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BALKAN BAROMETER 2016 - PUBLIC OPINION SURVEY

PUBLIC OPINION SURVEY

Balkan Barometer 2016

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SEE 2020 SERIES

Balkan Barometer 2016

Public Opinion Survey

Analytical report

Group of authors - GfK

Regional Cooperation Council Secretariat (RCC)
Sarajevo, 2016

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Foreword

It is with great pleasure that I present to you the Balkan Barometer 2016, an annual survey of attitudes, experiences and perceptions across the economies covered by the SEE 2020 Strategy for Jobs and Prosperity in a European Perspective.

The Balkan Barometer is a powerful tool that rounds up the views of general public and the business community on a variety of issues addressed by SEE 2020 Strategy. It provides a range of useful comparative statistics on the South East European (SEE) economies, enabling direct comparison with the previous year`s survey, as well as insights which can help us to analyze the main socioeconomic trends in the region, to identify issues and to shape future policy.

The Balkan Barometer has an ambition to keep regional cooperation high on the SEE agenda and to become a driver for a positive change in the SEE region, through providing valuable inputs for the political elites, policy makers, analysts and the general public.

This year the Balkan Barometer has been expanded to include general public and the business community of Moldova and the business community of Slovenia. Our intention is to provide greater understanding of similarities and differences between Moldova and Slovenia on one hand, and the SEE 2020 economies on the other, with the aim of bringing their markets closer to each other.

While the Balkan Barometer 2016 provides slightly better news for the sentiments and the expectations, it reaffirms the view that the main concerns of the SEE general public are unemployment and economic situation. Corruption is the one issue that has grown in importance for SEE; at the regional level 27%

mention corruption as one of the top problems, up from 15% in 2014.

The most often-cited answers to Balkan Barometer`s questions asking businesspeople to name the main obstacles for business operation and growth where tax rates, cost of financing and anti-competitive practices. The overall legal and business environment still presents significant problems.

The business community is more observant of the benefits from the accession of their economy to the EU compared to the general public. But there is one issue where both general public and the business community agree: both groups are very supportive of regional cooperation and regional free trade, although internationalization of SEE businesses overall is very low. It is also worth emphasizing that both groups of interviewees continue to have more confidence in themselves or their businesses, than in their economies.

We are welcoming the fact that the SEE economies started to recover. However, the messages from the Balkan Barometer 2016 are very clear. The region has a lot of work to do to address the many important issues highlighted by the respondents so as to keep the economies growing.

The preparation of this publication has involved the dedication, skills and efforts of many individuals, to whom I would like to thank.

I hope you will enjoy reading this report and benefit from its findings.

Goran Svilanovic, PhD
Secretary General
Regional Cooperation Council

Introduction

The 2016 edition of the Balkan Barometer follows mostly in the footsteps of last year's report. The publication was compiled based on the results of a comprehensive survey commissioned by the RCC on attitudes, experiences and perceptions of the general public and the business community in SEE. This year's report features also an addendum detailing the public and business sentiments of Moldova and business attitudes in Slovenia, in an effort to provide a broader overview and enable comparisons with the larger SEE region.

The Balkan Barometer is envisioned as an integral part of the annual monitoring process of the SEE 2020 Strategy. The SEE 2020 Strategy, adopted by Ministers of Economy of seven SEE economies[1] on 21 November 2013, is in its third year of implementation. Inspired by the EU's 2020 Strategy it seeks to boost prosperity and job creation and to underscore the importance of the EU perspective to the region's future through coordinated cooperation across a number of important policy areas. The adoption of SEE 2020 Strategy was an explicit recognition by the SEE governments of the need for a "change of gear" in the region. While the region experienced a surge of economic growth during the 2000s, the global economic crisis reversed several of the positive achievements. It also clearly revealed that many of the economic problems in the region are structural in nature. In some cases, they reflect sub-optimal growth patterns and all are exacerbated by an unfinished reform agenda.

SEE 2020 Strategy seeks to provide a pathway to accelerating socio-economic reform and speeding up measures to modernise and re-industrialise the SEE economies, create more jobs and deliver better living standards for the population. Like the EU's 2020 Strategy it is based on a set of interlinked development policy pillars that seek to stimulate long-term drivers of growth.

- Integrated growth: through the promotion of regional trade and investment policies and linkages that are non-discriminatory, transparent and predictable.
- Smart growth: by committing to innovate and compete on value added rather than labour costs.
- Sustainable growth: by raising the level of competitiveness in the private sector,

[1] Albania, Bosnia and Herzegovina, Croatia, Kosovo*, Montenegro, Serbia and The Former Yugoslav Republic of Macedonia.
*This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

enhancing connectivity through infrastructure development and encouraging greener and more energy efficient growth.
- Inclusive growth: by placing greater emphasis on developing skills, creating employment, inclusive participation in the labour market and health and wellbeing.
- Governance for growth: by enhancing the capacity of the public administration to strengthen the rule of law and reduce corruption, the creation of a business-friendly environment and delivery of public services necessary for economic development.

The perceptions revealed through the Balkan Barometer complement other data on quantitative and qualitative indicators being collected by the RCC, national administrations and regional and international partners, used to track progress on SEE 2020 Strategy implementation. This provides the region with a fuller picture on SEE 2020 Strategy implementation and the results felt on the ground.

Balkan Barometer's role is to engage directly with the region's citizens and businesses to get their views on topics covered by the SEE 2020 Strategy and thus inform the overall implementation effort. This year`s survey results are presented in two publications – the Public Opinion Survey, a survey of 8,000 citizens (1,000 respondents per each economy, including Moldova) and the Business Opinion Survey, a survey of 1,800 businesses (200 respondents per each economy, including Slovenia and Moldova). All interviews were conducted face to face and a technical note concerning the methodology of the survey is annexed to this report.

Compared to 2015, this year's questionnaires have been slightly amended to introduce new questions while some of the questions used in the previous survey were dropped in 2016. Approximately 70% of the questions in the Public Opinion Survey and 84% of the questions in the Business Opinion Survey remained unchanged enabling comparisons year-to-year. With this flexibility in the approach, the Balkan Barometer results remain highly relevant while at the same time enable tracking of dynamic developments across different years and various categories. Similarly, the structure of the report is different compared to the previous edition, as it does not follow simply the five pillars of the SEE 2020 Strategy, but rather groups related questions together, making it for an easier read.

Main Findings

SATISFACTION AND EXPECTATIONS

Improved economic performance is reflected in improved satisfaction and expectations. Last year saw an improved economic performance practically in all economies in the region. Again, larger economies did worse than the smaller ones, which is reflected in the lower overall satisfaction. Similarly, expectations are running ahead of current satisfaction, though not necessarily over a period longer than a year. Current and short term changes in satisfaction and expectations do not seem to be unduly influenced by politics, while longer term ones quite probably are. It is probable that high expectations in Kosovo* reflect longer term views rather than short term prospects.

Unemployment and the economy continue to be seen as the main problems. Consistent with the real state of affairs, lack of employment and the state of the economy, which is probably seen as the same thing by many respondents, are the key problems. It is also seen as the consequence of problems with governance, so it continues to be a puzzle that these issues are still not the dominant ones in the policy debates and in the elections.

People are happier with themselves than with their economies. People continue to have more confidence in themselves than in their economies. This could prove useful once the economic and other policies become more responsive.

Interviewees have better expectations about themselves than about other people and their economies. Similarly, people expect more from themselves and are less optimistic about the others and about their economies. This underscores the importance of self-reliance, which also underlies the satisfaction, at least that much of it that is to be found.

More educated and better off people are more satisfied with themselves and with their economies and have more positive expectations. Predictably, satisfaction and expectations are higher among the better educated and those who are better off. Education and income function as insurance against risk. This is especially important in an uncertain economic environment.

Not all the problems that citizens of the EU face are perceived as equally important by the people in the SEE. Refugees and migrants are less of a problem in SEE than in the EU. This is due to the fact that the SEE region is not targeted by people fleeing from the war-torn areas. There is also probably some empathy with unfortunate people given that SEE itself is traditionally a migrant area and one where the risk of ending up being a refugee or an ex-patriot is significant.

COOPERATION AND INTEGRATION

Support for regional cooperation continues to be strong and there is the perception that it has been improving. Support for regional cooperation is high enough thus ongoing improvement may not be obvious year after year. However, improvements in regional cooperation are welcomed by most economies.

Support for the EU integration remains relatively weak and Euroscepticism is gaining strength in some economies. Scepticism about EU integration/membership continues to be high, in particular in Croatia and Serbia. This is not unexpected given the increasingly fractured performance of the EU. The EU is seen more positively in Kosovo* and Albania due to the expected benefits of these economies improving their access to the EU markets, especially to the labour market.

EU integration fares better if set against any alternative, which is similar to the attitude that is currently prevalent in the EU itself. The EU continues to be supported by its member states for the lack of a viable alternative. Similarly, the EU looks better when set against the alternatives of isolation or integration with other trade and monetary unions. Trade with the EU is traditionally high in SEE as is the use of the euro as the reserve currency.

EMPLOYMENT AND POVERTY

Great majority see themselves as members of the middle class. Middle class is the social home for almost everybody, with about one quarter of the people seeing themselves as living below average. Only a small minority believe that they are doing better than most other people. This is consistent with the assumption that most people compare themselves with their reference group and not with those who are much better or worse off than they are.

Employment rate continues to be low. One of the most important and enduring facts in the whole region is the low rate of employment. This survey corresponds quite well with the data from labour force surveys.

Inequality is perceived as increasing. Even though most people see themselves as belonging to the middle class, there is persistent perception that inequality is increasing. This is in all probability because the reference group are the rich, whose wealth is usually unknown anyway.

Risk of falling into poverty is increasing. This reflects the perception of risk, which is also underlined by the fact that still quite a high percent of people are losing their jobs and are facing long term unemployment prospects.

Remittance is underreported, except in Kosovo*. Balance of payment data suggests higher inflow of transfers from abroad than is reported here. However, the fact that almost 50 percent of households receive money from abroad in Kosovo* is quite significant. Especially if, as it seems, these transfers are a significant share of overall income.

Labour markets continue to reward connections and education. Labour markets are biased towards social connections, including corruption, one assumes, and skills. The latter is borne out by the fact that unemployment rates decline with the level of education.

MOBILITY

Leaving the economy and the region is still quite desirable. Almost every other person surveyed is contemplating leaving their economy and looking for a job abroad. This is probably the worst indicator of the state of affairs in this region.

Animosity towards immigrants and tourists from the region is practically non-existent. There is no significant social aversion to people moving in from the neighbouring economies and tourists are welcomed. Richer tourists are preferred in Croatia, these are mostly those from outside the region, which is to be expected.

Refugees are welcome to pass by, not to stay. The attitude towards refugees and those considered as aliens is quite negative when it comes to their settling in local communities. This is not unlike in many European economies. Social capacity for dealing with those who are seen as different is not very high.

Younger and higher skilled are more mobile. Not unlike anywhere else, younger and skilled people are more mobile. When it comes to the young, in addition to them being more mobile in general, another contributing factor is the high unemployment rate among the first time job seekers. Skilled people are more mobile because it is easier for them to get employed at home and abroad, so it is the difference in the expected wage that is important.

INCLUSION

Some ethnic animosity remains, inclusion of disadvantaged is welcomed. Attitudes towards inclusion are mostly positive, except in cases where Roma and other ethnic animosities interfere. This again is not unexpected given what is known from other sources.

TRADE

Trade and foreign investments are welcomed. A regional free trade agreement continues to be favoured, though improvements are not to be expected given that approval levels are already very high.

There is support for domestic production and for protectionist measures. As noticed in the survey for 2014, support for the favourable treatment of domestic production and for the protection of domestic supply and investment is also persistent. This is due in part to the fact that not much is known about the CEFTA anyway. Support for regional cooperation and trade is particularly strong in Bosnia and Herzegovina, even though they have a large trade deficit in particular with Serbia.

Home bias is strong. As in the previous survey, home bias, the preference for domestic products, is strong, even though most of these economies are strongly dependent on imports of not only industrial but also food products (except Serbia when it pertains to the latter).

Regional free trade is seen as positive. CEFTA continues to be seen quite favourably despite a lack of knowledge and information about it.

TRANSPORT AND INFRASTRUCTURE

Roads rule. People continue to rely on roads and continue to favour additional investments in roads, both when it comes to repairs and when it comes to building new ones.

CLIMATE CHANGE AND ENERGY

Climate change is perceived as a problem, energy saving is supported. Attitudes about climate change are reflective of the facts, while energy saving measures are also favoured even though energy efficiency is quite low in the region.

INSTITUTIONS AND CORRUPTION

Governance continues to be seen as the main problem. Dissatisfaction with politics and governance, in general, continues to be high. It is clearly seen as the main problem that is standing in the way of economic and social improvements.

Corruption is widespread. Corruption is seen to be quite widespread. It is perceived as endemic and thus not much of a change in its level is to be found and should not be expected in the short term. Citizens do not see nor recognize efforts of respective governments in fighting corruption. They expect much more to be done.

Regional Overview

The economy started to recover or continued to improve throughout the region in 2015. This was in part due to the fact that the previous year was disappointing because of severe flooding and of the introduction of measures of fiscal austerity in a number of economies. Last year, however, growth accelerated and labour markets also improved with unemployment rates declining or at least stagnating throughout the region. Growth turned positive in Croatia and, more slowly, in Serbia, and accelerated in Bosnia and Herzegovina. Other economies also performed comparatively well as can be seen from Table 1.

Table 1: Growth and Unemployment

(% change, year on year)

	Growth rates of GDP Forecast					Unemployment rates Forecast				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Albania	2.0	2.6	3.2	3.5	3.5	17.5	17.0	16.8	16.5	16.4
Bosnia and Herzegovina	1.1	2.3	2.9	2.9	2.9	27.5	27.7	27.2	26.1	25.0
Croatia	-0.4	1.5	1.8	2.1	2.5	17.3	16.6	16.5	16.0	16.0
Kosovo*	1.2	3.7	3.9	4.3	4.0	35.3	34.0	34.0	33.0	32.0
The Former Yugoslav Republic of Macedonia	3.5	3.5	3.5	3.5	3.9	28.0	27.0	27.0	26.0	25.0
Montenegro	1.8	3.4	3.6	3.9	3.5	18.0	18.0	17.5	17.0	16.5
Serbia	-1.8	0.7	2.0	2.5	3.0	19.4	17.0	17.0	17.0	16.0

Sources: wiiw, EU Commission Spring Forecast and author's forecasts.

Forecasts call for improved performance this year and in the medium term. It is assumed that there will be moderate but sustained improvement of economic performance in the European Union in the next few years. This should contribute to growth in the SEE region. In addition, the expected drivers of economic activity will be investments and exports (see Regional Overview in the Business Opinion Survey) which should be good for the labour markets, which are reflected in the forecasts for the slow but steady decline in the unemployment rate. Finally, the two largest economies in the region, Croatian and Serbian, have left recession behind and should see a speed up in growth, which should have a positive impact on growth and employment in the region as a whole.

Recovery will be slow given the problems and the speed up will depend on institutional development and improved policies. The region has seen deteriorating economic conditions for more than three decades now. Spurts of growth and development, as in the period 2001-2008, have been temporary and the gains tended to be subsequently reversed. The current period can be seen as providing the basis for a new beginning which is wrought with a host of challenges. Some of which are weighing down on the overall sentiment, which is improving only slowly, and some are inciting political and social disputes over the overall strategy of political and economic development. It is not uncommon for SEE to change the political course just when the overall developments are starting to improve.

Practically the whole region is facing political challenges which may turn into a legitimacy crisis and put the democratic capacity to test. A number of economies are facing challenges to the legitimacy of their current governments, and early elections are scheduled/held in e.g. The Former Yugoslav Republic of Macedonia and Serbia, while some elections have either proved insufficiently decisive, e.g. in Croatia, or may prove as such in the near future, e.g. in Montenegro. There are serious challenges to the government's legitimacy in Kosovo* while the political crisis is almost permanent in Bosnia and Herzegovina. The wider neighbourhood is also not altogether stable, with a crisis in Greece and the political weaknesses in most other SEE economies. However, so far, by and large, democratic instruments, in some cases with the help from the European Union, have proved to be the preferred ones to settle political differences and disputes.

The refugee crisis has proved to be less of a problem than it is outside of this region. The reason is primarily in the fact that a number of economies in the region are not on the transit route of the refugees from the Middle East. In addition, the SEE region is not the destination for the refugees, so it is not to be expected that these economies will be faced with the problem of dealing with asylum seekers and other migrants who aim to settle, temporarily or permanently, in this region. Thus, there are no significant costs and the attempts proved to be unsuccessful to politicise the issue of the alien population changing the ethnic and cultural balances in the economies that are on the route of the refugees. The issue may become more contentious if the refugee crisis persists and proves disruptive to freedom of movement in the European Union, which is very important to the people in the SEE region.

The process of accession to the European Union has been slow though it has continued to make progress. The most important developments have been the start of the negotiations with Serbia and the submission of the application for membership by Bosnia and Herzegovina at the beginning of 2016. Both have come after prolonged periods of internal deliberations to address key stumbling blocks.

These developments should be seen as signs of improved internal developments in these econommies. Similarly, Albania has continued to progress with the increasing probability that it will open the negotiations in the near future. Kosovo* and the EU signed the Stabilisation and Association Agreement, and there are some hopes that the negotiations on visa liberalisation will be finalised in the not so distant future. So, with the exception of The Former Yugoslav Republic of Macedonia, most economies have made progress in the process of accession to the EU, which should prove stabilising, though the process is still quite slow and it is unlikely that any of the economies in this region will accede to the EU by the end of this decade.

Regional cooperation has gone through some ups and downs in the last year, but the expectations are positive. The refugee crisis has proved challenging for regional cooperation at times. Similarly, ethnic tensions have often flared up in connection with electoral and political cycles. Also, the Brussels Process of negotiations between Serbia and Kosovo* has proved contentious, though more in internal politics then between economies and regionally. Most economies have restrained themselves from undue interference in the internal political disputes of other economies, which has proved stabilising in the region and more generally. That has, in turn, proved stabilising for the economies themselves, which is of crucial importance given the spread and the seriousness of the legitimacy crisis that most economies in the region face.

Overall economic and business climate has continued to improve slowly with the needed reforms gaining additional public support. The region as a whole continues to face fiscal and foreign debt problems, which have proved detrimental to the recovery of investments (more in the Regional Overview in the Business Opinion Survey). The larger economies, in particular Serbia and Croatia, have had to implement some fiscal consolidation measures and to develop programmes of structural reforms in the public as well as in the private sectors in order to support increased supply. These reforms have proved sustainable so far. Indeed, the reform agenda can be expected to become more ambitious as the economic performance improves. Given that governance continues to be seen as one of the main problems in this region, once political stability is improved after the round of elections that are scheduled/held, reforms should be speed up which should underpin the current recovery and strengthen it in the medium term.

Table 2: Foreign and public debts

(% share of GDP, 2015)

	Foreign debt/GDP	Public debt/GDP
Albania	73.03	73.00
Bosnia and Herzegovina	52.58	6.00
Croatia	107.08	89.20
Kosovo*	34.48	12.05
Montenegro	120.00	63.00
The Former Yugoslav Republic of Macedonia	71.85	45.98
Serbia	84.53	73.80

Source: wiiw

Balkan Public Sentiment Index

In order to monitor changes over time about the public's present sentiment and optimism, GfK was asked to design the Balkan Public Sentiment Index (BPSI) which is composed of the following five questions:

1. How are you satisfied with the way things are going in your society? (answers: 5 point scale)
2. How are you satisfied with the financial situation of your household? (answers: 5 point scale)
3. How are you satisfied with the economic situation of your society? (answers: 5 point scale)
4. What are your expectations for the next year? Do you think that in 12 months your financial situation will be better, worse, the same.
5. What are your expectations for the national economy? Do you think that in 12 months the state of the economy will be better, worse, the same.

BPSI represents a measure of the current and future state/expectations regarding the general and economic situation and the situation of individual households. It is a measure that helps to monitor changes over time on the SEE regional level and at the level of individual economies.

The index is constructed with the answers on five-point scales scored as follows: I'm completely dissatisfied - 0 points, I'm mostly unsatisfied - 25 points, neither satisfied nor dissatisfied - 50 points; I'm mostly satisfied - 75 points, I'm completely satisfied - 100 points. Answers for Q4 and Q5 are scored as follows: better - 100 points, worse - 0 points, the same - 50 points.

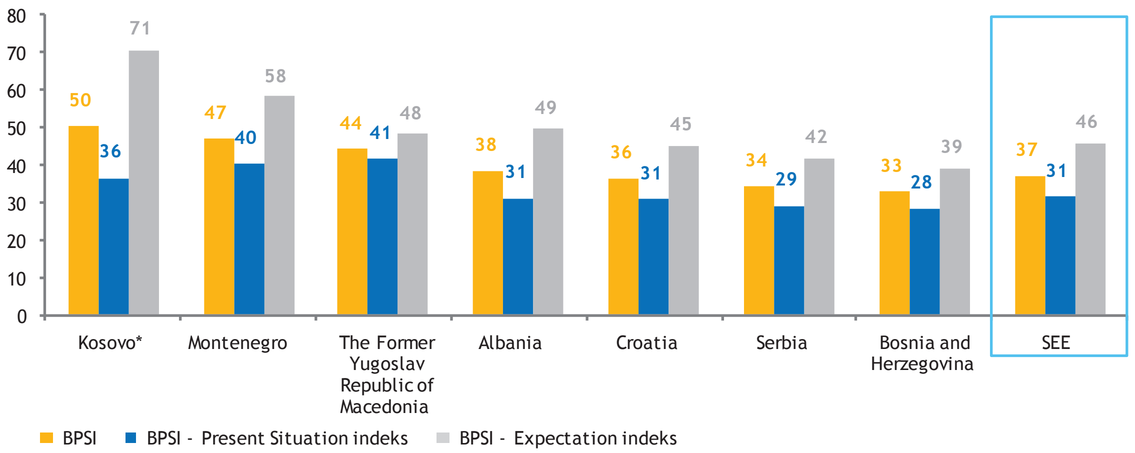
After responses are recoded, the average value is calculated for the whole SEE region as well as for each economy separately. The index values are expressed on a scale of 0 to 100.

BPSI was further divided on the two sub indexes, BPSI - present situation index and BPSI - expectation index, with the aim to monitor separately the present sentiment among the population as well as their expectation for the future or their degree of optimism.

Below is a comparison of the BPSI results with the results of the survey for 2014, both for the entire SEE region and for each economy.

Figure 1: Balkan Public Sentiment Index

(Scores are on a scale of 0 to 100)

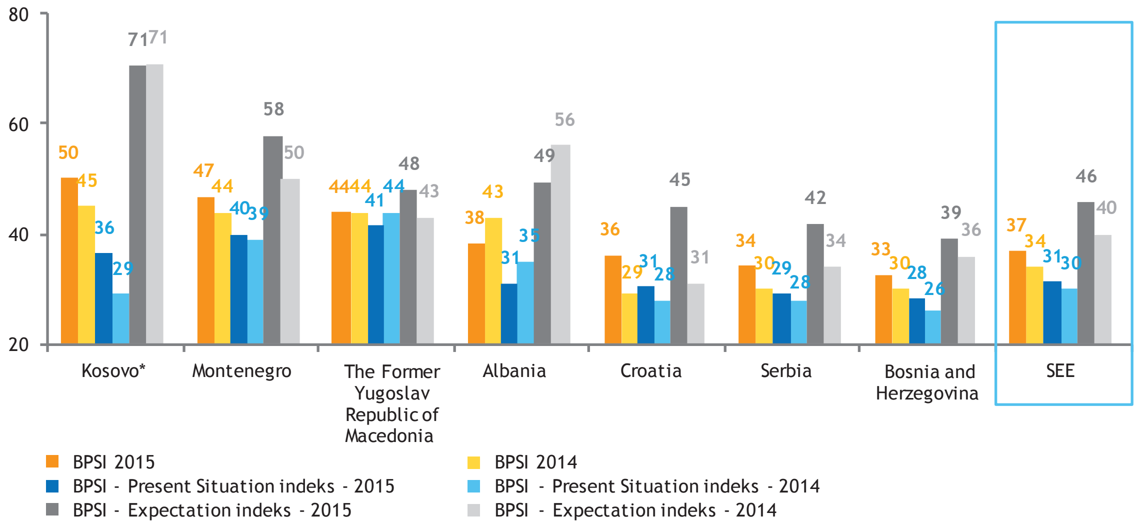


The BPSI value at the level of the SEE region is still well below the average (37). It may be noted that a trend of pessimism is still present. As is not uncommon, expectations are always higher than the assessment of the current state of affairs. Consequently, the value of the expectation index is higher (46) than the present situation index (31).

Looking at individual economies, there is still a trend of higher indices in younger economies such as Kosovo* (50), whereas the lowest index values are in Bosnia and Herzegovina (33) and Serbia (34). The largest discrepancy between the assessment of the current state of affairs and expectations for the future is present among the population of Kosovo* (71/36) whereas the least discrepancy was observed in The Former Yugoslav Republic of Macedonia (41/48).

Figure 2: Balkan Public Sentiment Index - comparison 2014/2015

(Scores are on a scale of 0 to 100)



The figure above shows the values of all three indices for both waves of Balkan Barometer survey (lighter shades represent the the survey for 2014). It is evident that the satisfaction among the population of the SEE region is slightly increasing as BPSI increased by 3 points (2014 – 34, 2015 - 37). The increase was mainly influenced by more optimistic expectations about the future (2014 – 40, 2015 - 46) whereas the assessment of the current state of affairs remained almost equal (2014 – 30, 2015 - 31).

All economies recorded an increased BPSI, except for Albania where both the expectation index and the present situation index declined and BPSI was lower by 5 points.

As can be seen in the regional overview, economic growth has slightly improved in 2015, but still not enough to improve the assessment of the current situation at the regional level. The biggest improvement was observed in Croatia where BPSI increased by 7 points (2014 – 29, 2015 - 36), and in Kosovo* where it increased by 5 points (2014 – 45, 2015 - 50). It was the expectation index (2014 – 31, 2015 - 45) that mostly contributed to the increase of the BPSI in Croatia, not the present situation index (2014 – 28, 2015 - 31). Given that the fieldwork was conducted immediately after the parliamentary elections in Croatia, it is very likely that the parliamentary election itself contributed to the increased optimism among the population hoping that it will bring changes for the better. On the other hand, in Croatia, the recession was deep and long-lasting, so it’s understandable that the recovery that seems to be speeding up had a significant impact on the assessment of the current situation and especially on the expectations for the near future.

Unlike in Croatia, a predictor of an increasing BPSI index in Kosovo* was the assessment of the current state of affairs (2014 – 29, 2015 - 36), not the estimates for the future. Economic trends in Kosovo* have significantly improved. As a result, the current situation is assessed as significantly better than a year ago. Expectations, however, were very high in 2014, and they remained as such. The signing of a Stabilisation and Association Agreement between the European Union and Kosovo* has probably influenced a better assessment of the current situation, and the progress in EU visa liberalization process had a favourable impact on the expectations. Expectations could not exceed last year`s level probably due to the growing political uncertainty which is a result of the constant political conflict between government and opposition.

The value of BPSI did not change only in The Former Yugoslav Republic of Macedonia. Although expectations for the future have risen, at the same time, satisfaction with the current situation declined. There was a serious political crisis last year which affected the general atmosphere. As economic trends are favourable, there has been a slight increase in expectations.

In all other economies, the expectation index significantly increased in comparison to the last year, whereas the present situation index either remained at the same level or increased by a few points.

The assessment of the present situation improved only marginally at the regional level in 2015 over 2014. The population remains rather unhappy with the current state of affairs. The level is below one-third on the scale of satisfaction. This almost depressed feeling persists despite the improved economic developments in 2015.

Expectations, however, have improved regionally. The expectations were also more optimistic in 2014, but have apparently been frustrated by the actual developments in 2015. Similarly, expectations for the year ahead are significantly more positive even than those from 2014, however they are still below the average value. While in 2014 these expectations might have been driven by the assessment that things cannot get worse, in 2015 they may be relying on the hopeful signs of economic recovery throughout the region.

The bigger economies continue to be more pessimistic. Economic developments are poorer in the large economies, which is also reflected in their sentiments and expectations. The surge of positive expectations in Croatia is mostly due to the forecast that the long recession is over and recovery should strengthen in the future. Prolonged negative developments can produce overoptimistic forecasts. Bosnia and Herzegovina, by contrast, is an example of an economy that reacts slowly if at all to ongoing improvements and has entrenched sceptical expectations. A political break through there would certainly help. Serbia, by contrast, seems to have rather realistic assessments of the current situation and of future developments, which should improve slowly.

Smaller economies are doing better, but are not expecting miracles. In 2015, Albania and Montenegro did not have a particularly good year, though the effects on their public sentiments were different: Albania's dissatisfaction and pessimism increased, while in Montenegro the expectations remained comparatively positive. In Albania, the slowdown of economic growth went together with the protests organised by opposition. In Montenegro, there is growing worry about macroeconomic and political stability, as last year saw contests over the legitimacy of the government in the streets. However, the expectation seems to be that these risks will be resolved in the upcoming elections.

Kosovo* feels good about itself. Kosovo* is an outlier with very high expectations, which have remained high, and an improved feeling of current satisfaction. This reflects improved economic prospects and possibly improved forecasts about political developments, especially when it comes to further steps in the EU integration, in particular with the visa liberalisation.

Overall sentiment is still quite pessimistic, verging on depressed, in the region.

Life Satisfaction and Assessment of General Trends

Overall satisfaction and expectations are depressed or subdued respectively, with Kosovo an outlier with persistently high expectations, which are mostly driven by somewhat improved economic performance which is expected to continue in the near future.*

Compared to 2014, 2015 was better in the region as a whole and in practically all economies. This is reflected in the modest improvement in overall satisfaction. In Albania and The Former Yugoslav Republic of Macedonia satisfaction declined slightly given that economic and policy performance did not improve further appreciably in 2015. Overall, satisfaction throughout the region is low and has not improved significantly.

Expectations of satisfaction in the near future have improved more overall or even markedly in some economies. Expectations include changes in growth of welfare and not only the satisfaction with the achieved levels. In the case of Croatia, for instance, the turnaround from prolonged recession to growth in 2015, which is forecasted to be sustained and even strengthened in the medium term, induced a surge in optimism. Similarly, though to a smaller extent, expectations improved in Serbia too. Albania is an outlier possibly because the forecasts are suggesting stagnant growth rates rather than acceleration in the medium term. Kosovo* remains optimistic and apparently with growing satisfaction. Finally, Montenegro and The Former Yugoslav Republic of Macedonia seem to have reached a plateau, which means that further improvements require not only to be continued but also need to be sped up.

Assessments of the state of the economies and of the prospects for their future development are more pessimistic. Usually, subjective valuations of satisfaction are different from the objective assessments of the state of the economy and from the forecasts of its development. Thus, the larger economies in the region continue to be seen as performing disappointingly and are not expected to improve much in the future. Smaller economies tend to get better assessments, though they are still rather in the negative, below average, territory.

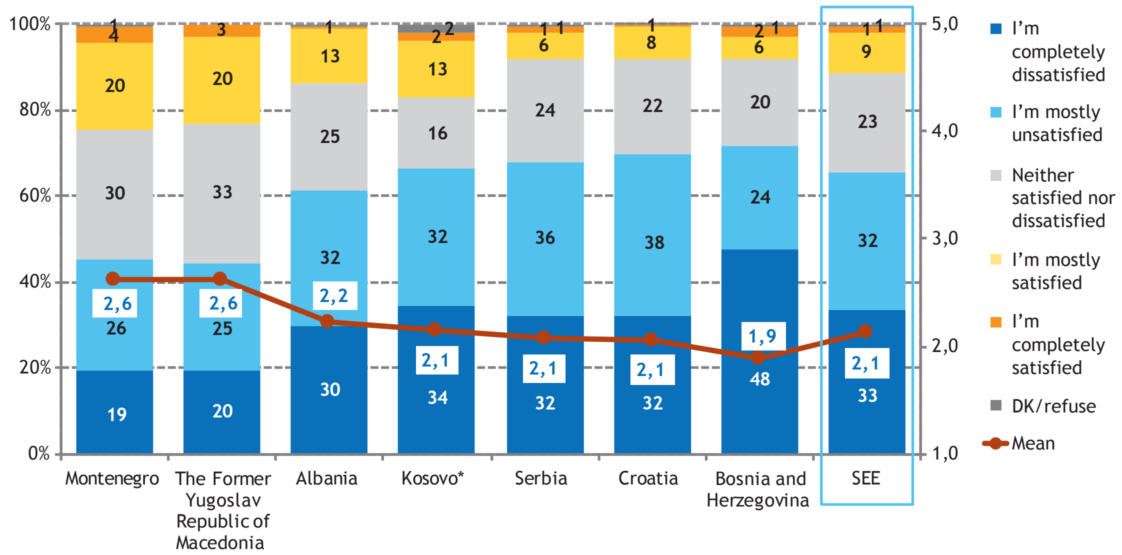
Individual financial and overall economic situation is seen as better than that of the economy as a whole. The difference between the more optimistic index of satisfaction and the more pessimistic assessment of the state and the prospect of the economy is bridged by a higher optimism about individual financial and economic situations. This implies that people believe that they are doing as well as they could, but the general economic circumstances are not supportive. This general understanding pervades practically all the results of this survey. An exception is perhaps Kosovo* where overall satisfaction and the expectations for the future are better than the assessments of the state of the economy and of the actual personal well-being.

Unemployment continues to be the main problem. Even though there have been some improvements in the rate of unemployment, the levels continue to be quite elevated, so lack of employment remains to be the main problem in the region. It is closely correlated with the dissatisfaction with the economic situation, which means that it is the labour market that is the key indicator of the health of the economy. The Former Yugoslav Republic of Macedonia has had some protracted improvements in the decline of the rate of unemployment (though it still remains very high), which is reflected in the survey as a relatively somewhat less of a concern in the indicator of main problems.

Governments should invest in industry and agriculture. Industrialisation and agricultural development are seen as main sources of growth, with tourism playing an important role in coastal economies. In Albania and Kosovo*, investments in social infrastructure are seen as quite important. Interestingly enough, in the region as a whole and in most economies, especially the larger economies, the government is seen as an important investor in activities which are mostly the responsibility of private entrepreneurs (industry, agriculture, SME development, tourism) while there is less of a demand for public investments in areas which are primarily government's concern. This understanding of the role of the government as an entrepreneur is quite significant especially if coupled with the attitude towards public and private jobs as expressed in the responses to these questions in the survey.

Figure 3: How are you satisfied with the way things are going in your society?

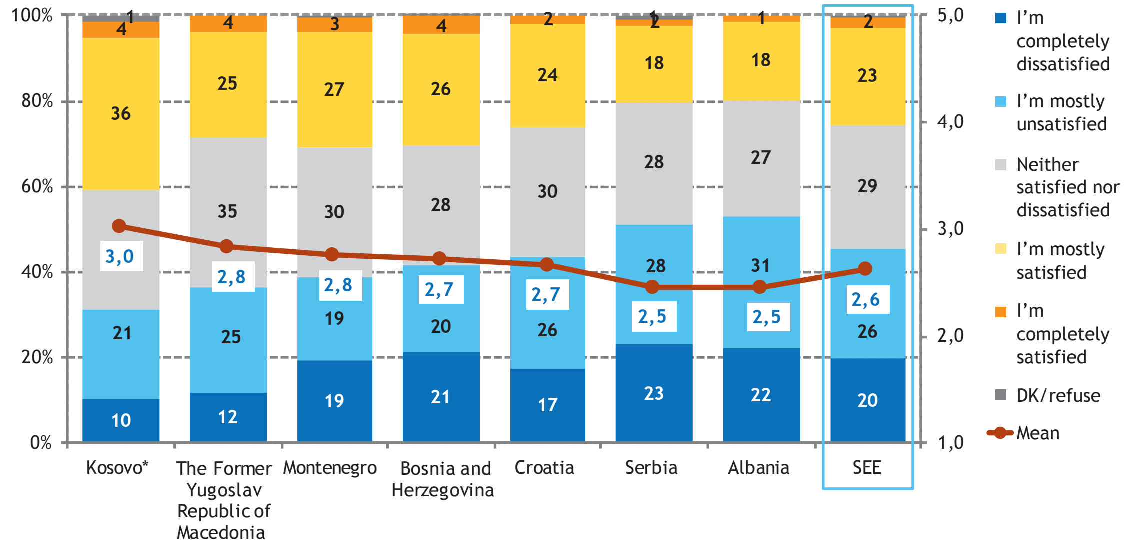
(All respondents - N=7002, share of total, %)



In the SEE region, satisfaction of the people with the current situation in their own society is below the average. The average satisfaction (measured on a scale of 1 to 5) for the entire region is 2.1, compared to a mean of 3.0. About two third (65%) of the population are not satisfied with the current state of affairs whereas only 10% are satisfied with the situation.

Figure 4: How are you satisfied with the financial situation of your household?

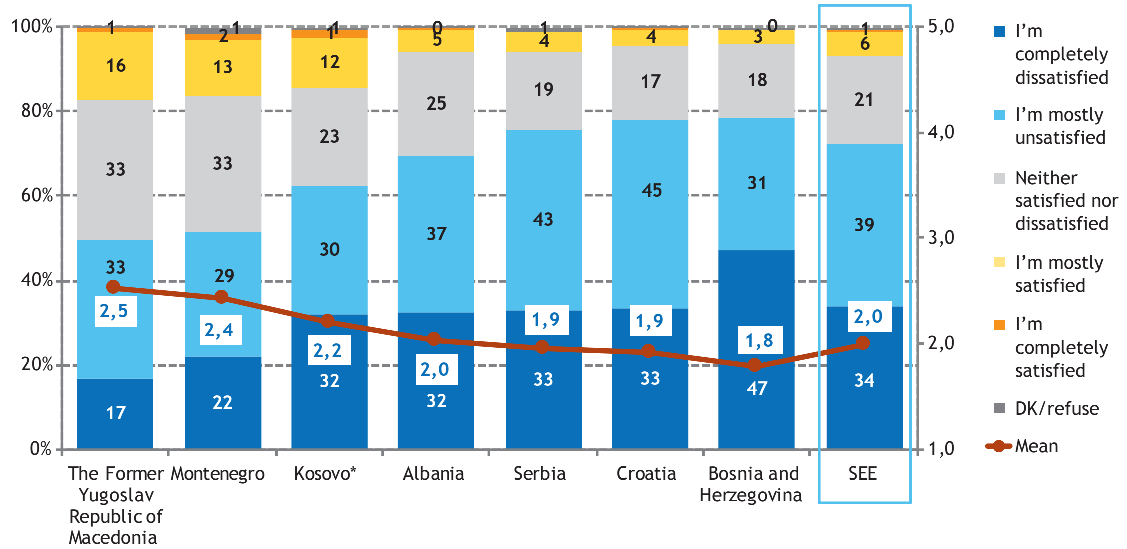
(All respondents - N=7002, share of total, %)



People in the SEE region are more satisfied with their own financial situation than with the current state of affairs in their society (mean 2.6). People from Kosovo* are significantly more satisfied than people in other parts of the region (mean 3.0). However, there is the biggest discrepancy between satisfaction with the own financial situation (mean 3.0) and the current state of economic affairs in the society (2.1). It is obvious that people from Kosovo* are more concerned about other problems in the economy that are not closely related to the finances.

Figure 5: How are you satisfied with the economic situation in your society?

(All respondents - N=7002, share of total, %)



When it comes to satisfaction with the economic situation in the society, the findings are very similar to those related to satisfaction with the current state of affairs. Satisfaction is below average (2.0), both in the entire SEE region and in many economies. Only 6% of people in the SEE region are satisfied with the economic situation, whereas as many as 73% have the opposite opinion.

In comparison with the survey for 2014, satisfaction has not significantly increased at the level of the SEE region.

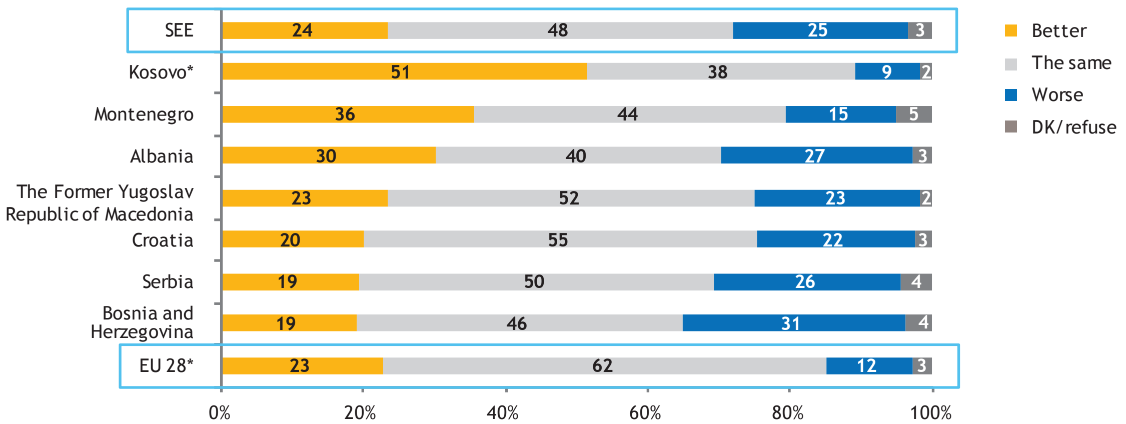
If we compare individual economies, we can observe significantly higher satisfaction among the population of The Former Yugoslav Republic of Macedonia and Montenegro, both in terms of the current state of affairs in terms of economy. The least satisfied are people living in Bosnia and Herzegovina (1.8), followed by people from Croatia (1.9) and Serbia (1.9).

An analysis of individual demographic groups in terms of satisfaction indicates that the youngest (18-29 years old) and those that assess their social status as above the average are significantly more satisfied than others with both their own financial situation and the situation in the economy.

Those with two-year post secondary/university education are also significantly more satisfied with both the current state of affairs in the society and with their own financial situation.

Figure 6: What are your expectations for the next year? Do you think that in 12 months your financial situation will be:

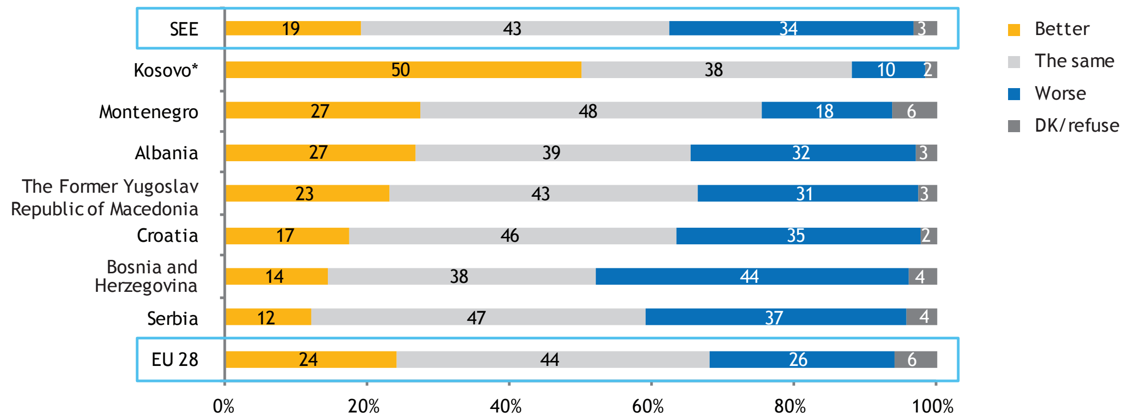
(All respondents - N=7002, share of total, %)



What are the expectations of the SEE population for the next 12 months in terms of personal financial situation and the national economy? It could be said that the expectations are slightly more positive about personal financial situation (24% expect an improvement) than about the situation in their economy (19% expect that it will be better). However, expectations in terms of either their personal finances or the situation in their economy are not optimistic given that there are more people who expect the situation to be worse than those who forecast improvement, or else their number is equal (when it comes to their own financial situation).

Figure 7: What are your expectations for the national economy? Do you think that in 12 months the state of the economy will be:

(All respondents - N=7002, share of total, %)



The greatest optimists are in Kosovo* where half the population expect that both their own situation and the situation in the economy in general will improve. Besides Kosovo*, it is only in Montenegro that people who believe in better future (27%) outnumber those who expect the situation in the economy to get worse (18%). Among people of Bosnia and Herzegovina, there are significantly more pessimists or those who expect the situation to get worse in the future.

Demographically, the youngest (18-29 years old), persons with higher education and those who assess their social status as above average are significantly more optimistic when it comes to their own finances and the economy. Pessimism is significantly higher among men (who expect their own financial situation to get worse), among the less educated and those who assess their social status as below average. The number of those who expect the status quo or the same situation is significantly higher among women and the oldest, over 61.

In comparison with the survey for 2014, it may be noted that forecasts regarding both the personal financial situation and the national economy are less pessimistic.

Table 3: Expectations for the national economy - comparison 2014/2015

(Share of total, %)

	2014	2015
Will be worse - financial situation in household	32,3	24,7
Will be worse - national economy	45,5	34,3

Compared with the expectations regarding personal financial situation in the EU-28,[1] the findings reflect that there is an equal number in the EU and the SEE region of those who expect that their financial situation will be better next year (EU - 23%, SEE - 24%). The

[1] Public Opinion in the European Union, First Results, Standard Eurobarometer 84 - Autumn 2015, EU, December 2015.

most striking discrepancy is reflected in the number of those who expect a worse situation. The number is significantly higher in the SEE region (25%) than among the EU members (only 12%). More people in the EU expect that the situation in terms of personal financial situation will remain the same (62%).

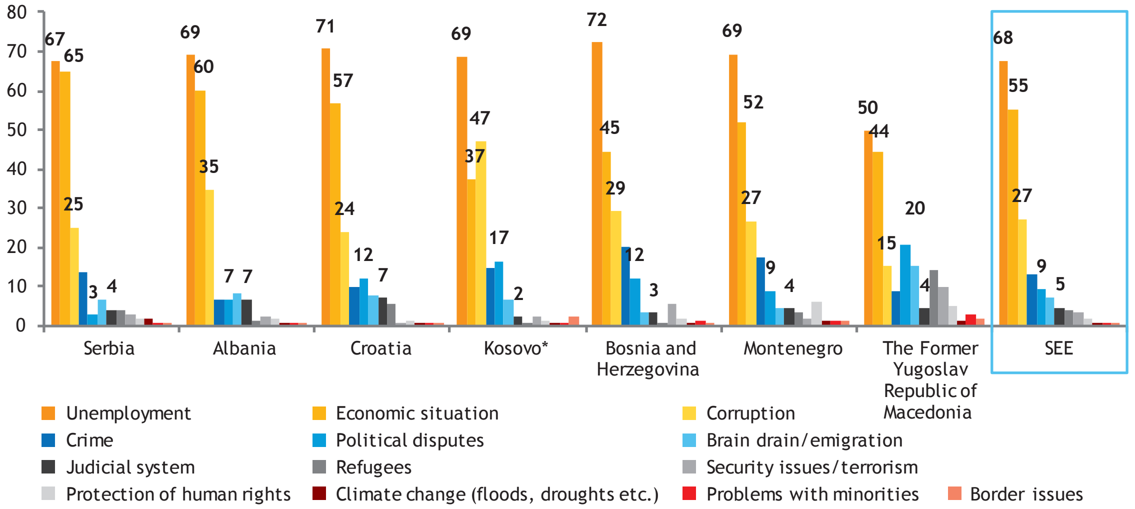
When it comes to forecasting the national economy, the same trend is perceptible among the people in the EU and in the SEE region: expectations about personal financial situation are more optimistic than the ones about the entire economy. Among the EU members, there is almost the same number of those who believe that the situation in their economy will be better and those who believe it will be worse (better - 24%, worse - 26%). Almost half (48%) think that the situation in their economy will remain the same.

Compared to the SEE region, there is more optimism in the EU given the smaller number of those who think it will be worse (SEE - 34%, EU - 26%) and the higher number of those who believe in improvement (SEE 19%, EU - 24%). The number of those who do not expect any change is almost the same.

The differences are significant in so far as the deviation in relation to the mean and expectations is higher in the SEE than in the EU, with increasing pessimism as well. This is practically a measure of risk, which is an indicator of greater instability. In both cases, it is estimated that the sources of possible deteriorating trends or uncertainties are external and, to a large extent, political in nature; there is a greater confidence in own work and financial capacities.

Figure 8: What do you think are the two most important problems facing your economy?

(All respondents - N=7002, share of total, %)

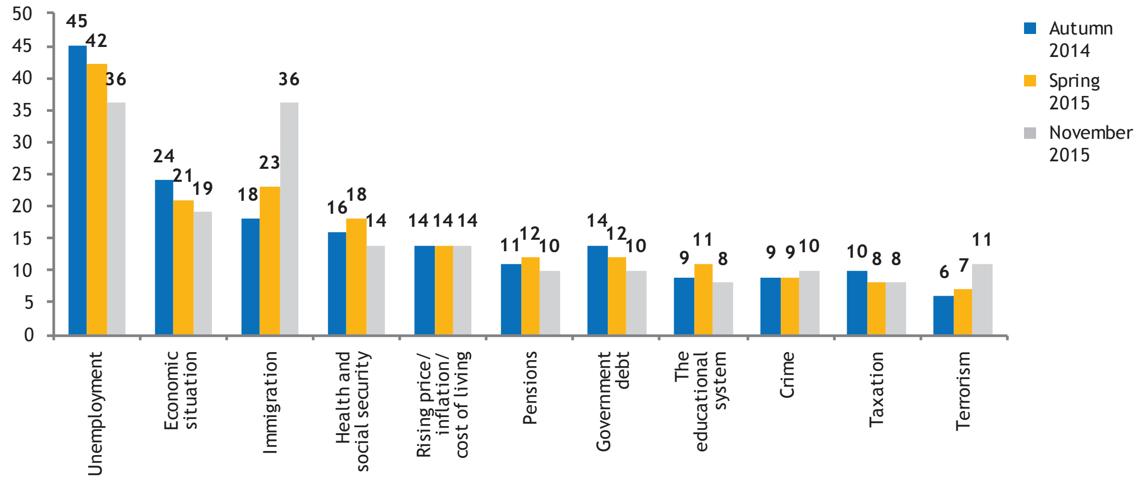


The main concerns of the SEE population are unemployment (68%) and economic situation (55%) in their economy, followed by corruption in third place (27%). It is clear at first glance that The Former Yugoslav Republic of Macedonia stands out with different ranking of the main concerns. In fact, the brain-drain/emigration, political disputes, security issues/terrorism and a problem with minorities are seen as significantly more important problems in this society. It is also important to emphasize that the most recent issue of migrants and refugees is much more frequently identified as a problem by the people in The Former Yugoslav Republic of Macedonia (14.3%) compared to other economies in the region (4%). As for other economies, Kosovo* may be singled out by significantly increased perception of the problem of corruption (Kosovo* - 47%, SEE - 27%) as well as Serbia where economic problems are mentioned far more frequently. People of Bosnia and Herzegovina are significantly more concerned about crime whereas people from Croatia and Albania about judicial system.

Demographic differences in perception of the main concerns in the society at the same time reflect the diversity in the perception of the problems among different demographic groups. Thus, the youngest are significantly more concerned about unemployment and brain-drain/emigration, the oldest are more concerned than the younger age groups about crime, whilst those with two-year post-secondary education and those who assess their social status as above average are more likely to perceive corruption, brain-drain/emigration, political disputes and judicial system as more pressing. People with less education are far more concerned about unemployment, crime and refugees.

Figure 9: What do you think are the two most important issues facing (our society) at the moment?

(Share of total, %)



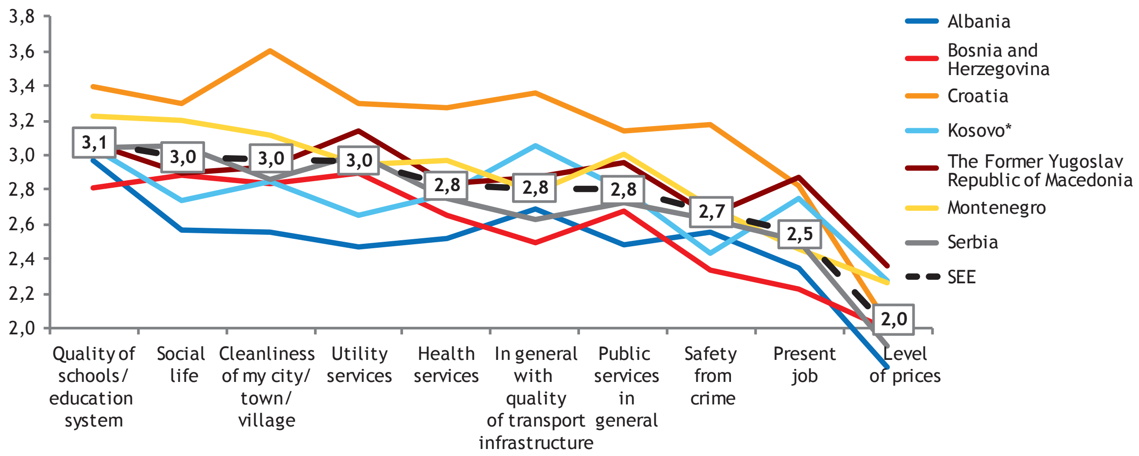
Source: Public Opinion in the European Union, Standard Eurobarometer 83 and 84, Spring 2015 and November 2015.

The figure above shows the findings of the Eurobarometer for EU 28 members. The surveys were conducted in autumn 2014, in spring 2015 and in November 2015. Although the multiple choice questions are not quite identical to the ones from the Balkan Barometer, the general trends are comparable. Unemployment is evidently the main concern for the people living either in the European Union or in the SEE region. The only difference is that the problem is more pronounced in the SEE region where more people than those living in the EU consider it as the most pressing issue (SEE - 68%, EU - 36%). It is evident that concerns about unemployment in the EU members have been gradually declining in favour of an increasing focus on some other issues. The biggest change was recorded with regard to concerns about immigration, which have risen sharply from 18% to 36% in the past 12 months, and this issue in now ranked equally with unemployment. The economic concerns are also more pronounced among the SEE economies (55%) than in the EU (19%). Concerns about crime are ranked equally in both regions (10%), whereas concern about terrorism has risen in the EU (from 6% a year ago to 11%).

Unemployment and economic problems in general are qualitatively worse in the SEE than in the EU, whereas the risks of an influx of refugees and migrants are much higher in the EU than in the SEE as well as the risk of terrorist attacks.

Figure 10: How satisfied are you with each of the following in your place of living?

(All respondents - N=7002, scores are on a scale of 1 to 5 where 1 means completely dissatisfied and 5 - completely satisfied, mean)



Taking into account all the examined aspects, people of the SEE region are most satisfied with the quality of education system (3.07), social life (3.0), cleanliness of their cities (3.0) and utility services (3.0). They are least satisfied with the rate of prices (2.0) and their current job (2.5).

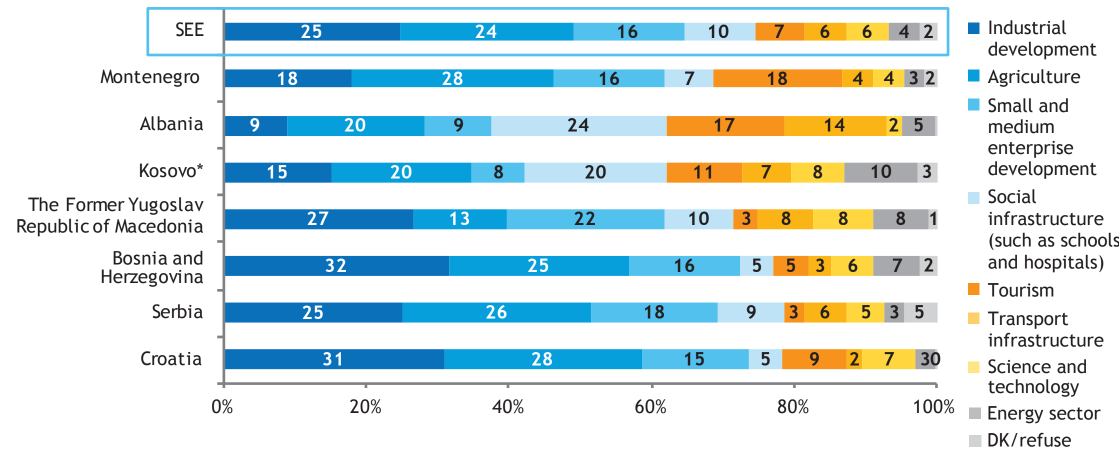
The people in The Former Yugoslav Republic of Macedonia and Montenegro are notably more satisfied with the situation in their economy. However, when examining the satisfaction with individual aspects, the results show that people from Croatia are significantly more satisfied with almost all aspects than the people in any other economy, except with the rate of prices and employment. A cross-economy comparison indicates that people from Albania are significantly less satisfied with utility services (2.47), cleanliness of their cities (2.56), social life (2.57) and with public services in general (2.49). People from Bosnia and Herzegovina are the least satisfied with transportation, and the people from Montenegro with safety from crime and their present job.

A demographic analysis does not reveal large variations among the groups in terms of satisfaction with the ten aspects. The noted exceptions are the youngest who are significantly more satisfied with social life as well as people aged 30 to 45 and those who assess their social status as above average who are significantly more satisfied with their present job. Men are more satisfied than women with their present job and the rate of prices.

In comparison with the survey for 2014, satisfaction with all measured elements has slightly increased in the entire SEE region.

Figure 11: When it comes to social and employment issues, in your opinion, in which of the following areas should your government invest its resources as a priority?

(All respondents - N=7002, share of total, %)



In order to improve the situation in the SEE region, the priorities in terms of government investment should be industry (25%) and agriculture (24%). These are followed by small and medium size enterprises (16%) and social infrastructure (10%) as investment priorities.

These findings relate to the average of all seven economies. However, there are variations among individual economies in the perception of the governments' investment priorities. Kosovo* and Albania consider it significantly more important to invest in social infrastructure, schools, hospitals and the like. People in Kosovo* think it is more important to invest in the energy sector, while people in Albania give priority to transport infrastructure.

Tourism is seen as a higher priority for government investment by people from Montenegro and Albania, industrial development for people from Bosnia and Herzegovina and Croatia, and investment in small and medium size enterprises for people from The Former Yugoslav Republic of Macedonia.

Science and technology are considered as a higher priority for investment by the youngest cohort (18-29), those with higher education and by those who rate their social status as above average. Those with higher education are more likely than others to think that the government's investment priority is social infrastructure, and the youngest believe it should be tourism.

In comparison with the survey for 2014, transport and social infrastructure are given somewhat greater priority in terms of government's investment.

Attitudes on Regional Cooperation and EU Integration

Regional cooperation is valued, primarily as an instrument of stability, while the attractiveness of EU integration is not increasing, with Euroscepticism remaining rather high, especially where visa free travel and the formal or informal access to EU labour markets is already in place.

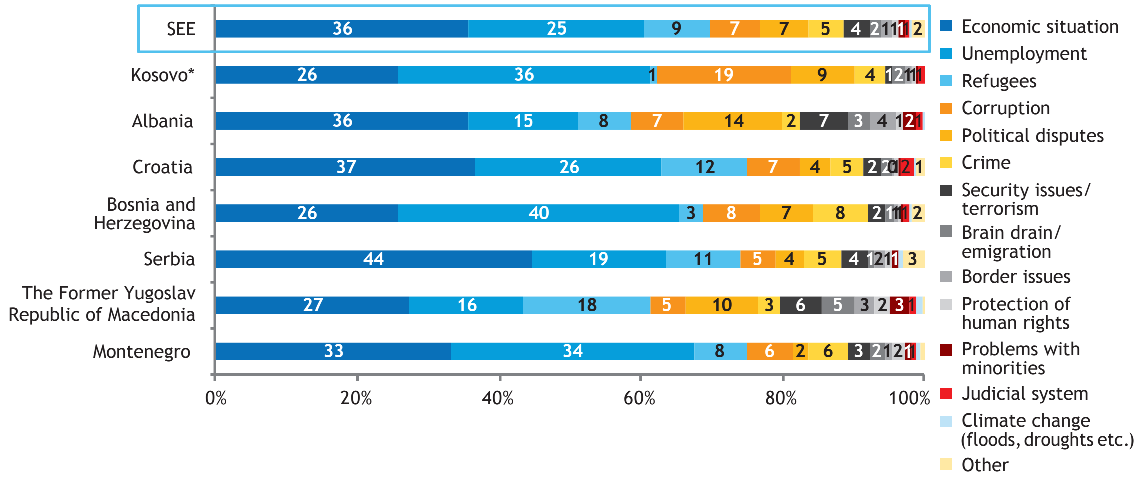
Regional relations are seen as improving. Less satisfied with the regional cooperation are respondents in Serbia and Bosnia and Herzegovina while somewhat more positive are those in Albania, Kosovo*, and The Former Yugoslav Republic of Macedonia. Chances are that these sentiments reflect different satisfaction with the Brussels Process of negotiations between Serbia and Kosovo*. In the case of Bosnia and Herzegovina, which depends on regional stability the most, there is continued dissatisfaction with the way things are going, which is in part the consequence of some of the internal political tensions that heightened in 2015 (Srebrenica Anniversary, issue of referendum in the Republika Srpska).

The attractiveness of the membership in the European Union is not increasing. Euroscepticism is strong in the region as a whole, but more in the larger economies, i.e. in Serbia, Croatia, and Bosnia and Herzegovina. Only in Serbia, however, the number of those opposing membership is higher than those that favour it. But, about half are indifferent as compared to about one third in the region as a whole. As a rule, societies that are further away from membership have a more positive attitude to it. Montenegro is an interesting case given that it is the closest to membership of all the candidates, but a negative attitude towards the EU is somewhat elevated in all probability due to it being connected with the impending accession to NATO, which is less popular.

European Union is valued for free travel and for labour market reasons and as a promoter of peace and stability. Of the three most important public goods that EU integration provides or helps provide, welfare and security play the dominant role, while social justice tends less to be associated with it. Interestingly enough, loss of sovereignty is not much of a worry in this region. Croatia is an interesting case as it already is a EU member, but rather a Eurosceptic one. Freedom to travel and study that membership provides are important, though economic prosperity may begin to play the more prominent role once transfers from the EU budget start to flow in more abundantly. Bosnia and Herzegovina may start to look at the EU more closely as its government just submitted the application for membership.

Figure 12: What do you think are the most important problems facing the entire SEE region at the moment?

(All respondents - N=7002, share of total, %)



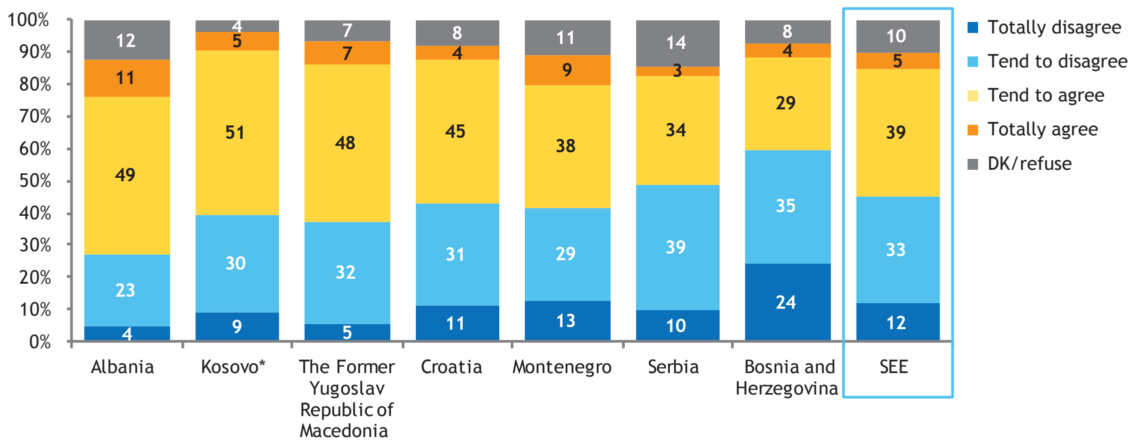
Among the thirteen listed aspects, the SEE population considers the economic situation (36%) as the main concern in their region, followed by unemployment (25%). Less than 10% identified other issues as the most pressing. The issue of refugees is perceived by 9% of people as the leading concern in the region, whereas 7% perceive either corruption or political disputes as the main concern.

However, the economic situation was not identified as the main concern in the SEE region by all the societies. Kosovo* (36%) and Bosnia and Herzegovina (40%) consider unemployment as the primary concern.

There are also variations among the economies on other aspects: corruption as the main worry is mentioned much more frequently in Kosovo* than in other economies (SEE - 7%, Kosovo* - 19%), political disputes in Albania (SEE - 7%, Albania - 14%) and the issue of refugees in The Former Yugoslav Republic of Macedonia (SEE - 9%, The Former Yugoslav Republic of Macedonia - 18%).

Figure 13: Do you agree that the relations in SEE are better than 12 months ago?

(All respondents - N=7002, scale from 1 to 4, share of total, %)



The issue of improved relations in the SEE region has divided opinion across the region over the past year. In fact, 45% disagree that the situation has improved, whereas 44% have the positive opinion. The highest number of those who see the improved situation in the region is from Albania (60%), while the lowest number is in Bosnia and Herzegovina (33%).

People who rate their social status as above average (55%) are significantly more likely to see the current situation as better than a year ago.

It is positive that more than three quarters of people believe that regional cooperation can contribute to prosperity in the SEE region. Montenegrins are the least likely to disagree with this statement (only 11%).

Figure 14: Do you agree that regional cooperation can contribute to the political, economic or security situation of your society?

(All respondents - N=7002, scale from 1 to 4, share of total, %)

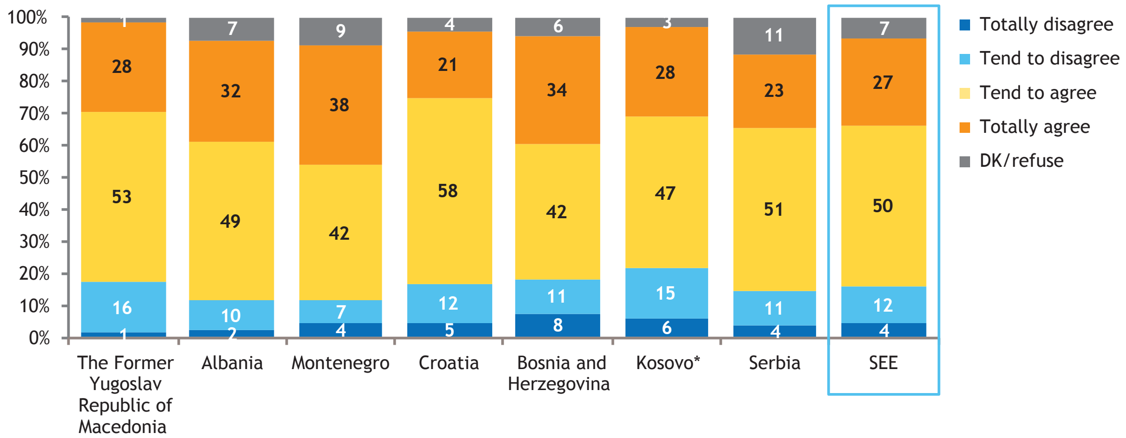


Figure 15: How satisfied are you with the level of information available on developments in other parts of the SEE region?

(All respondents - N=7002, share of total, %)

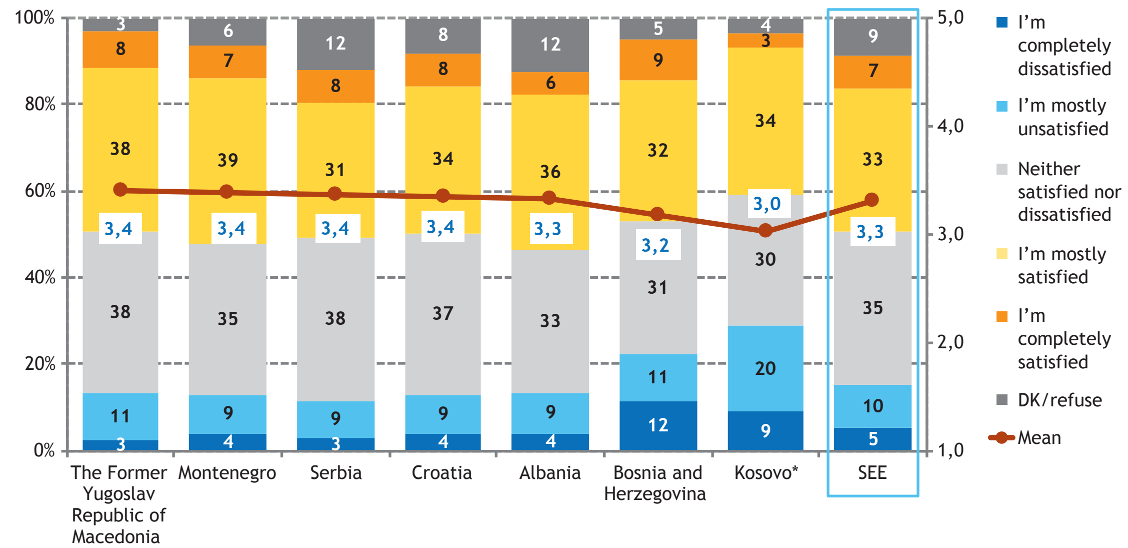
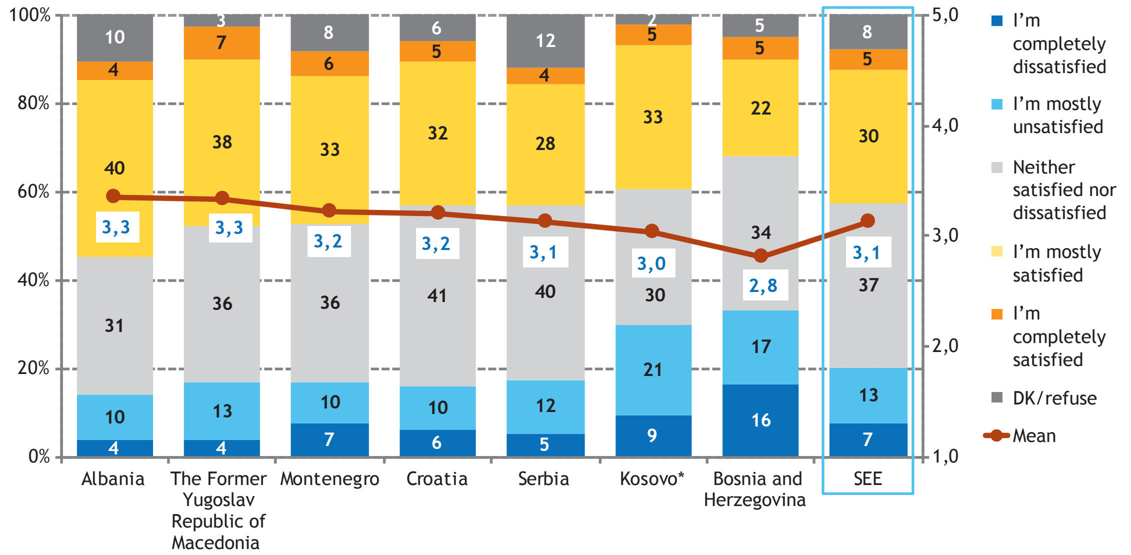


Figure 16: What about the content of an average newspaper or television channel? In your opinion, are you satisfied with the objectivity of reporting on SEE?

(All respondents - N=7002, share of total, %)



People of the SEE region are fairly satisfied with the availability of information on the SEE region (3.3) as well as with the objectivity of reporting (3.1). Majority are neither satisfied nor dissatisfied (availability - 35%, objectivity - 37%), which may indicate a lack of interest. With regard to the availability of information, there is no perceptible difference among the economies. However, when it comes to the objectivity, it may be noted that the people from Bosnia and Herzegovina are significantly less satisfied. Variations across demographic groups have not been observed.

Figure 17: Do you think that EU membership would be (is - for Croatia) a good thing, a bad thing, or neither good nor bad?

(All respondents - N=7002, share of total, %)

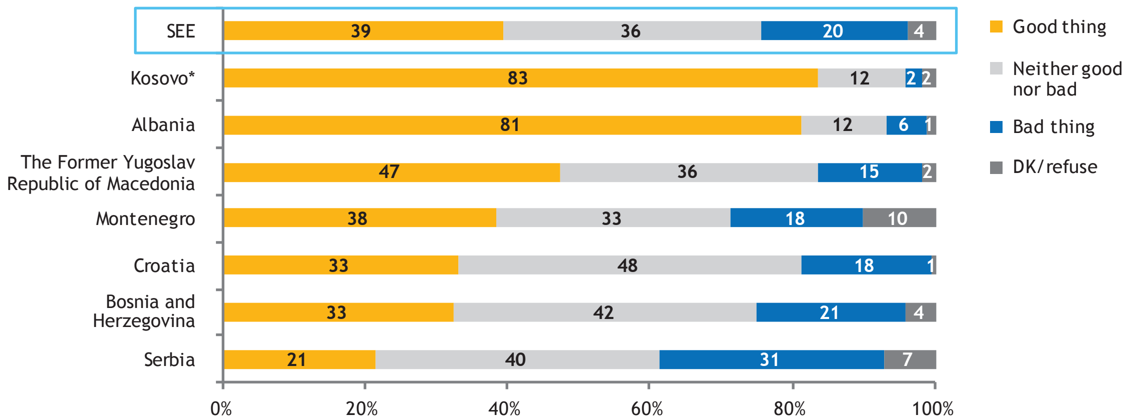
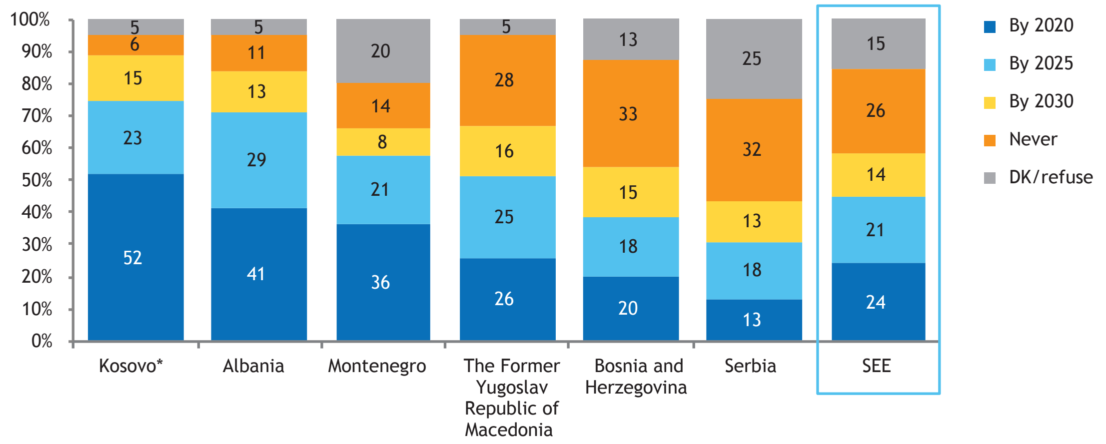


Figure 18: In general, when do you expect the accession to EU to happen?

(All respondents - N=7002, share of total, %)



The perception of EU membership (whether it is good or bad for the society) has not changed since last year. A large majority (39%) still consider membership of the European Union as a good thing, followed by those who have a neutral opinion (36%) and the lowest percentage of respondents (20%) consider it a bad thing.

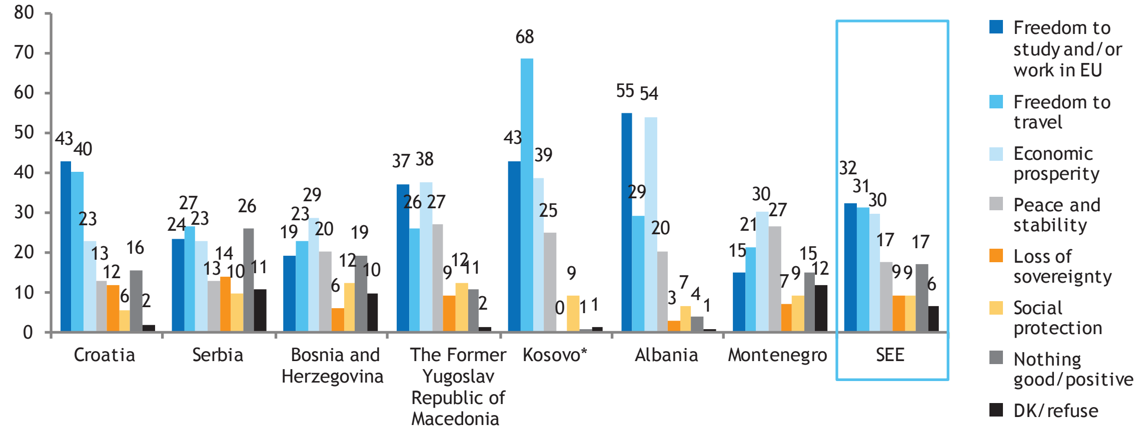
However, there are marked variations among individual economies in the perception of EU membership, as something good or bad. Over 80% of the population in Kosovo* and Albania see EU membership as something good. The Former Yugoslav Republic of Macedonia and Montenegro still have a larger proportion of those who consider it a good thing, whereas negative opinions prevail in Serbia, Bosnia and Herzegovina and Croatia (which is already a member of the EU). Serbia significantly outnumbers all others by those who perceive EU membership as a bad thing.

From a demographic perspective, the youngest (47%) and those with higher education (46%) are more likely to be in favour of EU membership whereas the oldest (27%) and those who rate their social status as below average (29%) are more likely to be negative about EU membership.

With regard to the EU accession prospects, pessimism has slightly increased given that there are now slightly fewer people who forecast accession to the EU as early as 2020 (2014 - 27%, 2015 - 24%). There is still the largest number of those who think that their economy will never become a member of the EU (26%), particularly in Bosnia and Herzegovina and Serbia. People in Kosovo*, who overwhelmingly perceive EU membership as a good thing, also predominantly expect the accession to the EU to happen as soon as possible, or by 2020 (SEE - 24%, Kosovo* - 52%). People who rate their social status as below average are significantly more likely than others to believe that their economy will never become a member of the EU (SEE - 26%, below average social status - 37%).

Figure 19: What would EU membership mean to you personally?

(All respondents - N=7002, maximum two answers, share of total, %)



People from the SEE region associate EU membership primarily with freedom to travel (31%), freedom to study and work (32%) and economic prosperity (30%). In comparison with last year, there are slightly more people who associate the EU with freedom to study and work (2014 - 28%, 2015 - 32%) and fewer people see benefit in freedom to travel (2014 - 35%, 2015- 31%) or in economic prosperity (2014 - 33%, 2015 - 30%).

There are large variations among some economies: in Kosovo*, where over 80% of people perceive the EU as a good thing, there are significantly more of those who see benefit of the EU in freedom to travel (SEE - 31%, Kosovo* - 68%). In Albania, where also more than 80% of people perceive EU membership as a good thing, there are significantly more people who see benefits of the EU in freedom to study and work (SEE - 32%, Albania - 55%) and in economic prosperity (SEE - 30%, Albania - 54%). Serbia stands out with the largest number of those who do not see anything positive or good about the EU (SEE - 17%, Serbia - 26%).

People from Croatia, which is already an EU member, mainly associate EU membership with freedom to study, work and travel. They are also significantly more likely than others (except for people in Serbia) to associate EU membership with a loss of sovereignty.

As expected, the youngest cohort (18-29) are significantly more likely to see the benefits of the EU in the freedom to travel, study and work. These benefits are far more frequently mentioned by the highly educated people who, more than others, associate EU membership with economic prosperity. Those who rate their social status as above average are significantly more likely than others to see the benefits of the EU in economic prosperity (SEE - 30%, above average - 40%) and in peace and stability (SEE - 17%, above average - 25%). The oldest (61 years and over) and those who rate their social status as below average are significantly more likely to see nothing positive or good about EU membership.

Unemployment and Risk of Poverty

Unemployment rates remain high and are not expected to decline soon which is what accounts for low satisfaction and the fear of falling into poverty the most.

Longer term expectations are worse than short term ones. While currently the risk of becoming unemployed is not perceived as particularly high, especially given the rate of employment, the perceived risk of losing a job increases already at the horizon of two years. This is in contrast with forecasted improvements in economic growth and in the growth of employment in the medium run. This is an illustration of the high rate at which the future is discounted in this region, which affects a lot of economic as well as social and political behaviour. E.g. it plays a significant role in the value that is put on stability in employment, wages, and even in political decisions.

Rate of employment remains low while the crisis has had significant effects on employment. Most households have either no employed member or only one person is employed. Also, the experience of losing a job is seen as being significant, though primarily among friends and family. This is consistent with the known facts, which are that the adjustment to the crisis has gone mainly through the cuts in employment. The Former Yugoslav Republic of Macedonia is an exception, though it is not perceived as one by the respondents.

In time of stress, holidays cannot be afforded. In this, citizens of this region do not differ from many others who cut vacation time and do not travel to enjoy their holidays in bad times.

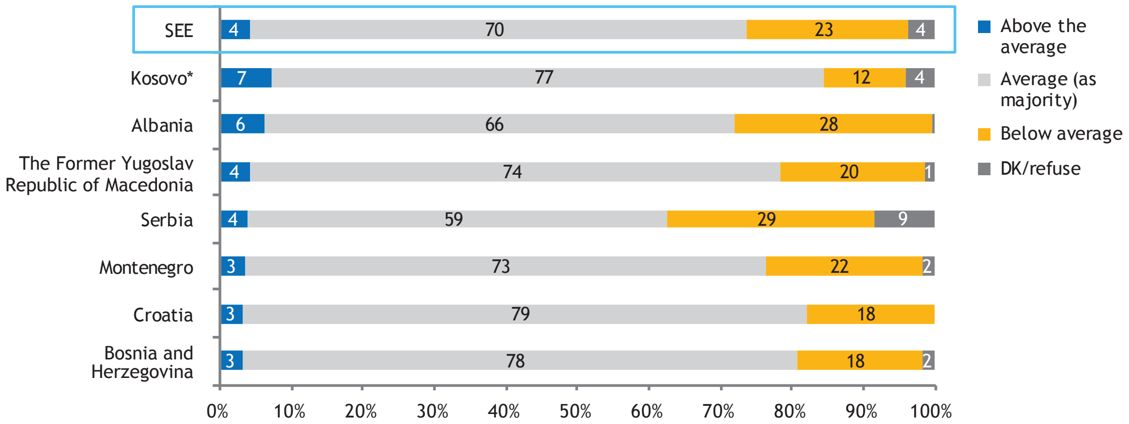
The risk of falling into poverty is high. The average for the region of about a quarter of the population fearing that they may fall into poverty is quite high.

Inequality is increasing. This is a result that is found in most surveys in practically any year, though the crisis must have had that effect given that the unemployment rate increased (except in The Former Yugoslav Republic of Macedonia).

Remittances do not play a significant role. This finding contradicts the statistics, which records high or very high inflows of private transfers, i.e. remittances.

Figure 20: Social status (self estimation).

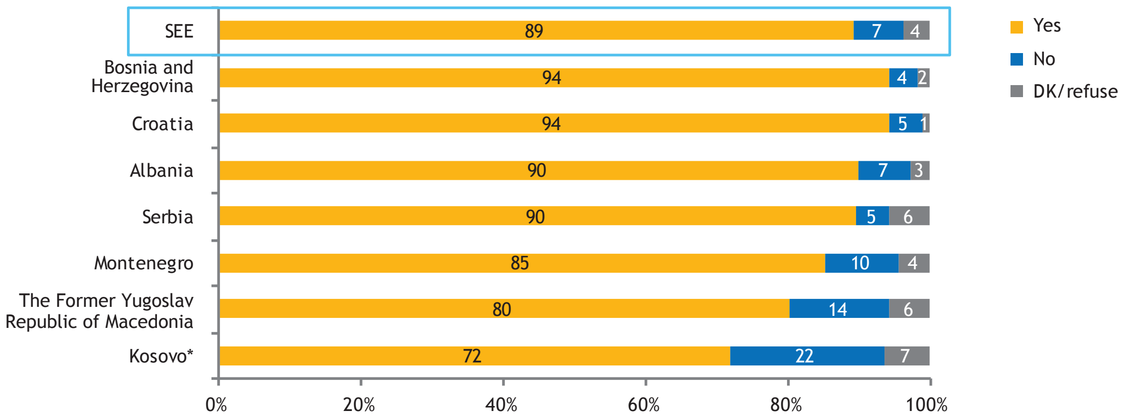
(All respondents - N=7002, share of total, %)



Based on social self-positioning (whether the life a person leads is better, worse or average, as majority), the SEE people mostly see their social position as average (70%), 4% think that their living standard is above average and 23% below the average. In Serbia and Albania, there are significantly more of those living below the average (SEE - 23%, Albania - 28%, Serbia - 29%) whereas in Kosovo* there are significantly more of those who estimate to live above the average. People with higher education are significantly more likely to live above the average (SEE - 4%, highly educated - 9%) and the number in Kosovo* is also above the average for the SEE region (SEE - 23%, Kosovo* - 34%).

Figure 21: Do you think that the gap between the rich and poor is increasing in your economy?

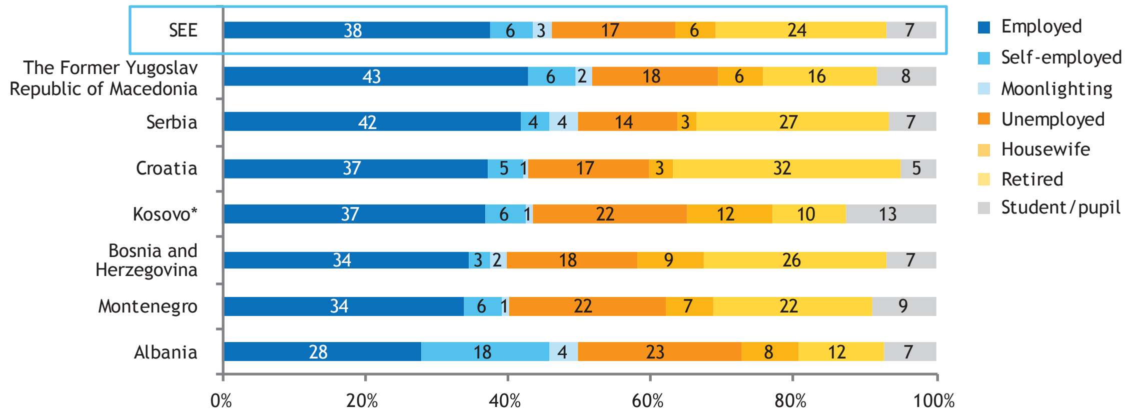
(All respondents - N=7002, share of total, %)



The vast majority (89%) in the SEE region consider that the gap between the rich and the poor has become increasingly prominent in their economies. Kosovo* stands out with as many as 22% of people who think that the gap between the rich and the poor is not increasing. Almost everybody in Croatia and Bosnia and Herzegovina (94%) notice an increasing gap. Depending on the social status, the respondents have provided different answers to this question: those who rate their social status as above average are significantly less likely to perceive the gap between the poor and the rich as growing unlike those who rate their social status as below average.

Figure 22: Current working status.

(All respondents - N=7002, share of total, %)

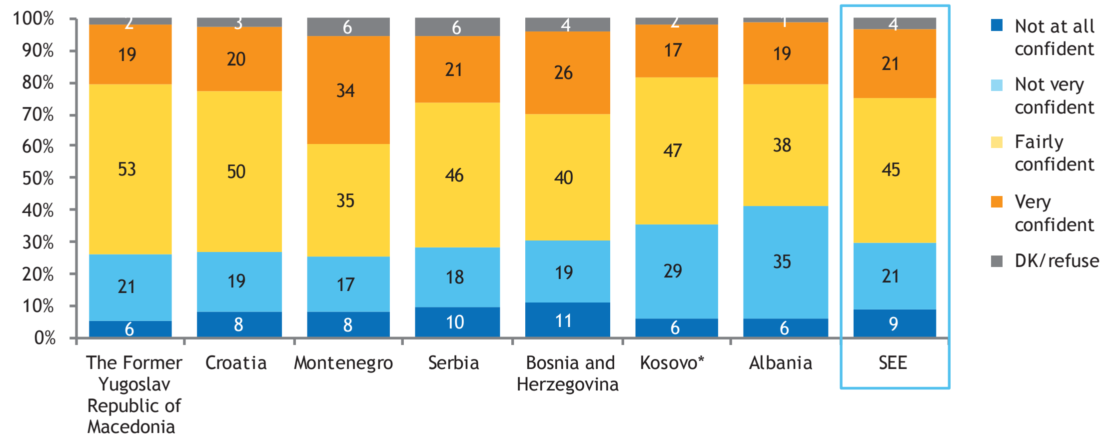


In the economies of the SEE region, almost half (47%) of the interviewees is employed, including the self-employed (6%) and moonlighting workers (3%).

There are significantly more self-employed people in Albania (SEE - 6%, Albania - 18%), pensioners in Croatia (SEE - 24%, Croatia - 32%), students in Kosovo* (SEE - 7%, Kosovo* - 13%) and housewives also in Kosovo* (SEE - 6%, Kosovo* - 12%).

Figure 23: How confident would you say you are in your ability to keep your job in the coming 12 months?

(Employed and self employed people - N=3043, %)

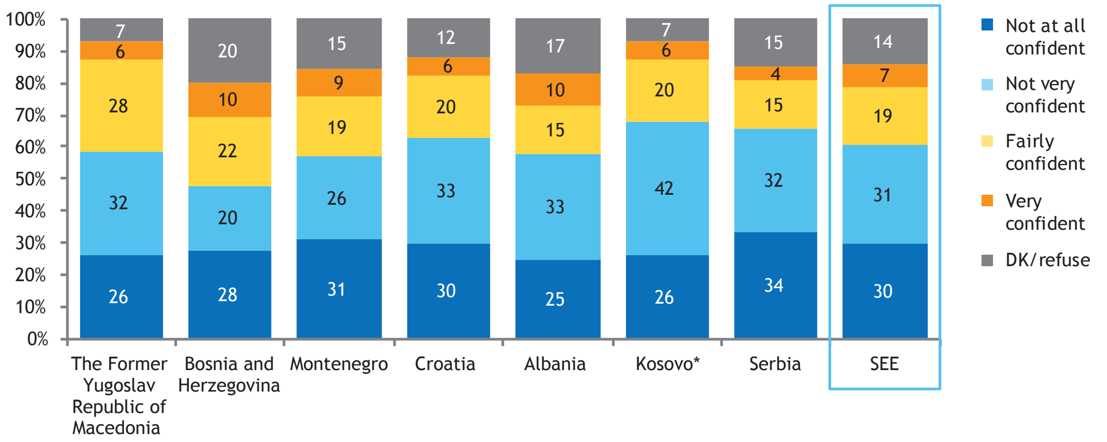


The employed are predominantly optimistic about keeping their jobs in the coming 12 months. In fact, 66% of them are confident that they will keep the job whilst 30% are not very confident. There have been no changes since last year with respect to the estimates of keeping the job.

Those who rate their social status as above average are most confident that they will keep their job (SEE - 66%, above average social status - 88%). There are no significant variations among individual economies.

Figure 24: How confident would you say you are in having a job in two years' time?

(All respondents - N=7002, share of total, %)



When it comes to the estimates of having a job in two years' time, the level of confidence is on the increase. Specifically, 26% of people are confident in having a job, which is a increase compared to about 20% of people from survey for 2014, who were confident in this estimation.

Figure 25: How many people in your family who are able to work are employed?

People who are able to work are those who are 15 and older, who are not in regular education and do not have any other obstacle for working such as disability.
(All respondents - N=7002, share of total, %)

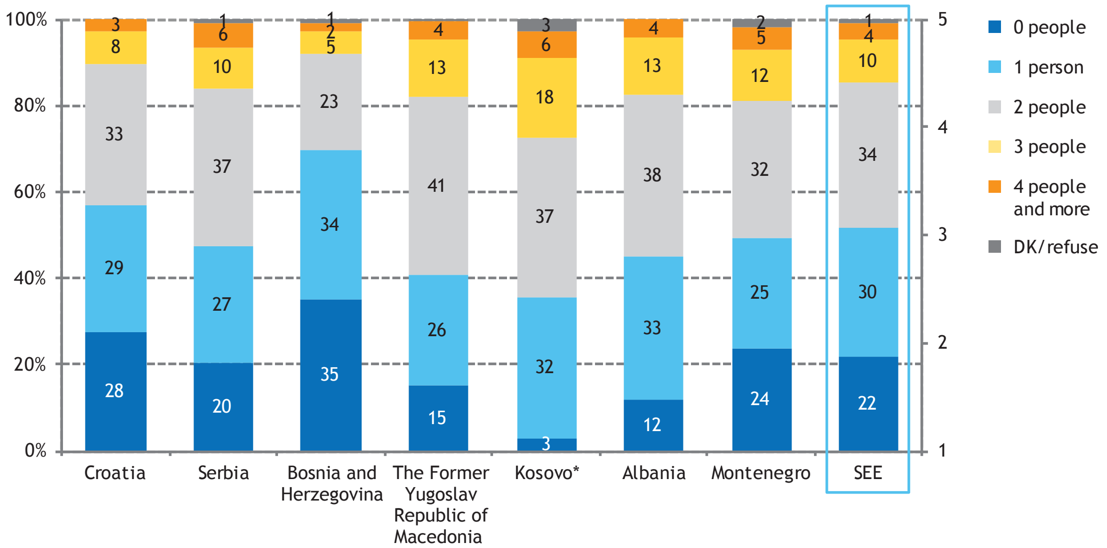
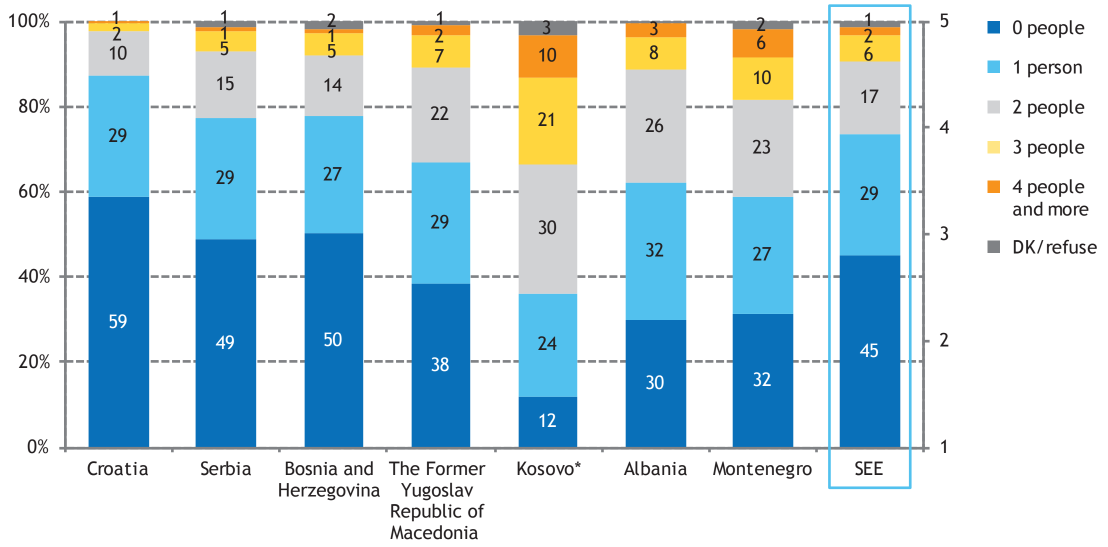


Figure 26: How many people in your family who are able to work are unemployed?

People who are able to work are those who are 15 and older, who are not in regular education and do not have any other obstacle for working such as disability.
(All respondents - N=7002, share of total, %)



The results indicate that half of the families (52%) in the SEE region have either one employed person or none, whereas a third have two family members who are employed. Having analysed the number of the employed and individual economies, we can single out Kosovo* where significantly more families have three employed persons per family (SEE - 10%, Kosovo*-18%) whereas Bosnia and Herzegovina stands out with the number of families that do not have any employed members (SEE- 22%, Bosnia and Herzegovina - 35%). It is expected that the highly educated families and those who rate their social status as above average would have significantly more employed persons.

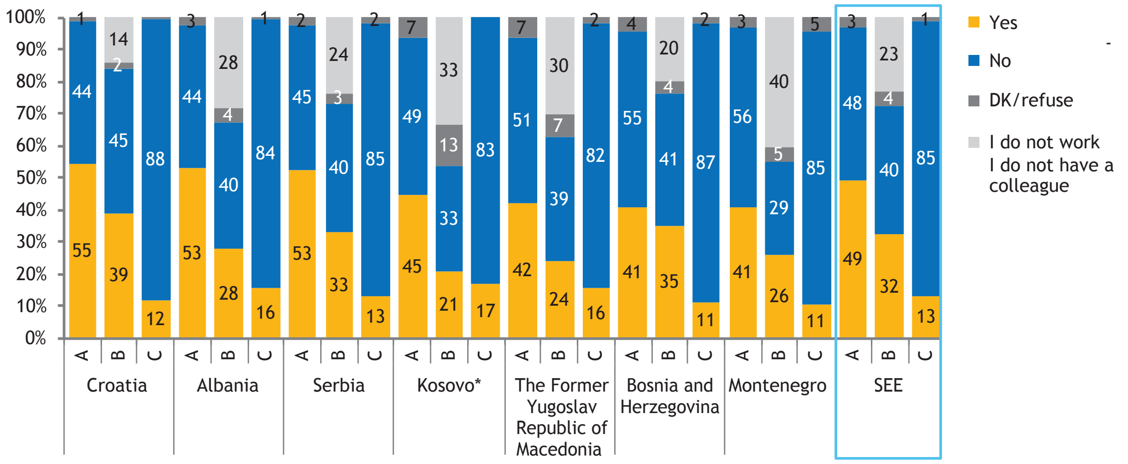
On the other hand, 45% of the families have no unemployed members (who are able to work) and 29% of the families have only one member able to work who is also unemployed. In Croatia, there are significantly more families with no unemployed members (SEE - 45%, Croatia - 59%) whereas Kosovo* may be singled out by a greater number of unemployed persons per family. We have noted that Kosovo* has a significantly higher number of both the employed and the unemployed, which may be explained by considerably more numerous family members in relation to other economies.

Among the oldest, there are the most families without any unemployed member probably because these are pensioner families (SEE - 45%, 61+ - 66%), as well as among those who rate their social status as above average (57%).

Figure 27: Please state whether each of the following situations has happened to you, as a result of the economic crisis in the past 3 years?

(All respondents - N=7002, share of total, %)

A - Someone from your family, a relative, or a friend lost their job?
B - One of your colleagues has lost their job?
C - You lost your job?

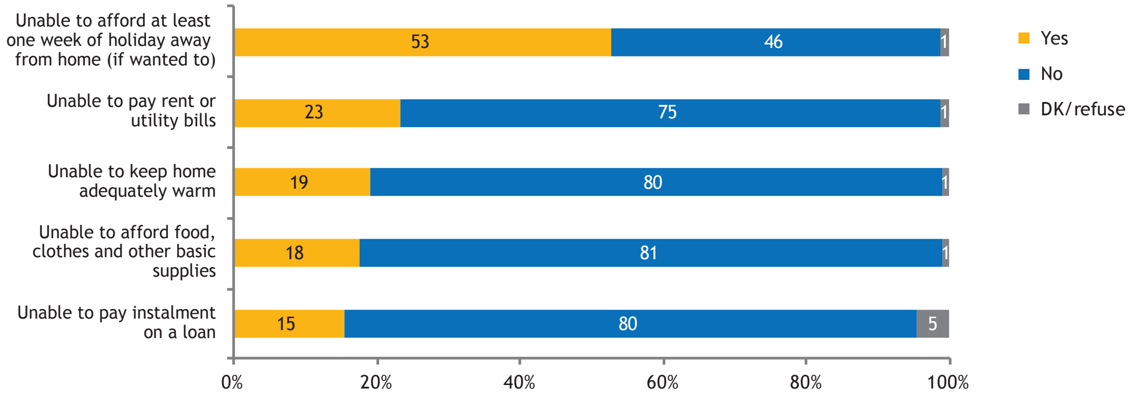


In comparison with the last year results, the number of those who lost their jobs remained the same (2014 - 13.5%, 2015 - 13.3%) whereas the number of those whose colleagues lost their jobs has slightly decreased (2014 - 34%, 2015 - 32.2%).

Kosovo* has the largest number of persons who have lost their job in the past three years (SEE - 13%, Kosovo* - 17%). Croatia still has the largest number of people whose friends and acquaintances (55%) or colleagues (39%) have lost their jobs.

Figure 28: Did your household face the following problems (even at least once) during the past 12 months? (Results for SEE)

(All respondents - N=7002, share of total, %)

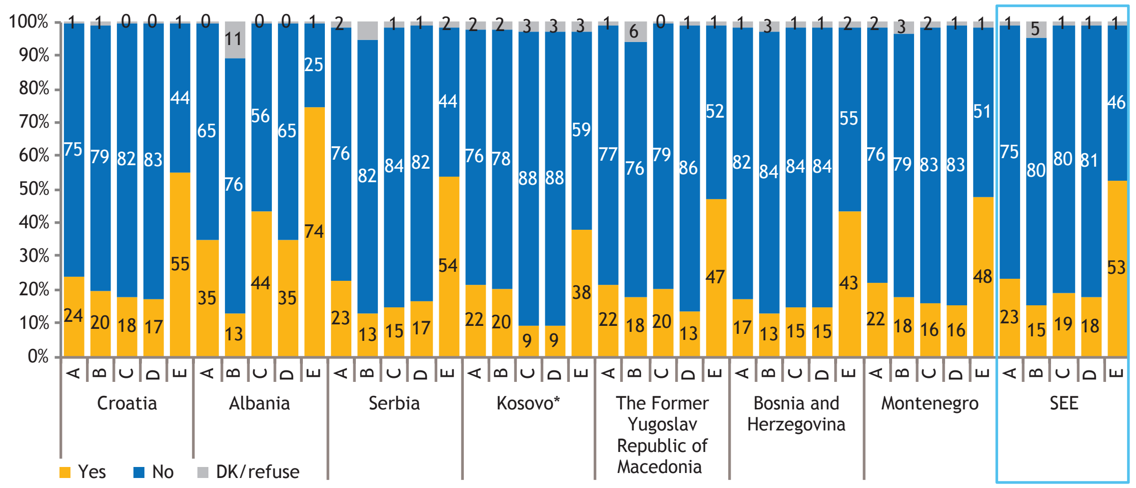


One of the five things that people were unable to afford is a weeklong holiday away from home (53%). At the level of the SEE region, 23% of the population could not pay all the bills in the past 12 months, 19% were unable to keep their home adequately warm, 18% were unable to afford basic supplies, such as clothes, food and the like.

Figure 29: Did your household face the following problems (even at least once) during the past 12 months? (Results by economies)

(All respondents - N=7002, share of total, %)

A - Unable to pay rent or utility bills
B - Unable to pay instalment on a loan
C - Unable to keep home adequately warm
D - Unable to afford food, clothes and other basic supplies
E - Unable to afford at least one week of holiday away from home (if wanted to)



A cross-economy analysis of the five surveyed items that families were unable to afford indicates that Albania stands out by considerably more people who were unable to afford four of the five surveyed items (paying bills, keeping their home warm, food, clothes and other basic supplies and a weeklong holiday away from home).

Demographic variations are correlated with social status and education. There are significantly more of those who were not faced with the mentioned problems among the people whose social status is above average or average.

The vast majority of the SEE population (87%) has not received any assistance in the past 12 months from other persons living abroad. The results have remained unchanged since last year.

People from Kosovo* received the biggest assistance (45%), probably having the largest number of relatives living abroad. Croatia had significantly fewer of those receiving assistance (6%). There are no variations among the demographic groups.

Figure 30: Did your household receive help, at least once in the past 12 months, in the form of money or goods from another individual living abroad?

(All respondents - N=7002, share of total, %)

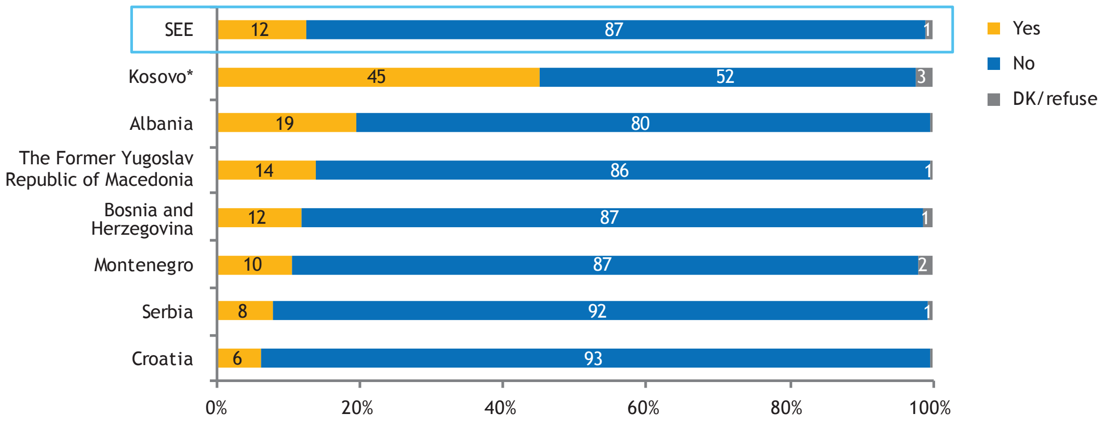
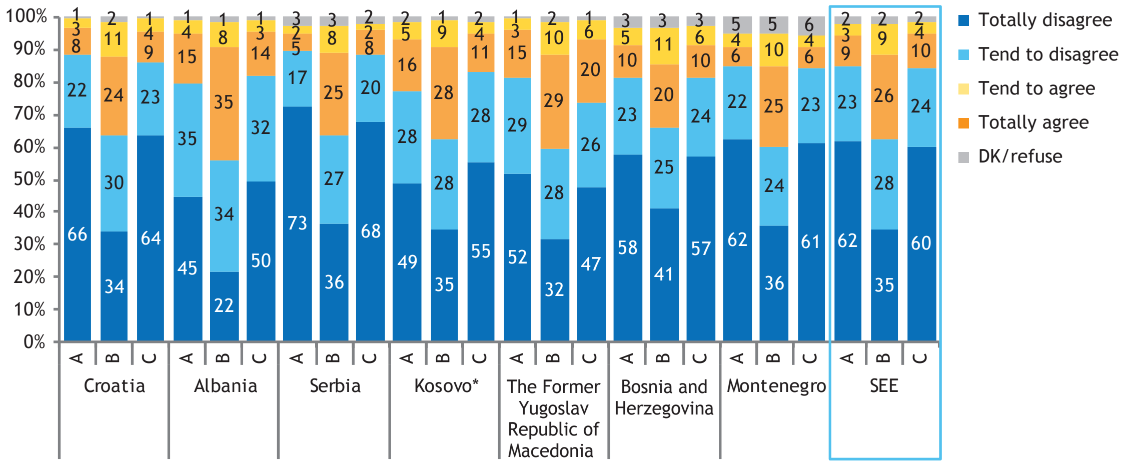


Figure 31: Agreement with the statement:

(All respondents - N=7002, share of total, %)

A - Some people look down on you because of your income or job situation.
B - I feel that there is a risk for me that I could fall into poverty.
C - I feel left out of society.



The findings related to agreement or disagreement with the three statements on social exclusion show that we cannot claim the existence of social exclusion among the SEE population. In fact, only 14% consider themselves to be socially excluded, while only 12% think that people look down on them because of their income or job situation. The respondents mostly agree with the statement related to the feeling that there is a risk of falling into poverty (35% agree with it). There were no significant changes in terms of social exclusion in comparison with the survey for 2014.

The variations among the economies refer to The Former Yugoslav Republic of Macedonia with significantly more people feeling left out of society (SEE - 14%, The Former Yugoslav Republic of Macedonia - 26%) and to Albania with significantly more people who are afraid of falling into poverty (SEE - 35%, Albania - 43%). In Albania and Kosovo*, there are significantly more of those who feel that people look down on them because of their income or job situation.

The findings are related to the education level and social status. All those who rate their social status as below the average and those with lower levels of education significantly more agree with all of the mentioned statements (social status below the average: 64% agree with the statement related to falling into poverty and 26% agree with the statement of feeling left out of society; the less educated: 51% agree with the statement related to falling into poverty and 22% with the statement of feeling left out of society). In addition, there are significantly more persons over 46 who agree with the statements.

Employability and the Labour Market

Favouritism is still predominant in the labour markets and employment in the public sector is preferable due to higher security.

Knowing the right persons is important for employment and for getting ahead in life. In addition to ability and work ethic, the most important resource for employment and advancement are social connections. This is a finding which is well known from many surveys and studies and can be treated as a stylised fact for this region. Explanations have to rely in part on the fact that low employment rate and high unemployment rate together with a large share of dependent population lead to the need to ration jobs and opportunities, where the criterion of rationing is social closeness as it relies on favouritism.

Public job is preferred to the private one. The reason most often given is that of higher job security. In most of the SEE economies, average wages in the public sector are also higher than in the private sector in part due to higher rate of unionisation and to the differences in average educational requirement. However, looking forward, public jobs should be relatively scarcer because cuts are forecasted in most of the economies while employment should increase mostly in the private sector.

Figure 32: What do you think is most important for getting ahead in life?

(All respondents - N=7002, share of total, %)

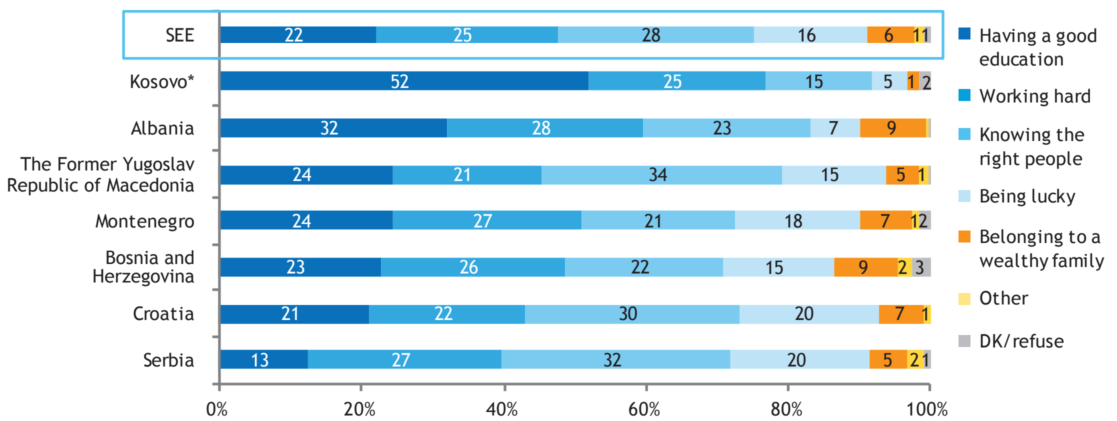


Table 4: What do you think is most important for getting ahead in life? - comparison 2014/2015

(Share of total, %)

	2014	2015
Working hard	25	25
Having a good education	23	22
Knowing the right people	23	28

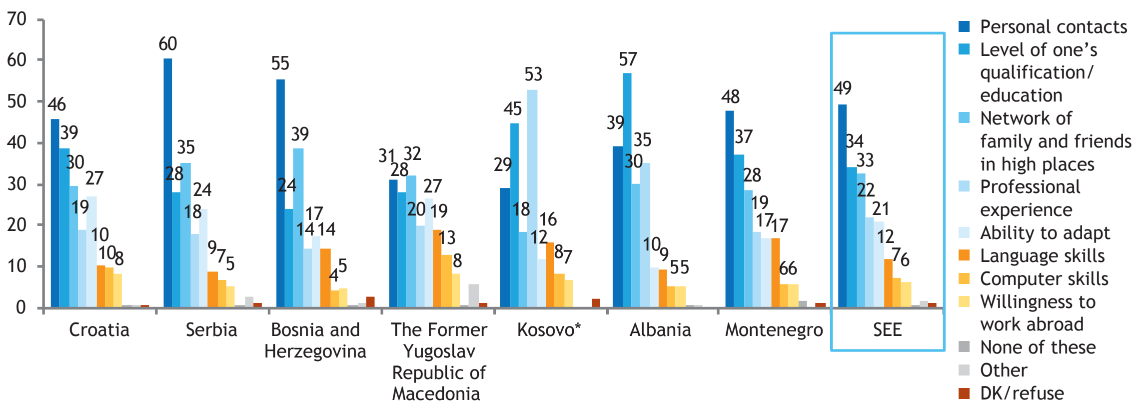
In terms of getting ahead in life, the population of the SEE region considers it most important to know the right people (28%), to work hard (25%) and to have a good education (22%). In comparison with the survey for 2014, there is an increased number of those who consider that knowing the right people is the most important for getting ahead in life (2014 - 23%, 2015 - 28%).

In all seven economies, the largest difference has been observed in the case of Kosovo* where education is considered as significantly more important for making progress in life compared to all other economies (SEE - 22%, Kosovo* - 52%). Knowing the right people is significantly more important to make progress in life among the people from Croatia (30%), Serbia (32%) and The Former Yugoslav Republic of Macedonia (34%). In Serbia and Croatia, good fortune is more important than in other economies (SEE - 16%, Serbia and Croatia - 20%).

The youngest (18-29 years old) (26%) and highly educated (29%) attribute success in life to good education, significantly more than the other groups. Working hard as the key to success in life is more important to the oldest (33%) and the people who rate their social status as above average (34%), whereas those who rate their social status as below average largely believe that knowing the right people (31%) and belonging to a wealthy family (10%) is essential for success in life.

Figure 33: In your opinion which two assets are most important for finding a job today?

(All respondents - N=7002, maximum two answers, share of total, %)



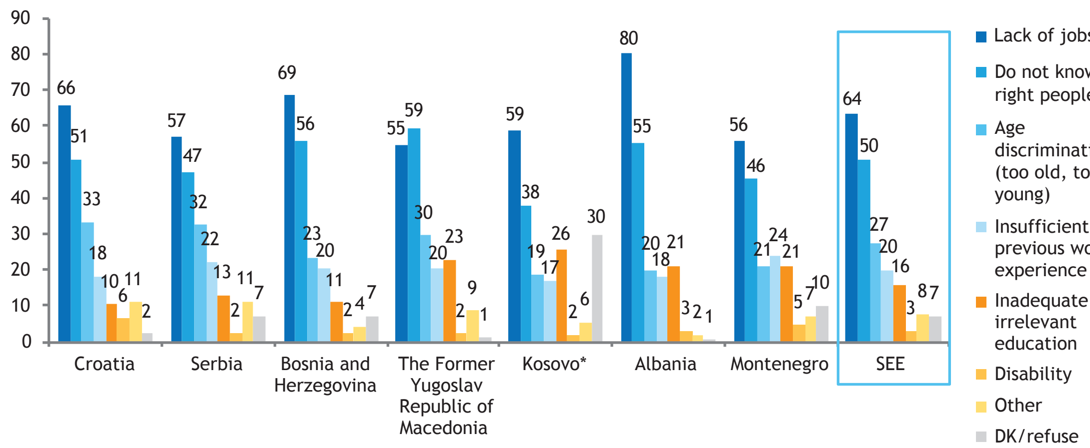
In order to get a job in the SEE region, it is most important to have good personal contacts (49%) and to know people in high places (33%). About a third of the population in the SEE region believes that education is most important.

There are variations among individual economies in terms of importance of certain aspects to get a job. To a significantly greater extent, people in Kosovo* consider professional experience as important (SEE - 22%, Kosovo* - 53%). Professional experience (SEE - 22%, Albania - 35%) and the level of education (SEE - 34%, Albania - 57%) are considered more important by people from Albania. In Bosnia and Herzegovina and Serbia, there are significantly more of those who consider personal contacts and knowing people in high places as the most important to get a job. In The Former Yugoslav Republic of Macedonia, computer skills are more important than in other economies (SEE - 7%, The Former Yugoslav Republic of Macedonia - 13%).

The highly educated and those who rate their social status as above average more often than others mention professional experience as the most important to get a job. Those who rate their social status as below average more often mention the network of contacts in high places as the most important.

Figure 34: What are the two main obstacles to those in your household who do not work, to get a good job?

(Households with at least one unemployed person - N=3769, %)



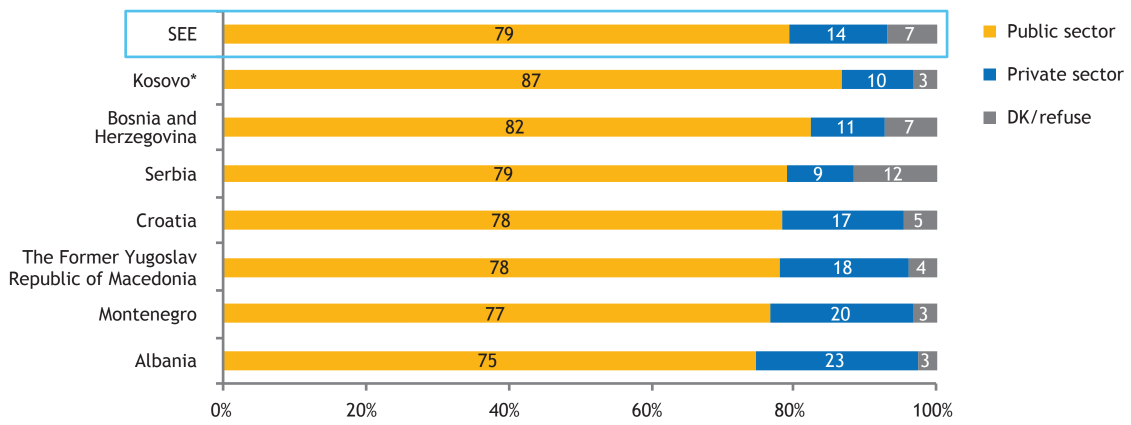
As the importance of knowing the right people to progress in life increased compared to the survey for 2014, so did the number of those who believed that not knowing the right people was the biggest obstacle to getting a job (2014 - 47%, 2015 - 51%). Nevertheless, the most important obstacle to getting a job in the SEE region is the lack of jobs in general (64%). Age discrimination is cited as the main reason by 27%.

Albania may be singled out by a greater number of those who consider the lack of jobs in general as the main obstacle to getting a job (SEE - 64%, Albania - 80%). Only in The Former Yugoslav Republic of Macedonia, there are more people who believe that not knowing the right people is a greater obstacle to getting a job (59%) compared to unemployment in general (55%).

Variations across demographic groups are perceptible only among those who rate their social status as above average and they mention age discrimination more often than others as the main obstacle to getting a job (SEE - 27%, above the average - 39%). Those who rate their social status as below average cite more often than others that the main problem is not knowing the right people (SEE - 51%, below average social status- 58%).

Figure 35: If you could choose, would you prefer to work in the public or private sector?

(All respondents - N=7002, share of total, %)



The vast majority (79%) of the population in the SEE region would prefer working in the public sector rather than in the private sector (14%). In comparison with the survey for 2014, the number of those who prefer working in the private sector significantly reduced (2014 - 16%, 2015- 14%).

Table 5: Work in the public or private sector - comparison 2014/2015

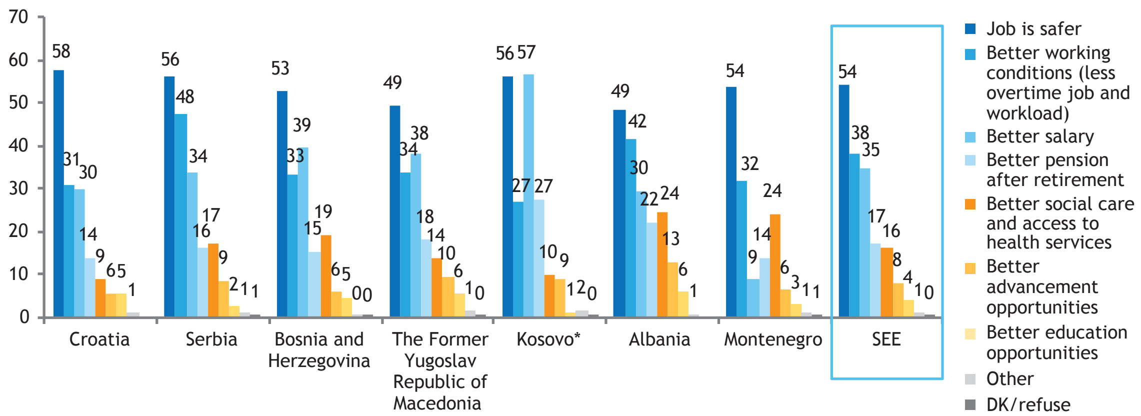
(Share of total, %)

	2014	2015
Public sector	79	79
Private sector	16	14

There are significantly more people in Kosovo* who prefer working in the public sector (87%) while people from Albania (23%) prefer working in the private sector more than others. The private sector is more often chosen by the better-to-do who rate their social status as above average (30%) and the youngest (18-29 years old) (19%).

Figure 36: If you prefer to work in public sector, what is the main reason for that?

(Those who preferred work in public sector - N=5555, maximum two answers, %)



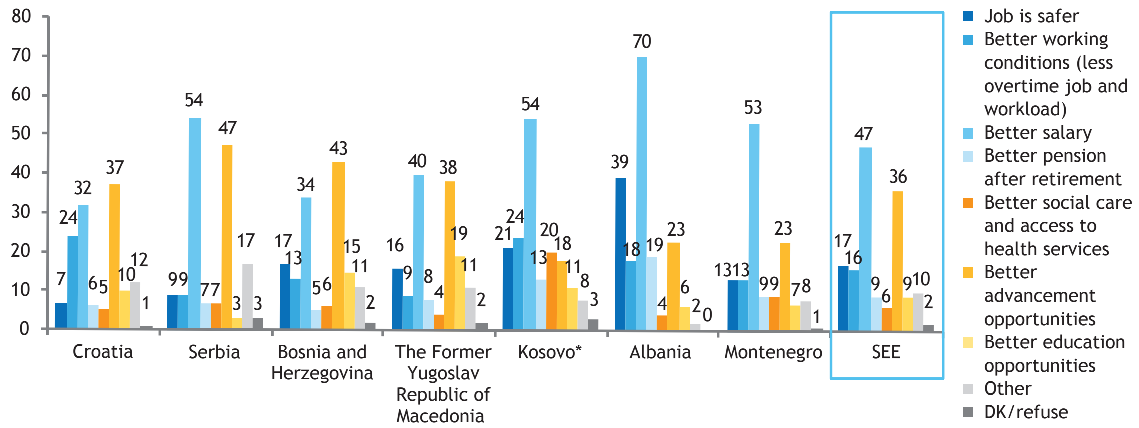
Why is it that 79% of people in the SEE region prefer working in the public sector? Primarily because of job security (54%), and then for better working conditions (no overtime) (38%) and for better salary (35%).

In Kosovo*, the public sector is chosen more often than in other economies for better salary (SEE 35%, Kosovo* - 57%) and for better pension (SEE - 17%, Kosovo* - 27%). In Montenegro, work in the public sector is chosen more often for better social care and access to health services (SEE - 16%, Montenegro - 24%) whereas in Serbia for better working conditions (SEE - 38%, Serbia - 48%).

The youngest, highly educated and those who rate their social status as above average cite more often than others that they prefer the public sector to the private for better advancement opportunities.

Figure 37: If you prefer to work in private sector, what is the main reason for that?

(Those who preferred work in private sector - N=957, maximum two answers, %)



The work in the private sector is mostly chosen for better salary (47%) and better advancement opportunities (36%). Significantly more than in other economies, people in Albania choose to work in the private sector for better salary (SEE - 47%, Albania - 70%) and for greater job security (SEE - 17%, Albania - 39%). People from Kosovo* are more likely to work in the private sector because of better social care and access to health services (SEE - 6%, Kosovo* - 20%).

Those with lower levels of education and women who prefer to work in the private sector are more likely than others to choose it for better social care and health insurance whereas the highly educated more often work in the private sector because of better advancement opportunities.

Table 6: Reason for work in the private or public sector - comparison of the results at the SEE level

(Share of total, %)

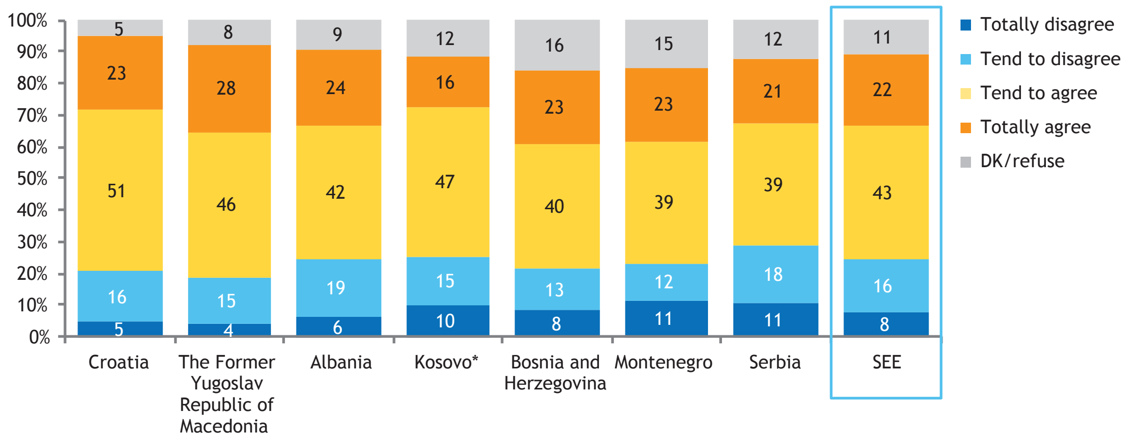
Reasons for work in private or public sector	Public sector	Private sector
Job is safer	54	17
Better working conditions (less overtime job and workload)	38	16
Better salary	35	47
Better advancement opportunities	8	36
Better pension after retirement	17	9
Better social care and access to health services	16	6
Better education opportunities	4	9

If we compare the reasons for work in the private and public sectors at regional level, we see that the main advantage of working in the public sector is job security and better working conditions in terms of the absence of overtime work, whereas the work in a private company is better because it provides better advancement opportunities. When it comes to salary, the private sector is perceived as better, but not much better when it comes to some other reasons or to the extent that would be expected.

In addition, the public sector is perceived as better when it comes to pensions, social care and health services while the private companies provide better education opportunities.

Figure 38: Would you agree that the skills you learned in the education system meet the needs of your job?

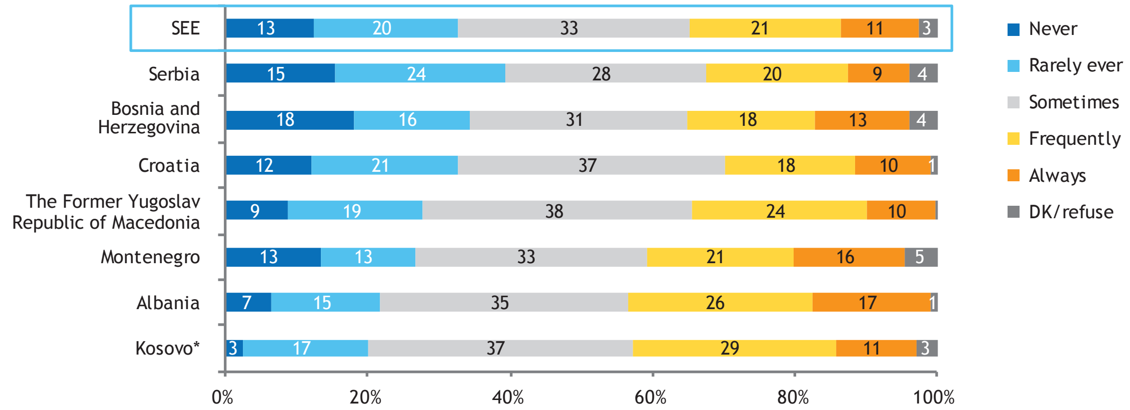
(All respondents - N=7002, share of total, %)



Most people (65%) agree that their education meets the needs of their job. Only 24% consider that it is not true. The highly educated (79%) and those who rate their social status as above average (71%) agree with this statement more than the others.

Figure 39: Are you encouraged to be innovative or to take initiative in your work?

(Employed people - N=3043, %)

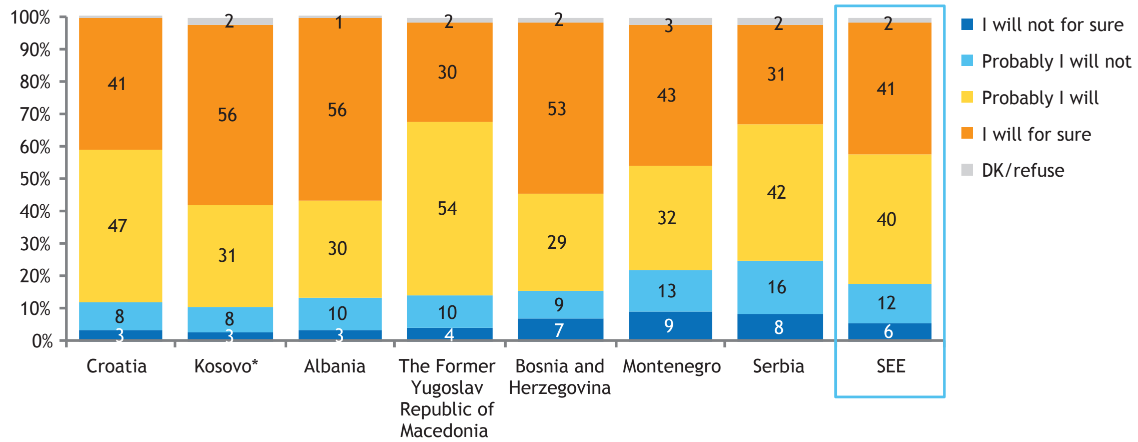


The majority are not often encouraged to take initiative or to be innovative in their work (66%). In Serbia, there are most of those who have never or very rarely received such support (SEE - 33%, Serbia - 39%). In Albania, there are most of those who frequently or always receive this type of support (SEE - 32%, Albania - 43%).

Highly educated people and those who rate their social status as above average (highly educated - 43%, above the average - 55%) are always or frequently encouraged.

Figure 40: Would you be ready to acquire additional qualifications for advancement at work?

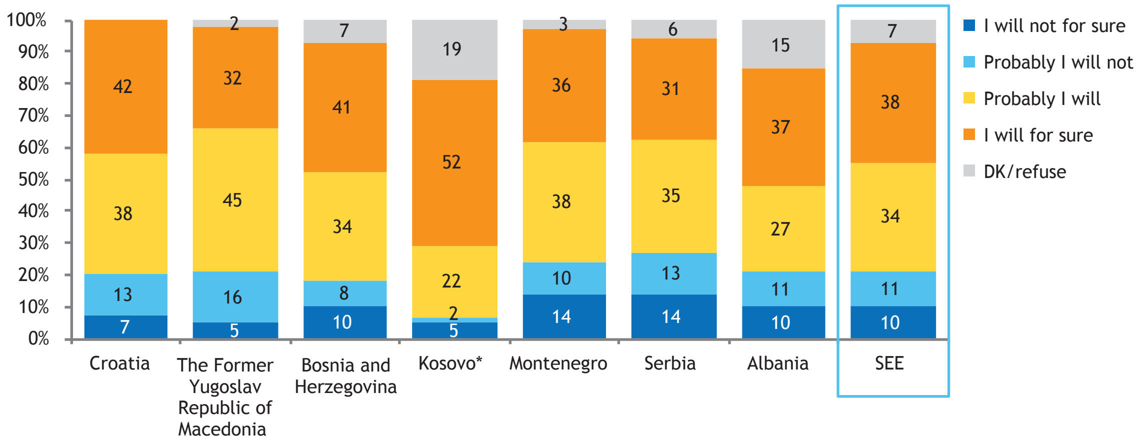
(Employed people - N=3043, %)



The vast majority of employed persons (81%) in the SEE region are ready to pursue additional training in order to advance at work. The least number of persons ready to pursue additional training is in Serbia (73%) and Montenegro (75%). Among the highly educated (89%), the youngest and middle-aged (30-45 years old), 87% of them are more likely to take additional training to advance at work.

Figure 41: Would you be ready to acquire additional qualifications in order to get a job?

(Unemployed people and moonlighting - N=1399, %)



	Croatia	The Former Yugoslav Republic of Macedonia	Bosnia and Herzegovina	Kosovo*	Montenegro	Serbia	Albania	SEE
I will not for sure	7	5	10	5	14	14	10	10
Probably I will not	13	16	8	2	10	13	11	11
Probably I will	38	45	34	22	38	35	27	34
I will for sure	42	32	41	52	36	31	37	38
DK/refuse		2	7	19	3	6	15	7

Among the unemployed, 72% would pursue additional training in order to get a job whereas 21% would not be ready to take additional training with a view to getting a job. People of Kosovo* may be singled out by the least number of those who would not accept additional training (7%) in order to get a job.

Attitudes Towards Mobility

Migrating out of the region continues to be a very strong motivation for those looking for work or advancement in life and welfare.

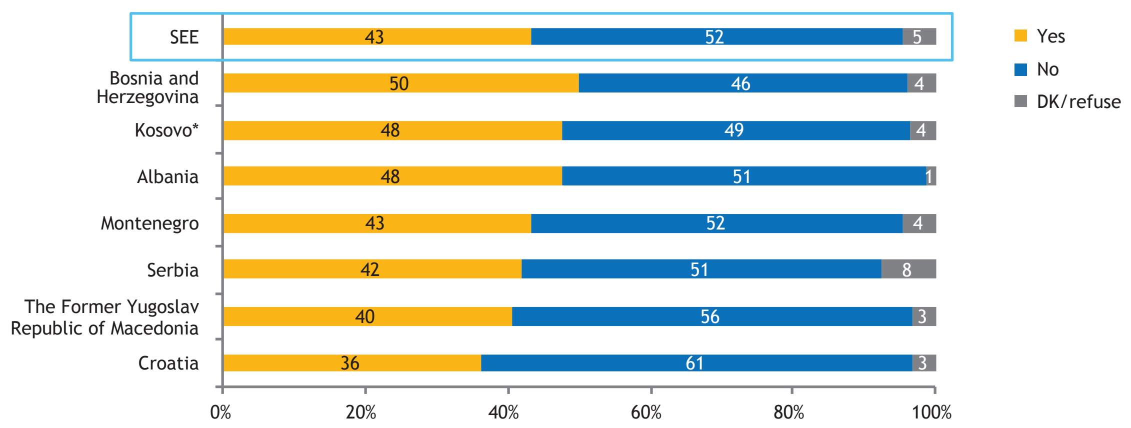
These have not changed significantly over the last year's survey. Still a significant number of people would be ready to move out of their economy but rather to the EU than within the region.

Ethnic and traditional ties influence intra-regional mobility. Mobility within the region is predictable given traditional routes.

Ethnic distance is not significant at the personal level. While ethnic distrust continue to play a role in local and regional politics, ethnicity does not seem to matter when it comes to experiences when travelling or vacationing for tourist purposes. Generally surveys find that ethnic tensions turn up for political reasons rather than that they have an individual or social basis. In general, in business and in social relations, ethnic distance seems not to be important let alone determining, while it continues to play an important role in political relations and decisions.

Figure 42: Would you consider leaving and working abroad?

(All respondents - N=7002, share of total, %)



Slightly less than half the population of the SEE region (43%) is thinking of living abroad. The majority of those are people from Bosnia and Herzegovina (50%) and the lowest number is in Croatia (36%). In comparison with the survey for 2014, the number of people who consider leaving and working abroad slightly reduced (2014 - 45%, 2015 - 43%). There are significantly more people who consider living abroad among the youngest, nearly three-quarters of young people (18-29 years old) (SEE - 43%, the youngest - 71%) and the highly educated (SEE - 43%, highly educated - 50%). There are significantly fewer of those who consider leaving among the people who probably do not have many opportunities abroad given their educational level: less educated people (70% are not considering leaving). It is also the case with the people who are obviously well off in the economy in which they live, those who rate their social status as above average (59% are not considering leaving).

Table 7: Would you consider living and working in another place in the SEE region?

(All respondents - N=7002, share of total, %)

	Yes	No	DK/refuse
Croatia	6	92	2
Serbia	9	86	5
Albania	18	78	4
The Former Yugoslav Republic of Macedonia	25	71	4
Montenegro	24	69	7
Bosnia and Herzegovina	26	68	6
Kosovo*	38	57	5
SEE	16	79	4

Table 7a: Where?

(Those who answer with yes - N=1134, multiple answer, %)
Read the table in columns.

	Albania	Bosnia and Herzegovina	Croatia	Kosovo*	The Former Yugoslav Republic of Macedonia	Montenegro	Serbia
Albania		0	0	20	5	1	0
Bosnia and Herzegovina	1		2	11	1	2	2
Croatia	12	14		21	12	5	3
Kosovo*	4	0	0		4	1	0
The Former Yugoslav Republic of Macedonia	4	1	0	5		1	2
Montenegro	1	2	1	9	3		5
Serbia	2	10	2	3	4	16	

When it comes to living and working in another place in the SEE region, there is a much smaller number of people who would decide to do so in relation to leaving and working abroad in general. In fact, there are only 16% of those in the entire SEE region. People from Croatia (6%) and Serbia (9%) would be the least ready to live and work in another place in the SEE region unlike people from Kosovo* (38%) who would mostly decide to do so. The majority would go to Croatia, except people from Montenegro who would prefer to go to Serbia. Albania, in addition to Croatia, is also an option for the people from Kosovo*.

Table 8: Did you travel somewhere in the region in the past 12 months?

(All respondents - N=7002, share of total, %)

	Yes	No	DK/refuse
Kosovo*	61	36	3
Montenegro	50	47	3
Bosnia and Herzegovina	48	49	3
The Former Yugoslav Republic of Macedonia	36	63	1
Serbia	28	70	2
Albania	26	74	0
Croatia	26	74	0
SEE	34	64	2

Table 8a: Where?

(Those who travelled - N=2402, multiple answer, %)
Read the table in columns.

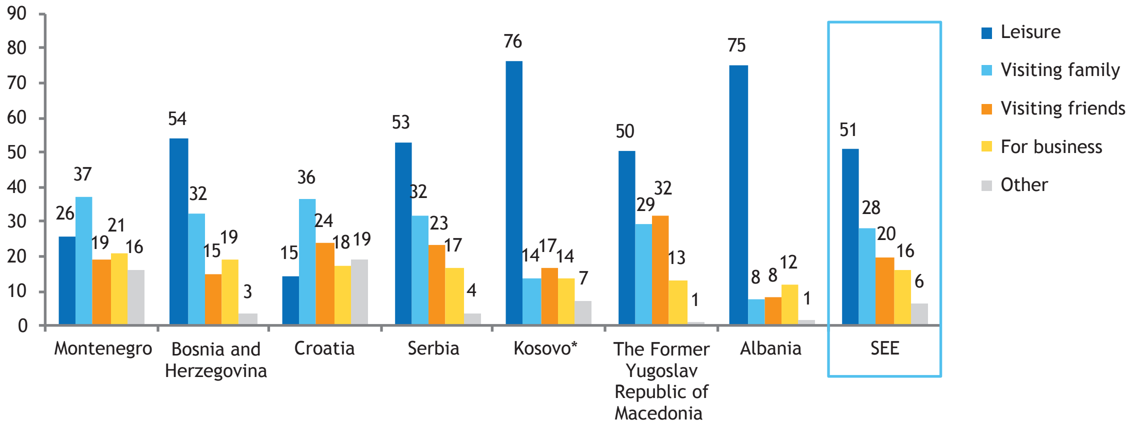
	Albania	Bosnia and Herzegovina	Croatia	Kosovo*	The Former Yugoslav Republic of Macedonia	Montenegro	Serbia
Albania		2	1	53	14	8	0
Bosnia and Herzegovina	0		21	4	3	14	12
Croatia	4	32		5	7	10	5
Kosovo*	13	1	0		10	5	1
The Former Yugoslav Republic of Macedonia	7	1	1	8		4	3
Montenegro	9	13	1	11	8		17
Serbia	1	18	6	5	15	37	

One third of the SEE population has travelled within region in the past 12 months. People from Kosovo* have travelled the most (61%) and those from Croatia and Albania the least (26%, respectively). Those that travelled more often than others include the people who rate their social status as above average (59%), young adults (18-29 years old - 44%, 30-45 years old 43%) and the highly educated (49%). People from Albania mostly travelled to Kosovo* (13% of those who travelled), people from Bosnia and Herzegovina to Croatia (32%), people from Kosovo* (as many as 53%) travelled last year to Albania and people from Serbia to Montenegro (17%). They travelled mostly for leisure.

On the other hand, the Croats most frequently visited Bosnia and Herzegovina (21%), the Montenegrins Serbia (37%) while people from The Former Yugoslav Republic of Macedonia equally visited Albania (14%) and Serbia (15%). The most common reason for the trips was a visit to the family, except for people from The Former Yugoslav Republic of Macedonia who visited Albania mostly for leisure and Serbia equally for leisure, visiting friends and visiting the family.

Figure 43: For what purpose did you traveled somewhere in the region in the past 12 months?

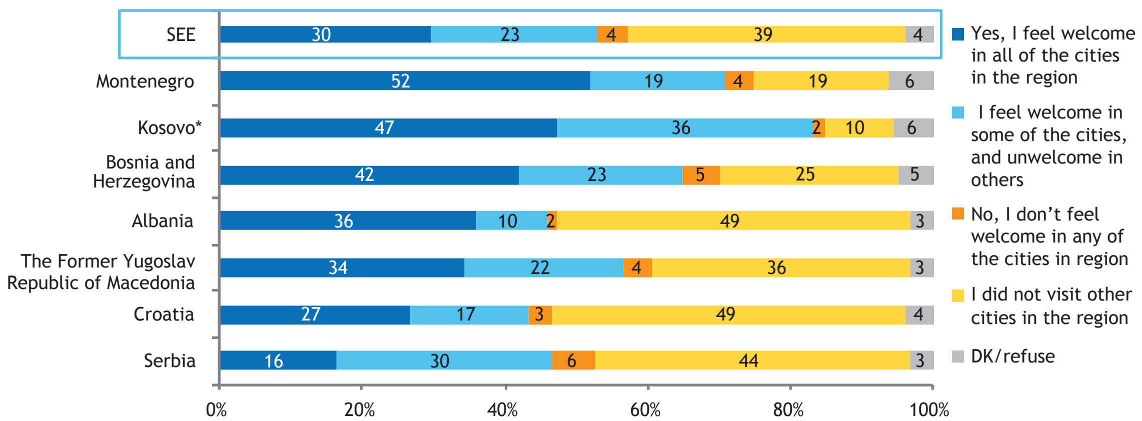
(Only those who travelled - N=2402, %)



At the level of the SEE region, people travelled mostly for leisure (51%), followed by a visit to family and friends while the business reason is in the last place (16%). More often than others, people from Albania (75%) and Kosovo* (76%) travelled for leisure while people from The Former Yugoslav Republic of Macedonia (32%) visited friends more often than others.

FFigure 44: Do you feel welcome abroad, when you are traveling to other cities in SEE region either for business or leisure purposes?

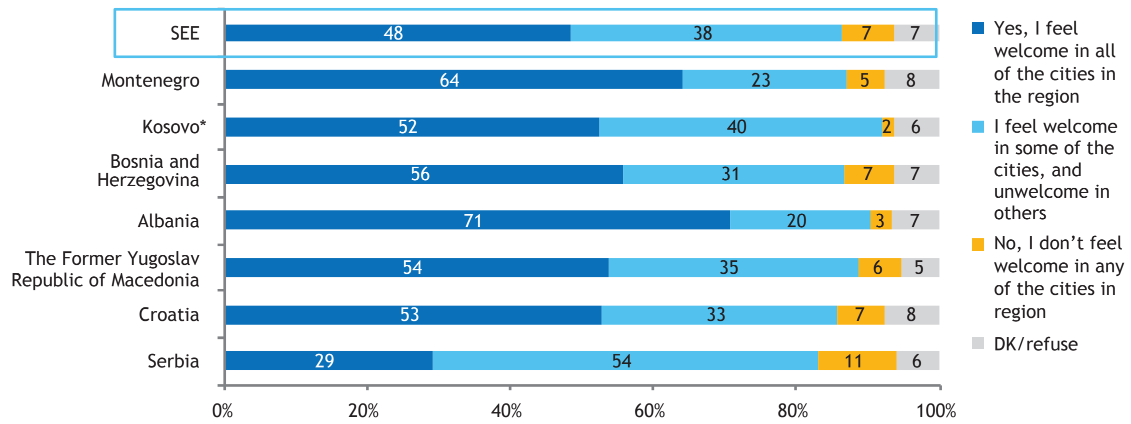
(All respondents - N=7002, share of total, %)



At the level of the SEE region, 39% of people have not visited any other city in the region. These are mostly people from Albania and Croatia (49%, respectively). Other cities were mostly visited by people from Kosovo* (83%).

Figure 45: Do you feel welcome abroad, when you are traveling to other cities in SEE region either for business or leisure purposes?

(Only those who travelled - N=4287, %)

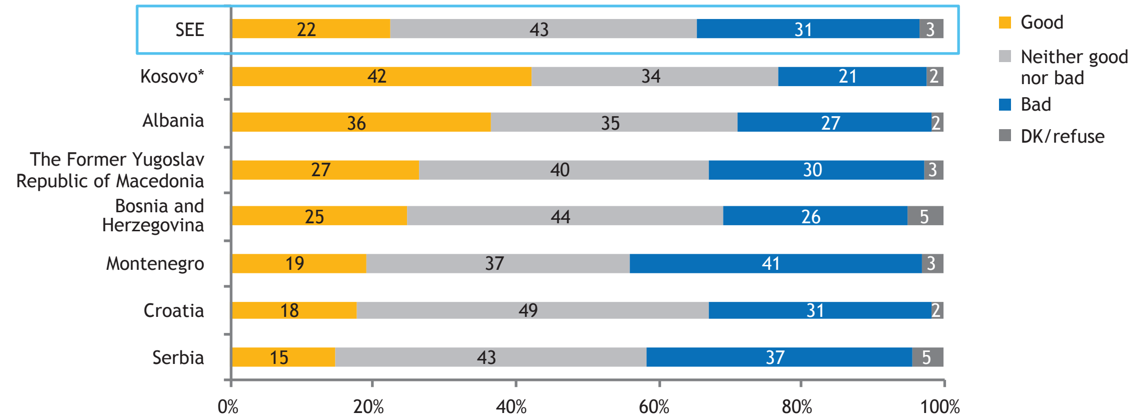


Among those who travelled, the majority felt welcome in any city (48%) whereas 38% felt welcome only in some cities. Only 7% do not feel welcome in any city in the region. There are more people from Albania (71%) and Montenegro (64%) who feel welcome in every city, while there are least of those among people from Serbia (29%) who mainly (54%) feel welcome only in some cities in the region.

More often than others, people who rate their social status as above average (61%) feel welcome in all the cities in the region.

Figure 46: What do you think about people from other parts of the region coming to live and work in your economy? Is it good or bad for your economy?

(All respondents - N=7002, share of total, %)



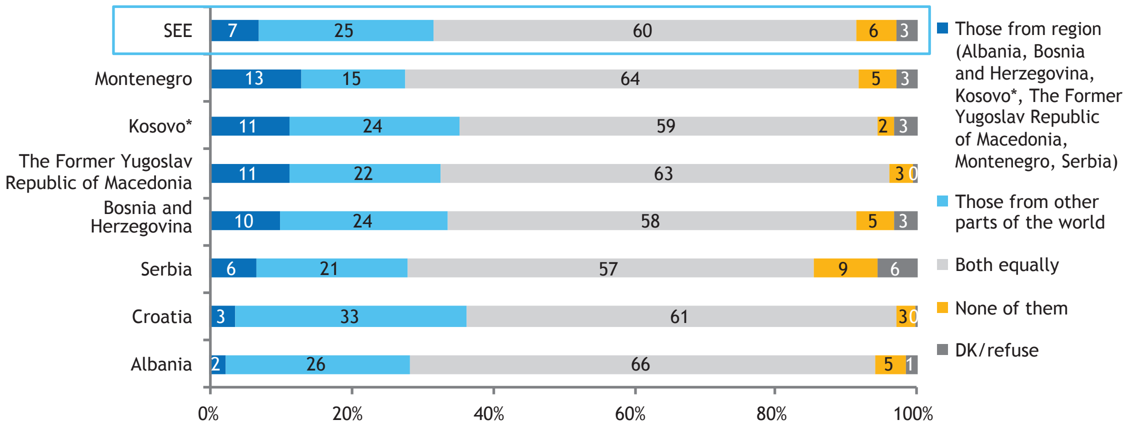
Most of the SEE population (43%) have a neutral attitude towards the well-being of the people from the region who come to their economy; 31% think it is bad and the least (22%) think it is good for their economy. In comparison with the survey for 2014, there are fewer of those who think that the arrival of other people from the region is good (2014 - 26%, 2015 - 23%).

People from Montenegro (41%) and Serbia (37%) are mostly against the arrival of other people from the region whereas people from Kosovo* (42%) mostly support it.

Those who rate their social status as above average (34%), the highly educated (26%) and younger people, under 45 (25%) are more likely to support the arrival of other people from the region to their economy.

Figure 47: Which tourists would you like to have more in your economy, those from the SEE region or from other parts of the world?

(All respondents - N=7002, share of total, %)



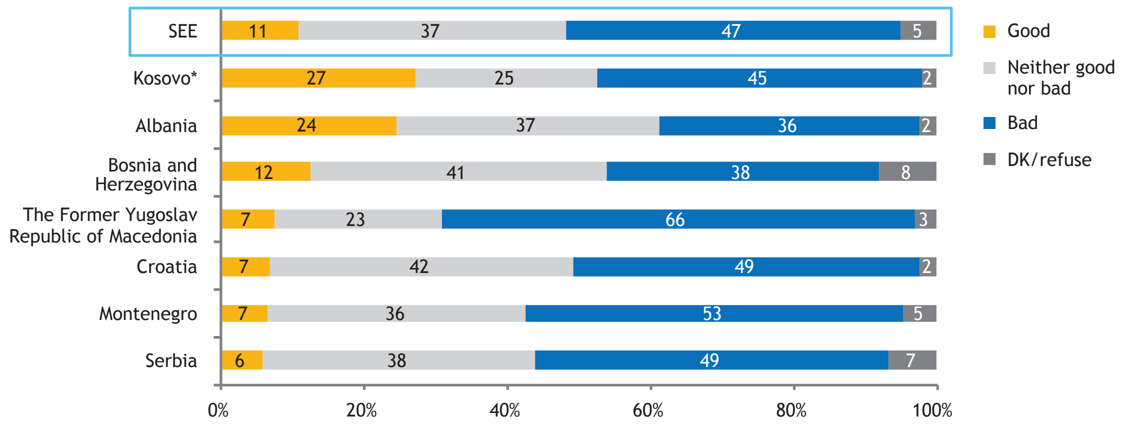
More than half of the SEE population (60%) equally accept those from the SEE region and those from other parts of the world. It is all the same for them from where the tourists come to their economy. 25% prefer tourists from other parts of the world and only 7% prefer tourists from the SEE region. People from Croatia are significantly more likely to prefer tourists from other parts of the world (33%). The same preference is shared by the youngest, i.e. 18-29 years old, (29%) and the highly educated (28%).

With regard to the issue of refugees, the most recent problem in the spotlight across the region and beyond, most of the population (47%) have a negative attitude towards refugees and believe it would be bad if they came to live in their community; 37% have a neutral opinion of the issue and believe it would be neither bad nor good if they came to their community whereas only 11% see something good in the arrival of refugees. In all economies, there are more people who are against the refugees than those who are in favour.

The Former Yugoslav Republic of Macedonia, which has been exposed to the largest surge of refugees, is mostly opposed to their arrival (66% consider it bad for their community) while people from Albania are the most benevolent on this issue (36% are against and 24% in favour).

Figure 48: What do you think about refugees coming to live and work in your city? Is it good or bad for your economy?

(All respondents - N=7002, share of total, %)



People who rate their social status as above average cite more often than others that it would be good if refugees came to their community (19%).

Attitudes to Social Inclusion of Vulnarable Groups

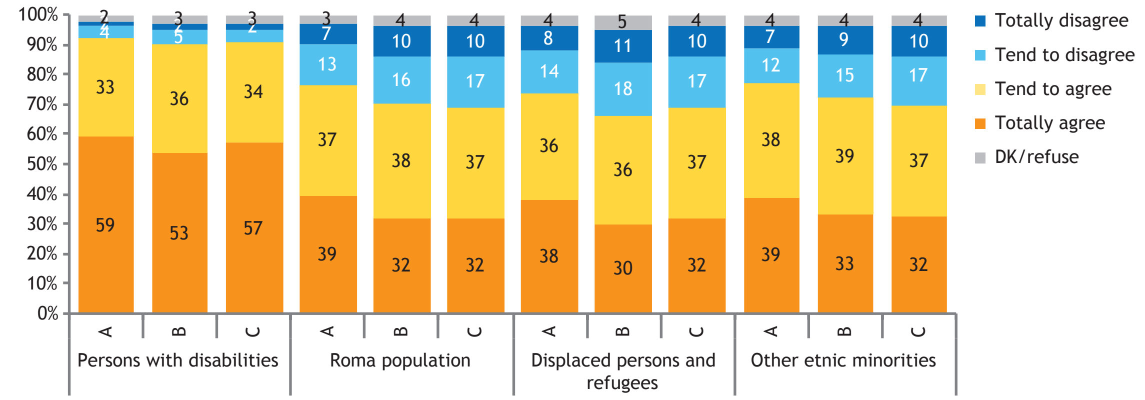
Positive discrimination for vulnerable groups is supported, with exceptions for Roma and ethnic minorities in some societies and with reservations when it comes to refugees and immigrants.

Positive discrimination is mostly approved of, though less in cases where those are considered a problem. Refugees and displaced persons are less welcome in The Former Yugoslav Republic of Macedonia and Croatia though most probably for different reasons. In the former, the cost is probably perceived as being potentially quite high while in the latter the probability of refugees settling is probably perceived as being high. Generally, refugees and displaced persons are seen as less deserving of positive discrimination measures by the government. Roma and ethnic minorities are less deserving of inclusion in Serbia, which contrasts with this nation's more favourable attitude towards refugees and displaced persons. Still, overall, social inclusion is looked at rather favourably in the region as whole.

Figure 49: Agreement with the statements: The Government should provide affirmative measures-promote the opportunities for equal access to the persons belonging to the groups listed below:

(All respondents - N=7002, share of total, %)

A - When applying for a secondary school or university
B - When applying for a public sector job
C - The Government should do more in order to ensure better housing conditions



In the part addressing the vulnerable groups and social exclusion, the standpoints were examined on what the government in each economy should do for certain groups of people. Respondents presented their standpoints in terms of agreement or disagreement with certain statements.

The questions were related to the government's contribution in terms of equal access to secondary schools or universities, to a public sector job as well as the greater government involvement to ensure better housing conditions, in particular for the persons with disabilities, Roma population, displaced persons and refugees and other ethnic minorities. The respondents showed the greatest support for the government's involvement when it comes to the persons with disabilities. They equally agreed with regard to all three contributions (from 92% to 89%). The other three groups have almost equal support in terms of the government's measures, with the largest support given to enrolment in secondary school and university.

There are no demographic variations on these issues.

Table 9: People who agree with the statement that the Government should provide affirmative measures-promote the opportunities for equal access to the persons belonging to the groups listed below:

(Those who totally agree and tend to agree, %)

A – When applying for a secondary school or university
B - When applying for a public sector job
C - The Government should do more in order to ensure better housing conditions

		Albania	Bosnia and Herzegovina	Croatia	Kosovo*	The Former Yugoslav Republic of Macedonia	Montenegro	Serbia
Persons with disabilities	A	98	93	94	92	84	94	89
	B	97	92	90	91	82	92	87
	C	98	94	90	95	87	92	87
Displaced persons and refugees	A	88	85	68	87	49	78	70
	B	84	84	51	86	41	73	61
	C	83	88	55	90	52	75	63
Roma population	A	93	86	75	83	70	81	67
	B	90	86	61	81	66	78	59
	C	87	88	58	85	67	79	55
Other ethnic minorities	A	89	87	80	81	75	85	67
	B	87	87	68	78	71	82	60
	C	82	89	65	83	67	80	55

If we compare the level of agreement across the economies with the government's involvement to support all four groups, we may observe that government's support in all three situations is the least approved by people from Croatia and The Former Yugoslav Republic of Macedonia when it comes to displaced persons and refugees (The Former Yugoslav Republic of Macedonia - from 41% to 52%, Croatia - from 51% to 68%). People from Serbia are less supportive than others when it comes to the Roma population and other ethnic minorities.

Perceptions on Trade

Regional cooperation and free trade are supported in general, while there are still strong protectionist and home biases when it comes to supporting local producers and markets.

Regional trade integration continues to be supported. The support for ever more trade integration has not increased. This is understandable given the current level of trade integration. Indeed, it is to be expected that with economic growth, intra-regional trade as a share of total trade should decline; especially between economies that currently register high bilateral trade and run significant bilateral trade imbalances (e.g. Serbia and Bosnia and Herzegovina).

Protectionism is still strong in most economies. There is support for privileged treatment of domestic as opposed to foreign companies and products. That contrasts with the conviction that local producers are competitive regionally and with the EU and also with the conviction that the quality of locally produced goods is competitive with goods produced anywhere else.

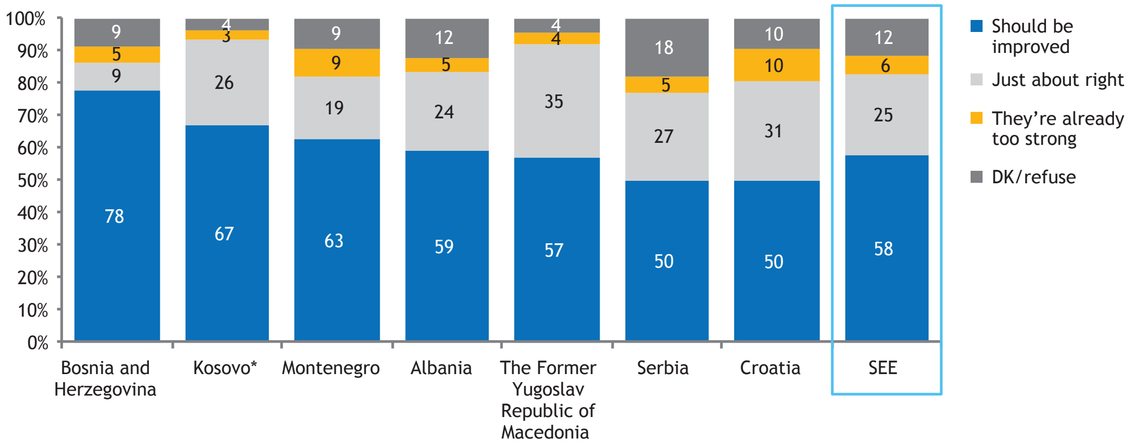
There is strong home bias. Consumers would choose domestically produced goods, especially food and beverages, over those produced in the other economies in the region and in the EU. The latter beats regionally produced goods, however.

Free trade is generally supported. Overall impression is that free trade is supported in the region as a whole, which stands in contrast with growing protectionism in the EU and in other regions. Probably the most compelling reason to support free trade is a belief that society as a whole benefits from it. This could be also the consequence of the fact that imports are very high and taxes from imports are also significant and in some cases dominant source of public revenues.

CEFTA 2006 is not well known. Though regional trade integration is favoured, very few people are actually informed about the existence and the working of CEFTA (the regional free trade agreement).

Figure 50: How would you describe trade and commerce links with the SEE region?

(All respondents - N=7002, share of total, %)



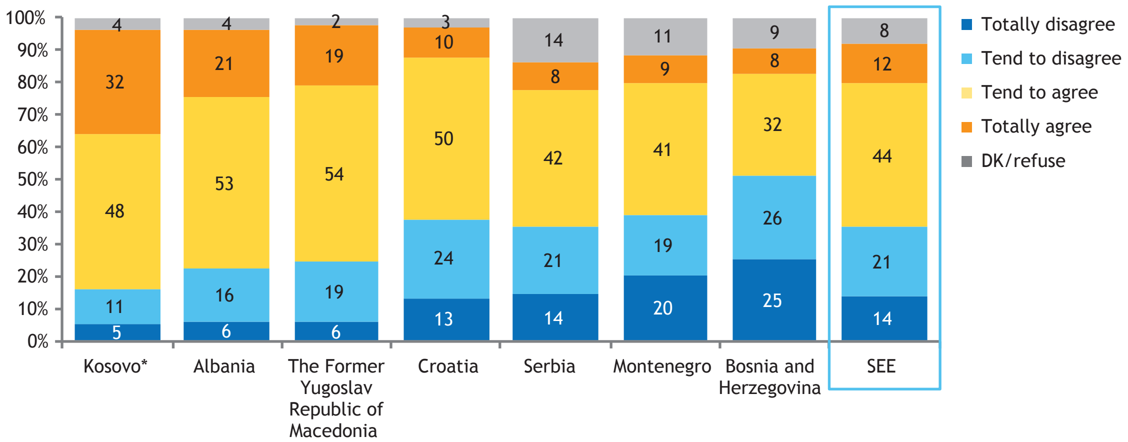
More than half the SEE population (58%) estimate that the trade links between their respective economies and the SEE region should be improved; 25% consider that the links are just about right and 6% consider that the links are already too strong. In comparison with the survey for 2014, the number of those who believe that trade links should be improved decreased (2014 - 61%, 2015 - 58%).

People from Bosnia and Herzegovina (78%) cite significantly more often than others that the links should be improved, people from The Former Yugoslav Republic of Macedonia (35%) that the links are just about right and people from Croatia (10%) cite significantly more often than others that the links are already too strong.

People who rate their social status as above average (69%) and the highly educated (63%) are more likely to support the improvement of trade links.

Figure 51: Do you agree that entering of foreign companies in general in your market will improve the situation for consumers like you?

(All respondents - N=7002, scale from 1 to 4, share of total, %)



At the level of the SEE region, there are more people who think that entering of foreign companies into the economy would improve the situation for consumers (56%) than those who have the opposite opinion (35%). People from Kosovo*, significantly more than others (80%), agree with this statement whereas people from Bosnia and Herzegovina agree less than all the others (40%).

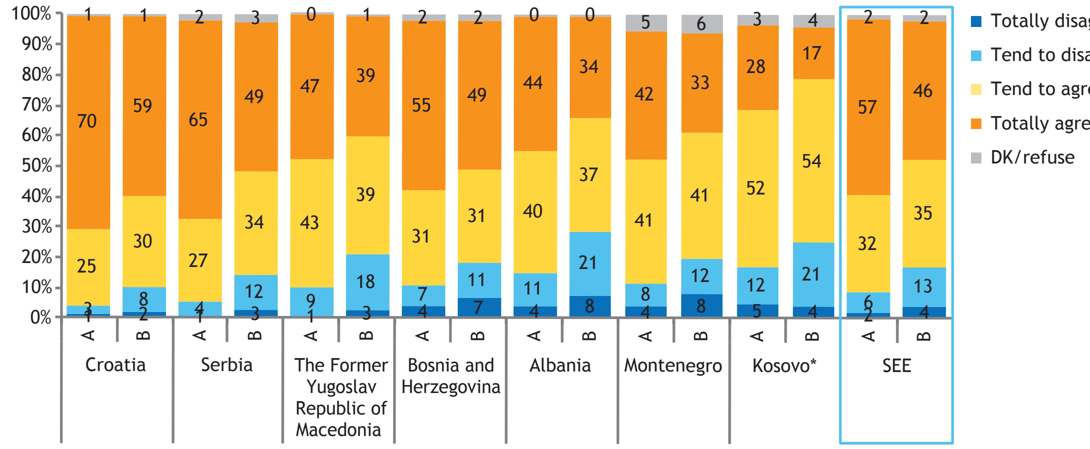
Among demographic groups, variations were observed among the youngest, 18-29 years old (62%) and the highly educated (61%) who were significantly more likely to agree with the statement.

Figure 52: Agreement with the statement:

(All respondents - N=7002, scale from 1 to 4, share of total, %)

A - Products and goods of my economy can compete well with products and goods from other SEE economies.

B - Products and goods of my economy can compete well with products and goods from the EU



The vast majority of the SEE population consider that products of their economy can compete well with both the products from other SEE economies and the EU. However, there are still more of those (89%) who believe in competitiveness within the SEE than those who believe in competitiveness within the EU (81%).

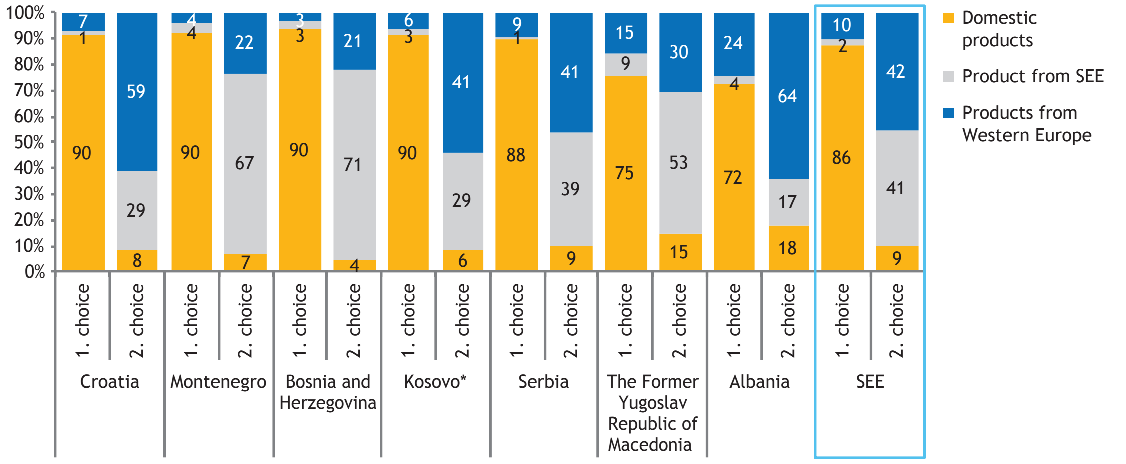
In comparison with the survey for 2014, there is an increasing number of those who consider their economy's products competitive in both the SEE region (2014 - 86%, 2015 - 89%) and in the EU (2014 - 78%, 2015 - 81%).

In Croatia, there are significantly more people than in all other economies who consider domestic products competitive in the SEE region (95%) whereas these are least numerous in Albania (84%), Montenegro (83%) and Kosovo* (80%). With regard to the competitiveness of domestic products in the EU, Croatia stands out again by those who agree with this statement (89%) whereas Albania (71%) and Kosovo* (71%) have significantly fewer of people who agree with it.

There are no variations across the demographic groups.

Figure 53: If you have a choice of product from food and beverages from three different sources: domestic product, product from SEE region and product from Western Europe, which one would be your first choice and which would be second?

(All respondents - N=7002, share of total, %)



With regard to the choice of products from food and beverages, domestic products are preferred as the first choice (86%) while there is an equal number of those who would opt for products from Western Europe (42%) and the SEE region (41%) as the second choice.

Domestic product is prevalently the first choice in all economies unlike Albania whose people are much more likely to choose products from Western Europe (24%). Larger discrepancies may be observed when it comes to the second choice. People from Montenegro (67%) and Bosnia and Herzegovina (71%) are more likely than others to choose products from the SEE region. In The Former Yugoslav Republic of Macedonia, there are more people who would choose products from the SEE region (53%) whereas people from Albania (64%) and Croatia (59%) are more likely to choose products from Western Europe.

With regard to the first choice of products from food and beverages, the youngest are more likely to choose products from Western Europe (15%) as well as those who rate their social status as above average (15%) unlike the oldest age group who tend to choose domestic products (93%). As for the second choice, the younger adults (18-45 years old) and those who rate their social status as above average prefer products from Western Europe to products from the SEE region.

People in the SEE region do pay attention to the origin of the products they buy in supermarkets. In fact, 12% always look at the labels to check the origin, 22% frequently do so and 28% sometimes, which is a total of 62%. There are 37% of those who never or rarely ever pay attention to the labels to check the origin.

People from Albania are more likely than others to pay attention to the origin of the products (frequently and always - 50%) as well as people from Bosnia and Herzegovina (frequently and always - 45%), but people from Serbia are least attentive to the origin of products (never and rarely ever - 50%). The highly educated are also more likely than others to read the labels about the origin of products (frequently and always - 46%).

Figure 54: When you purchase products in the supermarket, how often do you look at the labels to see the place of production origin?

(All respondents - N=7002, share of total, %)

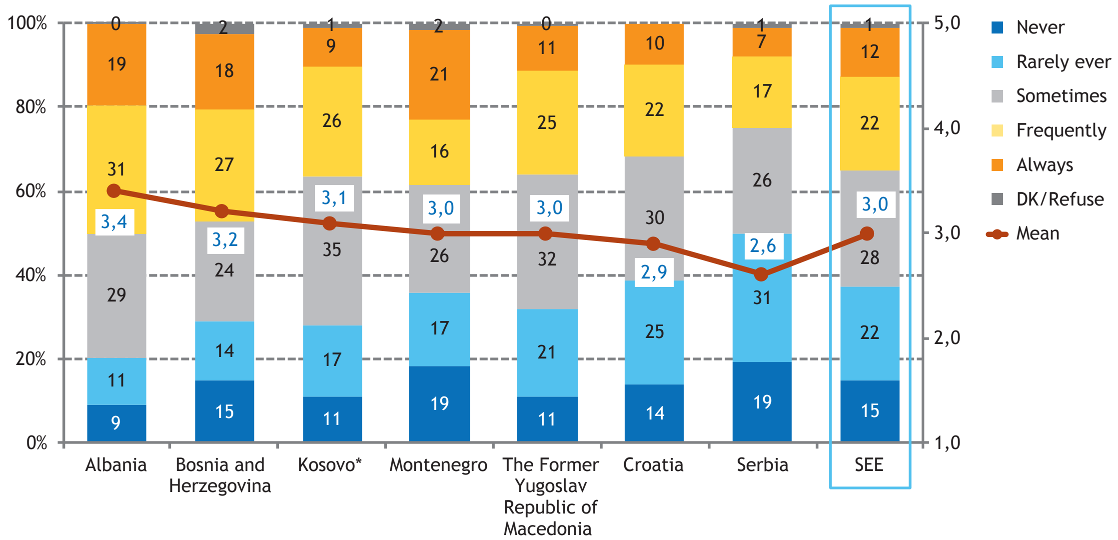
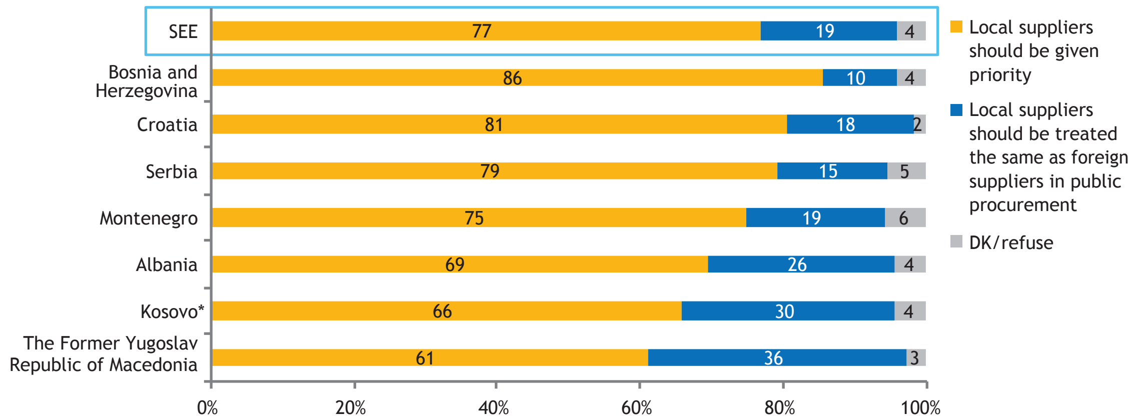


Figure 55: When procuring products and services, should your government give priority to local suppliers, or should they be treated the same as foreign suppliers (provided price and quality is equal)?

(All respondents - N=7002, share of total, %)

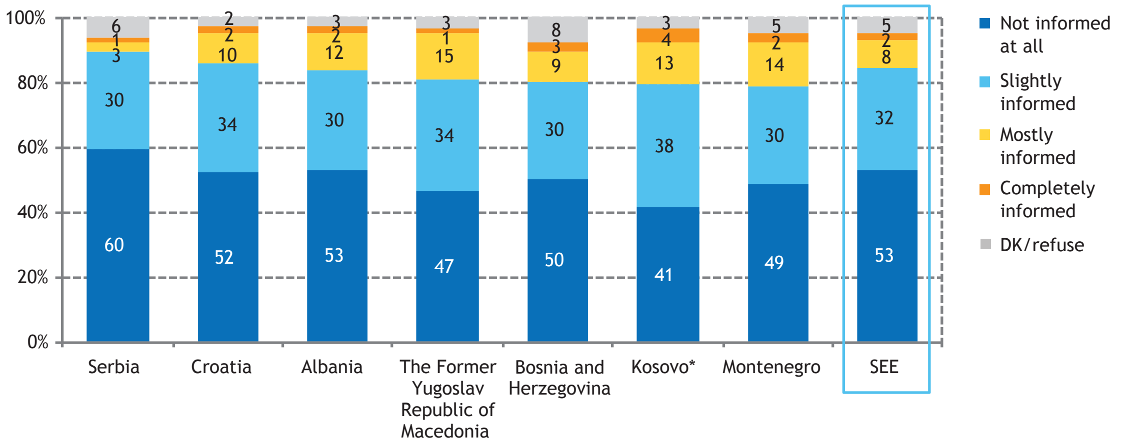


Most people in the SEE region (77%) believe that the government should give priority to local suppliers when procuring products and services instead of treating them the same as foreign suppliers (19%). People from Bosnia and Herzegovina significantly more often than people from all other economies share the opinion of the entire region that the support should be given to local suppliers (86%) whereas people from The Former Yugoslav Republic of Macedonia more often than others cite that the government should treat foreign suppliers equally with domestic suppliers (36%).

The oldest (over 61) support the local suppliers (82%) whereas those who rate their social status as above average are significantly more likely to support equal treatment of both suppliers by the government (31%).

Figure 56: To what extent do you think that you are informed about the regional free trade agreement (CEFTA 2006)?

(All respondents - N=7002, share of total, %)



	Serbia	Croatia	Albania	The Former Yugoslav Republic of Macedonia	Bosnia and Herzegovina	Kosovo*	Montenegro	SEE
DK/refuse	6	2	3	3	8	3	5	5
Completely informed	1	2	2	1	3	4	2	2
Mostly informed	3	10	12	15	9	13	14	8
Slightly informed	30	34	30	34	30	38	30	32
Not informed at all	60	52	53	47	50	41	49	53

Half the people (53%) in the SEE region consider that they are not informed at all about the CEFTA 2006 whereas a third consider that they are slightly informed. Only 10% stated that they were completely or mostly informed. Kosovo* stands out with the largest number of people who are better informed than others about this agreement (17%).

Highly educated people (17%) and those who rate their social status as above average (22%) consider themselves better informed.

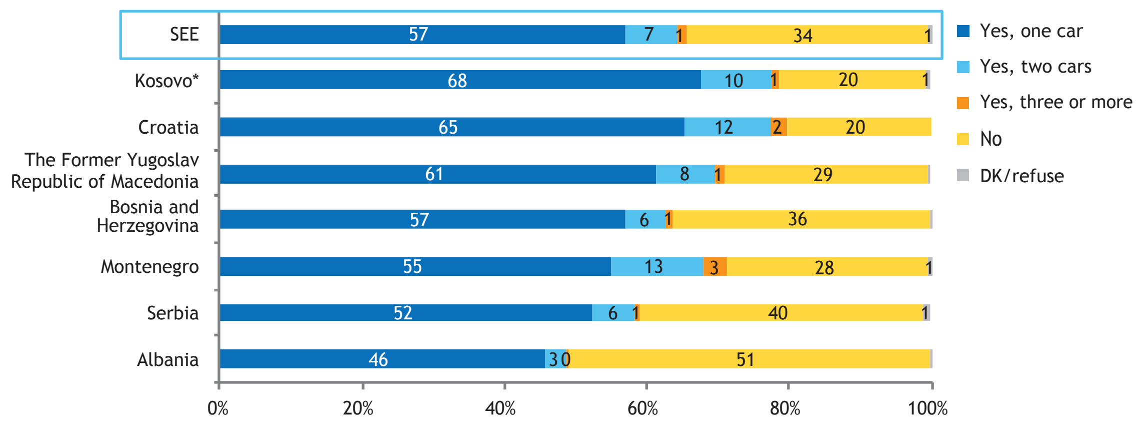
Perceptions on Transport and Infrastructure

Investments in infrastructure are popular, especially when it comes to roads, while intraregional connections could be improved.

Roads rule, though they do not connect well the region and are not necessarily safe. Roads are the most used in transportation and almost all important when it comes to infrastructure and transportation opinions and recommendations. Roads are not considered to be terribly good, except in Croatia, and are not seen to be providing easy cross-border connections. Also, safety on roads is not very high, except in Croatia and Kosovo*. Railroads are considered to be badly underdeveloped, but as roads are mostly used, there is general interest in putting resources to repair them rather than to improve railways and other means of transportation.

Figure 57: Does your household own a car (please, do not count company car)?

(All respondents - N=7002, share of total, %)

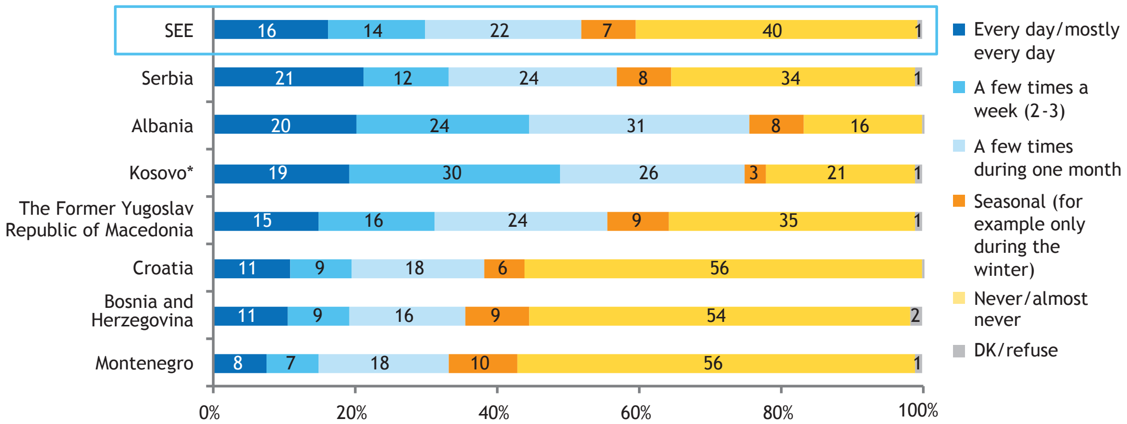


In the SEE region, 65% of households own at least one car. There are significantly more households in Albania that have no car (51%) whereas significantly higher number of households in Croatia (79%) and Kosovo* (79%) have a car.

It is expected that the better-off population is more likely to own a car: highly educated people (77%) and those who rate their social status as above average (89%). People in the age group of 30-45 years are also more likely to have a car (75%).

Figure 58: How often do you use public transportation?

(All respondents - N=7002, share of total, %)



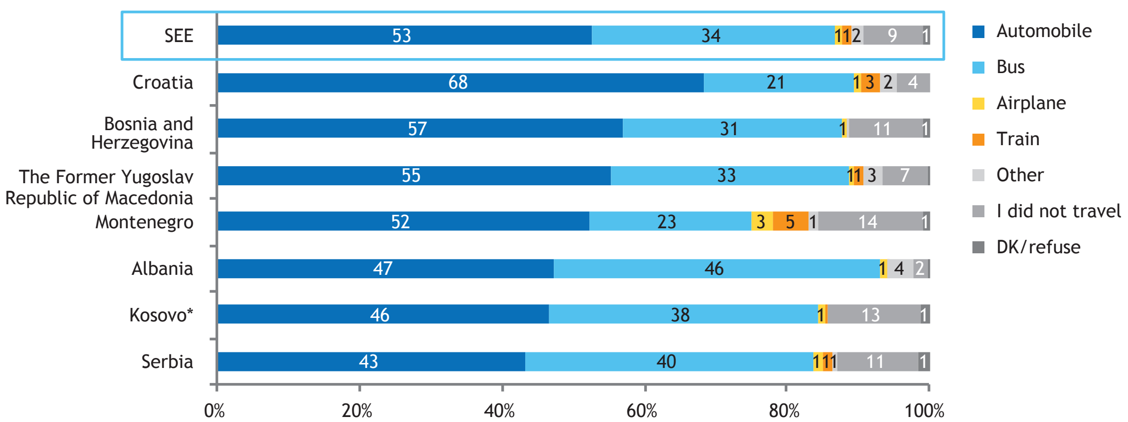
In the SEE region, 59% of the population use public transportation at least occasionally, 16% use it daily, 14% a few times a week, 22% a few times a month and 7% seasonally. People from Croatia (44%), people from Bosnia and Herzegovina (45%) and Montenegro (43%) are significantly less likely than others to use public transportation, but people from Albania (83%) and Kosovo* (78%) use it more often.

Public transportation is used on a daily basis mostly in Serbia (21%), Albania (20%) and Kosovo* (19%) and least in Montenegro (8%).

The youngest, 18-29 years, are more likely to use public transportation on a daily basis (27%) whereas half of those who rate their social status as above average never use it.

Figure 59: Which mode of transport did you use most often when travelling outside of your place of residence in the past 12 months?

(All respondents - N=7002, share of total, %)



Of all the means of transport, people in the SEE region mostly used automobile (53%) and bus (34%) to travel outside their place of residence in the past 12 months. Airplane was used by only 1% of the population. In the past 12 months, 9% of people did not travel at all outside their place of residence.

Significantly more people in Croatia (68%) travelled by car, in Albania (46%) by bus whereas in Montenegro by plane (3%) and train (5%). People aged 30-45 years used cars as a means of transport significantly more often than others (64%) as well as people who rate their social status as above average (73%) who also used planes more frequently (6%).

Figure 60: How will you estimate quality of transport infrastructure and connections within your economy?

(All respondents - N=7002, scale from 1 to 5 where 1 means very poor and 5 excellent, share of total, %)

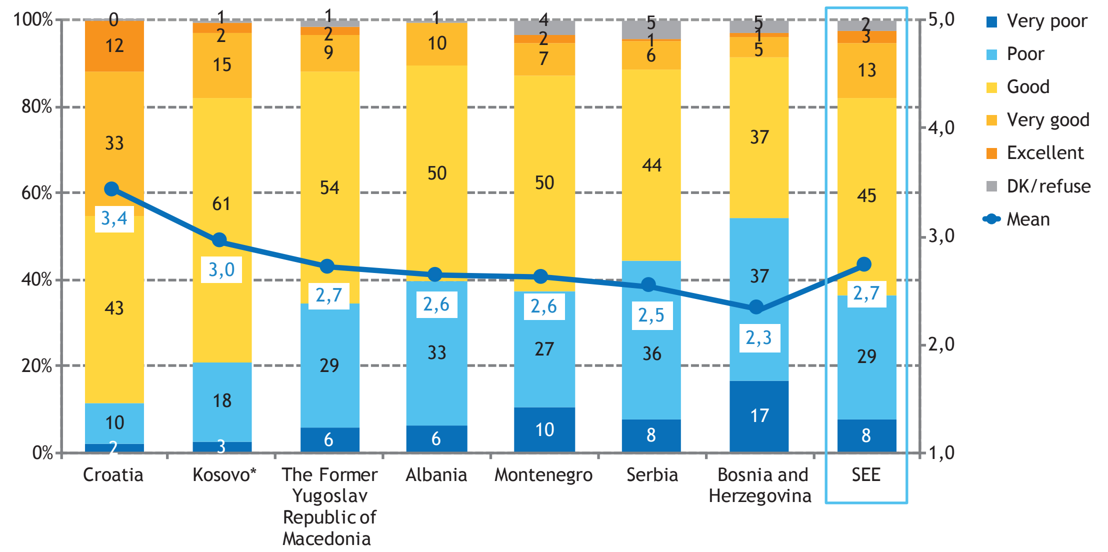
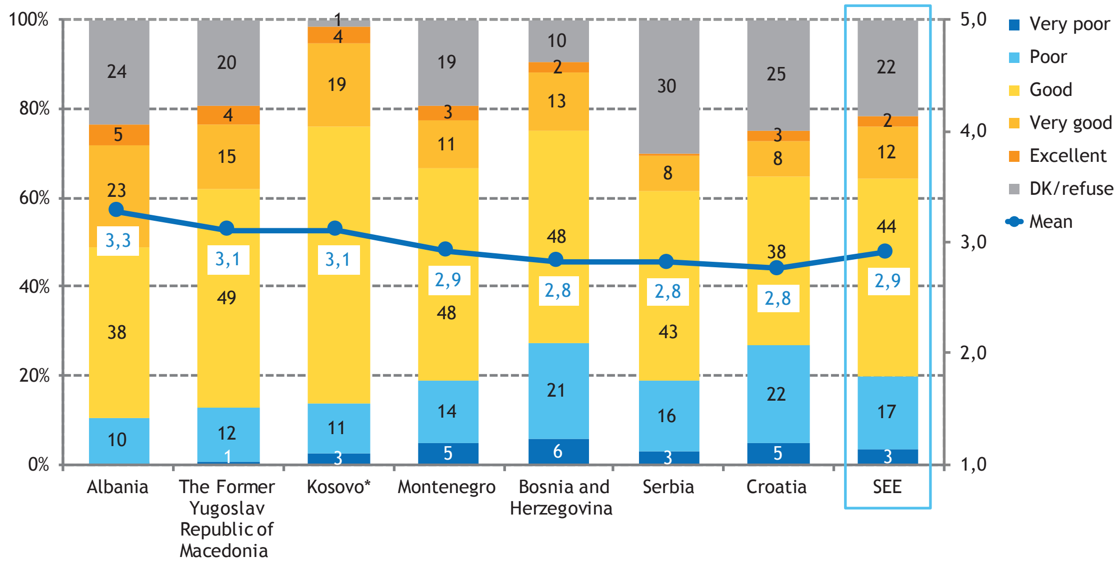


Figure 61: How will you estimate quality of transport infrastructure and connections within SEE region?

(All respondents - N=7002, scale from 1 to 5 where 1 means very poor and 5 excellent, share of total, %)

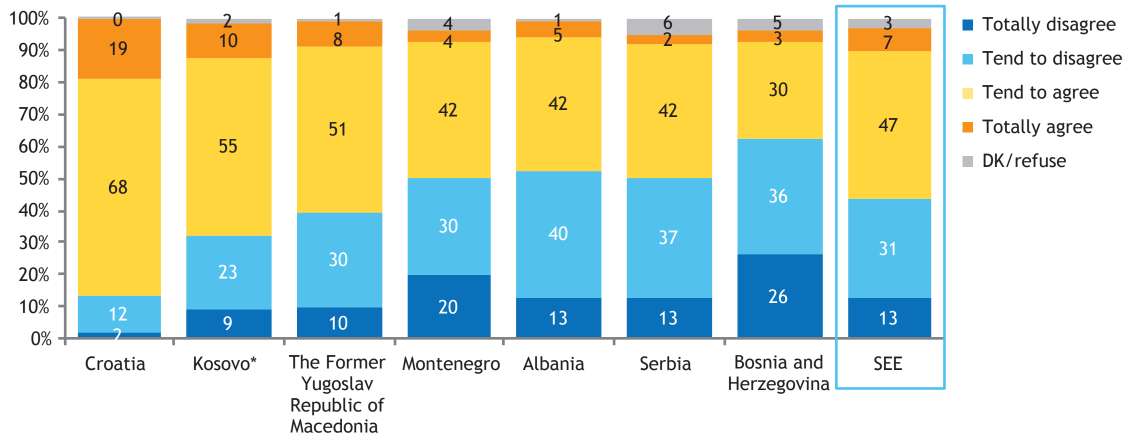


The respondents estimated quality of transport in their economy and within the SEE region on a scale of 1 to 5. They rated the quality of transport in the SEE region as slightly better (mean 2.9) than in their own economy (mean 2.7). However, it is not the same in all economies. People from Croatia consider that the quality of transport is better in their own economy (mean 3.4) than in the SEE region (mean 2.8) whereas people from all other economies think that the quality is better within the SEE region than in their own economy. The biggest difference is reflected in Albania where mean value estimates are 2.6 and 3.3. for the quality of their own transport system and the one in the SEE region, respectively. The worst quality of their own transportation was estimated by people from Bosnia and Herzegovina (mean 2.3).

There is no difference across demographic groups in the two estimates.

Figure 62: Would you agree that travelling by road in your economy is safe?

(All respondents - N=7002, share of total, %)



At the level of the SEE region, there are more people who think that travelling by road in their own economy is safe (54%) than those who have the opposite opinion (44%). A significantly higher number of those who agree with this statement are from Croatia (87%) while a significantly higher number of those who disagree are from Bosnia and Herzegovina (62%).

There are no variations across demographic groups.

If we look at the entire SEE region, we see that the road improvements (75%) would have the most beneficial impact on travelling. This is quite logical taking into account that most people in the SEE region travel by car and 44% of people believe that the quality of roads in their economy is poor. According to 15% of the population in the SEE region improved railroads, as a passenger transport mode, would have the greatest positive impact on their travel.

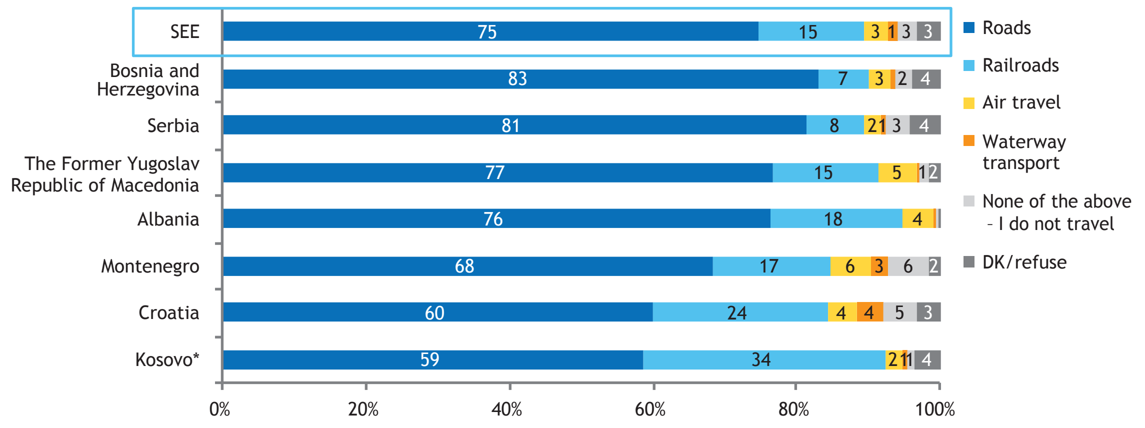
In comparison with the survey for 2014, there is a decreasing number of those who consider road improvements as a priority (2014 - 77%, 2015 - 75%) whereas the number of those who consider railroad improvements as most beneficial for their travel significantly increased (2014 - 13%, 2015 - 15%).

The biggest cross-economy variations are reflected in Kosovo* (34%) and Croatia (24%) with significantly more people who believe that the improvement of rail transport would have the most beneficial impact on their own travel. People from Serbia and Bosnia and Herzegovina, who assessed the quality of their own roads as the worst, are significantly more likely to see their reconstruction as the most beneficial for their travel (Bosnia and Herzegovina - 83%, Serbia - 81%).

The highly educated (6%) and persons who rate their social status as above average (9%) see the improvement of air travel as significantly more beneficial.

Figure 63: According to your opinion, which passenger transport mode improvements would have the highest beneficial impact on your traveling?

(All respondents - N=7002, share of total, %)



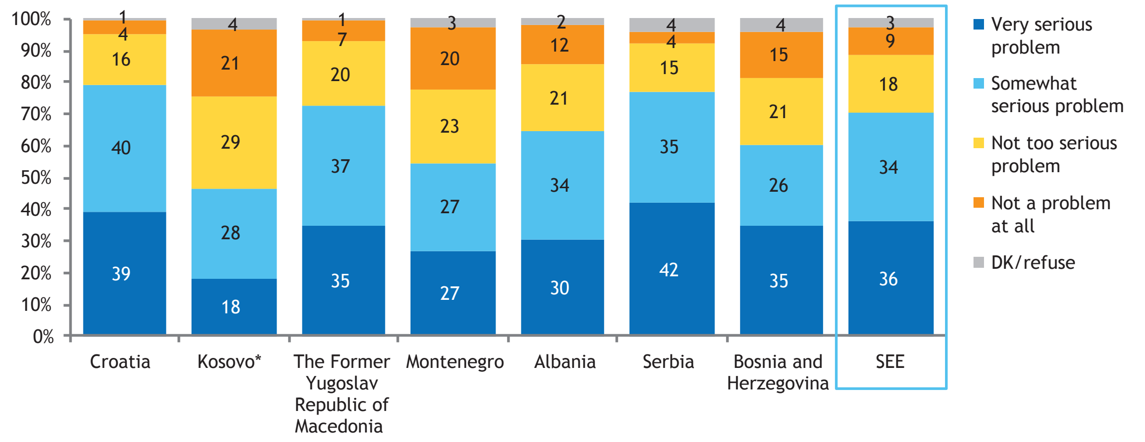
Attitudes Towards Climate Change and Energy

There is awareness of risks of climate change (though less than in the rest of Europe) and improved energy efficiency is supported.

Climate change is real, saving energy is important. The attitudes towards climate change, the environment, and energy saving are quite enlightened. Climate change is seen as being a problem, protection of environment important, and most respondents apparently save energy. This contrasts with the data on the environmental pollution and on energy efficiency, both of which are far from satisfactory.

Figure 64: Is climate change a problem?

(All respondents - N=7002, share of total, %)



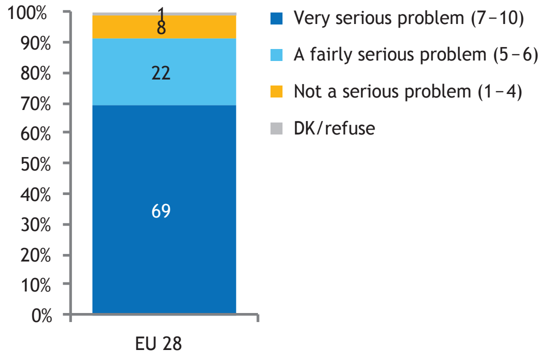
Most people in the SEE region perceive climate change as a problem (70%), a very serious problem (36%) or, a somewhat serious problem (34%). There are 27% of those who do not consider climate change as a serious problem. Significantly more than others, people from Croatia and Serbia consider climate change as a very serious problem (Serbia - 42%, Croatia - 39%) whereas most people in Kosovo* do not perceive it as a serious problem (50%). In Montenegro, compared to all other economies (except Kosovo*), there are significantly more people who do not see climate change as a problem at all (20%).

If we compare demographic groups, it is interesting to see that the youngest (18-29 years old), significantly more than others, do not perceive climate change as a problem at all (11%) whereas those who rate their social status as below average are significantly more likely to perceive climate change as a serious problem (42 %).

Special Eurobarometer on Climate Change, May-June 2015, includes a question on the importance of climate change. Although a different scale was used in the Balkans Barometer, one can see the difference in degree of importance. The findings indicate that climate change is a very serious problem for a larger number of people compared to the people in the SEE region (SEE - 36%, the EU - 69%). Among the 28 EU members, only 8% do not perceive climate change as a serious problem compared to 27% in the SEE region. This discrepancy may be the result of the standard of living and other pressing issues. In fact, there are more people with a higher standard of living among the population of the EU than in the SEE economies. Consequently, without being faced with subsistence concerns, they may perceive climate change as a more serious problem compared to the people in the SEE region who have other priorities in their daily lives.

Figure 65: How serious a problem do you think climate change is at the moment?

(Scale from 1 to 10, with '1' meaning it is "not at all a serious problem" and '10' meaning it is "an extremely serious problem")



Source: Climate Change, Special Eurobarometer 435, EC, May-June 2015.

Public debates on climate change are widespread in the EU, which is not the case in the SEE. In addition, the agendas of governments and parliaments in the EU include measures that have impact on the quality and cost of daily living, unlike in the SEE. There is actually a large proportion, more than a third, of those who see climate change as an important issue in the SEE. This is probably the result of fairly significant climate impacts on economic trends, which are bigger in the SEE than in the EU, for example, when it comes to flooding and the impact on agricultural production in general.

Figure 66: Agreement with the statement: I am ready to buy environmentally friendly products even if they cost a little bit more.

(All respondents - N=7002, share of total, %)

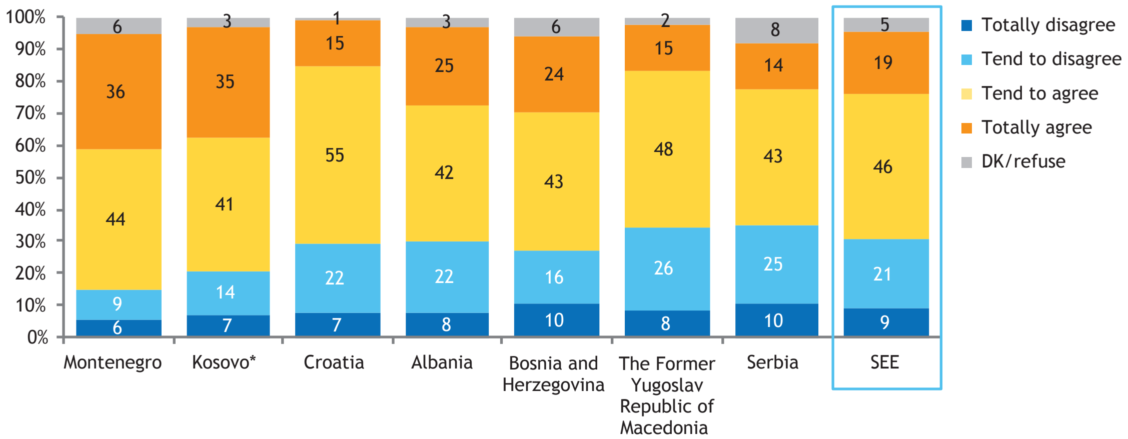
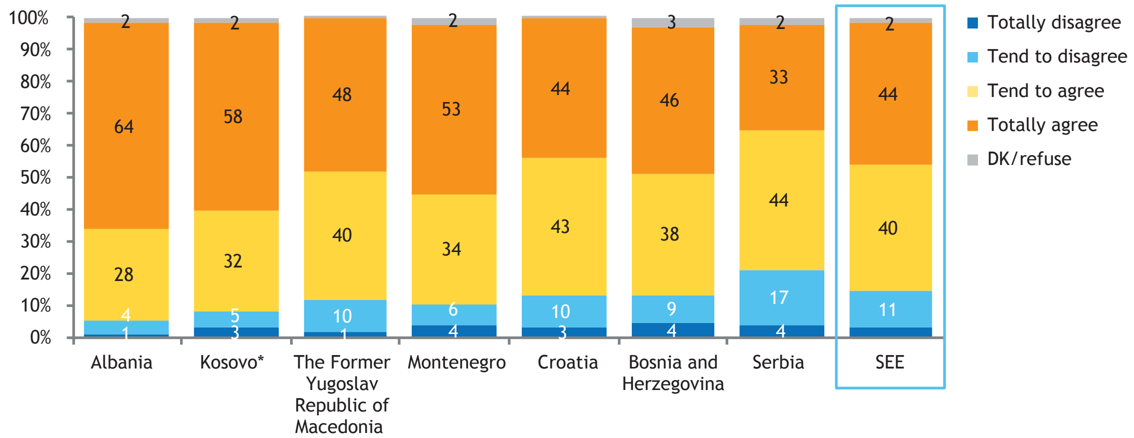


Figure 67: Agreement with the statement: I give a lot of attention to saving energy in my home.

(All respondents - N=7002, share of total, %)



With regard to the two statements on environmental protection, people in the SEE region pay more attention to saving energy in their homes (84%) than to buying environmentally friendly products, even if they cost a little bit more (65%) .

People from Albania (92%) are significantly more attentive to saving energy than people in other economies while people from Serbia are least attentive to saving energy in their homes (77% agree with the statement).

Taking into account different demographic groups, the oldest (over 61) are most likely to agree with the statement on saving energy (91%) as well as those who rate their social status as below average (86%) who are probably forced into saving.

In Montenegro (80%) and Kosovo* (76%), there are the most people who agree with the statement on buying environmentally friendly products even if they cost a little bit more while there are the least of those in Serbia (57%).

Well-off people, including highly educated people (75%) and those who rate their social status as above average (79%) are significantly more likely to agree with the statement on buying environmentally friendly products even if they cost a little bit more.

Perceptions on Public Institutions and Services

CONFIDENCE IN AND PERCEPTIONS ON INDEPENDENCE OF PUBLIC INSTITUTIONS

Governance remains the main obstacle to economic development though there is no sense that the political risks are increasing.

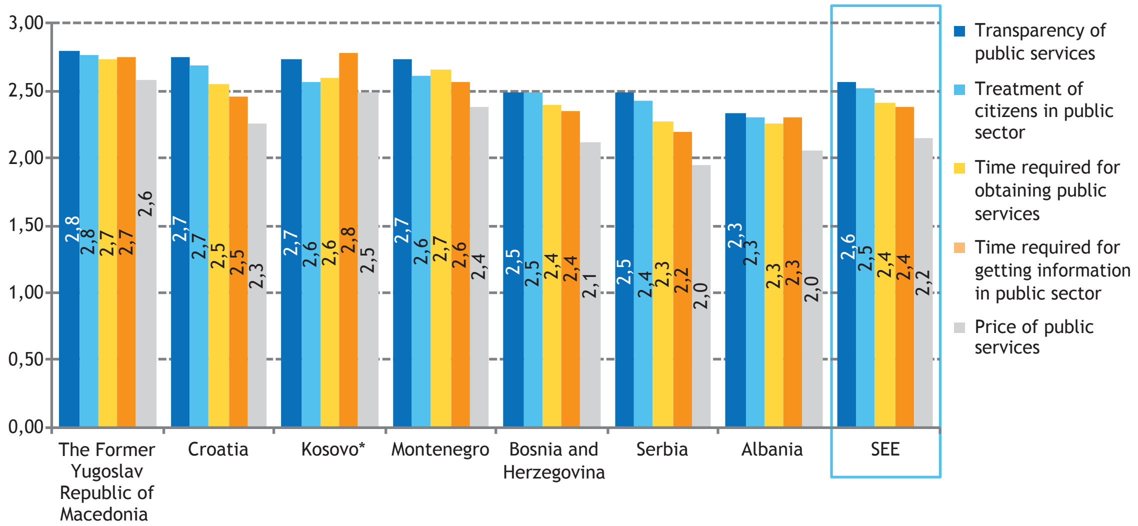
Credibility of public institutions is low. Practically along all dimensions, public institutions get low grades. There is some differentiation, with The Former Yugoslav Republic of Macedonia scoring better on most counts. Similarly, when it comes to rule of law, Montenegro does better. But, overall, the satisfaction with public institutions and especially with the costs of their services is quite low.

Looming legitimacy crisis in the region as a whole is not visible from the responses. A number of economies are facing/faced early elections (The Former Yugoslav Republic of Macedonia and Serbia) while in others there are tensions in the streets (Kosovo* and Montenegro) and widespread dissatisfaction with governance on all levels (Bosnia and Herzegovina), with Croatia having a government with uncertain stability. The political stability has decreased in the region overall, but the perception of public institutions has somewhat improved in the last year.

Still, governance is the main obstacle to growth and development. The scores on public governance, and on good governance in the next section, lead to the conclusion that this is the area which is the weakest and is the main obstacle to positive economic developments.

Figure 68: How would you grade the following issues:

(All respondents - N=7002, scores are on a scale of 1 to 5, where 1 means very poor and 5 excellent)



At the level of the SEE region, of all the five examined aspects related to the public sector, transparency of public services received the highest rating (2.6) while the price of public services received the lowest (2.2). However, in general, all aspects were rated below average (below 3.0).

Table 10: How would you grade the following issues - comparison 2014/2015

(All respondents - N=7002, scores are on a scale of 1 to 5, where 1 means very poor and 5 excellent)

	2014	2015
Transparency of public services	2,50	2,64
Treatment of citizens in public sector	2,46	2,58
Time required for obtaining public services	2,37	2,47
Time required for getting information in public sector	2,32	2,44
Price of public services	2,20	2,20

In comparison with the survey for 2014, there is a significant, but small increase in ratings for all aspects, except for the price of public services.

People from The Former Yugoslav Republic of Macedonia significantly better rated all of the aspects of the public sector while people from Albania gave the lowest rating for all of the aspects, except the prices and the time required to get information. In contrast, the prices and the time required to get information were rated by the people from Serbia as the poorest.

The transparency of public services was the best rated by everybody. The majority of economies rated the time required to get information as the second worst (after the prices), including Bosnia and Herzegovina, Croatia, Montenegro and Serbia. The time required for obtaining public services was rated as the second worst by Albania and The Former Yugoslav Republic of Macedonia and the treatment of citizens in public sector by the people of Kosovo*.

No variations were observed across demographic groups on either of the aspects, except for the people with less education who rated better the transparency of public services (2.66) and the time required to get information (2.54).

The graphs below show the rating of each surveyed aspect in the public sector separately for each economy and for the entire SEE region.

Figure 69: How would you grade the transparency of public services (School, police, health system, judiciary, public transport etc.)?

(All respondents - N=7002, scale from 1 to 5 where 1 means very poor and 5 excellent, share of total, %)

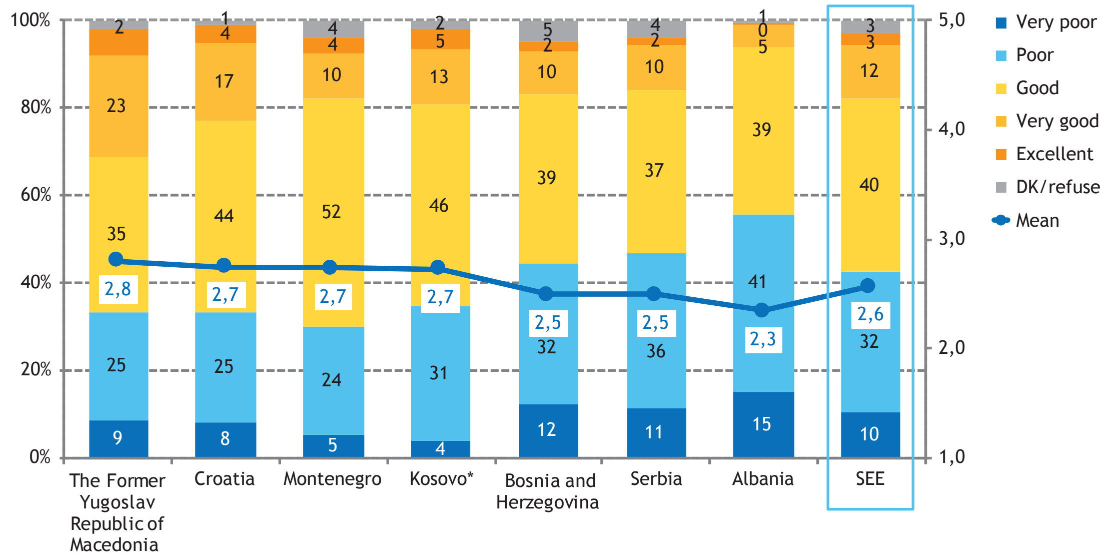


Figure 70: How would you grade the time required for getting information in public sector (data which possess bodies of public authority such as documents, registers, record etc.)?

(All respondents - N=7002, scale from 1 to 5 where 1 means very poor and 5 excellent, share of total, %)

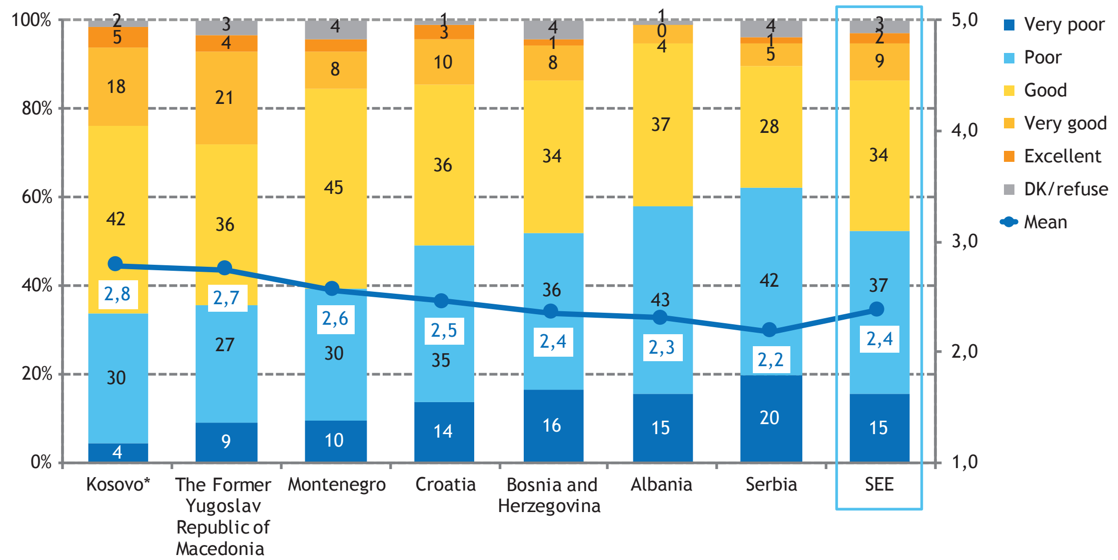


Figure 71: How would you grade the treatment of citizens in public sector (police, health system, judiciary, township etc.)?

(All respondents - N=7002, scale from 1 to 5 where 1 means very poor and 5 excellent, share of total, %)

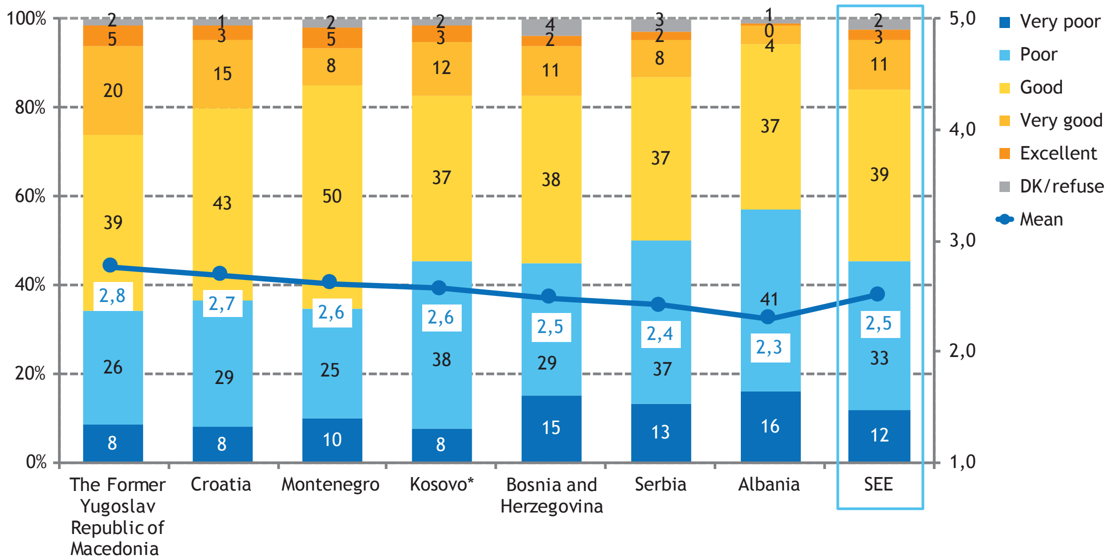


Figure 72: How would you grade the time required for obtaining public services (police, health system, judiciary, township etc.)?

(All respondents - N=7002, scale from 1 to 5 where 1 means very poor and 5 excellent, share of total, %)

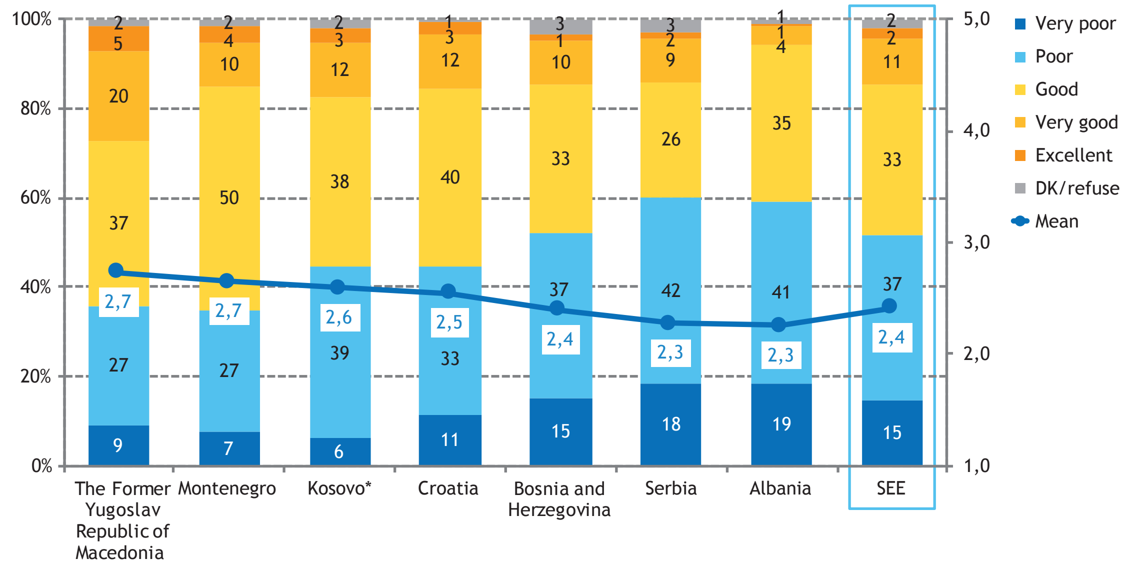


Figure 73: How would you grade the price of public services (e.g. issuance of personal documents, judiciary costs etc.)?

(All respondents - N=7002, scale from 1 to 5 where 1 means very poor and 5 excellent, share of total, %)

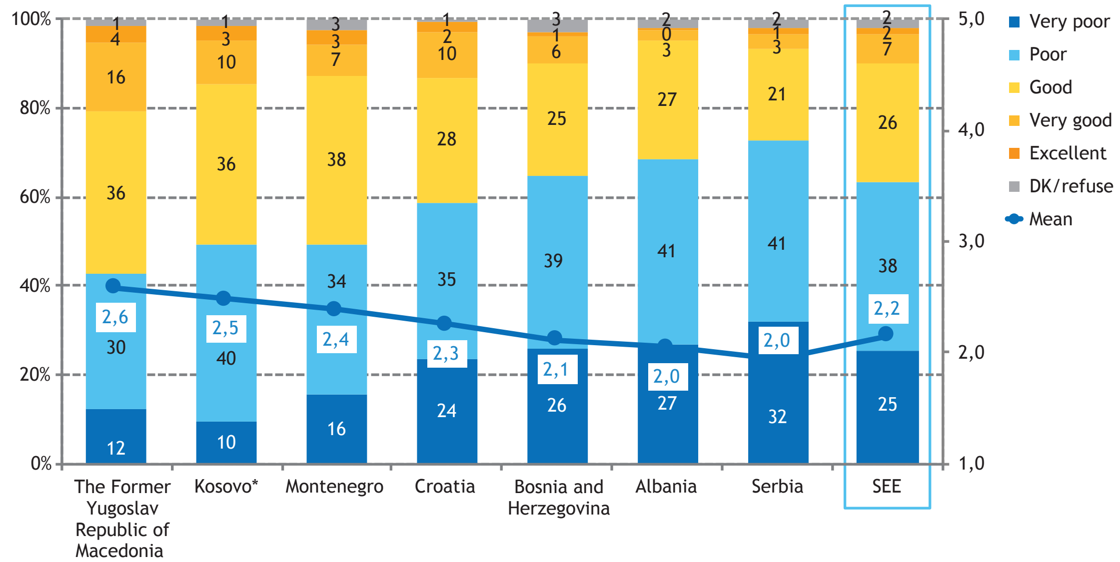
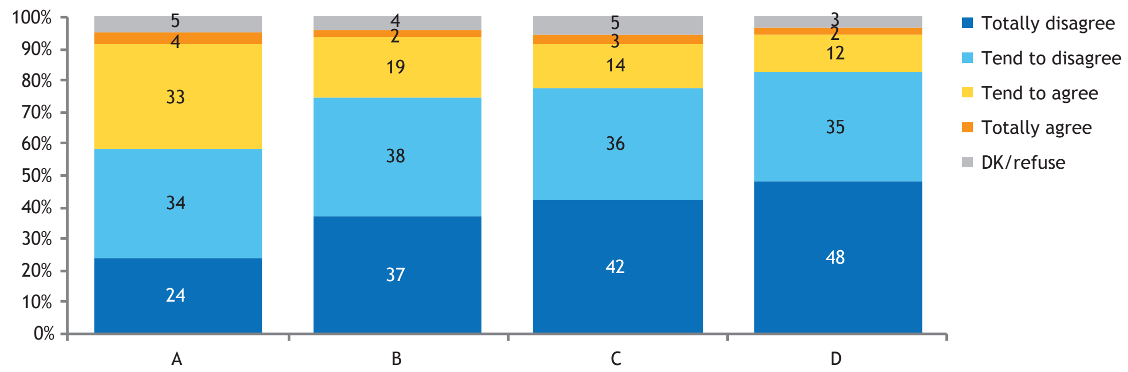


Figure 74: Do you agree: (SEE region)

(All respondents - N=7002, SEE region, share of total, %)

A - that the administrative procedures in public institutions are efficient?
B - that the law is applied and enforced effectively?
C - that judicial system is independent from political influence?
D - that the law is applied to everyone equally?



Respondents were asked to express their views on the enforcement of the law, the judiciary and the efficiency of administrative procedures in their economy by agreeing or disagreeing with the statements on a scale of 1 to 4. The highest agreement exists with the statement concerning the efficiency of administrative procedures in the public sector (37% agree with the statement) while the majority disagree with all other statements relating to the law and the judicial system: 83% disagree with the statement that the law is applied to everyone equally, 78% disagree with the statement that judicial system is independent from political influence and 75% disagree with the statement that the law is applied and enforced effectively.

Figure 75: Do you agree that the administrative procedures in public institutions are efficient?

(All respondents - N=7002, share of total, %)

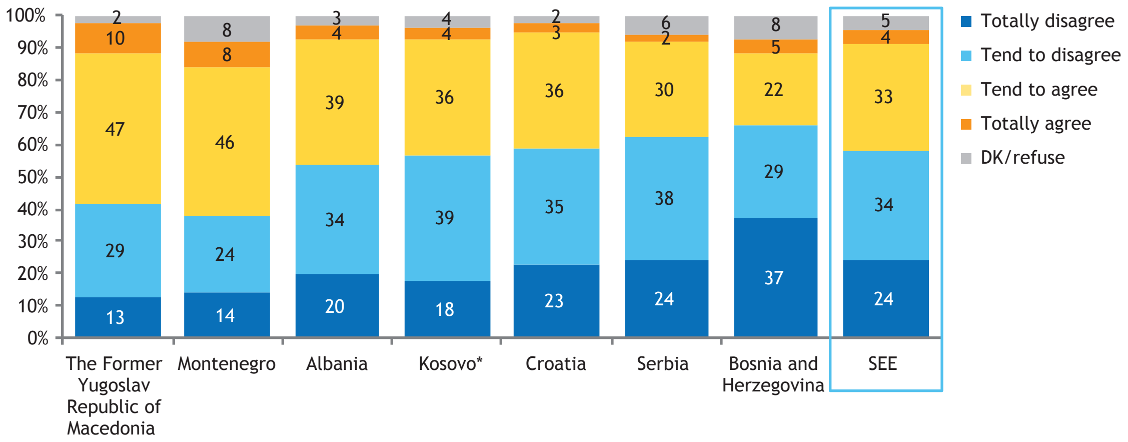
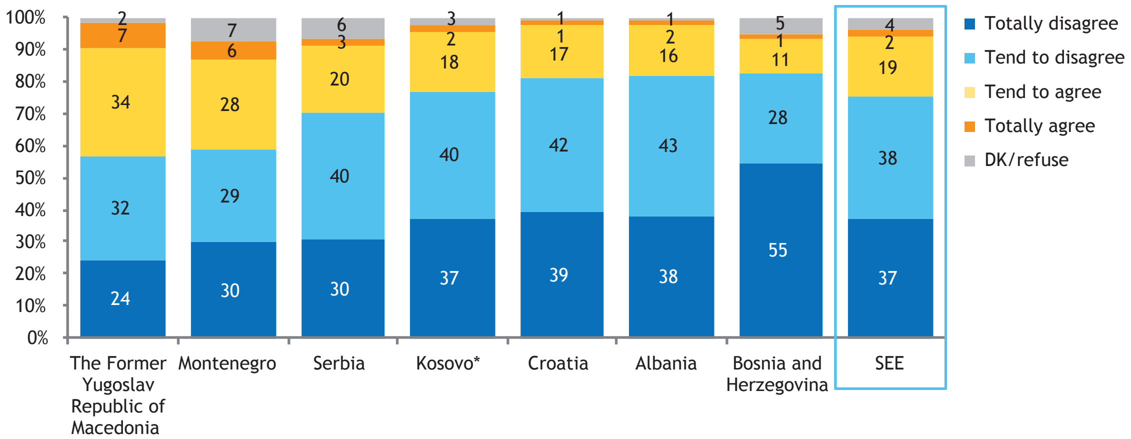


Figure 76: Do you agree that the law is applied and enforced effectively?

(All respondents - N=7002, share of total, %)



People from The Former Yugoslav Republic of Macedonia most agree with all the statements and people from Bosnia and Herzegovina the least. Most people from The Former Yugoslav Republic of Macedonia agree that the administrative procedures are more efficiently implemented in public institutions (57% agree with the statement) while significantly fewer people from Bosnia and Herzegovina agree with the statement (27%).

It is the same with the statement relating to the effective application and enforcement of the law. Most people from The Former Yugoslav Republic of Macedonia agree with it (41%), but significantly fewer people from Bosnia and Herzegovina (12%).

There are significantly more people from The Former Yugoslav Republic of Macedonia (34%) who agree with the statement of the equal application of the law than people from Bosnia and Herzegovina (9%).

Figure 77: Do you agree that the law is applied to everyone equally?

(All respondents - N=7002, share of total, %)

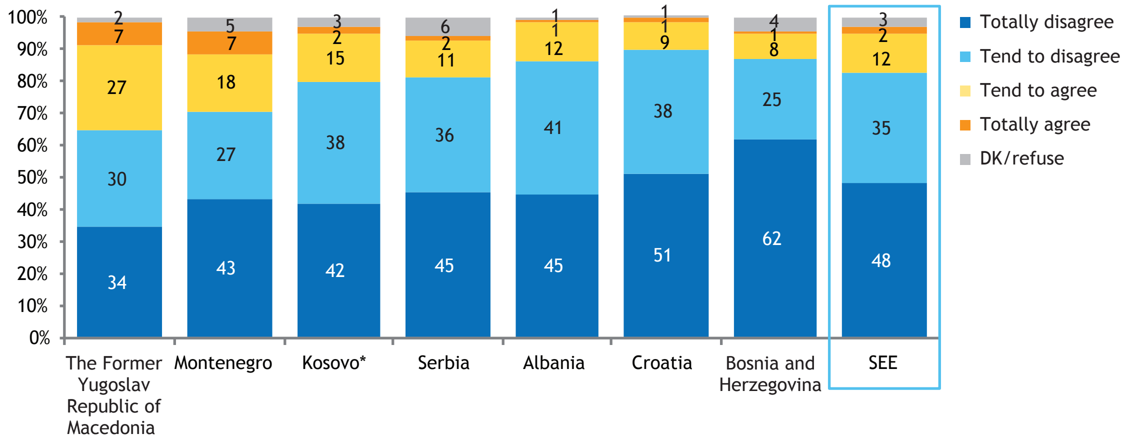
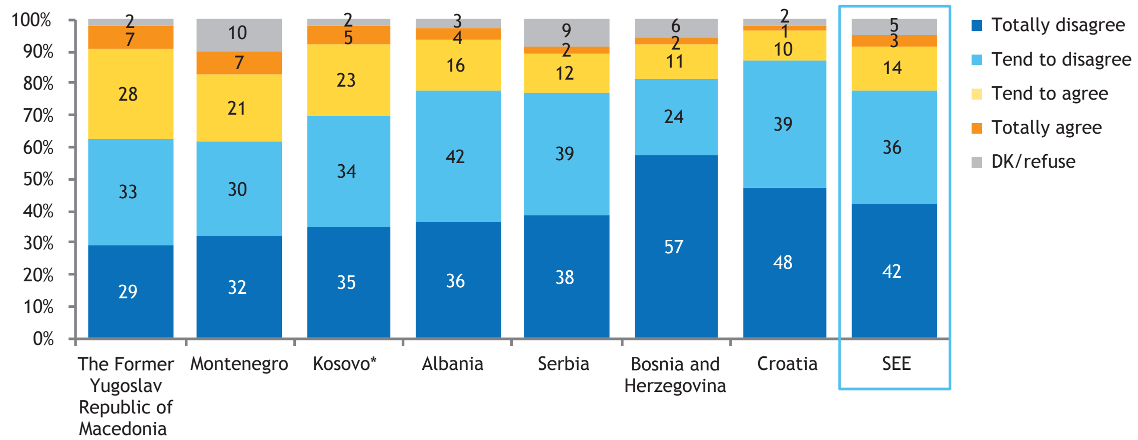


Figure 78: Do you agree that judicial system is independent from political influence?

(All respondents - N=7002, share of total, %)

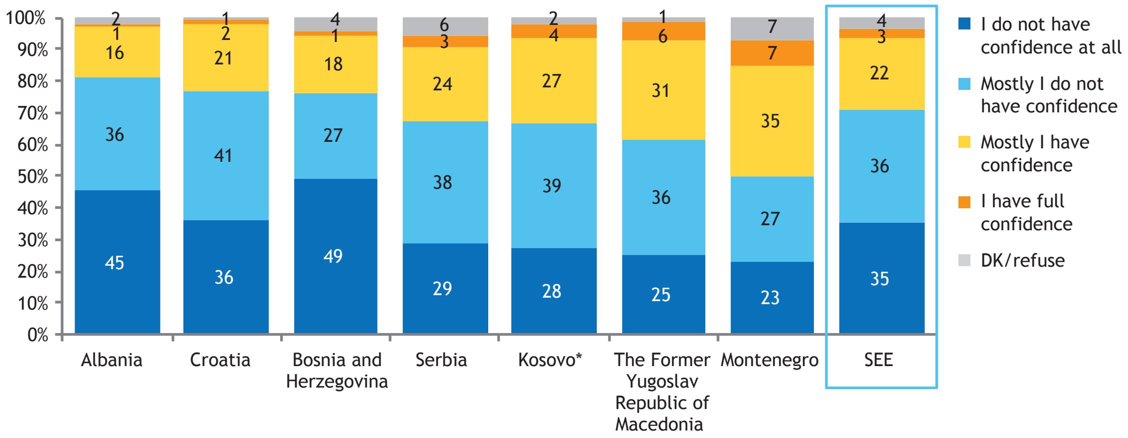


People from Croatia are the least confident that the judicial system is independent from political influence (11% agree with the statement and 87% disagree) whereas people from The Former Yugoslav Republic of Macedonia are significantly more likely to agree with the statement (35% agree).

There are no variations across demographic groups in terms of these four statements.

Figure 79: Do you have confidence in courts and the judiciary?

(All respondents - N=7002, share of total, %)



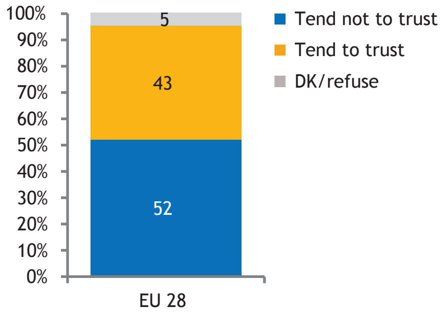
Most of the SEE population does not have confidence in the judiciary and the legal system in their economy (71%). Among them is an equal number of those who have no confidence at all (35%) and those who mostly have no confidence (36%). Only 25% have confidence, but among them only 3% have full confidence in the judiciary and the legal system.

People from Albania (17%) and Bosnia and Herzegovina (19%) have significantly less confidence in the judiciary and the legal system unlike people from Montenegro who have significantly more confidence (42%) in relation to other economies.

With regard to demographic groups, the level of confidence in the judiciary and the legal system increases with an increased social status. Specifically, the people who rate their social status as below average are significantly more likely to have no confidence in the judiciary at all (43%), those who rate their social status as average are significantly more likely to have mostly no confidence (38%) whereas those who rate their social status as above average are significantly more likely to mostly have confidence in the judiciary and the legal system in their economy (34%).

Figure 80: For each of the following institutions, please state if you tend to trust it or tend not to trust it: Justice/the (nationality) legal system.

(Share of total, %)



Source: Public Opinion in the European Union, Standard Eurobarometer 83, EC, Spring 2015.

Within the Eurobarometer survey, the people of the 28 EU members were asked about trust in their national justice/legal system. There is evidently much greater trust in the national legal systems within the EU (43%) than within the SEE economies where only 25% have trust.

The highest level of trust has been expressed in northern economies such as Denmark, Finland and Sweden where more than 80% of the population trust their national legal system. The least trust is noted in the EU members such as Bulgaria, Cyprus, Slovenia and Slovakia, where the level of trust is similar to that in the SEE region, from 20% to 26% of people trust the legal system.

Basically, the predictability of administrative and judicial decisions is significantly higher in the EU than in the SEE economies. This is correlated with corruption, the informal economy and the legal system itself in which there are greater opportunities for discretionary decisions.

PERCEPTIONS OF CORRUPTION

Corruption remains a major problem and is seen to emanate from the top but is also present in local level and in the provision of health care services.

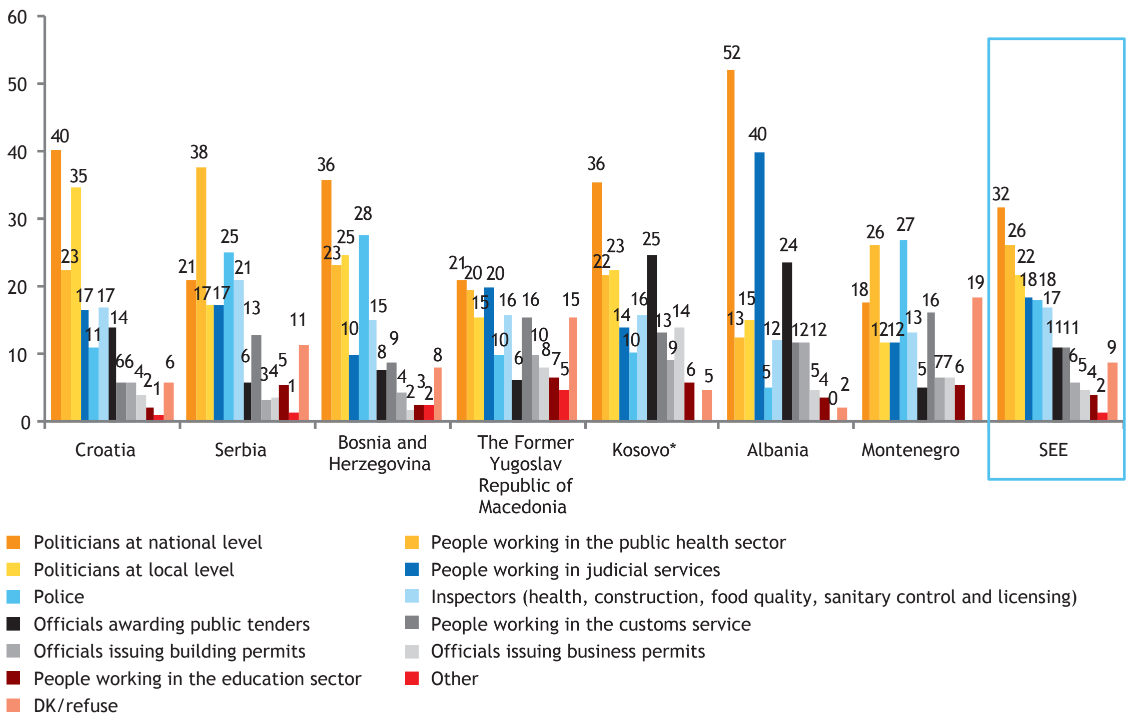
Widespread corruption especially at the top. Without exception, politicians are seen as being corrupt, on the national level primarily, but also on the local one in Bosnia and Herzegovina, Croatia, Kosovo*, and The Former Yugoslav Republic of Macedonia. The latter three for reasons of the economic structure (tourism in Croatia) or greater importance of the local authorities (Kosovo* and The Former Yugoslav Republic of Macedonia), though in all of them national authorities are also seen to be at least as corrupt as the local ones. Police are seen as being corrupt in Bosnia and Herzegovina, Montenegro and Serbia, possibly because it is perceived to be politicised, i.e. to be closely connected with the politicians.

Health care sector is corrupt. Apart for Albania, in all other economies the health care sector is seen as being particularly corrupt. This is probably in part due to the fact that most health services need to be paid irrespective of the existence and the coverage of the public health insurance. Paying for health services is probably seen as inequitable: those who have money get preferential treatment, which is seen as corrupt practice.

Pubic tenders are not generally seen as corrupt. Most studies of corruption find that tenders for public money are the core of the corruption. In this survey, Albania and Kosovo* locate corruption particularly in that sector. This is on top of a very high level of corruption at the top political level. In the other economies, these two types of corruption are most probably conflated so corruption in public tendering is not seen as a separate problem.

Figure 81: Do you think that the giving and taking of bribes, and the abuse of position and power for personal gain, are widespread among any of the following?

(All respondents - N=7002, maximum two answers, share of total, %)



At the level of the SEE region, it is considered that giving or taking of bribes and the abuse of power for personal gain is the most widespread among politicians at the national (32%) and local (22%) levels, and among people working in the health sector (26%). In all economies, except Montenegro and Serbia, bribery is considered to be the most widespread among politicians at national level, whereas people in Serbia think that it is among the workers in the health sector (38%) and people in Montenegro that it is among the police (27%).

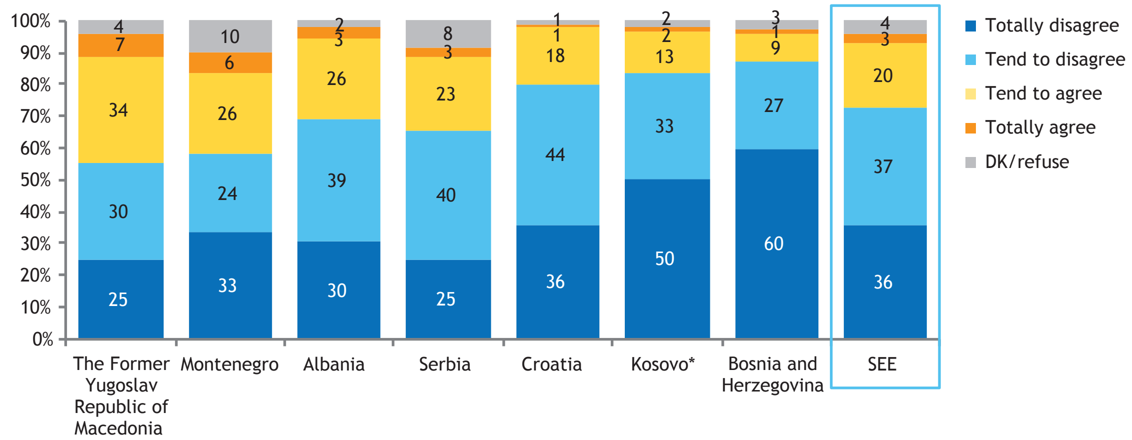
Workers in the health sector are ranked among the first three groups that tend to receive bribes in Bosnia and Herzegovina (23%), Croatia (23%), Kosovo* (22%) and The Former Yugoslav Republic of Macedonia (20%). Although not ranked in first place, the politicians at local level are also considered more corrupt and prone to abusing their position for personal gain (in Bosnia and Herzegovina - 25%, Croatia -35%, Kosovo* - 23%). In Albania (40%) and The Former Yugoslav Republic of Macedonia (20%), among the first three groups are people working in the judiciary. People in Albania (24%) and in Kosovo* (25%) also mention officials awarding public tenders. Police are noted as the most corrupt in three economies: Bosnia and Herzegovina (28%), Montenegro (27%) and Serbia (25%). Only in Serbia, inspectors are mentioned among the three most corrupt groups (21%).

In addition to these groups ranked among the first three, variations among the economies are observed, notably in Kosovo* where officials issuing building permits are perceived, significantly more than in all other economies, as those who receive bribes (SEE - 5%, Kosovo* - 14%).

When it comes to demographic groups and their perception of people who are most likely to receive bribes, there are some variations: the youngest (18-29 years old) far more frequently mention police (22%) and people working in the education sector (7%). Highly educated people more frequently mention officials awarding public tenders (16%), officials issuing business permits (6%) and people working in the education sector (6%), whereas people who rate their social status as above average often cite officials awarding public tenders (20%), officials issuing building permits (9%) and people working in the customs service (16%).

Figure 82: Do you agree that your government fights effectively against corruption?

(All respondents - N=7002, share of total, %)

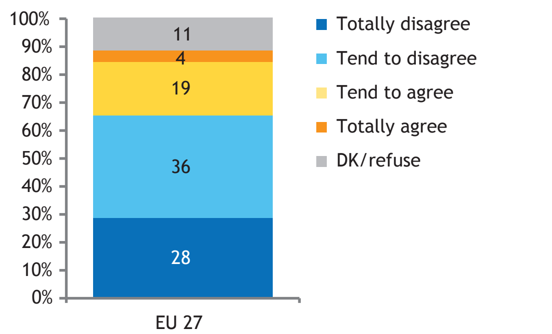


The majority of the SEE population do not consider that their government effectively fights corruption (73%). People from The Former Yugoslav Republic of Macedonia are significantly more likely to agree with the statement (41%) while significantly fewer people from Bosnia and Herzegovina agree with the statement about the effectiveness of their government in the fight against corruption (only 10%).

The oldest (over 61) are significantly more likely to agree with the above statement (28%).

Figure 83: Do you agree with: (Nationality) Government efforts to combat corruption are effective.

(Share of total, %)



Source: Corruption, Special Eurobarometer 397, EC, February-March 2013.

Special Eurobarometer on Corruption includes the same question to the population of the 27 EU members. The results show almost the same thinking about the effectiveness of the respective governments in the fight against corruption. Specifically, both in the EU and in the SEE region, there are only 23% of those who consider their own government effective in the fight against corruption while the majority believes that their government is not effective in this fight (SEE - 73%, the EU - 64%).

Regardless of the level of corruption, which is obviously estimated to be significantly higher in the SEE, the public is almost everywhere dissatisfied with the readiness of governments to curb the political sources of corruption.

Especially important is the influence of money on parties and elections, as well as on party programs and government policies.

PARTICIPATION IN DECISION MAKING

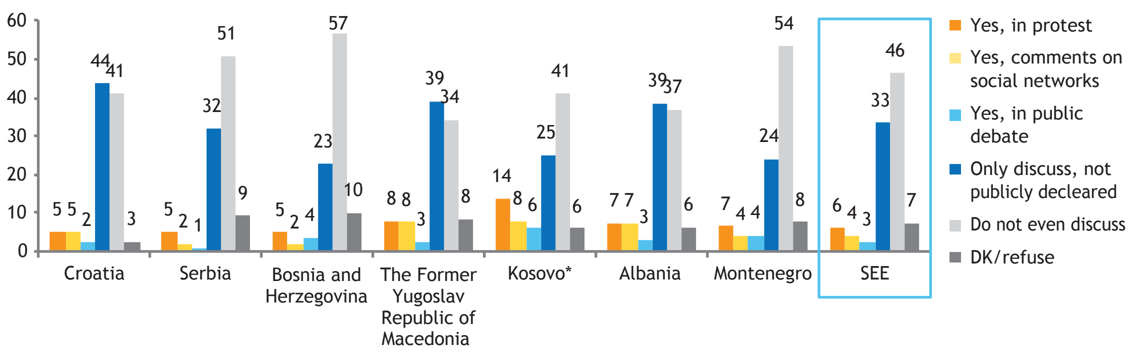
There is a prevailing indifference or inertia with regard to different types of activities that may affect the government's decisions.

Lack of interest and engagement are the most common consequences of lack of relevance and influence. The relevance is influenced by the importance of government decisions and by the existence of mechanisms to avoid unintended consequences. Bearing in mind the low level of efficiency of public institutions and the widespread corruption, lack of interest in the government's decision is not unexpected.

In addition, the influence of the public and even the mass protests are not particularly large. In some economies, for example in Bosnia and Herzegovina, the institutional and political impact is very difficult to achieve. The situation is similar in other economies, such as The Former Yugoslav Republic of Macedonia and Montenegro, primarily because the government rarely change. In addition, throughout the region, professional organizations and trade unions have largely lost their influence so that there is a lack of influence mechanism. Finally, the independence of the media is questionable, because of both political and financial control. It is interesting to note meagre involvement in the mass protests, bearing in mind that most of the region is affected by a protracted political crisis with frequent mass protests and demands for early elections. Therefore, the growing political instability is not reflected in the interest in government measures and policies.

Figure 84: Have you ever done something that could affect any of the government decisions?

(All respondents - N=7002, share of total, %)



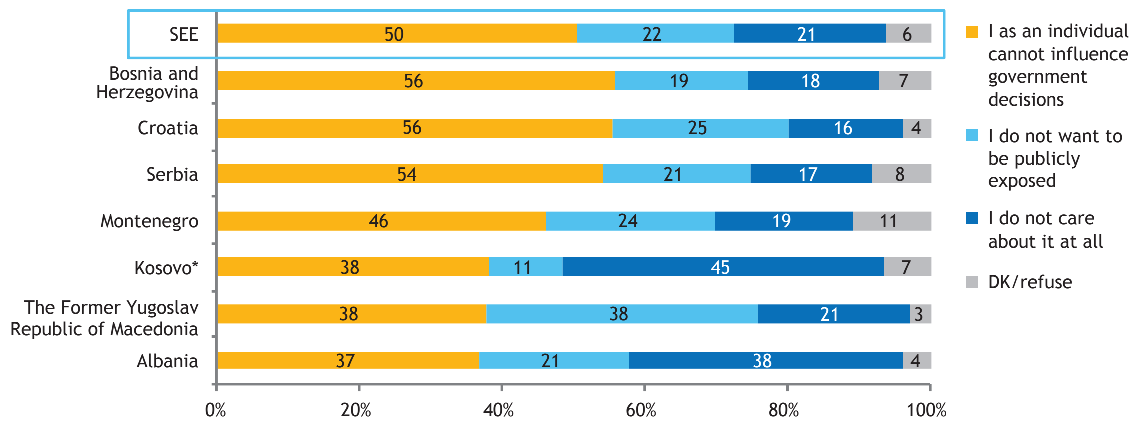
In terms of any activity or participation in any activity that could affect the government's decisions, the SEE region seems to be either inert or indifferent. In fact, 46% of the entire population do not even discuss the government's decisions while 33% discuss only with people they know, not publicly. Only 6% of them protested, 4% commented the government's decisions on social networks and 3% participated in public debate.

People from Kosovo* are significantly more involved both in mass protests (SEE - 6%, Kosovo* - 14%) and in public debates (SEE - 3%, Kosovo* - 6%) as compared to the other economies. Croatia stands out by a significantly larger number of people who discuss the government's decisions, but not publicly (44%), whereas most people in Bosnia and Herzegovina do not even discuss the government's decisions (57%).

Unlike others, the youngest (18-29 years old) are significantly more likely to comment on social networks (8%) and they are also more likely than all others to not even discuss this topic (52%). Highly educated people are significantly more active than others in being more frequently involved in public debates (5%), participating in mass protests (9%) and commenting on social networks (7%). People who rate their social status below average (49%) and women (54%) are more likely to not even discuss government's decisions (49%) while men more often discuss with friends, but not publicly (38%).

Figure 85: What is the main reason why you are not actively involved in government decision-making?

(Those who have never done anything which could affect government decision - N=5584, %)



The most common reason for the lack of active involvement in government decision-making is the opinion that an individual cannot influence government decisions (50% of those who are not actively involved). There are 22% of those who do not want to be publicly exposed while 21% do not care about government decisions.

There are cross-economy variations in the region in terms of the reasons for the lack of involvement in government decision-making. The prevailing reason in Bosnia and Herzegovina, Croatia, Serbia and Montenegro for the lack of active involvement is the inability of an individual to influence government decision-making. Significantly more people in Kosovo* (45%) and Albania (38%) cite that the reason is the lack of interest in general. People in the The Former Yugoslav Republic of Macedonia are significantly more likely than others to cite reluctance to public exposure (38%).

Women (24%), the youngest (18-29 years old) (28%) and the low-skilled (28%) are significantly more likely to mention the lack of interest and, the highly educated a reluctance to public exposure (26%).

Focus on Moldova

MAIN FINDINGS

The general level of dissatisfaction with the overall economic situation and with personal welfare can be attributed in part to the recession in 2015. Yet in light of early strong performance and the expectation of rebound from a bad year the optimistic view of the near future is understandable. Both levels are again exaggerated, most probably because of the strong shock effect of the 'perfect storm' of recession, financial collapse, speed up of inflation, and political instability in 2015. Interestingly, confidence in oneself is higher than in the political and economic environment; this is a common feature in the SEE economies.

SEE integration does not play much of a role in Moldova and this is in accordance with the fact that Moldova is quite detached from other CEFTA economies. The Moldovan economy is different in other respects to the rest of SEE. Its unemployment rate is far lower and yet lack of employment is still seen as a major problem. The risk of falling into poverty remains greater than in most other SEE economies and the quality of poverty is different because it is about access to food much more than other less essential consumer goods, such as vacation. Lastly, dependence on remittances is, with the exception of Kosovo* and Albania, higher than in other SEE economies. The volatility of the amount of remittances received also appears higher in Moldova. This is mainly because remittances in the rest of SEE depend on income earned in the EU economies while in the case of Moldova there is significant migration to Russia, where both jobs and income may be less sustainable in hard times. Finally, the Moldovan economy differs in that its share of investment has been higher, although not in 2015, than in the rest of SEE, where, with the exception of The Former Yugoslav Republic of Macedonia, the investment slum has been more prolonged.

The Moldovan economy is similar in that it also runs significant current account deficits and has accumulated a high level of foreign debt (in excess of 100 percent of GDP). The Government also has to deal with rising public debt, resulting from the collapse of the banking sector. These characteristics induce similar attitudes towards the trade policy and also affect trust in the Government's ability to deal with the economic problems. There is some bias when it comes to home food and similar domestic products and there is some confidence in the competitiveness of domestic production, although not as high as in other SEE economies. Therefore, certain types of protection for foreign trade and for domestic production are preferred.

When it comes to corruption, Moldovans see it as centred on government, the police, and the judiciary. This is consistent with the view that institutional development is poor and that the major sources of illegal income cannot be distinguished between different types of power. Unlike cases where corruption is centred on payment for a service, corruption in Moldova seems mostly to be a form of racketeering. This is why there is pessimism concerning the practicality of dealing with widespread corruption.

Consistent with this is the belief that it is work and education that matter rather than personal relationships, which is an attitude that also stands out in the rest of SEE. This further supports the prevalent sentiment that one must rely on oneself rather than on the various forms of public support.

Developmental issues are quite prominent. The physical, education and social infrastructures are seen as in need of development. Given the level of development, as indicated by GDP per capita, this seems quite appropriate.

Inclusiveness does not extend to the Roma population. This is similar to some other SEE economies, but there is insufficient information to determine why this is the case. It is probably a consequence of relative poverty and a reluctance to transfer resources to the less fortunate who are not deemed to be in the same need of assistance as, for instance, people with disability.

There is general concern over sustainable development and energy efficiency, although for different reasons. Energy costs are high despite the fact that prices are relatively low when compared to other economies. When it comes to the environment it appears that the general feeling is that natural developments can be detrimental and that there is little practical ability to do much about them.

Public responsiveness and accountability remain very low. This is because the perception of corruption is overwhelming, which explains the low level of participation in public affairs.

ECONOMIC OVERVIEW: MOLDOVA

After relatively strong performance in the previous few years, economic growth was negative in 2015. Yet Moldova's GDP remains quite low, even by South European standards, at less than 2000 Euros in 2015. Unlike other SEE economies, the unemployment rate is much lower at about six percent in 2015 and slightly less than four percent the previous year. Over the longer period and also looking forward the unemployment rate has been and should remain around that level. The recession in Russia had a negative effect on Moldova last year in the form of a decline in remittances, which is an important source of income and therefore affects consumption. There was also a major banking crisis, which proved quite costly for the budget. On top of that, political instability was again particularly bad in 2015.

Economic prospects are better but only point to a modest recovery in 2016, which should accelerate over the medium term. However, significant policy changes are required and in the external environment this may not prove helpful especially given the continued slump and political instability in Russia and Ukraine. Under these circumstances, the much needed decisive strengthening of the institutional and legal framework may prove difficult both in terms of design and implementation.

Table 11: Moldova - Life satisfaction and assesment of general trends

How are you satisfied with the way things are going in your society?

	I'm completely dissatisfied	I'm mostly unsatisfied	Neither satisfied nor dissatisfied	I'm mostly satisfied	I'm completely satisfied	DK/refuse
Moldova	58,0	30,6	8,4	2,5	0,2	0,3
SEE	33,4	32,2	23,3	9,2	1,4	0,6

How are you satisfied with the financial situation of your household?

	I'm completely dissatisfied	I'm mostly unsatisfied	Neither satisfied nor dissatisfied	I'm mostly satisfied	I'm completely satisfied	DK/refuse
Moldova	29,0	31,6	23,1	14,8	1,4	0,0
SEE	19,6	25,8	29,2	22,6	2,5	0,4

How are you satisfied with the economic situation in your society?

	I'm completely dissatisfied	I'm mostly unsatisfied	Neither satisfied nor dissatisfied	I'm mostly satisfied	I'm completely satisfied	DK/refuse
Moldova	61,1	30,2	6,4	1,5	0,1	0,8
SEE	33,7	38,5	20,8	5,9	0,4	0,7

What are your expectations for the next year? Do you think that in 12 months your financial situation will be:

	Better	Worse	The same	DK/refuse
Moldova	31,9	24,1	37,7	6,3
SEE	23,7	24,7	48,2	3,4

What are your expectations for the national economy? Do you think that in 12 months the state of the economy will be:

	Better	Worse	The same	DK/refuse
Moldova	24,0	35,0	33,6	7,5
SEE	19,1	34,3	43,4	3,3

What do you think are the two most important problems facing your economy? (Top 6 answers)

	Unemployment	Economic situation	Crime	Corruption	Brain drain/ emigration	Political disputes
Moldova	46,0	38,4	3,1	53,0	5,9	20,6
SEE	67,7	55,3	13,0	27,4	7,0	9,2

How satisfied are you with each of the following in your place of living?

	Health services	Quality of education system	In general with quality of transport infrastructure	Utility services	Safety from crime	Cleanliness of my city	Social life	Present job	Public services in general	Level of prices
Moldova	2,5	3,0	2,5	2,8	2,4	2,5	3,4	3,0	2,8	1,4
SEE	2,8	3,1	2,8	3,0	2,7	3,0	3,0	2,5	2,8	2,0

When it comes to social and employment issues, in your opinion, in which of the following areas should your government invest its resources as a priority?

	Energy sector	Transport infrastructure	Social infrastructure	Tourism	Agriculture	Science and technology	Industrial development	SME development	DK/ refuse
Moldova	3,8	6,6	24,8	1,8	36,0	3,9	11,2	8,5	3,3
SEE	4,5	5,9	10,0	6,9	24,1	5,9	24,8	15,6	2,3

The people of Moldova, like the SEE population, are more satisfied with their own financial situation than with the national economy. However, what is striking is a significantly greater dissatisfaction among people of Moldova compared with the SEE average both in terms of their personal financial situation and the national economy (Moldova - 61% are dissatisfied with their personal financial situation, SEE - 45%, Moldova - 91% are dissatisfied with their national economy, SEE - 72%). If we compare individual SEE economies with Moldova, Bosnia and Herzegovina has the largest number of people who are completely dissatisfied with their national economy (47%), which is still lower by almost 20% than in Moldova.

When it comes to the forecasts for the financial situation, people in Moldova are more optimistic about their own financial situation (32% expect a better situation) than about the national economy (24% expect a better situation in the next twelve months). It is interesting to note that people in Moldova are more optimistic than the SEE population and they are far more likely to expect that the next twelve months will be better both in terms of their own financial situation and the national economy (Moldova - 32% think their own financial situation will be better, SEE - 24%, Moldova - 24% think the national economy will improve, SEE - 19%). Moldova and the SEE region have almost an equal number of those who expect that the situation will be worse in both aspects whereas people in Moldova are less likely to believe that the situation will be the same. Forecasts for the personal financial situation in Moldova are most similar to those in Albania (better - 30%, the same - 40%, worse - 27%). When it comes to the outlook for the national economies over the next twelve months, respondents in Moldova, if compared to respondents from any economy in the SEE region, are the least likely to think that the situation will stay the same (34%).

The main concerns in the SEE region are unemployment (68%) and the economic situation (55%), whereas corruption (53%) and unemployment (46%) are the two most important issues Moldova is facing at the moment, followed by the economic situation (38%). Corruption is identified as the most pressing concern by twice as many respondents in Moldova than in the SEE region (SEE - 27%, Moldova - 53%). Among the SEE economies, corruption is identified as the biggest concern in Kosovo* (47%), but still at a lower level than in Moldova, whereas unemployment is considered the least problematic in The Former Yugoslav Republic of Macedonia (50%), but still higher than in Moldova. Discrepancies may be also observed when it comes to other issues: political disputes are perceived as being far more worrying in Moldova than in the SEE region (Moldova - 21%, SEE - 9%) whereas crime, for example, is of significantly less concern than in the SEE region (Moldova - 3%, SEE - 13%).

In order to reduce unemployment and to address social issues, people of Moldova believe that their government's priority should be investment in agriculture (36%) and social infrastructure, such as schools and hospitals (25%). The populations of Albania and Kosovo* have similar opinions whereas the priorities in the SEE region are industry (25%) and agriculture (24%). Differences between Moldova and the SEE region are also reflected (in addition to agriculture and social infrastructure) in the ranking of tourism, science and technology, industrial development and SME, which are perceived by significantly more people in the SEE region as priorities for the governments' investment.

Of the ten offered aspects, people of Moldova, like the SEE population, are the most satisfied with social life (mean - 3.44), the quality of the education system (mean - 2.99) and their jobs (mean - 2.97). They are least satisfied with prices (mean - 1.45) and safety from crime (mean - 2.41). Significant differences between the population of Moldova and of the SEE region in terms of satisfaction were observed in all aspects. People of Moldova are significantly more satisfied with social life and their job and significantly less satisfied with all other aspects, except for public services where no differences were observed. The biggest discrepancy exists in estimated satisfaction with the present job which is ranked penultimate in the SEE region and in third place in Moldova, after quality of education system and social life.

Table 12: Moldova - Attitudes on regional cooperation and EU integration

What do you think are the most important problems facing the entire SEE region at the moment? (Top 6 answers)

	Refugees	Political disputes	Economic situation	Unemployment	Security issues/ terrorism	Corruption	DK/refuse
Moldova	15,0	10,0	9,3	8,3	5,2	4,8	31,0
SEE	9,2	6,7	35,7	24,9	3,6	7,2	0,0

Do you agree that the relations in SEE are better than 12 months ago?

	Totally disagree	Tend to disagree	Tend to agree	Totally agree	DK/refuse
Moldova	12,9	27,8	16,7	1,9	40,6
SEE	11,8	33,4	39,4	5,0	10,4

Do you agree that regional cooperation can contribute to the political, economic or security situation of your economy?

	Totally disagree	Tend to disagree	Tend to agree	Totally agree	DK/refuse
Moldova	10,3	19,9	36,8	15,6	17,4
SEE	4,3	11,6	50,2	26,9	7,0

Overall, how satisfied are you with the level of information available on developments in other parts of the SEE region?

	I'm completely dissatisfied	I'm mostly unsatisfied	Neither satisfied nor dissatisfied	I'm mostly satisfied	I'm completely satisfied	I'm not interesting/ I do not care	DK/ refuse
Moldova	10,8	22,0	17,4	11,1	1,1	31,1	6,5
SEE	5,2	10,0	35,3	33,4	7,5	0,0	8,6

What about the content of an average newspaper or television channel? In your opinion, are you satisfied with the objectivity of reporting on SEE region?

	I'm completely dissatisfied	I'm mostly unsatisfied	Neither satisfied nor dissatisfied	I'm mostly satisfied	I'm completely satisfied	I'm not interesting/ I do not care	DK/ refuse
Moldova	9,7	21,6	20,0	10,6	0,7	31,3	6,1
SEE	7,4	12,9	37,0	30,3	4,6	0,0	7,9

Do you think that EU membership would be a good thing, a bad thing, or neither good nor bad for your economy?

	Good thing	Neither good nor bad	Bad thing	DK/refuse
Moldova	40,3	35,9	19,6	4,2
SEE	39,3	36,4	20,4	4,0

What would EU membership mean to you personally?

	Freedom to travel	Freedom to study and/or work in EU	Economic prosperity	Peace and stability	Social protection	Loss of sovereignty	Nothing good/ positive	DK/refuse
Moldova	27,2	28,9	23,8	20,5	9,5	13,6	18,7	4,5
SEE	31,4	32,4	29,9	17,5	9,2	9,5	17,0	6,4

In general, when do you expect the accession of your economy to EU to happen?

	By 2020	By 2025	By 2030	Never	DK/refuse
Moldova	18,8	18,8	10,9	33,0	18,5
SEE	24,0	20,9	13,7	26,1	15,4

When it comes to the perception of problems in the SEE region, interviewees are most likely to say they do not know how to define the problems in this region (31%). Other Moldovans cite the issue of refugees (15%) as the most important problem, followed by political disputes (10%), the economic situation (9%), and unemployment (8%). It is difficult to compare their opinions with an average of the seven economies in the region due to the lack of knowledge of the current concerns of the people in the SEE region.

With regard to improved relations in the SEE region, 41% of the respondents from Moldova do not know the answer to this question either. As for other respondents, there are more of those who think that the relations are not better (41%) than those who think that the relations are better than 12 months ago (19%).

It is interesting to note that about one third of the respondents in Moldova are not interested in receiving information on developments in the SEE region. Among those who are interested, a majority are not satisfied with the availability of information (33%). There is almost an equal number of those who are not satisfied with the objectivity of reporting on the situation in the SEE region (31%) whereas 11% are satisfied.

However, people of Moldova still share the view that regional cooperation can contribute to both political and economic prosperity in Moldova (52%).

When it comes to the European Union, their opinion is similar to the average of the seven SEE economies: 40% think that EU membership is a good thing, 20% share the opposite view, while 36% take a neutral stance. People of Moldova mostly think that their economy will never accede to the EU (33%) and only 19% expect the accession by 2020.

They are most likely to associate the European Union with freedom to work and study (29%), ahead of freedom to travel (27%), which coincides with the perception of the EU among the population of the SEE region. The SEE population are more likely to see the prosperity of their national economy as a benefit of the EU accession (30%) compared with 24% of people in Moldova. Interestingly, people of Moldova are significantly more likely to perceive the EU accession as a loss of sovereignty than are people in the SEE region (Moldova - 14%, SEE - 10%). Among the SEE economies, such concern about the loss of sovereignty with the EU accession is pronounced only in Serbia.

Table 13: Moldova - Unemployment and risk of poverty 1

Social status (self-estimation)

	Above the average	Average (as majority)	Below the average	DK/refuse
Moldova	2,9	74,6	21,8	0,7
SEE	4,1	69,7	22,5	3,7

Do you think that the gap between the rich and poor is increasing in your economy?

	Yes	No	DK/refuse
Moldova	90,2	6,2	3,6
SEE	89,3	7,0	3,8

What is your current working status?

	Employed	Self-employed	Moonlighting	Unemployed	Housewife	Retired	Student/pupil
Moldova	35,9	5,8	6,5	15,1	8,2	23,4	5,2
SEE	37,5	5,9	2,7	17,3	5,7	23,7	7,1

How confident are you in keeping your job in the coming 12 months? (Employed and self employed people - N =428)

	Not at all confident	Not very confident	Fairly confident	Very confident	DK/refuse
Moldova	11,8	34,1	30,4	20,6	3,0
SEE	8,6	21,5	45,2	21,1	3,7

How confident would you say you are in having a job in 2 years' time?

	Not at all confident	Not very confident	Fairly confident	Very confident	DK/refuse
Moldova	30,4	32,4	16,9	8,7	11,5
SEE	29,6	30,7	18,6	6,8	14,3

How many people in your family who are able to work are employed?

	4 people and more	3 people	2 people	1 person	0 people	DK/refuse
Moldova	2,8	7,4	24,8	31,4	31,9	1,6
SEE	4,0	9,8	33,8	29,7	21,9	0,7

How many people in your family who are able to work are unemployed?

	4 people and more	3 people	2 people	1 person	0 people	DK/refuse
Moldova	2,5	4,0	13,9	27,2	50,0	2,4
SEE	2,0	6,1	17,2	28,5	45,1	1,1

In terms of social status and employment, Moldova is very close to the SEE average, except when it comes to job security in the coming 12 months. Specifically, there are significantly more Moldovans who are not confident in keeping their current job (Moldova - 46%, SEE - 30%). The most similar scores were recorded in Albania where respondents were least confident in job security in the coming 12 months (Albania - 41%).

When it comes to social status, 75% of Moldovans estimate their social status as average. In terms of employment status, 42% are employed, 15% are unemployed, and 23% are retired. Among those who are able to work, the most common are the families that either do not have any employed members (32%) or they have only one employed person (31%). On the other hand, half of households have no unemployed members among those able to work.

The vast majority (90%) consider that the gap between the rich and the poor has become increasingly prominent in their economies. Such an opinion is widespread (90%) in Bosnia and Herzegovina, Croatia, Albania and Serbia.

Table 14: Moldova - Unemployment and risk of poverty 2

Tell me whether each of the following situations has happened to you, as result of the economic crisis in the past 3 years?

	Yes	No	DK/refuse	I do not have a colleagues
	Someone from your family, a relative, or a friend lost their job?			
Moldova	47,6	48,4	4,0	
SEE	49,3	47,5	3,1	
	One of your colleagues has lost their job?			
Moldova	28,5	34,3	7,0	30,2
SEE	32,2	40,3	4,3	23,2
	You lost your job?			
Moldova	13,9	55,9	30,2	
SEE	13,3	85,3	1,4	

Did your household, even once in the past 12 months, face problems:

	Yes	No	DK/refuse
	Unable to pay rent or utility bills		
Moldova	50,1	49,6	0,3
SEE	23,2	75,5	1,3
	Unable to pay instalment on a loan		
Moldova	12,1	56,5	31,4
SEE	15,3	80,1	4,5
	Unable to keep home adequately warm		
Moldova	39,4	59,2	1,4
SEE	18,9	79,9	1,1
	Unable to afford food, clothes and other basic supplies		
Moldova	48,3	50,9	0,8
SEE	17,7	81,4	0,9
	Unable to afford at least one week of holiday away from home (if wanted to)		
Moldova	76,7	19,1	4,2
SEE	52,9	45,8	1,3

Did your household receive help, at least once in the past 12 months, in the form of money or goods from another individual living abroad?

	Yes	No	DK/refuse
Moldova	22,9	74,6	2,5
SEE	12,5	86,7	0,9

Agreement with the statements:

	Totally disagree	Tend to disagree	Tend to agree	Totally agree	DK/refuse
	Some people look down on you because of your income or job situation				
Moldova	27,8	33,0	26,2	9,8	3,2
SEE	61,9	23,1	9,5	3,4	2,2
	I feel that there is a risk for me that I could fall into poverty				
Moldova	18,2	31,7	32,2	14,9	3,0
SEE	34,6	28,0	25,6	9,4	2,4
	You feel left out of society				
Moldova	56,9	28,7	9,5	3,1	1,8
SEE	60,3	23,8	10,5	3,6	1,9

Poverty and the risk of poverty among the population of Moldova have proved to be more prevalent than in the seven SEE economies. Although there is almost an equal number of those who have lost their jobs in the last three years (around 13% - 14%) in Moldova and the SEE region, as well as those whose family members or acquaintances lost their jobs (48% - 49%), there are differences in the predictors of poverty.

Specifically, half of the respondents in Moldova was unable to pay utility bills (50%) compared to 23% in the SEE region. In terms of inability to pay utility bills, the worst situation is in Albania, compared with the six other economies in the SEE region, where a third could not afford to pay for themselves and their families in the past 12 months. Furthermore, 39% were unable to keep their home adequately warm compared with 19% in the SEE region. Among the SEE economies, the inability to keep a home adequately warm is most prevalent in Albania - 44%. Purchasing of basic supplies proved to be a very big problem in Moldova where 48% of people could not afford food, clothes and other basic supplies in the past 12 months. This problem was encountered by 18% of the population in the SEE region and as many as 35% in Albania. More than three quarters of the population of Moldova could not afford a weeklong holiday away from home.

With regard to assistance from abroad, 23% of Moldovans received some form of assistance from individuals living abroad compared with 13% in the SEE region.

When it comes to the risk of poverty, slightly less than half (47%) feel at risk of falling into poverty, which is significantly higher than the average for the SEE region (35%). However, it is not only the risk of falling into poverty that is pronounced in Moldova, but also a problem of how people feel in the community because of financial difficulties. Although only 13% claim to feel left out of society (similar proportion in the SEE - 14%), there are significantly more people (36%) who think that people look down on them because of their financial situation (13% in the SEE region).

Table 15: Moldova - Employability and the labour market

What do you think is most important for getting ahead in life?

	Having a good education	Working hard	Knowing the right people	Being lucky	Belonging to a wealthy family	Other	DK/refuse
Moldova	28,5	36,6	8,7	19,0	4,8	1,8	0,7
SEE	22,2	25,3	27,7	16,0	6,4	1,4	1,0

In your opinion, which two assets are most important for finding a job today?

	Professional experience	Level of one's qualification	Network of family and friends in high places	Personal contacts	Computer skills	Willingness to work abroad	Language skills	Ability to adapt
Moldova	43,4	28,0	26,9	18,0	16,2	11,7	11,2	9,9
SEE	21,8	34,1	32,5	49,3	7,3	6,0	11,7	20,9

What are the two main obstacles to those in your household who do not work, to get a good job?

	Inadequate or irrelevant education	Insufficient previous work experience	Do not know the right people	Lack of jobs	Disability	Age discrimination (too old, too young)	Other reason	DK/refuse
Moldova	13,3	9,0	7,0	56,5	6,3	14,0	4,7	3,7
SEE	15,9	20,0	50,5	63,6	3,1	27,1	7,8	7,3

If you could choose, would you prefer to work in the public sector or private sector?

	Public sector	Private sector	DK/refuse
Moldova	51,6	39,1	9,3
SEE	79,3	13,7	7,0

If you prefer to work in public sector, what is the main reason for that?

	Better salary	Better pension after retirement	Better social care and access to health services	Job is safer	Better working conditions (less overtime job and workload)	Better advancement opportunities	Better education opportunities
Moldova	24,1	37,1	20,8	63,9	16,5	6,7	4,0
SEE	34,9	17,2	16,1	54,4	38,0	8,0	3,9

If you prefer to work in private sector, what is the main reason for that?

Moldova	79,7	9,3	2,8	19,3	29,1	19,0	2,7
SEE	47,4	9,4	6,2	16,6	15,8	36,2	9,1

Would you agree that the skills you learned in the education system meet the needs of your job?

	Totally disagree	Tend to disagree	Tend to agree	Totally agree	DK/refuse
Moldova	8,4	18,8	33,5	22,7	16,6
SEE	7,9	16,2	42,8	22,3	10,8

Are you encouraged to be innovative or to take initiative in your work?

	Never	Rarely ever	Sometimes	Frequently	Always	DK/refuse
Moldova	14,9	17,4	31,0	20,9	13,9	1,9
SEE	12,6	19,9	32,6	21,1	11,2	2,6

Would you be ready to acquire additional qualifications for advancement at work?

	I will not for sure	Probably I will not	Probably I will	I will for sure	DK/refuse
Moldova	8,1	19,0	31,2	39,7	2,1
SEE	5,8	11,8	39,9	41,0	1,6

Would you be ready to acquire additional qualifications in order to get a job?

	I will not for sure	Probably I will not	Probably I will	I will for sure	DK/refuse
Moldova	14,0	11,0	28,2	43,2	3,6
SEE	9,9	11,3	34,1	37,6	7,0

The population of Moldova has a different opinion than the SEE population when it comes to progress in life and finding a job. They, in fact, consider that working hard (36.6%) and having a good education (29%) are the most important to make progress in life. Among the SEE population, people in Albania have the most similar view (hard work - 28%, education - 32%). If we take into account the scores for the entire SEE region, we can observe that knowing the right people (28%) is the most important prerequisite for advancement in life. In Moldova, there are only 9% of those who share such opinion.

The situation is very similar when it comes to prerequisites for finding a job. Moldovans consider that professional experience is by far the most important to find a job (43%), followed by the level of qualifications (28%). This stance is totally different in the SEE region: personal contacts (49%) are the most important for finding a job, ahead of the level of qualifications (34%) and friends and family in high places (33%). There are 18% of Moldovans who consider personal contacts to be the most important to find a job. Among the seven SEE economies, Kosovo* is the closest to Moldova in terms of prevailing opinion that professional experience (53%) and the level of qualifications (45%) are the most important for finding a job.

They are most likely to mention lack of jobs in general (57%) as the reason for unemployment of their household members, as is the case in the SEE region (64%). However, the age (too young or too old) is ranked second (14%), followed by inadequate education (13%). Unlike Moldovans, the population in the SEE region cite that, in addition to the lack of jobs in general, not knowing the right people (50%) is the obstacle to finding a job whereas age discrimination is ranked equally, in third place. Inadequate education as an obstacle to finding a job elsewhere is ranked second by the population of Kosovo*.

The majority (56%) in Moldova believe that the skills they acquired through their education meet the needs of their job. This view is shared by slightly more respondents in the SEE - 65%.

About a third of the population of Moldova are encouraged to be innovative or to take initiative in their work, which is consistent with the results in the SEE region. Respondents in Moldova and in the SEE region are equally ready to acquire additional qualifications in order to get a job whereas respondents in the SEE region who are ready to acquire additional qualifications to advance at work (81%) slightly outnumber those in Moldova (71%).

Interestingly, people of Moldova have different preferences when it comes to working in the private or public sector compared with the SEE population. People of Moldova are significantly more likely to prefer working in the private sector (39%), compared with the average of the SEE region (14%). People in Albania, one of the SEE economies, are the most likely to be interested in private sector work (23%), but still significantly less interested than people in Moldova. The vast majority opt for the work in the private sector for better salary (80%), which is significantly more than in the SEE region (47%). Better working conditions (29%) in the private sector are ranked in second place. Those who prefer working in the public sector (52%) are most likely to mention job security (64%) as the main reason. In comparison with the SEE average, Moldovans more frequently mention better pensions as the reason for public sector preference (Moldova - 37%, SEE - 17%), followed by better social care and access to health services (Moldova - 21%, SEE - 16%). On the other hand, better salary in the public sector is the reason in the SEE region (Moldova - 24%, SEE - 35%) as well as better working conditions (Moldova - 17%, SEE - 38%).

Table 16: Moldova - Attitudes towards mobility

Would you consider leaving and working abroad?

	Yes	No	DK/refuse
Moldova	28,7	69,8	1,5
SEE	43,2	52,2	4,6

Would you consider living and working in another place in the SEE region?

	Yes	No	DK/refuse
Moldova	3,4	93,8	2,8
SEE	16,2	79,4	4,4

Did you travel somewhere in the region in the past 12 months?

	Yes	No	DK/refuse
Moldova	1,1	97,9	1,0
SEE	34,3	64,1	1,5

Do you feel welcome abroad, when you are traveling to other cities in SEE region either for business or leisure purposes? (all respondents)

	Yes, I feel welcome in all of the cities in the region	I feel welcome in some of the cities and unwelcome in others	No, I don't feel welcome in any of the cities in region	I did not visit other cities in the region	DK/refuse
Moldova	3,6	1,9	2,5	84,6	7,4
SEE	29,6	23,3	4,3	38,8	4,0

Do you feel welcome abroad, when you are traveling to other cities in SEE region either for business or leisure purposes? (only those who travelled; N=158)

Moldova	23,2	12,1	16,4	0,0	48,3
SEE	48,4	38,1	7,1	0,0	6,5

What do you think about people from other parts of the region coming to live and work in your economy? Is it good or bad for your economy?

	Good	Bad	Neither good nor bad	DK/refuse
Moldova	28,0	32,3	35,8	3,9
SEE	22,5	31,3	42,7	3,5

Which tourists would you like to have more in your economy, those from the SEE region or from other parts of the world?

	Those from region	Those from other parts of the world	Both equally	None of them	DK/refuse
Moldova	1,9	14,4	68,1	12,1	3,5
SEE	6,8	24,7	59,8	5,6	3,1

What do you think about refugees coming to live and work in your city? Is it good or bad for your economy?

	Good	Bad	Neither good nor bad	DK/refuse
Moldova	10,6	33,7	52,0	3,6
SEE	10,9	47,0	37,2	5,0

With regard to this part of the survey, it is difficult to compare the results within the SEE region with those of Moldova given that Moldovans very rarely visit this region. Nevertheless, it is evident that people of Moldova are significantly less likely to live and work abroad. In fact, 70% do not consider leaving and working abroad compared with significantly fewer in the SEE region (52%). When it comes to living in the SEE region, the situation is even more marked because only 3% of the population of Moldova would consider such an option. One of the reasons could be perhaps the lack of knowledge of the SEE region given that only 1% of the population of Moldova have travelled to the region in the past 12 months. Apart from the fact that only 1% travelled to the SEE region in the 12 months, as many as 85% have never visited a city in the SEE region. Among those who have travelled, most of them (48%) cannot assess to what extent they felt welcome in the cities in the SEE region, while 23% state they felt welcome in all the visited cities.

When it comes to people from other parts of the region coming to Moldova, there is divided opinion as a third (36%) take a neutral stance and consider it neither good nor bad for their national economy whereas another third (32%) consider it bad for their economy.

Compared with the SEE population, Moldovans are significantly more likely to equally accept tourists from the SEE region and from other parts of the world (Moldova - 68%, SEE - 60%) while the population of the SEE region are significantly more likely to favour tourists from the region (Moldova - 2%, SEE - 7%) as well as tourists from other parts of the world (Moldova - 14%, SEE - 25%). It is interesting to note that Moldovans are significantly more likely than the people in the SEE region to have none of the mentioned tourists (Moldova - 12%, SEE - 6%).

With regard to the issue of refugees, which is not so much in the spotlight in Moldova itself as it is in some economies of the SEE region, most of the population of Moldova take a neutral stance given that 52% think that the arrival of refugees is neither bad nor good. The same percentage of people as in the SEE region think that it is good for Moldova (11%) whereas significantly fewer believe that the arrival of refugees is bad for their national economy (Moldova - 34%, SEE - 47%).

Table 17: Moldova - Attitudes to social inclusion of vulnarable groups

The Government should provide affirmative measures - promote the opportunities for equal access - to the persons belonging to the groups listed below, when applying for a secondary school or University

	Persons with disabilities	Displaced persons and refugees	Roma population	Other ethnic minorities
Moldova	3,7	2,7	2,6	2,9
SEE	3,5	3,1	3,1	3,1

The Government should provide affirmative measures - promote the opportunities for equal access - when applying for a public sector job

	Persons with disabilities	Displaced persons and refugees	Roma population	Other ethnic minorities
Moldova	3,6	2,6	2,6	2,8
SEE	3,4	2,9	3,0	3,0

The Government should do more in order to ensure better housing conditions for the persons belonging to the groups listed below

	Persons with disabilities	Displaced persons and refugees	Roma population	Other ethnic minorities
Moldova	3,7	2,6	2,4	2,6
SEE	3,5	3,0	2,9	3,0

When it comes to vulnerable groups, the population of Moldova, similarly to that of the SEE region, support the Government's efforts to provide opportunities for equal access to vulnerable groups when applying for a school or university, when applying for a job or ensuring better housing conditions.

Among the mentioned groups, they mostly support persons with disabilities and they are significantly more supportive to them than are the people of the SEE region. As for the other three groups, the lowest support was observed to the Roma population.

With regard to persons with disabilities, the greatest support to the Government is observed with regard to ensuring better housing conditions. At the same time, the least support in that respect is noted when it comes to the Roma population. As for the support to other ethnic minorities, they believe that the Government's support is most needed in ensuring equal access for enrolment in schools and universities.

Table 18: Moldova - Perceptions on trade

How would you describe your economy's trade and commerce links with the SEE region?

	Should be improved	Just about right	They're already too strong	DK/refuse
Moldova	65,7	5,0	1,9	27,4
SEE	58,0	24,7	5,7	11,7

Do you agree that entering of foreign companies in general in market of your economy will improve the situation for consumers like you?

	Totally disagree	Tend to disagree	Tend to agree	Totally agree	DK/refuse
Moldova	18,8	25,5	34,8	13,1	7,9
SEE	13,8	21,2	44,4	12,5	8,1

Agreement with the statements:

	Totally disagree	Tend to disagree	Tend to agree	Totally agree	DK/refuse
	Products and goods of my economy can compete well with products and goods from other SEE economies				
Moldova	10,9	18,2	38,7	22,3	10,0
SEE	2,3	6,2	32,3	57,4	1,7
	Products and goods of my economy can compete well with products and goods from the EU				
Moldova	14,4	21,2	36,4	20,8	7,2
SEE	4,2	13,1	34,8	45,9	2,1

If you have a choice of product from food and beverages from three different sources: domestic product, product from SEE region and product from Western Europe economies, which one would be your choice?

	Domestic products	Product from SEE economies	Products from Western Europe economies	DK/refuse
	FIRST CHOICE?			
Moldova	89,4	0,8	7,5	2,3
SEE	85,9	2,4	9,6	2,1
	SECOND CHOICE?			
Moldova	6,4	15,3	55,2	23,0
SEE	9,1	41,4	42,4	7,1

When you purchase products in the supermarket, how often do you look at the labels to see the place of production origin?

	Never	Rarely ever	Sometimes	Frequently	Always	DK/refuse
Moldova	23,0	20,5	20,9	17,3	16,3	2,1
SEE	15,0	22,2	27,7	22,3	11,7	1,0

When procuring products and services, should your government give priority to local suppliers, or should they be treated the same as foreign suppliers?

	Local suppliers should be given priority	Local suppliers should be treated the same as foreign suppliers	DK/refuse
Moldova	70,2	25,6	4,2
SEE	77,0	19,0	4,1

To what extent do you think that you are informed about the regional free trade agreement (CEFTA 2006)?

	Not informed at all	Slightly informed	Mostly informed	Completely informed	DK/refuse
Moldova	58,4	29,4	3,3	1,5	7,5
SEE	53,2	31,6	8,3	1,9	5,0

Two thirds of the population of Moldova think that the trade links with the SEE region should improve whereas only 5% think that they are just about right.

Less than half of the population of Moldova (48%) believe that the entry of foreign companies will improve the situation for consumers while the SEE population is significantly more likely to support the entry of foreign companies (57%). Among the seven economies of the SEE region, the population of Bosnia and Herzegovina is most likely to have similar opinion to Moldovans.

It is interesting to note the opinion of Moldovans on the competitiveness of their products with products from other SEE economies as well as with products from the EU. They are significantly less likely than the SEE population to regard their products as competitive with those from the SEE region (Moldova - 61%, SEE - 90%). Although the SEE population consider their products as less competitive on the EU market than on the SEE market, people of Moldova are significantly less likely to consider their products as competitive on the EU market than the citizens of the SEE region (Moldova - 57%, SEE - 81%).

When purchasing products in supermarkets, more than half the population of Moldova (55%) at least sometimes look at the label to check the origin of the products whereas there are slightly more of those in the SEE region (62%). However, there are significantly more extreme cases in Moldova than in the SEE region: those who never check the origin of the product (Moldova - 23%, SEE - 15%) and those who always check it (Moldova - 16%, SEE - 12%).

When it comes to food and beverages, Moldovans, like the population of the SEE region, are most likely to opt for their own products, 89% prefer domestic products. However, there are differences between these two populations with regard to the second choice: people of Moldova prefer products from Western Europe (55%) and people from the SEE region equally opt for products from the SEE region and Western Europe as the second choice. Products from the SEE region are attractive as the second choice to only 15% of Moldovans.

Although people of Moldova believe that the Government's decisions should give higher priority to local suppliers (70%), they are more likely than the population of the SEE region to consider that the local and foreign suppliers should be equally treated by the Government (Moldova - 26%, SEE - 19%). The people of Albania have a similar opinion.

Although Moldova is a CEFTA member, its population is poorly informed about this agreement: 34% think they are informed, of which 29% are slightly informed. There are significantly fewer people from the SEE region who consider themselves completely uninformed about the CEFTA (Moldova - 58%, SEE - 53%).

Table 19: Moldova - Perceptions on transport and infrastructure

Does your household own a car (please, do not count company car)?

	Yes, one car	Yes, two cars	Yes, three or more	No	DK/refuse
Moldova	37,6	2,8	0,5	59,0	0,1
SEE	56,8	7,4	1,2	34,1	0,6

How often do you use public transportation?

	Every day/ mostly every day	A few times a week (2-3)	A few times during one month	Seasonal (for example only during the winter)	Never/ almost never	DK/refuse
Moldova	22,7	23,5	35,0	9,4	9,3	0,1
SEE	16,3	13,6	22,2	7,4	39,6	0,9

Which mode of transport did you use most often when travelling outside of your place of residence in the past 12 months?

	Automobile	Bus	Airplane	Train	Other	I did not travel	DK/refuse
Moldova	25,3	67,3	1,5	1,2	0,5	4,0	0,1
SEE	52,6	34,2	1,1	1,3	1,5	8,6	0,8

How will you estimate quality of transport infrastructure and connections within your economy?

	Very poor	Poor	Good	Very good	Excellent	DK/refuse
Moldova	17,0	39,0	37,9	4,4	0,4	1,3
SEE	7,7	28,8	45,4	12,6	3,0	2,4

How will you estimate quality of transport infrastructure and connections within SEE region?

	Very poor	Poor	Good	Very good	Excellent	DK/refuse
Moldova	0,3	1,7	23,9	21,3	5,7	47,1
SEE	3,4	16,7	44,1	12,0	2,3	21,6

Would you agree that travelling by road in your economy is safe?

	Totally disagree	Tend to disagree	Tend to agree	Totally agree	DK/refuse
Moldova	30,1	43,5	20,4	4,6	1,4
SEE	12,7	30,6	46,6	7,0	3,1

According to your opinion, which passenger transport mode improvements would have the highest beneficial impact on your travelling?

	Roads	Railroads	Air travel	Waterway transport	None of the above - I do not travel	DK/refuse
Moldova	85,1	6,7	4,2	0,2	2,5	1,3
SEE	74,6	14,8	3,4	1,2	2,9	3,2

There are significantly fewer households in Moldova than in the SEE region that have a car: 59% have no car compared with 34% in the SEE region. The situation in Albania is the most similar to that in Moldova in terms of having a car, where 51% of households do not have this means of transport.

On the other hand, Moldovans are significantly more likely to use public transportation, as many as 91% (60% in the SEE region). They mostly use it a few times a month (35%), but they are significantly more likely than people in the SEE region to use it on a daily basis (Moldova - 23%, SEE - 16%) or a few times a week (Moldova - 24%, SEE - 14%).

When travelling outside of their place of residence, they most commonly use bus (67%), which is significantly more than in the SEE region (34%) where car is the most common means of transport (53%). Bus is not used more often than car in any of the SEE economies, except for Albania where these two means of transport are equally used.

Over half the population (56%) think that the transport infrastructure and connectivity in Moldova is poor, which is significantly higher percentage compared with the estimated poor quality in the SEE region (37%). A similar assessment of poor connectivity and transport infrastructure is given in Bosnia and Herzegovina (54%).

When assessing transport infrastructure and connectivity in the SEE region, a large proportion of respondents (47%) did not know the answer to the question, which is understandable given that a large part of the population had never been in any city in the SEE region. Other respondents mainly estimated the transport infrastructure as good (24%) or very good (21%).

Nearly three quarters of the population of Moldova consider that travelling by road in Moldova is not safe, which is significantly more than in the SEE region in terms of road safety in the SEE (43%). Although the respondents from Bosnia and Herzegovina mostly estimate that travelling by road in Bosnia and Herzegovina is unsafe (62%), the percentage is still lower than in Moldova.

Given the scores, it is expected that road transport improvement, compared with other types of transport, would have the highest beneficial impact on Moldovans (85%). Over 80% of the population of Bosnia and Herzegovina and Serbia also see road transport improvement as most beneficial for their travel.

Table 20: Moldova - Attitudes towards climate change and energy

Is Climate change a problem?

	Very serious problem	Somewhat serious problem	Not too serious problem	Not a problem at all	DK/refuse
Moldova	52,9	26,3	11,7	7,4	1,8
SEE	36,3	33,9	18,3	8,7	2,8

**Do you agree with the following statement:
I'm ready to buy environmentally friendly products even if they cost a little bit more?**

	Totally disagree	Tend to disagree	Tend to agree	Totally agree	DK/refuse
Moldova	11,9	16,2	32,3	38,1	1,5
SEE	9,0	21,4	45,6	19,1	4,9

Do you agree with the following statement: I give a lot of attention to saving energy in my home?

	Totally disagree	Tend to disagree	Tend to agree	Totally agree	DK/refuse
Moldova	5,0	8,2	20,9	65,2	0,8
SEE	3,1	11,2	39,5	44,4	1,8

Climate change as a serious problem is perceived by people of Moldova to a significantly greater extent than by the population of the SEE region: 53% consider it as a serious problem compared with 36% in the SEE region. Within the SEE region, people from Serbia (42%) and Croatia (39%) are the most likely to perceive climate change as a serious problem, but still significantly less than the population of Moldova. Moldavia is more similar to the EU member states[2] than to the SEE region in this respect.

The population of Moldova, like the SEE population, are more attentive to saving energy in their homes (86%) than to buying environmentally friendly products which are slightly more expensive (70%).

Table 21: Moldova - Confidence in and perception on independence of public services

How would you grade the following issues:

	Transparency of public services (school, police, health system, judiciary, public transport etc.)	Time required for getting information in public sector (data which possess bodies of public authority such as documents, registers, record etc.)	Treatment of citizens in public sector (police, health system, judiciary, township etc.)	Time required for obtaining public services (police, health system, judiciary, township etc.)	Price of public services (e.g. issuance of personal documents, judiciary costs etc.)
Moldova	2,3	2,5	2,4	2,4	2,2
SEE	2,6	2,4	2,5	2,4	2,2
Do you agree that the administrative procedures in public institutions in your economy are efficient?					
	Totally disagree	Tend to disagree	Tend to agree	Totally agree	DK/refuse
Moldova	32,6	38,7	18,1	2,4	8,2
SEE	24,1	34,2	32,9	3,8	4,9
Do you agree that in your economy the law is applied and enforced effectively?					
	Totally disagree	Tend to disagree	Tend to agree	Totally agree	DK/refuse
Moldova	57,8	29,0	8,3	2,5	2,5
SEE	37,2	37,7	18,7	2,4	4,0
Do you agree that in your economy the law is applied to everyone equally?					
	Totally disagree	Tend to disagree	Tend to agree	Totally agree	DK/refuse
Moldova	64,7	25,9	5,4	2,6	1,5
SEE	48,1	34,6	12,0	2,0	3,4
Do you agree that judicial system in your economy is independent from political influence?					
	Totally disagree	Tend to disagree	Tend to agree	Totally agree	DK/refuse
Moldova	50,5	21,8	12,0	10,2	5,5
SEE	42,1	35,7	14,0	3,0	5,2
Do you have confidence in courts and the judiciary?					
	I do not have confidence at all	Mostly I do not have confidence	Mostly I have confidence	I have full confidence	DK/refuse
Moldova	49,3	38,7	7,5	1,7	2,8
SEE	35,3	36,0	22,5	2,7	3,5

All assessed aspects related to the public sector were rated below average (below 3.0). Respondents from Moldova gave the highest score to the time required to obtain information in the public sector (2.46) and the lowest to the price of public services (2.18).

[2] 69% of people of 28 EU members consider climate change as a very serious problem - 7 to 10 on a scale from 1 to 10 (Source: Climate Change, Special Eurobarometer 435, EC, May-June 2015).

On the other hand, the highest score in the SEE region was given to the transparency of public services (2.57), which is ranked penultimate in Moldova, ahead of the price of public services. Compared with the SEE region, Moldova ranked transparency significantly lower as well as the treatment of citizens in the public sector.

Only 21% of respondents from Moldova consider the administrative procedures in public institutions as efficient, which is a significantly lower percentage than in the SEE region (37%). Among the seven SEE economies, Bosnia and Herzegovina has the fewest respondents who consider these procedures as efficient - 27% of them.

The following results clearly indicate that the population of Moldova has significantly less confidence in their legal system, its effectiveness and equal application of law to everyone than the population in the SEE region.

As many as 87% do not consider that the law is effectively enforced (SEE 75%), almost all respondents (91%) think that the law is not applied to everyone equally (SEE 83%) while 88% do not have confidence in their courts and the legal system (SEE - 71%).

Nearly three quarters of the population in Moldova do not consider their judicial system as politically independent. There are no significant differences in this respect between the population of Moldova and the SEE region (Moldova - 72% do not consider it as politically independent, SEE - 78%)

Table 22: Moldova - Perception of corruption

Do you agree that your government fights effectively against corruption?

	Totally disagree	Tend to disagree	Tend to agree	Totally agree	DK/refuse
Moldova	62,1	25,4	9,0	2,0	1,5
SEE	35,8	36,8	20,3	2,8	4,4

In your economy do you think that the giving and taking of bribes, and the abuse of positions of power for personal gain, are widespread among any of the following?

	Police	People working in judicial services	Politicians at national level	People working in the public health sector	People working in the customs service	People working in the education sector
Moldova	31,8	31,4	30,3	22,8	12,1	10,6
SEE	18,2	18,4	31,9	26,3	11,0	4,2

	Inspectors (health, construction, food quality, sanitary control and licensing)	Politicians at local level	Officials issuing building permits	Officials awarding public tenders	Officials issuing business permits	DK/refuse
Moldova	9,9	5,8	4,5	3,6	3,6	10,6
SEE	17,1	21,8	6,0	11,1	4,6	8,8

As many as 62% of respondents from Moldova totally disagree that their Government fights effectively against corruption. If we add 25% of those who tend to agree, as many as 87% of the population do not consider that their Government is effective in its fight against corruption. Compared with the SEE region (73%), significantly more respondents from Moldova consider its Government ineffective in this regard. This finding confirms the fact that Moldovans rate corruption as their biggest concern at the moment.

Among the SEE economies, only in Kosovo* and in Bosnia and Herzegovina there are over 80% of those who do not agree that their respective governments are effective in the fight against corruption (Bosnia and Herzegovina - 87%, Kosovo* - 83%).

Moldovans believe that giving or taking of bribes and the abuse of power for personal gain is the most widespread among the police (32%), among people working in judicial services (31%) and among politicians at the national level (30%). What distinguishes Moldova from the SEE average is the perception of the police as the most corrupt institution/body. There are significantly more of those who perceive it as corrupt (SEE - 18%). In addition to the police, people working in judicial services are also considered as significantly more corrupt in Moldova than in the SEE region (SEE 18%) as well as those working in the education sector (Moldova - 11%, SEE - 4%).

Among the seven SEE economies, the high level of corruption in the police was estimated in Bosnia and Herzegovina (28%), Montenegro (27%) and Serbia (25%) whereas as many as 40% respondents in Albania estimated that the corruption was most widespread among people working in judicial services.

On the other hand, the respondents from the SEE region are significantly more likely to estimate corruption among local politicians (Moldova - 6%, SEE - 22%), in the public health sector (Moldova - 23%, SEE - 26%), among the officials awarding public tenders (Moldova - 4%, SEE - 11%) and among different inspectors (Moldova - 10%, SEE - 17%).

Table 23: Moldova - Participation in decision making

Have you ever done something that could affect any of the government decisions?

	Yes, I did, I took part in public debates	Yes, I did, I took part in protests	Yes, I did, I gave my comments on social networks or elsewhere on the Internet	I only discussed about it with friends, acquaintances, I have not publicly declared myself	I do not even discuss about it	DK/refuse
Moldova	2,5	12,2	2,9	47,0	33,1	2,4
SEE	2,5	6,2	4,1	33,4	46,4	7,5

What is the main reason why you are not actively involved in government decision-making? (N=823 those who have never done anything which could affect government decision)

	I as an individual cannot influence government decisions	I do not want to be publicly exposed	I do not care about it at all	DK/refuse
Moldova	54,2	18,2	24,8	2,8
SEE	50,4	22,1	21,3	6,2

Moldova and the SEE region have an almost equal number of those who have never done anything that could influence the government's decisions (80%). However, there is a difference given that the number of those who only discuss certain topics with friends and acquaintances in Moldova is significantly higher than in the SEE region (Moldova - 47%, SEE - 33%). The number of people who do not even discuss the issues concerning government decisions is higher in the SEE region (Moldova - 33%, SEE - 46%).

In Moldova, in relation to the SEE region, there are significantly more of those who participated in mass protests (Moldova - 12%, SEE - 6%) which may be explained by the recent mass protests related to the Parliament which took place immediately before and during the survey.

FOCUS ON MOLDOVA: CONCLUSIONS AND RECOMMENDATIONS

Moldova is different to the other SEE economies in many respects. It is quite disconnected from the region and some of its characteristics and the opinions of its citizens bear the mark of a history that is different to most other SEE economies. This is also a less developed and rather poor economy compared to the majority of the economies in the SEE region. Yet there is the similarity that more is expected from oneself than from the authorities and the fact that the political and institutional framework is perceived more as a burden than support.

The issue of corruption is particularly important as it is a consequence of repression rather than institutional failings. This is probably the reason why political stability remains such a major and persistent problem.

Moldova faces a host of basic problems related to development. It is similar to other SEE economies in the sense that it has only a limited political capacity to deal with such issues, which in part can be attributed to territorial and constitutional challenges. It is in need of major investment in the physical, social, public and institutional infrastructure at a different order of magnitude than in most SEE economies.

Finally, the economy is in need of a higher level of integration in terms of trade and finance. Like other SEE economies, exports are not as high as they should be for a small economy, while imports are significantly higher. The difference is covered in part by remittances and other transfers. Moldova needs to start exporting goods and services more and people less, which is also true of most other SEE economies.

A Comparison of Some Results of Public and Business Opinion Surveys

Given that the Balkan Barometer survey targets two different population groups, namely the business community and the general public, it is interesting to see and compare the views of the two groups on the same topics. This part of the report will provide a comparative viewpoint of the issues and topics set in the same form for both groups.

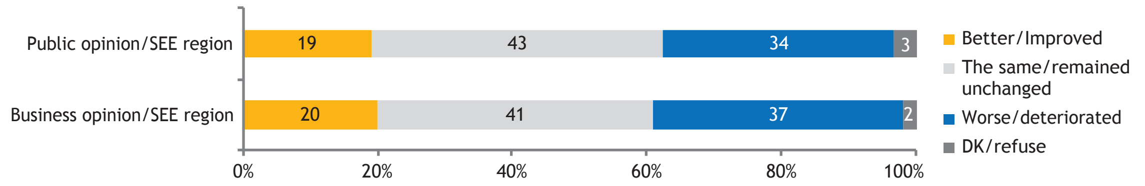
Figure 86:

How do you expect the general economic situation to develop over the next 12 months?

(Business Opinion - N = 1404, %)

What are your expectations for the national economy? Do you think that in 12 months the state of the economy will be:

(Public Opinion - N=7002, %)



The expectations about the development of the economic situation in the SEE region are equal both from the standpoint of private companies and the population: most of them expect that the situation in the next 12 months will remain unchanged (Business - 41%, Public - 43%) whereas about one third of both groups expect the situation will deteriorate (Business - 37%, Public - 34%). About 20% of both groups believe in a better future.

Table 24: Do you agree that regional cooperation can contribute to the political, economic or security situation of your economy? / How important is the quality of regional cooperation in SEE to your business?

Business Opinion		Public Opinion	
How important is the quality of regional cooperation in SEE to your business? (N=1404, %)		Do you agree that regional cooperation can contribute to the political, economic or security situation of your economy? (N=7002, %)	
Not important at all	26	Totally agree	27
Not very important	21	Tend to agree	50
Important	33	Tend to disagree	12
Very important	18	Totally disagree	4
DK/refuse	1	I don't know/refuse to answer	7

How important is the quality of regional co-operation to business? To what extent do the people believe that regional cooperation can contribute to the prosperity of their economy? The business community gives less importance to regional cooperation compared to the general public. In fact, about half of the business community (51%) consider the quality of regional cooperation to be important for their business whereas 77% of the general public agree that regional cooperation can contribute to the political, economic and security situation in the economy.

There are two reasons. For the population, regional cooperation means security and stability, with a positive impact on well-being and economic development. It should be noted that imports from the region are significant in most economies, which influences the favourable attitude of consumers towards regional cooperation. For the business community, the economic contribution of regional cooperation is more important, in particular the relationship between increased possibilities of access to regional markets and increased competition in the domestic market. In addition, trade with economies outside the region is significantly higher than that within the region, so that the regional cooperation can contribute to a lesser extent.

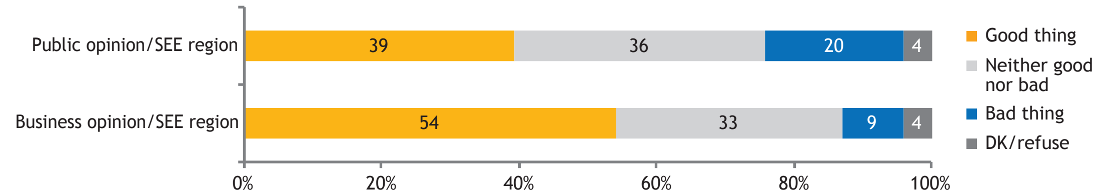
Figure 87:

Do you think that EU membership would be (is - for Croatia) a good thing, a bad thing, or neither good nor bad?

(Public Opinion - N=7002, %)

Do you think that EU membership would be/is a good thing, a bad thing, or neither good nor bad for your company?

(Business Opinion - N = 1404, %)



The business community is more observant of the benefits from the accession of their economy to the European Union compared to the general public. In fact, just over half (54%) of the surveyed businesses believe that the EU membership will bring something good to their company and only 9% think it would be bad for their company. However, when it comes to the general public, there is a significantly smaller number of those who see the EU membership as a good thing (39%), and as many as 20% consider it a bad move. The cross-economy comparison reveals that the situation is similar at both segments: people from Kosovo* and Albania see the biggest advantage of the EU accession, be it business community or general public whereas people from Serbia, in both groups, see the least benefit (Business - 29%, Public - 21%). The biggest discrepancy between the two groups in terms of expected benefits of the EU accession can be seen in Croatia where 33% of the general public believe that the Croatian membership in the EU is a good thing while as many as 66% of business community share the same opinion. It is evident that the business people in Croatia recognized the benefits of the EU membership to a much greater extent than the general public.

Euroscepticism is not primarily motivated by economic, but political and social interests. The benefits of European integration which are important for the population, such as the freedom to travel, have already been realized. Political and social changes are either uncertain or sometimes perceived as negative, which contributes to negative perceptions of the EU. In addition, the requirements have to be fulfilled before the benefits can be felt, which is not popular, especially given a slow pace of the integration process and increasingly uncertain outcome. When it comes to the business community, the benefits of integration have been largely achieved with a free trade regime and financing, so that each further step facilitates business activity. In other words, the abandonment of further integration measures would not be perceived by the one part of public as a significant loss, provided that primarily the visa regime was maintained. However, the business community would suffer far greater consequences if the current trade and financial regime with the European Union was called into question. In Kosovo* and Albania, the advantages of freedom to travel and access to the EU labour market, in particular, are much greater than in other economies, being only prospective when it comes to Kosovo*.

Table 25: If you prefer to work in public sector, what is the main reason for that? / In your opinion, what is the main reason why someone prefers to work in public sector?

(Top 3 reasons)

Business Opinion		Public Opinion	
In your opinion, what is the main reason why someone prefers to work in public sector? (N=1404, only one answer, %)		If you prefer to work in public sector, what is the main reason for that? (Those who preferred work in public sector - N=5555, maximum two answers, %)	
Job is safer	46	Job is safer	54
Better working conditions (less overtime job and workload)	26	Better working conditions (less overtime job and workload)	38
Better salary	11	Better salary	35

The Public Opinion Survey indicates that most of the SEE population prefer to work in the public sector (79%) rather than in the private sector. The companies surveyed in the Business Opinion Survey are exclusively private. Both groups share the similar opinion in terms of the reasons why preference is given to the public sector. Both believe that job security in the public sector is the primary reason, followed by better working conditions in terms of the absence of overtime and a better salary. Interestingly, the business group also believes that a better salary is an advantage of the public sector.

These reasons are not specific to this region, but they are common in other economies and regions. The risk of a job loss is usually smaller in the public sector as well as prospects of regular salary increase. In the SEE, some jobs in the public sector are better paid regardless of equal qualifications. This is the result of greater job security because the influence of those who are already employed is higher in the public than in the private sector.

Table 26: If you prefer to work in private sector, what is the main reason for that? / And why does someone rather choose to work in private sector?

Business Opinion		Public Opinion	
Why does someone rather choose to work in private sector? (N=1404, only one answer, %)		If you prefer to work in private sector, what is the main reason for that? (Those who preferred work in private sector - N=957, maximum two answers, %)	
Better salary	34	Better salary	47
Better advancement opportunities	24	Better advancement opportunities	36
Job is safer	5	Job is safer	17
Better working conditions (less overtime job and workload)	5	Better working conditions (less overtime job and workload)	16
Better education opportunities	8	Better education opportunities	9
Better pension after retirement	0	Better pension after retirement	9

When it comes to the reasons for work in the private sector, both the business community and the general public recognize similar benefits of working in this sector, such as better salary and better advancement opportunities. The difference is in the third reason of giving preference to the work in the private sector: the business community cites better education opportunities while the general public see job security and better working conditions as greater benefits of working in the private sector. Better education opportunities are ranked equally with better pension after retirement. If we exclude the possibility of the lack of interest for additional education among the general public (given that 81% of the SEE population stated they would be ready to take additional training for advancement at work), then the differences in perception between the business sector and the general public may be explained only by the actual possibilities of education in private companies, whether they even exist as such. It is obvious that business community perceives education to a greater extent as something that is present.

People are driven by the same motives as those who opt for the public sector, better salary and greater job security. An additional factor is greater ambition given the possibility of a professional and career advancement. These findings are not specific to this region.

Table 27: What do you think about people from other parts of the region coming to live and work in your economy? Is it good or bad for your economy? / How likely would you employ workers from the region in your company?

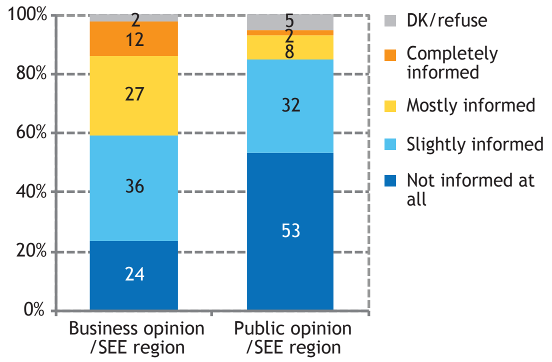
Business Opinion		Public Opinion	
How likely would you employ workers from the region in your company? (N=1404)		What do you think about people from other parts of the region coming to live and work in your economy? (N=7002)	
Not likely at all	17	Bad	31
Not likely	16		
Neither likely nor unlikely	24	Neither good nor bad	43
Likely	27		
Very likely	14	Good	23
DK/refuse	2	DK/refuse	4

Although the questions are not identical, we tried to compare the opinions of the business community and the general public regarding people from other parts of the SEE region who would come to live and work in the economy of the respondents and to what extent such a possibility is acceptable. The findings reveal that the business community is more open to people from other parts of the SEE region in terms of their employment in companies like their own (41% will employ them). The general public is less open, only 23% believe that the arrival of people from other parts of the SEE region is something good for their economy. Obviously, the business community has a different thinking, which includes the interest of the company they work for. Therefore, it is less important (than it is to the general public) where the people they employ come from.

It is not uncommon that the general public, more than business community, has negative attitude towards immigrants. The public perceives the immigrants as an expense, primarily fiscal expense, while the business community perceives them as workers who cannot be found on domestic labour market or who are willing to accept a lower salary.

Figure 88: To what extent do you think that you are informed about the regional free trade agreement (CEFTA 2006)?

(Public Opinion - N=7002, Business Opinion - N = 1404, %)

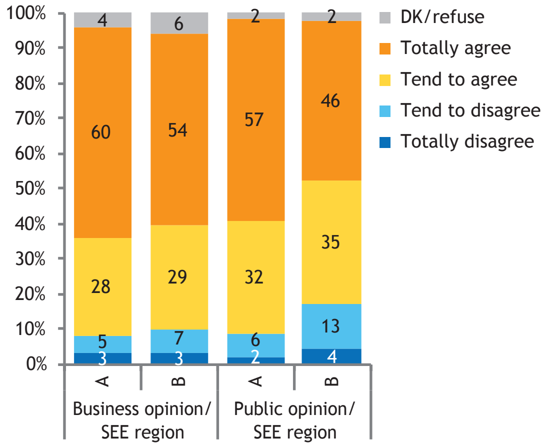


When it comes to awareness of CEFTA 2006, it is expected that business people will be more familiar with this agreement (39%) compared to the general population (10%). However, there remains a large number of companies that either do not know or know to a lesser extent about this agreement (60%).

Figure 89: Agreement with the statements :

(Public Opinion - N=7002, Business opinion - N= 1404, scale from 1 to 4, %)

A - Public Opinion: Products and goods of my economy can compete well with products and goods from other SEE economies.
A - Business Opinion: My company's products, goods and services can compete well with products and goods from other SEE economies.
B - Public Opinion: Products and goods of my economy can compete well with products and goods from the EU.
B - Business Opinion: My company's products, goods and services can compete well with products and goods from the EU.



In the part relating to trade, it is interesting to compare the two groups in terms of standpoints about competitiveness of domestic products with products from other parts of the SEE region and the EU. The business community assessed the competitiveness of its own products, and the general public assessed domestic products in general. Both groups assessed either domestic or their own products as highly competitive in the SEE region and European Union. When as to competitiveness in the SEE region, it is interesting to note that both groups almost equally assess the products (own products or domestic products in general). However, when it comes to the competitiveness with the EU products, the companies estimate their own products as more competitive (57% fully agree with the statement) compared to the standpoint of the general public about domestic product (46% fully agree with the statement).

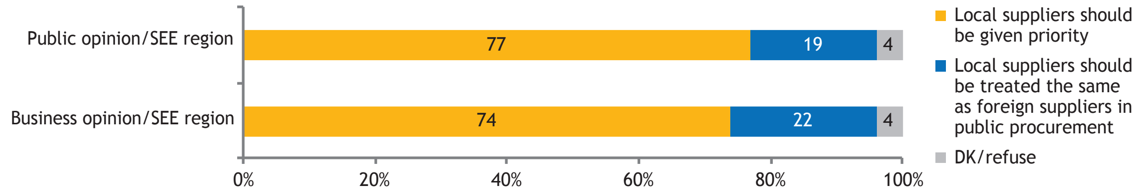
Bearing in mind the structure of consumption, where the local products are mainly food and services, it is expected that the public will be biased towards local products. It is not uncommon in many economies. Similarly, business people mainly sell goods or services that are not imported. Even in exports, competitiveness on international markets does not play a special role given the low-technology and less distinctive products, such as food or raw materials.

Figure 90:
When procuring products and services, should your government give priority to local suppliers, or should they be treated the same as foreign suppliers (provided price and quality is equal)?

(Public Opinion - N=7002, %)

In your opinion, when procuring products and services, should the governments in the region give priority to local suppliers, or should they be treated the same as all other suppliers (provided price and quality is equal)?

(Business opinion - N= 1404, %)



Given that it is the decision of the government on the procurement of products, it was expected that the business group, compared to the general public, would give priority to local suppliers in order to somehow protect themselves or to secure a job. However, the findings reveal similar standpoints in both the business group in the SEE region and the general public when it comes to the government decision to give priority to local or foreign suppliers.

However, there are different reasons for the similar results. Business people see themselves as suppliers and it is understandable that they would want to have a privileged position in public procurement and the domestic market in general. On the other hand, there is a residual bias among the general public toward domestic businesses because they are less informed about foreign suppliers and therefore the sense of uncertainty is higher.

Conclusions and Recommendations

CONCLUSIONS

Satisfaction is low, but it is improving. Improved economic performance has translated into some improvement in overall satisfaction. Also, forecasts of continued and somewhat accelerated growth in the medium term have influenced expectations which are more optimistic throughout the region. So, clearly, feelings of well-being depend on economic performance of societies.

Short term expectations are better than the longer term ones. Uncertainty is still elevated as pessimism sets in over longer term expectations (even just over the next two years). This is indicative of a high risk of instability that is still strongly felt. This high discount rate on most future horizons except for the most immediate ones is a highly significant factor of many decisions that people make when it comes to employment, mobility, investment and savings as well as socially and politically.

Regional cooperation is seen as important. Regional cooperation continues to be valued positively. Even though a further increase in the share of trade that is regional is not as important as before, other aspects of regional cooperation, not only economic ones, are still favoured throughout the region.

EU integration is important for welfare and stability, but Euroscepticism is on the rise. For the most part the attitude toward EU integration is rational in the sense that it is seen as a way to increased welfare and as an instrument of stability, internally and regionally. However, Euroscepticism is on the rise as a reflection of the slowness of the process of negotiation and accession and because of the declining ability of the EU to deal with both regional and its own internal problems. However, access to the EU markets and education is highly valued throughout the region.

Unemployment continues to be the main concern. Economic prospects are the key to sentiments and expectations and among these, employment opportunities and high rates of unemployment are major concerns. That is probably the main disconnect between the public opinion and the policy makers as the issues of employment and unemployment tend still not to dominate public debates and electoral choices and subsequent policies. This is certainly one of the reasons that politics is seen as the major obstacle to individual achievement and welfare.

Economic development is seen as the most important policy goal. Though the public excepts the governments to invest in production, which is not what it can directly do, there is an overwhelming understanding that development requires increased production and primarily in sectors that have been declining for decades, e.g. industry, agriculture, small and medium size enterprises, and tourism on the coast. There is an assumption that the capabilities and competitiveness of the people and businesses is not the main problem, but that the policies are not supportive of economic development. The assumption, which is clearly correct, is that the political and policy framework is limiting the entrepreneurship and employment in practically all economies.

Infrastructure investments are desired, with cross-border connectivity needing improvement. The Berlin Process, initiated in 2014, which targets regional connectivity and infrastructure investments, is certainly in accord with the local interests when it comes to the improvement of roads and especially those that across borders.

Social inclusion is seen as desirable with ethnic distance not playing an important role on individual and social levels. The general attitude to social inclusion is quite favourable, which suggests that this is more of a policy than a social problem. There are some exceptions when it comes to refugees and minorities, but overall attitudes are quite enlightened. Politically, however, this is not the case, which indicates that political preferences tend to differ from individual ones.

The efficiency and equity of the public institutions and good governance are seen as the key problems. Findings about the attitudes towards the public institutions are consistent with what is known from other sources. Efficiency and fairness of the public institutions and corruption of politicians and the police are clearly major problems. Still this survey tends to understate the looming legitimacy crisis that is characteristic of almost all the economies in this region. Political stability is clearly desirable even if political institutions are not really seen as being helpful.

People do as well as they can, but the politics and policies do not help. Individuals believe that their efforts are frustrated by social favouritism and by policies which are not helpful. Education and effort as well as entrepreneurship are seen as important, but they can get individuals only so far because employment and advancement depends on social connections and on corruption and on the inadequacies of policies.

RECOMMENDATIONS

Satisfaction is sensitive to assessments of sustainability of positive trends. A low level of satisfaction and cautious expectations are at least in part due to the lack of sustainable positive developments. There is an overwhelming experience of positive tendencies collapsing in a crisis. Thus, policy makers need to work on stability and predictability of policies. That means that rule based policies should take over from discretionary introductions and changes of goals and instruments.

Short-termism is the consequence of a high uncertainty of the longer term expectations. In most economies there are still rather fundamental sources of uncertainty, e.g. constitutional ones. These fuel insecurity about the rights and impede the prevalence of the rule of law. For not only economic development, but also social cohesion and the stability of democracy, long term planning of investment, employment, and consumption are crucially important.

Labour market has been in long term state of depression. In addition, the post-2008 crisis has taken its heaviest toll in loss of employment and the increase of unemployment and inactivity. The key turn-around in practically all the economies in the region is from constitutional uncertainty to socially responsible governments and economic policies. Long term unemployment rates of 10 to 30 percent cannot but have devastating effects on economic development and social and political stability.

Development should be the main target of economic policy. There is widespread recognition that the current strategy of development is not adequate as it does not lead to an increase in production. The region has comparative advantages in industry, agriculture, and tourism services. Also, there is ample scope for the increase of small and medium sized enterprises. This survey shows that there is public recognition that a new strategy of development is needed. Within that, the Berlin Process addresses the need to invest in infrastructure and together with investments in energy generation and efficiency - these are proper development policies.

Regional cooperation is favoured and welcomed, but the existing instruments and institutions are not well-known. There is widespread support for the regional free trade area, but the public does not know much about CEFTA. Given how important regional cooperation is, not only in economic terms, wider public acquaintance with the regional institutions and means of communication and doing business would be quite useful.

Dissatisfaction with political institutions and good governance expresses the demand for political stability and predictability. Currently, political stability is very much a problem. The positive side to it is that it seems that democratic means of resolution of political disputes is the favoured one. Early elections have been all too frequent in the region, which need also to prove stabilising in order for longer term planning of individuals and businesses to make sense.

EU integration needs more substance. Accession to the EU is still seen as the way to stabilise politically and economically and access to EU markets and institutions is clearly seen as beneficial in welfare terms, but the whole process of integration is proving to be too long and uncertain due to internal problems and changes in the EU itself. Clearly a speed up of the timing of the start of the negotiations and an increased efficiency in the negotiations when they start would prove beneficial for the region and for all the economies.

Note on Methodology

Methodology used in Public Opinion Survey is CAPI (Computer-Assisted Personal Interviewing). The survey was conducted via personal household interviews carried out by trained interviewers from GfK.

Some adjustments and preparations were necessary for the successful implementation of the survey:

QUESTIONNAIRE

The questionnaire was provided by the RCC. It was was originally written in English and subsequently translated into nine local languages, with the exception of Kosovo*, where both Albanian and Serbian versions of the ques-tion-naire were used, and The Former Yugoslav Republic of Macedonia and Moldova, where questionnaire in two different languages was also used. The RCC reviewed and approved the translations of the questionnaire.

Since the CAPI methodology was used in the research, all questionnaires were converted to a digital form and installed on interviewers' laptops. The programmes were reviewed by a competent person in each economy.

INTERVIEWERS

The survey was conducted by GfK in all economies, except Montenegro where De Facto Consultancy was hired as a sub-contractor. All interviewers were given written instructions containing general description of the questionnaire, of the method of selecting addresses for the interviews and of the respondent selection method. In addition to the written instructions, all interviewers were trained to understand research goals and interviewing methods (a random route and last birthday method). Moreover, project coordinators examined the entire digital questionnaire jointly with the interviewers and emphasised some important elements (especially the need to read individual answers where one or more answers were possible, etc.). Since a random route method was chosen for the research, all GfK interviewers were given the initial addresses for sampling points, and later on they started to use a random route method.

SAMPLE

Public Opinion Survey was conducted among N=1000 respondents in each economy, aged 18+ with the total of 8000 respondents for the entire SEE region, including Moldova.

The respondents were persons:
a) aged 18 or older who reside in private households;
b) whose usual place of residence is in the territory of the economies included in the survey;
c) who speak the national language(s) well enough to respond to the questionnaire.

A stratified two-stage clustered design sample with random route for the selection of addresses and respondents (last birthday method) was used in the survey. The described sample was used as most similar to probability sample which would be too costly. The sampling selection process is random in the following stages: the selection of the sampling points, the selection of addresses, the selection of households and the selection of individuals aged 18 and older.

Only Primary sampling units (PSU – counties/regions) and Secondary sampling units (SSU-size of settlements) were defined in advance, as quotas. In order to create the sample design, the most recent available statistical data for each economy was used. The sample structure by region and size of settlement for each economy is presented in Table 29 and Table 30.

STRATIFICATION/SELECTION PROCEDURE

In order to obtain the same structure of the population, firstly the sample was stratified according to the region or county (depending on economy). At the beginning of the sampling procedure, the number of persons to be interviewed in each PSU (region or county) was defined according to census data and the share of the region in the total population.

The number of respondents was calculated based on the number of inhabitants in each size of settlements for individual region/county, while the number of sampling points was defined based on the obtained number of re-spondents (for each region/county and in each size of settlement). The maximum number of respondents per one sampling point was 15.

After defining their number, the sampling points were chosen randomly according to the last census data. Households in each sampling point were chosen by a random walk method. In a selected household the respondent was the person whose birthday came latest (last birthday method).

Table 28: Total 18+ population for each economy

Weighted results were presented for the SEE region based on the described data.

	Population 18*
Serbia	5.923.734
Croatia	3.485.881
Bosnia and Herzegovina	3.107.754
Albania	2.060.324
The Former Yugoslav Republic of Macedonia	1.497.014
Kosovo*	1.147.289
Montenegro	474.655
Moldova	2.864.243

Table 29: Sample structure by region

	Region	%
Albania	Berat	5,1
	Dibër	4,5
	Durrës	9,2
	Elbasan	10,3
	Fier	11,4
	Gjirokastër	2,8
	Korçë	8,2
	Kukës	2,7
	Lezhë	4,6
	Shkodër	7,7
	Tiranë	27,2
	Vlorë	6,4
Bosnia and Herzegovina	Federacija BiH	57,6
	Republika Srpska	40,5
	Brčko distrikt	1,9
Montenegro	Central region	47,0
	North region	29,3
	South region	23,7
Croatia	Zagreb and sourroundings	26,2
	Northern Croatia	17,0
	Slavonia	16,5
	Lika, Kordun, Banovina	8,3
	Istra, Primorje, Gorski Kotar	12,2
	Dalmatia	19,8
Kosovo*	Ferizaj / Uroševac	10,5
	Gjilan / Gnjilane	10,6
	Peja / Peć	12,5
	Mitrovica	15,9
	Prizren	15,7
	Gjakovë / Đakovica	12,1
	Prishtinë / Priština	22,7

	Region	%
The Former Yugoslav Republic of Macedonia	Vardar	8,1
	East	9,6
	Southwest	10,8
	Southeast	8,8
	Pelagonia	10,4
	Polog	14,2
	Northeast	8,6
	Skopje	29,6
Serbia	Beograd	23,3
	Južna i Istočna Srbija	21,8
	Centralna i Zapadna Srbija	28,1
	Vojvodina	26,8
Moldova	North	29,1
	Centre	29,4
	South	18,7
	Mun. Chisinau	22,9

Table 30: Sample structure by size of settlement

	Size of settlement (number of inhabitants)	%
Albania	Up to 2.000	1,4
	From 2.001 to 10.000	21,3
	From 10.001 to 50.000	30,8
	From 50.001 to 100.000	19,9
	Over 100.001	26,7
Bosnia and Herzegovina	Up to 5.000	42,6
	From 5000 to 19.999	21,5
	From 20.000 to 49.999	18,6
	From 50.000 to 99.999	4,0
	Over 100.000	13,4
Montenegro	Up to 5.000	32,1
	From 5.001 to 10.000	11,8
	From 10.001 to 20.000	11,9
	From 20.001 to 50.000	10,5
	From 100.001 to 150.000	33,7
Croatia	Up to 2.000	38,8
	From 2.001 to 10.000	16,1
	From 10001 to 100000	21,8
	Over 100.001	23,4
Kosovo*	Up to 2.000	41,6
	From 2.001 to 5.000	19,0
	From 5.001 to 10.000	6,9
	Over 10.001	32,5
The Former Yugoslav Republic of Macedonia	Up to 2.000	24,5
	From 2.001 to 5.000	14,0
	From 5.001 to 10.000	7,3
	Over 10.001	54,1
Serbia	Up to 5.000	34,6
	From 5.001 to 50.000	23,7
	From 50.001 to 100.000	10,9
	From 100.001 to 250.000	14,5
	Over 250.000	16,2
Moldova	Up to 2.000	26,3
	From 2.001 to 10.000	38,2
	From 10.001 to 100.000	14,4
	Over 100.001	21,1

Figure 91: Sample structure by gender

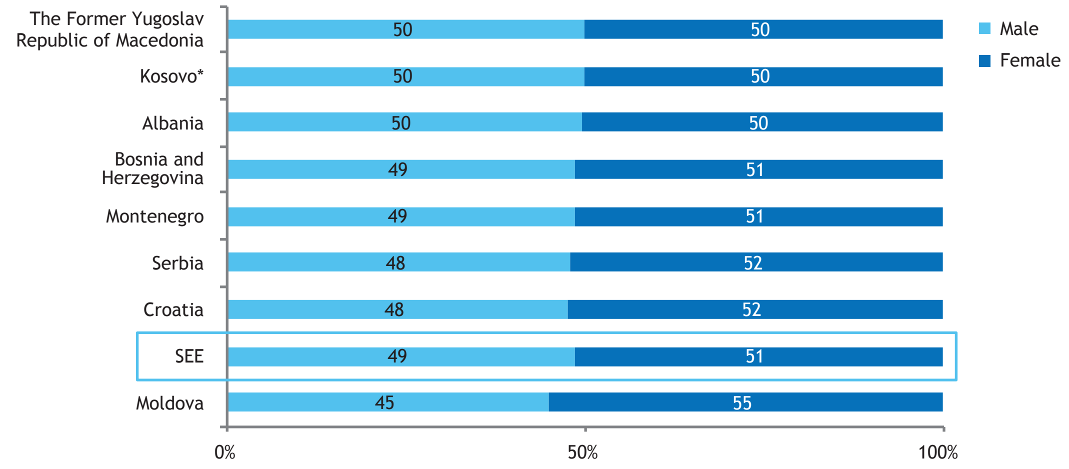


Figure 92: Sample structure by age

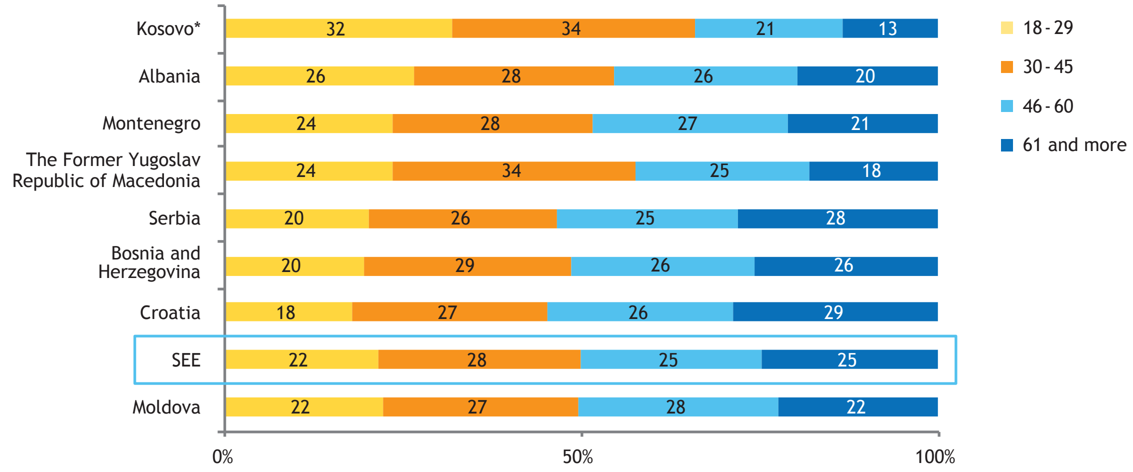


Figure 93: Sample structure by education

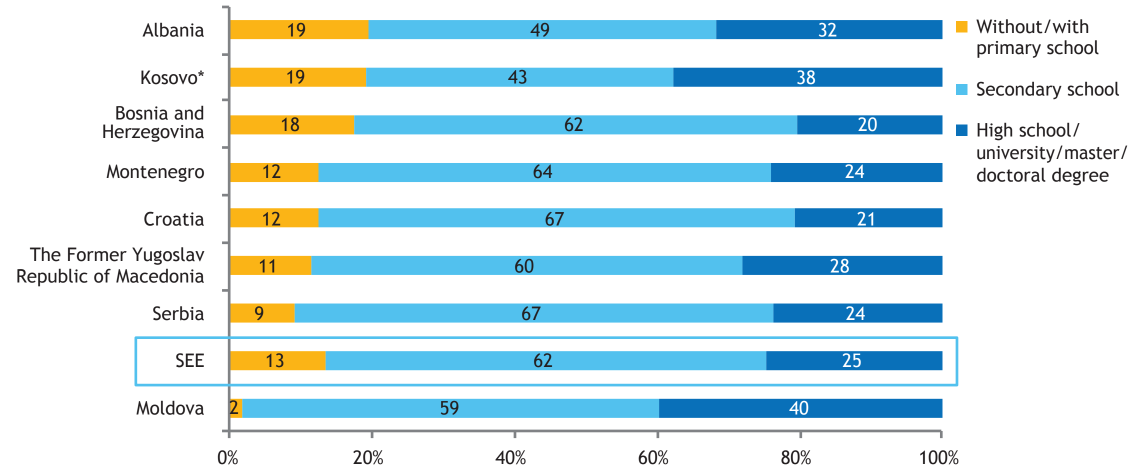


Figure 94: Sample structure by marital status

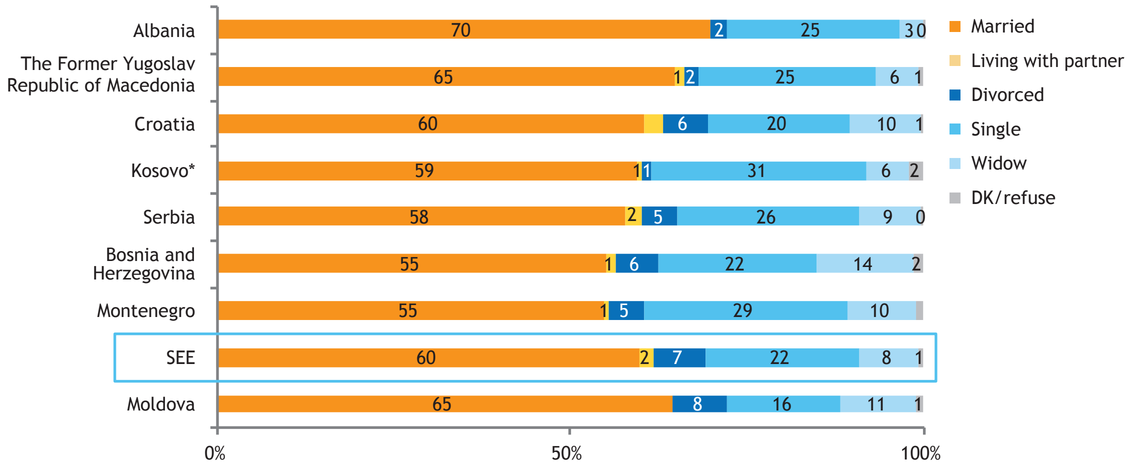


Figure 95: Sample structure by social status (self estimation)