

Mirna Jusić, PhD  
March 2026

# The Social Dimension of EU Enlargement in the Western Balkans



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Godesberger Allee 149  
53175 Bonn  
info.soe@fes.de

### **Publishing department**

Dialogue Southeast Europe

### **Contact**

Sarah Hees-Kalyani, Regional Coordinator  
Saša Vasić, Program Manager  
Harun Cero, Program Manager

### **Design/Layout**

Azra Kadić

### **Front page design**

Azra Kadić

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# List of Abbreviations

<b>AA</b>	Accreditation Agency
<b>ALMPs</b>	Active labor market policies
<b>CSRs</b>	Country-specific recommendations
<b>CSW</b>	Center for Social Work
<b>EAFa</b>	European Alliance for Apprenticeships
<b>ECB</b>	European Central Bank
<b>ECRI</b>	European Commission against Racism and Intolerance
<b>EEA</b>	European Education Area
<b>EESC</b>	European Economic and Social Committee
<b>EFSD+</b>	European Fund for Sustainable Development Plus
<b>EGD</b>	European Green Deal
<b>EHEA</b>	European Higher Education Area
<b>EIP</b>	Economic and Investment Plan for the Western Balkans
<b>EPSR</b>	European Pillar of Social Rights
<b>ERP</b>	Economic Reform Program
<b>ESF+</b>	European Social Fund Plus
<b>ESA</b>	Employment Service Agency
<b>EU</b>	European Union
<b>EU-SILC</b>	EU Statistics on Income and Living Conditions
<b>ETF</b>	European Training Foundation
<b>ETUI</b>	European Trade Union Institute
<b>FBiH</b>	Federation of BiH
<b>FSA</b>	Financial Social Assistance
<b>GMA</b>	Guaranteed Minimum Assistance
<b>HEI</b>	higher education institutions
<b>IFIs</b>	International Financial Institutions
<b>ILO</b>	International Labor Organization
<b>IPA III</b>	Instrument for Pre-Accession Assistance III
<b>JER</b>	Joint Employment Report
<b>LFS</b>	Labor Force Survey
<b>LMO</b>	Labour Market Observatory
<b>MS</b>	Member States
<b>OHS</b>	occupational health and safety
<b>PAR</b>	public administration reform
<b>PES</b>	public employment services

<b>PISA</b>	Programme for International Student Assessment
<b>PwD</b>	persons with disabilities
<b>QA</b>	Quality Assurance
<b>RA</b>	Reform Agenda
<b>RGF</b>	Reform and Growth Facility
<b>RRF</b>	Recovery and Resilience Facility
<b>RRP</b>	Recovery and Resilience Plan
<b>RS</b>	Republika Srpska
<b>SAA</b>	Stabilization and Association Agreement
<b>SCF</b>	Social Convergence Framework
<b>SEN</b>	Special educational needs
<b>SoHO</b>	Substances of human origin
<b>SURE</b>	European instrument for temporary Support to mitigate Unemployment Risks in an Emergency
<b>SWC</b>	Social Welfare Center
<b>TAIEX</b>	Technical Assistance and Information Exchange
<b>VET</b>	vocational education and training
<b>WB</b>	Western Balkans
<b>WBIF</b>	Western Balkans Investment Framework
<b>WLB</b>	work-life balance

# 1. Introduction

The previous 2019 FES study on the social dimension of enlargement in the Western Balkans (WB)<sup>1</sup> had primarily centered on the process of economic governance between the European Union (EU) and the WB countries and its articulation in countries' Economic Reform Programs (ERPs). The study found that the social dimension of EU enlargement, as conceptualized and implemented in the region, had remained "narrow, geared towards the promotion of market-oriented, supply-side skill acquisition strategies and the maintenance of residual social safety nets." Moreover, the region's governments had not been able to extend the contours of their largely outdated social protection, healthcare, education and employment systems "to ensure a broader set of social rights for their citizens."<sup>2</sup> The study suggested that a number of reasons were at play, including the realities of the countries' political economies, institutional inertia and a lack of policy capacities, and on the side of the EU, persistent prioritization of economic growth and anti-corruption efforts in the last decades of WB enlargement.

While the last study had focused on years 2017-2019, this study takes an in-depth look at the substance of ERPs' social reforms for years 2022-2025. In the context of the recent WB Reform and Growth Facility (RGF), the countries' Reform Agendas (RAs) are also analyzed.<sup>3</sup> The years 2020 and 2021, which were exceptionally affected by the COVID-19 pandemic, are not taken into consideration here. Naturally, it is important to mention the ERPs and RAs do not provide a complete picture of all of the reforms happening in each country, but do suggest the general priorities that are discussed and negotiated between the

six governments and EU institutions (as well as other actors, such as various international organizations) on the path towards EU accession. The study also considers the social dimension of the Stabilization and Association Agreement (SAA) negotiations and social policy reforms as part of 2021-2027 Instrument for Pre-Accession Assistance III (IPA III). It seeks to explore whether the region's deeper social integration with other parts of Europe remains weak,<sup>4</sup> or whether the economic and social reform processes sponsored by the EU in the WB have been able, in recent years, to better respond to the broad set of challenges shaping social outcomes in the region. This is important considering the major trials that will inevitably profoundly influence these societies, not limited to demographic aging, migration, the climate crisis and rapid technological transformations.

The study begins with an overview of EU-level developments pertaining to the social dimension during the last five years and continues with an overview of the EU enlargement toolbox in the WB countries. Furthermore, main challenges with respect to WB labor markets, education systems and social protection and healthcare are presented in individual chapters, as well as an overview of how the EU has worked together with the region's governments to address these challenges in the past five years, analyzing structural reform commitments in the social realm, IPA III actions and the EU's annual recommendations as a part of the Enlargement Package. This is followed by a critical discussion and recommendations on how the EU could further support a stronger social dimension in the region.

<sup>1</sup> Refers to Albania, Bosnia and Herzegovina (BiH), Kosovo, North Macedonia, Montenegro and Serbia. Any reference made to Kosovo is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

<sup>2</sup> Mirna Jusić and Nikolina Obradović, *Enlargement Policy and Social Change in the Western Balkans* (Friedrich-Ebert-Stiftung Dialogue Southeast Europe, 2019), 6.

<sup>3</sup> Documents were coded and analyzed using the MAXQDA 2024 software. Research also included interviews with eight experts from the region, inputs from expert meetings in Brussels, and a roundtable where preliminary findings were presented, hosted at the EU Parliament in Brussels in December 2025.

<sup>4</sup> Jusić and Obradović, *Enlargement Policy and Social Change in the Western Balkans*, 6.

## 2. Strengthening the Social Dimension in the EU: The Last Five Years

Since the solemn proclamation of the European Pillar of Social Rights (EPSR) at the 2017 Gothenburg Social Summit by the European Parliament, the Council and the EU and the European Commission, the social policy landscape of the EU has shifted. The EPSR, with its comprehensive 20 principles, grouped under the umbrellas of ‘equal opportunities’, ‘fair working conditions’ and ‘social protection and inclusion’ is meant to be a “the beacon guiding us towards a strong social Europe that is fair, inclusive and full of opportunity.”<sup>5</sup> The initial criticism, stemming from both practitioners and academics, pointed out the ambiguity of the ‘rights’ versus the ‘principles’ of the EPSR. For instance, a 2016 European Parliament briefing suggests that the Pillar has yet to tackle “the long-standing discrepancy between individual, civil rights that are judicially enforceable, and collective social rights formulated as general principles which the Union professes to recognize and respect, or which its citizens ‘shall enjoy’.” Moreover, there is the matter of competences, where the 20 principles range from areas where the EU is able to adopt minimum standards (e.g. health and safety at work) to those where it can only serve a complementary function (e.g. social inclusion).<sup>6</sup> Questions of enforceability aside, the EPSR was also seen as framing social objectives as secondary to growth and competitiveness by the European Trade Union Institute (ETUI): “the European Pillar of Social Rights is embedded in a deep economic rhetoric in which economic growth appears to be the main goal.”<sup>7</sup>

Despite doubts surrounding the EPSR, some authors<sup>8</sup> have highlighted its benefits. For instance, Garben has stressed its programmatic character, where its implementation would determine its true impact. He also noted that, while not legally binding as an instrument, EPSR’s individual rights and principles were legally binding in the EU and/or the Member States (MS) “by virtue of other measures,” including the EU Charter of Fundamental Rights, the Council of Europe’s European Social Charter or

International Labor Organization (ILO) conventions. The document had broader implications: while certainly not an all-encompassing response to the shortcomings of the EU’s social dimension, “it has put a surprising social spin on the Better Regulation Agenda that was threatening to erode the social *acquis*, it has rekindled the EU’s relationship with the International Labor Organization and Council of Europe, and it helps rebalance the EU’s output by reviving the use of the Treaty’s Social Title.”<sup>9</sup>

One way that the EPSR became palpable following its proclamation was by ‘socializing’ the European Semester,<sup>10</sup> the annual EU-level economic policy coordination process, starting with the 2018 cycle. The Social Scoreboard and its 14 (later 17) headline indicators across the three Pillar domains were integrated into the Semester as a way of keeping track of social progress. While the EPSR denotes a soft governance tool, rooted in cooperation, monitoring, reporting and learning, its use in the Semester allows it to claim a prominent role within reforms that MS address on an annual basis, as well as the country-specific recommendations (CSRs) drafted by the Commission and adopted by the Council.

The Commission’s role as a policy entrepreneur with regards to the strategic use of the EPSR to strengthen the social dimension of EU policymaking has been noted. For instance, as Hacker remarks, the Commission makes a reference to the Pillar in its regulatory initiatives “in all conceivable social policy contexts,”<sup>11</sup> and the Parliament and the Council usually follow suit when it comes to justifications in European legislation. To date, this has been the case for the 2019 establishment of the European Labor Authority, the 2021 Council Recommendation on the introduction of the Child Guarantee, the 2022 Directive on Adequate Minimum Wages, or the 2024 Platform Work Directive. One example is, for instance, Article 5 of the 2022 Directive on Adequate Minimum Wages in the EU,

5 European Commission, “The European Pillar of Social Rights in 20 Principles,” European Commission, 2025.

6 Stefan H. Schulz, *A European Pillar of Social Rights: First Reactions*, Briefing PE 587.305 (Policy Department A: Economy and Scientific Policy, European Parliament, 2016), 4.

7 Klaus Lörcher and Isabelle Schömann, *The European Pillar of Social Rights: Critical Legal Analysis and Proposals*, Report / European Trade Union Institute 139 (ETUI aisbl, 2016), 18.

8 Sacha Garben, “The European Pillar of Social Rights: An Assessment of Its Meaning and Significance,” *Cambridge Yearbook of European Legal Studies* 21 (December 2019): 101–27. The European Pillar of Social Rights: An Assessment of Its Meaning and Significance, *Cambridge Yearbook of European Legal Studies* 21 (December 2019).

9 Garben, “The European Pillar of Social Rights,” 101.

10 Alexander Adrangi et al., *Stuck on the Rubicon? ‘Socializing’ the European Semester through the European Pillar of Social Rights* (FEPS YAN Working Group on Social Europe, 2019).

11 Björn Hacker, *The European Pillar of Social Rights: Impact and Advancement: Somewhere between a Compass and a Steering Tool* (Stiftung Wissenschaft und Politik, German Institute for International and Security Affairs, 2023), 8.

which refers to the EPSR Principle 6, which “reaffirms workers’ right to fair wages that provide for a decent standard of living. It also provides that adequate minimum wages are to be ensured, in a way that provides for the satisfaction of the needs of the worker and his or her family in light of national economic and social conditions, while safeguarding access to employment and incentives to seek work.”<sup>12</sup> Müller and Schulten call the EPSR a compass for legal initiatives in the social realm, and the adoption of this Directive a paradigm shift in how the EU institutions see wages and collective bargaining, given that following the financial crisis some ten years earlier, the Directorate-General for Economic and Financial Affairs had “recommended a decrease in statutory minimum wages and collective bargaining coverage and an overall reduction of trade unions’ wage-setting power, as ‘employment-friendly’ reforms.”<sup>13</sup>

The EPSR also features in the Commission’s 2020 European Skills Agenda,<sup>14</sup> the 2021 Digital Decade,<sup>15</sup> and the 2019 European Green Deal (EGD), which also recognizes the need to implement a just transition for communities and workers affected by the shift to greener energy. The EGD makes explicit references to the EPSR<sup>16</sup> in ensuring that nobody is left behind. As Grossi et al. write, “to lessen the negative impact of the transition on workers and communities, to promote policies that prioritize job creation in green sectors, training and reskilling programs for workers, and ensure that the benefits and costs of the transition are distributed equitably, the EPSR can provide the framework for a fair transition.”<sup>17</sup> The EPSR is integrated into the programmatic documents of different funds (e.g. the European Social Fund+, the Cohesion Fund or the Just Transition Fund). For instance, Cohesion Fund regulation makes national investment plans conditional on reform priorities identified in the Semester.<sup>18</sup>

With the onset of the COVID-19 pandemic, the social dimension was deepened through two significant instruments. The first was the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE), whereby short-time work measures within MS were supported by up to EUR 100 billion in loans. The other was the establishment of the 2021-2026

European Recovery and Resilience Facility (RRF), with a financial envelope of EUR 577 billion in grants and loans as of end of January 2026,<sup>19</sup> and the subsequent formulation of national Recovery and Resilience Plans (RRPs) for MS to receive funding. In addition to the green transition, digital transformation and sustainable and inclusive growth, social and territorial cohesion, as well as health, economic, social and institutional resilience are supported, as are policies oriented towards the next generation, including education. RRF implementation has been embedded within the European Semester, which was itself substantially reformed in 2024 to incorporate a RRF-style, commitment-based governance logic.<sup>20</sup> An estimated 28% of the Facility’s funds had been directed towards social objectives.<sup>21</sup>

The EPSR’s position was also strengthened with the adoption of the 2021 EPSR Action Plan, highlighting three targets: at least 78% of the population aged 20-64 in employment; at least 60% of all adults participating in training every year, and a reduction of at least 15 million in the number of people at risk of poverty or social exclusion by 2030.<sup>22</sup> Thus, as suggested by Hacker, “by strengthening the EPSR, the Commission is raising the social dimension of the EU’s crisis policy to a higher level, as the quantitative targets now complement the existing targets in place in the areas of climate protection and digitalization for MS’ investment and reform plans in the framework of the Next Generation EU.”

More recently, the Commission has introduced the Social Convergence Framework (SCF), first piloted for the 2024 Joint Employment Report (JER). It is supposed to monitor and promote the upward social convergence among MS, relying on EPSR indicators to assess performance. The first stage of monitoring assesses MS against the Social Scoreboard indicators, subsequently included in the annual Commission proposal for the JER as part of the Semester. In the case of at least six below-average Scoreboard indicators, the Commission conducts a second stage of monitoring of the poorly performing MS. Its findings, in turn, may inform CSRs under the Semester. The aim is to detect social divergence and encourage the MS to take action to improve social outcomes. However, CSRs are not

12 Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on Adequate Minimum Wages in the European Union, Official Journal L 275/33 32022L2041 (2022).2,27]]];“issued”:[{"date-parts":[{"2022",10,25}]}]}];“schema”:[“https://github.com/citation-style-language/schema/raw/master/csl-citation.json”]

13 Torsten Müller and Thorsten Schulten, “Minimum-Wages Directive—History in the Making,” *Social Europe*, July 1, 2022, <https://www.socialeurope.eu/minimum-wages-directive-history-in-the-making>.

14 European Commission, *European Skills Agenda for Sustainable Competitiveness, Social Fairness and Resilience*, Communication COM(2020) 274 final (European Commission, 2020).

15 European Commission, *Commission Staff Working Document Accompanying the Document Proposal for a Decision of the European Parliament and of the Council Establishing the 2030 Policy Programme “Path to the Digital Decade,”* SWD SWD(2021) 247 final (European Commission, 2021).

16 European Commission, *The European Green Deal*, Communication COM(2019) 640 final (European Commission, 2019).

17 Tommaso Grossi et al., *The Social Agenda in the Digital Age*, Policy Study (Foundation for European Progressive Studies, Social Platform, AK Europa and Solidar, 2024), 43.

18 Hacker, *The European Pillar of Social Rights*, 7.

19 European Commission, “Recovery and Resilience Facility,” 2026.

20 European Commission, *2025 European Semester: Bringing the New Economic Governance Framework to Life*, Communication COM(2024) 705 final (European Commission, 2024), 2.

21 European Parliamentary Research Service, *Social Expenditure in the Recovery and Resilience Facility*, Briefing (European Parliament, 2024), 1.

22 European Commission, “European Pillar of Social Rights Action Plan,” European Commission, 2021.

enforceable (unlike fiscal rules)<sup>23</sup> and countries do not face penalties if they fail to improve social outcomes. Rather, the SCF is a risk-assessment tool.<sup>24</sup>

Despite the progress on the social policy front, many challenges remain. As Hacker describes, the pandemic uncovered a number of social issues, not limited to low average levels of equal opportunities, social inclusion and social protection coverage; moreover, safe and high-quality work is not yet reflected in labor market indicators.<sup>25</sup> In the employment realm, a surprising recent finding by different scholars points to an increasing emphasis on work-first approaches and benefit conditionality,<sup>26</sup> coupled with activation policies that are lacking enabling services to help minimum-income beneficiaries overcome barriers to employment.<sup>27</sup> Moreover, the implementation of the EPSR by countries continues to vary. A 2025 study commissioned by the European Economic and Social Committee (EESC) finds that, while the legislative initiatives underpinning the EPSR in recent years have resulted in tangible benefits, such advances are uneven and often fragile, with implementation hampered by factors such as country-level labor market models, political will, and stakeholder engagement.<sup>28</sup>

At the EU level, even though the pandemic brought with it significant investment into the social realm through the RRF, CSRs within the Semester may, once again, be signaling a drive towards fiscal consolidation. As Rainone suggests, an analysis of CSRs “indicates that there is renewed emphasis on the sustainability of public finance and the macroeconomic situation of the countries. This is reflected in recommendations to limit public spending and

social investment, especially in pension systems and long-term care.”<sup>29</sup> Sabato et al. express doubt about the second von der Leyen Commission, which they see as continuing to strengthen social investment, but only with respect to stock and flow policies (focusing on education and skills and support to the labor markets, respectively), and without substantial measures to address the buffer function (social protection): “the Commission has been criticized for its limited commitment to social protection mechanisms, particularly in the areas of income security and unemployment stabilization. This raises concerns about the balance between social investment and social protection within the evolving European welfare state.”<sup>30</sup>

What is next for Social Europe? In the times of demographic aging, climate change and technological advances,<sup>31</sup> anticipated to cause major sectoral and occupational transformations within the labor market,<sup>32</sup> it is apparent that the green and digital transitions need to be considerably supported by a variety of instruments in the social realm. The Commission is currently preparing its new EPSR Action Plan. In 2025, it completed consultations on an upcoming EU Anti-Poverty Strategy, meant to “play a pivotal role” in the implementation of the EPSR.<sup>33</sup> In expert circles, building on the positive experience with SURE, there is interest and renewed discussion of a permanent instrument in the form of a European unemployment insurance that would serve as an automatic stabilizer in times of crisis.<sup>34</sup> Needless to say, substantial reform doesn’t come easy in the EU, given its complex multi-level governance,<sup>35</sup> fiscal pressures (especially in light of the recent calls to increase military spending),<sup>36</sup> and the continuing prioritization of economic over social aims.

23 João Paulo Magalhães, *Social Convergence Framework: Institutional Implications for the European Semester*, OSE Research paper no. 66, OSE Paper Series, Research Paper No. 66 (European Social Observatory (OSE), 2024).

24 European Commission, “Commission Analyses Social Convergence in 10 EU Countries,” European Commission, April 2025.

25 Hacker, *The European Pillar of Social Rights*, 36.

26 Ivar Lødemel and Amílcar Moreira, “Activation in Eight European Social Assistance Programs,” in *Work and the Social Safety Net*, 1st ed., ed. Douglas J. Besharov and Douglas M. Call (Oxford University Press New York, 2023), <https://doi.org/10.1093/oso/9780190241599.003.0005>.

27 Llorenç Soler-Buades, “No Welfare without Workfare? Revisiting Varieties of Minimum Income Schemes in Europe (2008–2022),” *Social Policy & Administration* 59, no. 3 (2025): 581.

28 Martin Clarke et al., *Study on the European Pillar of Social Rights: State of Play in 2024* (European Economic and Social Committee, 2025).

29 Silvia Rainone, *The 2022 Country Specific Recommendations in the Social Field: Quo Vadis, EU Recovery? An Overview and Comparison with Previous European Semester Cycles* (European Trade Union Institute, 2022).

30 Sebastiano Sabato et al., “Conclusions: Social Europe amidst the Security and Competitiveness Paradigms,” in *Social Policy in the European Union: State of Play 2024. Social Europe amidst the Security and Competitiveness Paradigms*, ed. Sebastiano Sabato et al. (ETUI and OSE, 2025), 138.

31 Antonio Aloisi, *Integrating the EU Twin (Green and Digital) Transition: Synergies, Tensions and Pathways for the Future of Work*, JRC Technical Report no. JRC140964 (European Commission, 2025).

32 European Commission, Directorate General for Employment, Social Affairs and Inclusion and Centre for European Policy Studies (CEPS), *Study on the Challenges and Impacts to a Social and Inclusive Europe in the next Decade* (Publications Office of the European Union, 2025).

33 European Commission, “First EU Anti-Poverty Strategy Enters Public Consultation Phase,” European Commission, July 2025.

34 Frank Vandenbroucke, “To Fight Poverty and Social Exclusion, EU Law Must Buttress Basic Nuts and Bolts of the Welfare Edifice,” *European Journal of Social Security* 22, no. 4 (2020): 486–92; Árpád Ábrahám et al., “On the Design of a European Unemployment Insurance System,” *European Economic Review* 156 (July 2023): 104469.

35 Gianna Maria Eick et al., “Towards Social Europe? Obstacles and Opportunities in the Multi-level Governance of Welfare States,” *Social Policy & Administration* 58, no. 4 (2024): 545–53.

36 Stefano Sacchi et al., “‘Guns versus Butter’ in Public Opinion: The Politicization of the Warfare-Welfare Trade-Off,” *Journal of European Public Policy*, July 22, 2025, 1–27.

# 3. The EU's Policy Tool-Kit and the Social Dimension in the WB

## 3.1. SAA Negotiations

The Commission's February 2020 *Communication on enhancing the accession process* introduced a change to the enlargement methodology, whereby negotiating chapters as part of the enlargement process would be organized into clusters, and the negotiations on what are considered "the fundamentals" would be opened first and closed last. The latter refer to Chapters 23 and 24, on the Judiciary and Fundamental Rights, and Justice, Freedom and Security, respectively, Chapter 5 on Public Procurement, Chapter 18 on Statistics, and 32 on Financial Control. Included in the "fundamentals" are also progress on economic criteria, the functioning of democratic institutions as well as public administration reform (PAR).<sup>37</sup> In the 2020 FES memo "Social rights are fundamental,"<sup>38</sup> Henkel and Jusić argued in response to the Communication that the social dimension should be frontloaded in the accession process. Currently, it remains in the third cluster, "Competitiveness and Inclusive Growth," represented by Chapter 19 on Social Policy and Employment and Chapter 26 on Education and Culture; Chapter 28 on Consumer and Health Protection is in the second cluster ("Internal Market").<sup>39</sup>

In June 2022, the European Council invited the Commission, the High Representative and the Council of the EU to further advance gradual integration between the EU and the region during the accession process itself,<sup>40</sup> a mandate that led to the November 2023 Growth Plan for the Western Balkans, which allows the countries to access certain programs and funds and engage in phased integration into the Single Market in line with reform progress. This occurred in the backdrop of Russia's invasion of Ukraine and a new urgency that enlargement acquired as a result, with the accession process finally picking up pace: negotiations were opened with Albania and North Macedonia in July 2022, and BiH obtained candidate status in December of that year (negotiations opened in March 2024). Five WB countries now have candidate status, while Kosovo remains a potential candidate. As parties to the

Stabilization and Association process, countries are still to meet the Copenhagen criteria that center on political, economic and administrative requirements. However, the enlargement methodology hasn't changed in any way that would meaningfully prioritize the social dimension.

As of 2025, Albania, Montenegro and Serbia are participating in accession talks, while North Macedonia's accession negotiations formally started in 2022, and the screening process began, but the opening of the first cluster requires constitutional changes to be made in the country, set out in the July 2022 conclusions by the Council of the EU.<sup>41</sup> For BiH, the adoption of a negotiating framework will follow once steps set out in the Commission's 2022 recommendation are fulfilled. Montenegro currently has the best outlook for being the first to join the EU, having received a positive interim benchmark assessment for Chapters 23 and 24 in June 2024. As of December 2025, the country had provisionally closed twelve chapters.

With regards to the 'social' chapters, all three negotiating countries have opened Chapter 26 on Education to date, with both Montenegro and Serbia having provisionally closed it in 2013 and 2017, respectively, before the new methodology set in. The closing of Chapter 26 also came with the announcement that the EU will continue monitoring issues relating to ongoing *acquis* alignment and capacities on education in these two countries. Chapter 26 centers on equal access to quality education, in line with the principles of inclusion and non-discrimination, and support to participation in EU-level programs, such as Erasmus+, which promote mobility and life-long learning. The recently adopted EU's common position on Cluster 3 for Albania, where the chapter hasn't been closed yet, reveals recommendations such as ensuring the financing; transparency tools of the European Qualifications Framework (EQF), competence-based education and digital skills; ensuring inclusive education; implementing higher education-related Bologna commitments; and aligning with the vocational education and training (VET) *acquis*,

<sup>37</sup> European Commission, *Enhancing the Accession Process – A Credible EU Perspective for the Western Balkans* (European Commission, 2020).

<sup>38</sup> Felix Henkel and Mirna Jusić, *Social Rights Are Fundamental: Expanding the Social Dimension of Enlargement* (Friedrich-Ebert-Stiftung Dialogue Southeast Europe, 2020).

<sup>39</sup> Other chapters tackle social aspects, especially Chapter 2 on the Freedom of Movement of Workers, which relates to mobility; or Chapter 23, with respect to equality and anti-discrimination; Chapter 24 with respect to migration and asylum; as well as Chapter 22 on Regional Policy and Coordination of Structural Instruments. However, this study focuses on what is deemed the core of the social *acquis*, featuring EU standards on employment, social policy, education and health protection in the accession context.

<sup>40</sup> European Council, *European Council Conclusions on Ukraine, the Membership Applications of Ukraine, the Republic of Moldova and Georgia, Western Balkans and External Relations*, EUCO 24/22 (2022).

<sup>41</sup> European External Action Service, "The EU and the Western Balkans: Towards a Common Future," February 2025.

along with sufficient resources for systemic capacity-building. Further engagement on apprenticeships and work-based learning as part of the European Alliance for Apprenticeships (EaFA) is encouraged.<sup>42</sup> The country's closing benchmarks under Chapter 26 pertain to demonstrating that an institutional and policy framework, budget planning and anti-corruption measures are in place to fulfil EU policy objectives. This involves closing gaps with targets under the European Education Area (EEA), a reliable monitoring system, and inclusion in education.<sup>43</sup>

Montenegro and Albania have opened Chapter 28 on Consumer and Health Protection, while for Serbia, the draft EU common position on this chapter is in the Council. The comprehensive Chapter 28 aims at high standards of health protection as a horizontal principle, specifically relating to cross-border health threats, tobacco control, substances of human origin (SoHO), mental health, e- and digital health, patients' cross-border healthcare rights, medicinal products and devices, nutrition, inequalities and prevention. In a recent screening report, the Commission advises Albania to continue improving the health of vulnerable population groups and ensuring equal access to quality health services, increasing capacity in drug abuse prevention, nutrition, alcohol-related harm reduction, the prevention of injury and the promotion of safety.<sup>44</sup> For Albania, the closing benchmarks include advancing alignment with the *acquis* and international standards on tobacco control, as well as implementation; *acquis* alignment on patients' cross-border healthcare rights, SoHO, and other areas, as well implementation capacity and integrity.<sup>45</sup> For Montenegro, the closing benchmarks under Chapter 28 pertain to demonstrating EU communicable diseases and SoHO *acquis* alignment, ensuring adequate implementation capacity, and reporting and coordination obligations to address cross-border health threats.<sup>46</sup>

Montenegro and Albania have opened Chapter 19 on Social Policy and Employment, while Serbia has yet to open this chapter as part of Cluster 3. Chapter 19 covers labor standards embedded in employment protection legislation, health and safety at work, social dialogue, anti-discrimination, and equal opportunities, aiming to align the countries' employment and social protection systems with EU standards. In 2020, Serbia adopted the Action Plan for Chapter 19 following the Commission's 2016 Screening

Report, which outlines the needed legislative changes and administrative capacities to implement reforms. The recently adopted EU's common position on Cluster 3 for Albania reveals Chapter 19 recommendations, including the adoption of a Social Rights Action Plan in line with the EPSR; further *acquis* alignment of the labor, occupational health and safety (OHS), parenthood and equal treatment for the self-employed, and administrative and enforcement capacities; enhancing social dialogue; further strengthening ALMPs and employment support; strengthening social protection; and addressing labor market mobility and anti-discrimination of Roma and Egyptians.<sup>47</sup> The closing benchmarks for Albania and Montenegro effectively include the same measures:<sup>48</sup> *acquis* alignment on labor law and OHS, on social protection and inclusion, including non-discrimination and gender equality, and adequate administrative structures and enforcement capacities, including in the labor inspection system and for the future management of the ESF+, and to foster social dialogue.

Recommendations stemming from the EU's annual Enlargement Package, which assesses annual progress made by enlargement countries, point towards priorities for the upcoming year with regards to each chapter. While the reports provide detailed analysis of progress, recommendations pertaining to each chapter, besides those that point to the need to adopt specific policies, tend to be general, such as strengthening public employment services (PES), or securing finances and capacities for reforms. They also allow the Commission to respond to current events. For instance, for Serbia, where 2025 student protests against corruption resulted in a government response that included restrictive measures targeting teaching staff at higher education institutions (HEI),<sup>49</sup> the 2025 Chapter 26 recommendations call for improvement of working conditions of teaching staff and for respect of academic freedom.<sup>50</sup> The 2022-2025 country recommendations will be revisited in the study's three sectoral chapters.

### 3.2 The economic governance process in the WB

The EU launched its own economic governance exercise in 2015 to prepare the WB countries for their prospective

<sup>42</sup> Council of the European Union, *European Union Common Position: Albania - Cluster 3 (Competitiveness and Inclusive Growth)*, Accession Document AD 6/25 CONF-ALB 6 (Council of the European Union, 2025), 16–17.

<sup>43</sup> European Commission, *Screening Report Albania - Cluster 2: Internal Market*, Screening Report (European Commission, 2025), 22.

<sup>44</sup> European Commission, *Screening Report Albania - Cluster 2: Internal Market*, 96–97.

<sup>45</sup> Council of the European Union, *European Union Common Position: Albania - Cluster 2 (Internal Market)*, Common Position Document AD 4/25 CONF-ALB 4 (Council of the European Union, 2025), 26.

<sup>46</sup> Government of Montenegro, "Chapter 28," 2025.

<sup>47</sup> Council of the European Union, *European Union Common Position: Albania - Cluster 3 (Competitiveness and Inclusive Growth)*, 11–12.

<sup>48</sup> Government of Montenegro, "Chapter 28."

<sup>49</sup> Office of the High Commissioner for Human Rights, "Serbia Must Halt Crackdown on Student Movement, Uphold Human Rights and Academic Freedom," Office of the High Commissioner for Human Rights, United Nations, August 4, 2025.

<sup>50</sup> European Commission, *Serbia 2025 Report*, SWD(2025) 755 final (European Commission, 2025), 15–16.

participation in the European Semester process. Each country submits an ERP, assessed by the Commission and the European Central Bank (ECB); at the spring Economic and Financial Dialogue between the EU and enlargement countries, representatives of the MS, enlargement countries, the Commission and the ECB, as well as representatives of the central banks of enlargement countries, meet to adopt Joint Conclusions, including a policy guidance for the next ERP cycle. As of 2018, similarly to the Semester, EPSR monitoring has been included in the ERP preparation process in the WB. This study will, in subsequent chapters, look at the substance of ERPs' social reforms for years 2022-2025. Here, we consider how the technical requirements for the reports, communicated through the Commission's annual guidance note, have changed since 2020.<sup>51</sup>

The annual guidance notes stress that countries are expected to address in their reports the policy guidance received as part of the Joint Conclusions.<sup>52</sup> In that process, they highlight the rolling nature of the ERPs, and the continuation of any reform measures that haven't been fully implemented into the subsequent years (unless no longer relevant).<sup>53</sup> Since 2020, the guidance notes progressively signal the EU's espousal of new priorities. For the 2021 ERP, countries are instructed to gradually align the chosen structural reforms in the eight areas with the EGD, as well as post-COVID 19 recovery measures.<sup>54</sup> Environmental and climate sustainability is to be progressively mainstreamed into all relevant reforms. The countries are also to provide an explanation on how reform measures contribute towards the EGD implementation and/or achievement of UN's SDGs, and EU digital priorities. This, of course, reflects the EU's shifting agenda during the pandemic and strategic objectives related to the twin transitions.<sup>55</sup> The 2022 Guidance note espouses the language of resilience. Countries are to newly include as separate sections the green and digital transitions as areas, and, in light of the pandemic, healthcare. Moreover, the ERPs should, particularly, "contribute to the gradual fulfilment of the economic criteria for EU accession," thus underscoring the priority attached to economic reforms.<sup>56</sup>

A 'social' orientation is usually mentioned next to economic

ambitions. For instance, to achieve "competitive sustainability and social cohesion," the WB countries are called on to espouse, in 2022, "a new growth strategy which is based on the green and digital transitions."<sup>57</sup> In the 2023 guidance, structural reforms are to include "policies that modernize labor markets and make them more adaptable and responsive [...] as well as policies that create equal opportunities and ensure social inclusion."<sup>58</sup> In their structural reforms, countries are also expected to provide the anticipated impact on social outcomes (employment, poverty reduction, equality and gender - and, added later, healthcare).<sup>59</sup> Moreover, they are to provide 21 "selected employment and social indicators," ratings from international educational assessments, and data on expenditure on social protection and healthcare.<sup>60</sup> As of 2022, the Social Scoreboard table and its 17 indicators were expanded with an additional six social/health indicators.

As of 2022, reforms are to serve as a programming basis for EU assistance, with a greater need to demonstrate political commitment "at the highest level."<sup>61</sup> To that end, countries are to identify and analyze "three key challenges" across 13 areas, with at least one addressing "human capital and social policies." Additional reforms may be proposed for the remaining areas. The 2023 note clarifies that the three obstacles are "considered to pose a bigger challenge to the competitiveness, job creation and social inclusion," but that this doesn't imply that other measures aren't necessary or supported by the EU.<sup>62</sup>

The 2024 Guidance note announces that the ERP is to focus "on a more limited set of priority structural reforms," where financial assistance and policy-based instruments are better linked to reforms. For the areas of competitiveness, sustainability and resilience, human capital and social policies, a maximum of two priority reforms are to be identified - thus, only two priorities pertaining to education and skills, employment, social protection or healthcare. In line with the language of prioritization, the 2024 note mentions the need to secure financial support from the EU and other donors, such as International Financial Institutions (IFIs); with the latter, dialogue on structural reforms should be strengthened for complementarity in supporting priority measures.<sup>63</sup>

<sup>51</sup> In addition to the guidance notes, countries have been able to seek advice from the Center of Excellence in Finance and may also request the support of Technical Assistance and Information Exchange (TAIEX) expert missions to prepare their programs. European Commission, *Guidance for the Economic Reform Programmes 2020–2022 of the Western Balkans and Turkey* (European Commission, 2019), 3.

<sup>52</sup> European Commission, *Guidance for the Economic Reform Programmes 2023–2025 of the Western Balkans and Turkey* (European Commission, 2022), 11.

<sup>53</sup> European Commission, *Guidance for the Economic Reform Programmes 2022–2024 of the Western Balkans and Turkey* (European Commission, 2021), 4.

<sup>54</sup> European Commission, *Guidance for the Economic Reform Programmes 2021–2023 of the Western Balkans and Turkey* (European Commission, 2020), 3.

<sup>55</sup> European Commission, *2021–2023 Guidance Note*, 2, 14–15, 17.

<sup>56</sup> European Commission, *2022–2024 Guidance Note*, 2, 5.

<sup>57</sup> European Commission, *2022–2024 Guidance Note*, 2.

<sup>58</sup> European Commission, *2023–2025 Guidance Note*, 15.

<sup>59</sup> European Commission, *2020–2022 Guidance Note*, 14; European Commission, *2021–2023 Guidance Note*, 15.

<sup>60</sup> European Commission, *2020–2022 Guidance Note*, 38–39.

<sup>61</sup> European Commission, *2022–2024 Guidance Note*, 2–4.

<sup>62</sup> European Commission, *2023–2025 Guidance Note*, 16.

<sup>63</sup> European Commission, *Guidance for the Economic Reform Programmes 2024–2026 of Candidate Countries and Potential Candidates* (European Commission, 2023), 2–3.

The greatest change in relation to the ERPs came with the 2025-2027 note: to avoid overlaps between ERPs and the newly announced RAs, prepared by WB countries, “and reduce the administrative and reporting burden for beneficiaries,” the RAs are to replace the structural reform part of the ERP.<sup>64</sup> This effectively means that there is no more monitoring or inclusion in the ERPs of reforms and progress in the social realm, including Scoreboard indicators; rather, such obligations only remain for Georgia and Turkey. The ‘migration’ of structural reforms to countries’ RAs also suggests a departure from the idea that the WB economic governance is to fully mirror or align with the Semester.

### 3.3. Reform Agendas

In November 2023, the Commission announced the new *Growth Plan for the Western Balkans* to support the countries’ economic convergence with the EU and give a new momentum to the accession process. At its core is a new financing instrument, the RGF, comprised of 2 billion EUR in grants and 4 billion EUR in loans for 2024-2027. The Facility “will build on the lessons learned from the Recovery and Resilience Facility [...]”<sup>65</sup> Its funding would be conditional upon the implementation of reforms as set out in RAs prepared by the countries;<sup>66</sup> these should be “a comprehensive, coherent and prioritized set of targeted reforms and priority investment areas,”<sup>67</sup> where “comprehensive” pertains to rather broad general objectives of the Facility: support to the enlargement process in line with the *acquis*; acceleration of regional and progressive integration into the EU single market, socio-economic convergence, and regional cooperation.<sup>68</sup> This means that the focus is not only on economic reforms, but also on the fundamentals, on sustainability, on digitalization and other areas contributing to accession. Payments are clearly tied to satisfactory progress or completion of measures.

With respect to social priorities, the RGF regulation refers to principles of equality and non-discrimination, and gender equality. The Facility is to be implemented “in full respect of” the EPSR.<sup>69</sup>

One of its specific objectives is to “boost quality education, training, reskilling and upskilling at all levels, with a particular focus on youth, including tackling youth unemployment, preventing brain drain and supporting vulnerable communities and support employment policies, including labor rights, in line with the EPSR, and fighting poverty.”<sup>70</sup> In terms of their content, the RA documents should, furthermore, include indicators for assessing progress on general and specific objectives, and explain how measures contribute to “education, training, employment and social objectives.”<sup>71</sup>

In its RA assessment, the Commission is to apply specific criteria, including an assessment of a document’s comprehensiveness and coherence, a ‘balanced response’ to objectives, and whether the document can be expected to speed up progress in terms of narrowing socio-economic gaps, advancing economic, social and environmental development, reducing inequalities and strengthening social cohesion, and accelerating the transition to a climate-resilient and inclusive economy, including by boosting “education, training, employment and skills,” with particular attention to youth.<sup>72</sup> The Commission has approved the six WB RAs, making a positive assessment across all relevant areas, including the social one (as visible from its staff working documents accompanying implementing decisions approving the agendas). The RAs contain annexes outlining all reforms across sub-areas, the extent of the EU’s financial support, reporting indicators, and payment conditions tied to specific quantitative and qualitative steps. The reporting indicators used for the social measures are output-based, directly tied to individual activities (e.g. *acquis* alignment; delivery of training) and do not correspond to the Social Scoreboard’s outcome indicators. In an annex to its implementing decision approving the RAs,<sup>73</sup> the Commission includes a list of monitoring indicators that it will use to assess progress towards the general and specific objectives of the regulation. These indicators, which “do not constitute payment conditions”, include “the degree of readiness on accession negotiation chapters 19 and 26 (average).” Unlike the RRF, which also includes some social indicators for monitoring purposes, there is no such set of indicators that the RGF monitors.<sup>74</sup>

<sup>64</sup> European Commission, *Guidance for the Economic Reform Programmes 2025–2027 of Candidate Countries and Potential Candidates* (European Commission, 2024), 3.

<sup>65</sup> European Commission, *Proposal for a Regulation of the European Parliament and of the Council on Establishing the Reform and Growth Facility for the Western Balkans*, EU Proposal COM(2023) 692 final (European Commission, 2023), 41.

<sup>66</sup> European Commission, *Economic Reform Programmes of Albania, Bosnia and Herzegovina, Georgia, Kosovo\*, Moldova, Montenegro, North Macedonia, Serbia and Türkiye: The Commission’s Overview & Country Assessments*, Institutional Paper no. 288 (European Commission, 2024), 32.

<sup>67</sup> European Commission, *2025-2027 Guidance Note*, 3.

<sup>68</sup> Regulation (EU) 2024/1449 of the European Parliament and of the Council of 14 May 2024 on Establishing the Reform and Growth Facility for the Western Balkans, Official Journal L 2024/1449 32024R1449 (2024), art. 3.1.

<sup>69</sup> RGF Regulation, l. 23.

<sup>70</sup> RGF Regulation, art. 3.2.m.

<sup>71</sup> RGF Regulation, art. 13.

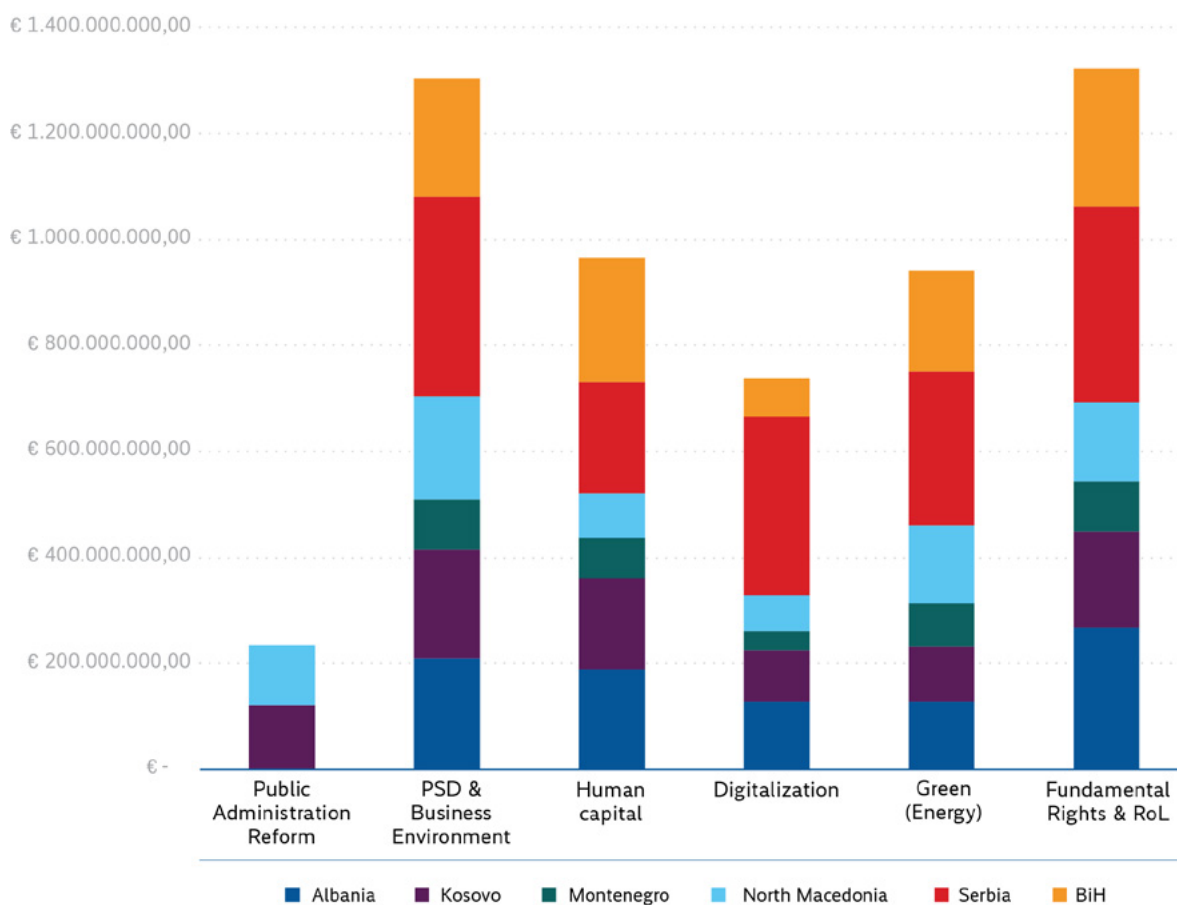
<sup>72</sup> RGF Regulation, art. 14.

<sup>73</sup> European Commission, “ANNEX I to the Commission Implementing Decision Approving the Reform Agendas and the Multiannual Work Programme under the Reform and Growth Facility for the Western Balkans: Overview of the Payment Conditions, Indicative Timeline and Indicative Allocation of Funds,” Commission Implementing Decision Annex, European Commission, October 2024, 69.

<sup>74</sup> The Recovery and Resilience Scoreboard: [https://ec.europa.eu/economy\\_finance/recovery-and-resilience-scoreboard/common\\_indicators.html](https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/common_indicators.html)

## Overview of grants and loans allocated for RA implementation for individual areas

Graph 1



Source: Countries' RAs (Annexes 1)

Graph 1 shows the overall allocation to WB countries. 'Human capital' reforms constitute 24% of the total amount allocated to BiH, 21% to Albania, 20% to Kosovo and Montenegro, and only 13% and 11%, respectively, in Serbia and North Macedonia. However, it is important to emphasize, as the Commission does in documents accompanying its implementing decisions, that "... the policy framework and results-based financing mechanism of the Facility are not interpreted as a comprehensive response to the requirement of the accession process. The Facility has neither the financial leverage nor the policy scope necessary to address every obligation stemming from the accession process." In that sense, the SAA "negotiating framework and the other non-financial and financial instruments" are to complement the RGF.<sup>75</sup>

### 3.4. IPA III and the Western Balkans Investment Framework (WBIF)

The Instrument for Pre-Accession Assistance (IPA III) continues to be the EU's main financial instrument for supporting the Western Balkans and Turkey in their reform processes. For the 2021–2027 period, the total allocated budget is 14.2 billion EUR. The instrument supports candidate and potential candidate countries in preparing for membership by financing a variety of reforms. The latest round of IPA support is aligned with the 2018 WB Strategy, the 2020 Commission's communication, and the 2020 Economic and Investment Plan for the WB (EIP). IPA III supports four thematic windows: (1) Rule of law, fundamental rights and democracy; (2) Good governance,

<sup>75</sup> European Commission, *Commission Staff Working Document: Montenegro. Accompanying the Commission Implementing Decision Approving the Reform Agendas and the Multiannual Work Programme under the Reform and Growth Facility for the Western Balkans*, Staff Working Document SWD(2024) 245 final (European Commission, 2024), 2.

EU *acquis* alignment, good neighborly relations and strategic communication; (3) Green agenda and sustainable connectivity; and (4) Competitiveness and inclusive growth - where the social dimension primarily belongs.

Previously, the structural reforms in ERPs were to serve as a programming basis for IPA assistance.<sup>76</sup> More recently, given the 2024 Growth Plan, the 2025-2027 IPA III actions primarily aim to prepare beneficiary countries for EU accession by supporting *acquis* alignment, strengthening institutional capacity, and providing technical assistance. These efforts are designed to ensure coherence and complementarity with the RGF.<sup>77</sup> For instance, in the case of Kosovo, the Commission explains this as follows: “While IPA III provides European expertise and know-how in support of the European path of Kosovo and facilitates the exchange between Kosovo and the EU, the Reform and Growth Facility creates a fiscal space for Kosovo to anchor the new legal frameworks and models in Kosovo’s systems and practice. It ensures Kosovo’s commitment to the most difficult and sensitive reform measures, that could have not been advanced with IPA funding.”<sup>78</sup>

Within individual countries’ multiannual and annual action plans, the social dimension is present, covering education reforms, employment measures, healthcare, poverty reduction, social services, social dialogue, and others. Moreover, IPA III funds important regional initiatives in the social realm, including support for gender equality and Roma inclusion; the just transition process; youth employment; occupational health and safety; social dialogue, and others. One of the actions has included a program giving WB countries access to the European Union Expert Facility on Employment, Labor and Social Protection (SOCIEUX+). A closer look at the IPA III support is included in subsequent sectoral chapters. IPA III is also rooted in the 2020 EIP and its ten flagships, including ‘investing in human capital.’<sup>79</sup> One prominent reform measure – one of the ten flagships – is the Youth Guarantee (YG), which is being rolled out throughout the region.

As one of its main tools, the 2020 EIP relies on the Western Balkans Investment Framework (WBIF), which provides support to infrastructure projects, including social, educational and health infrastructure. A platform established in 2009 as a joint initiative of the Commission, the Council of Europe Development Bank (CEB), the

European Bank for Reconstruction and Development (EBRD), and the European Investment Bank (EIB),<sup>80</sup> the WBIF works as a joint facility pooling resources from IPA and bilateral donors, IFIs and the WB countries. It implements the Western Balkans Guarantee Facility (as part of the European Fund for Sustainable Development Plus or EFSD+), established within the framework of the EIP to leverage additional funds for public and private investments in the WB.<sup>81</sup> Investments are, as of recently, also informed by the Growth Plan. At least half of the amount (6 billion EUR) from the RGF is to be allocated through the WBIF, while the remainder will be released as direct budgetary support.<sup>82</sup> The WBIF portfolio in the social realm encompasses usually large infrastructure and equipment projects in healthcare, education and social services (e.g. housing), usually implemented through loans (or a combination of loans and grants) from one or more financial organizations, and the beneficiaries’ own contributions.<sup>83</sup>

### 3.5. Opportunities for Policy Learning

WB countries participate in numerous EU-level initiatives, networks and programs on a country-by-country basis. In line with the WB Agenda on Innovation, Research, Education, Culture, Youth and Sports, candidate countries, along MS, participate in some or all EEA working group configurations. The region is also a part of the European Higher Education Area (EHEA). The EU’s Eurydice Network, reporting on education, maintains national units for candidate countries. All WB countries are members of the European Alliance for Apprenticeships (EAfA) and take part in the European Training Foundation (ETF) Torino Process and policy dialogue for mutual learning in VET and skills.

Specific programs include Horizon Europe (all are associated members), Erasmus+ (North Macedonia and Serbia as associated, others as non-associated third countries), the LIFE Program (Montenegro and North Macedonia associated), EU4Health (BiH and Montenegro associated), the Digital Europe Program (Albania, Montenegro, North Macedonia and Serbia are associated, for specific objectives), and the Employment and Social Innovation (EaSI) strand of ESF+ (BiH, Montenegro and Serbia associated, Kosovo’s agreement pending ratification, and Albania having confirmed interest to join). Such programs bring with them not only significant

<sup>76</sup> European Commission, *2022-2024 Guidance Note*, 2.

<sup>77</sup> European Commission, “Overview - Instrument for Pre-Accession Assistance,” European Commission, 2024.

<sup>78</sup> European Commission, *Commission Staff Working Document: Kosovo. Accompanying the Document Commission Implementing Decision Approving the Reform Agendas and the Multiannual Work Programme under the Reform and Growth Facility for the Western Balkans*, SWD SWD(2024) 243 final (European Commission, 2024), 22.

<sup>79</sup> European Commission, *Communication on the Western Balkans Economic and Investment Plan*, Communication COM(2020) 641 final (European Commission, 2020), 15–16.

<sup>80</sup> Later joined by the KfW Development Bank, the World Bank Group, and the Agence Française de Développement, the latter as a participating organization.

<sup>81</sup> European Commission, “ANNEX II to the Commission Implementing Decision Approving the Reform Agendas and the Multiannual Work Programme under the Reform and Growth Facility for the Western Balkans: Multiannual Work Programme in Respect of the Amount of Non-Repayable Financial Support under Regulation (EU) 2024/1449,” Commission Implementing Decision Annex, European Commission, October 2024, 5.

<sup>82</sup> European Commission, “Overview - Instrument for Pre-Accession Assistance.”

<sup>83</sup> For an overview of projects, please visit: <https://www.wbif.eu/wbif-projects>

opportunities for funding but also for cooperation, capacity-building and policy learning. Entry tickets for these programs' association costs are financed through IPA III.

### 3.6. Coordination of Policies and Tools

In the past five years, the EU has placed a continuous emphasis on coordination between its different policies and tools rolled out in the Balkans. For instance, the structural reforms in the ERPs were to be consistent with other documents within the countries' bilateral relations with the Commission, as well as their own strategic documents. Since the adoption of the RAs, the ERP is now to show the expected macro-fiscal impact of the RA and consistency with a country's planned macroeconomic and fiscal framework. In multiple guidance notes, the need for close involvement of the national IPA coordinator in the preparation of the ERP is highlighted, and the key challenges and reforms proposed in the ERP and the annual policy guidance are to be considered as an important basis for IPA III programming. In guidance notes, countries are encouraged to cross-refer to the Commission's annual reports from the enlargement package. Lastly, countries are also to tie their structural reforms to wider policy objectives stemming from the EGD, the European Digital Agenda, the UN's SDGs, the 2020 Green Agenda and the 2018 Digital Agenda for the WB.<sup>84</sup>

Countries' RAs are, on the other hand, supposed to be aligned with (previous) structural reforms in the ERPs; the joint policy guidance from May 2023; the revised enlargement methodology; the latest enlargement package; and the EIP. Another set of documents that the candidate countries made use of when preparing their RAs include the EC's 2023 country reports.<sup>85</sup> Moreover, the RGF regulation indicates that the indicators used in the RAs should be "coherent, to the extent possible, with the key corporate indicators included in the IPA III Results Framework, in the EFSD+ Results Measurement Framework and in the WBIF."<sup>86</sup> In staff working documents accompanying the Commission implementing decisions on RAs for individual countries, the Commission stresses the complementarities between RAs and IPA III, the WBIF and other initiatives, but also the relevance and consistency of RAs with the enlargement policy framework and its focus on fundamentals.

<sup>84</sup> European Commission, *2023-2025 Guidance Note*, 18; European Commission, *2025-2027 Guidance Note*, 53; European Commission, *2022-2024 Guidance Note*, 4–5; European Commission, *2020-2022 Guidance Note*, 3; European Commission, *2021-2023 Guidance Note*, 2, 7.

<sup>85</sup> European Commission, *Annex V - Reform Agenda Montenegro*, Commission Implementing Decision Annex (European Commission, 2024), 9, 12.

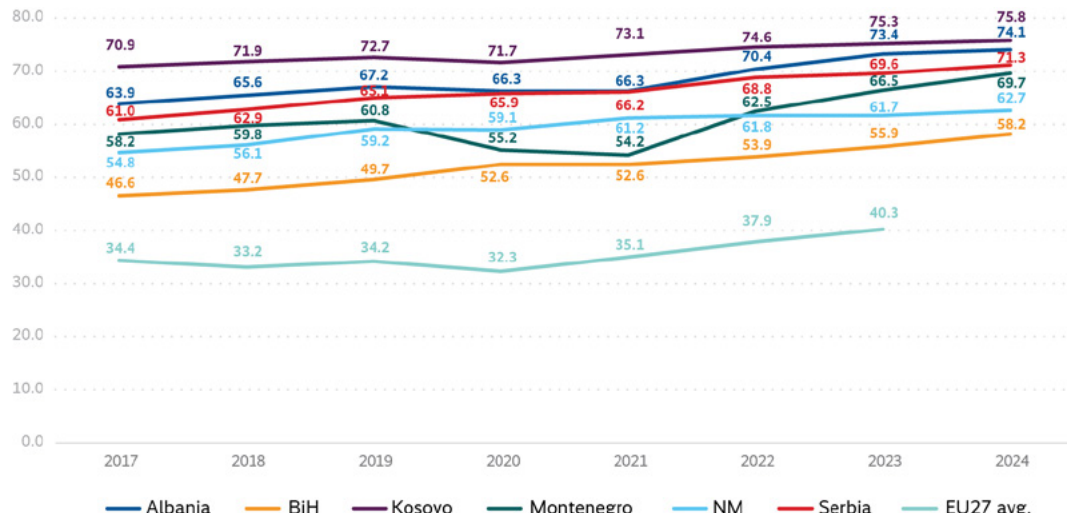
<sup>86</sup> RGF Regulation, art. 14.

# 4. Labor markets: trends and reforms

## 4.1. Main Challenges

Employment rate (% of population aged 20-64)

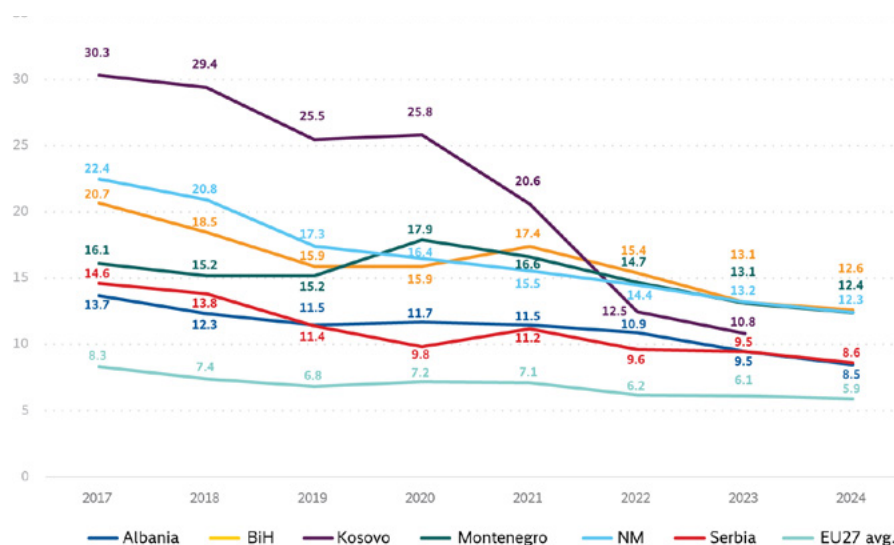
Graph 2



Source: Eurostat (lfsi\_emp\_a); for missing years: ESAP Social Scoreboard database,<sup>87</sup> 2025 update, relying on national statistical offices; Kosovo: European Commission (2023, 2025)<sup>88</sup>

Unemployment rate (% of labor force aged 15-74)

Graph 3



Source: Eurostat (une\_rt\_a); missing years, and Albania: ESAP Social Scoreboard database (2025); Kosovo: European Commission (2022, 2025)<sup>89</sup>

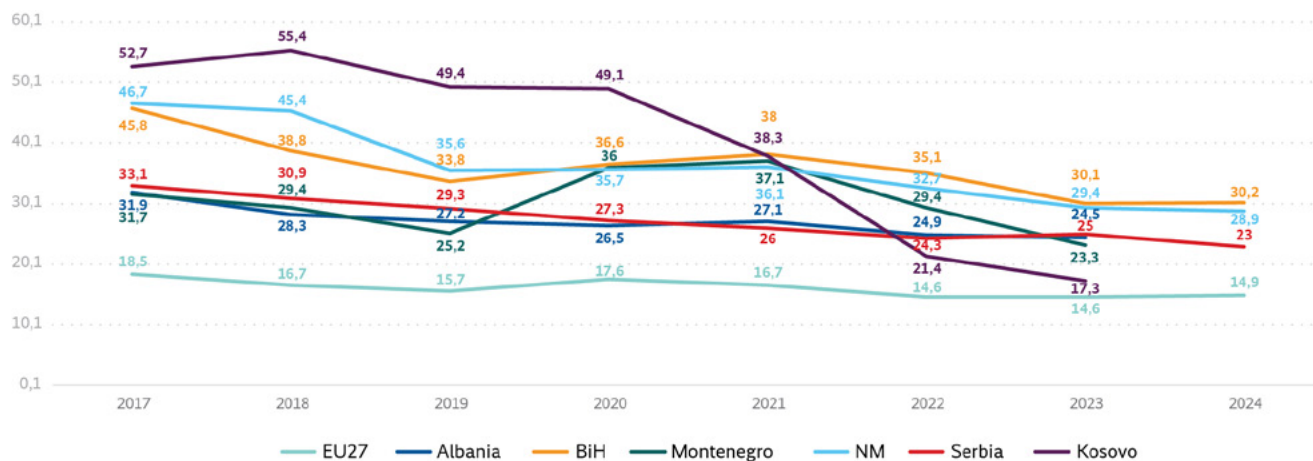
<sup>87</sup> Employment and Social Affairs Platform (ESAP2), Regional Cooperation Council (RCC), "Western Balkans' Social Scoreboard of Indicators 2025," 2025.

<sup>88</sup> European Commission, *Kosovo\* 2025 Report*, SWD(2025) 752 final (European Commission, 2025); European Commission, *Economic Reform Programmes of Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Serbia, Türkiye and Kosovo: The Commission's Overview and Country Assessments*, Institutional Paper no. 252 (European Commission, 2023).

<sup>89</sup> European Commission, *Kosovo\* 2022 Report*, SWD(2022) 334 final (European Commission, 2022); European Commission, *Kosovo\* 2025 Report: Commission Staff Working Document Accompanying the 2025 Communication on EU Enlargement Policy*, SWD(2025) 752 Final (European Commission, 2025).

## Youth unemployment rate (% of labor force aged 15-24)

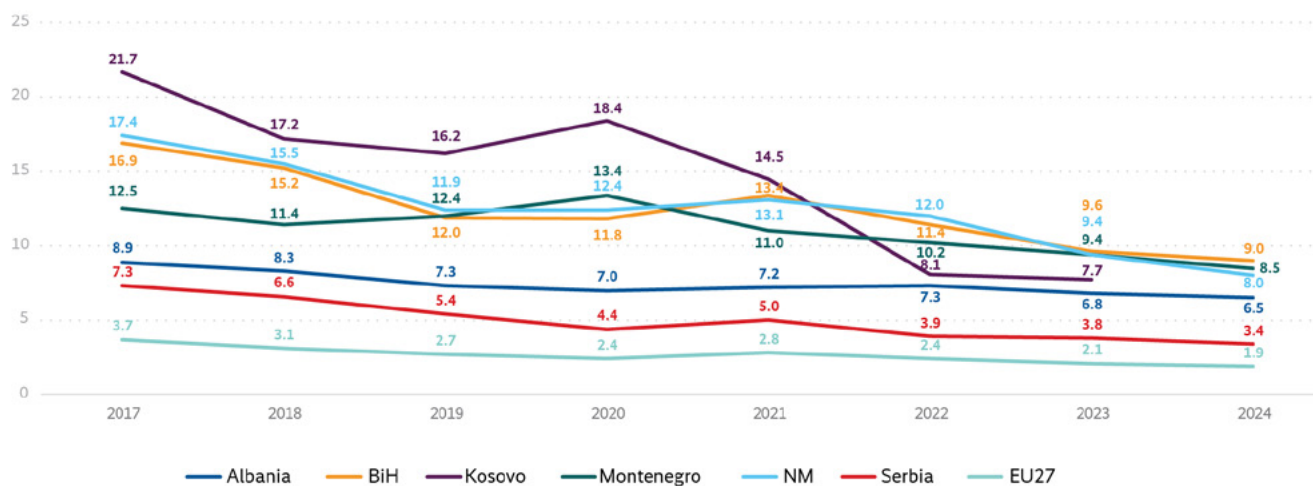
Graph 4



Source: Eurostat (une\_rt\_a); missing years, Montenegro: wiiw, SEE Jobs Gateway database (2024 update);<sup>90</sup> missing years, BiH: European Commission (2022);<sup>91</sup>Albania: European Commission (2022, 2025);<sup>92</sup> Kosovo: European Commission (2022, 2025)<sup>93</sup>

## Long-term unemployment (% of labor force aged 15-74 years)

Graph 5



Source: Eurostat (une\_ltu\_a); missing years, Albania: ESAP Social Scoreboard database (2025); Kosovo: European Commission (2022, 2025)<sup>94</sup>

<sup>90</sup> The Vienna Institute for International Economic Studies (wiiw), "SEE Jobs Gateway (Quarterly Database)," in *Wiiw Databases: Central, East and Southeast Europe*, wiiw, 2025.

<sup>91</sup> European Commission, *Bosnia and Herzegovina 2022 Report*, Commission Staff Working Document SWD(2022) 336 final (European Commission, 2022).

<sup>92</sup> European Commission, *Albania 2022 Report*, SWD(2022) 332 final (European Commission, 2022); European Commission, *Albania 2025 Report*, SWD(2025) 750 final (European Commission, 2025).

<sup>93</sup> European Commission, *Kosovo\* 2022 Report*; European Commission, *Kosovo\* 2025 Report: Commission Staff Working Document Accompanying the 2025 Communication on EU Enlargement Policy*.

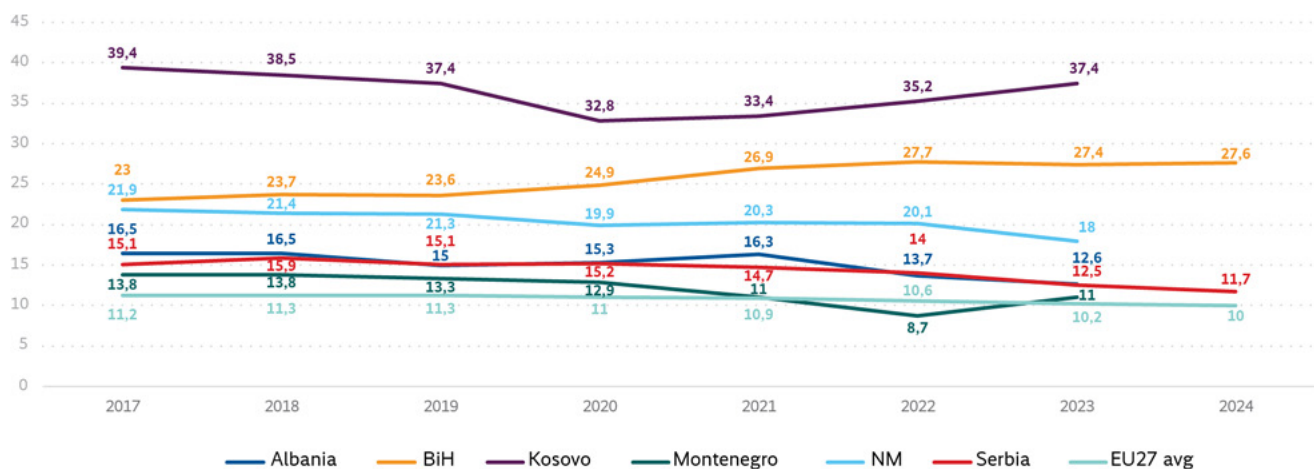
<sup>94</sup> European Commission, *Kosovo\* 2022 Report*; European Commission, *Kosovo\* 2025 Report: Commission Staff Working Document Accompanying the 2025 Communication on EU Enlargement Policy*.

The last few years have marked progress in terms of employment in the WB countries. There is significant improvement in labor market indicators for most countries, with employment rates increasing (Graph 2) and unemployment rates decreasing (Graph 3), with Albania and Serbia nearing the EU27 average. Long-term unemployment has also been steadily declining across the region (Graph 5), with Serbia and Albania the closest to the EU27 average. Even though most countries have achieved significant progress in lowering youth unemployment, it remains high, being almost twice the EU27 average in

some countries, despite showing a decline after the Covid-19 pandemic (Graph 4). Given a variety of government measures implemented during the pandemic across the region, the labor market remained relatively stable. Employment growth signals positive developments in countries' economies, which have maintained a growth trajectory after 2020. Nevertheless, long-term, structural challenges remain, including lower activity rates in some of the countries, high labor force outflows due to emigration, and high youth unemployment driven by skills mismatches.<sup>95</sup>

## Gender employment gap (population aged 20-64)

Graph 6



Note: Percentage point difference between the employment rates of men and women aged 20-64  
Source: SEE-Jobs Gateway database (2024), based on LFS data<sup>96</sup>

The gender employment gap remains significant in most countries of the region, being the highest in Kosovo, where female employment rates are extremely low (Graph 6). Here, Albania, Montenegro and Serbia appear to be converging with the EU27 average, while North Macedonia also shows a downward trend.

On the other hand, the gender gap has continuously been growing in BiH. Women's lower employment – and activity rates (Graph 7) – are generally attributed to gender stereotypes, domestic work and care duties, a lack of accessible (care) services, and a lack of flexible working arrangements.<sup>97</sup>

<sup>95</sup> European Commission, 2024 Commission ERP Assessment.

<sup>96</sup> The Vienna Institute for International Economic Studies (wiiw), "SEE Jobs Gateway (Quarterly Database)."

<sup>97</sup> European Commission, Annex V - Reform Agenda Montenegro, 73; European Commission, ANNEX VI - Reform Agenda North Macedonia, Commission Implementing Decision Annex (European Commission, 2024), 15.

Other reasons for such outcomes include occupational segregation, a lack of access to entrepreneurship and finance, as well as discrimination in recruitment and in career advancement, as well as lower retirement ages in some countries.<sup>98</sup> According to a recent report, “women are consistently overrepresented in informal, low-wage, and part-time employment and are underrepresented in STEM-related fields and managerial roles.”<sup>99</sup> Moreover, according

to a Eurofound report relying on the 2021 European Working Conditions Telephone survey data, “gender disparities in the distribution of paid and unpaid work are striking,” with the ratio of paid to unpaid work among full-time workers being almost 3 to 1 for men, while only 1.2 to 1 for women. Thus, men were engaging in 52 paid vs. 18 unpaid hours, and women in 46 paid vs. 38 unpaid hours per week.<sup>100</sup>

Graph 7

## Activity rates, male and female (% population aged 20-64)



Source: SEE-Jobs Gateway database, 2024 update, based on LFS data<sup>101</sup>

<sup>98</sup> OECD, *Competitiveness in South East Europe 2021: A Policy Outlook*, Competitiveness and Private Sector Development (OECD Publishing, 2021), 347.

<sup>99</sup> Nermin Oruč, *Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights*, ed. Ratka Babić and Boban Gledović (Regional Cooperation Council (RCC), 2025), 16.

<sup>100</sup> Eurofound, *Job Quality and Working Conditions in the Western Balkans* (Publications Office of the European Union, 2026), 6.

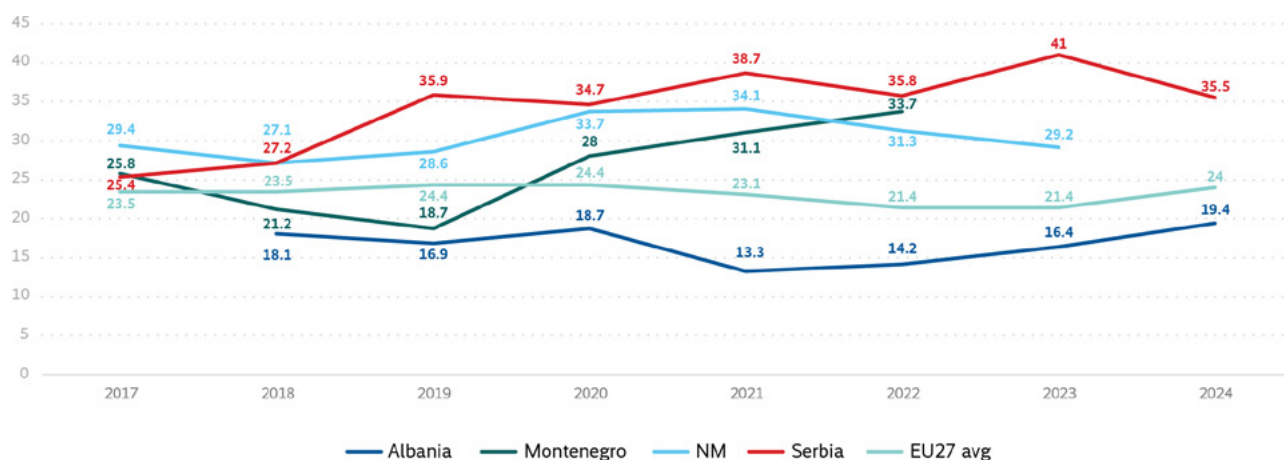
<sup>101</sup> The Vienna Institute for International Economic Studies (wiiw), “SEE Jobs Gateway (Quarterly Database).”

In all countries, vulnerable groups in the labor market include women, young people, elderly workers or workers with low educational attainment, Roma and persons with disabilities (PwD).<sup>102</sup> The 2017 Regional Roma Surveys have shown that over 50 percent of working-age Roma were unemployed in Albania and in BiH, while employment rates among Roma ranged from only 13 percent in Kosovo to 22 percent in North Macedonia. Women were, moreover, much less likely to be employed than men.<sup>103</sup> While all

countries have introduced some form of employment quota systems for PwD and contributions by employers that do not meet quotas, rehabilitation services and other measures, and their scope and enforcement, vary. Obstacles include weak reinvestment of employer contributions, weak legal protection against discrimination in hiring, and limited benefits and services to facilitate labor market entry.<sup>104</sup> Available data point to significant disability employment gaps (Graph 8).

## Disability employment gap (percentage point)

Graph 8



Source: Eurostat [hlth\_dlm200]; Note: Percentage point difference between the employment rates of persons with some or severe level of activity limitation and those without, age 20-64.

Most countries have also been facing emigration (Graph 9), especially of skilled workers, which has worsened labor shortages and contributed to brain drain. In North Macedonia, young people's emigration and the resultant brain drain is attributed to "the shortage of jobs – and secure well-paid jobs in particular."<sup>105</sup> In Serbia, the government has attempted to address emigration by measures such as tax relief for employers that decide to hire highly skilled diaspora,<sup>106</sup> and has adopted a migration strategy (2021-2027) to reduce outflow.<sup>107</sup>

However, "the impact of the circular migration initiative cannot yet be quantified."<sup>108</sup> Some countries have also experienced immigration, like Montenegro, where "a substantial influx of non-residents" is seen to have contributed to economic growth.<sup>109</sup> Skill shortages are reported in all countries, with businesses operating in the WB stating that the most prevalent obstacles to doing business are related to labor force shortages and brain drain.<sup>110</sup>

<sup>102</sup> OECD, *Multi-Dimensional Review of the Western Balkans: From Analysis to Action* (OECD Publishing, 2022).

<sup>103</sup> Monica Robayo-Abril and Natalia Millán, *Breaking the Cycle of Roma Exclusion in the Western Balkans*, Report (World Bank Group, 2019), 5. <https://documents1.worldbank.org/curated/en/642861552321695392/pdf/Breaking-the-Cycle-of-Roma-Exclusion-in-the-Western-Balkans.pdf>.

<sup>104</sup> Oruč, *Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights*, 36.

<sup>105</sup> European Commission, *2023 Commission ERP Assessment*, 165.

<sup>106</sup> European Commission, *Economic Reform Programmes of Albania, Bosnia and Herzegovina, Kosovo\*, Moldova, Montenegro, North Macedonia, Serbia and Türkiye: The Commission's Overview and Count*, Institutional Paper no. 319 (European Commission, 2025), 149.

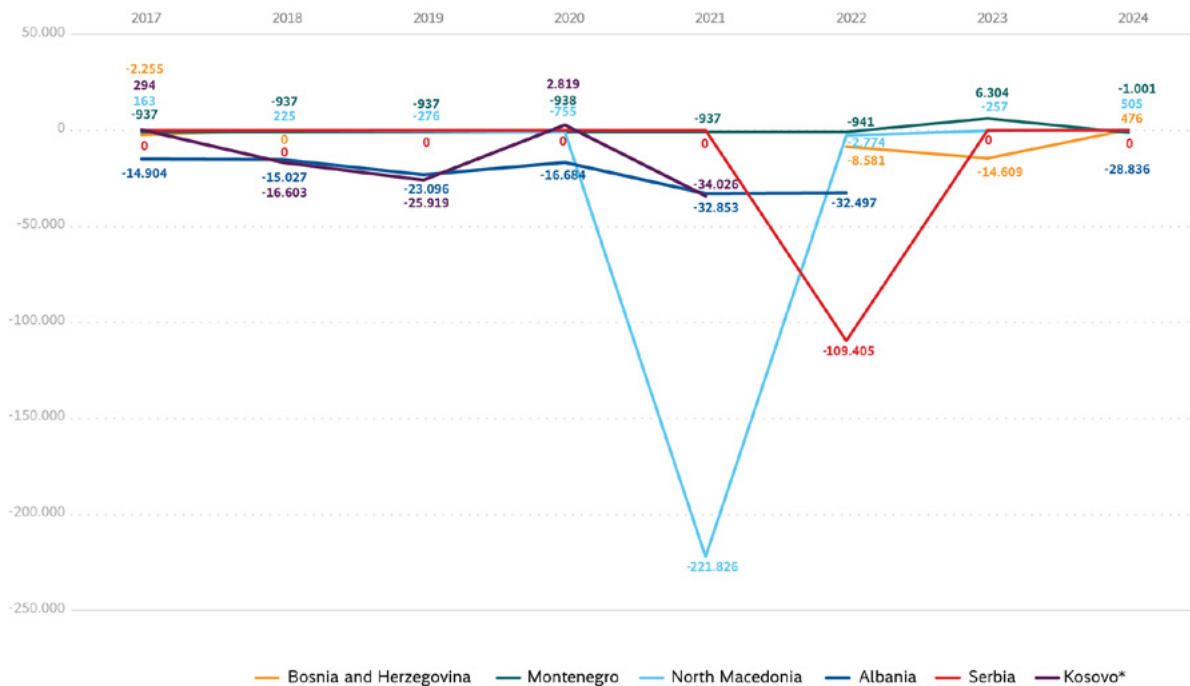
<sup>107</sup> European Commission, *ANNEX VII – Reform Agenda Serbia*, Commission Implementing Decision Annex (European Commission, 2024), 11.

<sup>108</sup> European Commission, *2023 Commission ERP Assessment*, 202.

<sup>109</sup> European Commission, *Annex V - Reform Agenda Montenegro*, 5.

<sup>110</sup> Regional Cooperation Council and Consulting Group NUIS, *Balkan Barometer 2024 – Business Opinion: Analytical Report* (Regional Cooperation Council, 2024).

## Population change - Demographic balance - Net migration plus statistical adjustment



Source: Eurostat [demo\_gind]

Note: 'Net migration plus statistical adjustment' reflects the difference between total population change and natural population change and may be affected by statistical inaccuracies in the components of this equation, including corrections to population figures following a census. The spike for North Macedonia denotes "a major statistical adjustment in 2021 linked to the population census."<sup>111</sup>

The precariousness of work is another limiting factor. The Commission points out, in the case of Serbia, that “the low quality of available jobs is limiting young Serbians’ chances of properly establishing themselves in the labor market, and they remain more likely to be in temporary and/or informal employment than other age groups.”<sup>112</sup> In North Macedonia, “many young people have only informal jobs, are low paid and do temporary or part-time work.”<sup>113</sup> In Kosovo, 56% of workers were on a temporary contract in 2024, through the use of special service agreements in the public sector and weak employment protection (Graph 10). As highlighted by the Commission, “this flexibility for employers creates insecurity for employees and an incentive to take on informal jobs.”<sup>114</sup>

Moreover, platform work is becoming more widespread in the region and brings with it the risk of precarity,<sup>115</sup> yet none of the countries have developed legislation to tackle workers’ rights with respect to this type of work.<sup>116</sup> According to a recent Eurofound report, “workers in the WB6 have the most difficulty making ends meet among 36 European countries, taking the last six places in the overall ranking for that criterion.” Thus, while in the EU27 countries, 26% of workers have trouble making ends meet, this share is as high as 69% in Albania, 57% in Kosovo, Montenegro and Serbia, 54% in North Macedonia and 46% in BiH.<sup>117</sup>

<sup>111</sup> Eurostat, “Population in Enlargement Countries,” European Commission, Eurostat, 2025.

<sup>112</sup> European Commission, 2023 Commission ERP Assessment, 214.

<sup>113</sup> European Commission, 2023 Commission ERP Assessment, 162.

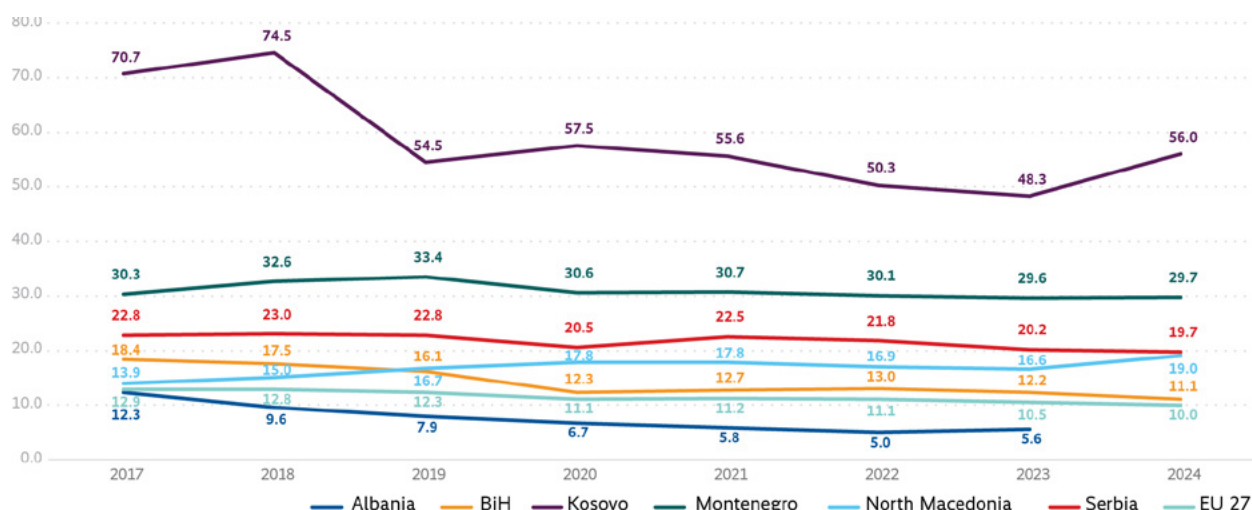
<sup>114</sup> European Commission, 2023 Commission ERP Assessment, 309.

<sup>115</sup> Silke Maes, *The Platform Revolution: Shaping the Fair Future of Platform Work in the EU and Western Balkans*, Final report (EUROPEUM Institute for European Policy, 2025).

<sup>116</sup> European Training Foundation and PPMI, *Embracing the Digital Age: The Future of Work in the Western Balkans – New Forms of Employment and Platform Work*, Analytical Report (European Training Foundation, 2022).

<sup>117</sup> Eurofound, *Job Quality and Working Conditions in the Western Balkans*, 5.

## Share of temporary employees (%), total - annual

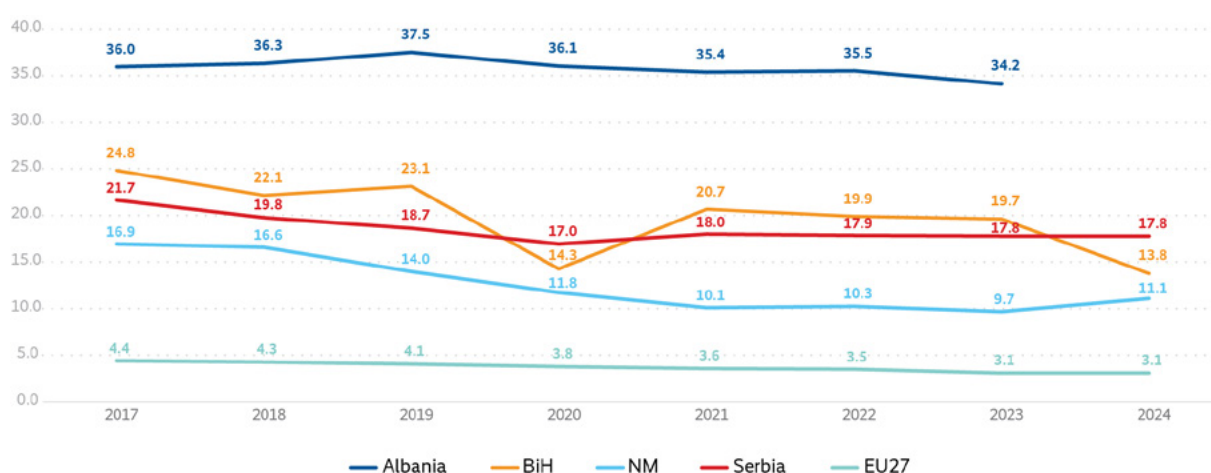


Source: ILOSTAT database, based on LFS data; for EU27: Eurostat [lfsi\_pt\_a]

The precariousness of work is especially amplified in informal employment, which may take on different forms, including undeclared work, envelope wages or lower officially reported wages. As a result, workers may have limited or no access to social protection and are more vulnerable to job loss. While Labor Force Survey (LFS) indicators on informal employment are not available for Kosovo and Montenegro (Graph 11), 40% of the workforce were estimated to be undeclared or under-declared in Kosovo in 2020,<sup>118</sup> while a 2016 UNDP report estimated 32.7% of the workforce were either informally hired or had

part of their salary paid in cash in Montenegro.<sup>119</sup> Nevertheless, countries have also seen decreases in informal employment, for instance Montenegro, which introduced labor tax reductions.<sup>120</sup> Most countries are trying to proactively tackle this issue by adopting strategic documents to curb informality. However, according to a recent EPSR performance report for the WB6, “labor inspectorates are underfunded and understaffed, limiting their reach, particularly in informal and platform-based employment.”<sup>121</sup>

## Proportion of informal employment in total employment (%)



Source: SDG indicator 8.3.1, based on national LFS, ILOSTAT database<sup>122</sup>; for Albania, SEE Jobs Gateway database, based on LFS data (age 15-64)

<sup>118</sup> European Commission, 2023 Commission ERP Assessment, 309.

<sup>119</sup> United Nations Development Programme (UNDP) Montenegro, National Human Development Report 2016: Informal Work – From Challenges to Solutions (UNDP Montenegro, 2016).

<sup>120</sup> European Commission, Annex V - Reform Agenda Montenegro, 10.

<sup>121</sup> Oruč, Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights, 8.

<sup>122</sup> International Labor Organization, “ILOSTAT,” 2026.

Regional disparities affect countries' labor markets. In Montenegro, it is the disparity in unemployment rates between the richer coastal region versus the country's poorer northern region.<sup>123</sup> In North Macedonia, high unemployment prevails in the North-East, Polog and South-West regions.<sup>124</sup> In all countries, workers in rural areas have fewer opportunities on the labor market, including women. This is especially visible in Kosovo and BiH,<sup>125</sup> where women's activity and employment rates are already low, as they have limited access to childcare or long-term care and flexible work arrangements. Despite the prevalent precarity, wage growth is observed throughout the region. Since 2022, when the countries experienced high inflation, nominal gross wages have grown across the region; however, real wages had experienced smaller increases in most countries, due to the

rise in costs, eventually rebounding in recent years as inflation subdued.<sup>126</sup> In response, governments have continuously raised minimum wages since 2022 (Table 1). Despite such increases, the net wages in countries of the region have remained significantly below the roughly EUR 2,464 net per month for a single average wage earner without children (EU27 average net earnings, expressed monthly) in 2024 in the EU.<sup>127</sup> While not strictly comparable, national average net monthly wages ranged from about EUR 552 in Kosovo<sup>128</sup> to EUR 876 in Montenegro in 2024.<sup>129</sup> Ensuring that wage levels correspond to the cost of living remains a challenge, as does the absence of a living wage framework methodology<sup>130</sup> for an adequate assessment of wage adequacy, determining the minimum income to afford a decent standard of living.

## Rise in minimum wages since 2022

Table 1

Year effective	Minimum wage (EUR)	Basis (as officially set)	% increase (in official currency)
<b>Albania</b>			
4/2022	€ 265	Gross	6.7% from 2021/early 2022
9/2022	€ 298	Gross	6.3%
4/2023	€ 365	Gross	17.6%
1/2026	€ 517	Gross	25%
<b>Montenegro</b>			
1/2022	€ 450	Net	80% from 2021
10/2024	€ 600 / € 800	Net	33% / 77.8%
<b>Serbia</b>			
1/2022	€ 300	Net	9.4% from 2021
1/2023	€ 340	Net	14.3%
1/2024	€ 401	Net	17.8%
1/2025	€ 454	Net	13.7%
10/2025	€ 496	Net	9.4%
1/2026	€ 551	Net	10.1%
<b>North Macedonia</b>			
3/2022	€ 430	Gross	19.2% from 2021
3/2023	€ 484	Gross	12.6%
3/2024	€ 542	Gross	12.1%

<sup>123</sup> European Commission, 2025 Commission ERP Assessment, 111.

<sup>124</sup> European Commission, 2023 Commission ERP Assessment, 162.

<sup>125</sup> UN Women, Country Gender Equality Profile: Bosnia and Herzegovina, Country Profile (United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), 2021).

<sup>126</sup> World Bank and wiiw, Western Balkans Labor Market Brief 2022, Labor Market Brief (World Bank and The Vienna Institute for International Economic Studies (wiiw), 2022), 19–20.

<sup>127</sup> Eurostat, [earn\_nt\_net]

<sup>128</sup> Kosovo Agency of Statistics (ASK), Nivelii i Pagave Në Kosovë 2024 [Wage Level in Kosovo 2024] (Kosovo Agency of Statistics, Office of the Prime Minister, Republic of Kosovo, 2025).

<sup>129</sup> Statistical Office of Montenegro (MONSTAT), "Average Earnings (Wages), December 2024," Statistical Office of Montenegro, January 25, 2025.

<sup>130</sup> Oruč, Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights, 23.

Year effective	Minimum wage (EUR)	Basis (as officially set)	% increase (in official currency)
3/2025	€ 586	Gross	8.1%
3/2026	€626	Gross	6.8%
<b>Kosovo</b>			
10/2024	€ 350	Gross	169.2%/105.9% from €130/170 (2023)
1/2026	€ 425	Gross	21.4%
6/2026	€ 500	Gross	17.6%
<b>Bosnia and Herzegovina: FBiH</b>			
1/2022	€ 278	Net	33.4% from 2021
1/2023	€ 305	Net	9.8%
1/2024	€ 317	Net	3.9%
1/2025	€ 511	Net	61.6%
1/2026	€ 525	Net	2.7%
<b>Bosnia and Herzegovina: RS</b>			
1/2022	€ 302	Net	13.5% from 2021
6/2022	€ 332	Net	10.2%
1/2023	€ 358	Net	7.7%
1/2024	€ 460	Net	28.6%
1/2025	€460-€665	Net	0% (from base tier)
1/2026	€511-€742	Net	11.1% (from base tier)

Note: Figures reflect the official measurement used in each country's legislation (gross or net). Within-country trends are comparable; cross-country amounts are not. Calculations are approximate due to currency conversions. In Montenegro, the October 2024 reform introduced EUR 600 net for positions not requiring a university degree, and EUR 800 net for those with university degree and above. In January 2025, Republika Srpska (RS) introduced a tiered system (4 tiers) based on educational qualifications, replacing the flat rate.

Social dialogue remains weak throughout the region. Although data are generally scarce, trade union density has been declining in the past decade (Graph 12). Collective bargaining in the private sector is limited; collective agreements are not always enforced. In Kosovo, business confederations are seen to mostly represent larger employers, yet most registered companies (over 90%) are micro-enterprises.<sup>131</sup> In North Macedonia, only some enterprises are covered by collective agreements at the company or branch level. Moreover, social partners are not involved to the extent they should be in decision-making processes. For instance, Serbia's Economic and Social Council is not always consulted in a timely way on policy and legislative initiatives, thus hampering its ability to address ongoing issues.<sup>132</sup> In North Macedonia, the Economic and Social Council's participation in policy-making is limited to proposals made by the Ministry of Labor and Social Policy, and it has a low impact and visibility overall.<sup>133</sup>

Albania is criticized by the Commission for not discussing and having minimum wage increases approved by the National Labor Council, pointing out that there was “no proper consultations on the two increases adopted in 2022.” Moreover, the National Labor Council “does not meet frequently enough” to allow for meaningful participation.<sup>134</sup> In Kosovo, there is “little political will to use social dialogue when drafting policies and legislation.”<sup>135</sup> In Montenegro, social partners are consulted regularly through the tripartite Social Council, but “the effectiveness of social dialogue and the mainstreaming of the consultation of social partners across all relevant ministries and departments remains limited.”<sup>136</sup> Throughout the region, social partners also lack the capacities to participate in policy-making. Thus, “social dialogue mechanisms are often consultative rather than influential.”<sup>137</sup>

<sup>131</sup> European Commission, 2023 Commission ERP Assessment, 331.

<sup>132</sup> European Commission, Serbia 2022 Report, SWD(2022) 338 final (European Commission, 2022), 108.

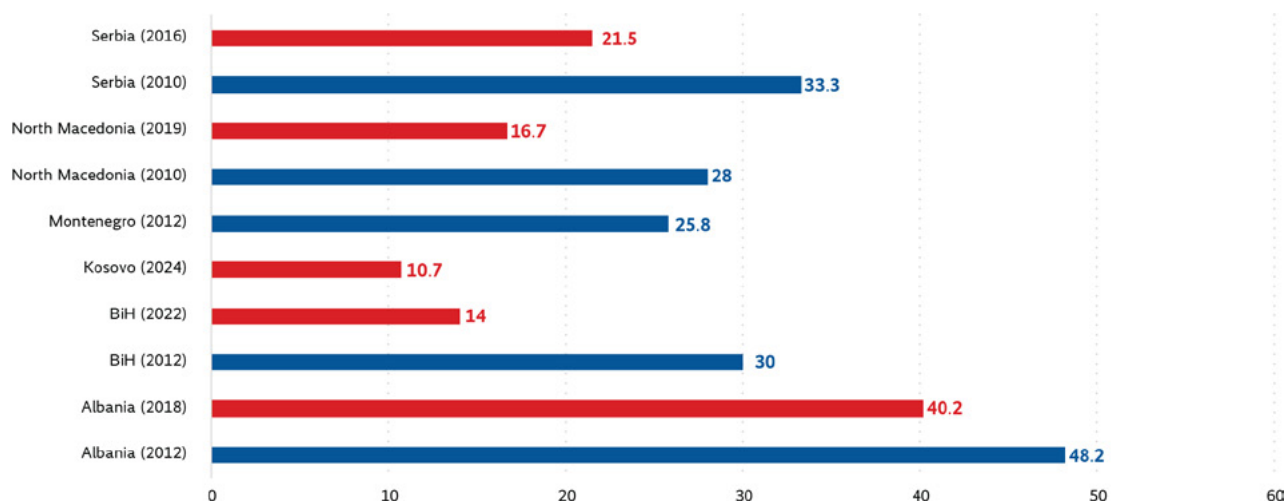
<sup>133</sup> European Commission, 2023 Commission ERP Assessment, 189.

<sup>134</sup> European Commission, 2023 Commission ERP Assessment, 65.

<sup>135</sup> European Commission, 2023 Commission ERP Assessment, 331.

<sup>136</sup> European Commission, 2023 Commission ERP Assessment, 139.

<sup>137</sup> Oruč, Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights, 8.



Note: Data from 2010/2012, and the most recent available data.

Sources: ILOSTAT database; for Kosovo (2024), Albania (2018), BiH (2022), Serbia (2016): OECD and AIAS (2025)<sup>138</sup>

Employment policies are high on government agendas, as visible through new employment strategies in several countries. In the last five years, the countries have continued to focus on important reforms, especially in the realm of activation and active labor market policies (ALMPs). However, they continue to face constraints. As a share of GDP, ALMP expenditure remains low across the region, ranging from 0.04% in Albania to around 0.1% in Kosovo and Serbia, 0.2% in BiH and Montenegro, and 0.3% in North Macedonia (data for years 2020 or 2021).<sup>139</sup> The EU27 average was 0.6% in 2020 and 2021.<sup>140</sup> Even for North Macedonia, the EC suggests that the level of spending “remains too low to substantially improve the situation.”<sup>141</sup> In BiH, ALMP financing “is mainly directed towards employment subsidies.”<sup>142</sup> According to Serbia’s RA, only 15% of the National Employment Service’s budget could be invested in ALMPs, “in great part due to the need to support the unemployed through benefits, currently amounting to 60% of its budget.”<sup>143</sup>

Countries’ PES continue to face capacity constraints with respect to staffing, staff training, insufficient funding for programs, and limited investment in infrastructure.<sup>144</sup> Only a small percentage of persons registered in PES have

access to ALMPs due to limited funding: in 2021, such measures covered only 2% and 5.5% of registered jobseekers in Montenegro and Albania, respectively; approximately 8% in North Macedonia and Kosovo and 13% of registered jobseekers in Serbia in 2020.<sup>145</sup> Capacity for job mediation is considered weak in the region, with PES often lacking the counselor capacities to support clients. For instance, in the Federation of BiH (FBiH), the ratio of PES officers to clients was 1:2000 in 2019. However, efforts to improve services have considerably increased in recent years in BiH.<sup>146</sup>

Countries have also been facing a lack of capacities to comprehensively monitor the implementation and assess the effectiveness of ALMPs. While the implementation of ALMPs is monitored through administrative data and post-program data collection from beneficiaries, the introduction of impact evaluations is more gradual.<sup>147</sup> This, of course, hampers the design of targeted and effective support. In BiH, the Commission’s ERP assessment points to design and delivery weaknesses for ALMPs, including concerns about transparency of public calls, limited personalization, insufficient focus on upskilling and reskilling, and early-stage monitoring and evaluation.<sup>148</sup>

<sup>138</sup> OECD and AIAS, “Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts,” version 2.0 (September 2025), OECD Publishing, 2025.

<sup>139</sup> European Commission, 2023 Commission ERP Assessment; Ratka Babić, ed., *Regional Overview of Western Balkan Economies Regarding the European Pillar of Social Rights: 2022 Review* (Regional Cooperation Council (RCC), 2023); Center of Public Employment Services of Southeast European Countries, *Statistical Bulletin No. 11* (Croatian Employment Service, 2021); World Bank, “SPEED (Social Protection Expenditure and Evaluation Database),” Washington, DC, 2022.

<sup>140</sup> Eurostat [lmp\_exsum], total LMP measures (categories 2-7).

<sup>141</sup> European Commission, 2023 Commission ERP Assessment, 213.

<sup>142</sup> European Commission, 2023 Commission ERP Assessment, 86.

<sup>143</sup> European Commission, ANNEX VII – Reform Agenda Serbia, 85.

<sup>144</sup> European Commission, 2023 Commission ERP Assessment; OECD, *Competitiveness in South East Europe 2021*.

<sup>145</sup> Babić, *Regional Overview of Western Balkan Economies Regarding the European Pillar of Social Rights: 2022 Review*, 20.

<sup>146</sup> European Commission, 2023 Commission ERP Assessment, 86.

<sup>147</sup> Oruč, *Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights*, 20.

<sup>148</sup> European Commission, 2023 Commission ERP Assessment, 86.

For North Macedonia, the Commission notes in 2023 that “there has been no comprehensive impact assessment of the effectiveness of active labor market policies for many years.”<sup>149</sup> In Montenegro, the Commission’s ERP assessment notes follow-up gaps on evaluation results and recommendations.<sup>150</sup> Some programs report positive outcomes (such as the ‘my first salary program’ in Serbia).<sup>151</sup> In recent years, monitoring capacities have improved, with some countries gradually introducing impact evaluations.<sup>152</sup>

Measures that are specifically targeted towards low-skilled and vulnerable unemployed individuals are generally insufficient or may not be effective. For instance, in the case of Montenegro, they are deemed ineffective in supporting the groups to integrate into the labor market,<sup>153</sup> while in North Macedonia, they are limited in the scope of their coverage of the economically most disadvantaged individuals.<sup>154</sup>

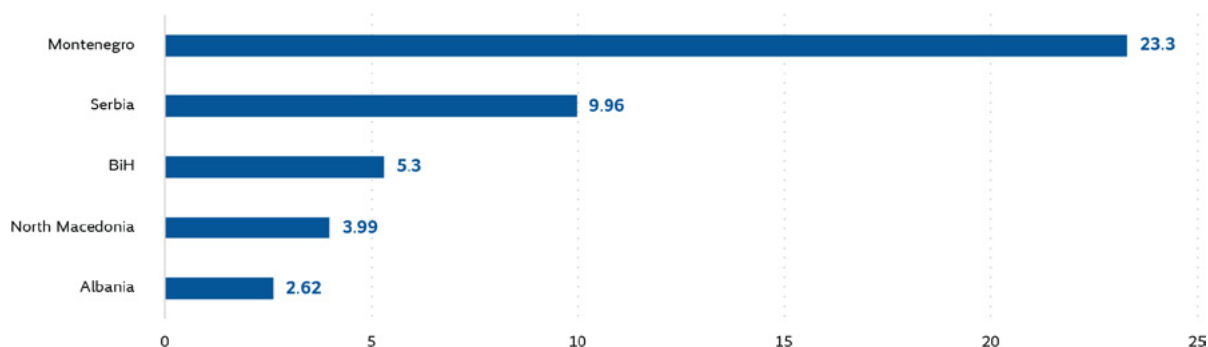
All countries have embarked on YG implementation, pioneered by North Macedonia in 2018. Albania, Kosovo, Montenegro, and Serbia have adopted YG action plans and have rolled out pilots in a few municipalities each. In BiH, Republika Srpska (RS) and the District of Brčko have adopted plans recently, while a plan is in proposal form in FBiH and a national-level action plan should be adopted; pilots in a few localities are planned for 2026. In all countries, strengthening the capacities of PES for YG

service delivery and monitoring is necessary.<sup>155</sup> Moreover, even in North Macedonia, the Commission has warned that youth unemployment and NEET rates remained high, and suggests that the further success of the YG will not only hinge on PES capacities, but on other key services, such as social protection and education.<sup>156</sup> Recent data from the Employment Service Agency (ESA) suggest that 130,000+ youth entered the scheme since 2018, with 37-43% exit with offers within 4 months.<sup>157</sup>

Passive measures – unemployment benefits – have remained quite low. For instance, the replacement rate at an average wage for unemployment insurance benefits range from some 10% in Montenegro and some 20% in Albania, to 40% in BiH and 50% in North Macedonia and Serbia<sup>158</sup> (Kosovo doesn’t have unemployment insurance). According to the World Bank, “these benefits provide on average moderate to low levels of income replacement, and are not necessarily based on workers’ previous wages [...] Such design parameters mean that households will face a relatively important loss of income when unemployed, especially for households with a single breadwinner.”<sup>159</sup> Generosity is not the only issue: their coverage remains “critically low,”<sup>160</sup> with most countries having less than 10% of registered unemployed receiving any form of unemployment benefit due to strict eligibility criteria (Graph 13).

Graph 13

### Proportion of unemployed persons receiving unemployment cash benefit, %



Source: UNECE<sup>161</sup> (based on ILO data)

Note: 2021 data for Albania and Serbia; 2022 for North Macedonia and Montenegro; 2019 for BiH

<sup>149</sup> European Commission, 2023 Commission ERP Assessment, 162.

<sup>150</sup> European Commission, 2023 Commission ERP Assessment, 110.

<sup>151</sup> European Commission, 2023 Commission ERP Assessment, 215.

<sup>152</sup> Oruč, *Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights*, 20.

<sup>153</sup> European Commission, 2024 Commission ERP Assessment.

<sup>154</sup> European Commission, 2023 Commission ERP Assessment, 154.

<sup>155</sup> European Commission, 2024 Commission ERP Assessment, 135.

<sup>156</sup> European Commission, 2023 Commission ERP Assessment, 162.

<sup>157</sup> Goran Petkovski, “Practices in Data Usage for Effective Youth ALMPs: Youth Guarantee in North Macedonia,” Employment Service Agency of the Republic of North Macedonia, October 2025.

<sup>158</sup> World Bank, *Western Balkans Labor Market Trends and Policy Recommendations*, Analytical Report (World Bank Group, 2025), 63.

<sup>159</sup> World Bank, *Western Balkans Labor Market Trends and Policy Recommendations*, 62.

<sup>160</sup> Oruč, *Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights*, 31.

<sup>161</sup> United Nations Economic Commission for Europe, “SDG Indicator 1.3.1(c): Proportion of Unemployed Persons Receiving Unemployment Cash Benefit,” 2026.

With respect to fair working conditions and OHS, the WB countries have recently engaged in legislative changes, or at least discussions surrounding certain aspects of workers' protection. For instance, legislative discussions are ongoing in Albania, BiH and Serbia regarding platform work.<sup>162</sup> Serbia's 2023 new OHS Law, according to which employers must, *inter alia*, ensure workplace safety through risk assessments, regular safety training, protective equipment, medical checks for high-risk jobs, and compliance with stricter inspection and penalty rules, is considered modern and relatively well-aligned with the *acquis*.<sup>163</sup> Montenegro has amended the Labor Law several times in the past years, with changes regulating fixed-term contracts; part-time work; the redistribution of working hours; and allowed maximum cumulative duration for fixed-term employment contracts (shortened from 36 to 24 months). Amendments to the Labor Law are underway for alignment with the *acquis* on equal pay and adequate minimum wages.<sup>164</sup> North Macedonia's 2025 Law on Work Engagement of Persons creates a formal framework for seasonal, temporary and casual workers (e.g. farmers, pensioners, domestic workers, students), allowing for a simplified registration and safeguarding access to social benefits.<sup>165</sup> 2024 amendments to Albania's Labor Law allowed changes to how annual leave is to be taken, thereby enhancing employees' flexibility and work-life balance.<sup>166</sup> Kosovo's draft Labor Law introduces reforms focusing on job security and transparency, not limited to a mandatory written notification and justification for dismissals, notice periods in case of termination, severance pay and pre-contractual information requirements. The draft is explicitly aligned with the 2019 EU Directive on Transparent and Predictable Working Conditions.<sup>167</sup> However, ensuring the enforcement of legislative provisions on working conditions remains a challenge across the region.<sup>168</sup>

With respect to work-life balance (WLB), provisions on parental and paternity leave are limited and constrain the father's involvement in childcare. Most countries have not introduced formal statutory, paid parental leave for both parents with a non-transferable component for the father (Montenegro being the exception), with fathers typically taking leave instead of the mother, if she chooses not to use it, and with paternity leave of a limited duration. Uptake of leave by fathers remains extremely low.<sup>169</sup>

## 4.2. Addressing the challenges: ERPs, RAs, IPA and EU recommendations

### 4.2.1. ERPs

With respect to employment and labor markets, the ERP guidance notes have focused on the following:

- Increasing labor demand, promoting productivity and employability;
- Active employment support and effective and inclusive PES;
- Social dialogue;
- Labor inspection with effective enforcement of labor-related rules;
- Addressing unemployment and inactivity, especially of long-term unemployed, youth, women;
- As of 2021, countries are to add measures addressing discrimination in labor market access.<sup>170</sup>
- As of 2024, attention is given to measures "that ensure decent work, such as elimination of child labor, minimum wages, working conditions and safety and health at work."<sup>171</sup>

The 2021, 2022 and 2023 policy guidance formulated as part of the Joint Conclusions has primarily focused on recommendations related to the implementation of YGs in the region, incentives to formalize informal employment and the strengthening of ALMPs. The policy guidance (Table 2) for the countries from reiterates the importance of adopting implementation plans, piloting or implementing the YG.

<sup>162</sup> Oruč, *Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights*, 22.

<sup>163</sup> Mihail Arandarenko, *Performance of Western Balkan Six Regarding the European Pillar of Social Rights: 2025 Review on Serbia*, ed. Ratka Babić and Boban Gledović (Regional Cooperation Council (RCC), 2025), 28.

<sup>164</sup> Jadranka Kaluđerović, *Performance of Western Balkan Six Regarding the European Pillar of Social Rights: 2025 Review on Montenegro*, ed. Ratka Babić and Boban Gledović (Regional Cooperation Council, 2025), 21.

<sup>165</sup> Dimitar Nikoloski, *Performance of Western Balkan Six Regarding the European Pillar of Social Rights: 2025 Review on North Macedonia*, ed. Ratka Babić and Boban Gledović (Regional Cooperation Council (RCC), 2025), 21.

<sup>166</sup> Elvira Drishti, *Performance of Western Balkan Six Regarding the European Pillar of Social Rights: 2025 Review on Albania*, ed. Ratka Babić and Boban Gledović (Regional Cooperation Council (RCC), 2025), 23.

<sup>167</sup> Albulena Jahja Lubishtani, *Performance of Western Balkan Six Regarding the European Pillar of Social Rights: 2025 Review on Kosovo\**, ed. Ratka Babić and Boban Gledović (Regional Cooperation Council (RCC), 2025), 24.

<sup>168</sup> Oruč, *Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights*, 24.

<sup>169</sup> Oruč, *Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights*, 26.

<sup>170</sup> European Commission, *2021-2023 Guidance Note*, 18.

<sup>171</sup> European Commission, *2024-2026 Guidance Note*, 20.

## Policy guidance in the realm of the labor market (for 2022-2024)

Year	Recommendations
<b>Albania</b>	
2021	→ Set up inter-ministerial YG task force to develop YG IP
2022	→ Adopt and launch YG IP
2023	→ Run YG pilot and analyze performance; → Review and reform NAES for YG implementation; → Define quality offers
<b>BiH</b>	
2021	→ Strengthen employment policy coordination; → Set up inter-ministerial YG task force for YG IP
2022	→ Strengthen employment policy coordination; → Set up inter-ministerial YG task force for YG IP
2023	→ Strengthen employment policy coordination; → Set up inter-ministerial YG task force for YG IP, adopt and launch it
<b>Kosovo</b>	
2021	→ Update and implement AP for Informal Economy Strategy; → Set up inter-ministerial YG task force to develop a YG IP
2022	→ Increase implementation rate for AP for Informal Economy Strategy; continue incentivizing formalization of employment and businesses; → Speed up PES restructuring and capacity building for YG and ALMP implementation
2023	→ Simplify licensing to spur formalization of employment and businesses in line with AP, to be updated based on analysis; → Finalize, adopt and launch YG IP
<b>Montenegro</b>	
2021	→ Finalize and implement informality AP, including legalization of businesses/employees; ensure central-local cooperation for implementation; → ALMP reform (relevance, work-based learning) and monitoring mechanism; → Set up inter-ministerial task force to develop YG IP
2022	→ Complete informality survey and assess short-term effects of 'Europe Now,' feed results into Informality AP and implement it; central-local cooperation for implementation; → Analysis of inspections to optimize work; → ALMP reform and monitoring mechanism
2023	→ Based on survey results, adopt informality AP; central-local cooperation for implementation. → Prepare YG pilot implementation, analysis of performance; identify and implement changes to EA for YG delivery, other functions. → ALMP reform and monitoring mechanism
<b>North Macedonia</b>	
2021	→ Secure high-level commitment for coordination/ implementation of Formalization of Informal Economy Strategy and AP; → review 2018–20 AP gaps and implement 2021–22 AP → Expand ALMP for low-skilled/vulnerable; → enhance capacity and cooperation between employment and social services for integrated services to improve LM inclusion
2022	→ Adopt comprehensive 2023–25 Formalization Strategy and ensure high-level political commitment for coordination/implementation; → Strengthen ALMP access for low-skilled/unemployed; → Further increase capacity, cooperation between employment and social services and education/training institutions for integrated services to improve LM inclusion
2023	→ Implement 2023–25 Strategy and AP with high-level political commitment; → Further increase capacity and cooperation between employment and social services and education/training institutions for integrated services to improve LM inclusion
<b>Serbia</b>	
2021	→ With cooperation of all policy actors, develop YG IP
2022	→ With cooperation of all actors, finalize, adopt and launch YG IP
2023	→ With cooperation of all actors, finalize, adopt and launch YG IP

Note: Issued in 2021 for 2022. IP refers to Implementation Plan, AP to Action Plan. Summarized for the sake of brevity. Source: ERP assessments, European Commission (2022, 2023, 2024)<sup>172</sup>

<sup>172</sup> European Commission, 2024 Commission ERP Assessment; European Commission, 2023 Commission ERP Assessment; European Commission, Economic Reform Programmes: Albania, Montenegro, North Macedonia, Serbia, Turkey, Bosnia and Herzegovina: Commission's Overview and Country Assessment, Institutional Paper no. 180 (European Commission, 2022).

Essentially, as is visible from Table 3, countries have overwhelmingly prioritized employment measures, such as the development of the YG. Indeed, all countries integrate the YG in their ERPs, albeit reforms are rolled out at a slow

pace. Here, the importance of capacity-building of PES is repeatedly stressed by the Commission.<sup>173</sup> Most countries thus tie the YG to the strengthening of PES.

Table 3

## Overview of employment-related reforms in the ERPs (2022-2024)

Year	Reform Measures
<b>Albania</b>	
2022	RM02. Improving employability of the most vulnerable unemployed jobseekers
	RM06. Fight against informality
2023	RM02. Improving employability of the most vulnerable unemployed jobseekers
	RM06. Strengthening fight against informality
2024	RM2.2. Improving employability of the most vulnerable unemployed jobseekers
	RM5.3. Strengthening fight against informality
<b>Bosnia and Herzegovina</b>	
2022	5.1.1.1. Increasing LM efficiency and EI institutional strengthening through user services improvement
	5.1.2.1. Restructuring tax burden and relieving labor taxation, reducing parafiscal burdens
2023	5.1.1.1. Increase LM efficiency through effective employment policies and strengthening the role of mediation
2024	SR5. Increasing employability by improving the alignment of education and practical knowledge and skills
<b>Kosovo</b>	
2022	RM3. Enhancing employment, reducing inactivity, formalization, vocational skills development, improvement and expansion of PES and vocational training in line with LM with special emphasis on vulnerable groups
	RM10. Reduction of informal economy
2023	RM5. Reform of LM institutions, policies to raise employment, participation, effective labor rights protection
	RM7. Reducing informal economy by improving intelligence-based oversight
2024	RM5. Reforming LM institutions, policies to raise employment, participation, effective labor rights protection
	RM7. Reducing the informal economy through improving intelligence-based oversight
<b>Montenegro</b>	
2022	PRM1: Strengthening EO operational capacities for services and measures via digitalization
	PRM2: Introducing new work schemes and WBL
	PRM3: Introducing YG in Montenegro
	PRM16: Suppression of informal economy through tax administration reform
	PRM17: Improving business environment by reducing tax wedge on labor
2023	RM1: Strengthening EO operational capacities for services and measures via digitalization
	RM2: Introducing the YG in Montenegro
	RM14: Strengthening mechanisms for the formalization of informal economy
2024	RM 1: Strengthening mechanisms for the formalization of informal economy
	RM 7: Introducing the YG in Montenegro

<sup>173</sup> European Commission, 2023 Commission ERP Assessment, 214; 121.

Year	Reform Measures
<b>North Macedonia</b>	
<b>2022</b>	M2: Increasing the flexibility of the LM
	M3: Enhancing the system for social inclusion of vulnerable groups (activity I. Inclusion through activation)
	M16: Introducing mechanisms for formalizing informal work in sectors with high undeclared work incidents
<b>2023</b>	M2: Increasing the flexibility and security of the LM
	M3: Enhancing the system for social inclusion of vulnerable groups (activity I. Inclusion through activation)
	M15: Introducing mechanisms for formalizing informal work in sectors with high undeclared activity level
<b>2024</b>	M5.3.1(14): Increasing the flexibility and security of the LM
	M5.3.2(17): Enhancing the system for social inclusion of vulnerable groups
	M5.1.1(1): Introduce mechanisms for formalizing informal work in sectors with high undeclared activity level
<b>Serbia</b>	
<b>2022</b>	SR1. Establishment of a framework for the introduction of the YG
	SR3. Improvement of environment for encouraging, supporting, monitoring circular and economic migration
<b>2023</b>	SR1. Establishment of a framework for the introduction of the YG
	SR4. Improvement of environment for encouraging, supporting, monitoring circular and economic migration
<b>2024</b>	SR6. Improved conditions for greater share of youth in the LM

Note: Summarized for the sake of brevity. Source: Country ERPs for 2022, 2023, 2024.<sup>174</sup>

Activation of persons receiving social assistance is prominent in countries' reform measures. For instance, the measure from North Macedonia's 2023 ERP looks to strengthen the cooperation between PES and the centers for social work (CSWs) to support the activation of the Guaranteed Minimum Assistance (GMA) beneficiaries that are considered employable and provide ALMPs targeted to them. For Albania, Reform measure 2 on improving employability of the most vulnerable is about supporting the exit from the economic aid scheme. There is also some focus on ALMPs for vulnerable groups. For instance, North Macedonia's 2023 measure aims to strengthen the inclusion of PwD in the labor market through the provision of support to social enterprises to improve the employment prospects of vulnerable groups. North Macedonia also envisages financial support for Roma entrepreneurs. One of Montenegro's measures relates to the activation of material support beneficiaries within the overarching reform of the social and child protection law, and their participation in ALMPs.

Another priority, which is usually not directly addressed in labor market measures, but rather the business environment, is the curbing of informality, through measures aimed at strengthening oversight. These are sometimes more directly related to employment – such as through the strengthening of labor market inspectorates (e.g. as in the case of Kosovo) – and sometimes related to tax system reforms. Measures also relate to development of strategic documents, such as a new strategy to tackle the informal economy in the case of Kosovo. The Commission points out that Kosovo's efforts are limited in scope and based on donor-funded projects, with a focus primarily on temporary workers.<sup>175</sup>

Matters of 'decent work' are generally not directly tackled in the structural reforms, especially not in relation to working conditions, safety and health at work. However, the Commission acknowledges that wages have increased across the region, even though this is not featured as a reform in the ERPs.<sup>176</sup> Some countries also seek to reform

<sup>174</sup> Council of Ministers, Republic of Albania, *Economic Reform Programme of Albania 2022–2024* (Council of Ministers, Republic of Albania, 2022); Council of Ministers, Republic of Albania, *Economic Reform Programme of Albania 2023–2025* (Council of Ministers, Republic of Albania, 2023); Council of Ministers of the Republic of Albania, *Economic Reform Programme of Albania 2024–2026* (Council of Ministers, Republic of Albania, 2024); Council of Ministers of Bosnia and Herzegovina, *Economic Reform Programme of Bosnia and Herzegovina 2022–2024* (Council of Ministers of Bosnia and Herzegovina, 2022); Council of Ministers of Bosnia and Herzegovina, *Economic Reform Programme of Bosnia and Herzegovina 2023–2025* (Council of Ministers of Bosnia and Herzegovina, 2023); Council of Ministers of Bosnia and Herzegovina, *Economic Reform Programme of Bosnia and Herzegovina 2024–2026* (Council of Ministers of Bosnia and Herzegovina, 2024); Government of Kosovo, *Economic Reform Programme of Kosovo 2022–2024* (Government of Kosovo, 2022); Government of Kosovo, *Economic Reform Programme of Kosovo 2023–2025* (Government of Kosovo, 2023); Government of Kosovo, *Economic Reform Programme of Kosovo 2024–2026* (Government of Kosovo, 2024); Government of Montenegro, *Economic Reform Programme of Montenegro 2022–2024* (Government of Montenegro, 2022); Government of Montenegro, *Economic Reform Programme of Montenegro 2023–2025* (Government of Montenegro, 2023); Government of Montenegro, *Economic Reform Programme of Montenegro 2024–2026* (Government of Montenegro, 2024); Ministry of Finance of the Republic of North Macedonia, *Economic Reform Programme of North Macedonia 2022–2024* (Ministry of Finance of the Republic of North Macedonia, 2022); Ministry of Finance of North Macedonia, *Economic Reform Programme of North Macedonia 2023–2025*, Government report (Ministry of Finance of the Republic of North Macedonia, 2023); Ministry of Finance of the Republic of North Macedonia, *Economic Reform Programme of North Macedonia 2024–2026* (Ministry of Finance of the Republic of North Macedonia, 2024); Government of the Republic of Serbia, *Economic Reform Programme of Serbia 2022–2024* (Government of the Republic of Serbia, 2022); Government of the Republic of Serbia, *Economic Reform Programme of Serbia 2023–2025* (Government of the Republic of Serbia, 2023); Government of the Republic of Serbia, *Economic Reform Programme of Serbia 2024–2026* (Government of the Republic of Serbia, 2023).

<sup>175</sup> European Commission, *2023 Commission ERP Assessment*, 166.

<sup>176</sup> European Commission, *2023 Commission ERP Assessment*, 65.

employment protection legislation. Interestingly, North Macedonia's measure on increasing the flexibility of the labor market, has, over time, also become about the security of the labor market. The measure mainly addresses a lack of legal provisions pertaining to remote work and work from home. There are no specific measures for any of the countries on improving the adequacy or accessibility of unemployment benefits. Kosovo has envisaged in 2023 to harmonize its labor legislation with the EU Work Life Balance Directive.

Some countries are, interestingly, using the structural reform measures as an overarching category for many different types of reforms. This is the case for BiH, for instance, where its SR5 contains a variety of reforms, not limited to the introduction of the YG, improving the evaluation of employment measures, adapting laws relating to employment of foreign nationals, changes to

the law on mediation in employment and social security of unemployed persons (in FBiH), digitalization of PES (RS), the implementation of a social care program for workers unemployed due to privatization, bankruptcy and liquidation of enterprises (RS). Similarly, in Kosovo, the all-encompassing labor market measure includes restructuring the Employment Agency and its capacity building, as well as labor market monitoring for skills, digitalization, an information system for the YG and its piloting.

Social dialogue is not addressed, with the exception of BiH, with planned changes to the legislation related to the economic and social council (in FBiH), and in the RS, with foreseen collective agreement negotiations and the strengthening of the role the ESC and other tripartite bodies.

#### 4.2.2. Reform Agendas

Table 4

### Employment-related measures in RAs

Country	Reform Measures
Albania	2.2.1. Strengthen the efficiency of the Unemployment Policy Scheme
BiH	1.5.1. Implementation of National Energy and Climate Plan and other related strategic documents (Just Transition roadmap for coal regions) 3.2.1. Increase access to decent work throughout country, including through piloting and full roll-out of the YG
Kosovo	4.2.1. Increase labor market participation of women, young people and vulnerable groups through the ongoing restructuring and improved administrative capacity of PES
Montenegro	2.2.1 Implementing priority policies and measures from the National Energy and Climate Plan 3.1.1. Addressing LM mismatches through lifelong learning and increasing the employability of graduates with practical work-based learning, including jobs in green and digital economy 3.1.2. Increasing female labor force participation 3.1.3. Reforming SCP system for more effective, efficient, and transparent use of public funds
North Macedonia	2.1.2.1 Implementation of climate and energy policies and measures as foreseen in the National Energy and Climate Plan (under Policy Area 2; related to Just Transition) 4.1.1 Address the informal economy in support of the recently adopted Strategy for Formalization of the Informal Economy (under Policy Area 4)
Serbia	7.1.3. Implementation of the Just Transition AP 8.1.1: Improve LM conditions including through ensuring adequate financial and institutional resources and capacities for activation in employment and social policies

Note: Summarized for the sake of brevity.  
Source: Countries' RAs.<sup>177</sup>

<sup>177</sup> European Commission, "Annex III - Reform Agenda Bosnia and Herzegovina," Commission Implementing Decision Annex, European Commission, December 3, 2025; European Commission, ANNEX III - Reform Agenda Albania, Commission Implementing Decision Annex (European Commission, 2024); European Commission, ANNEX IV - Reform Agenda Kosovo, Commission Implementing Decision Annex (European Commission, 2024); European Commission, Annex V - Reform Agenda Montenegro; European Commission, ANNEX VI - Reform Agenda North Macedonia; European Commission, ANNEX VII - Reform Agenda Serbia.

There is a visible trend towards narrower reforms in the RA when compared to the ERPs. They mainly pertain to ALMPs, as seen from Table 3. In the case of North Macedonia, there are no labor market related reforms under the Human Capital area – rather, all are related to education. As with the ERPs, the focus is mainly on activation and broadening the scope of ALMPs. For instance, Albania’s Unemployment Policy Scheme seeks to improve the efficiency of employment support services, with better-targeted support for vulnerable groups.<sup>178</sup> In Montenegro, improvements to the social care information system are to, *inter alia*, provide information to feed policy for “the employability of the population who are beneficiaries of these rights” through the monitoring of beneficiary activation. Changes to social and child protection (SCP) legislation are to integrate new provisions on the activation of beneficiaries of material support. The country is also to enhance cooperation between SWCs and PES to activate material support beneficiaries.<sup>179</sup> Similarly, in BiH, continuous data exchange between PES and CSWs for the purpose of activation of social assistance users is foreseen.<sup>180</sup>

Capacity-building and implementation of ALMPs continues to hold a prominent role. In Serbia, adequate financial and institutional resources and capacities for activation are to be introduced.<sup>181</sup> In Kosovo, an increase in employment of vulnerable groups is to happen through ongoing restructuring and improved administrative capacities of PES, for instance through reducing the councilor-client ratio at the PES.<sup>182</sup> In BiH, significant emphasis is placed on implementing reforms that have been planned for years in the ERPs, pertaining to separating social and health protection from employment status in the FBiH and District of Brčko PES, thus unburdening employment counselors from administrative duties and limiting the number of persons registering at PES to only the active job seekers (already implemented in the RS).<sup>183</sup> Both BiH and Serbia envisage a further development of the YG.<sup>184</sup> A novelty in the RAs are concrete actions relating to the facilitation of the just transition in BiH, Montenegro, North Macedonia and Serbia for workers from coal regions that would engage in retraining and reemployment. This falls within the broader framework of energy transition measures.

Usually mentioned in very broad terms, vulnerable groups on the labor market are not at the focus of reforms, with some exceptions.<sup>185</sup> While Kosovo looks to dedicate a half of its ALMPs to vulnerable groups, in Albania, diversified ALMP targeting is envisaged, looking at persons receiving social assistance, the long-term unemployed and those with basic or no prior education. The measures also mention women, PwD, and Roma and Egyptian minorities.<sup>186</sup> Interestingly, in line with the requirements for having a cross-cutting gender equality dimension, Montenegro’s RA plans for an analysis identifying socio-economic hurdles for women and “a methodology that targets gender inequality in accordance with ESF+ rules” as a prerequisite for creating ALMPs tailored to their needs. In Serbia, the YG is to follow principles of anti-discrimination, reinforced through capacity building of PES councilors; special measures are foreseen for youth, women, PwD and Roma.<sup>187</sup> BiH’s RA plans mediation services for vulnerable groups, provided such services are clearly defined and recorded.<sup>188</sup>

Support to reducing precarity is included in some countries’ activities. In North Macedonia, a reform under the Business Environment area is to reduce the number of informally employed workers, to lead to the “protection of workers’ rights and provision of healthy and safe working environment,” through an increase in the number of inspections.<sup>189</sup> The measure also includes the adoption of legislation regulating seasonal, occasional and temporary work, as well software to simplify registration, taxation and social security contributions of those formalizing work.<sup>190</sup> In BiH, an increase in regular inspections (including the hiring and training of inspectors) is to curb informality and ensure better OHS, also considering a growing number of foreign workers working in precarious conditions.<sup>191</sup> Importantly, North Macedonia plans to introduce a mechanism to guarantee the payment of employees’ outstanding claims stemming from employment relationships after they end, relating to unpaid wages and any other claims arising from employment in cases of employer bankruptcy or insolvency. This is to “ensure additional layer of social protection of employees” and to align the legal framework with the Directive 2008/94/EC in area of protection of employees in case of company insolvency. A part of the outstanding claims would be covered from a special fund,

<sup>178</sup> European Commission, *ANNEX III – Reform Agenda Albania*, 73; 22.

<sup>179</sup> European Commission, *Annex V - Reform Agenda Montenegro*, 72–73, 88.

<sup>180</sup> European Commission, “Annex III - Reform Agenda Bosnia and Herzegovina,” 103.

<sup>181</sup> European Commission, *ANNEX VII – Reform Agenda Serbia*, 85.

<sup>182</sup> European Commission, *ANNEX IV – Reform Agenda Kosovo*, 17; 75.

<sup>183</sup> European Commission, “Annex III - Reform Agenda Bosnia and Herzegovina,” 95–114.

<sup>184</sup> European Commission, *ANNEX VII – Reform Agenda Serbia*, 36; 86; European Commission, “Annex III - Reform Agenda Bosnia and Herzegovina,” 111.

<sup>185</sup> European Commission, *ANNEX IV – Reform Agenda Kosovo*, 28; 75.

<sup>186</sup> European Commission, *ANNEX III – Reform Agenda Albania*, 73.

<sup>187</sup> European Commission, *ANNEX VII – Reform Agenda Serbia*, 46.

<sup>188</sup> European Commission, “Annex III - Reform Agenda Bosnia and Herzegovina,” 96–97.

<sup>189</sup> European Commission, *ANNEX VI – Reform Agenda North Macedonia*, 69–70.

<sup>190</sup> European Commission, *ANNEX VI – Reform Agenda North Macedonia*, 72.

<sup>191</sup> European Commission, “Annex III - Reform Agenda Bosnia and Herzegovina,” 95–101.

to be financed by an increase in employers' contribution for unemployment.<sup>192</sup> However, North Macedonia's RA also foresees "increasing the labor market flexibility" as a medium-term priority to accommodate non-standard forms of employment.<sup>193</sup>

Social dialogue is usually only mentioned in the context of discussing some of the reform measures, such as North Macedonia's guarantee mechanism, where social dialogue under the ESC is foreseen given its implications on employers and workers,<sup>194</sup> or Serbia's legal reforms under activation measures.<sup>195</sup> RAs for Albania, BiH, Kosovo and Montenegro do not address social dialogue.

Even less so than the ERPs, countries' RAs have missed an opportunity to tackle important priorities from the EPSR that relate to decent work, not limited to secure and

adaptable employment; adequate wages; work-life balance; healthy and safe work environments; and unemployment support. This is despite significant policy developments at the EU level that could have been emphasized also within the ERPs or the RAs, such as the adoption of the Platform Work or Minimum Wage Directives.

### 4.2.3. IPA III Actions

An insight into IPA III actions (annual and multi-annual operational plans) shows the diversity in the type of activities across the region, with countries that are more advanced in the negotiations implementing more comprehensive operational plans, also to support future access to EU funds. Table 5. showcases IPA III actions in the labor market and the EPSR principles that they tackle.

Table 5

## IPA III projects and corresponding EPSR principles

Locality	Action name	EPSR
Albania	EU for Employment and Social Inclusion (2024)	P4, P3
	IPA 2022 – EU for Youth	P4, P3
	OP "EU for Youth Employment" (2024–2027)	P4, P3
BiH	EU4 Mitigating Socio-Economic Consequences of COVID-19 (2021)	P3, P4
	EU4People (2022)	P3, P4
	Support to Youth Employment in BiH (2024)	P4, P3
Kosovo	EU for Inclusive Socio-Economic Development (2022)	P3, P4
Montenegro	EU support for Employment & Social Policy - preparation for OP implementation (2024)	P4, P3
	OP "Employment and Social Inclusion" (2024–2027)	P4, P3, P5, P9, P7, P8, P10
North Macedonia	EU for Improved Health, Social Protection and Gender Equality (2022)	P10, P2
	Multiannual Operational Programme on Human Capital (2024–2027)	P4, P8, P3, P5
Serbia	EU for Inclusive Growth – Improved Social Service Provision & Quality Systems for Labor and Education (2022)	P5, P7, P8, P10, P4
	Sector Reform Contract: Education Reform for Employability	P4
Regional	EU support to fundamental rights of Roma in the WB and Turkey (2021/2022)	P3, P4
	EU4 Employment (2024) – Youth Guarantee TA Facility & ESAP III	P4, P8, P10
	EU4 Roma Inclusion (2024)	P3, P4
	EU4 Social Inclusion (2024)	P3, P4, P2
	SOCIEUX+ - Strengthening employment, labor & social protection systems and policies (2021/2022)	P4, P3
	EU support to facilitate just transition for WB regions, industries and workers (2024)	P4, P5

Legend: P2 Gender equality; P3 Equal opportunities; P4 Active support to employment; P5 Secure & adaptable employment; P7 Information & dismissals; P8 Social dialogue & workers' involvement, P10 Healthy, safe & well-adapted work environment. Note: IPA III actions taken from the Commission's official IPA III pages. Other IPA III support (e.g. actions of international organizations under separate agreements) not included.

<sup>192</sup> European Commission, ANNEX VI – Reform Agenda North Macedonia, 73–74.

<sup>193</sup> European Commission, ANNEX VI – Reform Agenda North Macedonia, 15.

<sup>194</sup> European Commission, ANNEX VI – Reform Agenda North Macedonia, 73–74.

<sup>195</sup> European Commission, ANNEX VII – Reform Agenda Serbia, 86.

What the table shows is a clear prioritization of active support to employment, with the vast majority of activities targeting the set-up and piloting of YGs, PES capacity-building or NEET outreach. This is included in the regional EU4Employment action, as well as most country OPs/ action plans. A strong cross-cutting theme are equal opportunities, as most projects explicitly target the inclusion of vulnerable or under-represented groups, such as minorities, women, or PwDs, as well as the reduction of labor market discrimination. There is a moderate representation of secure and adaptable employment principles. Social dialogue and workers' involvement is addressed in the ESAP III project, as well as in North Macedonia's and Montenegro's OPs, and Serbia's EU for Inclusive Growth project. Healthy, safe and well-adapted work environments are similarly addressed in four actions - ESAP III, Serbia's EU for Inclusive Growth, the

Montenegro OP, and North Macedonia's action on health, social protection and gender equality - but not in Albania, BiH or Kosovo. Only two actions (Montenegro and Serbia), through planned *acquis* alignment, indirectly refer to workers' rights to transparent and predictable working conditions. Actions do not cover efforts to ensure social protection for the workers and self-employed or adequate unemployment benefits, and WLB largely remains unaddressed (except indirectly in one of Montenegro's actions, through planned *acquis* alignment).

#### 4.2.4. EU Annual Enlargement Package Reports

For a comprehensive picture, it is important to consider the annual Enlargement Package country reports. Table 6 shows recommendations pertaining to the labor market, contained under Chapter 19.

Table 6

## 2022-2025 Country Reports: Chapter 19 Recommendations pertaining to the labor market

### Recommendations

#### Albania

- adopt 2023/30 employment and skills strategy, incorporating decent work agenda aims, YG scheme, and green and digital transition, provide adequate human and financial resources for implementation;
- adopt new 2023-2030 OHS strategy, with focus on strengthening institutional capacity for enforcement; → set up the Interministerial OHS Council and secretariat, including rules/procedures and capacity-building, increase and strengthen cross-sectoral coordination, boost municipal capacity and staffing;
- begin piloting YG and start roll-out into full implementation; roll it out to more regions, based on pilot lessons.

#### Bosnia and Herzegovina

- develop and adopt entity/countrywide employment strategies, providing additional implementation and monitoring capacities;
- develop a YG IP, finalize and adopt it, for 2026 pilot start;
- introduce uniform minimum maternity leave benefit level and protection throughout country, harmonizing maternity/paternity/parental leave definitions.

#### Kosovo

- ensure YG IP implementation to prepare piloting; prepare full roll-out based on pilot;
- adopt Labor Law amendments in line with recent *acquis*, in particular in relation to non-discrimination in employment and parental leave; adopt Law on Employment;
- intensify inspections in in high-risk work sectors, enforce OHS rules for decrease in workplace accidents; adopt OHS Law and strategy, enforce rules;
- strengthen social dialogue.

## Recommendations

### Montenegro

- reform/strengthen Employment Agency for its role as a modern PES, to design and implant quality, targeted activation measures (young people women, PwD, vulnerable persons and minorities, including Roma), to prepare for YG implementation and future ESF use;
- intensify reform efforts for improved, timely ALMP provision, relevant for the LM, including work-based learning, and establish a continuous monitoring mechanism for evidence-based ALMP design;
- continue preparations for YG set-up and implementation;
- reinforce Labor Inspectorate staffing and institutional structure, ensuring that issues regarding women, PwD, minorities including Roma and vulnerable people, are more robustly addressed;
- adopt and implement Law on the protection of equality and prohibition of discrimination and Labor Law amendments for full *acquis* alignment on gender equality; monitor revised Labor Law implementation;
- set up OHS Fund;
- continue to enhance social dialogue.

### North Macedonia

- continue implementing YG and LM activation measures for young, long-term and low-skilled unemployed, including women, PwD and Roma, and set up systems for proper evaluation;
- further improve State Labor Inspectorate capacity to address OHS; develop system for tracking and monitoring injuries and fatalities at work;
- continue to reinforce bipartite social dialogue, focusing on collective bargaining and strengthen role/activity of social partners in private sector.
- *acquis* alignment on equality and non-discrimination in employment, including gender equality (WLB, Pay Transparency, and Women on Boards Directives).

### Serbia

- conduct functional review of ALMP and NES advisers' workload to ensure adequate financial and institutional resources for policies and target more systematically the young, women and long-term unemployed;
- implement YG pilots;
- launch Labor Law consultations, including provisions on foreign seconded workers in line with *acquis*;
- avoid further delays in Ch. 19 AP implementation, including *acquis* alignment on non-discrimination and equality in employment and social policy
- adopt OHS Law; Law on Strike;
- further capacity-building for social partners.

Note: Due to repetition, recommendations shown cumulatively. Summarized for the sake of brevity.  
Source: European Commission's annual country reports (2022, 2023, 2024, 2025)<sup>196</sup>

Given that the reports follow not just structural reform implementation, but also the overarching, progressive alignment of legislation in line with the EU *acquis* in individual sectors, it is not surprising that, indeed, they are much more comprehensive than the individual Policy guidance recommendations that countries receive through the annual economic governance process. One can, again,

see a dominant emphasis on active support to employment, with recurrent calls to roll out a YG, strengthen PES, or improve ALMP relevance and monitoring. A welcome difference to the Policy guidance is the stronger focus on healthy, safe and well-adapted working environments through multiple calls for adopting OHS strategies/laws or setting up OHS governance

<sup>196</sup> European Commission, *Albania 2022 Report*; European Commission, *Albania 2023 Report*, SWD(2023) 690 final (European Commission, 2023); European Commission, *Albania 2024 Report*, SWD(2024) 690 final (European Commission, 2024); European Commission, *Albania 2025 Report*; European Commission, *Bosnia and Herzegovina 2022 Report*; European Commission, *Bosnia and Herzegovina 2023 Report*, SWD(2023) 691 final (European Commission, 2023); European Commission, *Bosnia and Herzegovina 2024 Report*, SWD(2024) 691 final (European Commission, 2024); European Commission, *Bosnia and Herzegovina 2025 Report*, SWD 2025/751 final (European Commission, 2025); European Commission, *Kosovo\* 2022 Report*; European Commission, *North Macedonia 2022 Report*, SWD(2022) 337 final (European Commission, 2022); European Commission, *North Macedonia 2023 Report*, SWD 2023/693 final (European Commission, 2023); European Commission, *North Macedonia 2024 Report*, SWD(2024) 693 final (European Commission, 2024); European Commission, *North Macedonia 2025 Report*, SWD(2025) 753 final (European Commission, 2025); European Commission, *Kosovo\* 2023 Report*, SWD(2023) 692 final (European Commission, 2023); European Commission, *Kosovo\* 2024 Report*, SWD(2024) 692 final (European Commission, 2024); European Commission, *Kosovo\* 2025 Report*; European Commission, *Montenegro 2022 Report*, SWD(2022) 335 final (European Commission, 2022); European Commission, *Montenegro 2023 Report*, SWD(2023) 694 final (European Commission, 2023); European Commission, *Montenegro 2024 Report*, SWD(2024) 694 final (European Commission, 2024); European Commission, *Montenegro 2025 Report*, SWD(2025) 754 final (European Commission, 2025); European Commission, *Serbia 2022 Report*; European Commission, *Serbia 2023 Report*, SWD(2023) 695 final (European Commission, 2023); European Commission, *Serbia 2024 Report*, SWD(2024) 695 final (European Commission, 2024); European Commission, *Serbia 2025 Report*.

systems and intensifying labor inspections, in line with the *acquis* (with the exception of BiH). In line with the *acquis*, there is a frequent and growing emphasis on gender equality and equal opportunities, also pertaining to WLB (for Kosovo, Montenegro, North Macedonia, implicitly for BiH).

However, there are several gaps. Social dialogue and workers' involvement are not present in all countries' recommendations. Secure and adaptable employment via labor law amendments is present in Serbia, Montenegro and Kosovo. Labor law amendments do not explicitly mention transparent and predictable working conditions. Stronger access to social protection for workers or adequate unemployment benefits are not addressed. While recommendations repeat for some countries for some measures, BiH stands out with a limited set of repeating recommendations. It remains uncertain why other type of advice is not offered for the country, given the numerous challenges its labor market faces.

Similarly, as for IPA III, the recommendations are activation-oriented and increasingly equality-oriented, but the passive and protective dimension of employment policy, including income security or unemployment coverage, are generally sidelined. While social dialogue and workers' involvement features in some of the recommendations, it is typically reduced to calls to 'continue to enhance' dialogue or social partners' capacity. Overall, this reflects a broader EU enlargement logic that prioritizes employment growth and institutional capacity over redistribution and protection, which contradicts the EPSR's ambition as a holistic framework in the employment realm.

# 5. Education

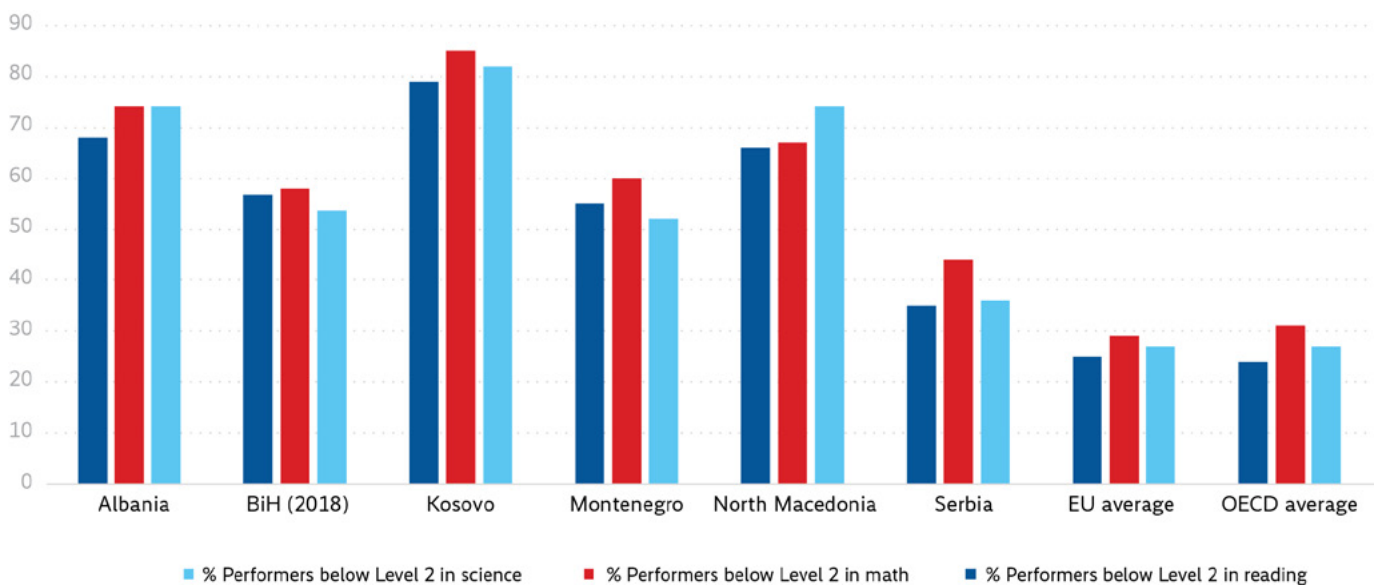
## 5.1. Main Challenges

The WB countries have made some progress in education over the past five years. However, the education sector is still considered to be underinvested in, which results in “relatively lower outcomes of students at all levels of education.”<sup>197</sup> In terms of general government expenditure by function, education as a percentage of GDP has ranged

in recent years around 4.7% for the EU27 average (2023 data), whereas in the region, it was 2.9% for Albania, 3.4% for Serbia, 4.0% for North Macedonia and 4.1% for BiH, Kosovo and Montenegro in 2023.<sup>198</sup> In general, average government spending as a percentage of GDP in the WB region is more than 20% lower than the average spending in the OECD and the EU, with governments “heavily reliant on donor funding” to support initiatives in this realm.<sup>199</sup>

Percentage of students below Level 2 in Math, Science and Reading (2022)

Graph 14



Source: UNICEF and OECD (2024),<sup>200</sup> OECD (2019) for BiH<sup>201</sup>

Quality of education is lacking. The OECD’s Programme for International Student Assessment (PISA) (Graph 14) attests to this.<sup>202</sup> If looking at reading, math and science proficiency results below Level 2, which denotes functional literacy in these three areas, the results for students in the

region are extremely concerning. The poorest performer is Kosovo, where an overwhelming majority of 15-year-olds perform below Level 2. Serbia is the closest to the EU and OECD averages. According to the OECD, “results from the 2022 cycle of PISA reveal that learning outcomes in the

<sup>197</sup> OECD, *Western Balkans Competitiveness Outlook 2024 – Regional Profile* (OECD, 2024), 79.

<sup>198</sup> Based on data on general government expenditure by function from 2025-2027 ERPs for countries of the region and Eurostat [gov\_10a\_exp] for EU27.

<sup>199</sup> OECD, *Western Balkans Competitiveness Outlook 2024 – Regional Profile*, 79.

<sup>200</sup> OECD and UNICEF Regional Office for Europe and Central Asia, *Transforming Education in the Western Balkans: PISA 2022 Findings from Albania, Kosovo, Montenegro, North Macedonia and Serbia* (Organisation for Economic Co-operation and Development (OECD) and United Nations Children’s Fund (UNICEF), 2024).

<sup>201</sup> OECD, *PISA 2018 Results (Volume I): What Students Know and Can Do*, PISA (OECD Publishing, 2019).

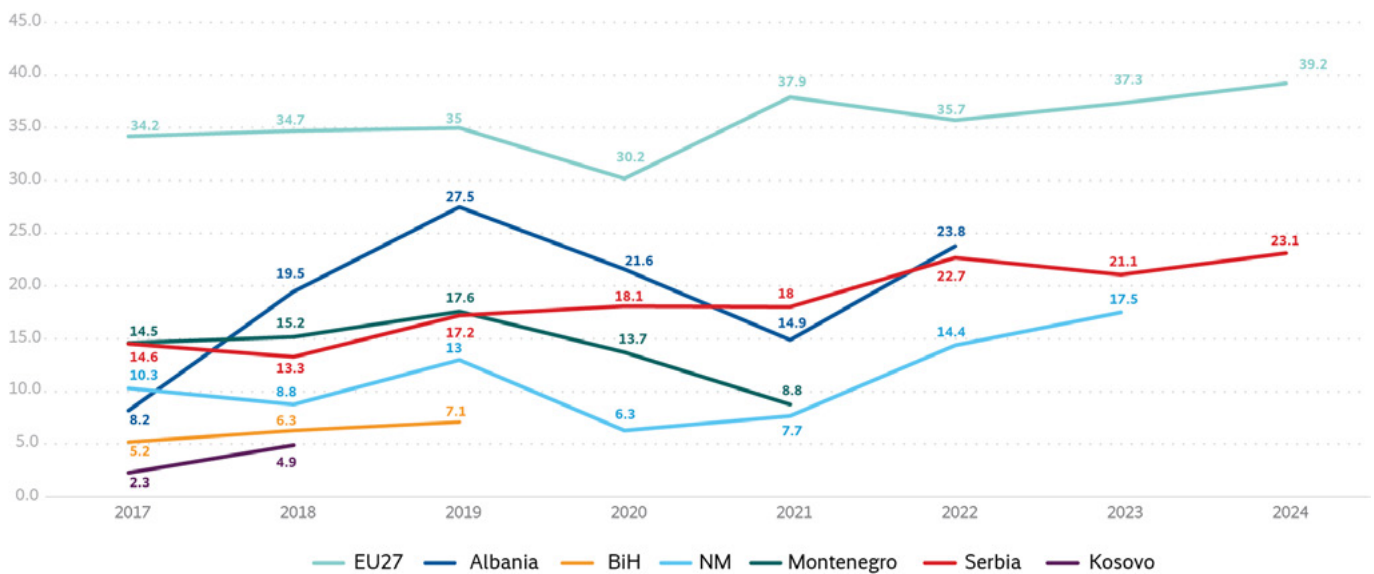
<sup>202</sup> OECD and UNICEF Regional Office for Europe and Central Asia, *Transforming Education in the Western Balkans: PISA 2022 Findings from Albania, Kosovo, Montenegro, North Macedonia and Serbia*.

participating WB economies saw a sharp decline between 2018 and 2022, with the exception of Serbia<sup>203</sup> While pupil-teacher ratios, an indicator of quality, are considered to be favorable in the region, this is considered not to be reflected in education outcomes.<sup>204</sup> Most countries also have outdated curricula and provide insufficient teacher training, with varying progress in addressing these issues. In BiH, this is even more pronounced due to lacking coordination between different authorities in the education sector, a lack of common standards, and quality differences

in teacher training and performance evaluation.<sup>205</sup> In Kosovo, continuous professional development and licensing of teachers is hampered by a lack of funding.<sup>206</sup> Infrastructural challenges, as well as a lack of updated teaching materials also reduce educational quality.<sup>207</sup> According to an external evaluation in Serbia, almost 30% of all primary and secondary schools in the country “do not meet sufficient quality standards” due to a lack in infrastructure, teaching and learning practices.<sup>208</sup>

Graph 15

## Children in formal childcare or education, under 3 years of age



Source: Eurostat [ilc\_caindformal], European Commission (2023)<sup>209</sup> for BiH; ESAP 2025 Social Scoreboard database for BiH and Kosovo

<sup>203</sup> OECD, *Western Balkans Competitiveness Outlook 2024 – Regional Profile*, 77.

<sup>204</sup> OECD, *Multi-Dimensional Review of the Western Balkans: From Analysis to Action*, 73.

<sup>205</sup> European Commission, *2025 Commission ERP Assessment*, 50.

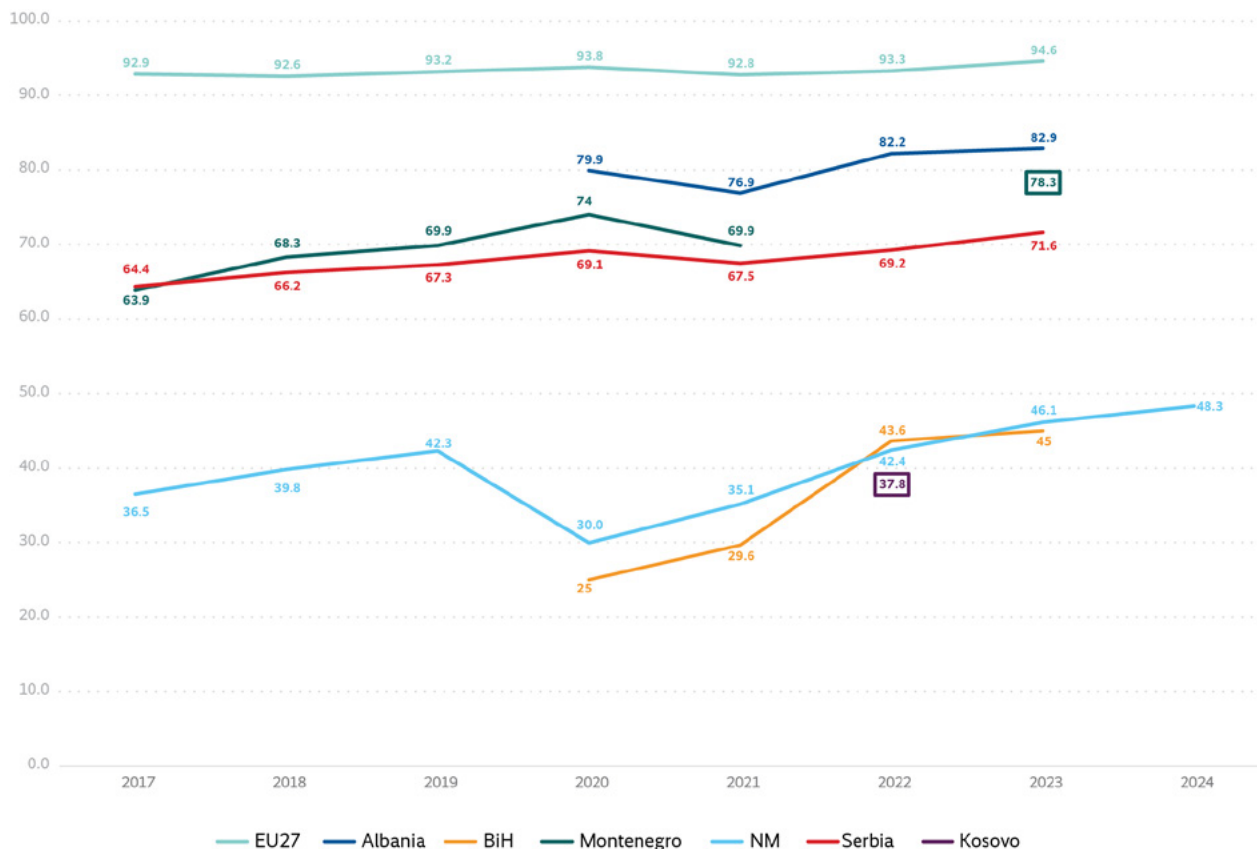
<sup>206</sup> European Commission, *ANNEX IV – Reform Agenda Kosovo*, 70.

<sup>207</sup> European Commission, *2025 Commission ERP Assessment*, 36.

<sup>208</sup> European Commission, *ANNEX VII – Reform Agenda Serbia*, 16.

<sup>209</sup> European Commission, *2023 Commission ERP Assessment*.

## Pre-primary education enrolment, age 3 to primary school start (% of corresponding age)



Source: Eurostat [educ\_uae\_enra21], OECD (2024)<sup>210</sup> for Kosovo, European Commission (2025) for Albania, BiH and Montenegro (2023)<sup>211</sup>

Almost all countries face a significant issue of limited access to early childhood education and care (ECEC), especially for the cohort younger than three in BiH and Kosovo (Graphs 15/16). The differences in enrolment rates are significant between the countries, with Albania and Serbia accommodating the greatest share of children. Countries generally lack sufficient facilities and teaching staff, and experience regional disparities in ECEC provision. Some progress has recently been made to improve access to ECEC in BiH, and the number of pre-school institutions and enrolled pupils is increasing.<sup>212</sup> In Kosovo, the system faces challenges of inadequate infrastructure and distribution of facilities in the country, insufficient funding, and a lack of qualified staff.<sup>213</sup>

Nevertheless, a 2023 ECEC law makes it mandatory for 5-year-olds to attend pre-primary education, and the country has also rolled out a number of reforms (including infrastructure development in rural areas, new curricula, and staff training).<sup>214</sup> In Serbia, despite recent advancements, including 2021 amendments to ECEC legislation, inadequate ECEC enrolment is seen to be due to “lacking infrastructure, of insufficiently modernized teaching programs as well as a need to better communicate the benefits of preschool education, especially for marginalized communities.”<sup>215</sup>

<sup>210</sup> OECD, *Western Balkans Competitiveness Outlook 2024 – Regional Profile*, 82.

<sup>211</sup> European Commission, *Montenegro 2025 Report*; European Commission, *Albania 2025 Report*; European Commission, *Bosnia and Herzegovina 2025 Report*.

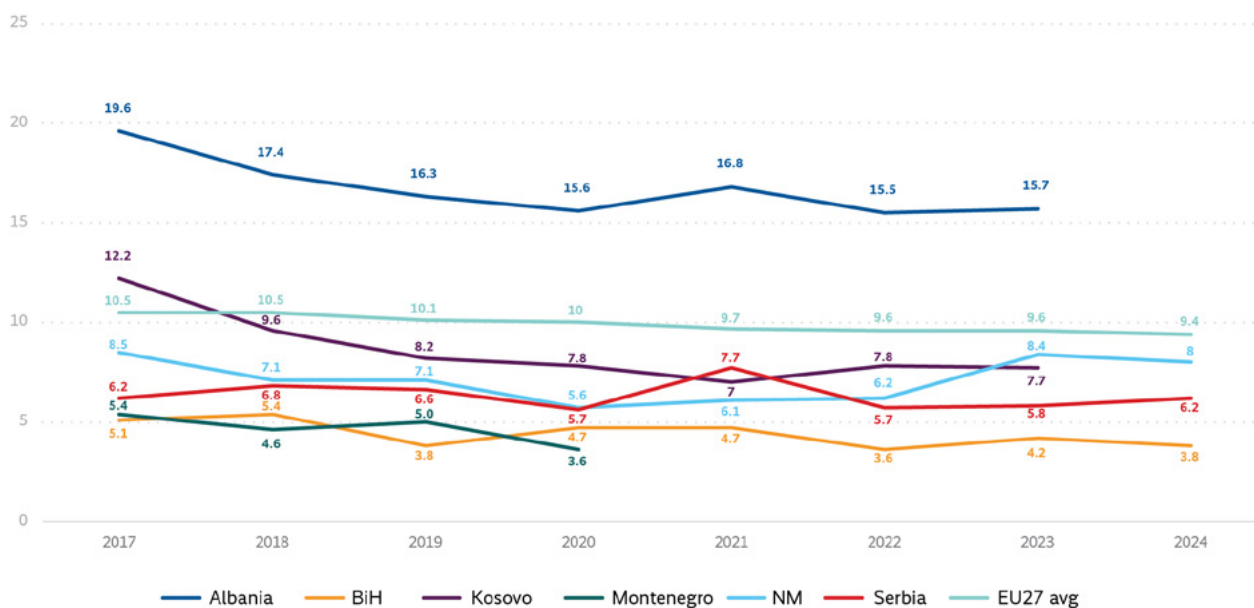
<sup>212</sup> Agency for Statistics of BiH, “Education Time Series,” Dataset, October 30, 2025.

<sup>213</sup> European Commission, *ANNEX IV – Reform Agenda Kosovo*, 68–69.

<sup>214</sup> European Commission, *2023 Commission ERP Assessment*, 311.

<sup>215</sup> European Commission, *ANNEX VII – Reform Agenda Serbia*, 16.

## Early leavers from education and training (18 to 24 years)



Source: Eurostat [edat\_lfse\_14]; European Commission (2023)<sup>216</sup> and European Commission (2025)<sup>217</sup> for missing data for Albania, BiH and Kosovo.

The rate of early school leaving is still high in Albania (Graph 17). This is particularly the case for rural areas and within marginalized communities.<sup>218</sup> Nevertheless, it has been decreasing over the past years. For most of the region, the rates remain stable and below the EU27 average.

The inclusiveness of the education system is a long-term challenge, especially with regards to children with special educational needs (SEN), and those coming from disadvantaged households. In all countries, Roma students face obstacles in accessing education due to discrimination and socio-economic background. In Kosovo, 7.6% of

children from Roma, Ashkali and Egyptian communities attend ECEC, compared to 15% of the general population; at the upper-secondary level, only 31% of Roma, Ashkali and Egyptians students are included in school, compared to 86.8% of the general population in 2019.<sup>219</sup> In Albania, the enrolment rate of Roma children aged 3-5 years in ECEC was 33%, nearly 50 percentage points lower than the average pre-primary enrolment rate.<sup>220</sup> In most countries, significant territorial inequalities persist in educational access. Gender equality principles are insufficiently mainstreamed in programs, reinforcing gender stereotypes influencing the choice of programs.

<sup>216</sup> European Commission, 2023 Commission ERP Assessment.

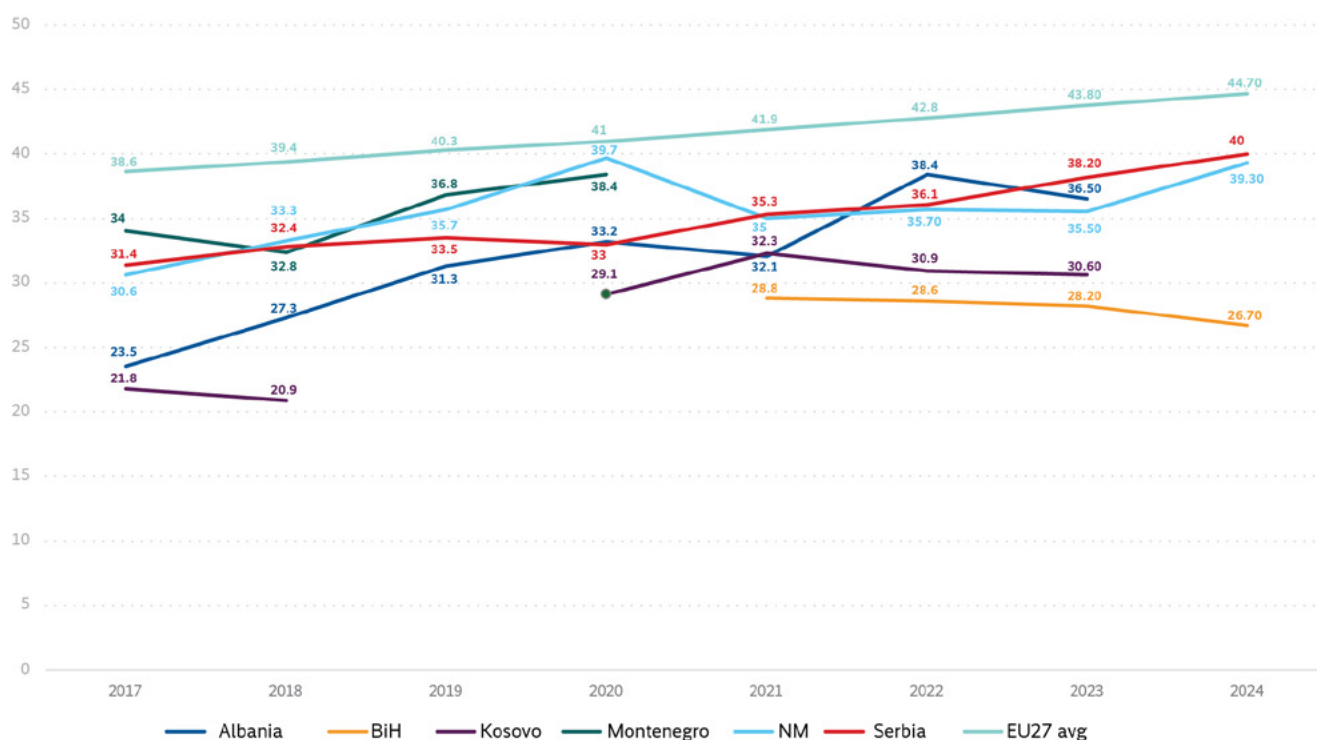
<sup>217</sup> European Commission, Albania 2025 Report; European Commission, Kosovo\* 2025 Report: Commission Staff Working Document Accompanying the 2025 Communication on EU Enlargement Policy.

<sup>218</sup> European Commission, 2025 Commission ERP Assessment, 36.

<sup>219</sup> European Commission, ANNEX IV – Reform Agenda Kosovo, 72–73.

<sup>220</sup> OECD, Western Balkans Competitiveness Outlook 2024 – Regional Profile, 82.

## Pre-primary education enrolment, age 3 to primary school start (% of corresponding age)



Source: Eurostat [edat\_lfse\_03]; ESAP 2025 Social Scoreboard database for Albania and Kosovo; European Commission (2025)<sup>221</sup> for Kosovo and Albania

Even though the percentage of persons with tertiary education is growing in all countries except BiH (Graph 18), most of the countries face high unemployment among tertiary education graduates (Graph 20), suggesting that the quality and relevance of the education graduates have received is not adequate.<sup>222</sup> For instance, the Commission points out that while the number of higher education graduates is rising in North Macedonia, their skills often do not match labor market requirements.<sup>223</sup>

This is similarly the case in Kosovo, where the unemployment among tertiary education graduates is continuously high.<sup>224</sup> Vertical skills mismatches (over- and under-education) are prevalent throughout the region. A 2022 ETF study has shown that the percentage of overeducated employees ranged from 13.2% in North Macedonia to 28.4% in Serbia, while the percentage of undereducated employees ranged from 21% in Serbia and North Macedonia to 27.8% in BiH.<sup>225</sup>

<sup>221</sup> European Commission, *Albania 2025 Report*; European Commission, *Kosovo\* 2025 Report: Commission Staff Working Document Accompanying the 2025 Communication on EU Enlargement Policy*.

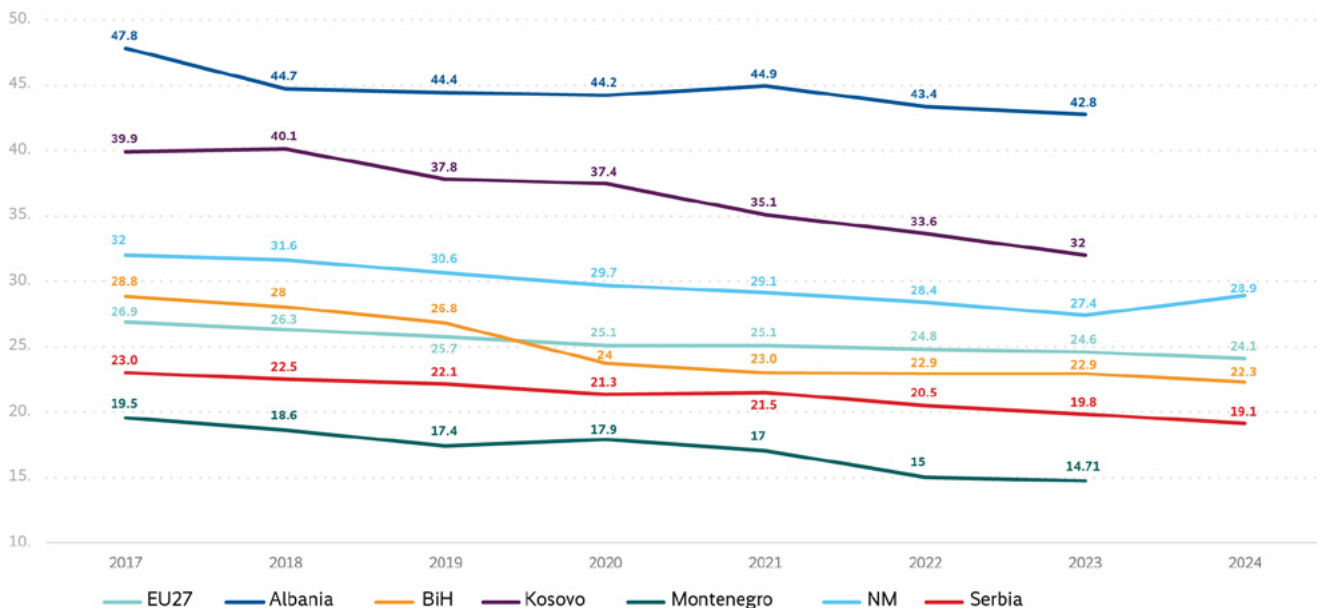
<sup>222</sup> European Commission, *2025 Commission ERP Assessment*, 69.

<sup>223</sup> European Commission, *2025 Commission ERP Assessment*, 128.

<sup>224</sup> European Commission, *2024 Commission ERP Assessment*, 99.

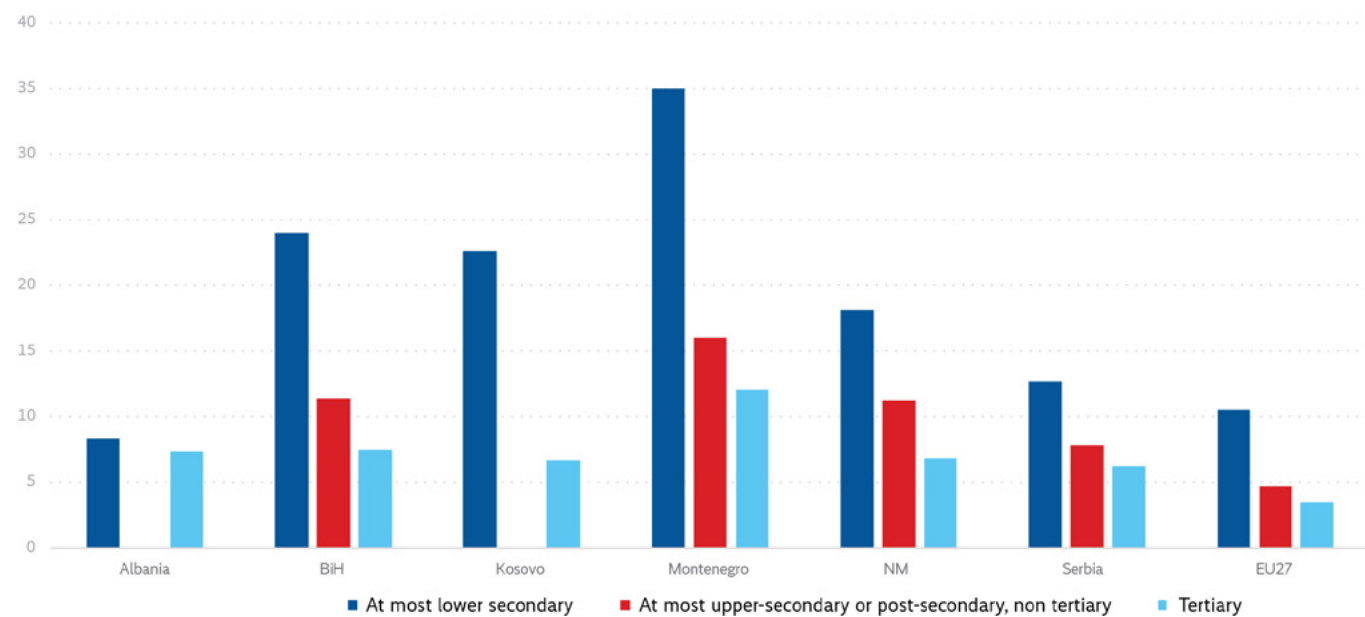
<sup>225</sup> European Training Foundation, *Skills Mismatch Measurement: Final Report*, Final Report (European Training Foundation, 2022), 66–67.

### Less than primary, primary and lower secondary education (ISCED 2011) (15-64)



Source: Eurostat, [edat\_lfse\_03]; SEE Jobs Gateway database: Albania, Kosovo, BiH (2017-2020), Montenegro (2021-2023)

### Unemployment rate by education level, 2024 (25-64)



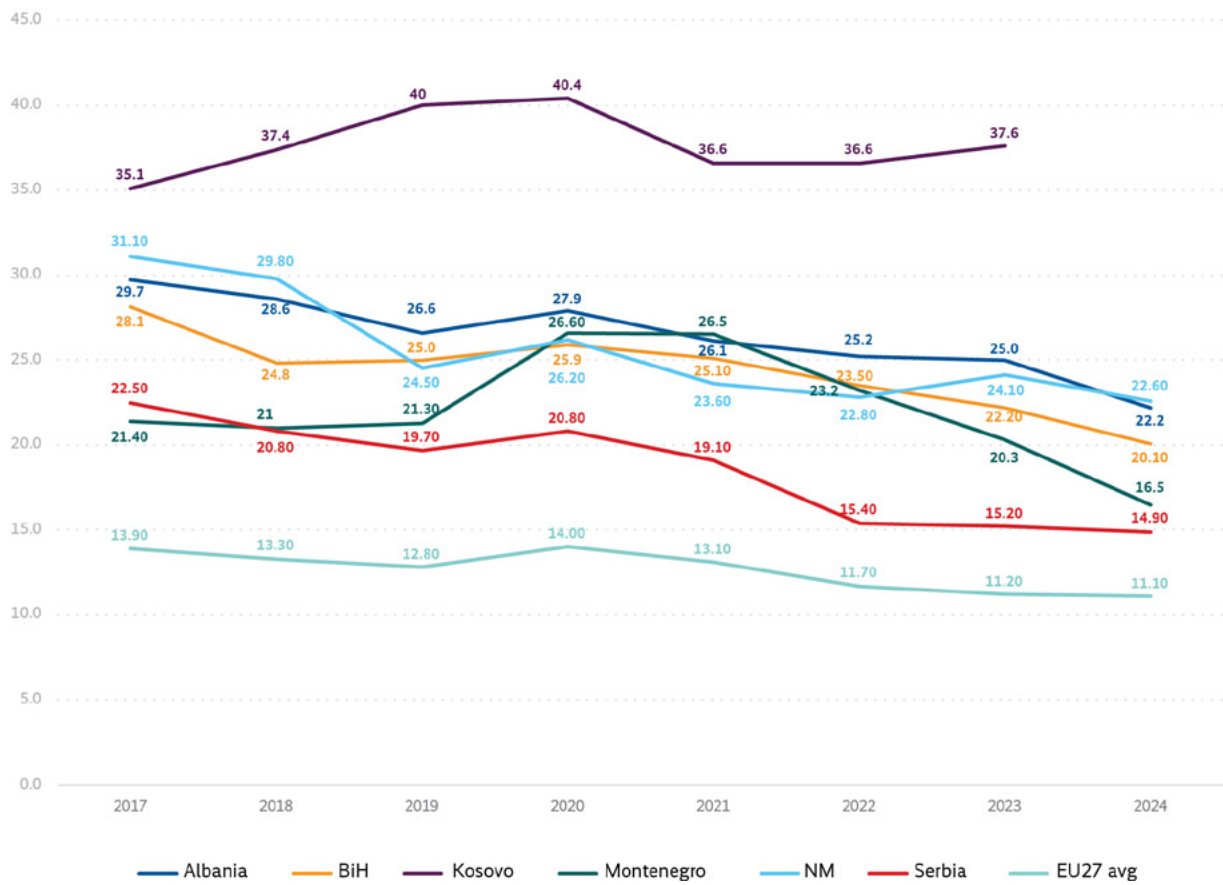
Source: Eurostat [lfsa\_urgaed]; European Commission (2025) for Albania and Kosovo  
 Note: 2020 for Montenegro; 2023 for Albania and Kosovo

Even though the WB countries are considered to have a rather educated workforce,<sup>226</sup> in some of the countries, there is still a significant share of adults with a low level of skills. As shown in Graph 19, Albania and Kosovo have high shares of the working-age population that have less than lower secondary education, while Montenegro, Serbia and BiH have shares even lower than the EU27 average. Those

with the lowest levels of educational attainment also tend to be the most frequently unemployed (Graph 20). National minorities are disproportionately affected, due to challenges in accessing or completing education. The high NEET rate in some of the countries, especially in Kosovo, attests to significant barriers in accessing the labor market for youth (Graph 21).

Graph 21

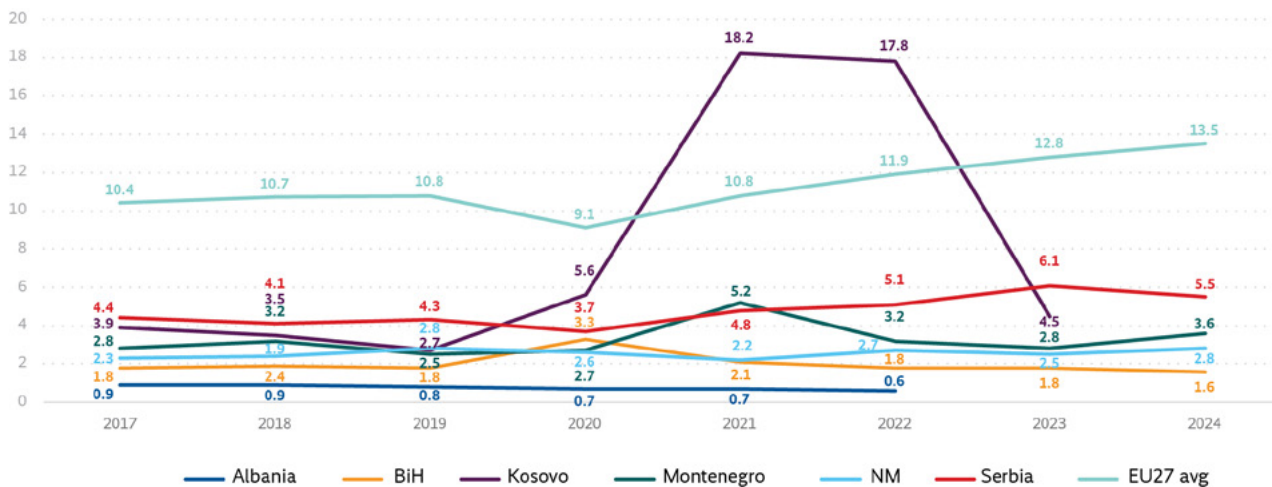
## Young people not in employment, in education and training (% of population aged 15-29)



Source of data: Eurostat [lfsi\_neet\_a]; for Albania, Kosovo, BiH (2017-2020) and Montenegro (2021-2024), ESAP Social Scoreboard database, 2025 update (based on ETF data and national statistics)

226 OECD, *Competitiveness in South East Europe 2021*.

## Adult participation in learning (%), 25 to 64 years

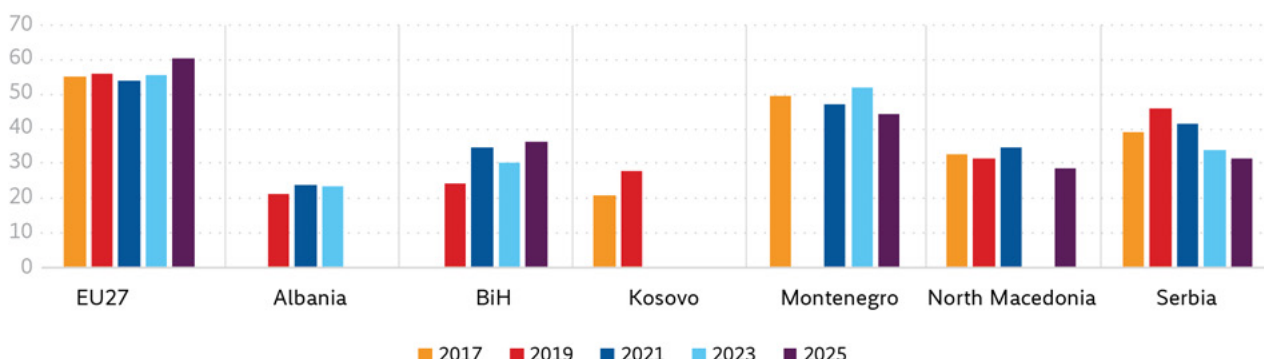


Source: Eurostat [trng\_lfse\_01]; ESAP 2025 Social Scoreboard database for Albania, BiH (2017-2021), Kosovo and Montenegro (2021-2024) (based on ETF data and national statistical offices)

Countries do not offer adequate opportunities for life-long learning (Graph 22); the share of adults participating in learning continues to be significantly below the EU27 average, and the lowest in Albania and BiH. This also

worsens the already existing skill shortages on labor market. Efforts to promote lifelong learning and strengthen non-formal and informal learning are deemed insufficient.<sup>227</sup>

## Individuals who have basic or above basic overall digital skills (% of population)



Source: Eurostat [isoc\_sk\_dskl\_i21]

The level of digital skills in most countries (Graph 23) is far below the EU average, especially in Albania, Kosovo and North Macedonia.

According to the OECD, teachers' weak digital skills remain a challenge in the region, along with inadequate digital technologies in education.<sup>228</sup>

<sup>227</sup> OECD, *Western Balkans Competitiveness Outlook 2024 – Regional Profile*, 85.

<sup>228</sup> OECD, *Multi-Dimensional Review of the Western Balkans: From Analysis to Action*, 97.

VET programs are considered a major contributor to skills mismatches. VET enrolment is relatively popular among students, with enrolment in pre-VET/VET at age of 15 reaching more than 50% of students in the WB, compared to the OECD average of 13%.<sup>229</sup> However, students are seen to lack sufficient work-based practical learning to meet the requirements of the jobs they are training for.<sup>230</sup> The problems VET systems in the region are facing are diverse, not limited to insufficient financing, complex governance, lack of quality control, problems with the supply of training, inadequate infrastructure and equipment, lack of sufficient work-based learning and monitoring and evaluation.<sup>231</sup>

Countries are trying to strengthen their cooperation with the private sector in VET, expand networks of service providers and develop dual education systems. In dual education, Montenegro and Serbia are considered to be the most advanced, while Albania and BiH are just rolling out their programs.<sup>232</sup> North Macedonia has shown progress, as the number of companies offering work-based learning placements grew from 16 to 640 between 2020 and 2024.<sup>233</sup> Despite weak overall coordination between the education and private sectors,<sup>234</sup> the Ministry of Education, local governments and companies have collaborated on creating annual enrolment policies,<sup>235</sup> and the government has been establishing regional VET centers.<sup>236</sup> Partnerships have been set up between VET schools and employers in Kosovo and dual education has been introduced for some VET profiles, yet progress in this regard is considered to be limited.<sup>237</sup> Donor initiatives also support work-based learning.<sup>238</sup> Albania has enacted new VET legislation and is working on a quality assurance framework, the accreditation of providers, and initial qualification and continued professional development of vocational teachers. Cooperation with the private sector is developing, especially in relation to internships, yet greater private sector inclusion is deemed necessary.<sup>239</sup>

Most of the countries have been working steadily to further develop qualifications. North Macedonia has adopted new legislation on VET, on secondary education and on adult education in 2023 to address shortcomings. Serbia is also

reforming study programs at different levels of education (including VET). Albania aims to approve, develop and implement the QF and to develop its quality assurance framework, connecting the framework with the EQF. In higher education, countries have also been making efforts to adhere to standards and guidelines of the EHEA, which facilitate mobility and the recognition of qualifications. In Kosovo, an independent agency in charge of external evaluation (including accreditation) of HEIs was recently set up.<sup>240</sup>

Career readiness is another challenge, with career guidance services insufficiently developed.<sup>241</sup> For instance, in the case of VET in Kosovo, while several training programs in career counselling and cooperation with employers have been implemented for VET teachers, and investments in career centers in several VET schools have been made, coverage and appointment of counsellors for career guidance and orientation is considered insufficient.<sup>242</sup> In Montenegro, where high levels of unemployment among individuals with HE are attributed to skills mismatches and a lack of practical teaching and training, the government is planning improvements to the career counselling systems.<sup>243</sup>

## 5.2. Addressing the challenges: ERPs, RAs, and EU recommendations

### 5.2.1. ERPs

For years 2022-2025, the ERP guidance notes focus on the following in education and skills:

- Improving the delivery of basic skills in pre-school and general education;
- Increasing the levels of educational attainment and “promoting an appropriate supply of relevant knowledge, skills and competences” for the transition to the labor market. The examples provided are VET and work-based learning systems;
- Digital skills and the corresponding teacher training in digital education, as of 2021;<sup>244</sup>

<sup>229</sup> OECD, *Western Balkans Competitiveness Outlook 2024 – Regional Profile*, 92–93.

<sup>230</sup> European Commission, *2025 Commission ERP Assessment*, 111.

<sup>231</sup> European Commission, *2023 Commission ERP Assessment*, 311; European Commission, *ANNEX IV – Reform Agenda Kosovo*, 73; European Commission, *2024 Commission ERP Assessment*, 54.

<sup>232</sup> OECD, *Western Balkans Competitiveness Outlook 2024 – Regional Profile*, 92–93.

<sup>233</sup> Oruč, *Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights*, 15.

<sup>234</sup> European Commission, *ANNEX VI – Reform Agenda North Macedonia*, 15.

<sup>235</sup> European Commission, *ANNEX VI – Reform Agenda North Macedonia*, 59.

<sup>236</sup> European Commission, *2024 Commission ERP Assessment*, 153.

<sup>237</sup> European Commission, *ANNEX IV – Reform Agenda Kosovo*, 11.

<sup>238</sup> European Commission, *2023 Commission ERP Assessment*, 311.

<sup>239</sup> European Commission, *ANNEX III – Reform Agenda Albania*, 57–58.

<sup>240</sup> European Commission, *2023 Commission ERP Assessment*, 314.

<sup>241</sup> European Training Foundation, *Skills Mismatch Measurement: Final Report*.

<sup>242</sup> European Commission, *ANNEX IV – Reform Agenda Kosovo*, 74.

<sup>243</sup> European Commission, *Annex V – Reform Agenda Montenegro*, 74.

<sup>244</sup> European Commission, *2021-2023 Guidance Note*, 18.

- As of 2024, additional attention is to be given to upskilling, re-skilling and adult learning.
- As of 2024, focus is placed on inclusion measures “for all disadvantaged groups, such as Roma, persons with disabilities, ethnic minorities, rural communities and others.”<sup>245</sup>

The annual policy guidance (Table 7) is quite narrow, focusing on: 1) VET reform (Albania, Serbia and North Macedonia); 2) monitoring of skill needs (Albania, BiH and Kosovo); 3) setting up quality assurance mechanisms (Kosovo) and 4) improving access to ECEC (BiH). Recommendations are not provided for Montenegro. This is surprising, considering the region’s complex challenges in education.

Table 7

## Policy guidance in the realm of education (for 2022-2024)

Year	Recommendations
<b>Albania</b>	
2021	→ Develop new VET legislation (focus inclusion, LM needs, financing); → Annual report on HE improvement, with financing formula; → Develop institutionalized tools for LM skill needs monitoring for relevant career guidance and improved short-term vocational course offer
2022	→ Conduct regional LM analyses; → Institutionalize national skills-needs analysis and use tools together with LMO to improve initial/continuing VET LM relevance and target ALMM use
2023	→ Use LMO to improve VET LM relevance; → Invest in VET quality and ensuring private sector cooperation building youth/adult skills (focus on digital)
<b>BiH</b>	
2021	→ Develop LM skills-needs monitoring/forecasting system to align education/training and re/upskilling; → Expand ECEC access for vulnerable groups/rural areas
2022	→ Develop LM skills-needs monitoring/forecasting system to align education/training and re/upskilling; → Expand ECEC access for vulnerable groups/rural areas
2023	→ Develop LM skills-needs monitoring/forecasting system to align education/training and re/upskilling; → Expand ECEC access for vulnerable groups/rural areas
<b>Kosovo</b>	
2021	→ Thorough application of existing QA across education levels through increased inspections, training of inspectors, effectiveness of QA coordinators, monitoring and follow up of HEIs/study programs via AA; → Develop LM skills-needs monitoring/forecasting system to align education/training and re/upskilling
2022	→ Thorough application of existing QA across education levels through increased inspections, training of inspectors, effectiveness of QA coordinators, monitoring and follow up of HEIs/study programs via AA; → Narrow skills mismatch gap through upgrade/use of skills needs monitoring/forecasting mechanisms and cooperation with social partners and businesses for planning of initial/continuous VET, curriculum development and adequate ALMMs
2023	→ Develop roadmap for key education reforms (incl. ETF RED); → Align education, particularly HE and VET with LM needs through close cooperation with businesses; further developing employment/skills barometers
<b>North Macedonia</b>	
2021	→ Develop new VET legislation (focus inclusion, LM needs, financing); → Annual report on HE improvement, with financing formula
2022	→ Develop new VET legislation (focus inclusion, LM needs, financing); → Annual report on HE improvement, with financing formula
2023	→ Finalize VET Law, Secondary Education Law, Adult Education Law; → Annual report on HE improvement, with financing formula
<b>Serbia</b>	
2021	→ Facilitate school-to-work transitions by stepping up further VET, including dual, through revised curricula and provision of infrastructure for practical-skills acquisition
2022	→ Facilitate school-to-work transitions by stepping up further VET, including dual, through revised curricula and provision of infrastructure for practical-skills acquisition
2023	→ Facilitate school-to-work transitions by stepping up further VET, including dual, through revised curricula and provision of infrastructure for practical-skills acquisition

Note: Issued in 2021 for 2022. No recommendations for Montenegro. Summarized for brevity. Labor Market Observatory (LMO); Quality Assurance (QA); Accreditation Agency (AA)  
Source: ERP assessments, European Commission (2022, 2023, 2024)

The ERPs point to the unevenness of reforms in the education realm. Some countries have formulated more encompassing reforms (Albania, BiH, Kosovo) while others aim for narrower ones (Montenegro, North Macedonia, Serbia). Expectedly, countries focus predominantly on addressing skills mismatches (Table 8), including: monitoring and evaluation of dual education in Serbia, infrastructural projects and equipping of regional training centers; creating sectoral VET committees, VET teacher training, multi-functional centers and accreditation of public and private providers in Albania; creating enrolment

policy for secondary schools in line with labor market needs in the RS; the adoption of a new VET law in North Macedonia; and the establishment of new VET centers; a new VET law and drafting legislation dual education in Kosovo. In its assessment reports, the Commission notes generally slow progress in the VET, pointing, for instance, to a large share of outdated VET profiles and curricula in Kosovo; a stagnating dual VET share despite plans to increase it in Serbia; or the need to increase investment in VET providers in Albania.<sup>246</sup>

Table 8

## Reform measures from ERPs (2022-2024)

Year	Reform Measures
<b>Albania</b>	
2022	RM01: Increasing the quality and access to VET
	RM17: Support the implementation of pre-university curricular reform and teacher training
	RM18: Inclusiveness and equality in education
	RM19: Development and empowerment of digital competency of teachers
2023	RM01: Increasing the quality and access to VET
	RM17: Support the implementation of pre-university curricular reform and teacher training
	RM18: Inclusiveness and equality in education
	RM19: Development and empowerment of digital competency of teachers
2024	RM1.1: Increasing the quality and access to VET
	RM1.2: Development and empowerment of digital competency of teachers
<b>Bosnia and Herzegovina</b>	
2022	RM1. Improve the link between education and LM and strengthening access and quality of education
2023	5.2.10.1. Improve the connection between education and the labor market
2024	SR5. Increase employability through alignment of education and practical LM knowledge/skills development
<b>Kosovo</b>	
2022	RM1: Adapt VET to the needs of the labor market
	RM2: Increase and ensure quality in HE by strengthening AA and profiling HE institutions
	RM3: Enhance employment, reduce inactivity, formalization, develop vocational skills, improve and expand PES and vocational training in accordance with LM requirements, with special emphasis on vulnerable groups.
	RM8: Extend ICT infrastructure/services for development, advanced public services, education digitalization
	RM19: Reform in pre-university education and increased involvement in early education.
2023	RM1: Adapting VET to the needs of the labor market
	RM2: Increase and ensure quality in HE by strengthening AA and profiling higher education institutions
	RM3: Enhance employment, reduce inactivity, formalization, develop vocational skills, improve and expand PES and vocational training in accordance with LM requirements, with special emphasis on vulnerable groups
	RM8: Extend ICT infrastructure/services for development, advanced public services, education digitalization
2024	RM5: Increase employment level, strengthening employability and workers' rights through improvement of employment and education policies.
<b>Montenegro</b>	
2022	PRM4: Increase employability of adults by improving their skills and competences needed at the LM
	PRM5: Digitalization of the education and development of digital skills

<sup>246</sup> European Commission, 2023 Commission ERP Assessment, 41; 214; 312.

Year	Reform Measures
2023	RM3: Develop an integrated approach to improving education quality and inclusivity
	RM4: Digitalization of the education and development of digital skills
2024	RM5: Improve digitalization and cyber security while strengthening broadband infrastructure
	RM8: Develop an integrated approach to increasing the quality and inclusivity of education
<b>North Macedonia</b>	
2022	M1: Further development of the qualification system
2023	M1: Further development of the qualification system
2024	SR5: Labor force efficiency improvement: RM5.3.1(13) Further development of the qualification system
<b>Serbia</b>	
2022	SR 2. Qualifications oriented to the needs of LM
	SR20. Digitalization of the education system and introduction of a unified education information system
2023	SR2. The Young Talent Fund reform
	SR3. Qualifications oriented to the needs of LM
2024	SR5. Education for sustainable development and work readiness: M1 – Qualifications oriented to the needs of LM; M2 - Improvement of the conditions for the development of knowledge and skills in the education system

Note: Summarized for the sake of brevity. Source: Country ERPs for 2022, 2023, 2024.

In the realm of elementary and secondary education, reforms mainly focus on teacher training, the revision of curricula, or the development of knowledge and skills of students at different levels of education through special programs. Countries have also been working on career guidance. For instance, BiH has been developing the Strategic Directions for the Development of Career Guidance, while in Kosovo, the standardization of career centers within VET is underway.

Relatedly, countries have also worked on their qualifications. In Kosovo, the focus has been on drafting and adapting professional qualifications and curricula, including for dual education, and definitions of professional qualifications. Serbia has taken steps to improve the methodology for developing HE qualification standards. Development of the QF has been underway in BiH. North Macedonia has also worked on HE qualifications and has amended its NQF Law.

Countries are also focusing on developing recognition of prior and non-formal learning and developing qualification standards to that end. Serbia has worked on accrediting non-formal education standards; North Macedonia has adopted a Law for adult education and planned a system for the validation of non-formal education for specific qualifications, while in Kosovo, a Law on adult education has also been drafted. In the case of Montenegro, the Commission criticizes the country's 2023 ERP as "lifelong learning and adult education with up- and reskilling has not yet played a sufficiently prominent role."<sup>247</sup>

Quality assurance features in several countries' ERPs. Developing a quality assurance system in secondary VET and HE is planned in BiH. Kosovo's plans include the capacity building of the Accreditation Agency, adoption of standards for study programs, as well as the harmonization of training curricula for HEI with a new HE Law.

Given the strong emphasis on digital education in the ERP guidance notes, countries have also increasingly focused on digital skills. Albania's 2024 ERP envisages the design and approval of an ICT curriculum for elementary schools, teacher training, and the establishment of SmartLabs. In the previous years, the country had, among other activities, implemented ICT training for teachers in primary education as well as training for professional networks on student internet safety and on use of ICT in the teaching process. In BiH, governments have been working introducing digital competences in curricula. One of Montenegro's measures includes digital school textbooks, a training program on cyber security for employees in the education system, digital content on cyber security and media literacy for children, as well as content for children with SEN and for gifted children. Kosovo has developed a training program for young people ('Youth Online and Upward') providing digital skills training.

The topic of inclusion is relatively sidelined, with some countries planning measures to that end. This includes Albania, where support is planned to teachers for students with disabilities, training of trainers for assistant teachers, or training of employees providing psychological and social services. Albania has initiated the transformation of special

<sup>247</sup> European Commission, 2023 Commission ERP Assessment, 122.

schools into resource centers for students with disabilities and introduced a measure to provide free textbooks and transport. Such measures have, *inter alia*, been supported from the EU program on Social Inclusion. In relation to this measure, the Commission notes continuous support to students from Roma and Egyptian minorities in Albania; however, given the high school dropout rates, it suggests further analysis of barriers to education and devising corresponding measures.<sup>248</sup> One of the measures planned under Montenegro's 2024 ERP includes improving the quality of early education of Roma children, educational support in primary education, inclusiveness of the teaching process, and support services to children with disabilities during preschool and primary education. Kosovo has

envisaged to increase the number of assistants and other support staff, as well as training to support students with disabilities.

Despite the low levels of access to ECEC, only Albania, BiH and Kosovo include related measures. In Albania, drafting and approval of framework for evaluating the quality of services in ECEC is envisaged. In the RS, the implementation of a program for children in the year before starting school is planned. In Kosovo, new legislation and the adoption of the core curriculum related to ECEC was implemented. With IPA support, the country is also constructing new facilities.

## 5.2.2. Reform Agendas

Table 9

### Education-related measures in RAs

Country	Reform Measures
<b>Albania</b>	2.1.1. Revise the VET system to better match the labor skills demand
	2.1.2. Update of the curricula in primary and secondary education
	2.1.3. Update national QF through clear/transparent relationship between NQ and EQF levels
	2.1.4. Advance digital skills and literacy for youth and ensure the provision of sufficient ICT equipment to public schools and universities
<b>BiH</b>	3.1.1. Increase share of children enrolled in ECEC services country-wide
	3.1.2. Increase country-wide PE, SE, HE quality, including by aligning core curricula with LM needs
	3.1.3. Improve the link between VET and private sector and decrease the skills mismatch
<b>Kosovo</b>	4.1.1. Based on ES 2022–2026, introduce digitalized education system through digital infrastructure in schools, digital learning materials and development of teachers' digital skills
	4.1.2. Increase ECEC enrolment and quality by improving care system and service quality and access, promoting holistic child development, and as a result facilitate women's LM participation
	4.1.3. Enhance education and teaching profession quality by improving quality and relevance of continuous professional development of teachers, implementation of teacher licensing system, undertaking textbook quality review, improving school performance evaluation efficiency
<b>Montenegro</b>	3.1.1. Addressing LM mismatches through lifelong learning and increasing the employability of graduates with practical work-based learning, including jobs in green and digital economy
	3.2.1 Investing in all levels of education
	3.2.2 Digital education: Building on Digital Academy concept/curricula beyond public administration and implementing it society-wide in organized and socially inclusive way; implementing Education System Digitalization Strategy (2022-2027) and its APs
<b>North Macedonia</b>	3.1.1. Reinforce education system to address skills mismatch, increase VET access and quality, and improve access to work-based learning and dual education (incl. private sector involvement)
	3.1.2. Increase adult education participation and improve non-formal/informal learning recognition
	3.1.3. Improve and ensure the quality of secondary and higher education
	3.1.4. Ensure effective, coherent, inclusive digital education transformation through improved digital skills
	3.1.5. Increase efficiency through rationalization of the primary school network and establish "smart" primary schools with IT tools and Internet infrastructure also ensuring their operability

<sup>248</sup> European Commission, 2023 *Commission ERP Assessment*, 65.

Country	Reform Measures
Serbia	8.2.1. Quality of teaching and learning, equity and accessibility at all education levels improved
	8.2.2. Reduce LM skills mismatch and facilitate school-to-work transitions, including by stepping up VET, including dual VET, strengthening adult education, training, and relevant up-skilling
	2.2.3 Strengthen adult education, training and relevant up-skilling opportunities of digital skills and Literacy [part of Policy area 2, Digitalization]

Note: Summarized for the sake of brevity. PE/SE/HE: Primary, secondary, higher education. Source: Countries' RAs.

As “Human Capital” is one of the core areas of the new RAs, it is unsurprising that the countries have devoted many measures to this realm. Skills mismatches, and primarily VET, take center stage in agendas. Kosovo, for instance, plans to introduce a new law on VET and adult education, training of VET trainers in new curricula, and for students to receive substantial professional learning experience in the workplace.<sup>249</sup> Such reforms will, *inter alia*, require a new financing formula for VET, the development of new curricula, training of teachers, capacity building of the NQA, and close cooperation with the business sector. Albania plans to update the VET offer through a methodology that combines labor market information and skills needs analysis with the development and implementation of the QF. It plans to establish new sectoral skills committees; new curricula; training of VET teachers on revised curricula.<sup>250</sup> Montenegro and BiH place a focus on greater work-based education.<sup>251</sup> North Macedonia plans to strengthen the involvement of private companies in work-based learning and improve VET infrastructure.<sup>252</sup> In Serbia, the RA plans for all VET profiles in secondary education to be based on qualification standards; greater enrolment in dual education and participation in training/internships.<sup>253</sup> The country is also to adopt a Law on traineeship to introduce a framework in line with the Council Recommendation on a Quality Framework for Traineeships & Directive (EU) 2019/1152. The initiative is to be supported through IPA III and will also entail social dialogue to ensure the consistent application of the law and standardized practices.<sup>254</sup>

Countries also aim to strengthening of career guidance. For instance, Montenegro plans for the establishment of a National Career Centre, and career guidance counsellors trained in line with a new career guidance new model.<sup>255</sup>

In North Macedonia, the Law on Secondary Education and its bylaws will introduce a career counsellor in secondary schools.<sup>256</sup> Serbia foresees for most primary and secondary schools to have at least one certified career guidance professional.<sup>257</sup>

In the realm of lifelong learning, countries have included measures on the recognition and validation of programs. In Serbia, an increase in the adults obtaining official certificates through the informal education system at publicly recognized adult education providers and undergoing short cycles at HEIs is planned. Albania foresees updating key competences for lifelong learning. In Kosovo, adult education teachers and trainers are to be trained in new curricula, while the PES is to offer non-formal qualifications, registered in the NQF register. Montenegro plans to introduce lifelong learning and work training, especially through VET.<sup>258</sup> North Macedonia is to formulate a new law on adult education, with changes referring to the validation of non-formal and informal learning and advancement of the verification process of special adult education programs, with an introduction of new VET programs.<sup>259</sup>

The development and implementation of qualification standards and quality assurance systems are also at the core of reforms. In Serbia, all VET profiles in secondary education are to be based on qualification standards.<sup>260</sup> Albania foresees regulating the framework for the recognition/validation of previous non-formal and informal learning and including lifelong qualifications and micro-credentials in the qualifications framework. It also foresees partly implementing the ESGs and introducing clear references in respective bylaws and regulations of QA as criteria for accreditation.<sup>261</sup> In North Macedonia, the aim is

<sup>249</sup> European Commission, ANNEX IV – Reform Agenda Kosovo, 75.

<sup>250</sup> European Commission, ANNEX III – Reform Agenda Albania, 58.

<sup>251</sup> European Commission, “Annex III - Reform Agenda Bosnia and Herzegovina,” 89–91; European Commission, Annex V - Reform Agenda Montenegro, 76.

<sup>252</sup> European Commission, ANNEX VI – Reform Agenda North Macedonia, 60–61.

<sup>253</sup> European Commission, ANNEX VII – Reform Agenda Serbia, 88.

<sup>254</sup> European Commission, ANNEX VII – Reform Agenda Serbia, 85.

<sup>255</sup> European Commission, Annex V - Reform Agenda Montenegro, 76.

<sup>256</sup> European Commission, ANNEX VI – Reform Agenda North Macedonia, 60.

<sup>257</sup> European Commission, ANNEX VII – Reform Agenda Serbia, 88.

<sup>258</sup> European Commission, Annex V - Reform Agenda Montenegro, 15.

<sup>259</sup> European Commission, ANNEX VI – Reform Agenda North Macedonia, 62–63.

<sup>260</sup> European Commission, ANNEX VII – Reform Agenda Serbia, 88.

<sup>261</sup> European Commission, ANNEX III – Reform Agenda Albania, 66–67.

to establish a functional system for quality assurance in higher education, and to that end digitalize the Agency for Quality of Higher Education.<sup>262</sup> In BiH, accreditation of at least two agencies as members of ENQA is foreseen, and a quality assurance framework for adult education is to be put in place.<sup>263</sup>

All countries have planned several measures in the realm of digital education. Beyond the purchase of equipment, the focus is on the development of skills of students and teachers, and the development of accompanying curricula. For instance, in Kosovo, this includes the development of training programs, the development of a digital platform, the endorsement of the European Digital Competence Framework, and instruments for evaluating digital competences of teachers.<sup>264</sup> In Albania, the adoption and implementation a new performance appraisal system for evaluating the level of digital competencies for teachers is foreseen.<sup>265</sup> Montenegro plans a roll-out of digital skills training for teachers in line with a new digital skills framework, the introduction of EdTech hubs in schools and the procurement of technical devices.<sup>266</sup> In North Macedonia, students are to benefit from curricula revised in line with European Digital Competences Framework, and teachers to participate in professional development on digital and green skills.<sup>267</sup>

BiH, Kosovo, Montenegro and Serbia devote measures to ECEC in the RA. This means aiming for an increase in ECEC enrolment in all four countries, with an explicit focus on the construction of new facilities, recruitment and/or the professional development of staff in BiH, Kosovo and Montenegro.<sup>268</sup> Kosovo also envisages increased compliance of ECEC with QAF, strengthening of education inspectorate, and inclusion of children coming from vulnerable groups.<sup>269</sup>

In the realm of general education, beyond digital skills, countries also foresee other types of curricular amendments and teacher training. For instance, Albania seeks to update pre-university core curricula relating to subjects of natural sciences, arts, technology and ICT, and

languages and communication.<sup>270</sup> In Kosovo, a review of curricula and textbooks is deemed necessary to improve the quality of teaching, as are internal/external assessments and a system for teacher licensing. The country also plans implementing new pre-service teacher training programs, aligned with teacher standards and curricula offered at pre-university levels.<sup>271</sup> Montenegro foresees an increase in the technological literacy of teachers and support for personalized learning, as well as educational programs aimed at providing socio-economic support to students.<sup>272</sup> Serbia plans to introduce short programs for psychological-pedagogical methodological skills for the certification of teachers in state HEIs.<sup>273</sup>

Some countries are to address organizational matters in pre-university education. In North Macedonia, the focus is on the reorganization of the school network due to demographic shifts by merging classes or schools in remote areas or replacing multi-shift to single-shift schools. To improve quality, North Macedonia plans a new financing methodology in primary education.<sup>274</sup> In Montenegro, the maximum shifts in the most overcrowded primary schools are to be reduced through the construction of schools.<sup>275</sup>

A few countries address inclusion. In Serbia, transition rates from elementary to secondary school and secondary school completion rates are to increase, with targets to be set for women, Roma and students with disabilities.<sup>276</sup> In Kosovo, more children with disabilities are to be enrolled in compulsory upper-secondary schools.<sup>277</sup> Montenegro plans adapting teaching and learning styles to student needs and teacher education to work with students with disabilities and from different socio-economic backgrounds. Completion rates for the final grades of primary and secondary school for Roma and Egyptian students are to increase, and scholarships to be granted to high school and university students from these minority groups.<sup>278</sup>

Education reforms in the RAs are generally multifaceted and comprehensive. Indeed, education takes up most of the 'human capital' pillar budget: 100% in North

<sup>262</sup> European Commission, *ANNEX VI – Reform Agenda North Macedonia*, 63–64.

<sup>263</sup> European Commission, "Annex III - Reform Agenda Bosnia and Herzegovina," 79–89.

<sup>264</sup> European Commission, *ANNEX IV – Reform Agenda Kosovo*, 68.

<sup>265</sup> European Commission, *ANNEX III – Reform Agenda Albania*, 14; 69.

<sup>266</sup> European Commission, *Annex V - Reform Agenda Montenegro*, 100–102.

<sup>267</sup> European Commission, *ANNEX VI – Reform Agenda North Macedonia*, 66.

<sup>268</sup> European Commission, "Annex III - Reform Agenda Bosnia and Herzegovina," 80–81; European Commission, *Annex V - Reform Agenda Montenegro*, 82.

<sup>269</sup> European Commission, *ANNEX IV – Reform Agenda Kosovo*, 69.

<sup>270</sup> European Commission, *ANNEX III – Reform Agenda Albania*, 61.

<sup>271</sup> European Commission, *ANNEX IV – Reform Agenda Kosovo*, 72.

<sup>272</sup> European Commission, *Annex V - Reform Agenda Montenegro*, 92.

<sup>273</sup> European Commission, *ANNEX VII – Reform Agenda Serbia*, 86.

<sup>274</sup> European Commission, *ANNEX VI – Reform Agenda North Macedonia*, 67.

<sup>275</sup> European Commission, *Annex V - Reform Agenda Montenegro*, 93.

<sup>276</sup> European Commission, *ANNEX VII – Reform Agenda Serbia*, 46, 88.

<sup>277</sup> European Commission, *ANNEX IV – Reform Agenda Kosovo*, 72.

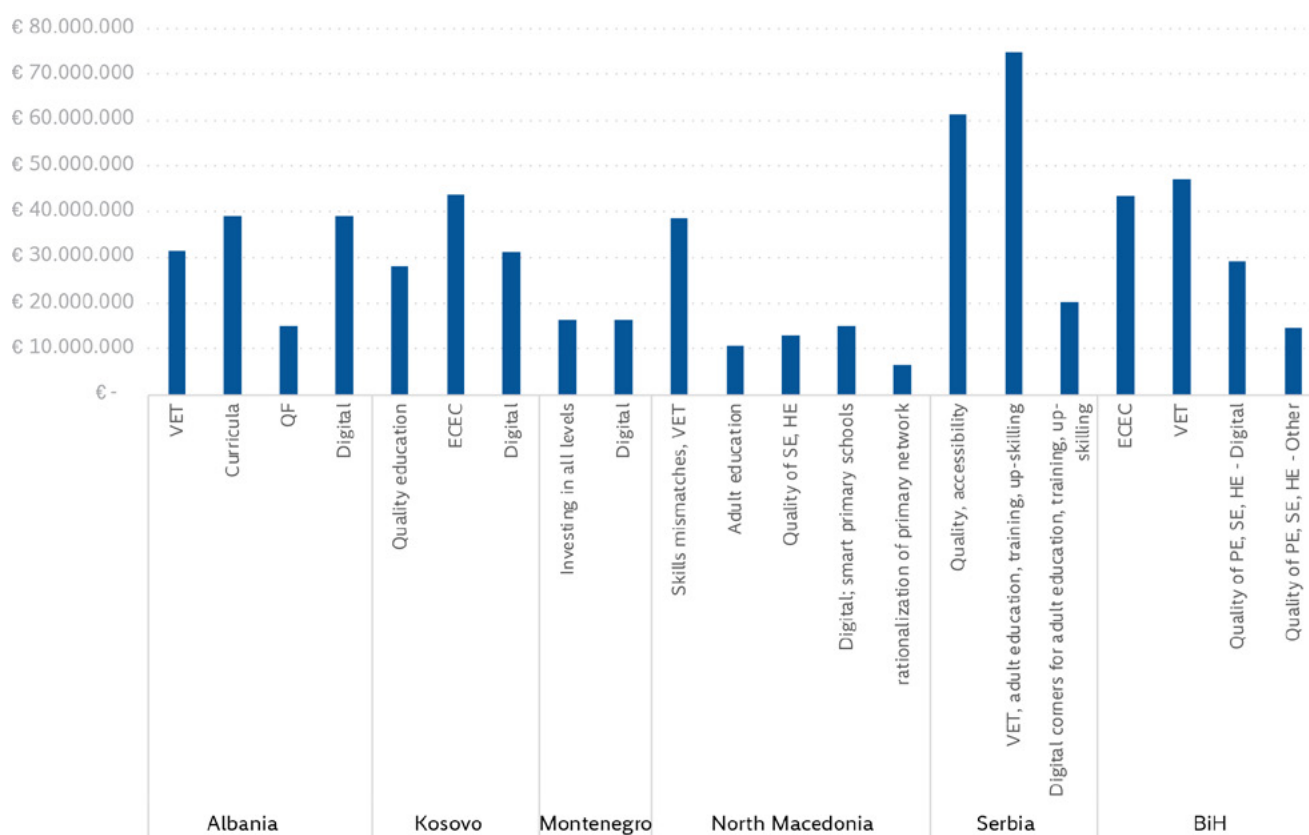
<sup>278</sup> European Commission, *Annex V - Reform Agenda Montenegro*, 92–98.

Macedonia, 68% in Serbia, 66% in Albania, 60% in Kosovo, 57% in BiH and 43% in Montenegro. However, a greater focus should have been placed on ECEC and on improving access to all levels of education for students with disabilities, from minority communities or from socio-economically disadvantaged backgrounds. Given the significant emphasis on digitalization, which requires substantial investment in infrastructure and equipment,

and looking into the financial support allocated to digital education under the Human Capital policy area (sub-area Education and Skills), one can notice that disproportionately large shares of the allocation for education are intended for digital interventions in Montenegro (50%), Albania (31%), Kosovo (30%) and BiH (22%), and less so in North Macedonia (18%) and Serbia (13%) (Graph 24).

## Allocation for digital education reforms in comparison to other education reforms (EUR)

Graph 24



Source: Country RAs. Note: Serbia's reforms related to digital skills fall under Policy area 2, 'Digitalization'

### 5.2.3. IPA III Actions

An insight into IPA III actions shows some limitations in terms of the spread of activities across the region, with

Albania and Serbia bearing more comprehensive activities in education. Table 10. Showcases IPA III support in education and the EPSR principles addressed.

Table 10

### IPA III actions and corresponding EPSR principles – education

Locality	Action name	EPSR
Albania	Operational Programme on Digital Economy and Society (2024–2027)	P1, P3, P20
	IPA 2022 – EU for Youth	P1, P4, P3, P2
	OP “EU for Youth Employment” (2024–2027)	P1, P4, P3
	EU for Employment and Social Inclusion (2024)	P1, P4, P3
Kosovo	EU for Inclusive Socio-Economic Development (2022)	P3, P11, P1
Serbia	Sector Reform Contract: Education Reform for Employability	P1, P4
	Multiannual OP “Employment, Skills & Social Inclusion” (2024-2027)	P1, P4
	EU for Inclusive Growth – Improved Social Service Provision & Quality Systems for Labor and Education (2022)	P1
Regional	EU4Youth: Participation of the Western Balkans in International Assessments (2021)	P1
Regional	EU support to fundamental rights of Roma (2021/2022)	P3, P1, P4
Regional	EU4 Social Inclusion (2024)	P2, P3, P1

Legend: P1: Education, training and life-long learning; P2: Gender equality; P3: Equal opportunities; P4: Active support to employment; P11: Childcare and support to children; P20: Access to essential services (including digital communications enabling access to digital education).

Note: IPA III actions taken from the Commission’s official IPA III pages. Other IPA III support (e.g., actions implemented by international organizations under separate agreements) not included.

Different dimensions of principles relating to quality education, training and life-long learning are visible through the regional action supporting countries’ participation in international assessments and country reforms in Serbia, with a focus on curricular reform, key competences and a national Matura. Education-to-work linkages, which also relate to active support to employment, are visible in actions stressing VET relevance and employability, such as in Serbia’s OP, which supports the NQF, adult learning and dual education, or in Albania’s OP, with its focus on youth VET an employability. Furthermore, digital transformations of education are inherent to Albania’s OP on Digital Economy and Society, through measures relating to teachers’ digital pedagogy, ICT curricula reform and devices for teachers and vulnerable groups (which also relates to the principle of access to essential services). Equal opportunities and inclusion, pertaining to equal opportunities and gender equality, are enshrined in regional actions for Roma inclusion and women and girls in STEM, or Kosovo’s action foreseeing access to all levels of education for Roma, Ashkali and Egyptian children.

However, gaps are evident. BiH, Montenegro and North Macedonia do not have dedicated education actions; the focus of actions there is, rather, on employment and social protection. Dedicated ECEC system development is also largely absent, with only Kosovo’s action addressing pre-primary access for minority communities. Adult learning is addressed in Serbia’s OP and Albania’s EU for Employment and Social Inclusion action, but remains absent from actions in other countries. Systematic support for learners with disabilities is largely absent, with the exception of Serbia’s Education SRC, which explicitly foresees pedagogical assistants and resource centers for inclusive education. When observing the IPA III actions and the RGF together, the RAs’ strong focus on education, indeed, seems to perform a complementary function, given the generally uneven emphasis of IPA III on education actions.

### 5.2.4. EU Annual Enlargement Package Reports

For a comprehensive picture, the EU’s annual enlargement package country report recommendations in the realm of education (Chapter 26) are analyzed. Table 11 provides an overview of the recommendations since 2022.

## 2022-2025 Country Reports: Chapter 26 Recommendations pertaining to education

Year	Recommendations
	<b>Albania</b>
	<ul style="list-style-type: none"> <li>→ ensure VET system optimization in line with LM needs;</li> <li>→ improve professional development and training of teachers and trainers, with focus on pedagogical skills related competence-based inclusive approach implementation and pre-primary to university level digitalization, including VET.</li> </ul>
	<b>Bosnia and Herzegovina</b>
	<ul style="list-style-type: none"> <li>→ extend and update NQF AP and establish inter-sectoral NQF commission;</li> <li>→ ensure fully functional HEI and study program (re-)accreditation system across country;</li> <li>→ ensure continued participation in international assessment studies and implementation of findings to improve PISA results.</li> </ul>
	<b>Kosovo</b>
	<ul style="list-style-type: none"> <li>→ develop key education system reform implementation roadmap; implement roadmap from 2022-26 Education strategy; assess progress and update/revise strategy for post-2026; continue to follow up on recommendations under the ETF RED, such as on VET governance and quality assessment of teachers and schools;</li> <li>→ systematically apply QA mechanisms at all education levels, especially for basic/pre-university education.</li> <li>→ continue HE post-accreditation program monitoring;</li> <li>→ finalize implementation of new basic education curricular framework, complete the textbook revision and provide sustainable teacher training;</li> <li>→ increase quality VET provision for in-demand professions in view of YG, and enhance VET governance;</li> <li>→ institutionalize quality assessment of teachers and schools and improve digital skills;</li> </ul>
	<b>Montenegro</b>
	<ul style="list-style-type: none"> <li>→ adopt budgeted plan including an economic impact analysis for wide-ranging education reforms, including inclusive education, and improve access to quality education at all levels;</li> <li>→ adopt high-quality, comprehensive, costed education sector strategy with clear and realistic evidence-based targets and solid financial framework for sustained implementation; ensure effective, timely implementation of 2025-2035 Education Reform Strategy and AP through adequate funding in 2026 education budget and 2028 Medium Term Expenditure Framework;</li> <li>→ focus on AP measures aiming to improve education quality, inclusiveness and access;</li> <li>→ finalize and adopt 2022-2023 IP of VET Strategy, put in place evaluation mechanism of practical learning in VET and HE and to ensure increased work-based learning with employers;</li> <li>→ speed up implementation of 2021-2025 ECEC strategy to improve enrolment for all children;</li> <li>→ ensure full implementation, funding and monitoring of 2023-2027 Youth Strategy.</li> </ul>
	<b>North Macedonia</b>
	<ul style="list-style-type: none"> <li>→ finalize and adopt SE, VET and adult education laws, and related implementing legislation</li> <li>→ set up and operationalize regional VET centers and ensure operations;</li> <li>→ finalize and adopt Law for Adult Education;</li> <li>→ improve access to quality education for all, in particular children with disabilities and Roma children and increase ECEC enrolment;</li> <li>→ further develop teachers' skills and invest in their continuous professional development;</li> <li>→ optimize school network; adopt and apply the new formulas for financing primary education; complete and apply similar formulas for SE, VET and HE;</li> </ul>

## Serbia

- increase ECEC participation, in particular of children from disadvantaged backgrounds;
- continue with NQF system operationalization, with additional focus on quality and scope of non-formal education, HE;
- ensure full compliance of HE QA policy and institutional framework with ENQA recommendations.
- support children and young people, notably most vulnerable, by bridging learning gaps during school year, improve working conditions of teaching staff and ensure respect of academic freedom, in line with EHEA principles and Bologna Follow-up Group;

Note: Due to repetition, recommendations shown cumulatively. Summarized for the sake of brevity.  
Source: European Commission's annual country reports (2022, 2023, 2024, 2025)

As in the realm of employment, the recommendations in the Commission's annual reports go beyond the narrow focus of the annual policy guidance issued as part of the economic governance process, particularly through their focus on alignment with EU standards, notably in the realm of qualifications, quality assurance, but – in the case of Serbia – also EHEA principles to ensure academic freedom in higher education. In some of the countries, the focus is on more comprehensive reform (Kosovo and especially in Montenegro). VET and work-based learning are strongly represented in the recommendations, as is the quality of learning, and employability. Social inclusion in education, particularly for Roma children and students with disabilities, features explicitly in North Macedonia's recommendations, and is touched upon in Montenegro and

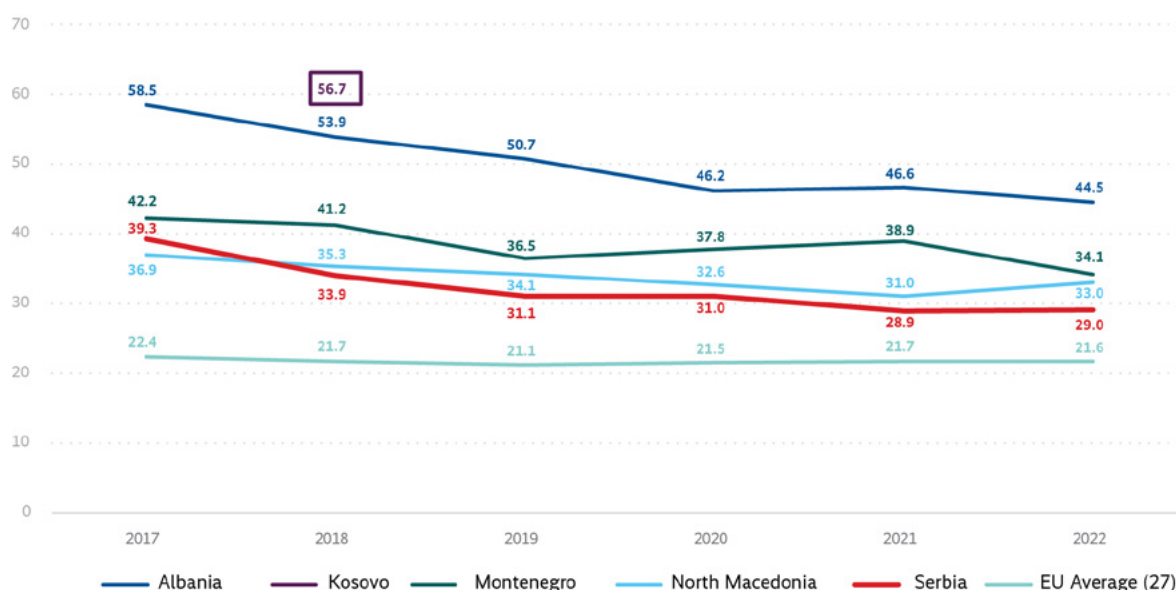
Serbia, but is absent from those for Albania, BiH and Kosovo, despite being a challenge across the region. Priorities appear to be diverse across countries and address specific shortcomings, such as weak continuing professional development (Albania, Kosovo), uneven participation in international assessments (BiH), or concerns over academic freedom (Serbia). Unlike the RGF, digitalization is mostly absent from the annual recommendations. Notably, the recommendations remain quite narrow for BiH, and do not address several important challenges, not limited to a weak degree of inclusion or low levels of enrolment in ECEC.

# 6. Social protection and healthcare

## 6.1. Main Challenges

Graph 25

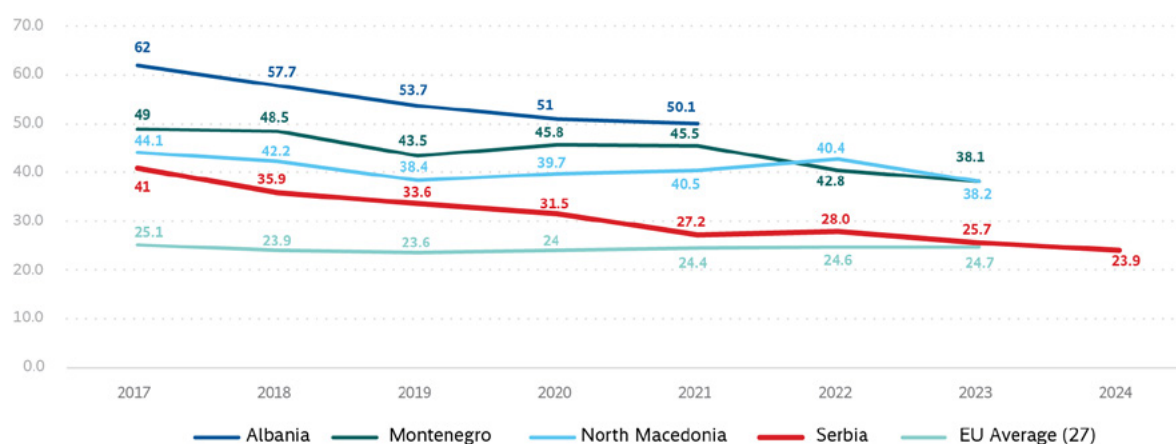
At-risk-of-poverty or social exclusion rate (AROPE) (% of population)



Source: Eurostat [ilc\_peps01n], ESAP 2025 Social Scoreboard database for Montenegro (2023)

Graph 26

At-risk-of-poverty or social exclusion rate of children (% of population 0-17)



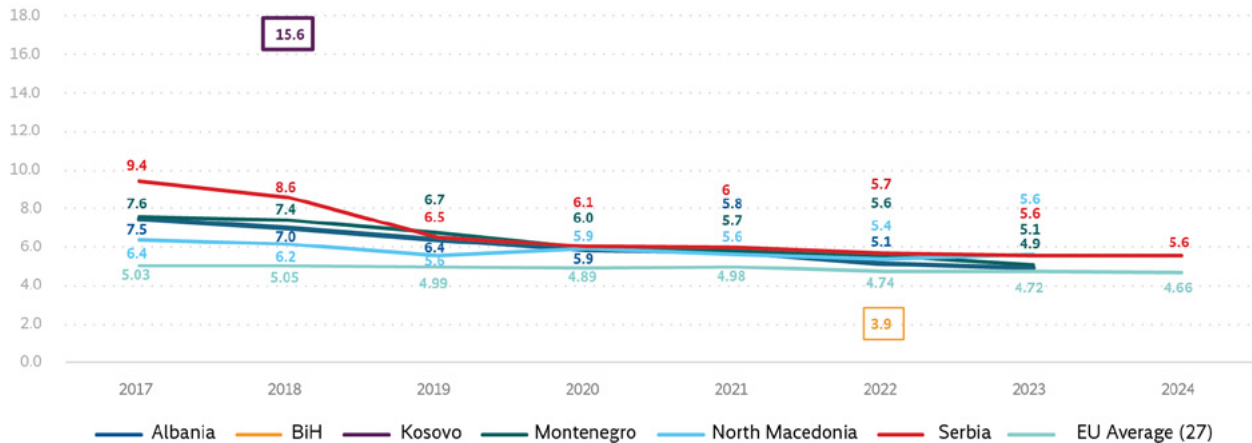
Source: Eurostat [ilc\_peps01n], ESAP 2025 Social Scoreboard database for Montenegro (2023)

The WB region faces numerous social challenges. Poverty is widespread, especially in Albania, as indicated by the AROPE rates for the general population and for children (Graphs 25-26). For BiH, some 19% of the population are estimated to be living below the poverty line.<sup>279</sup> Income

inequality appears to be declining in most countries as indicated by the S80/S20 ratios (Graph 27), but remains higher than the EU27 average, with Albania showing the closest EU convergence. Data for Kosovo (2018) suggest high income inequality.

Graph 27

### Income inequality - quintile share ratio (S80/S20)



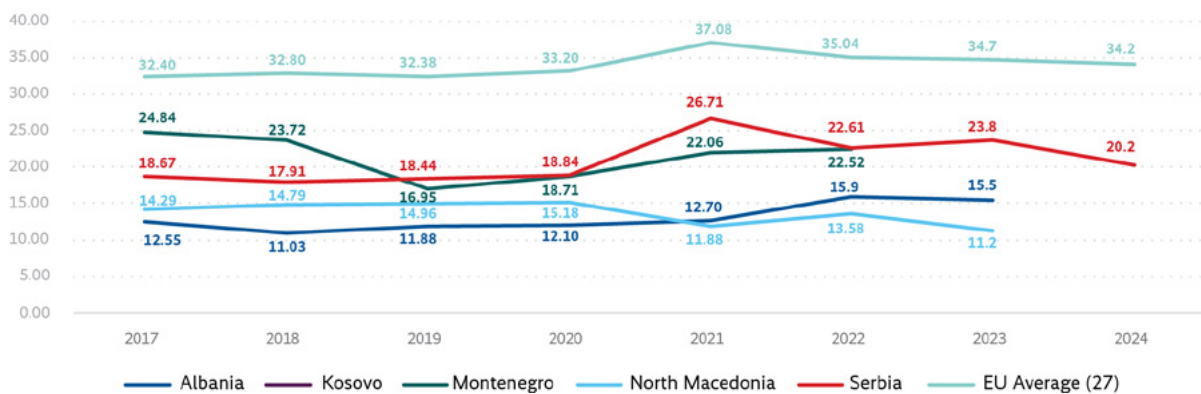
Source: Source: Eurostat [ilc\_di11], ESAP 2025 Social Scoreboard database for BiH and Montenegro (2023); Note: Comparison ratio of total income received by the 20% of the population with the highest income to that received by the 20% with the lowest income.

At the same time, systems of social protection are not able to adequately respond to poverty. The impact of social transfers (other than pensions) on poverty reduction is much lower in the region than in the EU27 (Graph 28) and spending on social benefits is low in relation to the EU27 (Graph 29). For BiH, the estimated reduction of the risk of poverty rate due to social transfers is only 9.16%.<sup>280</sup> In Kosovo, where 2018 data suggest an extremely low impact of social transfers, the World Bank points out that only

about 7% of the population benefits from the social assistance scheme, while the official national poverty rate is closer to 20%.<sup>281</sup> It is important to note that Kosovo is the lowest spender on social protection in the region (8.9% of GDP in 2016), given that its social protection system does not follow an insurance logic; nearly all of its social transfers, public healthcare services, and even the pensions of former pay-as-you-go contributors, are financed through general taxation.<sup>282</sup>

Graph 28

### Impact of social transfers (excluding pensions) on poverty reduction



Source: Eurostat [tespm050]. Note: Refers to the reduction in the percentage of the risk of poverty rate as a result of social transfers.

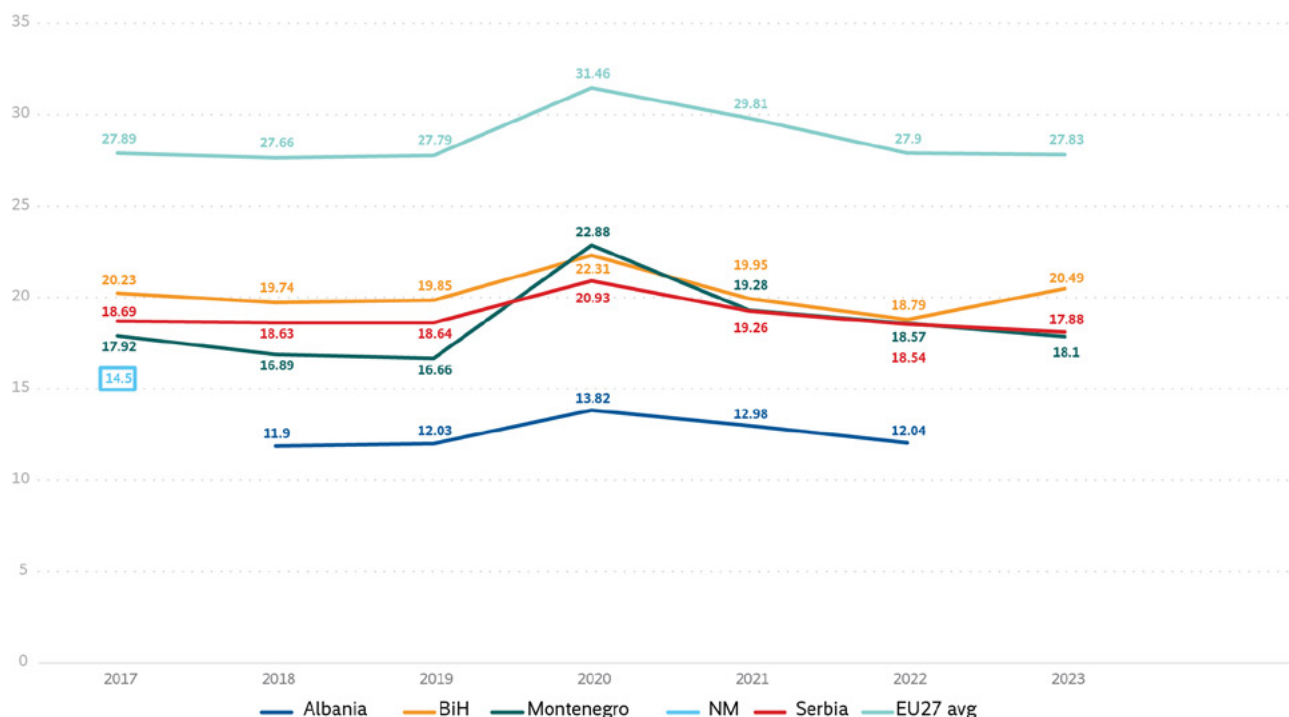
<sup>279</sup> European Commission, 2023 Commission ERP Assessment, 83.

<sup>280</sup> European Commission, 2023 Commission ERP Assessment, 92.

<sup>281</sup> World Bank, Western Balkans Social Protection Situational Analyses: Kosovo, Report no. 169569 (World Bank Group, 2022), 11.

<sup>282</sup> Artan Mustafa and Maja Gerovska-Mitev, "Social Protection Expenditure and Redistribution in the Western Balkans," *Journal of International and Comparative Social Policy* 38, no. 2 (2022): 139.

## Expenditure on social protection – percentage GDP



Source: Eurostat [tps00098]

Throughout the region, social assistance benefits are low. For Albania, the Commission points out that the income support to socially vulnerable groups is not sufficient to raise them above the poverty threshold, and despite *ad hoc* increases in benefits, this issue is not addressed structurally through a system of annual indexation of benefits. Similarly, in North Macedonia, social assistance is deemed to be very low.<sup>283</sup> In BiH, the Commission points out that means-tested social assistance cannot cover basic living needs, while other non-contributory benefits insufficiently target low-income and vulnerable parts of the population, and are characterized by insufficient funding, resulting in a low coverage and in inadequate benefit levels.<sup>284</sup> For Kosovo, the Commission highlights that “most of the revenue goes to pensions, including pensions for war veterans, and war-related schemes.”<sup>285</sup> In Serbia, a 2022 introduction of a digital ‘social card’ has resulted in a decline in beneficiaries and was criticized for increasing the risk of exclusion of some vulnerable groups,<sup>286</sup> with the Commission recently recommending that the country should address “recommendations made by the European Commission against Racism and Intolerance on the decision-making process of the Social Card and its impact on Roma and other vulnerable individuals.”<sup>287</sup>

Most countries have taken steps to address benefit access or adequacy. In Montenegro, 2021 amendments to the legislation on social and child protection introduced a universal benefit for all households with children under the age of six. In 2021, Montenegro also reintroduced a previously cancelled mothers’ benefit for former beneficiaries, mothers of three or more children, which the Commission has criticized for failing “to target child poverty.”<sup>288</sup> In 2021, the RS introduced a benefit for the first child in the family and significantly increased the level of existing benefits. The FBiH introduced in 2022 a single child benefit amount (as opposed to previously fragmented and unequal schemes run by the cantons), financed by the FBiH government; moreover, a single-amount maternity allowance, financed by cantons, was introduced.<sup>289</sup> FBiH has also increased the calculation base for social benefits with 2023 amendments to the social protection legislation and has adopted a 2024 law on material support for PwD, which standardizes entitlements across cantons and unifies criteria. Kosovo has in place a universal child benefit since 2022.

<sup>283</sup> European Commission, 2023 Commission ERP Assessment, 34;43.

<sup>284</sup> European Commission, 2023 Commission ERP Assessment, 92.

<sup>285</sup> European Commission, 2023 Commission ERP Assessment, 332.

<sup>286</sup> Arandarenko, *Performance of Western Balkan Six Regarding the European Pillar of Social Rights: 2025 Review on Serbia*, 35.

<sup>287</sup> European Commission, *Serbia 2025 Report*, 14–15.

<sup>288</sup> European Commission, 2023 Commission ERP Assessment, 114.

<sup>289</sup> European Commission, 2023 Commission ERP Assessment, 99.

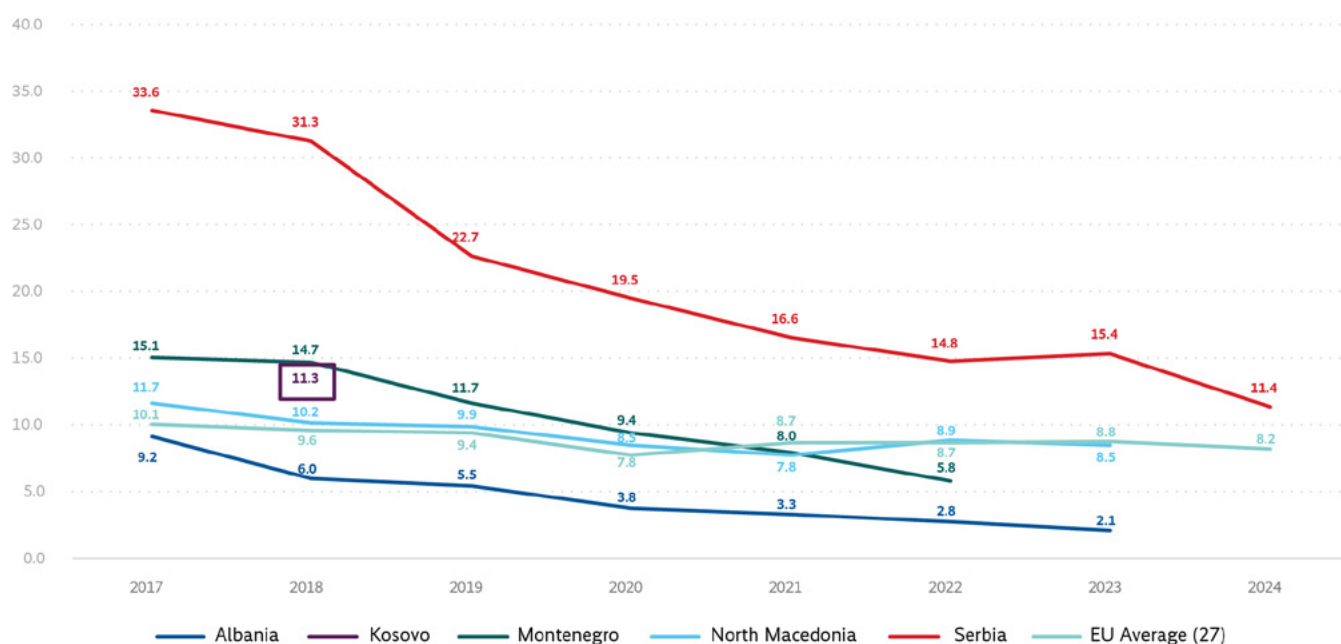
While the systems of social insurance are relatively well-developed, pension adequacy is a problem. Countries have been increasing their pensions in recent years, especially in the aftermath of the pandemic, to help counter the high inflation; however, average pensions in Albania, Kosovo and Montenegro “often fall below minimum wage levels.” In Kosovo, under the three-pillar pension system, dominated by mandatory individual savings, pensioners with at least 15 years of contribution pre-1999 can get a top-up payment as part of the tax-financed, first pension pillar, but most pensions, are flat-rate and small.<sup>290</sup> Another issue is limited reach, given the high levels of informal employment in some countries, which prevents workers from accumulating sufficient contribution histories.<sup>291</sup>

Social services remain “critically” underdeveloped in most countries,<sup>292</sup> with minimal progress in recent years. At the same time, projections indicate that the share of the population older than 65 will increase significantly by 2050 throughout the region, ranging from 21-33%,<sup>293</sup> and coupled with emigration, will result in a reduction of the share of the working-age population,<sup>294</sup> placing additional pressure on social services such as long-term care. The process of

deinstitutionalization, although underway in the region, is gradual. North Macedonia has made notable progress in deinstitutionalization under its 2018–2027 strategy, with all children from social protection institutions now covered by community-based services; however, services remain unevenly developed across municipalities.<sup>295</sup> In Albania, where service provision capacities of municipalities are assessed to be very low, the government has introduced a Social Fund to support the financing of new services. The country is also rolling out a transformation of residential care centers.<sup>296</sup> More recently, Albania, Montenegro and North Macedonia have taken steps to set up a Child Guarantee framework, in line with the 2021 Council Recommendation on a European Child Guarantee, and with the support of the EU and UNICEF. Albania presented a national action plan proposal for the Guarantee in 2025, while the other two countries are in the process of preparing plans. Albania and Montenegro have also designated a national coordinator for the mechanism. Through the Child Guarantee, the countries are to ensure access to key services for children from disadvantaged households, such as ECEC, adequate nutrition, healthcare, or housing.

Graph 30

## Housing cost overburden (% of population)



Source: Eurostat [tespm140]

<sup>290</sup> Mustafa and Gerovska-Mitev, “Social Protection Expenditure and Redistribution in the Western Balkans,” 141.

<sup>291</sup> Oruč, *Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights*, 33.

<sup>292</sup> Juergen Hohmann et al., *Improving Social Protection in the Western Balkans: Analysis of the Regional/National Situations, and Recommendations*, Full Report (Knowledge Hub on Health, Inequalities and Social Protection to the European Commission (HISP), 2025), 14.

<sup>293</sup> United Nations Department of Economic and Social Affairs, “UN Population Data Portal,” 2025.

<sup>294</sup> Stephen Ayerst et al., *Labor Markets, Migration, and EU Integration in the Western Balkans*, IMF Working Papers WP/25/226 (International Monetary Fund, 2025), 1.

<sup>295</sup> Nikoloski, *Performance of Western Balkan Six Regarding the European Pillar of Social Rights: 2025 Review on North Macedonia*, 41.

<sup>296</sup> European Commission, *2023 Commission ERP Assessment*, 123.

The social situation has worsened during the energy crisis and the high inflation of 2022 and 2023, which resulted in governments supporting the population through special schemes aimed at protecting vulnerable households and businesses. With the energy transition, energy prices are expected to rise even more. However, a decline in overall housing cost overburden has been noted in recent years, with Albania falling below the EU27 average in that regard (Graph 30). In the realm of social housing, the countries of the region have developed legal frameworks for social housing, and some have dedicated strategies. Nevertheless, obstacles to implementation persist, rooted in decentralized governance, poor coordination, a lack of monitoring of social housing stock and services at the municipal level or insufficient funding. Further challenges are noted in the realm of homelessness, which remains “legally and statistically under-recognized across the WB6.”<sup>297</sup>

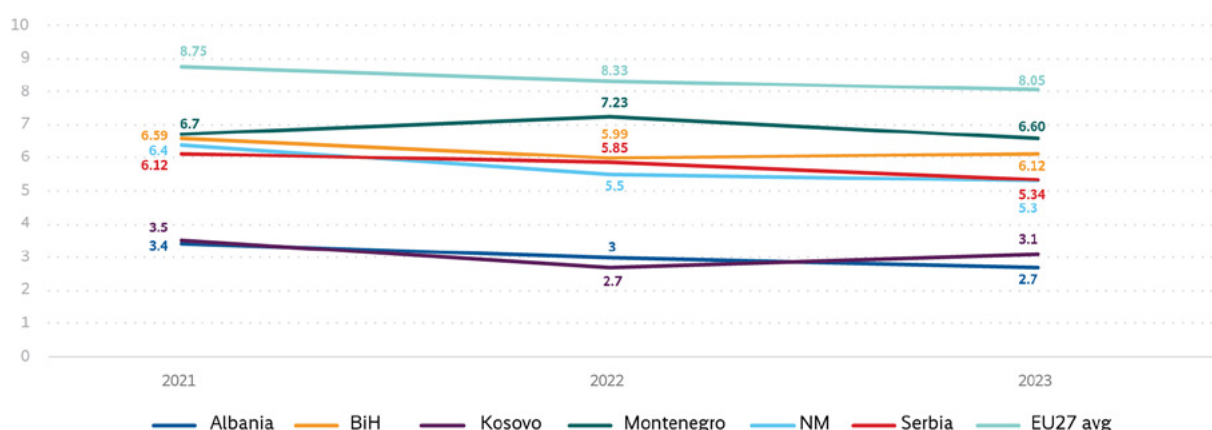
With respect to essential services, while formal infrastructure has expanded across the region in recent years, substantial gaps remain in the affordability, quality and access to essential services, especially for rural populations and marginalized communities. While electricity and basic water access are nearly universal, energy poverty persists, and many households, especially in Albania, BiH and Montenegro, rely on solid fuels. Rural populations and Roma communities continue to face deficits in water, sanitation, transport and digital

connectivity. The urban-rural divide in broadband access remains wide, and digital exclusion disproportionately affects the elderly, low-income households, women and Roma. Access to financial and digital-financial services has improved, yet disparities between the countries are noted.<sup>298</sup>

Access to health insurance remains an issue in Albania and Kosovo. In Albania, the government has invested significant effort to improve access, but only some 42% of the population are estimated to be covered by public health insurance. Around 600,000 adults, mainly informal workers, are not covered.<sup>299</sup> The Commission notes that, in Kosovo, “essential necessary primary healthcare is unaffordable due to the lack of health insurance risk-pooling.” The 2014 health insurance law, which introduces the right to mandatory insurance, has not yet been implemented. In an effort to address this, a new law on compulsory health insurance was adopted in 2024, but its entry into force was challenged before the Constitutional Court, with the issue remaining unresolved. On the other hand, 99% of the population was covered in Serbia in 2021; similarly, in Montenegro, nearly 100% of the population is estimated to have insurance thanks to a 2017 reform introducing residence-based coverage.<sup>300</sup> In North Macedonia, the coverage rate was 90%; groups without coverage include farmers, people without identification documents, in irregular jobs or with irregular incomes, the majority of whom are Roma.<sup>301</sup>

## Public health care expenditure as a percentage of GDP (%)

Graph 31



Source: National government statistics (classification of functions of government), as reported by country ERPs for Kosovo, Albania and North Macedonia, Eurostat [hlth\_sha11\_hf] for Serbia, BiH, Montenegro, EU27. Note: Eurostat data refers to government schemes and compulsory contributory health care financing schemes.

<sup>297</sup> Oruč, *Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights*, 37.

<sup>298</sup> Oruč, *Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights*; Babić, *Regional Overview of Western Balkan Economies Regarding the European Pillar of Social Rights: 2022 Review*; Robayo-Abril and Millán, *Breaking the Cycle of Roma Exclusion in the Western Balkans*.

<sup>299</sup> European Commission, *2023 Commission ERP Assessment*, 43; European Commission, *2024 Commission ERP Assessment*, 34.

<sup>300</sup> European Commission, *2023 Commission ERP Assessment*, 139.

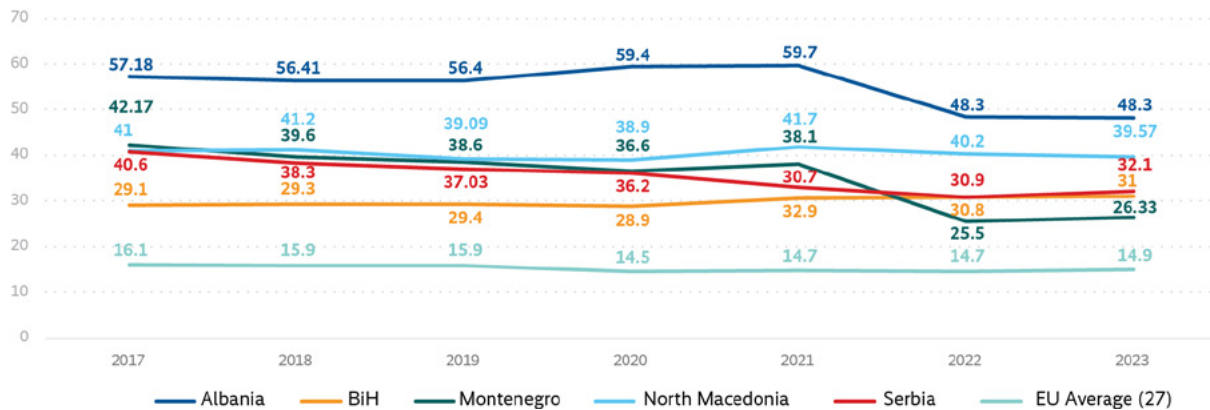
<sup>301</sup> European Commission, *2023 Commission ERP Assessment*, 190.

Spending on healthcare remains low (Graph 31) in most countries, with Montenegro the closest to the EU average, and Albania and Kosovo being the lowest spenders in the region. Montenegro opted for a fully tax-funded health insurance system in 2022, but concerns remain about the system's financial sustainability.<sup>302</sup> Low public expenditure

on healthcare hampers the development of systems and access to services. All countries continue to have high rates of out-of-pocket payments made by individuals (Graph 32), which are significantly above the EU average and represent a financial strain on households.

## Out-of-pocket expenditure on healthcare (% of total current health expenditure)

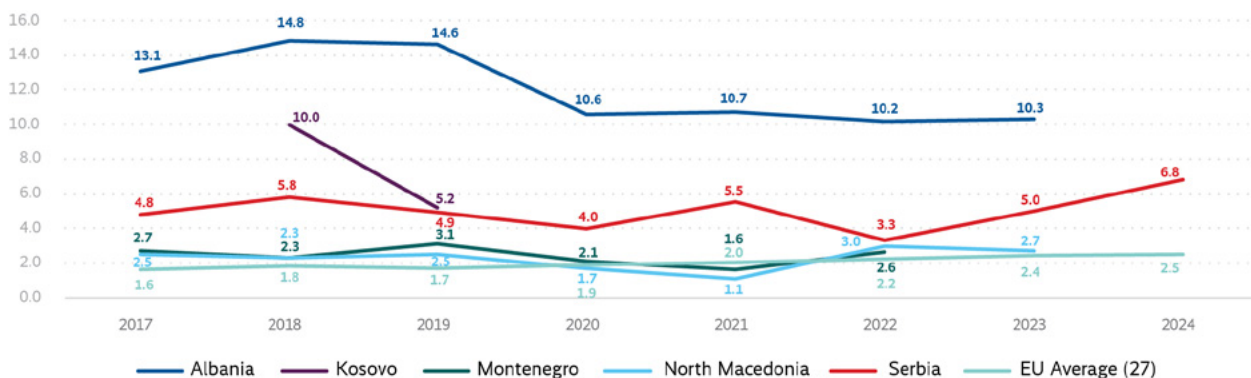
Graph 32



Source: Eurostat [tepsr\_sp310]; WHO Global Health Observatory<sup>303</sup> for Albania, North Macedonia, Montenegro (2017-2021) and Serbia (2017-2020)

## Self-reported unmet need for medical care (of people over 16)

Graph 33



Source: Eurostat [sdg\_03\_60]

Access to quality health services remains an issue, with higher self-reported unmet needs for medical care in Albania, Kosovo, or Serbia, while the situation is more favorable in North Macedonia and Montenegro (Graph 32). At the same time, the region is experiencing unfavorable health outcomes, including a 3-to-5-year lag in health-adjusted life expectancy and notably higher infant

mortality rates than in the EU, especially in Albania and Kosovo.<sup>304</sup> Healthcare sector capacities are deemed insufficient, while the emigration of medical professionals impedes service delivery, especially in rural localities and in specialized care services, with Albania and BiH facing the greatest shortages.<sup>305</sup> In Albania, the Commission notes that, while the government has taken significant steps to

<sup>302</sup> European Commission, 2023 Commission ERP Assessment, 140.

<sup>303</sup> World Health Organization, "World Health Organization Global Health Observatory," 2026.

<sup>304</sup> Hohmann et al., *Improving Social Protection in the Western Balkans: Analysis of the Regional/National Situations, and Recommendations*, 11.

<sup>305</sup> Oruč, *Regional Overview of Western Balkan Six Regarding the European Pillar of Social Rights*, 34.

increase service availability and retain personnel, the country has the lowest number of physicians and the lowest number of nurses and midwives of all the WB6 countries. Inequalities in accessing healthcare especially affect those living in poverty, minority groups, and people living in remote rural areas.<sup>306</sup> While levels of self-reported unmet healthcare needs are comparable to the EU average for Montenegro, primary healthcare provision and prevention remain underdeveloped, and a functional monitoring system for informed decision-making is lacking.<sup>307</sup>

## 6.2. Addressing the challenges: ERPs, RAs, and EU recommendations

### 6.2.1. ERPs

In social protection and inclusion, the ERP guidance notes have focused on the following:

- Adequate support to activation and “income for (re) integration in the labor market and society;”

- Adequacy and sustainability of pension systems;
- Access to quality services, such as in the realms of ECEC, healthcare, housing, essential services, and long-term care (LTC), and deinstitutionalization (as of 2024);
- As of 2024, the need to report on social inclusion, poverty reduction and equal opportunities for the Roma, in line with the Commission’s Communication on the EU Roma strategic framework (2020-2030).<sup>308</sup>

In the 2021, 2022 and 2023 ERP policy guidance (Table 12), most countries are offered a limited set of recommendations. Albania and Serbia are to address the adequacy of social assistance benefits. Montenegro is to plan reforms of the social and child protection system and to begin implementing them. Albania is to ensure the sustainability of social services and encourage the creation of new ones. No recommendations are provided for BiH, North Macedonia and Kosovo (except for a recommendation to ensure the proper costing of new pension and social policy initiatives).

## Overview of ERP Policy Guidance (for 2022-2024)

Table 12

Year	Recommendations
<b>Albania</b>	
<b>2021</b>	→ Re-orient public expenditure towards human capital and innovation through continuous gradual increase in education, health, social security, R&D expenditure shares; → Assess ‘Economic Aid’ scheme benefit adequacy, in line with SILC survey data, for systemic adjustment; → Build LG capacities to apply for SF and plan, manage and deliver social services; → Redesign coverage policy, including for outpatient medicine, to reduce unmet need for medical care and financial hardship, particularly among PwD, persons with chronic disease, poor households, people aged 65+, minorities
<b>2022</b>	→ If needed, use available fiscal space in 2022 budget to cushion potential impact of adverse shocks through targeted support to vulnerable households/firms; → Continue education, health, social protection and R&D spending shares increase in total public expenditure; → Finalize assessment of ‘Economic Aid’ benefit adequacy and increase it in 2023, establish annual indexation mechanism;  → Increase NSF allocation to ensure coverage, provide additional support to LGs with limited resources, improve sustainability of newly established social services through continued contribution beyond third year if LGs establish LSFs with sufficient budgets; → Redesign outpatient medicine reimbursement policy to reduce financial hardship, particularly among PwD, persons with chronic disease, poor households, people aged 65+, minorities
<b>2023</b>	→ Provide targeted support to vulnerable households and firms if needed; → By 2024, establish annual ‘Economic Aid’ indexation mechanism to ensure adequacy based on assessment; → Ensure sustainability of new services and encourage creation of services within NSF allocation increase, especially in LGs offering least number of social services and with lower resources; → Continue cooperation with NAES on ‘Economic Aid’ Exit Strategy to refer beneficiaries to NAES services, in particular analyze and address reasons for refusal of offers of employment or training.
<b>BiH</b>	
<b>2021</b>	→ Provide well-targeted, temporary pandemic fiscal support to health sector, vulnerable households and troubled but viable firms;
<b>2022</b>	→ If needed, use available fiscal space in 2022 budget to cushion potential impact of adverse shocks through targeted support to vulnerable households and firms;

<sup>306</sup> European Commission, 2023 Commission ERP Assessment, 43.

<sup>307</sup> European Commission, 2023 Commission ERP Assessment, 140.

<sup>308</sup> European Commission, 2024-2026 Guidance Note, 20.

Year	Recommendations
2023	→ If needed, use available fiscal space in 2023 budget for targeted support to vulnerable households, firms;
<b>Kosovo</b>	
2021	→ Provide well-targeted, temporary pandemic-related fiscal support to vulnerable households and businesses; → To ensure efficient, fair and sustainable public spending, revise law on public salaries and prepare a review of the social security system, including war veteran pensions.
2022	→ If needed, use available fiscal space in 2022 budget to cushion potential impact of adverse shocks through targeted support to vulnerable households/firms; → Ensure proper costing of new pension and social policy initiatives and compliance with legal ceiling applicable to public wage bill and spending on war veteran pensions.
2023	→ If needed, use available fiscal space in 2023 budget to provide well-targeted, temporary energy crisis-related support to vulnerable households/businesses; → Ensure that spending on war veteran pensions and public-sector salaries in line with new wage law comply with prescribed legal ceilings.
<b>Montenegro</b>	
2021	→ Provide well-targeted and temporary pandemic-related fiscal support to vulnerable households and businesses; → Based on SP system review, finalize roadmap and start implementing SP reforms.
2022	→ Provide additional targeted support to vulnerable households and firms, if needed; → Based on SA/SCP services reform roadmap, establish clear timeline and financial planning for implementation and continue implementing reforms.
2023	→ Provide targeted support to vulnerable households/firms, if needed; → Based on SA/SCP services reform roadmap, establish clear reform timeline and financial planning and start implementation.
<b>North Macedonia</b>	
2022	→ If needed, use the available fiscal space in the 2022 budget to cushion the potential impact of adverse shocks through targeted support to vulnerable households and firms.
2023	→ If needed, continue to provide targeted and temporary support to vulnerable households and firms to cushion the impact of the energy crisis.
<b>Serbia</b>	
2021	→ Provide well-targeted and temporary pandemic-related fiscal support to vulnerable households/ firms; → Reduce poverty through FSA benefit scheme adequacy increase for individuals/families with children and substantial increase in untaxable wage base close or equal to minimum salary level.
2022	→ If needed, use available fiscal space in 2022 budget to cushion potential impact of adverse shocks through targeted support to vulnerable households/firms; → Reduce poverty through FSA benefit scheme adequacy increase for individuals/families with children and substantial untaxable wage base increase close or equal to minimum salary level.
2023	→ Provide temporary support to vulnerable households and companies if needed; → Reduce poverty through substantial FSA benefit scheme adequacy increase for individuals/families with children and by untaxable wage base increase close or equal to minimum salary level.

Note: Issued in 2021 for 2022. Summarized for the sake of brevity. LG: local government; NSF/LSF: National/Local Social Fund; SA: social assistance; SCP: social and child protection; SP: social protection Source: ERP assessments, European Commission (2022, 2023, 2024)

As is visible from Table 13, in the realm of social protection, countries have mostly focused on reforming social assistance schemes. The aims have usually been twofold: to improve targeting and support activation. For instance, a 2022 order regulates the referral mechanism for employment and social integration of working-age family members receiving economic assistance in Albania. According to the 2023 ERP, 2,700 beneficiaries were employed and registered into vocational training. The country has also planned on working with and financing social enterprises to employ economic aid beneficiaries and PwD. However, progress on the latter, as reported by the country in the ERP, has been slow. In North Macedonia, the adoption of legislation on social enterprises, and support to social enterprises for the integration and training of difficult-to-employ persons is foreseen, and funding has been granted for social entrepreneurship. Moreover, the

activation of youth members of families that receive GMA through training, requalification and employment as part of the YG is planned. Since the obligation of GMA beneficiary activation exists since 2019, in accordance with the Law on Social Protection, the country has adopted a plan for the activation of users (2024–2026). Montenegro has been planning a reform of its social and child protection system together with UNICEF, based on a functional analysis of the system, but implementation has been postponed because the government wanted to implement it at a time when it would be certain that the reform can “commence in line with the findings, taking into account that the part of funds would need to be secured from the EU funds.”<sup>309</sup> Support in this process was also provided by SOCIEUX+.

309 Government of Montenegro, *Montenegro 2024 ERP*, 78.

Year	Reform Measures
<b>Albania</b>	
2022	R4: Increase coverage, adequacy of integrated social care system to reduce AROP population share R5: Increasing access to health care
2023	R4: Increase coverage, adequacy of social protection/health insurance to reduce AROP population share R5: Increasing access to health care
2024	RM 2.1: Improving accessibility in social programs and healthcare
<b>Bosnia and Herzegovina</b>	
2022	5.2.12.1. Improving the social protection system 5.2.13.1. Healthcare system reform and strengthening management and financial sustainability
2023	5.2.12.1. Improve the system of social and child protection 5.2.13.1. Reforming the health system and strengthening governance and financial sustainability
2024	RM1: Improved social/child protection system through strengthened institutional and legal framework RM2: Improving the quality of healthcare in the RS and the FBiH
<b>Kosovo</b>	
2022	RM4: Improving health services RM20: Improving social services and empowering excluded groups
2023	RM19: Improving social services and empowering excluded groups RM20: Ensuring sustainable financing in the health system
2024	RM6: Improving social well-being through enhancement of social protection services and health-care services
<b>Montenegro</b>	
2022	RM6: Reform of the national system for disability assessment RM7: Defining financial preconditions for reforms proposed by the Road Map PRM8: Improving healthcare services access and quality of delivery and digitalization of healthcare system
2023	RM5: Reform of the social and child protection system based on the Road Map RM6: Digitalization of the healthcare system in Montenegro
2024	RM9: Reforming the Social and Child Protection System based on the Road Map
<b>North Macedonia</b>	
2022	M3: Enhancing the system for social inclusion of vulnerable groups M4: Strengthening the quality of primary health care
2023	M3: Enhancing the system for social inclusion of vulnerable groups M4: Strengthening the quality of primary health care
2024	RM5.3.1(15): Strengthening the quality of primary health care RM 5.3.1(16) Building, monitoring and evaluating human resources in health RM 5.3.2(17) Enhancing the system for social inclusion of vulnerable groups
<b>Serbia</b>	
2022	R21. Improvement of efficiency of healthcare system through digitalization
2023	SR22. Improving efficiency of health system through digitization

Note: Summarized for the sake of brevity. Source: Country ERPs for 2022, 2023, 2024.

Given rising costs in recent years, improving the adequacy of SA schemes has also been on the agenda. For instance, in Albania, the government established a mechanism for regularly updating the economic aid benefit,<sup>310</sup> leading to substantial increases across different categories of beneficiaries. In both BiH entities, the government planned the establishment of social map registers, to improve criteria for defining social rights based on the socio-economic status of individuals and families, “and enable [...] more adequate and better targeted coverage of users’ needs.”<sup>311</sup> Kosovo’s government has worked on a reform of the social assistance scheme, in cooperation with the World Bank, to mainly correct the lack of access to SA among the poorest 20% due to strict criteria.<sup>312</sup>

Another common measure has been a reform of disability assessments, moving from a strictly medical towards a social model. In Albania, the government introduced a new disability assessment system with cash support and care services and changed benefit levels, which required updates to regulations and standards and capacity-building of medical and social services staff.<sup>313</sup> The country is currently implementing the reform. Montenegro’s ERP includes plans to prepare a new disability assessment, with a new institution tasked to carry it out;<sup>314</sup> as of 2025, a new law on unified disability assessment has been adopted, with implementation to begin in 2026. North Macedonia has also planned to develop a single system for disability assessments and adopted a new Law on Unified Disability Assessment System in 2023; the new institutional structure for the assessment has since been put in place, but capacities for its implementation are deemed insufficient.<sup>315</sup> In FBiH, the government has planned to introduce a rulebook on medical expert assessment of health status and list of disabilities. In the RS, a body for the assessment of children and adults with disabilities was to be established within the Social Protection Institute. Reform of child disability assessments is currently ongoing in the country. In Kosovo, the government has foreseen drafting of primary legislation on assessment, recognition of status, benefits and services for PwD in its ERPs; the reform remains pending.

Some of the countries have focused on expanding their social services, with efforts towards further deinstitutionalization. In Albania, a new model of

integrated social care services has been underway, supporting local governments in developing social services in line with local social policy plans, continuing deinstitutionalization efforts, and reviewing existing minimum standards in social care services. The country has developed a methodology on defining cost for social care services and established the SF to back municipalities in their provision of social care services.<sup>316</sup> The expansion of social services at the municipal and regional level, in partnership with local and international NGOs, has been supported from the SF.<sup>317</sup> Albania has also been working on the transformation of residential to community services, piloted in a few municipalities with residential institutions for children. In Kosovo, the government has been supporting licensed NGOs to provide family and social services. As part of its general overhaul of the social and child protection system, Montenegro plans on defining a minimum package of service, *inter alia* for persons with disabilities, the elderly, and young children, to allow for referral and access to all key services.<sup>318</sup> In North Macedonia, the expansion of the coverage and range of social services is planned in the 2023 ERP, as well as the introduction of the active employment measure, “Care economy,” where new services for home assistance are established and employment support is provided for unemployed persons. The country is also in the process of transforming residential institutions and launching new community-based services to support independent living of persons with disabilities. The establishment (and licensing) of new local social services has been underway, supported through a World Bank loan.<sup>319</sup>

In their ERPs, the countries also announce the establishment of new social protection institutions. For instance, in BiH, both entities have established Social Protection Institutes in 2022. Albania has set up the SF, and has faced numerous challenges in the process, including “structural difficulties, limited financial and human resources, low skilled capacities at the local level to make needs assessment, plan and develop social service “projects”, integrated in local social plans.”<sup>320</sup> Nevertheless, funding has been increasing since 2020, when it was set up. Kosovo established and accredited the General Council, which has implemented trainings for professionals in social and family services.<sup>321</sup> North Macedonia established the Center for Social Enterprises in 2021, which provides

<sup>310</sup> Council of Ministers, Republic of Albania, *Albania 2023 ERP*, 87.

<sup>311</sup> Council of Ministers of Bosnia and Herzegovina, *BiH 2023 ERP*, 87.

<sup>312</sup> Government of Kosovo, *Kosovo 2023 ERP*, 128–29.

<sup>313</sup> Council of Ministers, Republic of Albania, *Albania 2023 ERP*, 87.

<sup>314</sup> Government of Montenegro, *Montenegro 2024 ERP*, 193.

<sup>315</sup> European Commission, *North Macedonia 2023 Report*, 36.

<sup>316</sup> Council of Ministers, Republic of Albania, *Albania 2023 ERP*, 87–88.

<sup>317</sup> Council of Ministers of the Republic of Albania, *Albania 2024 ERP*, 75.

<sup>318</sup> Government of Montenegro, *Montenegro 2024 ERP*, 86.

<sup>319</sup> Ministry of Finance of North Macedonia, *North Macedonia 2023 ERP*.

<sup>320</sup> Council of Ministers of the Republic of Albania, *Albania 2024 ERP*, 87.

<sup>321</sup> Government of Kosovo, *Kosovo 2023 ERP*, 125.

support to NGOs and other entities that serve as social enterprises.<sup>322</sup> Some of the institutions announced in BiH's 2024 ERP, such as a Center for Education of Children and Youth in the RS, with a focus on prevention, a Family Fund in FBiH, or a Council for Social Entrepreneurship in FBiH, have not been set up to date.

Countries have placed significant focus on improving the quality of social services, including capacity-building. For instance, BiH entities introduced criteria for licensing social protection service providers and professional workers and established accredited training to improve capacities of professionals in SWCs and other social protection institutions.<sup>323</sup> Kosovo has planned a program for training of social workers and the drafting of minimum standards on social and family services.<sup>324</sup> In Montenegro, improving CSW capacities to provide case management and referral services, *inter alia* by recruiting case managers for CSWs,<sup>325</sup> has been underway. Montenegro's Institute for Social and Child Protection, in cooperation with UNICEF, and with financial support from the EU, launched an online platform for professional staff, and via this platform, organized training for social service professionals. In its 2023 ERP, North Macedonia planned a reform of management, monitoring and quality assurance of social services in line with national quality standards.<sup>326</sup>

Lastly, countries have devoted attention to the digitalization of social protection systems. In Albania, the National Electronic Register of Social Care Services, an integrated information system for the administration of social care services, has been updated. The RS government has planned to upgrade an existing database and integrate it with other electronic data sources, while FBiH has planned to set up a centralized electronic database on social beneficiaries. Kosovo has planned to develop and transform its current information system and to create an Integrated Information System for Social Welfare, a social registry platform and the digitalization of data on social schemes.<sup>327</sup> In Montenegro, further improvement of the Social Welfare Information System was planned. In North Macedonia, developing new software integrating social benefits and services was envisaged by the ERP.<sup>328</sup>

The Commission's assessment of some countries' reform measures emphasizes targeting. For instance, the Commission assessment of Montenegro's 2023 ERP notes

that "there is a lack of targeted measures. Most notably, poverty-targeted material support services have been reduced, reducing the impact of social transfers." This relates to an increase in spending on new social benefits, including a universal child benefit, and benefits for mothers of three or four children, as well as "large increases in minimum pensions," seen as not being well-targeted.<sup>329</sup> However, assessments also highlight the need to have an adequate level of SA. The most poignant example is the case of Serbia, where the Commission's assessments and the annual policy guidance repeat the same type of recommendation regarding SA adequacy. The EC assessment of Serbia's financial social assistance (FSA) benefit is critical, as it points out that the average minimum consumer basket for a three-member household amounted to 337 EUR in 2021, but the poverty risk threshold for the same household was 368 EUR. FSA received by the household would amount to 147 EUR, less than half the average minimum consumer basket and the poverty risk threshold.<sup>330</sup>

*"There is therefore an urgent need to properly fund and resource social policy. [...] The policy guidance of past ERPs has unfortunately not been taken into consideration because Serbia has increased the FSA benefit only slightly nominally and below the inflation rate, which has led in turn to a de facto fall in the level of benefits."*<sup>331</sup>

The Commission also points out that the amendments to the Law on Social Protection, intended to improve activation of working-age FSA beneficiaries, "seems to be a rationalization and activation effort, rather than an increase in the level of benefits for the vulnerable part of the population."<sup>332</sup> Similarly, for Albania, the Commission emphasizes the need to establish an annual indexation system of the economic aid and disability benefits in order to guarantee a minimum income rooted in benchmarks on the cost of living: "the *ad hoc* increase in benefits has partially addressed the issue of inadequacy, but has not solved structural issues."<sup>333</sup> Such recommendations contrast with the type of advice provided on social protection by the Commission during earlier years.<sup>334</sup>

<sup>322</sup> Ministry of Finance of North Macedonia, *North Macedonia 2023 ERP*.

<sup>323</sup> Council of Ministers of Bosnia and Herzegovina, *BiH 2023 ERP*, 87.

<sup>324</sup> Government of Kosovo, *Kosovo 2023 ERP*, 129.

<sup>325</sup> Government of Montenegro, *Montenegro 2023 ERP*; Government of Montenegro, *Montenegro 2024 ERP*.

<sup>326</sup> Ministry of Finance of North Macedonia, *North Macedonia 2023 ERP*.

<sup>327</sup> Government of Kosovo, *Kosovo 2023 ERP*, 129–30.

<sup>328</sup> Ministry of Finance of North Macedonia, *North Macedonia 2023 ERP*.

<sup>329</sup> European Commission, *2023 Commission ERP Assessment*, 123;130.

<sup>330</sup> European Commission, *2023 Commission ERP Assessment*, 215.

<sup>331</sup> European Commission, *2023 Commission ERP Assessment*, 216.

<sup>332</sup> European Commission, *2023 Commission ERP Assessment*, 216.

<sup>333</sup> European Commission, *2023 Commission ERP Assessment*, 43.

<sup>334</sup> Jusić and Obradović, *Enlargement Policy and Social Change in the Western Balkans*.

With regards to healthcare, the countries were only asked in the 2021 ERP guidance note to provide an assessment and include in their healthcare section relevant reforms pertaining to health insurance universality, sustainability of healthcare financing, as well as accessibility, adequacy and affordability of services.<sup>335</sup> In healthcare (as of 2022), the focus is on analysis and inclusion of measures in relation to: revenue schemes supporting healthcare; analysis of affordability of healthcare to individuals; sick leave benefits, their source of funding and conditions for entitlement; accessibility of healthcare and use of e-health tools; unmet needs for medical care and dental care; and a focus on population in general, and to specific groups (minorities, specific age groups, gender, PwD and others).<sup>336</sup> However, in the annual policy guidance, only Albania has received a recommendation concerning healthcare.

Improving availability and the quality of services, also through increased financing (e.g. of preventive screening programs), are included in the ERPs of some countries. Albania has established a National Hospital Program that aims to remodel hospital services provision, as well as the National Agency on Quality and Safety of Health and Social Services, in charge of the accreditation process of health care institutions, certification of healthcare, and continuous education. BiH has worked on improving the system of monitoring of health care institutions and planned a rollout of new preventive programs.<sup>337</sup> North Macedonia has been reforming the primary healthcare payment model for better prevention and standard-setting, including the development of protocols for physicians for different types of diseases.

Measures for health care professionals, such as improving working conditions, are contained in Albania's ERPs. In BiH, the RS has planned to optimize the number of employees in public health, and capacity building through training. In North Macedonia, continuous medical education of doctors and nurses on evidence-based medicine is included in ERPs. In Serbia, an employment program for the successful medical graduates is to address the outflow of health personnel.

Access to health insurance has been one of the main planned healthcare measures for Kosovo. While the measure is carried over from year to year, Kosovo failed to implement the 2014 health insurance law due to insufficient funding. According to the 2023 ERP, "strengthening the Health Insurance Fund is the key element in the process of reorganization of health

financing, namely for the provision of stable and sufficient financial resources for the health sector by establishing a mandatory health insurance scheme."<sup>338</sup> As mentioned earlier, a new health insurance law, adopted in 2024, is still before the Constitutional Court, its entry into force suspended.

Other measures include investment into infrastructure and digitalization. In BiH, this involves procuring and installing IT equipment, creating integrated hospital dashboards or electronic health records and referrals.<sup>339</sup> Kosovo has foreseen the implementation of the Health Information System. Montenegro has planned the introduction of the e-health card or electronic health records, amendments to legislation on digital health, telemedicine, m-Health, e-Health and health system management; and education of medical staff on ICT solutions.<sup>340</sup> Serbia has launched a digitalization program in the health (2022-2026) allowing for access to patients' unique electronic health records by healthcare professionals.<sup>341</sup>

Specific healthcare measures contained in ERPs have generally not been prioritized for implementation, as also emphasized in the Commission's assessments of ERPs for some of them. This is partly attributed also to the COVID-19 pandemic, for instance in the case Kosovo's delay in setting up a national health insurance scheme. Moreover, the measures are not seen as comprehensive. For instance, in the case of Serbia's reforms in the realm of digitalization, the Commission points out that the measure "does not alleviate the shortage of medical staff and their tendency to emigrate."<sup>342</sup>

<sup>335</sup> European Commission, *2021-2023 Guidance Note*, 19.

<sup>336</sup> European Commission, *2022-2024 Guidance Note*, 22.

<sup>337</sup> Council of Ministers of Bosnia and Herzegovina, *BiH 2024 ERP*.

<sup>338</sup> Government of Kosovo, *Kosovo 2023 ERP*, 132.

<sup>339</sup> Council of Ministers of Bosnia and Herzegovina, *BiH 2023 ERP*, 89.

<sup>340</sup> Government of Montenegro, *Montenegro 2023 ERP*, 98.

<sup>341</sup> Government of the Republic of Serbia, *Serbia 2023 ERP*, 149.

<sup>342</sup> European Commission, *2023 Commission ERP Assessment*, 237.

*Social protection and healthcare measures in RAs*

Country	Reform Measures
<b>Albania</b>	4.1.2. Gradual tariff adjustments to market prices with energy poverty measures
<b>BiH</b>	3.1.1. Harmonize parental leave rights country-wide and implement the Social Card
<b>Kosovo</b>	2.4.1. Implementation of climate and energy actions as per the National Energy and Climate Plan (NECP) [energy poverty measure]
<b>Montenegro</b>	2.1.2. Gradual tariff adjustments to cost recovery levels accompanied by energy poverty measures
	3.1.3. Reforming SCP system for more effective, efficient, and transparent use of public funds
<b>North Macedonia</b>	2.1.1.2. Gradual electricity price adjustments to market level with energy poverty measures
<b>Serbia</b>	7.1.2. Gradual tariff adjustments to cost recovery levels with energy poverty measures
	9.2.1. Enhance fundamental rights protection of vulnerable individuals and persons belonging to national minorities [AP on deinstitutionalization]

Note: Summarized for the sake of brevity. Broader measures on digitalization not covered in table. Source: Countries' RAs.

In terms of explicit reform measures, social protection is almost invisible in the RAs. However, it is partly included in some reforms that fall under areas other than 'Human Capital'. In that sense, the RAs are significantly narrower than the ERPs in their focus on social protection. Exceptions are BiH and Montenegro, which do have dedicated reforms (see Table 14).

Social reforms are presented through a lens of targeting. In Montenegro, the upgrade of the e-social system is to ensure better targeting and provision of adequate material support for the most vulnerable. Moreover, a lens of competitiveness, rather than social rights, is present: "Further development of social services and better targeting of material benefits will impact competitiveness by contributing to the reduction of poverty (not only income poverty but also multidimensional) and inequality, which simultaneously represents a long-term investment in human capital and population productivity."<sup>343</sup> Social protection is, furthermore, about employability and activation, as one of the "key problems of overall unemployment in Montenegro" is "the challenge related to the employability and activation of material support beneficiaries," despite the fact that such beneficiaries represent 16% of the total registered unemployed (circa 6,000 people). The agenda frames the reform in the context of targeting: the adoption of a new SCP Law is considered "necessary to review the conditions for exercising the right to material support towards better targeting of individuals at risk of poverty,"<sup>344</sup> contributing to the fulfilment of Chapter 19 recommendations. Other

provisions to be changed, beyond activation, are not mentioned. In BiH, the Social Card is to ensure needs-based social benefit targeting.

BiH is the only country tackling parental leave in its RA, which is a welcome step given difficulties in implementing adequate WLB provisions in the region. Nevertheless, the reform mainly addresses the existing, unequal access to maternity benefits and maternity leave throughout FBiH and its ten cantons, and the different rights granted in this respect between the two entities of FBiH and RS. While the reform envisages adopted changes to cantonal-level laws to enact "harmonized parental leave policies," no further country-wide legal harmonization is foreseen, as the reform 'ends' with the establishment of an inter-entity group representing responsible entity ministries. Moreover, the words "maternity" and "parental" appear to be used interchangeably; albeit the father may take up leave instead of the mother, if the parents so agree, neither entity has formally introduced statutory parental leave. In other words, this reform falls short of substantively harmonizing the country's legislation with EU *acquis*.

Montenegro foresees the introduction of an 'inclusive allowance', in line with a planned reform of the disability assessment. This is to allow for "a more adequate coverage of material support and services for individuals who need support in daily functioning, while simultaneously preventing potential abuses." Through the reform, the number of benefits would be reduced from eight to one<sup>345</sup> based on a new type of assessment, whereby the eligibility

<sup>343</sup> European Commission, *Annex V - Reform Agenda Montenegro*, 73.

<sup>344</sup> European Commission, *Annex V - Reform Agenda Montenegro*, 85–86.

<sup>345</sup> European Commission, *Annex V - Reform Agenda Montenegro*, 73.

for specific transfers will shift from being based on health conditions to addressing “the actual support needs of people with disabilities to live in the community.” The new cash transfer will be based on assessments made by the new Disability Assessment Institute. Montenegro also plans to establish at least three social services in each municipality, in line with local need, to support community-based living.<sup>346</sup> The RA plans for a “minimum package of guaranteed social services,” and accompanying infrastructural activities, such as constructing, adapting or reconstructing facilities for community living support services.<sup>347</sup> Although it does not have a dedicated social reform measure, Serbia also envisages deinstitutionalization support relating to fundamental rights. The measure foresees that the Action Plan on Deinstitutionalization “will be accelerated” through the development and licensing of additional, financially sustainable community services, to ultimately lead to an increase in the number of community services users.<sup>348</sup>

Digitalization of services and digital infrastructure partly pertains to social and health services. For instance, Serbia’s legal framework on electronic government “set out the accessibility and availability of digital public services and websites to everyone, including vulnerable groups and people with disabilities, as a mandatory requirement.” The digital identity and trust services reforms are to allow for the accessibility of digital identity technologies to people with disabilities.<sup>349</sup> Albania also foresees that, when launching a digital wallet for public e-services, the responsible agency will track its usage across different demographics to promote inclusivity.<sup>350</sup> Moreover, most countries envisage rural broadband and 5G rollout; provided that these services are truly accessible to disadvantaged groups as well, they would support principles of access to essential services, in line with the EPSR. Supportive of the principle of access to essential services are also the plans of almost all countries to introduce measures to reduce energy poverty for vulnerable households, in light of green energy transitions.

While the RAs do not include healthcare measures, some do contain measures relating to digital health services. For instance, as part of North Macedonia’s reform to widen the offer of public e-services, healthcare services, such as the scheduling appointments and consultations, electronic health records management and remote monitoring are envisaged.

Interestingly, the Commission justifies North Macedonia’s RA’s narrow focus on education in the Human Capital area, and absence of other social measures, by the fact that “support to the implementation of the employment and social policy is already covered by the Operational Programme 2024-2027, thus ensuring complementarity between different programmes.”<sup>351</sup> While the OP 2024-2027 is indeed comprehensive, an overwhelming share of its projected EUR 50 million budget (EUR 40 million from IPA III, EUR 10 million government co-financing), or EUR 34 million is intended for employment and labor mobility, with a focus on YG and ALMPs and employment services for vulnerable groups, as well as boosting the development of social and micro-enterprises for (self-) employment of vulnerable groups, and support to social dialogue. On the other hand, some EUR 13 million (EUR 11 million from IPA III) are intended for social protection measures, including support to social services, and inclusion of Roma and economically disadvantaged persons through housing, with EUR 3 million dedicated to administrative capacity building of central-level institutions.<sup>352</sup>

### 6.2.3. IPA III Actions

An overview of IPA III actions reflects a diverse set of activities across the region, with Montenegro, North Macedonia and Serbia bearing more comprehensive operational plans in social protection. Table 15. Showcases IPA III actions in social protection and healthcare, and the EPSR principles they address.

<sup>346</sup> European Commission, *Annex V - Reform Agenda Montenegro*, 86.

<sup>347</sup> European Commission, *Annex V - Reform Agenda Montenegro*, 89.

<sup>348</sup> European Commission, *ANNEX VII – Reform Agenda Serbia*, 44–45.

<sup>349</sup> European Commission, *ANNEX VII – Reform Agenda Serbia*, 46.

<sup>350</sup> European Commission, *ANNEX III – Reform Agenda Albania*, 84.

<sup>351</sup> European Commission, *Commission Staff Working Document: North Macedonia. Accompanying the Commission Implementing Decision Approving the Reform Agendas and the Multiannual Work Programme under the Reform and Growth Facility for the Western Balkans*, Staff Working Document SWD(2024) 244 final (European Commission, 2024), 18.

<sup>352</sup> European Commission, *Annex of the Commission Implementing Decision on the Financing of the Multiannual Operational Programme on Human Capital in Favour of the Republic of North Macedonia for 2024–2027*, Multiannual Operational Programme C(2024) 5327 final, Annex (European Commission, 2024), 69.

## IPA III actions and EPSR principles – social protection and healthcare

Locality	Action name	EPSR
<b>Albania</b>	Operational Programme on Digital Economy & Society (2024–2027)	P16, P20
	State & Resilience Building Contract - WB Energy Support Package (2023)	P12, P20
	EU for Employment & Social Inclusion (2024)	P3, P12, P18
<b>BiH</b>	EU4 Mitigating Socio-Economic Consequences of COVID-19 (2021)	P3, P12, P17
	EU4People (2022)	P3, P12, P18
	WB Energy Support Package (2023)	P20, P12
<b>Kosovo</b>	WB Energy Support Package (2023)	P20, P12
<b>Montenegro</b>	OP “Employment & Social Inclusion” (2024–2027)	P12, P18, P11, P17
	WB Energy Support Package (2023)	P20, P12
<b>North Macedonia</b>	EU for Improved Health, Social Protection & Gender Equality (2022)	P2, P3, P12, P16
	Annual EU for Health Action Plan (2024)	P16
	Multiannual OP on Human Capital (2024–2027)	P12, P18, P3
	WB Energy Support Package (2023)	P20, P12
<b>Serbia</b>	Enabling a More Responsive Healthcare System (2021)	P16
	EU for Inclusive Growth – Improved Social Service Provision & Quality Systems for Labor and Education (2022)	P18, P12, P19, P17
	Multiannual OP “Employment, Skills & Social Inclusion” (2024-2027)	P12, P18, P19
	WB Energy Support Package (2023)	P20, P12
<b>Regional</b>	SOCIEUX+ – Strengthening employment, labor & social protection systems (2021/2022)	P12
	EU support to fundamental rights of Roma (2021/2022)	P3, P16, P19
	EU4 Social Inclusion (2024)	P2, P3, P20

Legend: P2: Gender equality; P3: Equal opportunities; P11: Childcare and support to children; P12: Social protection; P16: Healthcare; P17: Inclusion of people with disabilities; P18: Longterm care; P19: Housing and assistance for the homeless; P20: Access to essential services.

Note: IPA III actions taken from the Commission's official IPA III pages. Other IPA III support (e.g., actions implemented by international organizations under separate agreements) not included.

The overview of IPA III projects suggests a region-wide effort to enable access to essential services, specifically energy, through the energy support package (2023) actions that have aimed to institute measures to protect vulnerable households. Another notable emphasis is on the strengthening of social protection system, with multiple actions tackling coverage, adequacy or service quality, including actions in Albania, BiH, Montenegro and Serbia. However, several gaps emerge in the overview. Healthcare is represented to a lesser extent, and in the light of COVID-19, projects focus mainly on digitalization and resilience in Albania, North Macedonia and Serbia, while other aspects, such as quality and affordability/ accessibility of services, are tackled to a lesser extent. Long-term care is represented through projects focusing on de-institutionalization and community-based services in Montenegro and Serbia. Some of the actions target inclusion, equal opportunities and gender equality.

There is a limited presence of housing and assistance to the homeless, with the exceptions of actions in Serbia and North Macedonia. Weakly represented are disability system reforms beyond deinstitutionalization and care services. Minimum income schemes are not tackled, with no dedicated actions on social assistance, and neither are old-age income and pension adequacy or coverage.

### 6.2.4. EU Annual Enlargement Package Reports

For a comprehensive picture, the EU's annual enlargement package country report recommendations in the realm of social protection and healthcare (Chapters 19 and 28) are considered. Table 16 provides an overview of the recommendations since 2022.

Recommendations
<b>Albania</b>
<ul style="list-style-type: none"> <li>→ increase SF budget allocation, social services provision, and monitoring of the SF; strengthen local government capacity to secure sufficient funding;</li> <li>→ implement legal framework on procurement of social care services;</li> <li>→ develop consistently implemented, coordinated social service referral system;</li> <li>→ Adopt the Child Guarantee action plan and establish an indexation mechanism of the Economic Aid benefits</li> </ul>
<b>Bosnia and Herzegovina</b>
<ul style="list-style-type: none"> <li>→ introduce uniform minimum maternity leave benefit level and protection throughout country, starting by harmonizing maternity, paternity and parental leave the definitions.</li> </ul>
<b>Kosovo</b>
<ul style="list-style-type: none"> <li>→ pursue thorough reforms of SA schemes to ensure better targeting and impact on poverty;</li> <li>→ improve access to social services, in particular for children and PwD;</li> <li>→ improve the capacity of municipalities, in particular regarding social budget execution, outsourcing of services, and quality assurance; and increase funding, quality of service delivery at municipal level.</li> </ul>
<b>Montenegro</b>
<ul style="list-style-type: none"> <li>→ continue SP reform based on Roadmap of SP reform; based on Roadmap of reforms on SA and SCP services, establish a clear timeline and financial planning for the reform of SCP system and start implementing reforms;</li> <li>→ adopt Strategy and Law on SCP and start implementing the reform;</li> <li>→ adopt and implement de-institutionalization strategy;</li> </ul>
<b>North Macedonia</b>
<ul style="list-style-type: none"> <li>→ establish social service M&amp;E system, ensure proper evaluation of social services;</li> <li>→ continue SP reform with stronger links to employment activation.</li> </ul>
<b>Serbia</b>
<ul style="list-style-type: none"> <li>→ improve social benefit coverage and adequacy for people below poverty threshold, including FSA and child allowance; adopt delayed SP strategy and amendments to social welfare law;</li> <li>→ address issue of the high caseload of SWCs;</li> <li>→ remove administrative burden when applying for SA, in particular Roma; address ECRI recommendations on the decision-making process of the Social Card and its impact on Roma and other vulnerable individuals.</li> </ul>

Note: Due to repetition, recommendations shown cumulatively. Summarized for the sake of brevity.

ECRI: European Commission against Racism and Intolerance; SWC: Social Welfare Center; SA: social assistance; SP: social protection; SCP: social and child protection; M&E: monitoring and evaluation

Source: European Commission's annual country reports (2022, 2023, 2024, 2025)

In the realm of social protection, there are recurrent calls to strengthen the social care systems and their financing. For Albania, Kosovo and Serbia, social assistance reforms that are to raise adequacy and/or coverage are promoted (along with the Child Guarantee for Albania); Montenegro is to institute a comprehensive social protection reform, including de-institutionalization. In BiH, the recommendation only pertains to leave protection and benefits for parents, despite a host of challenges, not limited to a general fragmentation of the social protection system across the country, weak social service delivery,

deinstitutionalization, lack of benefit adequacy and others. North Macedonia's recommendations also appear quite sparse and generic. Such recommendations suggest that the stage of negotiations in relation to Chapter 19 influences the depth and specificity of the type of advice provided. In general, what is missing are region-wide recommendations on minimum income adequacy, pension adequacy, disability systems and LTC reforms (beyond deinstitutionalization), or housing.

**Recommendations****Albania**

- further *acquis* alignment on SoHO, medicinal products and TC; accede to WHO ITP;
- increase allocations of financial and human resources to the health sector (specifically primary healthcare) and use lessons learned from the pandemic to strengthen all-hazards emergency preparedness, to strengthen responses at central/local levels; improve data quality and consistency;
- guarantee equal access to quality services for vulnerable groups (Roma/Egyptian minorities, older people, people with disabilities, with pre-existing mental-health conditions, rural or remote populations), particularly women and girls belonging to these groups, often subjected to multiple forms of discrimination.

**Bosnia and Herzegovina**

- adopt legislation at all levels prohibiting smoking in public places in line with *acquis*, urgently ratify ITP and start enforcement of both measures;
- further *acquis* alignment of legislation on all health-related issues (most urgently on SoHO and on medicinal products, as well as on e-Health) and establish oversight system for efficient country-wide coordination.

**Kosovo**

- increase human and financial resources and systems to implement health sector reforms and strengthen the system, especially by implementing electronic public health information system, and improve access and health outcomes for those in the most vulnerable situations; introduce more efficient implementation of initiated reforms;
- ensure rigorous TC implementation in line with *acquis*, international obligations.
- introduce appropriate health financing reforms for progress towards universal health coverage and improve health service efficiency and quality;
- introduce measures to reduce the risk factors for non-communicable diseases/chronic conditions

**Montenegro**

- complete *acquis* alignment on TC and patients' cross-border healthcare rights, and on SoHO, and prepare roadmap/AP to align with new SoHO Regulation 2024/1938, strengthen administrative capacity and oversight for implementation and enforcement;
- reinforce administrative and oversight capacities for full implementation of the *acquis*;
- adopt and start implementing healthcare system development strategy;
- develop national immunization strategy in line with international best practices;
- prepare and adopt national prevention, preparedness and response AP for health crises (communicable diseases);

**North Macedonia**

- intensify TC by implementing *acquis* and ratifying ITP; complete *acquis* alignment on medicinal products;
- increase funding and human resources in the area of health, particularly for cancer detection and the treatment of rare diseases, based on data from the respective registers;
- make eHealth data interoperable with Health Insurance Fund data.

**Serbia**

- ensure the necessary institutional, administrative and technical capacity to implement the EU *acquis*;
- strengthen the overall managerial capacity, human resources and financial sustainability of the public health insurance fund;
- further *acquis* alignment (SoHO, patients' cross-border healthcare rights, TC, and medicinal products);
- amend Law on health records and documentation for full compliance with EU data protection requirements and *acquis*.

Note: Summarized for the sake of brevity. SoHO: substances of human origin; TC: tobacco control; ITP: WHO Framework Convention Protocol to Eliminate Illicit Trade in Tobacco Products.

Source: European Commission's annual country reports (2022, 2023, 2024, 2025)

In the realm of healthcare, recommendations under EC's Chapter 28 are dominated by calls for *acquis* alignment, and to a lesser extent, the build-up of administrative capacities and healthcare digitalization. Recommendations are more elaborate for countries that have progressed in negotiations on Chapter 28 (Albania, Montenegro), but also in Kosovo, due to problems in accessing health insurance. There are few explicit recommendations to improve coverage, affordability and access to quality healthcare, with little focus on reducing out-of-pocket spending (albeit health financing reform is suggested for Kosovo), improving access to services for vulnerable groups (except for Albania and Kosovo) and service quality (except for Albania). As such, the recommendations do not go far beyond regulatory convergence, and are not as comprehensive as the ones in the realms of education, labor market or social protection, despite countries' recent experiences with COVID-19 and the generally stronger emphasis (at least in the ERP guidance notes) on healthcare access, capacity building and resilience.

## 7. From the Social as an Afterthought to the Social as Fundamental

When comparing the social dimension of EU enlargement in the past years with the period considered in the previous study, several observations emerge. First, the structural reforms in the social realm followed another logic in the ERPs studied in the previous period (2017, 2018 and 2019). For instance, even when merely looking at the policy guidance for years 2017, 2018 and 2019, it becomes evident that it was, in the social realm, mainly oriented towards improving targeting of social assistance and cutting down on social expenditures; in the employment realm, improving the effectiveness and targeting of ALMPs and reducing disincentives to work; and in the education realm, addressing skills mismatches (e.g. through VET reform and work-based learning) and, in some countries, increasing enrolment in pre-school education. In contrast, the 2022-2024 policy guidance has, in the employment realm, focused mainly on implementing the YG and supporting PES and broader policy coordination to that end, and tackling informal employment. In education, it has focused on reforming VET and institutionalizing labor market observatories (to monitor skill needs); and for some countries, improving access to ECEC (for BiH); quality assurance (in Kosovo); and reviewing financing methodologies (in North Macedonia). In social protection, for two countries (Albania and Serbia), it has stressed the importance of improving the adequacy of social assistance, and in the case of Albania, ensuring the sustainability of services, while for Montenegro, overhauling the system of social protection. Even though the reforms are still narrow, as they support only a certain set of reforms, with a strong skill orientation, the narrative in the social protection realm has shifted towards greater adequacy, and in the employment realm has moved away from curbing disincentives among the unemployed to building capacities and coordinating for more effective active measures. In education, the reforms, again, primarily center on skill-building and on forging stronger links with the labor market; thus, there is not that much change in relation to the previous period, albeit the number of recommendations has increased. Moreover, in light of the COVID-19 pandemic, countries were also encouraged to focus in their structural reforms on improving access to affordable and quality healthcare.

Another strength of the more recent structural reforms in the ERPs is their continuity over the years (with many being rolled over, suggesting incremental but systematic reform) as well as a more explicit call for greater coordination with other measures (e.g. IPA III) and policies (countries' own, or international, EU-level and regional ones). However, with the migration of structural reforms to RAs, the reform commitments became narrower. Even less so than the ERPs, countries' RAs – based on a facility that is to serve as a “bigger carrot” incentive for the governments of the region to implement reforms<sup>353</sup> – have missed the opportunity to tackle important priorities from the EPSR that relate, for instance, to social dialogue, to decent work, to adequate wages, work-life balance, health and safety at work, childcare and support to children, social protection, social services, income support, old-age income and support, or access to quality healthcare. However, a novelty includes a greater focus on just transition measures, denoting active support to workers that may become unemployed during the green transition; and a significant focus on digital services, which supports the EPSR's principle on access to essential services. This is, of course, a reflection of the Commission's own strong focus on the twin transitions. Moreover, with a strong emphasis on ‘human capital’, one could argue that education reform is the only ‘social’ area that has not been completely neglected by the RAs, albeit it prioritizes certain types of skills (e.g. digital, practical) rather than espousing a more holistic and inclusive view of educational systems. These are, in line with Streeck's classification, market-making rather than market-correcting measures, conducive to economic growth, which has been characteristic of the agenda of EU institutions also towards Member States for decades.<sup>354</sup>

Thus, while the ERP and the RA reforms were meant to be congruent, in the social realm, the narrowing-down of the scope of reform is evident. For instance, in a table comparing ERP and RA reforms, Kosovo's RA suggests that the ERP measure “Improving social well-being through the enhancement of social protection services and health-care services” is equivalent to the measure of “digitalization of public services and infrastructures” in its the RA. This suggests that ensuring “friendly digital public service

<sup>353</sup> Valbona Zeneli et al., *The European Union Growth Plan for the Western Balkans: A Reality Test for EU Enlargement* (Atlantic Council, Europe Center, 2025), 18.

<sup>354</sup> Wolfgang Streeck, “The Internationalization of Industrial Relations in Europe: Prospects and Problems,” *Politics & Society* 26, no. 4 (1998): 429–59.

delivery through administrative burden reduction and improved quality and increased number of services available online” (measure 2.1.1.) is comparable to strengthening social protection services and health services. In general, this notion that digitalization and digital services will successfully address social issues echoes the (empirically disproven) notion that economic growth will miraculously correct social injustices, as both ignore systemic inequalities.

While the RGF was modelled after the EU’s RRF, the opportunity was missed to introduce social indicators into the monitoring of reforms, used in evaluating the latter. The RAs were prepared and negotiated between the governments and the Directorate-General for Enlargement and Eastern Neighborhood (DG ENEST) in the countries during a short timeframe, during 2024. This may have reduced the chance to deepen the plans’ social dimension. Since payments are conditional upon reforms, it is not surprising that the benchmarks countries do introduce are generally formulated as outputs, as activities that will be completed, rather than outcomes. However, this has invited short-termism,<sup>355</sup> where, as an example, it was easier to introduce measures on digital infrastructure in education, than commit to systemic reforms that could help countries build educational systems that foster functional literacy. Outputs should have been linked to broader social outcomes, as monitored by the Social Scoreboard. That may have compelled the countries to place a stronger focus on social measures.

The RAs should also be considered from the perspective of the Common Regional Market (CRM), which is at the core of the 2023 New Growth Plan for the WB. As is, the CRM focuses primarily on the freedom of movement. However, as Jovanović points out, the CRM would need common regulations and economic and social policies to address the region’s critical social challenges – or at least, policy coordination among the countries to avoid a race to the bottom. “Addressing these concerns requires increasing social expenditure on poverty reduction, education, and healthcare, raising minimum wages, implementing more progressive taxation, and adopting FDI attraction policies that highlight the region’s advantages beyond just cheap labor and low taxes.”<sup>356</sup>

This is not to say that the ERPs or the RAs are an indication of all types of reforms that are happening in the Western Balkans. The ERPs were also supposed to contain a “limited number of central socio-economic reforms” as the European Commission suggested in its 2023 Communication on the RGF.<sup>357</sup> The EU – together with the governments, and with international and local

organizations – is working on a number of initiatives in the region. At the same time, social reforms are not happening in a vacuum – they continue to persist in a complicated political and economic transitional context, where what the EU deems to be ‘fundamentals’ are a work-in-progress, in countries with relatively low levels of social spending and insufficient institutional and policy capacities to simultaneously address all needed reforms. But both sets of documents are an indication of the types of political commitments that the WB countries are expected to make if they want to join the EU. The question remains whether this is truly enough for these societies, not only in terms of their ability to faithfully complete the accession process, given social *acquis* alignment expectations, but to tackle the multitude of growing social risks they face that will unavoidably require strong support from the EU in the future.

In terms of *acquis* convergence, the 2025 Social Acquis Compliance Scoreboard by Schimmelfennig and Kakhishvili, a monitoring tool to address formal legal convergence, shows that candidate countries studied have increased their convergence scores over time, the most recent scores being 77% for Albania, 75% for North Macedonia, 71% for Serbia and 70% for Montenegro.<sup>358</sup> For the absolute measure of convergence with the full social *acquis* over time, there is no backsliding, but when it comes to the annual rates of convergence or how much countries have converged in individual years, “it can be observed that the convergence scores decrease in the context of the rapid expansion of the EU legislation in the area during the last few years.” Indeed, “legislation expanded faster than that of the candidate countries”, especially since 2017.<sup>359</sup> In general, such scores suggest that the EU social *acquis* has been substantially transposed into national legislation, reflecting sustained legislative effort during the association process. However, there appears to be a disconnect between the formal alignment and its substantive outcomes to date, given the myriad social challenges the countries continue to face - even the highest-scoring ones, such as Albania. While formal alignment is important, institutional, financial and administrative preconditions are equally important to effect the translation of norms into improved social outcomes for citizens.

The success of the EU’s (narrow) social agenda in the region depends on how the proposed reforms resonate with the residents of the WB countries, despite their ambitious aims of accelerating socio-economic convergence between the WB and the EU. Social agendas are, after all, not merely technical requirements, and are not only about economic convergence with the EU, but are shaped by every-day perceptions and experiences with labor markets,

<sup>355</sup> Interview with expert from the Cooperation and Development Institute, Albania.

<sup>356</sup> Branimir Jovanović, *New Growth Plan for the Western Balkans: Solid Foundations, Shaky Extensions*, Policy Insight (European Policy Institute - Skopje, 2024), 4.

<sup>357</sup> European Commission, *RGF Regulation Proposal*.

<sup>358</sup> Frank Schimmelfennig and Levan Kakhishvili, “InvigoratEU Social Acquis Compliance Scoreboard (D5.1),” Zenodo, September 29, 2025.

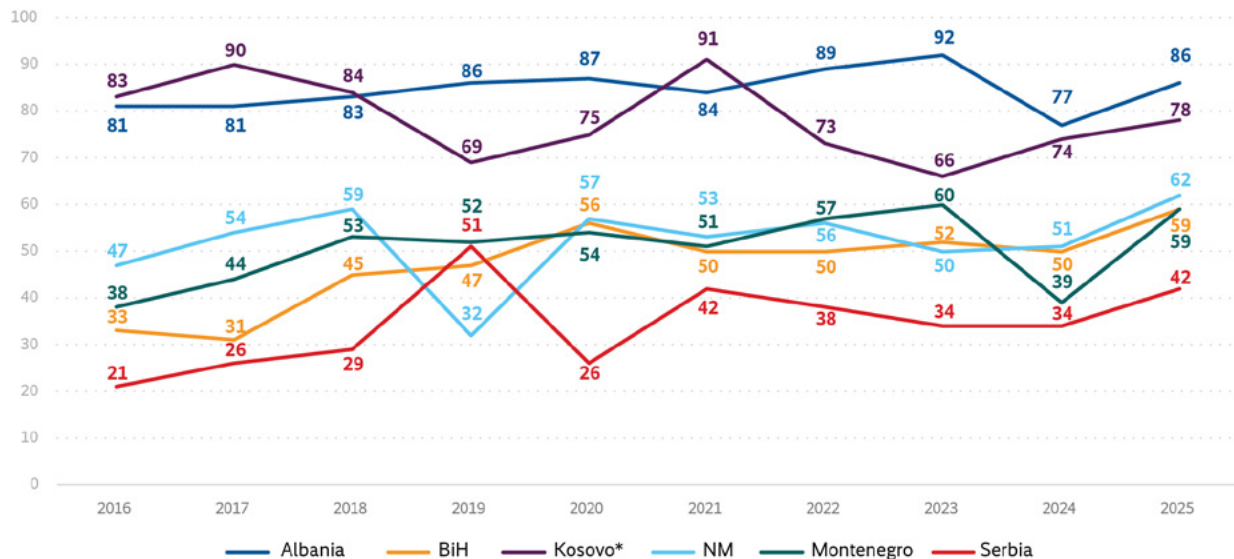
<sup>359</sup> Levan Kakhishvili, *InvigoratEU Social Acquis Compliance in the Accession Countries: Patterns of Formal Convergence – Drivers, Obstacles and Effects (D5.2)*, Project deliverable (InvigoratEU – Invigorating Enlargement and Neighbourhood Policy for a Resilient Europe, 2026), 14.

healthcare and education services, and social protection systems. In 2020, nearly one-fourth of the WB population lived in poverty.<sup>360</sup> Many residents in the region continue to face high unemployment and do not have access to crucial services, which, in turn, fuel migration and weaken trust in public institutions. If the EU's 'flagships' are perceived as being disconnected from people's pressing social needs,

they risk generating further skepticism of the benefits of EU accession (Graph 34), present in most countries. Aligning the reforms with local, relevant priorities is thus critical, as without this alignment, the accession process may appear detached from the lived experiences of residents, undermining the legitimacy and viability of integration.

Graph 34

### Perception of EU membership by residents of WB countries (2016-2025)



Note: Response "good" to question: "Do you think that EU membership of economy would be good, neither good nor bad, or bad?" Source: RCC (2025)<sup>361</sup>

Interviews conducted with experts for this study also revealed widespread skepticism about the extent and effectiveness of the EU's engagement in social reform processes among those from countries where the negotiations were slow or had not yet begun. Experts from Kosovo and North Macedonia observed that the EU had only a modest presence in socially-oriented reforms, with organizations like the World Bank, UNDP, and UNICEF taking on a more prominent role. One expert noted that the EU's approach to the region had become overtly technocratic and confined, focusing on a narrow set of measures (such as the YGs), but having lost sight of the broader picture of persistent and structural inequalities, and of systems where targeting of social assistance was the norm, while the idea of social rights as unalienable human rights was absent. A deeper philosophy of what the welfare state ought to be was missing.<sup>362</sup> An expert suggested that a more overarching, strategic approach to the social dimension could be espoused to encourage greater prioritization of social rights, akin to the EU-led

processes that some of these countries had already undergone in the past.<sup>363</sup> Indeed, a number of experts recalled the dedicated Employment and Social Reform Programs in Montenegro, Serbia and North Macedonia, formulated between 2015 and 2017, which became obsolete and were not followed-up on with the introduction of the ERPs.<sup>364</sup> An expert from Kosovo suggested that a strategic approach could be used to further expand on the basic universal programs already in place in the country, given the outstanding challenges in addressing inequalities and ensuring a decent standard of living.<sup>365</sup>

What can the EU do to strengthen the social dimension of enlargement? The 2019 study emphasized the need to 'frontload' the social chapters in the accession process. This recommendation still stands. Albania and Montenegro are clearly front-runners in adjusting their national legislation with the social *acquis*, thanks to the opening of Chapter 19, 26 or 28. This has also brought with it an intensification in legislative processes, and synergies

<sup>360</sup> Hohmann et al., *Improving Social Protection in the Western Balkans: Analysis of the Regional/National Situations, and Recommendations*, 11."

<sup>361</sup> Regional Cooperation Council, "Balkan Public Barometers," 2025.

<sup>362</sup> Interview with expert from academia, Serbia.

<sup>363</sup> Interview with expert from academia, North Macedonia.

<sup>364</sup> Jusić and Obradović, *Enlargement Policy and Social Change in the Western Balkans*, 53.

<sup>365</sup> Interview with expert from academia, Kosovo.

in reform efforts, as confirmed by interlocutors from these countries. Other countries should have the chance to start the process as soon as possible, also in view of the EU's growing *acquis* in the social realm, for instance, the 2019 Work-Life Balance Directive, 2019 Directive on Transparent and Predictable Working Conditions, the 2022 Minimum Wage Directive, the 2024 Platform Work Directive. To that end, even for countries that will not roll out negotiations soon, such as Kosovo, the EU should ensure that the standards stemming from the EU social policy framework are embodied in all types of reforms. According to one expert, the EU could also more strongly integrate the WB countries into processes of dialogue and formulation of legislative initiatives at the EU level, as they are happening, to motivate national reforms, rather than for these countries to wait to open individual chapters to start rolling out reforms.<sup>366</sup> The EU should also support a stronger involvement of social partners and civil society in shaping the negotiations and social reforms.

Furthermore, the Social Scoreboard needs to find its way back into the economic governance process, if the countries are to join the Semester one day. One way to do so is to introduce an annual reporting process akin to the EU's Joint Employment Report and Social Convergence Framework for the WB, integrating tailored annual recommendations in response to the extent to which they display potential risks to upward social convergence. The region already benefits from the regular tracking of performance against EPSR principles, conducted under the ESAP project. However, integrating reporting into the annual economic governance process, with a more visible role for the Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) in it, would send a strong message that social matters are a priority, especially if a risk-assessment tool like the SCF were to be introduced.

With the onset of the 2028-2034 Multiannual Financial Framework (MFF), structural reforms will most likely be contained in documents akin to the current RAs. Such structural reform strategies need to cover socially oriented outputs that are more strongly linked to the social outcomes anticipated by the EPSR. Furthermore, funding should be more evenly 'spread' across the EPSR principles, as reflected in future assistance programs. Moving beyond activation and skills, this also entails a stronger focus on social protection. One should consider some recent recommendations to that end, such as improving regional social protection planning or setting up a regional social services investment platform.<sup>367</sup>

Given EU institutions' repeated emphasis on the many obstacles to reform in the WB, skepticism regarding the capacity of governments in the region to implement

complex reform is not unfounded. This, while a reality, needs not to be a reason to delay on the delivery of social rights. The EU should make use of the various EU-level programs and initiatives that are already incorporating WB administrations into peer learning and capacity-building processes. Beyond the already strong foundation in strengthening the work of public employment services, capacity building should especially be sought in the realms of social dialogue, labor inspections, social services and statistical systems to support the reporting on social indicators.

This is not to suggest that Western Balkan governments should accept a passive role within the EU's enlargement machinery. Governments may be in different phases of the accession process, but could in the future make greater use of regional cooperation to jointly advocate for improvements in the design and delivery of enlargement instruments, to better fit countries' social and economic convergence needs.<sup>368</sup> Such efforts could be further strengthened through structured collaboration with social partners and civil society organizations, which have an established role in monitoring reforms, producing policy-relevant evidence, and facilitating cross-border cooperation. This would allow the countries to advance social agendas that are aligned with their shared challenges and ensure that enlargement instruments support the transitions their societies must navigate.

<sup>366</sup> Interview with expert from civil society, BiH.

<sup>367</sup> Hohmann et al., *Improving Social Protection in the Western Balkans: Analysis of the Regional/National Situations, and Recommendations*, 17–20.

<sup>368</sup> Interview with expert from the Cooperation and Development Institute, Albania.

## 8. Conclusion

Despite some progress, WB countries have continued to face significant social challenges. Labor markets have witnessed improvements in recent years, with rising employment and declining unemployment, signaling gradual convergence with the EU. However, the region continues to grapple with long-standing, structural challenges, including high youth and long-term unemployment, high levels of informal work, significant gender gaps, low activity rates among women, and barriers in access for Roma, PwD, and those with low levels of educational attainment. Social dialogue and collective bargaining remain weak. To address these issues, countries have prioritized employment reforms in their ERPs and RAs, focusing on YGs and ALMPs, and on reducing informality. While measures to improve employment services and raise minimum wages have been implemented, there is insufficient consideration of decent work standards, strengthened social dialogue, and unemployment support.

In education, countries face the challenge of high NEET rates, skills mismatches, low levels of digital skills, weak ECEC coverage, and weak adult learning participation. Low PISA scores and other indicators highlight the need for inclusive, quality education, particularly for disadvantaged groups and students with disabilities. The ERP policy guidance has remained narrow in that regard, focusing mainly on VET, digital education, and skills monitoring, while inclusion measures are generally sidelined. RAs prioritize VET and digital education, improved qualification standards, curricular changes and teacher training. In general, education quality and inclusion appear secondary to the aims of reducing skills mismatches for enhanced employability.

Throughout the region, AROPE rates remain high, as do levels of income inequality for most countries. The impacts of social transfers on poverty are much lower than in the EU27. Social services remain underdeveloped and insufficient to meet rising need. The ERP policy guidance has offered only limited recommendations on social protection, targeted at a few countries. Countries' ERP measures have largely focused on reforming social assistance schemes to improve targeting and activation, alongside efforts to enhance benefit adequacy due to rising

costs. Common reforms have included disability assessment reform, improving the quality and availability of social services, and digitalization. Social protection measures are largely absent from RAs, with a few exceptions. In the realm of healthcare, out-of-pocket healthcare expenditures remain much higher than in the EU; access to health insurance remains an issue in Kosovo and Albania. Yet healthcare reforms have received minimal attention in the annual joint policy guidance. In their ERPs, countries include measures to enhance healthcare service quality, availability, and digitalization, yet these have generally not been prioritized for implementation. RAs do not include dedicated healthcare measures. Thus, structural reforms remain narrow, missing the opportunity to strengthen social protection and healthcare.

The EU offers an extensive enlargement toolkit, ranging from SAA negotiations and the economic governance process to instruments like IPA III, the RGF and WBIF, as well as participation in EU programs and initiatives that facilitate capacity-building and learning. However, the 'social' chapters have a late start in the negotiations, given their place in Clusters 2 and 3. For countries that are yet to begin negotiating, the integration of EU standards into local legislation remains a distant prospect. In terms of economic governance, the recent 'migration' of structural reforms to countries' RAs has meant that the countries' social convergence is not monitored in line with the Social Scoreboard indicators. While the financial support to the region is significant, a review of IPA III actions against the EPSR suggests unevenness and under-representation of various principles, especially pertaining to social protection for workers, adequate unemployment benefits, wages, WLB, LTC, social assistance, old-age income and pensions.

The region's slow pace of social convergence with the EU demands more than technical fixes. The social dimension of enlargement remains narrow and does not encourage the governments to guarantee a broader set of social rights. Tackling deep-rooted social challenges in the Western Balkans requires a comprehensive approach. The EU social agenda's success will ultimately depend on whether reforms resonate with local priorities; without alignment, skepticism towards enlargement – and trust in the process – will persist.

# 9. Recommendations

Based on the study findings, a set of framework recommendations are offered:

- 1. Frontloading of social rights:** Given the fact that social rights are fundamental rights, the need to improve social rights in the region, and the EU's own strong emphasis on fostering upward social convergence, the 'social chapters' (19, 26, 28) should be front-loaded in the accession process and given a greater emphasis. Negotiations should also support a strong involvement of social partners and civil society more broadly.
- 2. Continuing rigorous EPSR monitoring:** The Social Scoreboard needs to find its way back into the economic governance process, if this process is to emulate the European Semester. One way to do so is to introduce an annual reporting process akin to the EU's own Joint Employment Report and Social Convergence Framework for the region, integrating tailored annual recommendations for countries in response to the extent to which they display potential risks to upward social convergence.
- 3. Formulating comprehensive structural reform strategies with socially-oriented outputs:** For the next round of structural reforms, a more even distribution of reforms should be encouraged in countries' strategic commitments, placing a stronger focus on social protection and health. The governments should ensure that the outputs from prospective structural reform documents 'communicate' with the outcomes monitored in line with the EPSR.
- 4. Ensuring that standards 'translate' across the region:** Recently, a number of important recommendations and directives have been adopted at the EU level, including the 2019 Work-Life Balance Directive, 2019 Directive on Transparent and Predictable Working Conditions, the 2022 Minimum Wage Directive, the 2024 Platform Work Directive, the 2019 Council Recommendation on Access to Social Protection for Workers and the Self-Employed, or the 2021 Council Recommendation on the European Child Guarantee. Such initiatives shouldn't only be prioritized within SAA negotiations with the few countries that have opened the social chapters, but the principles and obligations stemming from the EU social policy framework should be present in all types of reforms. To that end, regional projects and initiatives can be planned in which all countries are supported in implementing EU standards and monitoring reforms.
- 5. Spreading funding across EPSR principles:** As part of the 2028-2034 MFF, reform programs to be supported should more strongly lean into a comprehensive set of areas. Referring back to the EPSR, these should include: gender equality and equal opportunities in education and the labor market, secure and adaptable employment (also in light of the rise in platform work), adequate wages, social dialogue, work-life balance, health and safety at work, childcare and support to children, social protection, adequate income support and minimum income benefits, old-age income and pensions, affordable, accessible, preventive and curative healthcare, income support and services for persons with disabilities, long-term care, housing and assistance for the homeless, and access to essential services.
- 6. Building capacity:** The EU should take advantage of the various tools at its disposal and include the WB into programs and initiatives at the EU level that can foster policy exchange and learning at a higher level of intensity, focusing especially at improving the policy capacity of the WB administrations to systematically and thoroughly implement evidence-informed reforms in the social realm. Beyond the already strong foundation in strengthening the work of public employment services, capacity building should especially be sought in the realms of social dialogue, labor inspections, social services and statistical systems to support reporting on social indicators.

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