled workers. It is therefore important to ensure that visa or permit channels are aligned with the context of the SMPs in place.

Sources: Clemens, Dempster and Gough (2019^[30]), “Maximizing the shared benefits of legal migration pathways: Lessons from Germany’s skills partnerships”, <https://www.cgdev.org/sites/default/files/maximizing-shared-benefits-legal-migration-pathways.pdf>; Chaloff, Dumont and Ramasamy Kone (2016^[7]), “Building policy coherence for labour migration”, [https://www.oecd.org/gov/pcsd/Coherence%20for%20Development issue 7 WEB.pdf](https://www.oecd.org/gov/pcsd/Coherence%20for%20Development%20issue%207%20WEB.pdf).

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Notes

¹ Representatives of the Coordination Body for Migration Issues in Bosnia and Herzegovina are from the Ministry of Security, the Service for Foreigners, the Border Police, the Ministry of Human Affairs, the Ministry of Human Rights and Refugees, and the State Agency for Investigation and Protection.

² In Albania, the Technical Secretariat co-ordinates the work of all leading agencies and prepares semi-annual progress reports on the implementation of the National Strategy on Migration and Action Plan based on their work. These reports are submitted to the Technical Committee on Migration (led by the Deputy Minister of Interior and composed by the general directors of each lead agency/institution responsible for implementing the National Strategy on Migration and Action Plan). The committee commissions the Technical Secretariat to co-ordinate activities in order to prepare a comprehensive draft annual report, diagnosing emerging issues from the measures of the strategy and providing recommendations for remedial actions. The Steering Group reviews this report and accordingly issues recommendations and proposals at the political level to the Council of Ministers.

³ The project “Strengthening Migration Management Authorities in Kosovo” is funded by the Swiss State Secretariat for Migration.

4

Linking with the diaspora from the Western Balkan Six economies in destination countries

This chapter focuses on diaspora policy and ways to promote the development impact of migration in the Western Balkan Six (WB6) economies. The chapter begins with an overview of the institutional and strategic framework for diaspora policy, and then explains how the WB6 economies currently map their diasporas and engage with them. Finally, the chapter analyses how current policies can help maximise the development impacts of diaspora engagement in their economies.

Key findings

- **All Western Balkan Six (WB6) economies have developed institutional and policy frameworks to engage with the diaspora.** In recent years, strategies have been set up to co-operate with the diaspora in the six economies, and in some cases for the first time. All strategies are accompanied by action plans, while the assigned budget varies.
- **With regard to facilitating work among institutions supporting diaspora engagement, only some of the economies have put in place policy co-ordination mechanisms.** Albania and Serbia have created specialised bodies to facilitate diaspora policy co-ordination, while North Macedonia relies on the Minister without Portfolio in charge of Diaspora and the National Council on the Diaspora to do so.
- **All Western Balkan Six governments have objectives to strengthen relations with the diaspora through better institutional co-operation.** Albania and Montenegro have set up independent bodies in charge of facilitating diaspora engagement, while Serbia has established the Assembly of the Diaspora and Serbs as the diaspora's representative body to improve co-operation between the diaspora and state institutions.
- **Online platforms to map and engage with diasporas have been established by different actors in the Western Balkan Six economies.** Some of the economies have established databases and interactive platforms to register diaspora members and associations and to facilitate interaction among them. In some economies, international donors and stakeholders were involved in the creation of these tools, while in others non-governmental stakeholders led the process.
- **Financial exclusion and high transaction costs lower the share of remittances delivered through formal channels and lessen productive use of remittances.** Remittances sent through informal channels entail greater risk, and financial exclusion limits the opportunities for households to make more productive use of remittances.
- **Lack of trust remains a key barrier in diaspora engagement and investment.** Building trust implies an investment in long-term and institutionalised relationships with the diaspora. Such relationships can build on existing and active diaspora associations in the region, to ensure that the diaspora community is at the centre of the design and implementation of policies impacting it.
- **Initiatives to create stronger links between the scientific diaspora and academic institutions in the Western Balkan Six region are under development.** Further developing these links through the establishment of networks, scientific funds and fellowship programmes can encourage important knowledge transfers and help build capacity in key sectors in the region.
- **Policies to actively attract back migrants are still largely missing.** Return migration could have important development impacts on the Western Balkan Six economies. A first step to promote return migration is to invest more resources in data collection to monitor return migration trends and understand the interest and profiles of potential return migrants.

4.1. Institutional and strategic frameworks for diaspora policy in the Western Balkan Six economies

Diaspora policy to develop links with and strengthen the engagement of the diaspora in the home economies first requires an institutional and strategic framework with specific objectives and actions for diaspora co-operation. This section discusses such frameworks for diaspora policy implemented to date.

4.1.1. All Western Balkan Six governments have developed institutional and policy frameworks to engage with the diaspora

Institutional and strategic frameworks for co-operation with the diaspora are in place for all WB6 economies. While some of them have a longer tradition of institutionalised co-operation with diaspora, others have focused on its strategic development only in recent years. Diaspora policies in the region are mainly defined within specific strategies and fall under the authority of the ministry of foreign affairs. However, in some economies, diaspora engagement is addressed under the strategic framework on migration, with different ministries and government bodies in charge of diaspora policy. Table 4.1 provides an overview of the WB6 institutional and strategic frameworks in place.

In Bosnia and Herzegovina and North Macedonia, institutions other than the Ministry of Foreign Affairs are in charge of diaspora policy making. In Bosnia and Herzegovina, the Ministry of Human Rights and Refugees is the main institution in charge; as for North Macedonia, the post of Minister without Portfolio in Charge of Diaspora was reintroduced in 2022 after it was temporarily discontinued for more than two years. The Cabinet of the Minister in Charge of Diaspora is responsible for implementation of the main strategy for co-operation with diaspora. Albania also had temporarily established the post of the Minister of State for Diaspora; it was discontinued in 2021.

To facilitate work among the institutions supporting diaspora engagement, some of the economies have in place policy co-ordination mechanisms (Table 4.1). In Albania, the Diaspora State Committee is the consultative body of the Council of Ministers for the co-ordination of national policies and activities in the field of diaspora (Government of Albania, 2020^[1]). The committee is chaired by the Prime Minister and consists of ministers and directors of line institutions working on diaspora policies.¹ In addition, the Parliamentary Subcommittee on Diaspora and Migration aims to establish political cohesion in the Assembly of Albania on issues related to the diaspora. The subcommittee makes proposals and reviews and monitors implementation of Albanian legislation and country policies on diaspora and migration. On the other hand, in Serbia, the work on diaspora policies is intertwined with that on economic migration, which is overseen by the Coordination Body for Monitoring Flows in the Area of Economic Migration (see Chapter 3).

Albania, Kosovo, Montenegro and Serbia have laid the groundwork for co-operation with diasporas by establishing a relevant legal framework, including the Law on Diaspora in Albania; the Law on Diaspora and Migration in Kosovo; the Law on Cooperation of Montenegro with Diaspora and Emigrants in Montenegro; and the Law on the Diaspora and Serbs in the Region in Serbia. North Macedonia also is assessing the need for creating a law on the diaspora. The laws regulate relations of the state with diasporas, with a focus on preserving national, cultural and linguistic identity.

The first strategic frameworks for co-operation with diasporas in Kosovo, Montenegro and Serbia were developed as early as 2011 (Serbia), 2013 (Kosovo) and 2015 (Montenegro). More recently, Kosovo developed a draft strategy supporting improved diaspora engagement, although it is still pending adoption. Montenegro adopted the Strategy for Cooperation with Diaspora (2020-2023), while the Economic Migration Strategy of the Republic of Serbia for the Period 2021-2027 provides the strategic framework for diaspora co-operation in addition to migration management.

Albania, Bosnia and Herzegovina and North Macedonia initiated development of strategic frameworks on diaspora engagement more recently, and all three economies now have relevant strategic documents in place. In 2017, the Council of Ministers of Bosnia and Herzegovina adopted the Policy on Cooperation with Diaspora, with the main goals of adopting a strategy for co-operation with diaspora and developing mechanisms and capacity for co-operation with diaspora in different areas. Following the policy, a Plan for Communication with Diaspora was adopted in 2018, with the purpose of increasing connectivity, trust and consistency of information provided to diaspora by the state authorities. The Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS) both have entity-level strategies in place.

All the adopted strategies are accompanied by an action plan, with the exception of the Policy on Cooperation with Diaspora for Bosnia and Herzegovina. Most economies have assigned a specific budget for implementing the measures set in the action plan. Serbia had the biggest annual average budget assigned to implementing its action plan, which includes measures for both migration management and diaspora engagement. Albania and Kosovo had much smaller annual average budget amounts, but in both economies, the entire amount is dedicated to implementing measures for co-operation with the diaspora (Table 4.1).

Table 4.1. Overview of the institutional and strategic framework for diaspora policy in the Western Balkan Six

		Main institutions in charge of diaspora policies	Latest main diaspora strategy documents	Policy co-ordination mechanisms	Annual average implementation budget (in PPP USD)
Albania		Ministry for Europe and Foreign Affairs, National Diaspora Agency	Albanian Diaspora National Strategy 2021-2025 and Action Plan	Diaspora State Committee, Parliamentary Subcommittee on Diaspora and Migration	6 002 508
Bosnia and Herzegovina	State level	Ministry of Human Rights and Refugees	Policy on Cooperation with Diaspora ¹	/	/
	Federation of Bosnia and Herzegovina	Federal Ministry of Displaced Persons and Refugees	Strategy on Cooperation with Diaspora and Action Plan (2020-2024)	/	n/a ²
	Republika Srpska	Ministry for European Integration and International Cooperation	Strategic Plan for Cooperation with Diaspora	/	n/a
Kosovo		Ministry of Foreign Affairs and Diaspora	Draft Strategy for Diaspora 2019-2023	/	1 593 561 ³
Montenegro		Ministry of Foreign Affairs, Directorate for Cooperation with Diaspora and Emigrants	Strategy for Cooperation with Diaspora (2020-2023)	/	590 909 ⁴
North Macedonia		Minister without Portfolio in Charge of Diaspora	National Strategy for Cooperation with Diaspora (2019-2023)	Minister without Portfolio in Charge of Diaspora, National Council on the Diaspora	n/a ²
Serbia		Ministry of Foreign Affairs, Ministry of Labour, Employment, Veteran and Social Affairs	Economic Migration Strategy of the Republic of Serbia (2021-2027)	Coordination Body for Monitoring Flows in the Area of Economic Migration in the Republic of Serbia, the Office for Cooperation with Diaspora and Serbs in the Region	105 197 247

1. The Policy on Cooperation with Diaspora was first drafted by the Ministry of Human Rights and Refugees of Bosnia and Herzegovina; developed by a working group consisting of state-level, entity-level and Brčko District representatives; and adopted by the Council of Ministers. It represents an overarching policy document that does not set a strategic framework on co-operation with diaspora, but offers a reference point for frameworks and activities on all levels of government.

2. The full amount of the budget is not specified in the strategy.

3. The budget amount for some measures was not specified.

4. Minimum annual budget is specified.

Sources: Government of Albania (2020^[11]), *Albanian National Diaspora Strategy 2021-2025*, <https://diaspora.gov.al/wp-content/uploads/2020/12/STRATEGJIA-KOMBETARE-E-DIASPORES-2021-2025-ENG.pdf>; Council of Ministers of Bosnia and Herzegovina (2017^[2]), *Policy on Cooperation with Diaspora*, www.mhrr.gov.ba/iseljenistvo/Dokumenti/PolitikaE%20final1.pdf; Government of the Federation of Bosnia and Herzegovina (2020^[3]), *Strategy on Cooperation with Diaspora and Action Plan (2020-2024)*, <https://fmroi.gov.ba/strategija-federacije-bih-za-saradnju-sa-iseljenistvom>; Government of Republika Srpska (2020^[4]), *Strategic Plan for Cooperation with Diaspora*, <https://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/meoi/Pages/default.aspx>; Government of Kosovo (2018^[5]), *Draft Strategy for Diaspora 2019-2023 and Action Plan 2019-2021*, <https://konsultimet.rks-gov.net/viewConsult.php?ConsultationID=40530>; Government of Montenegro (2020^[6]), *Draft Strategy for Cooperation with Diaspora (2020-2023)*, <https://www.gov.me/dokumenta/10cd8fe6-cd47-4c22-9047-ef4a04aa419f>; Government of North Macedonia (2019^[7]), *National Strategy of the Republic of North Macedonia for Cooperation with the Diaspora 2019-2023 and Action Plan*, <https://diaspora.gov.mk/?q=mk/node/139>; Government of Serbia (2021^[8]), *Economic Migration Strategy of the Republic of Serbia (2021-2027)*, https://www.minrzs.gov.rs/sites/default/files/2021-02/ENG_%20Strategija%20ekonomske%20migracije%202021-2027-30_10%20%28002%29.pdf#:~:text=The%20legal%20basis%20for%20adoption%20of%20the%20Economic,Government%2C%20unless%20otherwise%20stipulated%20by%20a%2.

4.2. Mapping the diaspora, engaging and building trust

Apart from the necessary institutional and strategic frameworks, diaspora engagement also requires an understanding of the characteristics of the diaspora, and the development of reciprocal, institutionalised and long-lasting relationships among the state, the diaspora and other actors.

4.2.1. All Western Balkan Six governments have the objective of strengthening relations with the diaspora through better institutional co-operation

There is increased interest in strengthening and developing relations with diasporas in the region. This is clear from the objectives set by the strategic frameworks for co-operation with the diaspora in all WB6 economies (Table 4.2). To that end, better knowledge of the diaspora through mapping is essential. In parallel, the governments need to build trust. Most economies have identified lack of trust as an issue, and Republika Srpska along with North Macedonia even include the objective of building trust in their strategies. To improve engagement, economies have created specialised institutions and platforms to connect with the diasporas. International donors have also been included in the implementation of these objectives in the framework of different projects.

Table 4.2. Strategic framework on mapping and engaging with the diaspora

		Objective	Specific actions	Budgeted	Monitoring indicators
Albania		– Strengthening and developing relations with the Albanian diaspora	✓	✓	✓
Bosnia and Herzegovina	State	– Developing a framework strategy for co-operation with emigrants – Developing mechanisms of institutional co-ordination for co-operation with diaspora – Strengthening capacities of institutions and local self-government for co-operation with diaspora – Tracking and reporting migration flows – Enhancing information exchange and communication	✓	✗	✗
	Federation of Bosnia and Herzegovina	– Strengthening the legal and institutional framework for co-operation with diaspora	✓	✗ ²	✗

	Objective	Specific actions	Budgeted	Monitoring indicators
Republika Srpska	<ul style="list-style-type: none"> – Building trust among diaspora members – Diaspora mapping and networking – Development of online informational platforms for diaspora 	n/a	n/a	n/a
Kosovo	<ul style="list-style-type: none"> – Preserving and developing the identity of members of the diaspora 	✓	✓ ¹	✓
Montenegro	<ul style="list-style-type: none"> – Improving information mechanisms and diaspora networks – Strengthening the co-operation of institutions with the diaspora 	✓	✓ ¹	✓
North Macedonia	<ul style="list-style-type: none"> – Improving the regulatory framework and institutional capacities, in the direction of greater political involvement and realisation of the civil and social rights of the diaspora, to build trust and establish its effective co-operation with the state 	✓	✕ ²	✓
Serbia	<ul style="list-style-type: none"> – Improving the mechanism for online informing of diaspora on all relevant information 	✓	✓	✓

1. The budget amount was not specified for all individual specific actions.

2. The budget amount was not specified in the action plan.

Sources: Government of Albania (2020^[1]), *Albanian National Diaspora Strategy 2021-2025*, <https://diaspora.gov.al/wp-content/uploads/2020/12/STRATEGJIA-KOMBETARE-E-DIASPORES-2021-2025-ENG.pdf>; Council of Ministers of Bosnia and Herzegovina (2017^[2]), *Policy on Cooperation with Diaspora*, www.mhrr.gov.ba/iseljenistvo/Dokumenti/PolitikaE%20final1.pdf; Government of the Federation of Bosnia and Herzegovina (2020^[3]), *Strategy on Cooperation with Diaspora and Action Plan (2020-2024)*, <https://fmroi.gov.ba/strategija-federacije-bih-za-saradnju-sa-iseljenistvom>; Government of Republika Srpska (2020^[4]), *Strategic Plan for Cooperation with Diaspora*, <https://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/meoi/Pages/default.aspx>; Government of Kosovo (2018^[5]), *Draft Strategy for Diaspora 2019-2023 and Action Plan 2019-2021*, <https://konsultimet.rks-gov.net/viewConsult.php?ConsultationID=40530>; Government of Montenegro (2020^[6]), *Draft Strategy for Cooperation with Diaspora (2020-2023)*, <https://www.gov.me/dokumenta/10cd8fe6-cd47-4c22-9047-ef4a04aa419f>; Government of North Macedonia (2019^[7]), *National Strategy of the Republic of North Macedonia for Cooperation with the Diaspora 2019-2023 and Action Plan*, <https://diaspora.gov.mk/?q=mk/node/139/>; Government of Serbia (2021^[8]), *Economic Migration Strategy of the Republic of Serbia (2021-2027)*, https://www.minrzs.gov.rs/sites/default/files/2021-02/ENG_%20Strategija%20ekonomske%20migracije%202021-2027-30_10%20%28002%29.pdf#:~:text=The%20legal%20basis%20for%20adoption%20of%20the%20Economic,Government%2C%20unless%20otherwise%20stipulated%20by%20a%20.

In two WB6 economies, Albania and Montenegro, the governments have set up independent bodies in charge of facilitating diaspora engagement (Table 4.3) In Albania, the National Diaspora Agency, created in 2018, is responsible for the institutional co-operation with the diaspora, protecting diaspora members' rights and interests, and assisting with the preservation of the language and culture, as well as promoting economic co-operation of the diaspora with Albania. Moreover, the Albanian Diaspora Development Fund was created on a temporary basis, aimed at providing co-operation and interaction by encouraging projects with donors in the interests of the Albanian communities in destination countries and diaspora investments in support of the economy's development.

Additional representative or co-ordination bodies including diaspora members are established in some WB6 economies (Table 4.3). In Serbia, the Assembly of the Diaspora and Serbs in the Region, consisting of 45 delegates representing the diaspora and Serbs in the region, facilitates co-operation with Serbia's state institutions. Albania has established the Diaspora Coordination Council to co-ordinate relations between the Albanian diaspora and Albanian state institutions. In Montenegro, the Council for Cooperation with Diaspora includes representatives of the diaspora, state and local governments, and different relevant institutions; it has the role of a counselling body for the government on all questions concerning the diaspora. Moreover, the Directorate for Cooperation with Diaspora and Emigrants is currently conducting activities centred on establishing diaspora assemblies across destination countries and organising communication with the diaspora in a more systematic manner.² This is a step in the right direction toward strengthening relations with the diaspora and establishing trust.

Table 4.3. Infrastructure for diaspora engagement

		Dedicated institution for diaspora engagement	Representative bodies of diaspora	State-diaspora co-ordination bodies	Platform to connect with diaspora
Albania		National Diaspora Agency	/	Diaspora Coordination Council	www.rrietiprofionisteve.al
Bosnia and Herzegovina	State level	Sector for Diaspora (Ministry of Human Rights and Refugees)	/	/	https://dijaspora.mhrr.gov.ba
	Federation of Bosnia and Herzegovina	/	/	/	/
	Republika Srpska	/	/	/	https://dijasporars.com
Kosovo		Ministry of Foreign Affairs and Diaspora	/	/	/
Montenegro		Directorate for Cooperation with Diaspora and Emigrants	/	Council for Cooperation with Diaspora	/
North Macedonia		Minister without Portfolio in Charge of Diaspora, Emigration Agency	/	/	/
Serbia		Office for Cooperation with Diaspora and Serbs in the Region (Ministry of Foreign Affairs)	Assembly of the Diaspora and Serbs in the Region	/	/

Sources: Government of Albania (2020^[1]), *Albanian National Diaspora Strategy 2021-2025*, <https://diaspora.gov.al/wp-content/uploads/2020/12/STRATEGJIA-KOMBETARE-E-DIASPORES-2021-2025-ENG.pdf>; Council of Ministers of Bosnia and Herzegovina (2017^[2]), *Policy on Cooperation with Diaspora*, www.mhrr.gov.ba/iseljenistvo/Dokumenti/PolitikaE%20final1.pdf; Government of the Federation of Bosnia and Herzegovina (2020^[3]), *Strategy on Cooperation with Diaspora and Action Plan (2020-2024)*, <https://fmroi.gov.ba/strategija-federacije-bih-za-saradnju-sa-iseljenistvom>; Government of Republika Srpska (2020^[4]), *Strategic Plan for Cooperation with Diaspora*, <https://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/meoi/Pages/default.aspx>; Government of Kosovo (2018^[5]), *Draft Strategy for Diaspora 2019-2023 and Action Plan 2019-2021*, <https://konsultimet.rks-gov.net/viewConsult.php?ConsultationID=40530>; Government of Montenegro (2020^[6]), *Draft Strategy for Cooperation with Diaspora (2020-2023)*, <https://www.gov.me/dokumenta/10cd8fe6-cd47-4c22-9047-ef4a04aa419f>; Government of North Macedonia (2019^[7]), *National Strategy of the Republic of North Macedonia for Cooperation with the Diaspora 2019-2023 and Action Plan*, <https://diaspora.gov.mk/?q=mk/node/139/>; Government of Serbia (2021^[8]), *Economic Migration Strategy of the Republic of Serbia (2021-2027)*, https://www.minrzs.gov.rs/sites/default/files/2021-02/ENG_%20Strategija%20ekonomske%20migracije%202021-2027-30_10%20%28002%29.pdf#:~:text=The%20legal%20basis%20for%20adoption%20of%20the%20Economic,Government%2C%20unless%20otherwise%20stipulated%20by%20a%2.

4.2.2. Online platforms in the Western Balkan Six economies for mapping and engaging with diasporas have been established by different actors

Trust is critical in maintaining and sustaining diaspora engagement. Roundtables with key stakeholders from the WB6 economies revealed that there is a strong interest from the diasporas in the region to engage with their home communities, but lack of trust in institutions and the government remains a key challenge. Online platforms and digital tools have become a way for governments and other key actors to create and maintain a relationship with the diaspora, learn more about their characteristics and interests, and set up a communication channel and network platform for diaspora members to connect with each other.

Online diaspora platforms are used by governments and non-state actors to connect with the diaspora

Multiple online diaspora platforms have been created in the WB6 for various purposes and target audiences. Many platforms are initiated and run by the government, sometimes with the support of

international donors. Others are created and run by non-governmental stakeholders, typically diaspora associations.

In Montenegro, the Directorate for Cooperation with Diaspora and Emigrants has undertaken efforts to conduct diaspora mapping through issuance of expatriate cards to non-citizens and establishment of a web application “Upiši se” for the purpose of registering members of diaspora and assessing their socio-economic characteristics. There are more than 200 registered Montenegrin diaspora associations, and the registry is publicly available on the directorate’s website. In 2021 the directorate allocated EUR 130 000 for co-financing diaspora associations’ projects.

In Bosnia and Herzegovina, efforts to achieve better co-ordination among associations and encourage networking were made through implementation of the Interactive Portal for Diaspora by the Ministry of Human Rights and Refugees; the portal includes the registry of diaspora associations and a knowledge transfer forum for networking and collaboration promotion. This was part of a bigger project, Diaspora for Development (D4D), supported by the United Nations Development Programme, the International Organization for Migration and the Embassy of Switzerland. In 2022, Republika Srpska also initiated establishment of an entity-level diaspora registry and invited diaspora members to join. An online portal for the diaspora has been set up as well.

In Albania, the Albanian Diaspora Development Fund established the platform “Albanian Diaspora Professionals Network”, under the D4D project funded by the government of Albania. The purpose of the platform is to collect and exchange information, to bring on board the expertise of Albanian diaspora members, and to connect them with the requirements of Albanian or foreign business members, for the benefit of the country’s development (Minister of State for Diaspora of Albania, 2020^[9]). This platform provides a list of diaspora professionals, businesses and organisations in more than 25 countries around the world. The information is divided into specific categories, allowing for a more detailed overview of diaspora abroad. Although there are more than 650 entities listed, there is yet room to enrich the platform further, as it has been launched only recently.

Additionally, in Bosnia and Herzegovina and Kosovo, existing platforms were established by non-governmental associations with no government co-operation. While Kosovo’s government has set an objective to complete and update the diaspora register in its draft strategy, a platform for interaction has already been put in place by the non-governmental diaspora association Germin. KosovoDiaspora.org (KD) is an online platform connecting Kosovo with its diaspora. It uses social and online media to highlight and celebrate achievements of individuals, groups and organisations related to Kosovo. The i-platform offers a list of associations in Bosnia and Herzegovina and Switzerland, as well as a list of individuals (diaspora members) for networking purposes. Developed as part of a donor-funded project, it is now under the full responsibility of the i-Dijaspora association, registered in Switzerland.

The initiatives above show that there are different ways to engage with diaspora through digital platforms and similar tools. Multifunctional diaspora platforms are a good way to start building relationships with the diaspora and can be used to provide services and offer a way for the diasporas to connect with each other and with the private and public sectors in the home economies. This has, for example, been recommended in Albania following a scoping study on the diaspora needs conducted by Germin (Germin, 2020^[10]). Box 4.1 presents some lessons learnt from international experience regarding online platforms for diaspora engagement, including the experience of Croatia in mapping and building relations with the diaspora through an interactive diaspora platform.

Box 4.1. Diaspora platforms: Lessons learnt from international experience

International experience points to a few lessons learnt with respect to online diaspora platforms. First, platform content should be well adjusted to the needs and priorities of the diaspora, to increase engagement and user uptake. Second, the platform should have interactive elements, such as a section for feedback and frequently asked questions (FAQ) to support engagement and enhance user experience. It is also important to involve diaspora associations and other stakeholders in the creation of the platform, to promote dynamic collaborations between the diaspora and the government. In terms of managing the platform, a centralised governance structure is fitting, to secure funding and ensure sustainability of the platform. At the same time, it is important to involve local representatives to tailor the content to subnational level and make sure the platform responds to local needs in order to facilitate diaspora contribution to local development. National and local-level focal points can further facilitate the dissemination of information and enhance participation by building trust and long-term relationships with diaspora communities.

Pilot Registry of Croatian Entities Abroad

An example of an interactive platform for diaspora engagement is the Registry of Croatian Entities Abroad. The registry was launched as a pilot project by the Central State Office for Croats Abroad, with the aim of creating a digital registry for members of the diaspora and diaspora businesses. The digital database serves as a communication network aimed at connecting the global Croatian diaspora members with each other, as well as connecting them to their homeland. Users can sign up instantly using a Facebook login, and register their data as a private individual and/or legal entity. A search function allows users to identify diaspora companies and individuals – based on location, sector or interest – to establish co-operation for different purposes such as business, scientific pursuits, culture or sports. Users can communicate directly with each other through the platform. So far 1 600 diaspora members and 300 companies use the platform.

Sources: Central State Office for Croats Abroad (2022^[11]), “Registry of Croatian Entities Abroad”, www.registarhrvataizvanhrvatske.hr/en/naslovnica-en; IOM and UNDP (2022^[12]), “Online Diaspora Engagement Platforms: Peer Exchange Group – Synthesis Report”, <https://migration4development.org/fr/node/652>; ICMPD (2020^[13]), “Collection of Diaspora Engagement Practices”, www.rabat-process.org/en/activities/publications/publication-collection-diaspora-engagement-practices.

Building trust through actively involving the diaspora in all stages of policy design and implementation

Another key aspect in building trust is to include diasporas in the planning, implementation, and monitoring and evaluation of diaspora engagement projects to ensure that the interests of the diaspora are at the heart of policies (IOM, 2012^[14]). International experience has demonstrated the importance of investing in long-term and institutionalised relationships with the diaspora to build trust. This can be done by working closely with diaspora associations and making sure that the members of the diaspora are engaged in the design and implementation of diaspora projects. As highlighted in Section 4.3, there are many diaspora associations and interest organisations active in the WB6. Diaspora engagement to benefit from diaspora investment should capitalise on the many and active diaspora associations that already exist in the region.

Embassies and consulates have an important role to play in building key partnerships with the diaspora and encouraging diaspora engagement in home country development. Most embassies and consulates are already in charge of promoting business, economic, cultural and scientific relations between the destination and the home state; they are thus in a good position to provide tailored information on business and investment opportunities and to develop specific activities that target emigrants and members of the diaspora. International experience from other regions shows that some countries, such as Mexico and the

Philippines, have expanded their diplomatic presence in places with large diaspora populations (IOM, 2012^[14]).

4.3. Policies that can help maximise the (economic and social) development impacts of diaspora engagement

The contribution of migrants and the diaspora to development in the home economies can come in the form of financial transfers, but also in the transfer of skills, knowledge and ideas. This section discusses in greater detail the barriers to remittance transfers and diaspora engagement, and how policies can help these and thereby maximise development impacts in the region.

4.3.1. Policies to facilitate transfers and fully benefit from the use of remittances

As shown in Chapter 2, remittances constitute a key source of revenue in the WB6 economies; as such, they support economic development and help alleviate poverty in the region. Four of the economies have developed explicit objectives to fully benefit from remittances in their strategic frameworks (Table 4.4). Albania, Kosovo, North Macedonia and Serbia all have objectives oriented towards enhancing investment and development impacts. In addition, North Macedonia and Serbia also have explicit objectives to facilitate the transfers of remittances.

Table 4.4. Strategic framework on leveraging remittances for development

		Objective	Specific actions	Budgeted	Monitoring activities
Albania		– Creating facilities in view of attracting investments from the diaspora and the role of remittances	✓	✓	✓
Bosnia and Herzegovina	State level	– Mobilising investment and financial resources of the diaspora	✓	✗	✗
	Federation of Bosnia and Herzegovina	/	n/a	n/a	n/a
	Republika Srpska	/	n/a	n/a	n/a
Kosovo		– Promotion of assets and investment opportunities	✓	✓ ¹	✓
Montenegro		/	n/a	n/a	n/a
North Macedonia		– Improving and promoting the opportunities for fast, safe and cheaper transfer of remittances and creating the preconditions for their more productive use	✓	✗ ²	✓
Serbia		– Creating conditions for optimisation of diaspora potential through formal flows of foreign currency remittances, increased impact of foreign currency remittances on development	✓	✓	✓

1. The budget amount was not specified for all individual specific actions.

2. The budget amount was not specified in the action plan.

Sources: Government of Albania (2020^[1]), *Albanian National Diaspora Strategy 2021-2025*, <https://diaspora.gov.al/wp-content/uploads/2020/12/STRATEGJIA-KOMBETARE-E-DIASPORES-2021-2025-ENG.pdf>; Council of Ministers of Bosnia and Herzegovina (2017^[2]), *Policy on Cooperation with Diaspora*, www.mhrr.gov.ba/iseljenistvo/Dokumenti/PolitikaE%20final1.pdf; Government of the Federation of Bosnia and Herzegovina (2020^[3]), *Strategy on Cooperation with Diaspora and Action Plan (2020-2024)*, <https://fmroi.gov.ba/strategija-federacije-bih-za-saradnju-sa-iseljenistvom>; Government of Republika Srpska (2020^[4]), *Strategic Plan for Cooperation with Diaspora*, <https://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/meoi/Pages/default.aspx>; Government of Kosovo (2018^[5]), *Draft Strategy for Diaspora 2019-2023 and Action Plan 2019-2021*, <https://konsultimet.rks-gov.net/viewConsult.php?ConsultationID=40530>; Government of Montenegro (2020^[6]), *Draft Strategy for Cooperation with Diaspora (2020-2023)*, <https://www.gov.me/dokumenta/10cd8fe6-cd47-4c22-9047-ef4a04aa419f>; Government of North Macedonia (2019^[7]), *National Strategy of the Republic of North Macedonia for Cooperation with the Diaspora 2019-2023 and Action Plan*, <https://diaspora.gov.mk/?q=mk/node/139>; Government of Serbia (2021^[8]), *Economic Migration Strategy of the Republic of Serbia (2021-2027)*, https://www.minrzs.gov.rs/sites/default/files/2021-02/ENG_%20Strategija%20ekonomske%20migracije%202021-2027-30_10%20%28002%29.pdf#:~:text=The%20legal%20basis%20for%20adoption%20of%20the%20Economic,Government%2C%20unless%20otherwise%20stipulated%20by%20a%2.

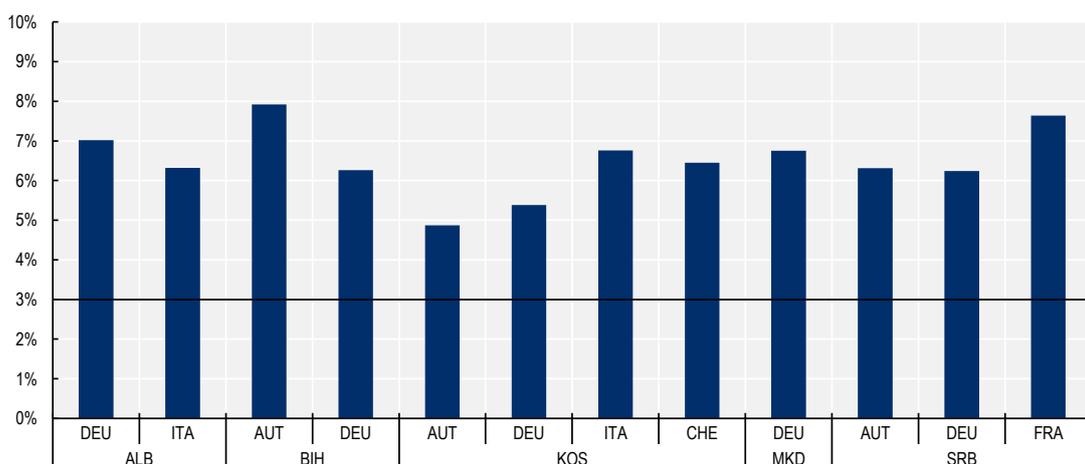
Formalising remittances is key to making the most of its use, but it is hindered by transfer costs and low banking among receivers

Official statistics of remittance inflows to the WB6 region likely underestimate true remittance flows, as large shares of the money are sent through informal channels (World Bank, 2018^[15]). The main reasons for this include lack of trust and high transaction costs, according to a survey by the World Bank (2018^[15]) and information from key stakeholders at the OECD roundtables. In addition, lack of information and of financial education reinforce the challenges of formalising remittances to the region. Remittances sent through informal channels not only increase the risks and make the flows more difficult to monitor, but they also limit the investment options of the receivers as they are not able to save and borrow money in the formal financial system.

Formalising remittances is thus a key to leveraging remittances. An important part of this process is to address their transfer costs. Those costs to the WB6 economies remain above the target of Sustainable Development Goal (SDG) 10.c to reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5% (Figure 4.1).

Figure 4.1. Remittance transfer costs to Western Balkan economies

Average cost of sending EUR 140 (as a %) in main remittance corridors, Q3 2021



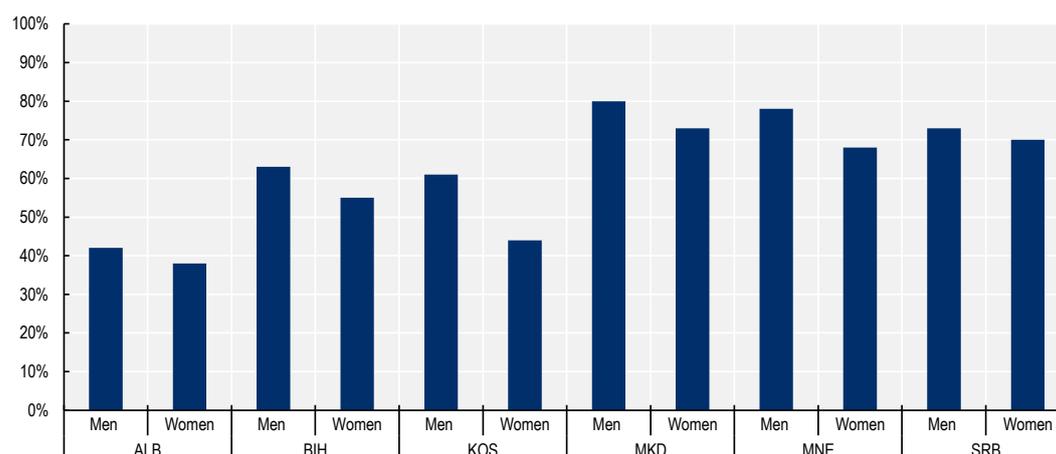
Note: Includes selected remittance corridors from key destination countries to the WB6 economies. Data for Montenegro are not available. The line represents the commitment set by Sustainable Development Goal (SDG) 10.c to reduce the transaction cost of remittances to 3%. For Switzerland, the percentage is calculated as the average costs of sending CHF 160.

Source: World Bank *Remittance Price Worldwide Database*, <https://remittanceprices.worldbank.org/en>.

Besides the high costs of sending and receiving remittances, their formalisation also requires that receivers in the WB6 economies have access to the financial sector. Formal banking is relatively low in the Western Balkans (Figure 4.2), which constrains the economic contribution of remittances to the overall economy. Financial inclusion among remittance receivers may be even lower than the average in the population, especially if remittance receivers are located in rural areas. According to a report published by the Bank of Albania, only 7.5% of families that receive remittances owned a bank account.

Figure 4.2. Financial inclusion in the Western Balkan region, by gender

Share of men and women with access to a bank account (as a %)



Source: World Bank (2017^[16]), *The Global Findex Database 2017*, <https://globalfindex.worldbank.org>; World Bank (2021^[17]), *Women and remittances: Three takeaways from Project Greenback in the Western Balkans*, <https://www.worldbank.org/en/region/eca/brief/women-and-remittances-three-takeaways-from-project-greenback-in-the-western-balkans>.

Initiatives to increase banking of the WB6 population have recently been initiated, by, for example, providing financial services through post offices in rural areas and introducing telecoms-based mobile money (Odorović et al., 2020^[18]). In terms of remittance policy strategies, Albania has planned annual activities for the formalisation of remittances in co-operation with representatives from the banking system. Serbia also has an explicit objective of formalising remittances in their institutional framework to draw advantage from remittances (Table 4.4).

Electronic payment solutions to facilitate remittance transfers can create pathways into the formal financial sector for users. This has been tested in different contexts globally, notably in Africa where the use of mobile phones for payments is common (see Box 4.2). The WB6 region has recently seen growth in the use of fintech services. This may be a promising area to develop, as infrastructure in terms of the Internet and mobile broadband is relatively well developed in the region (Odorović et al., 2020^[18]). The roundtable with key stakeholders from the WB6 economies revealed that there is interest in introducing more digital solutions to increase the share of remittances sent through formal channels, and some pilot initiatives are under way.

Box 4.2. Using fintech in remittance transactions to encourage electronic payment solutions: The example of CinetPay in the Côte d'Ivoire

Many remittance receivers in low- and middle-income countries are struggling with access to the financial sector, and may not be eligible to open bank accounts due to limited resources and sometimes

lack of information and financial literacy. One way to overcome financial exclusion for remittance receivers is the use of electronic payment solutions for the unbanked. An example includes the fintech company CinetPay in Côte d'Ivoire, created in 2016.

CinetPay targets unbanked mobile users, and has now extended its services to several West and Central African countries. Cinetpay enables African businesses and consumers to make and receive payments and transfers via different payment systems, and notably through mobile phones. In this way, unbanked remittance receivers are able to access low-cost and low-threshold electronic payment solutions and digital financial service and markets, and thus be included in the formal economy. CinetPay also incorporates supplementary services and payments, such as subscriptions to public and private services (e.g. insurance and school tuition fees), and has the potential to digitise payments for many other services.

There is scope to increase the use of remittances for more long-term investments

Surveys with remittance receivers in the WB6 economies show that large shares of remittances are used for consumption purposes and for meeting households' basic needs (see Chapter 2). While remittances constitute an important source of income to sustain the daily life of households, there is scope to increase their use for more productive investments that can enhance the long-term development impact for remittance receivers. It is important to point out that remittances are private funds, and the individual receivers decide how to use them according to their own needs. There are, however, several ways for remittance policy to encourage productive use. The first step is to make sure that households have access to the formal financial sector and financial products to be able to save and invest, as discussed above. It is also important that households have information and understanding about the available options for investments and savings. Introducing financial instruments and training for remittance recipients have been used in many contexts to create an enabling environment for remittance investments. An example is the pilot programme Greenback 2.0 that has been implemented in four of the WB6 economies by the World Bank (see Box 4.3).

Women can play an important role in leveraging remittances

Women are often the main receivers of remittances, and in charge of spending them. Women can thus play a key role in maximising their development potential. However, as shown in Figure 4.2, women in the WB6 are less likely to have access to a bank account than men. As they are more financially excluded, women often face higher costs and a narrower set of financial products to choose from (World Bank, 2021^[17]). Women thus constitute an untapped potential that financial service providers need to take into account. It is also important to tailor the products and services to address some of the additional barriers that women face; doing so can lead to more remittances sent through formal channels, and thereby provide more investment options for remittances received by women.

Box 4.3. World Bank project Greenback 2.0: Addressing barriers to remittance investments through a twofold intervention

A World Bank household survey with remittance receivers in Albania, Bosnia and Herzegovina, Kosovo, and Serbia shows that barriers to more productive use of remittances are lack of information, mistrust and habit. Addressing these barriers implies policies to address on the one hand financial education/knowledge and information barriers on the part of the remittance receivers, and on the other hand building capacity on the supply side through education targeting financial service providers.

The World Bank, together with key stakeholders in Albania, Bosnia and Herzegovina, and Kosovo, is implementing a project to increase financial literacy and improve financial services for remittance transfers. The programme aims to build capacities of financial service providers (banks, microfinance institutions, money transfer operators, e-money operators) to address the needs of remittance receivers, and bridge information gaps between the demand and the supply side in financial services. Cities are selected for implementing education activities and establishing market-led good practices. By targeting both the remittance senders and receivers and the service providers, the programme aims to enhance the efficiency and functioning of the financial market and economy to better respond to the needs of remittance beneficiaries.

The outcomes of the programmes so far suggest three main lessons:

1. **Costs of using regulated channels are a barrier.** Remittance senders are becoming increasingly aware of the need for secure and fast payments, but many continue to use informal channels to send remittances. The costs of remittance transfers to Albania, Bosnia and Herzegovina, and Kosovo are among the highest in the Europe and Central Asia region, which is a major barrier for the migrants and their families.
2. **Effectively channelling and managing remittances is an ongoing challenge for families in these economies.** Lack of trust and the high cost of transactions are driving people to use informal channels for remittance transfers. Many remittance recipients lack means and guidance to engage in long-term planning when it comes to remittance spending, and account ownership and financial services are abstract terms for these families who are often stuck outside the financial system.
3. **Financial education for remittances requires a twofold approach.** Information about options for sending remittances among remittance senders and users is limited, and so they rely on each other for information about possible remittance channels. It is thus important to engage both the recipients and the diaspora in promoting informed decision making.

The Greenback 2.0 programme is funded by the Swiss State Secretariat for Economic Affairs.

Sources: World Bank (2021^[17]), "Women and remittances: Three takeaways from Project Greenback in the Western Balkans", <https://www.worldbank.org/en/region/eca/brief/women-and-remittances-three-takeaways-from-project-greenback-in-the-western-balkans>; World Bank (2018^[19]), "Making remittances work for the poor: Three lessons learned from three Greenback 2.0 Remittance Champion Cities in Southeast Europe", <https://n14worldbank.org/2018/12/24/making-remittances-work-for-the-poor-three-lessons-learned-from-three-greenback-2-0-remittance-champion-cities-in-southeast-europe>.

4.3.2. Policies to attract investments from the diaspora

There has been increasing interest among policy makers and other state and non-state actors in attracting diaspora investment to the WB6 region, notably through investments and entrepreneurship. This has translated into the development of new policy frameworks and an increasing number of projects being implemented to attract investment from the WB6 diasporas.

The development potential of diaspora investments is increasingly recognised in strategic documents, but most governments have not yet begun implementing relevant measures

An analysis of the strategic frameworks for attracting diaspora investments in the WB6 economies shows that while most of them have the objective of strengthening the diaspora's involvement in development and encouraging investments (Table 4.5), the strategic frameworks are relatively recent and the economies have yet to realise the implementation of these measures.

Table 4.5. Strategic framework for attracting diaspora investment

		Objective	Specific actions	Budgeted	Monitoring indicators
Albania		– Creating facilities in view of attracting investments from the diaspora and the role of remittances	✓	✓	✓
Bosnia and Herzegovina	State level	– Mobilising investment and financial resources of the diaspora – Promoting the diaspora and its development resources – Improving economic co-operation	✓	✗	✗
	Federation of Bosnia and Herzegovina	– Including business diaspora in the process of economic development	✓	✗ ¹	✗
	Republika Srpska	– Creating policies for diaspora engagement in economic development – Building legal and institutional capacity for enabling diaspora engagement in economic development	n/a	n/a	n/a
Kosovo		– Promoting assets and investment opportunities	✓	✓ ²	✓
Montenegro		– Improving diaspora business co-operation	✓	✗ ¹	✓
North Macedonia		– Creating the preconditions for greater involvement of the business diaspora in all forms of investment activities in the country and encouraging co-operation based on mutual economic interest	✓	✗ ¹	✓
Serbia		– Stimulating material and non-material investments of the diaspora and continuing work on developing investment guides	✓	✓	✓
		– Strengthening transnational entrepreneurship with returnees and diaspora members maintaining business links with Serbia	✓	✓	✓

1. The budget amount was not specified in the action plan.

2. The budget amount was not specified for all individual specific actions.

Sources: Government of Albania (2020^[1]), *Albanian National Diaspora Strategy 2021-2025*, <https://diaspora.gov.al/wp-content/uploads/2020/12/STRATEGJIA-KOMBETARE-E-DIASPORES-2021-2025-ENG.pdf>; Council of Ministers of Bosnia and Herzegovina (2017^[2]), *Policy on Cooperation with Diaspora*, www.mhrr.gov.ba/iseljenistvo/Dokumenti/PolitikaE%20final1.pdf; Government of the Federation of Bosnia and Herzegovina (2020^[3]), *Strategy on Cooperation with Diaspora and Action Plan (2020-2024)*, <https://fmroi.gov.ba/strategija-federacije-bih-za-saradnju-sa-iseljenistvom>; Government of Republika Srpska (2020^[4]), *Strategic Plan for Cooperation with Diaspora*, <https://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/meoi/Pages/default.aspx>; Government of Kosovo (2018^[5]), *Draft Strategy for Diaspora 2019-2023 and Action Plan 2019-2021*, <https://konsultimet.rks-gov.net/viewConsult.php?ConsultationID=40530>; Government of Montenegro (2020^[6]), *Draft Strategy for Cooperation with Diaspora (2020-2023)*, <https://www.gov.me/dokumenta/10cd8fe6-cd47-4c22-9047-ef4a04aa419f>; Government of North Macedonia (2019^[7]), *National Strategy of the Republic of North Macedonia for Cooperation with the Diaspora 2019-2023 and Action Plan*, <https://diaspora.gov.mk/?q=mk/node/139/>; Government of Serbia (2021^[8]), *Economic Migration Strategy of the Republic of Serbia (2021-2027)*, https://www.minrzs.gov.rs/sites/default/files/2021-02/ENG_%20Strategija%20ekonomske%20migracije%202021-2027-30_10%20%28002%29.pdf#:~:text=The%20legal%20basis%20for%20adoption%20of%20the%20Economic,Government%2C%20unless%20otherwise%20stipulated%20by%20a%2.

Albania's most recent diaspora strategy includes the objective to create facilities aimed at attracting investments from the diaspora. Also planned is the establishment of administrative structures in local government units, to inform diaspora members about different investment possibilities and support diaspora investments.

In Bosnia and Herzegovina, the Policy on Cooperation with Diaspora envisages the development of a document with measures for establishing programmes for investment and savings of diaspora members as well as removing administrative barriers. The Strategy for Cooperation with Diaspora of FBiH envisages measures for mapping diaspora businesses, including the diaspora business community in the policy design process, organising business forums with diaspora representatives and promoting available financing opportunities for investors. The Strategic Plan for Cooperation with Diaspora of Republika Srpska also mentions the need for utilising diaspora investment for development. However, no specific measures are included.

Kosovo foresees the promotion of assets and investment opportunities in its draft strategy for the diaspora 2019-23. However, the strategy has not been adopted due to political uncertainty. This specific objective will co-ordinate and promote existing mechanisms for diaspora investment opportunities, as well as provide the necessary information through other relevant institutions in Kosovo. In addition, economic offerings in Kosovo will be promoted through research, forums, focus groups, business-to-business (B2B) meetings and networking conferences. Kosovo has also opened the sale of three- and five-year diaspora bonds to raise investments from the diaspora towards strategic investments for development and post-COVID recovery.

Encouraging diaspora investment is addressed in the Strategy for Cooperation with Diaspora in Montenegro mainly through measures supporting business co-operation and networking. In 2021, the Department for Cooperation with Diaspora and Emigrants organised the first diaspora business forum, gathering entrepreneurs from the diaspora with the purpose of facilitating exchange, networking and forging linkages with the economy.

One of the main objectives of the National Strategy of the Republic of North Macedonia for Cooperation with the Diaspora is the establishment of economic co-operation between the country and the diaspora in different areas, based on partnership, equal opportunities and mutual benefit. Under this objective, it plans to create the preconditions for greater involvement of diaspora businesses in all forms of investment activities in the economy, and encourage co-operation based on mutual economic interest. More specifically, it foresees the establishment of a business council for the diaspora, the creation of “one-stop shop” offices for supporting and informing potential diaspora investors, and the creation of a database for the diaspora businesses.

The Economic Migration Strategy in Serbia envisages encouraging transnational entrepreneurship and links with diaspora businesses abroad. The strategy also includes measures to stimulate diaspora investment and develop investment guides.

Mobilising diaspora resources is often carried out in co-operation with chambers of commerce and non-governmental organisations

Roundtables with key stakeholders from the six economies revealed that initiatives to promote diaspora investment are being developed in most of the WB6, often led by international organisations, diaspora organisations and other non-state actors such as chambers of commerce. Several stakeholders pointed out that the governments have been involved to a varying degree, and that there is a need to increase engagement, create a more structural approach and develop appropriate infrastructure to promote diaspora investment.

Many of the initiatives to promote that investment in the WB6 are implemented by or in co-operation with chambers of commerce. At regional level, the Western Balkans 6 Chamber Investment Forum (WB6 CIF) is a joint initiative of chambers of commerce and industry from Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro, and Serbia. A platform for co-operation was established in 2017 with the aim of providing a joint voice to the business community in the region and to facilitate inter-business contacts and promote the region as one investment destination. The WB6 CIF is currently working on collecting and harmonising data from the WB6 region, following the initiative for a common regional market. This initiative could be an important factor in promoting investment from diasporas into the whole region.

Albania has created the Albanian Diaspora Business Chamber (ADBC), which offers the promotion, development and encouragement of investment from the diaspora. The chamber started as a project of the Albanian Development Fund for the Diaspora, and the ADBC is a permanent member of the Investment Council. In its latest strategy, Albania plans to continue strengthening co-operation between the ADBC and Albanian diaspora businesses, notably through the establishment of a Diaspora Business Registry. Currently, the chamber counts more than 100 business members, of which 30-40% are from the diaspora.

The chamber is planning to launch a strategy and platform on how to attract more diaspora businesses to be part of the chamber. The ADBC supports diaspora businesses that wish to become established in Albania. Two barriers to business investment are the regulatory and administrative environment and the difficulties in finding employees. Together with the International Organization for Migration, the ADBC has developed “Connect Albania” to facilitate the engagement of the Albanian diaspora abroad through an online platform and development agents that identified potential investors interested in establishing a business in Albania.

The Serbian Chamber of Commerce and Industry is actively engaging in supporting diaspora investment and business co-operation. It has established the Diaspora Business Council, comprising members of the diaspora and representatives of line ministries, as well as 12 diaspora offices that were under the local chambers of commerce. It is also managing the Virtual Diaspora Club and the Diaspora Info newsletter.

The Serbian Chamber of commerce, together with the ICMPD, is implementing a project called “Link up! Serbia II”, co-funded by the Austrian Development Agency. The project aims to support transnational entrepreneurial activities with and through the Serbian diaspora in Austria, Germany and Switzerland, by facilitating access to knowledge, networks and financial resources. Activities conducted under the scope of the project include the establishment of a diaspora business hub, a mentoring programme, technical assistance, the creation of an online platform and the organisation of diaspora business events. A business atlas, mapping domestic and diaspora businesses to facilitate business networking, is currently being established.

Diaspora organisations are active in promoting diaspora investment and entrepreneurship

There are also many diaspora organisations active in the promotion of diaspora investment and entrepreneurship in the region.

In Bosnia and Herzegovina, the non-governmental organisation sector, led by Naša Perspektiva Group (NPG), with support of the United States Agency for International Development, has developed a strategic framework for encouraging diaspora investment, as well as facilitating such investment through the development of a central business platform, and for providing grants and technical assistance to early-stage diaspora small and medium-sized enterprises. The project supported the creation of almost 500 workplaces directly, and of additional 1 500 indirectly. In addition, the support of almost 200 diaspora investors was provided through grants and technical assistance. A Diaspora Business Centre was also established as part of the project. The aim was to create a one-stop shop for diaspora investors, providing relevant information and different services and support with business registration, business planning and business consulting. Given the high importance of the local aspect of diaspora engagement in Bosnia and Herzegovina, NPG co-operates with local authorities and has signed 20 memoranda of understanding with local communities throughout Bosnia and Herzegovina to increase local capacities for involving diaspora in development.

In Kosovo, the diaspora organisation Germin is active in the area of attracting diaspora investment through implementing a number of different projects with the support of international organisations and different public institutions. Germin has facilitated the organisation of diaspora business conferences, and conducted a project with local municipalities in Kosovo with the aim of identifying local growth potential from the private and public perspective and training local businesses in different aspects of business growth, including preparation for B2B meetings and marketing their products abroad. Germin has, jointly with municipalities, organised small-scale business forums with stakeholders from sectors identified as having the highest potential for growth; diaspora businesses and foreign businesses identified through diaspora connections are also invited, to present local investment opportunities and link local and diaspora businesses.

4.3.3. Policies to maximise skills and knowledge transfer from the diaspora

The international migration of skilled labour has long been considered an obstacle to economic development and building innovation capacity in the economies of origin. However, more recently, the concept of turning “brain drain” into “brain gain” through more proactive engagement with the skilled diaspora has gained momentum. The resources that diaspora communities have in terms of skills and knowledge are important vehicles for development, particularly in transferring human capital and increasing innovation.

Most WB6 economies have taken steps toward developing strategic frameworks for encouraging skills and knowledge transfers (Table 4.6), but the progress in implementation varies, as discussed below.

Table 4.6. Strategic framework for maximising skills and knowledge transfers

		Objective	Specific actions	Budgeted	Monitoring indicators
Albania		/	n/a	n/a	n/a
Bosnia and Herzegovina	State level	– Mobilisation of the human potential, knowledge and skills of migrants – Improving co-operation in the fields of economy, education, science, sport and culture	✓	✗	✗
	Federation of Bosnia and Herzegovina	– Including diaspora in societal development	✓	✗ ¹	✗
		– Including youth from diaspora in development policies	✓	✗ ¹	✗
Republika Srpska	– Co-operation with diaspora in the areas of science and innovation	✓	n/a	n/a	
Kosovo		– Encouraging and promoting the return of intellectual potential	✓	✓ ²	✓
Montenegro		– Strengthening co-operation with the diaspora in the areas of science, culture and sport	✓	✗ ¹	✓
North Macedonia		– Creating the preconditions for establishing co-operation between the institutions and business sector in North Macedonia and representatives of the diaspora for transfer of knowledge and technology in different areas	✓	✗ ¹	✓
Serbia		– Creating conditions for optimisation of diaspora potential through greater engagement of the diaspora at local level	✓	✓	✓

1. The budget amount was not specified in the action plan.

2. The budget amount was not specified for all individual specific actions.

Sources: Government of Albania (2020^[1]), *Albanian National Diaspora Strategy 2021-2025*, <https://diaspora.gov.al/wp-content/uploads/2020/12/STRATEGJIA-KOMBETARE-E-DIASPORES-2021-2025-ENG.pdf>; Council of Ministers of Bosnia and Herzegovina (2017^[2]), *Policy on Cooperation with Diaspora*, www.mhrr.gov.ba/iseljenistvo/Dokumenti/PolitikaE%20final1.pdf; Government of the Federation of Bosnia and Herzegovina (2020^[3]), *Strategy on Cooperation with Diaspora and Action Plan (2020-2024)*, <https://fmroi.gov.ba/strategija-federacije-bih-za-saradnju-sa-iseljenistvom>; Government of Republika Srpska (2020^[4]), *Strategic Plan for Cooperation with Diaspora*, <https://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/meoi/Pages/default.aspx>; Government of Kosovo (2018^[5]), *Draft Strategy for Diaspora 2019-2023 and Action Plan 2019-2021*, <https://konsultimet.rks-gov.net/viewConsult.php?ConsultationID=40530>; Government of Montenegro (2020^[6]), *Draft Strategy for Cooperation with Diaspora (2020-2023)*, <https://www.gov.me/dokumenta/10cd8fe6-cd47-4c22-9047-ef4a04aa419f>; Government of North Macedonia (2019^[7]), *National Strategy of the Republic of North Macedonia for Cooperation with the Diaspora 2019-2023 and Action Plan*, <https://diaspora.gov.mk/?q=mk/node/139/>; Government of Serbia (2021^[8]), *Economic Migration Strategy of the Republic of Serbia (2021-2027)*, https://www.minrzs.gov.rs/sites/default/files/2021-02/ENG_%20Strategija%20ekonomske%20migracije%202021-2027-30_10%20%28002%29.pdf#:~:text=The%20legal%20basis%20for%20adoption%20of%20the%20Economic,Government%2C%20unless%20otherwise%20stipulated%20by%20a%20.

There are initiatives to map and create networks for highly skilled diasporas, to encourage knowledge transfers to the Western Balkan Six economies

Several initiatives have been put in place in the WB6 to gather information about and connect with highly skilled diasporas through the creation of diaspora registries and online platforms. Given the objective of

supporting diaspora activities, Albania foresees the development of a qualified Diaspora Register and the creation of opportunities and facilities for Albanian students to study abroad. The Policy on Cooperation with Diaspora of Bosnia and Herzegovina envisages establishing a mechanism for the transfer of knowledge from diaspora to Bosnia and Herzegovina. The Strategy for Cooperation with Diaspora of the Federation of Bosnia and Herzegovina envisages mapping diaspora members from academia, encouraging their networking and their continuous inclusion in academic research in the FBiH. The Strategic Plan for Cooperation with Diaspora of Republika Srpska includes goals of establishing a registry of academic diaspora, scientific co-operation with the foreign institutions in which they are employed and the funding of scholarships for studies at prestigious universities with the support of the diaspora. At the state level, the interactive portal for diaspora – developed by the Ministry of Human Rights and Refugees within the D4D project – provides a knowledge transfer forum for advertising knowledge- and skills-sharing opportunities.

The portal Naučna mreža (Scientific Network) was created to provide a registry of Montenegrin academics, both home and abroad. It also includes a list of research institutions and innovative firms, and serves as a portal for creating academic networks and supporting research and innovation. The strategy also includes measures for further improvements of the portal. In addition, the regulatory framework in Montenegro requires a mandatory mobility placement for all doctoral students, in a foreign research institution or a business entity in Montenegro or abroad, thus encouraging the international mobility of its researchers.

In the National Strategy of the Republic of North Macedonia for Cooperation with the Diaspora for the Period 2019-2023, North Macedonia aims to increase co-operation with the diaspora in the field of education, science and youth. One measure is the creation of a platform for networking between the scientific diaspora and scientific staff in North Macedonia, for the scientific diaspora's involvement in higher education and during the implementation of joint scientific research projects in various fields. North Macedonia aims also to create opportunities for increased communication and co-operation between young people from the diaspora and young people in North Macedonia, as well as to promote the young diaspora's more frequent stay in the country, as a means of preserving the state and cultural identity. Another strategic objective of North Macedonia is to create the preconditions for establishing co-operation between the institutions and business sector in North Macedonia with representatives of the diaspora, for transfer of knowledge and technology in different areas

The Ministry of Education and Science in North Macedonia has sought to establish a Skills Observatory, while the Ministry of Labour and Social Policy runs econometric models for skills forecasting. However, the potential of the two initiatives has not been fully realised, particularly in the case of the Skills Observatory, as skills needs and mismatches have not been thoroughly analysed in the context of migration (ETF, 2021^[20]).

At regional level, the Western Balkans Alumni Association (WBAA) is an organisation of participants in the Erasmus+ programme of students from the WB6 that has been set up recently. It serves mainly to exchange experiences and has launched networking across specific themes (employability of students and transition to work, development of soft skills, research, etc.). A tracer study of alumni is currently being implemented (interview with WBAA).

The creation of science funds and fellowship programmes can further strengthen collaboration between local institutions and the scientific diaspora

The Economic Migration Strategy in Serbia envisages strengthening co-operation between experts of different educational profiles in the economy and those abroad. In 2019, the Science Fund launched the Serbian Science and Diaspora Collaboration Programme. The programme provides financial incentives for local research and development institutes to develop research collaborations with the Serbian diaspora, participate in knowledge exchange and build their human resource capacity through short-term visits of researchers from Serbia to diaspora experts.

Within this framework, in 2019 a one-year pilot called Vouchers for Knowledge Exchange was launched, under which 92 projects were awarded almost EUR 800 000 (up to EUR 10 000 per project). The projects involved 356 researchers, out of which 88 were part of the Serbian diaspora in 22 different countries (for example Germany, the United Kingdom and the United States,). Looking at grants approved by research discipline, the projects that received the most funding were in the fields of natural science and mathematics (47% of total funding), engineering and technologies (26%), and medical and health sciences (14%). Funding for the Science Fund originates from the Budget of the Republic of Serbia, the World Bank's Project "Serbia Accelerating Innovation and Growth Entrepreneurship", and EU-IPA (Instrument for Pre-Accession Assistance) funding (Science Fund of the Republic of Serbia, 2020^[21]).

A programme board consisting of three members from the fields of natural sciences and mathematics, technology and engineering sciences, biomedical sciences, social sciences and humanities participated in evaluating applications for project proposals. The programme targets scientists and researchers employed in accredited scientific research organisations. The scientific research organisations leading the approved projects are universities and institutes. On the other hand, host institutions in Serbia included institutes, universities, hospitals, companies, research centres and research laboratories.

In Albania, the Albanian-American Development Foundation has established the Research Expertise from the Academic Diaspora Fellowship Programme, in co-operation with the Institute of International Education. This seven-year project aims to connect higher education institutions in Albania with the Albanian scientific diaspora and their respective academic institutions. The programme will award members of the Albanian academic diaspora up to 100 fellowship grants and Albanian resident scholars up to 100 research grants. The grants, budgeted at USD 2.7 million, will be in four focus areas: 1) co-authored research papers published in peer-reviewed journals; 2) joint supervisions of PhDs; 3) new curricula developed and updated; and 4) co-teaching hours (AADF, 2022^[22]).

Other countries have further developed academic collaboration with their diasporas to strengthen local academic institutions and encourage more international search collaborations. Two examples are the Croatian Knowledge Fund and the Greek Diaspora Fellowship Programme (Box 4.4).

Box 4.4. Integrating the diaspora into domestic scientific research activities: The use of knowledge funds and fellowship programmes

Two examples of programmes to further institutionalise co-operation between local institutions and the scientific diaspora in the area of research is the Croatian Unity through Knowledge Fund and the Greek Diaspora Fellowship Programme.

The Croatian Unity through Knowledge Fund

The Croatian Unity through Knowledge Fund (UKF) is a dedicated grant facility for joint research projects between the Croatian diaspora and institutions in Croatia. The UKF was established in 2007 by the Ministry of Science, Education and Sports of the Republic of Croatia. It aims to connect researchers and professionals in Croatia with Croatian migrants in the diaspora. The fund supports research initiatives that have the potential to compete internationally, that directly or indirectly strengthen the Croatian economy, or that contribute to the development of the country's research infrastructure. From its establishment until May 2011, the fund financed 91 scientific and technological projects within the Science and Technology Project (STP I). A total of EUR 7.8 million was invested in these projects. The second Science and Technology Project (STP II) was launched in 2013, with EUR 4.37 million envisioned for UKF projects. Eighteen projects worth a total of EUR 2.95 million were contracted in 2013.

The Greek Diaspora Fellowship Programme

The Greek Diaspora Fellowship Programme is an example of a programme that encourages and supports engagement between national higher education institutions and Greek diaspora academics abroad. Its goal is to strengthen long-term institutional linkages, develop networks, provide access to educational opportunities, encourage collaborative research and co-publishing, etc. The programme is funded by a Stavros Niarchos Foundation grant to the Institute of International Education (IIE), and is administered in collaboration with the Fulbright Foundation in Greece.

The programme works through a two-ended application process: a Greek host institution can submit a project request while a scholar in the diaspora can submit a scholar application. The Advisory Council, made up of eight members from US, Canadian and Greek universities, determines the thematic areas, and gives the final approval on the projects submitted.

A host institution can be any degree-conferring Greek institution. They can either collaborate with a specific scholar on a project request, or the IIE will propose a qualified candidate from its roster. Outreach activities are conducted to inform potential host institutions about the programme. The institutions are notified when fellowship competitions were opened and closed, and they are prepared to receive the fellow upon acceptance.

Scholars who can apply include all academics working at institutions of higher education, born in Greece or Cyprus* or with a Greek or Cypriot citizenship, and residing abroad in Australia, Canada, New Zealand, South Africa or the United States. In a fashion similar to that of the host institutions, the scholar can submit a project along with a request for a specific host institution, or remain on the roster until a potential host institution submits a project that fits their expertise.

During 4 selection cycles in the pilot period, 123 fellowships were supported. Impact results from the first two cycles showed that 88% of host institutions saw an improvement in their research practices from their interaction with the fellow, and 78% believed that their perspective on collaborating with other scholars had grown. Also, 93% of the fellows believed that their perspectives to collaborate with Greek scholars had grown, and most of the fellows continued to collaborate with their host collaborators and even initiate new research projects.

* Note by Turkey: The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Sources: IIE (2022^[23]), “Greek Diaspora Fellowship Programme homepage”, www.iie.org/programs/greek-diaspora-fellowship-program; ILO (2015^[24]), “ILO Good Practices Database”, https://www.ilo.org/dyn/migpractice/migmain.showPractice%3Fp_lang%3Den%26p_practice_id%3D33.

Several projects are in place to facilitate knowledge transfers through temporary return and engagement of diaspora

In Bosnia and Herzegovina, the previously mentioned D4D programme has engaged diaspora experts to share their knowledge to strengthen domestic businesses. One example is the Furni-Digit project, implemented by the Foreign Trade Chamber of Bosnia and Herzegovina, which focused on the development of online promotion strategies for companies in the furniture sector led by a diaspora expert consultant. During the COVID-19 pandemic, the NGO i-Dijaspora association also co-operated with the Foreign Trade Chamber of Bosnia and Herzegovina in organising online seminars for domestic businesses on different relevant topics, such as the use of digital tools and artificial intelligence, and international business co-operation; the seminar was taught by diaspora experts in the field. The Naša Perspektiva

Group has also recently introduced DiaWorks workshops, where business diaspora representatives shared knowledge with their counterparts in Bosnia and Herzegovina, and a pilot project on diaspora youth summerships, enabling diaspora youth to work in Bosnian companies, and thereby create networks with second and third generations of diaspora.

Germin implemented the Engaging Diaspora Professionals programme, which was initially supported by GIZ following its creation in 2018, but which later became one of the pillars of Germin's strategy as a long-term programme. Through this programme, the organisation works on identifying, matching and facilitating engagement of diaspora experts and professionals, to provide expertise to public institutions in home economies Albania and Kosovo, for a period of between three weeks and six months. The expertise is provided on voluntary basis; the diaspora experts have their costs of living in the home economy covered by the programme, but do not receive a compensation for their work. In the past 3 years, the organisation matched 30 diaspora experts with institutions through the programme. The programme's implementation will continue for at least another five years, as Germin has secured alternative sources of funding. So far, the programme has been focused on public sector institutions and some private institutions in the higher education sector, but the intent is to expand the scope to include the private sector and civil society organisations. Germin believes that one of the biggest contributions the diaspora can offer is the transfer of knowledge and skills.

The Albanian Diaspora Business Chamber has implemented projects to stimulate knowledge transfers from the diaspora, notably in the area of agriculture and crafts. In these projects, diaspora communities provided mentoring to business projects in Albania. In the agriculture project, they had two mentors from Italy that helped Albanian farmers in the production of wine and olive oil, to improve their technique and more. Another project in crafts was called "My Roots": mentors helped local artisans and those in the diaspora to promote their products.

4.3.4. Attracting back return migrants

Return migration holds important development potential, as returnees could bring back financial capital, foreign work experience and new ideas. Return and reintegration support in the WB6 economies is currently focusing mainly on the return of migrants from EU Member States based on readmission agreements. However, strategic frameworks and policies to actively attract back migrants and members of the diaspora with the aim of supporting development processes have not yet been fully developed (Table 4.7). In the case of Albania and North Macedonia, measures to attract and support the return of the diaspora are foreseen in their main migration strategies instead. Albania has planned measures to ensure an effective labour migration policy framework, attract members of the Albanian diaspora with skills and qualifications in short supply in the Albanian labour market, and support the returnees' integration. North Macedonia plans to create the conditions for increased return of citizens from abroad and enable the mutual recognition of skills, qualifications and competencies.

Experts in the roundtables also noted a lack of an institutional framework to actively attract back members of the diaspora. For example, Kosovo has seen the return of people who started their businesses upon return, bringing innovation and new business cultures to Kosovo. This has the potential to stimulate domestic market demand and increase productivity and quality of products. While there are initiatives by non-governmental organisations and the chambers of commerce, stakeholders pointed out that a national strategic framework to fully realise that potential is still lacking.

Table 4.7. Strategic framework on supporting and leveraging return migration

		Objective	Specific actions	Budgeted	Monitoring indicators
Albania ¹		/	n/a	n/a	n/a
Bosnia and Herzegovina	State level	/	n/a	n/a	n/a
	Federation of Bosnia and Herzegovina	/	n/a	n/a	n/a
	Republika Srpska	/	n/a	n/a	n/a
Kosovo		– Encourage and promote the return of intellectual potential	✓	✓	✗
Montenegro		/	n/a	n/a	n/a
North Macedonia ²		– Continuous improvement of the opportunities for inclusion of children and youth from the diaspora in primary, secondary and higher education in the Republic of North Macedonia, as well as for development of mechanisms and practice for increased mobility of pupils and students	✓	✗	✓
Serbia		– Creating conditions for monitoring, stimulating and supporting circular and return migration	✓	✓	✓

1. Albania has an objective for supporting and leveraging return migration in its National Strategy on Migration and Action Plan 2019-2022, which is to “Ensure an effective labour migration policy framework”.

2. North Macedonia has an objective in its Resolution on Migration Policy of the Republic of North Macedonia 2021-2025, which is an “Increased intensity of return of our citizens from abroad”.

Sources: Government of Albania (2020^[1]), *Albanian National Diaspora Strategy 2021-2025*, <https://diaspora.gov.al/wp-content/uploads/2020/12/STRATEGJIA-KOMBETARE-E-DIASPORES-2021-2025-ENG.pdf>; Council of Ministers of Bosnia and Herzegovina (2017^[2]), *Policy on Cooperation with Diaspora*, www.mhrr.gov.ba/iseljenistvo/Dokumenti/PolitikaE%20final1.pdf; Government of the Federation of Bosnia and Herzegovina (2020^[3]), *Strategy on Cooperation with Diaspora and Action Plan (2020-2024)*, <https://fmroi.gov.ba/strategija-federacije-bih-za-saradnju-sa-iseljenistvom>; Government of Republika Srpska (2020^[4]), *Strategic Plan for Cooperation with Diaspora*, <https://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/meoi/Pages/default.aspx>; Government of Kosovo (2018^[5]), *Draft Strategy for Diaspora 2019-2023 and Action Plan 2019-2021*, <https://konsultimet.rks-gov.net/viewConsult.php?ConsultationID=40530>; Government of Montenegro (2020^[6]), *Draft Strategy for Cooperation with Diaspora (2020-2023)*, <https://www.gov.me/dokumenta/10cd8fe6-cd47-4c22-9047-ef4a04aa419f>; Government of North Macedonia (2019^[7]), *National Strategy of the Republic of North Macedonia for Cooperation with the Diaspora 2019-2023 and Action Plan*, <https://diaspora.gov.mk/?q=mk/node/139/>; Government of Serbia (2021^[8]), *Economic Migration Strategy of the Republic of Serbia (2021-2027)*, https://www.minrzs.gov.rs/sites/default/files/2021-02/ENG_%20Strategija%20ekonomske%20migracije%202021-2027-30_10%20%28002%29.pdf#:~:text=The%20legal%20basis%20for%20adoption%20of%20the%20Economic,Government%2C%20unless%20otherwise%20stipulated%20by%20a%2.

Facilitating and making return attractive through targeted policies

Realising the potential development benefits of return migration has led many governments to introduce various programmes encouraging return migration. Promoting temporary and permanent return migration can stimulate knowledge transfers, and attracting back migrants in specific key sectors can be used as a way to address skill mismatches in the local labour markets in the WB6. As seen in Chapter 2, the emigration of people in key sectors such as healthcare risks creating skill gaps in the WB6 economies. Policies to actively attract people back and support their return could transform this challenge into an opportunity for knowledge transfers. However, a challenge with return migration policy is its limited effectiveness as long as conditions in the country of origin that led to the original emigration remain the same (Hahn-Schaur et al., 2019^[25]).

An example of a programme to support return migration in the Western Balkans is the Tačka povratka (Returning point), established in 2018 with the aim of supporting members of the diaspora wanting to return. The programme provides individualised answers to questions concerning return, based on a specially developed digital platform, and also allows migrants and diaspora members to exchange experiences of emigration and return migration. The programme also assists with job placement, matching

Serbian employers with members of the Serbian diaspora. Tačka povratka has organised around 200 job interviews in the private and public sectors in Serbia. A partnership with a private job portal has been established for this purpose. During the COVID-19 pandemic, Tačka povratka launched an open call to healthcare workers from Serbia residing abroad but not professionally engaged at the time of the call to temporarily return and support the health sector with their experience and skills. A reported 347 healthcare workers had responded to the call by July 2020 (RCC, 2020^[26]).

An international example of programmes to attract back return migrants through different types of support is Programa Regressar in Portugal (Box 4.5).

Box 4.5. Providing financial incentives to attract return migrants

Programa Regressar: Support to returning nationals in Portugal

Programa Regressar is a government initiative to support return migration to Portugal. The scheme provides favourable return conditions and includes specific measures to former residents who lived abroad for at least three years in the form of, for example, income tax benefits for five years, financial assistance for relocation to take up a job, a credit line to support business investments and the creation of new business ventures in Portugal. Emigrants and diaspora members searching for jobs while still abroad can register with the Portuguese employment office.

In terms of institutional framework, the Regressar scheme combines a “new vision” for the diaspora to contribute to the country’s economic and social development through the assigning of public utility status to Portuguese chambers of commerce abroad; the creation of the Diaspora Investor Support Office; and publication of a tax guide for communities. An interministerial co-ordination commission responsible for analysis and evaluation of the programme’s implementation has been established to monitor and evaluate achievements. As of mid-2019, about 1 700 people residing in 72 countries had registered on an accompanying online portal designed for people looking for work before they return.

Sources: ILO (2019^[27]), “Effective Return and Reintegration of Migrant Workers: With Special Focus on ASEAN Member States”, www.ilo.org/wcmsp5/groups/public/--asia/--ro-bangkok/--sro-bangkok/documents/publication/wcms_733917.pdf; ICMPD (2020^[13]), “Collection of Diaspora Engagement Practices”, www.rabat-process.org/en/activities/publications/publication-collection-diaspora-engagement-practices; Programa Regressar (2022^[28]), “Programa Regressar website”, <https://www.programaregressar.gov.pt/en/>.

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https://www.minrzs.gov.rs/sites/default/files/2021-02/ENG_%20Strategija%20ekonomske%20migracije%202021-2027-30_10%20%28002%29.pdf#:~:text=The%20legal%20basis%20for%20adoption%20of%20the%20Economic,Government%2C%20unless%20otherwise%20stipulated%20by%20a%2
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Notes

1. Committee members are the Minister of Foreign Affairs; the Minister of Interior; the Minister of Finance and Economy; the Minister of Justice; the Minister of Education, Youth and Sports; the Minister of Culture; the Minister of Environment and Tourism; the Minister of State for Diaspora (a post that has since been discontinued); the Governor of the Bank of Albania; the President of the Academy of Sciences; and the Director of the Institute of Statistics.

² Interview with the Directorate for Cooperation with Diaspora and Emigrants.

5

Conclusions and policy recommendations

This chapter summarises the conclusions of the report and offers policy recommendations on how the Western Balkan Six economies can address the main push factors of emigration, strengthen migration management and reap greater development benefits from emigration. The first part of the chapter provides conclusions and policy recommendations for the Western Balkan Six region while the second part presents economy-specific conclusions and policy recommendations for improving migration and diaspora policies.

5.1. Conclusions and recommendations for the Western Balkan Six region

Emigration is a long-standing reality for the Western Balkan Six (WB6) economies, with significant emigration flows in both past and present times. It is now estimated that more than one-fifth of the region's population lives abroad. Most of these migrants live in OECD countries – primarily in traditional Western European destination countries with a long history of immigration from the WB6 region. New destination countries have also emerged in recent years, notably the neighbouring EU Member States Croatia and Slovenia. Different waves of emigration from the WB6 region have led to large, diverse and growing diaspora communities in destination countries. Also notable in the past decade is the increase in the number of international students from the WB6 economies. Through international exchange programmes, over 30 000 students from the region are pursuing higher education abroad every year.

Emigration from the WB6 region is the result of a mix of push and pull factors. Despite considerable strides to improve economic and social prospects, structural challenges and socio-economic hardships such as high unemployment, low wages, weak education systems, low levels of social security, corruption and poor living conditions have incentivised emigration. At the same time, migration networks, continued labour demand and migration policies favouring workers from the WB6 economies have lowered the barriers for emigration to key destination countries in the OECD area.

Past as well as current emigration has important implications for the migrants themselves, for their families staying behind and for the WB6 economies at large. Moving to more developed destination countries can generate higher salaries and better living conditions for migrant workers. At the same time, WB6 migrants in the OECD area are facing relatively weak labour market outcomes, with employment and labour force participation rates below those of the average foreign-born population in member countries. Many low-skilled migrants are working in sectors that are sensitive to business cycles, which often leads to unemployment in times of economic downturns. This was the case during the economic recession in Greece and Italy – when many Albanian migrants were facing high unemployment rates and forced to return to Albania – and during the initial phase of the COVID-19 pandemic, with rapidly increasing numbers of unemployed citizens of the WB6 in Austria and Germany.

Within the WB6 region, migration presents both opportunities and challenges. Remittances constitute an important source of income to support economic and social development back in the WB6 economies. Remittances received in 2019 averaged 9.7% of gross domestic product (GDP), ranging from 16% of GDP in Kosovo to 2.5% in North Macedonia.

For migrant family members staying behind in the WB6, remittances are a key source of income. Use of informal remittance channels is common however, as receiving households lack trust in or access to the bank sector – limiting the investment potential of remittances.

Diaspora engagement and return migration can also bring important financial and knowledge transfers, generate new ideas and entrepreneurship, and revitalise economies and societies in the WB6 region. Nevertheless, large-scale emigration of the working-age population is generating an important loss of human capital that could accentuate skill shortages and thus hinder productivity growth and development. For example, more than one-third of employers surveyed in the WB6 indicate they are unable to fill vacancies due to emigration of the labour force. Emigration is moreover likely to continue, as survey results also show that an important share of the working-age population is considering emigrating in the future.

Managing migration consequently requires balancing three courses of action: 1) addressing the push factors that force people to leave; 2) improving the conditions for those choosing to leave; and 3) enhancing the positive development impacts that the diaspora and return migrants can bring. Analysis of institutional and policy frameworks and roundtable consultations with experts reveal that all WB6 economies have taken steps towards achieving that balance through the development of migration strategies and dedicated legal and policy frameworks. More, though, needs to be done to harness the positive impacts of migration and mitigate the negative consequences. Based on the findings in this report, the remainder of this chapter

provides recommendations on how the WB6 can accordingly advance its work on labour migration. The remainder of this section focuses on recommendations applying to all six economies, while Sections 5.2-5.7 provides economy-level recommendations in identified key priority areas for each economy.

Reducing push factors for emigration from the Western Balkan Six

As argued in Chapter 2, a range of structural challenges in the six Western Balkan economies act as important drivers of emigration from the region. These include poor employment conditions; weak education outcomes; large skill mismatches; high levels of perceived corruption; a challenging business climate; and weak linkages between foreign direct investment (FDI) sectors and the local economy. The following suggestions for diminishing these push factors stem from the *OECD Competitiveness in South East Europe 2021: A Policy Outlook* report which provides more detailed recommendations.

Improving employment conditions

- **Continue improving working conditions and job quality**, by further upgrading labour laws and occupational health and safety regulations; offering better working hours; and supporting open and merit-based labour markets. Reduce incentives for informal employment and facilitate the transition from informal to formal employment.
- **Conduct regular analyses of earnings structures**. Improve labour market data monitoring and include data on in-work poverty. Increasing the quality of earnings will mean raising the productivity of companies, so wider monitoring should also include labour productivity. Assess the impact of the minimum wage on both informal employment and poverty reduction.

Strengthening skills policies to reduce skill mismatches and ease the school-to-work transition

- **Use the skills anticipation system to guide young people, adult workers and the unemployed in retraining and upskilling activities, and to better predict skill shortages following emigration**. Skills anticipation and labour market information systems should provide news on the current state of play and expected changes, focusing in particular on the future effects of migration on skill gaps. Information on skills in demand can also be used to adapt the curricula of vocational education and training (VET), university, and adult education programmes.
- **Further improve vocational education systems to reduce skill mismatches**, by:
 - Ensuring that students in VET develop core literacy and numeracy skills through establishing strong VET accreditation standards relating to these core skills. Doing so would reduce the gap with students enrolled in general education and ensure that VET students can adapt to changes in the labour market.
 - Continuing efforts to incorporate work-based learning into VET programmes, as this can provide learners with valuable on-the-job experience and opportunities to develop the competencies needed for success in further studies or work. Continue co-operation among donors; chambers of crafts and commerce; and well-established dual vocational training systems.

Improve the conditions for living, working and investing in the Western Balkan Six

- **Continue the fight against corruption and strengthen the rule of law**. High levels of perceived corruption and a lack of trust in public institutions negatively affect the business environment and can prevent future investment. Assure the autonomy of corruption investigation bodies and further develop anti-corruption legislation and standards.

- **Ensure that all citizens are protected from poverty and have access to high-quality healthcare.** Make sure the coverage and adequacy of social protection and pension benefits are high enough to successfully alleviate poverty. Enable access to high-quality healthcare for all citizens regardless of their material resources, e.g. by reducing the share of their out-of-pocket expenditures.
- **Improve the business environment to stimulate entrepreneurship and attract investments for job creation.** Continue streamlining administrative procedures; reinforce the investment policy framework, notably in the areas of conflict resolution, contract enforcement and intellectual property rights; and strengthen FDI linkages with the local economy to boost competitiveness and the integration in global value chains.

Strengthen the management of labour migration flows and improve the outcomes of labour migrants in destination countries

The migration landscape of the WB6 economies is complex, with different migrant waves at different points in time and for diverse reasons. Preconditions for effective migration management are a clear national strategy that can balance different policy objectives, strong institutions and effective policies to support the implementation of the national strategy. Equally necessary is efficient co-ordination across all relevant national and local actors to ensure policy coherence. Key recommendations for improving national labour migration management and the outcomes of migrants in destination countries include:

- **Invest in more systematic collection and analysis of migration data, to improve both the understanding of migration dynamics and the design of evidence-based policies.** This report has painted a picture of the main trends in migration stocks and flows from the WB6 economies while providing key migrant characteristics and labour market outcomes based on available data sources. At the same time, it has revealed important gaps in the availability of comparable data for (e.g.) intra-regional and return migration. Improved data are key to fully understanding the complex and multifaceted migration dynamics of the region, and to designing appropriate policies to strengthen migration management.
- **Optimise the labour market outcomes of migrants in destination countries by strengthening and harmonising education and training curricula and skills recognition systems, and by forming and developing partnerships with destination countries.** Over-qualification is a challenge for skilled migrants from the WB6 region, partly having to do with recognition of skills abroad. Improvement could be achieved by:
 - Ensuring that skills obtained at home are recognised in the destination countries by aligning education and training curricula with international standards and working closely with the destination countries to develop systems for recognition.
 - Making use of policy schemes and institutional collaborations in labour matching and skills partnerships to maximise the benefits of labour migration in home and destination economies. This calls for institutionalised co-operation among key actors such as public employment agencies and vocational training institutions.

Maximising development benefits from emigration

Emigration can have important development implications in the origin country, for the population as well as for the economy in the form of financial and knowledge transfers. However, the positive impacts cannot be taken for granted, as barriers in the form of lack of trust, poor access to financial systems and services, and lack of policies to facilitate investments and transfers of knowledge still prevail. Recommendations to overcome these challenges in order to maximise the development benefits of emigration in the WB6 include:

Building trust and strengthening engagement with the diaspora

- **Invest in long-term and institutionalised relationships with the diaspora to build trust by working closely with diaspora associations in the home and destination countries and making sure that the diaspora is engaged in the design of projects.** A barrier to diaspora engagement in the WB6 is the lack of trust between the diaspora and the home government; it takes systematic and sustained strategies to build long-term relationships. Institutional and strategic frameworks to support diaspora investment should capitalise on the many and active diaspora associations that already exist in the region.
 - Interactive and multifunctional diaspora platforms, which can provide a space for communication, networking and information and matching services, are a good way to start building relationships with the diaspora. Such platforms have been developed in many major destination countries and offer a way for diaspora communities in different destination countries to connect with each other and with the private and public sectors in the home countries.
 - Embassies and consulates have an important role to play in building key partnerships with the diasporas and strengthening diaspora engagement in home country development. They can, for example, help provide tailored information on business and investment opportunities and develop specific activities that target emigrants and members of the diaspora to build bridges between the diaspora communities and their homeland.

Leveraging remittance transfers for socio-economic development in the Western Balkan Six

- **Encourage more remittances sent through formal channels to reduce risks and ensure household access to financial services.** The main barriers to formal remittance transfers in the WB6 economies are costs and trust. They could be addressed through:
 - Increased financial inclusion to ensure that remittance receivers have access to the formal financial sector and financial services.
 - Exploiting new technology to facilitate transfers, bringing down the costs of traditional financial services, and offering new and tailored financial services to remittance receivers who may be reluctant to use traditional banking services.
- **Support the use of remittances for long-term investments.** While remittances are private funds and the use of remittances is up to the receivers, governments can put in place policies that increase information about and access to investment options, notably by:
 - Continuing to invest in financial education and providing information and investment opportunities to remittance receivers to enable them to take informed decisions about remittance use and investments.
 - Working with financial service providers to develop new products and services tailored to migrants and remittance receivers. Particular attention should be paid to gender, as women are often the receivers of remittances while they more often face barriers in terms of financial exclusion.

Attracting diaspora investment more strategically

- **Put in place institutions and mechanisms dedicated to diaspora investment, at both the local and state levels.** Most of the WB6 economies have developed strategies to engage with the diaspora, and there are examples of projects and programmes with international organisations to promote investment and entrepreneurship. There is also, however, a lack of holistic national frameworks and mechanisms to exploit the full potential of diaspora engagement. This could be addressed by:

- Developing ecosystems to facilitate investment and promotion of entrepreneurship among the diaspora community, such as dedicated platforms that gather information and different types of investment support in one place.
- Improving the business environment more generally, and for diaspora business investments in particular, as many administrative and financial barriers hamper diaspora engagement and investment.

Encouraging diaspora knowledge transfers

- **Strengthen the ties and engagement of the professional and scientific diaspora by facilitating institutional and individual collaborations between researchers and institutions in the Western Balkan Six and abroad.** Examples of measures to support such collaboration include the establishment of scientific networks and knowledge funds.

Designing return policies to facilitate emigrants' return and reintegration into the labour market

- **Collect more and systematic information on return migration.** Information about the flows, profiles and interest of return migrants is currently largely lacking, and should be strengthened through:
 - Systematic collection of information about the interests and needs of both return migrants and potential future return migrants through dedicated and regular surveys, to inform return migration policy design and implementation.
 - Linking information on actual and potential return migration with analysis of labour shortages and skills shortages in the home economies.
- **Design policies and institutional mechanisms to actively attract back return migrants.** Return migration has important but largely unexploited development potential. More structured efforts to support and attract back diaspora members, particularly those with expertise in sectors that suffer from skills shortages, are untapped potential to support development in the region. Examples of measures include reducing the administrative burden around return migration, providing economic incentives through tax reductions, and facilitating business investments and entrepreneurship for those that return.

5.2. Conclusions and policy recommendations for Albania

With over 1 million Albanians living abroad, Albania has the highest emigration rate and the largest migrant stock in OECD countries of all the WB6 economies. Most of its migrants are concentrated in Italy (43%) and Greece (35%). However, the United States, the United Kingdom and (recently) Germany are also important destination countries. Emigration towards Europe saw a decrease following the financial crisis in 2008, with key destination countries Italy and Greece particularly hit by the recession. Since then emigration has rebounded, with almost twice as many new residence permits to the European Economic Area (EEA) and Switzerland issued to Albanian citizens in 2019 compared to 2013, and the number of Albanian immigrants arriving in the United States was almost 70% higher in 2019 compared to 2013. The great majority of Albanian migrants in OECD countries are of working age, and a little more than half of them are low-educated. Women tend to have a higher level of education than men.

Remittances to Albania are substantial, corresponding to close to 10% of Albania's GDP, and contribute to reducing poverty and improving living standards. An important and growing Albanian scientific and professional diaspora holds potential for knowledge and skill transfers. However, barriers to migrant and diaspora contributions to development persist. The ability of migrants to send money or transfers of knowledge is determined by their labour market integration in destination countries, and the findings in this report show weak labour market outcomes for Albanian migrants in OECD countries in 2015/16. Migrants from Albania experienced a lower employment rate (56%) than the other WB6 economies and the overall foreign-born population in OECD countries; the highest unemployment rate of all migrants from the WB6 (at 19%); and substantially higher unemployment rates compared to the total foreign-born population in OECD countries (at 9%). In addition, over half of the highly skilled migrants from Albania accepted a job that was below their qualifications, which lowers the prospects for the diaspora and returning migrants to transfer knowledge and new ideas. Remittances are often sent through informal channels due to a lack of trust or access to the financial sector, which keeps remittances outside the formal financial system and constrains remittance receivers from saving and borrowing money through formal institutions.

To address the opportunities and challenges that migration presents, Albania has invested in developing a migration strategy and a dedicated policy framework. Migration management is governed by a cross-cutting strategy document, the National Strategy of Migration and Action Plan (2019-2022), and a mechanism has been put in place to ensure a co-ordinated response to migration. The national migration policy objectives focus on addressing irregular migration, ensuring immigrant integration and improving the conditions of migrants' socio-economic integration, including of Albanian returnees under readmission agreements. However, the budget shows an emphasis on addressing irregular migration: one-third of it is assigned to that objective.

Albania has also developed a specific institutional and policy framework to engage with its diaspora, through a dedicated diaspora agency. The national diaspora strategy has set the objectives of strengthening and developing relations with the diaspora, attracting investments from the diaspora and formalising remittances. However, despite the recent advances in strategic, legal and policy frameworks relating to migration, experts in the OECD roundtable consultation also identified a number of gaps in labour migration management and diaspora engagement, particularly when it comes to dedicated mechanisms to support investments and knowledge transfers.

In addition to the regional-level recommendations presented in Section 5.1, findings point to a few key priorities for Albania in terms of improving migration policy:

- **Support labour migrants in OECD destination countries to address the relatively high levels of unemployment, inactivity and over-qualification among Albanian migrants.** This could include measures such as pre-departure information and language training prior to migration; alignment of education and training curricula with international standards to improve recognition of

migrants' education and skills abroad; and encouraging more migration to take place through established migration schemes to improve labour market integration in destination countries.

- **Conduct regular studies on the needs of and constraints on households receiving remittances, to tailor financial services that can encourage transfers through regular channels and facilitate remittance investments.** High levels of informal remittances and low financial inclusion of remittance receivers in Albania are clear barriers. Information about the challenges and constraints faced can inform the design of measures to create a more enabling environment for remittance investment.
- **Develop the institutional framework to support diaspora investment and knowledge transfers through the creation of dedicated mechanisms and tools and strengthening of institutional capacity.** The recent establishment of the Diaspora Development Fund and diaspora programmes implemented by non-governmental organisations (NGOs) and international organisations provides a good foundation to build on. However, there is a need to strengthen the long-term and systematic involvement of the state, notably by more investment in capacity building and creating dedicated mechanisms and tools to support diaspora engagement through knowledge transfers.

5.3. Conclusions and policy recommendations for Bosnia and Herzegovina

Bosnia and Herzegovina has the second-largest stock of migrants in OECD countries among the WB6 economies. The top OECD destination countries are Germany and Austria, hosting 20% and 19% of the Bosnian migrants in OECD countries, respectively. However, an important number of Bosnian emigrants has moved within the region. There are an estimated 383 000 intra-regional Bosnian migrants in other WB6 economies, constituting 23% of the total Bosnian migrant stock. Most Bosnian migrants in OECD countries (54%) have acquired the destination country nationality – a relatively high share compared to the much lower levels among most of the other WB6 migrant populations. While the total migrant stock of Bosnian migrants in the OECD area decreased by 4% between 2010/11 and 2015/16, more recent trends show that migrant flows towards OECD countries are increasing, especially to the EEA and Switzerland. The number of first residence permits in the EEA and Switzerland attained by Bosnia and Herzegovina citizens was almost four times higher in 2019 than in 2011, representing the strongest increase among the WB6 migrant populations. About two-thirds of Bosnian citizens in the EEA and Switzerland migrated for work purposes, and the share of labour migrants among the Bosnian migrants has been growing over time. The number of permits for work purposes was more than eight times higher in 2019 than in 2011. Emigration from Bosnia and Herzegovina to other Central and Eastern European countries is also on the rise. In 2019, close to 35 000 Bosnian migrants applied for residence permits in Central and Eastern European countries, with the large majority in Croatia and Slovenia.

Bosnian migrants in OECD countries are on average older and more educated than migrants from other WB6 economies. Around 80% of them are in the age group 25-64, while the share of children and youth is lower than for other WB6 migrant groups. Close to one in five Bosnian migrants of working age are highly educated, which represents the second-highest share among the WB6 economies after North Macedonia, but a lower share compared with all foreign-born migrants in OECD countries. The education distribution of Bosnian migrants also seems to vary with different waves of migration. Those arriving in the OECD area pre-2010 are more likely to be highly educated than those that arrived in 2010-15. However, more recent evidence points to an increase in highly skilled migration in 2015-19.

Migrants from Bosnia and Herzegovina are also relatively better integrated into the labour market in OECD countries than migrants from other WB6 economies. The employment rate of emigrants from Bosnia and Herzegovina stood at 70% in 2015/16, making it the only WB6 economy whose emigrants experience higher employment than other foreign-born migrants in the OECD (at 67%). Similarly, migrants from Bosnia and Herzegovina have the lowest unemployment rate (8%) among migrants from the Western Balkan region, which is slightly below the unemployment rate of all foreign-born migrants in OECD countries (9%). However, highly educated Bosnian migrants in OECD countries are facing the challenge of over-qualification. In 2015/16, 43% of the Bosnian migrants with a higher education accepted a job below their qualifications, which was lower than in 2010/11 (46%), but still higher than the over-qualification rate of the overall foreign-born population in the OECD area (at 35%).

In terms of institutional migration frameworks, Bosnia and Herzegovina has prepared a draft strategy on migration management, but it is still pending adoption. The new draft strategy strongly relies on donor funding for achieving its goals. Bosnia and Herzegovina has also developed a mechanism for horizontal co-ordination of state authorities in charge of migration management. However, the OECD expert roundtables revealed that there is room to develop diaspora engagement among state and entity-level authorities. While there have been some recent developments in entity-level strategic frameworks for diaspora engagement, there is a lack of institutional co-ordination and cross-entity co-operation. Activities in the field of diaspora engagement are often led by the non-governmental sector, with several active NGOs and funding from international donors. There is no policy framework in place to encourage return migration.

In addition to the regional-level recommendations presented in Section 5.1, the findings in this report point to a few key priorities for improving migration policy in Bosnia and Herzegovina:

- **Develop the institutional and policy frameworks to support diaspora investment and knowledge transfers.** There is a need for a more systematic government approach and further development of the institutional and policy frameworks to strengthen the links with the diaspora and create opportunities for the diaspora to contribute to national development. The government should work closely with existing NGOs and other non-state actors to develop the necessary frameworks.
- **Invest in long-term partnerships with the diaspora to build trust.** Lack of trust is a barrier to diaspora engagement in Bosnia and Herzegovina. The OECD expert roundtables revealed that the involvement of diaspora NGOs has been key to the success of previous projects, and future policy frameworks should build on the knowledge and experience of the NGO sector.
- **Create a policy framework to encourage knowledge transfers through collaborations with the professional and scientific diasporas and actively support return migration of certain diaspora groups.** This could target both the long-term and short-term return of the diaspora. The lack of tailored services to return migrants is a barrier; more active measures are needed to attract them back and support their reintegration. This includes, for example, a one-stop shop to provide information on return, facilitation of skill recognition and improved procedures to integrate returning children into the education system.

5.4. Conclusions and policy recommendations for Kosovo

Kosovo has a long tradition of emigration, with a significant and growing diaspora in OECD countries. Of all the economies of the WB6 region, in 2015/16, Kosovo had the third-largest migrant stock (over 498 000) residing in OECD countries and the second-highest emigration rate to the OECD area, with 22% of its population living in OECD destination countries. Germany is the single most important destination country, hosting 62% of the Kosovar migrants in the OECD area, followed by Austria and Italy, while Slovenia has become an increasingly popular migration destination in more recent times. The United States is an important destination for students: more than 3 000 Kosovar students pursued higher education there in 2019. The past decade has also been characterised by growing emigration flows from Kosovo to the European Union. The number of residence permits issued to Kosovar migrants in the EEA and Switzerland was more than twice as high in 2019 as in 2011. The highest increase was in permits issued for remunerated activities, which jumped from 1 500 in 2011 to 16 800 in 2019.

Migration from Kosovo is characterised by a higher share of young, male and low-educated migrants compared to migrants from the other WB6 economies. Youth constitutes an important share of the migrant population from Kosovo in OECD countries, with 13% of the migrant stock in the age range of 15-25 in 2015/16. This share was higher than the share of youth from other WB6 economies, and that of the overall foreign-born population in OECD countries. More than half of working-age Kosovar migrants are low-educated (53%), while the share of highly skilled migrants is relatively low, at 13%. Kosovo was the only economy among the WB6 with a significantly higher share of men (55%) than women in the migrant stock in 2015/16.

Labour market outcomes for migrants from Kosovo are marked by low employment rates and over-qualification. The employment rate in 2015/16 stood at 58%, the second-lowest among migrants from the WB6. Furthermore, over 50% of both female and male highly skilled Kosovars in OECD countries are overqualified, and the rate of over-qualification has increased over time.

In recent times, Kosovo has put in place pilot projects in collaboration with destination countries to establish skills mobility partnerships. These partnerships have the potential to improve the education system in Kosovo and address labour shortages and skills mismatch in the local labour market, as well as to improve the employment outcomes of emigrants in the destination countries. Preconditions for fully realising these benefits are that skills partnerships are designed in a way that training takes place in the origin economy and has the explicit aim of encouraging knowledge transfers and enhanced institutional capacity in the origin economy.

Remittances generated from emigration constitute an important source of income for many Kosovar households as well as for the national economy. Remittances received correspond to close to 16% of national GDP, making Kosovo one of the top 20 remittance-receiving economies in relation to GDP worldwide. At the same time, the share of the population with access to a bank account is relatively low, particularly among women. This constitutes a barrier for remittance investments – especially since men constitute a larger share of emigrants, leaving women as the main receivers of remittances.

Advances in the institutional and strategic framework for managing migration in Kosovo are under way but have been delayed by political uncertainty. This led to late adoption of the new migration strategy, almost two years after it was planned. However, Kosovo has a migration policy co-ordination mechanism in place, and plans to strengthen it in the future.

The Kosovar diaspora has shown interest in investing in Kosovo, and there is great potential for financial and knowledge transfers through diaspora investments, entrepreneurship and return migration; these can generate innovation and new business ideas. There is, however, no national strategy or framework to actively recruit back or support return migration. Temporary return programmes for highly skilled Kosovars have also been put in place, led by NGOs. A key barrier to diaspora investment is the lack of trust from the

diaspora. Building trust between the state and the diaspora will require more work in terms of strengthening the rule of law and judicial security, and creating an enabling environment for investment.

In addition to the regional-level recommendations presented in Section 5.1, the findings in this report point to a few key priorities for improving migration policy in Kosovo:

- **Enhance the positive outcomes of co-operation with destination countries when it comes to skills mobility partnerships.** Examples of factors to take into account when designing partnerships to benefit Kosovo include a Kosovo-based governance structure – ensuring that training and capacity building is taking place in Kosovo – and measures to support the return and reintegration of migrants.
- **Create an enabling environment for remittance transfers and investment to make the most of the large inflows of remittances.** This work should build on pre-existing initiatives by NGOs and international organisations. More assessment studies should be undertaken to understand the needs and barriers of the remittance recipients, and to inform the design of relevant financial services so they encourage transfers through regular channels and facilitate remittance investments.
- **Develop a national programme to promote diaspora investment.** The development of a strategic and institutional framework around diaspora engagement has been delayed, which slows down diaspora policy implementation. A holistic national programme for diaspora engagement is key to supporting any development contribution.

5.5. Conclusions and policy recommendations for Montenegro

Montenegro has the lowest emigration rate to OECD countries among the WB6 economies, with 9% of its population residing in OECD countries in 2015/16. Germany and the United States are the two top destination countries, accounting for 33% and 29% of the Montenegrin migrant stock, respectively. Despite relatively low emigration rates, migration flows from Montenegro have increased in recent times. The number of first-issued residence permits to citizens from Montenegro for performing remunerated activities in the EEA and Switzerland was almost ten times higher in 2019 than in 2011, similar to the increase in permits issued to citizens from Bosnia and Herzegovina and Kosovo. Remittance inflows from Montenegrin migrants are significant and have remained stable over time, constituting 11% of national GDP in 2019.

Montenegro, alongside Bosnia and Herzegovina, has the lowest share of children (0-14 years old) among its emigrants – 2% – compared to around 5% among migrants from the other WB6 economies. More recent migrants from Montenegro, arriving after 2010, are more highly educated than those arriving before that date. However, there is also evidence of the highly skilled returning to the economy, partially due to students completing their education abroad. Montenegro also attracts a significant stock of immigrants from the WB6, notably from Bosnia and Herzegovina.

The share of women in the Montenegro migrant stock was slightly higher than that of men (52%) in 2015/16. While women are more likely to emigrate than men, they have been experiencing weaker labour market outcomes. Labour force participation and employment of female emigrants from Montenegro were respectively 26 and 25 percentage points lower than those of their male counterparts in the OECD area. These gaps are relatively similar to other WB6 economies, but considerably wider compared to the overall foreign-born population in OECD countries. Migrants from Montenegro are less likely to be overqualified compared to other migrants from the WB6. With one in three highly skilled Montenegrin migrants overqualified, the share of overqualified is comparable to the share among the total foreign-born population in the OECD area.

Montenegro has an integrated strategic framework on migration management in place with an attached action plan, and an Interdepartmental Working Group in charge of developing and monitoring the implementation of the strategy. The working group consists of representatives from state bodies, international organisations and NGOs. About half of the budget assigned to implementing the action plan is covered by donor funding, with a large share of the budget allocated to addressing irregular migration. Return migration, apart from that under readmission agreements, is not addressed in the migration strategy framework.

Montenegro has introduced a dedicated institution for diaspora engagement, but the strategic framework is limited in scope. The strategy for diaspora co-operation maintains a relatively narrow focus that addresses the subjects of co-operation with the diaspora and information mechanisms, but lacks strategies and goals for realising the development potential of the diaspora and remittance transfers. Nevertheless, there have been efforts to engage the academic diaspora through the creation of a scientific network portal.

In addition to the regional-level recommendations presented in Section 5.1, the findings in this report point to a few key priorities for improving migration policy in Montenegro:

- **Create a dedicated inter-ministerial body to strengthen co-ordination and ensure coherence in migration policy.** Co-operation across ministries in charge of different aspects of migration is key to create a holistic approach to migration management and ensure policy coherence across different policy domains. While Montenegro has established an Interdepartmental Working Group to monitor the implementation of its migration strategy, there is no permanent co-ordination body to ensure a co-ordinated and coherent migration policy approach.

- **Continue building ties with the diaspora and develop a more holistic policy framework to promote and support diaspora engagement.** It is necessary to learn more about the diaspora, build stronger institutional capacity and create a national programme for diaspora engagement.
- **Develop policies to actively attract back migrants beyond return taking place through readmission agreements.** Strategies and policies to promote return migration are lacking, and more measures and capacity building are needed to promote the short- and long-term return of key diaspora groups.

5.6. Conclusions and policy recommendations for North Macedonia

North Macedonia is characterised by sizeable migration towards OECD countries, notably to traditional destination countries such as Germany, Italy and Switzerland, which together hosted over 50% of the migrant stock in 2015/16. Emigration flows toward the EEA and Switzerland saw a considerable increase from 2011 to the start of the pandemic in 2020. The number of residence permits to citizens of North Macedonia increased from 11 000 in 2011 to 28 400 in 2019. Permits for employment reasons were by far the fastest-growing permit category; 2019 saw about five times the number of permits issued for remunerated activities than 2011. Steps have also been taken to encourage intra-regional migration. North Macedonia has endorsed the Common Regional Market 2021-24 Action Plan alongside all the other WB6 economies, and in addition signed an agreement with Albania and Serbia launching the Open Balkan initiative. The Open Balkan initiative aims to create a common economic area among the three signatory countries by 2023, while the Common Regional Market 2021-24 Action Plan seeks to facilitate the movement of people and recognition of their qualifications among the WB6 economies.

While most migrants from North Macedonia in OECD countries are of working age, there is a significant share of elderly migrants, with 16% of the migrant stock aged 65 and above. Migrants from North Macedonia are relatively well-educated compared to migrant peers from other WB6 economies. About one in five Macedonian migrants in OECD countries are highly educated – the highest rate among the WB6 economies – while 38% are low-educated. The number of tertiary students from North Macedonia in OECD countries has also significantly increased in recent years, and there are indications that students are returning home after completing university education. That could have important implications for development in North Macedonia. In terms of labour market outcomes, the rate of over-qualification among North Macedonian migrants has been growing over time, with 46% of the highly skilled accepting a job below their qualifications in 2015/16, up from 41% in 2010/11. Despite slight improvements in employment and labour force participation in the same period, the labour force participation rate of Macedonian migrants is still relatively low (at 68%) – particularly among women, at only 53%.

A weak education system that has failed to align with labour market demand is a key challenge for North Macedonia, and constitutes an important incentive for emigration, especially among the young. Reform to address structural challenges in the education and labour market sectors is slow.

North Macedonia recently adopted the new Resolution on Migration Policy, following a slight delay due to political uncertainty. There is also an intra-governmental co-ordination body in place to ensure implementation of the strategy, which according to the new resolution will be further strengthened by including new member institutions and will continue to build capacity through training.

A dedicated institutional and policy framework to engage with the diaspora has also been adopted, notably by establishing the post of Minister without Portfolio in Charge of Diaspora. After it was temporarily discontinued for more than two years, the post was reinstated in 2022. The Cabinet of the Minister is responsible for implementing the main strategy for co-operation with the diaspora. An independent Emigration Agency provides support to Macedonian migrants and the diaspora. Despite such strategic and institutional developments, more could be done to create an enabling environment for diaspora investment, and barriers such as corruption, complex regulation and administration, and lack of trust in institutions are hindering diaspora investment. This has led to the limited success of programmes to support diaspora investment to date.

In addition to the regional-level recommendations presented in Section 5.1, findings in this report point to a few key priorities for improving migration policy in North Macedonia:

- **Improve the quality of education and strengthen the link between the education system and labour market demand.** The poor quality of the education system and lack of alignment with labour market demand are key development challenges for North Macedonia that have led to high

levels of youth emigration. It is thus important to mainstream migration into the development of policies in key areas such as education and the labour market.

- **Encourage diaspora investment by facilitating administrative and regulatory processes, and establish a dedicated platform for diaspora engagement.** Complex regulatory and administrative frameworks and lack of trust are barriers to diaspora engagement. Initiatives to support diaspora investment at the local level are starting to emerge and should be further supported and developed. The establishment of an interactive platform for diaspora engagement could help build stronger ties and relationships with the diaspora.
- **Continue to develop a policy framework for promoting and supporting the return of students and knowledge transfers of the scientific and professional diasporas.** The growing number of international students could generate positive development in North Macedonia through return migration and knowledge transfers, provided that there are adequate strategies and policy measures in place.

5.7. Conclusions and policy recommendations for Serbia

Emigration from Serbia is significant, with about 10% of the Serbian population living in OECD countries. Germany and Austria are the top two OECD destination countries. Contrary to other WB6 economies, Serbia also has a significant share of migrants in France, constituting 11% of the Serbian migrants in OECD countries. Migrant inflows from Serbia to Western European countries have been on the rise in the past decade. Between 2011 and 2019, Serbian migrants received 23% of all residence permits issued to WB6 citizens in the EEA and Switzerland. Serbia, together with Montenegro, is also a destination country for citizens from the other WB6 economies.

Serbian migrants in OECD countries have relatively better labour market outcomes compared with migrant peers from other WB6 economies. The gender gap in the labour market participation rate (16 percentage points) and employment rate (14 percentage points) of migrants from Serbia is one of the narrowest among WB6 economies, and relatively close to the average gap in the migrant population in the OECD area. The share of over-qualification among highly skilled Serbian migrants is also relatively comparable to that of the overall foreign-born population in the OECD area. Serbia also stands out as the only WB6 economy with a higher over-qualification rate for women than for men, which is in line with the pattern for the overall foreign-born population in the OECD area.

Serbia has a holistic multi-annual migration strategy in place. The main migration strategy (the Economic Migration Strategy [2021-2027]) concentrates on encouraging and supporting circular and return migration as well as on reducing emigration factors. It also centres on reaping the development benefits of the diaspora. While Serbia allocates the second-highest budget of all WB6 economies to its main migration strategy, the strategy has the lowest percentage of donor funding in the region. Recently there has been a shift from focusing on refugees to focusing on diaspora and returning migrants at the local level. This is due to the new policy framework, but also to an identified need to more actively focus, as just mentioned, on diaspora engagement and return migration. An observation at the OECD roundtable was that return migrants are increasingly interested in starting a business, which could generate important employment opportunities in migrant origin regions.

A number of different actors in Serbia are engaging in activities in co-operation with the diaspora. The Chamber of Commerce and Industry in Serbia is engaged in supporting diaspora investment and business co-operation. It is implementing projects such as Link up! Serbia II, co-funded by the Austrian Development Agency to support transnational entrepreneurial activities with and through the Serbian diaspora in Austria, Germany and Switzerland. Serbia is also one of the few economies of the WB6 to have a developed policy that explicitly focuses on diaspora knowledge transfers. In 2019, the Science Fund launched the Serbian Science and Diaspora Collaboration Programme, which provides financial incentives for local research and development institutes to develop collaborations with the Serbian diaspora. Programmes such as *Tačka povratka* (Returning Point) are supporting members of the diaspora who wish to return to Serbia through a dedicated digital platform that in different ways assists with the return and reintegration processes.

In addition to the regional-level recommendations presented in Section 5.1, findings in this report point to a few key priorities for improving migration policy in Serbia:

- **Continue to develop national and local policy frameworks to support diaspora and return migration investment.** There is an increasing interest in return migration from the diaspora; migrants often return to their origin regions and communities. National and local policy frameworks to support diaspora and return migration investments should continue to be developed, especially when it comes to supporting business start-ups that could generate important job creation.
- **Mainstream migration into other key policy areas to ensure policy coherence and effective implementation of migration policies.** The migration policy framework in Serbia is relatively well-developed, but the link to other key areas such as labour migration and education could be

strengthened by integrating migration into policy strategies beyond those dealing specifically with migration.

- **Encourage the return of students and knowledge transfers of the scientific and professional diaspora.** Increasing numbers of international students and a significant scientific diaspora hold important development potential for the home economy. The creation of the Science Fund is a good platform on which to build and further strengthen knowledge transfers while promoting the short- and long-term return of the scientific diaspora.



LABOUR MIGRATION IN THE WESTERN BALKANS: MAPPING PATTERNS, ADDRESSING CHALLENGES AND REAPING BENEFITS

Emigration from the Western Balkan region has been significant for decades, which has generated a large diaspora. In 2020, more than one in five citizens born in the region lived abroad, predominantly in a handful of OECD countries. This trend is likely to continue especially among the youth. While sustained high emigration levels, especially of young talents, can pose severe development challenges, the large and growing diaspora also provides opportunities for the region.

This report analyses labour migration patterns of the Western Balkan economies, investigates their root causes as well as potential consequences, and examines the economies' current migration and diaspora policies. It builds on results from an original survey of emigrants from the Western Balkans in addition to a wide range of OECD and international migration data sources as well as regional stakeholder consultations.

The report provides Western Balkan policy-makers with targeted policy recommendations on how to address the structural challenges, which incentivise emigration and maximise the benefits from emigration for the Western Balkan economies' own socio-economic development by strengthening ties with the diaspora and capitalising on its skills and investment resources.



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