

SOUTH EAST EUROPE 2030 STRATEGY

Objectives and priorities for a regional
cooperation on sustainable development

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17 November 2022***

SEE 2030 Strategy

Objective

Reaching regionally sustainable economic growth

- Reduce poverty and inequality
- Improve social inclusion
- Decelerate depopulation through enhancing quality of life
- Accelerating green and digital transition
- Empower women

Vision

A joint call for action to leave no one behind

- Built upon national level priorities identified by all SEE economies
- Supporting to design regional policies for the whole of society and to prioritize actions to leave no one behind

Pillars

Prosperity, People, Peace and Partnerships

- Thirteen different priorities
- 78 actions

Methodology

(based on UN methodology on VNRs)

Bottom up	Regional ownership	Enhanced consultation and transparency	Relevance
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PILLAR I: PROSPERITY

Trade creation,
sustainable tourism, and
transport connectivity

Promotion of investment,
research and innovation
in renewable energy and
improve energy efficiency

Enhancing capacity to
improve detection and
reduce natural disasters
risk

Reducing digital divide

Enhancing Public-Private
Partnership and
Development Finance

PILLAR II: PEOPLE

Better utilization of
human capital

Supporting diaspora to
promote economic
activity in SEE

Improving access to and
quality of education

Improving access to and
quality of health

Improving equal access
to and quality of justice,
and public services

Access to environment
and sanitation services,
and improving
affordable, safer and
healthier housing

PILLAR III: PEACE and PARTNERSHIPS

Smart
implementation of
SEE 2030

Sustainable funding
of the SEE 2030 and
aid effectiveness

CROSS-CUTTING AREAS IN ALL PILLARS

Poverty and
inequalities

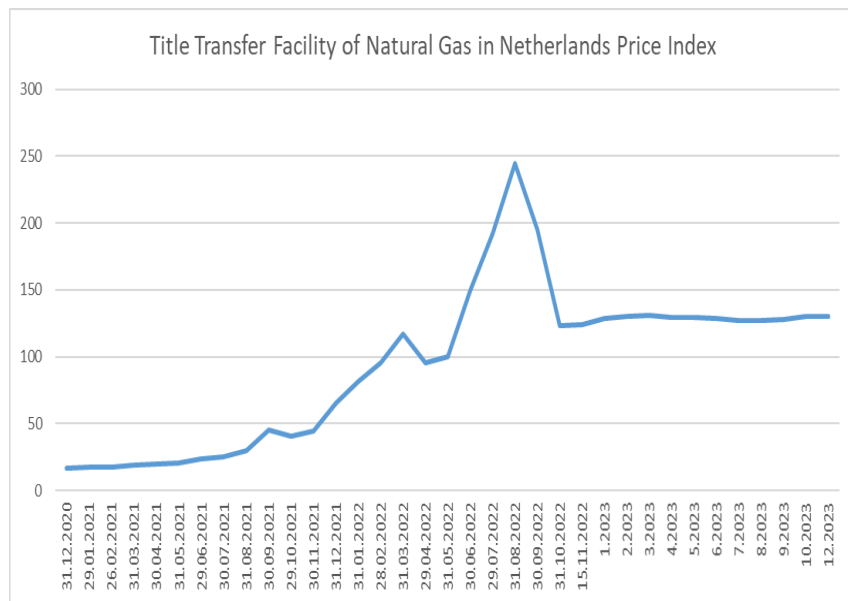
Digital
transformation

Green
transition

Public private
partnership

NEW CHALLENGES in SEE

Natural Gas prices increased by 180% compared to Nov 2021 and no decline in future price is expected



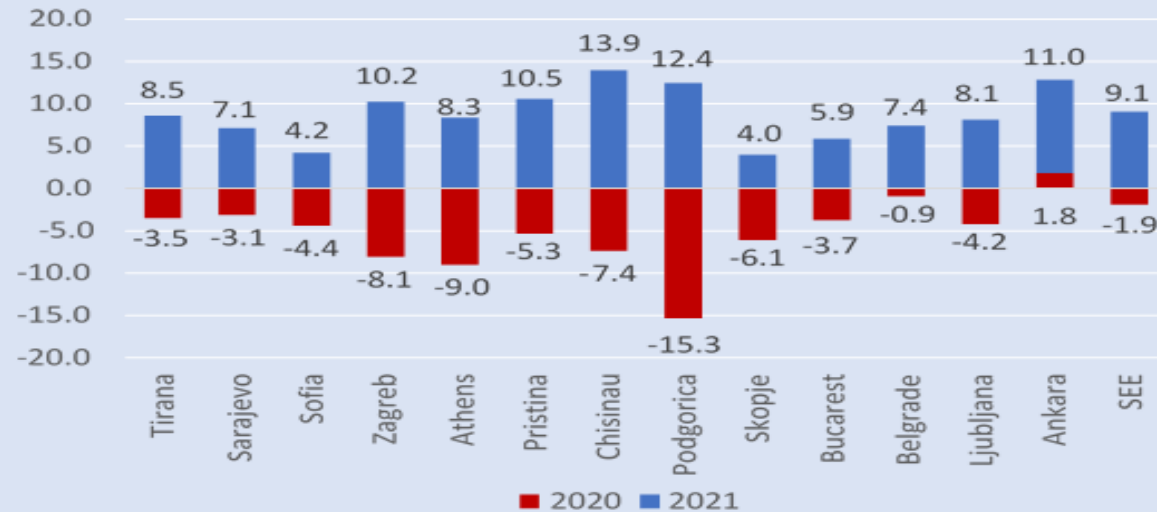
Price increase in longer term in wheat (applicable to other food stuff) threatens access to food particularly by population groups living at the risk of poverty.



ECONOMIC GROWTH

Strong growth in 2021 but not sustainable recovery happens due to the war in Ukraine and the volatility in EUR Zone. Much lower economic growth is expected in SEE.

Figure 1: Real GDP Growth in the SEE (2020-21)



Source: National Statistical Offices, Eurostat, RCC calculations

MEASURING PROSPERITY DURING SOCIO-ECONOMIC STRESS.

HOW RELEVANCE OF SEE 2030 COULD BE ENSURED?

Progress in Prosperity pillar index based on selected indicators as foreseen by SEE2030

Dimension 1: Prosperity

Indicators:	2020 (baseline)	2021	...	2030 (target)	Notes
Indicator 1: Real GDP Growth	100.0	102.9		100.0	Indexed to annual target of 6% real GDP growth
Indicator 2: Intra-regional trade in goods	50.0	67.2		100.0	Indexed to target of doubling intra-regional trade by 2030
Indicator 3: Renewable energy consumption as a % of total final energy consumption	50.0	50.0		100.0	Indexed to target of doubling renewables consumption as a share of total by 2030
Indicator 4: Proportion of population using the Internet	90.0	93.3		100.0	Indexed to target of 90% internet penetration (OECD average in 2020)
Indicator 5: Proportion of adults (15+) with an account at a bank or other financial institution or with a mobile-money-service provider	71.9	82.7		100.0	Indexed to target of 94% adults with bank accounts in the OECD countries (average in 2017)
Index value:	72.4	79.2		100.0	

Source: RCC Secretariat computations

MEASURING PROGRESS IN PROSPERITY AND PEOPLE PILLARS REQUIRES HOLISTIC AND COMPREHENSIVE INDICATORS

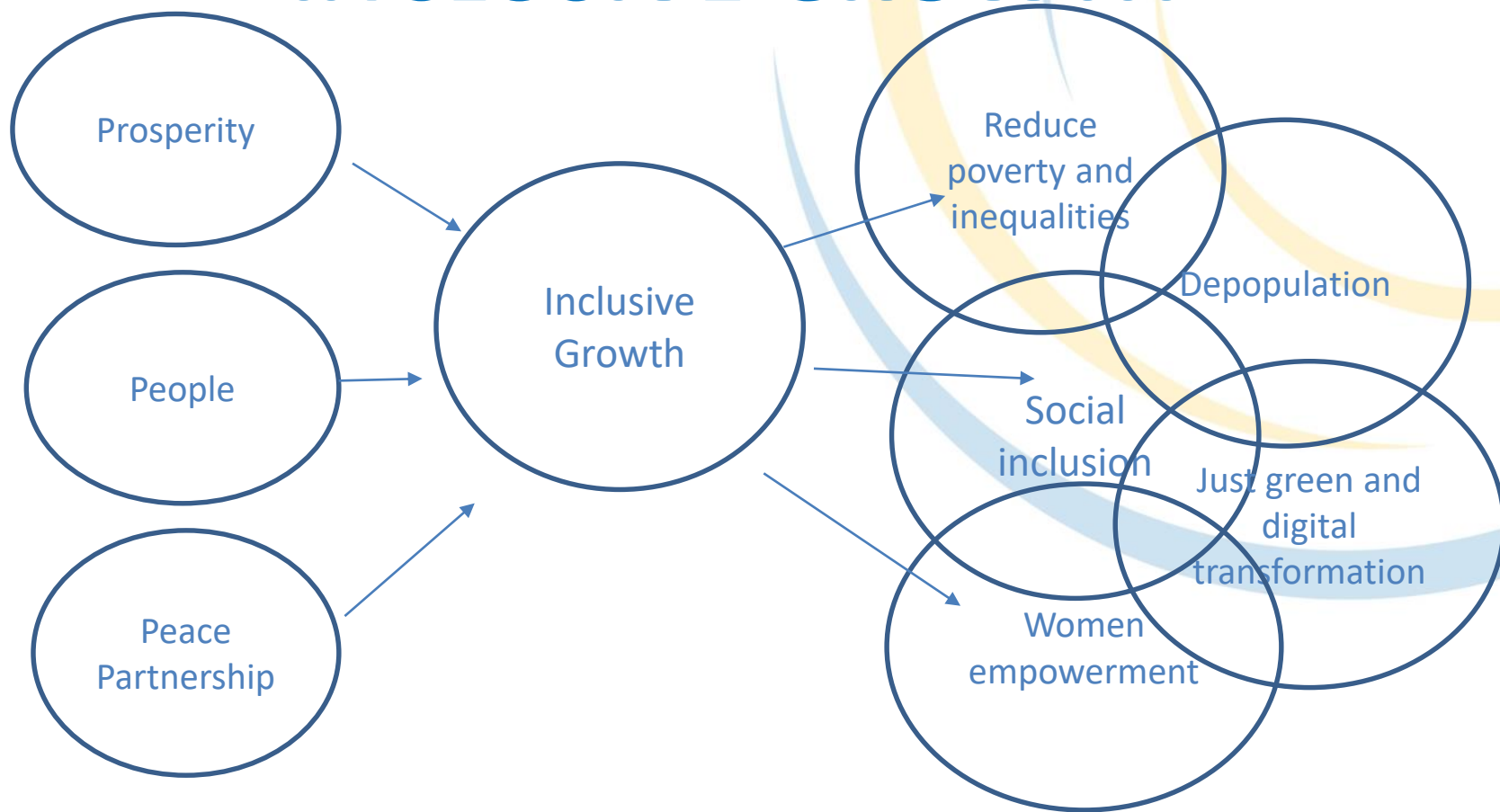
Progress in People pillar index without holistic measurement together with Prosperity and Peace and Partnership will not be comprehensive and ensure relevance

Dimension 2: People

Indicators:	2020 (baseline)	2021	...	2030 (target)	Notes
Indicator 1: Weighted employment rate, LFS in %, period average	72.1	72.2		100.0	
Indicator 2: Human Development Index	82.2	82.2		100.0	
Indicator 3: Averages for age 15 years PISA: overall reading, mathematics and science by all students	88.5	88.5		100.0	
Indicator 4: Life Expectancy at Birth, total years	98.7	98.7		100.0	
Indicator 5: Gender difference in Labour Force Participation Rate, 15-64	82.0	82.2		100.0	
Index value:	84.7	84.7	...	100.0	

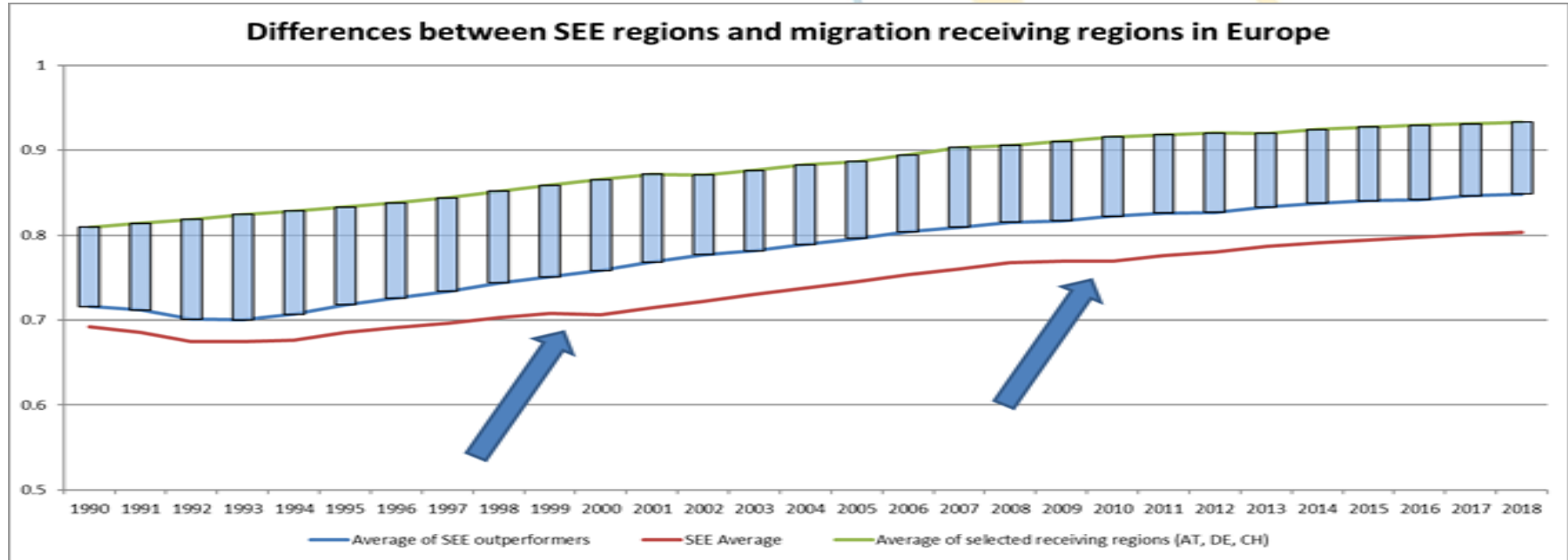
Source: RCC Secretariat computations

INCLUSIVE GROWTH



ECONOMIC GROWTH BUT HOW INCLUSIVE

Economic growth displays the signs of less inclusive. Three layers of regional disparities in quality of life



LAGGING BEHIND IMPACT IN SEE

When did the outperforming regions of SEE in terms of human development index catch the HDI of Germany's Mecklenburg-Vorpommern (MV) Region HDI in 1990?

Name of the region in NUTS II	Year to catch up MV Region HDI in 1990
Tirana (ALB)	2010
Western Herzegovina (BiH)	2015
Yugoplatzen (BG)	2002
Zagreb (HR)	1998
Attiki (GR)	1991
-	-
Chisinau (MD)	2010
Centre and North (MNE)	2006
Skopje (NMK)	2015
Bucharest (RO)	1990
Belgrade (SRB)	2005
Osrednjeslovenska (SLO)	1990
Istanbul (TR)	2011

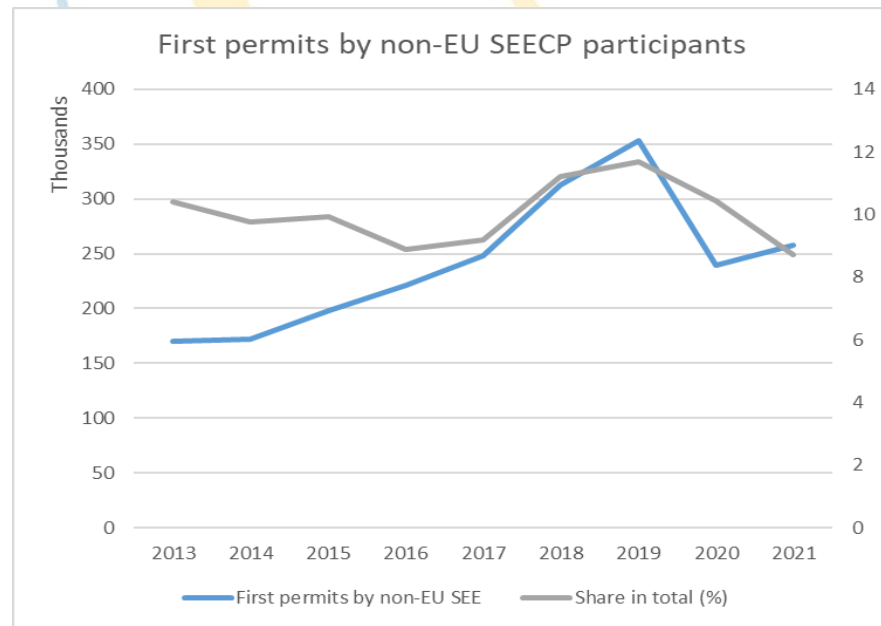
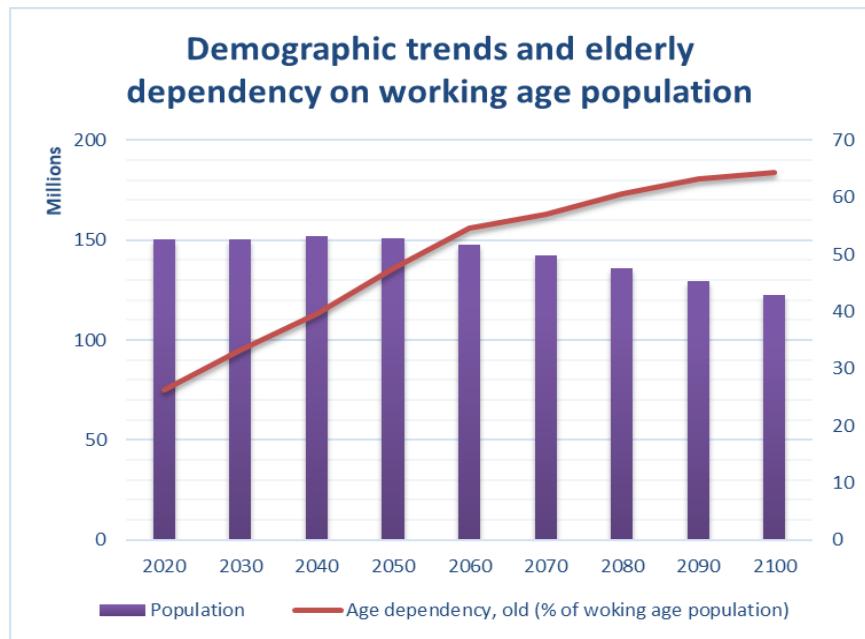
When did the average HDI of each SEE participant catch Germany's Mecklenburg-Vorpommern (MV) Region HDI in 1990?

SEECF Participant	Year to catch up MV Region HDI in 1990 (2019 data)
Tirana	2013
Sarajevo	-
Sofia	2008
Zagreb	2003
Athens	1996
Pristina	-
Chisinau	-
Podgorica	2007
Skopje	-
Bucharest	2007
Belgrade	2014
Ljubljana	1994
Ankara	2013

DEPOPULATION

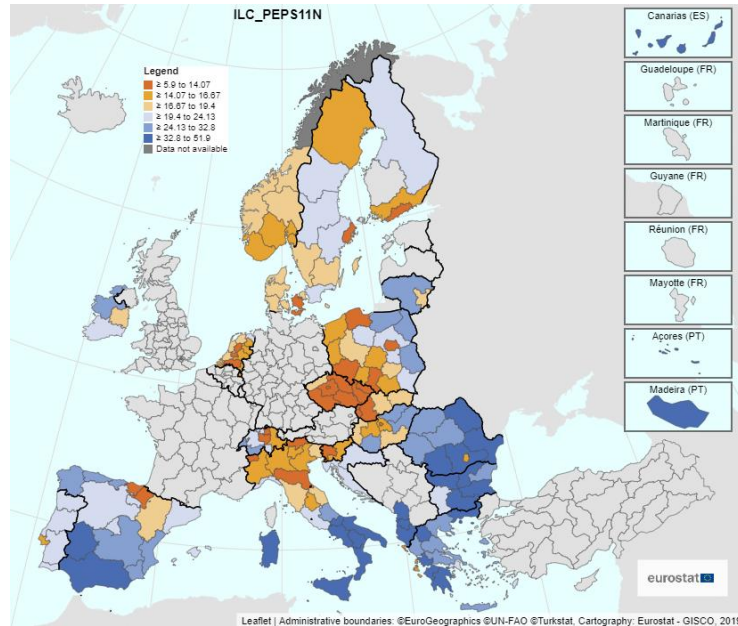
Demographic Trends in SEE pose significant challenges to socioeconomic sustainability

More than one person out of 10 people in SEE are emigrant. Non-EU SEE represents annually 10% of new immigration applications to the EU



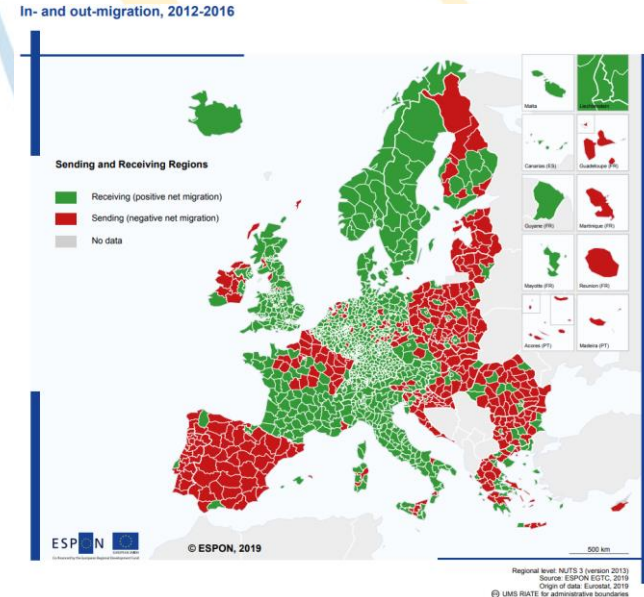
POVERTY AND EMMIGRATION IN SEE

Poverty in sub-regional level displays a clear divergence between North West and South East Europe



Source: Eurostat – 2020 – Persons at the risk of poverty or social exclusion by NUTS 2 Region [Statistics | Eurostat \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

Poverty and emigration relates each other which has also negative spill-over impact on enterprise survival rates



Source: ESPON EGTC, based on the ESPON EMPLOY project's methodology

ESPON EGTC, based on the ESPON EMPLOY project's methodology [ESPON Policy Brief, Labour migration challenges.pdf](https://ec.europa.eu/espontoolkit/policy-brief/labour-migration-challenges.pdf)

POSSIBLE DETERMINANTS BEHIND EMIGRATION INTENTIONS

61% of the economically active population of WB6 is intended to leave their economies and work abroad

WB6 population least satisfied with the level of prices, job opportunity, and quality of health services in their given economies

Population subgroups in WB6 having emigration intentions by age (%)
(among the sample group who disclosed their emigration intention)
(source: RCC2022 Balkan Barometer)

	Yes	No	(% of N who do not answer)
18 - 24	78.43	21.57	10
25 - 34	66.48	33.52	8
35 - 44	57.43	42.57	9
45 - 54	42.54	57.46	8
55 - 64	25.09	74.91	7
65+	7.58	92.42	7
Average	46.26	53.74	8
Average in the population till 54	61.22	38.78	

IG determinant	WB6 average satisfaction rate (% of N)
Health	25
Education	34
Transport infrastructure	30
Utility services	42
Housing	28
Job opportunities	15
Public services	30
Prices	12

Source: RCC computation based on Balkan Barometer 2022

N= 6109

ESTIMATED VALUE OF EMIGRATION

Estimated average statistical life in SEE is approximately around
2.9 million USD

Average Value of Statistical Life in SEE

Years	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
SEE average	1,524,462	2,531,513	2,487,921	2,428,221	2,471,414	2,473,930	2,358,504	2,267,530	2,273,278	2,492,353	2,640,714	2,538,315	2,862,067
WB6 average	883,500	1,174,452	1,200,042	1,184,541	1,249,443	1,250,196	1,222,955	1,194,160	1,196,792	1,351,843	1,461,557	1,418,894	1,608,938
Non-EU SEE average	924,750	1,240,696	1,292,220	1,309,621	1,388,832	1,393,327	1,344,526	1,297,916	1,295,472	1,413,775	1,489,613	1,437,559	1,626,689
Average of EU destination countries	7,235,333	10,821,532	11,097,342	10,832,106	10,872,680	10,817,224	10,268,583	9,962,449	9,772,560	10,596,109	10,985,875	10,413,511	11,291,233

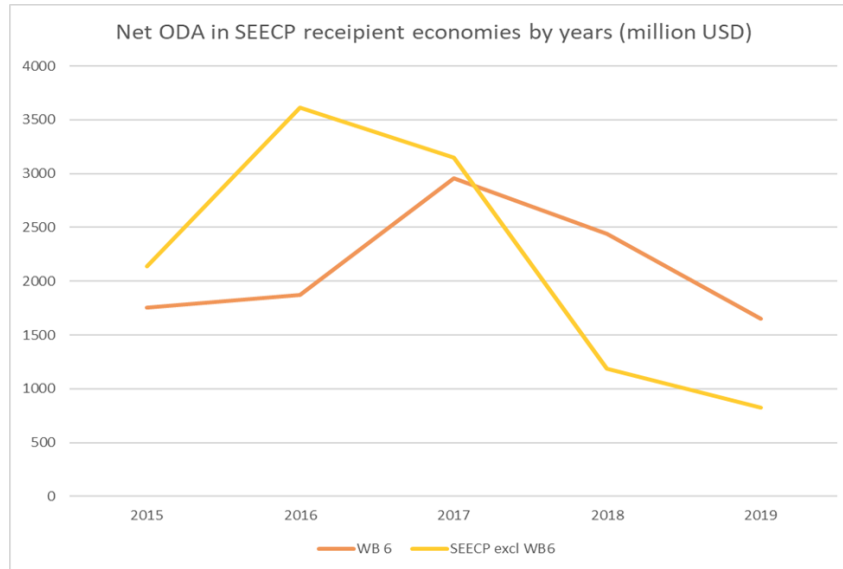
ESTIMATED COST OF HUMAN CAPITAL LOSS BASED ON PROJECTED VSL

Based on our estimated value of statistical life in SEE and non-EU SEE:

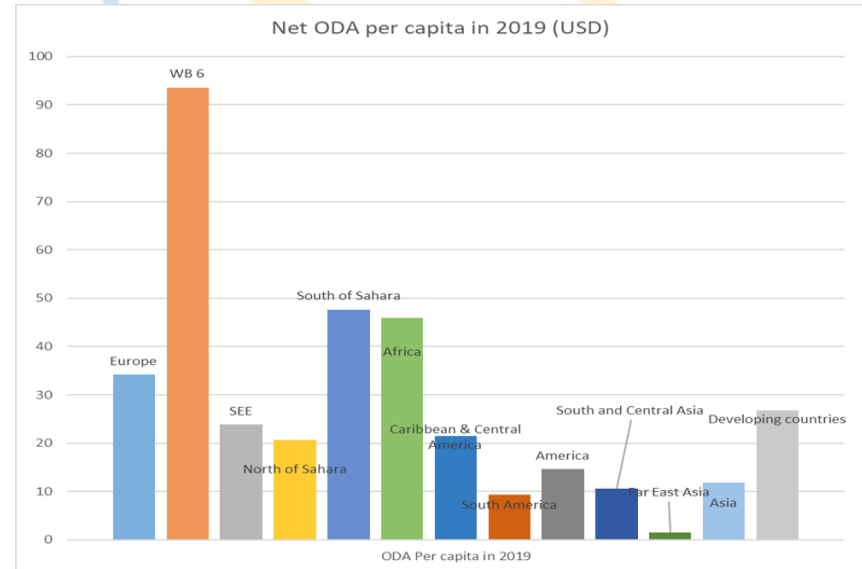
- Approximate cumulated value of emigration from non-EU SEE (8 economies) to EU is calculated between **200-280 Billion USD** since 2013 (based on adjusted first resident permits and with the assumption that marginal emigration period is limited with 10 years)
- Longevity in SEE 13 is 5 years shorter than the emigration destination EU MS. Based on computed VSL, longevity extension in SEE to the emigration receiving EU MS could contribute by **18.3% of SEE13 GNI**

AID EFFECTIVENESS

Net ODA in SEECP recipient economies by years is decreasing

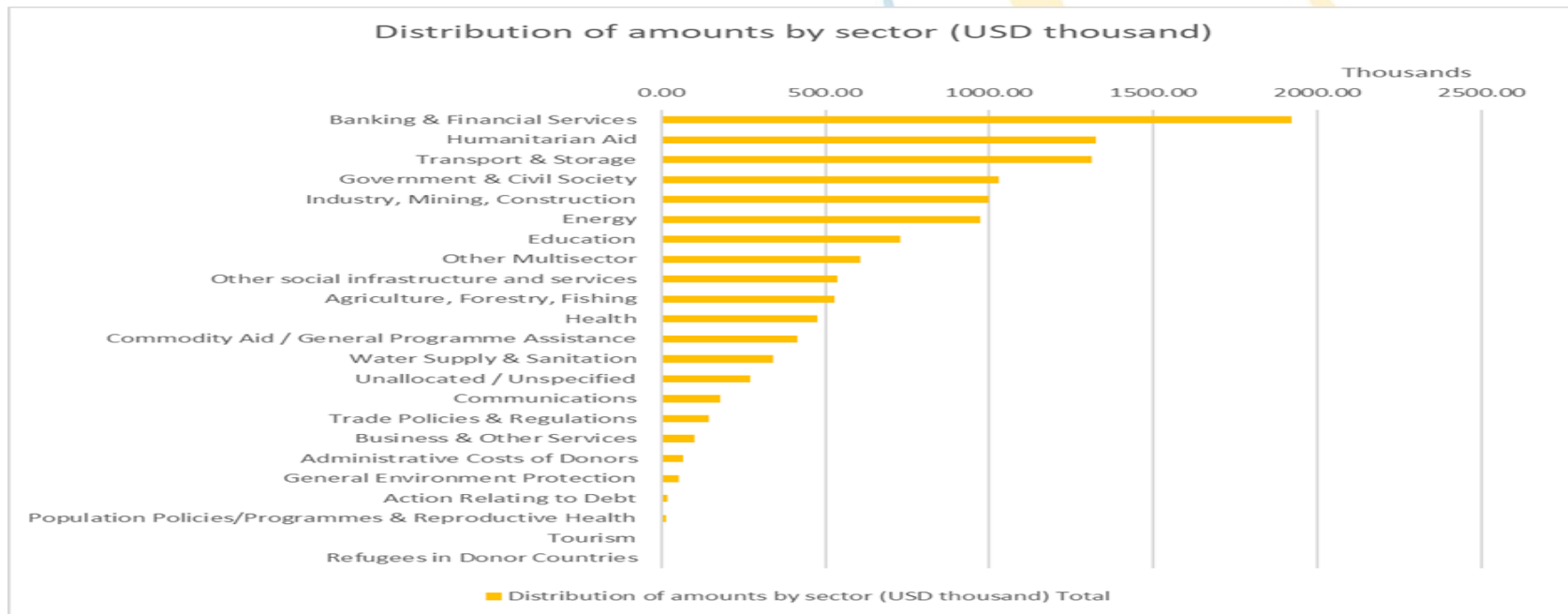


WB 6 is one of the top recipients of ODA per capita in the world



AID EFFECTIVENESS

Majority of Aid goes to Banking and Financial Services, Transport, Government and Civil Society



INCLUSIVE GROWTH



CONCLUSIONS

Regional cooperation requires to be transparent, accountable, and all-inclusive.

- **Regional ownership** based on bottom-up to ensure relevance and commitment. Relevance and commitment creates an adjustable and flexible strategic intervention.
- **Solidarity** between economies in SEE in reaching SDGs enhances growth oriented governance and facilitates peace and stability
- **Measurement and monitoring (people oriented)** needs to connect sub-regional to national and regional level implementation in a coherent manner.
- **Ownership** in SEE2030 positively spill-over to aid effectiveness – more SDG responsive foreign aid and support to enhance national budget, and private investments responsiveness to SDGs

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A joint call for action to leave no one behind

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