SUMMARY

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Introduction

The previous 2019 FES study on the social dimension of enlargement in the Western Balkans (WB)[1] 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 Moreover, the region's governments had not been able to extend the contours of their largely outdated social protection, healthcare, education and employment systems "to ensure a broader set of social rights for their citizens."[2] The study suggested that a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 has taken 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.[3] While the ERPs and RAs do not provide a complete picture of all of the reforms happening in each country, they do suggest the general priorities that are discussed and negotiated between the six governments and EU institutions 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,[4] 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.

1 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.

2 Mirna Jusić and Nikolina Obradović, *Enlargement Policy and Social Change in the Western Balkans* (Friedrich-Ebert-Stiftung Dialogue Southeast Europe, 2019), 6, https://library.fes.de/pdf-files/bueros/sarajevo/15801-20191120.pdf.

3 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.

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

Overview of study findings

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 in employment, low activity rates among women, and barriers in access to the labor market for Roma, persons with disabilities, 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 Youth Guarantees (YGs) and active labor market policies (ALMPs), and on reducing informality. While measures to improve employment services and raise minimum wages have been implemented in recent years, there is insufficient consideration in reforms of decent work standards, strengthened social dialogue, and adequate unemployment benefits.

In education, countries face the challenge of high rates of youth not in education, employment or training (NEET), skills mismatches, low levels of digital skills, weak early childhood education and care (ECEC) coverage, and weak participation in adult learning. Low scores on the Programme for International Student Assessment (PISA) and other indicators highlight the need for inclusive, quality education, particularly for disadvantaged groups and students with disabilities. The annual ERP policy guidance has remained narrow in that regard, focusing mainly on vocational education and training (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, at-risk-of poverty and social exclusion 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 annual 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. However, healthcare reforms have received minimal attention in the annual 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. Structural reforms remain narrow, missing the opportunity to strengthen social protection and healthcare.

From the Social as an Afterthought to the Social as Fundamental

In terms of economic governance, when comparing the social dimension of EU enlargement in the past years with the period considered in the previous study, several observations emerge. The structural reforms in the social realm followed another logic in the 2017, 2018 and 2019 ERPs. The policy guidance for years 2017, 2018 and 2019 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 ECEC enrolment. In contrast, the policy guidance for years 2022, 2023 and 2024 has, in the employment realm, focused mainly on implementing the YG, supporting public employment services, 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 employment, 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 recent "migration" of structural reforms from the annual ERPs to RAs, the reform commitments became narrower. This has also meant that the countries' social convergence with the EU is not monitored in line with the Social Scoreboard indicators, used to monitor the implementation of the European Pillar of Social Rights (EPSR), as before. While the RGF was modelled after the EU's Recovery and Resilience Facility (RRF), the opportunity was missed to introduce social indicators into reform monitoring, used in evaluating the RRF. Since RGF payments are conditional upon reforms, it is not surprising that the benchmarks countries use are generally formulated as outputs, as activities that will be completed, rather than outcomes. However, outputs could 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.

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. Countries' RAs 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.[5]

5 Wolfgang Streeck, "The Internationalization of Industrial Relations in Europe: Prospects and Problems," *Politics & Society* 26, no. 4 (1998): 429–59, https://doi.org/10.1177/0032329298026004002.

This is not to say that the ERPs or the RAs are an indication of all types of reform activities happening in the WB. The EU offers an extensive enlargement toolkit, ranging from SAA negotiations and the economic governance process to instruments like IPA III, the RGF and the Western Balkans Investment Framework (WBIF), as well as participation in EU programs and initiatives that facilitate capacity-building and learning. The EU – together with the governments, and with international and local organizations – is working on a number of initiatives in the region. 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, work-life-balance, long-term care, social assistance, old-age income and pensions. Moreover, the 'social' chapters (19, 26, 28) 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. As evident from the EU's annual country reports as part of the annual enlargement package, countries that are already negotiating on 'social chapters' tend to have more comprehensive recommendations.

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. Both sets of documents – ERPs and RAs – 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. 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, healthcare and education services, and social protection systems. Many residents in the region continue to live in poverty, without access to crucial services, and to face high unemployment, which, in turn, fuels migration and weakens trust in public institutions. If the EU's 'flagships' are perceived as disconnected from people's pressing social needs, they risk generating further skepticism of the benefits of EU accession, already 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.

Recommendations

Tackling deep-rooted social challenges in the WB requires a comprehensive approach to accelerate the pace of social convergence with the EU. 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 Minium 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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