RegionalCooperationCouncil

# SEE 2030 STRATEGY

## STATE OF PLAY IN 2025

# MID-TERM IMPLEMENTATION REPORT

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*Explanatory/procedural note:*

*As part of the inclusive procedures of the RCC, the SEE2030 Strategy Mid-Term Implementation Report was shared with the members of the Monitoring Committee and other relevant stakeholders for comments prior to its endorsement by the SEE2030 Strategy Monitoring Committee.*

*As foreseen by the SEE2030 Strategy and the Rules of Procedure of the SEE2030 Strategy Monitoring Committee, the Report was endorsed by the Monitoring Committee at its meeting held on 5 May 2026. The SEE2030 Strategy further foresees that the Report is submitted by the RCC Secretary General to the RCC Annual Meeting, while its highlights are presented to the SEECP Summit.*

# 1. Executive Summary

The South East Europe 2030 (SEE 2030) Strategy, endorsed at the Antalya South-East European Cooperation Process (SEECP) Summit in June 2021, represents the first regionally all-inclusive sustainable development framework for South East Europe. Rooted in the United Nations 2030 Agenda and its Sustainable Development Goals (SDGs), the Strategy provides a joint roadmap for thirteen SEECP participants across three interconnected dimensions - Prosperity, People, and Peace and Partnerships - to advance convergence, resilience and inclusive growth. This Mid-Term Implementation Report takes stock of the Strategy's progress over the period 2021–2025, assesses developments against its headline targets and indicators, and identifies the structural challenges and opportunities that will shape the second half of the implementation period.

***A Turbulent External Environment***

The Strategy's first five years have been shaped by a succession of external shocks of unusual severity. The COVID-19 pandemic's aftermath, the economic and geopolitical fallout from Russia's invasion of Ukraine, a surge in inflation that reached an average of nearly 18 per cent across the region in 2022, and a series of climate-related disasters - including the catastrophic 2023 earthquakes, devastating floods, and record-breaking heatwaves - have tested the resilience of SEECP participants and societies. These compounding crises have created headwinds for virtually every SEE 2030 Strategy target, while simultaneously reinforcing the relevance of the Strategy's core themes of sustainability, resilience and cooperation.

***Governance and Implementation Architecture***

The region has built a genuinely innovative governance infrastructure from scratch. The SEE 2030 Strategy Monitoring Committee, composed of National SDG Coordinators from all thirteen participants, has met seven times since its inaugural session in November 2021, producing three Annual Interim Implementation Reports endorsed at the SEECP level. The South East European Statistical Network was established to harmonise SDG data across the region. Flagship initiatives - the Inclusive Growth Index, the SecuriMeter, the peer-learning programme, and the Regional Network on Disaster Risk Insurance and Risk Sharing - represent genuine innovations in regional cooperation tools. Multi-stakeholder engagement has broadened to include parliamentary, academic, and international partner dialogue. These are real and significant achievements.

However, the candid mid-term assessment is that implementation has remained predominantly horizontal: the Strategy has succeeded in building coordination structures and policy dialogue, but has not yet penetrated vertically into budgets, bankable programmes, or transformative on-the-ground investment. Of sixteen regional project proposals developed through the SEE 2030 programming cycle, only one has been initiated in 2025 and is expected to be carried out in 2026. Only two of thirteen participants have provided voluntary financial contributions beyond statutory obligations. The financing gap is the single most important risk factor for the second half of the Strategy period.

***Prosperity: Mixed but Tangible Progress***

Against the 6 per cent annual growth target, the region recorded a strong post-pandemic rebound in 2021 (10.3 per cent) followed by deceleration to approximately 2.9 per cent by 2024–2025. Cumulative real GDP expansion of around 28 per cent since 2020 is meaningful but below the target trajectory. All thirteen participants recorded some degree of income convergence towards EU-27 levels in PPP terms, though the pace remains insufficient for the convergence of the lower-income economies. Merchandise exports grew by 45 per cent in nominal terms over the period, but the share of intra-regional trade increased only marginally, from 13.3 to 13.9 per cent - far from the target of doubling. FDI performance has been the most encouraging signal, with net inflows remaining 24 per cent above 2019 levels in 2024.

The solar energy transformation stands out as the region's most dynamic structural achievement: installed capacity tripled from 11.6 GW to 36.2 GW over five years. Yet, the share of renewables in total energy supply rose only modestly, from 23.8 to 25.1 per cent, against a target of 48 per cent by 2030. Coal dependency remains the defining structural challenge, with lignite still accounting for nearly half of Western Balkans electricity generation. Research, development and innovation represent a persistent structural weakness, with the region investing only about two-thirds of EU levels in R&D and the European Innovation Scoreboard placing SEE at roughly half of the EU benchmark. Financial systems, while broadly stable, remain too shallow to mobilise the scale of investment required for convergence and structural transformation.

***People: The Most Consequential and Most Under-Resourced Dimension***

The defining demographic reality of the mid-term period is depopulation. All thirteen participants record fertility rates below replacement level. The working-age population in the Western Balkans declined by more than ten per cent between 2015 and 2023. An estimated 16.5 million people of SEE origin live outside their home economies. This demographic contraction compounds every structural weakness documented in the report.

Against this backdrop, the employment-to-population ratio rose by 5 percentage points across SEE since 2019, reaching 63.2 per cent in 2024, and the youth NEET rate declined. These are positive developments, though the most significant reserve of underused labour potential lies in the persistent female employment gap, which exceeds 30 per cent in some economies. Educational attainment has improved steadily, with the share of the working-age population with advanced education reaching approximately one-fifth of the total. However, learning quality remains a critical weakness: in PISA 2022, 57 per cent of Western Balkans students were classified as low performers in mathematics, compared with an EU average of 27 per cent. Health systems have broadly maintained financing effort, but out-of-pocket payments remain well above the 15 per cent threshold associated with adequate financial protection, leaving households - particularly in lower-income participants - exposed to financial hardship.

***Peace and Partnerships: Strong Architecture, Critical Financing Gap***

The governance architecture built under Dimension III is, by regional standards, a genuine achievement. The Monitoring Committee structure, the network of National Coordinators, the established two regional networks, and the emerging flagship initiatives provide a foundation that most comparable regional frameworks lack. Moreover, this governance structure represents a significant innovation, bringing together EU and non-EU SEECP participants — both Official Development Assistance (ODA) contributors and beneficiaries — in the implementation of the priorities set out in the Strategy. However, governance arrangements alone cannot substitute for adequate financing. Without a step-change in financing, there is a real risk that the SEE2030 Strategy remains a well-articulated aspiration rather than a truly transformative programme.

***Looking Ahead: From Architecture to Impact***

The mid-term review confirms that the SEE 2030 Strategy's vision remains fully pertinent. The external developments of 2021–2025 have, if anything, sharpened the focus on what needs to be done. The Strategy's ongoing mid-term update - reoriented around the pillars of resilience, inclusive growth and deepened regional cooperation - correctly identifies the key directions for the second half of the decade. The introduction of new instruments such as the Regional Risk-Sharing Insurance Mechanism, the structured dialogue among Development Finance Institutions (DFI), the SEE Network on Building Human Capital, and the SEE Network of Chambers of Economy signals a strategic shift from dialogue to delivery, from horizontal coordination to vertical impact.

The central challenge for the remaining period is to convert the region's well-built governance architecture into funded, bankable, and transformative action - mobilising private capital alongside public investment, aligning SEE 2030 Strategy priorities with the EU Growth Plan and IPA instruments, deepening financial markets, closing the insurance protection gap, and investing decisively in the human capital base that underpins every other target. The recommendations set out in Chapter 6 of this report identify priority actions to achieve this transition.

# 2. Introduction and Developments in the External Environment

The mid-term period from 2021 through 2025 has been marked by unprecedented global and regional shifts that form the context for SEE 2030 Strategy implementation. The SEE 2030 Strategy itself was launched in mid-2021, in the wake of the COVID-19 crisis, as a regional roadmap aligned with the UN SDGs to support post-pandemic recovery and strengthen resilience to external shocks. In the years since, South East Europe's external environment has been shaped by major economic turbulence, social and demographic challenges, geopolitical upheavals, and environmental/climate emergencies. This introductory chapter provides an overview of these developments - economic, social, political/geopolitical, and environmental - and highlights their implications for the SEE 2030 Strategy's implementation. It offers a contextual backdrop for the Strategy's mid-term review, illustrating how global and regional trends since 2021 have created both obstacles and new imperatives for achieving SEE 2030 Strategy goals.

## 2.1 Post-Pandemic Economic Rebound and Inflationary Shock

In 2021, South East Europe (SEE) experienced a strong economic rebound following the deep recession induced by the COVID-19 pandemic. After regional GDP contracted sharply in 2020 (by an estimated 1.24% decline due to the pandemic[1]), a robust recovery took hold in 2021. The SEECP participants collectively grew around 10.03% in 2021[2] - a broad-based bounce-back fuelled by revived domestic consumption, investment, and export demand. Labour markets rallied as well: by mid-2022, regional employment had reached historic highs (averaging 50.08% employment-to-population rate, up almost 2 percentage points from mid-2021[3] ), and unemployment fell to record lows in several participants. This post-pandemic upswing restored much of the output and jobs lost in 2020, offering hope that the SEE 2030 Strategy's economic targets (poverty reduction, improved livelihoods) could get back on track.

However, even as the region was recovering from COVID-19, a new global shock abruptly hit in 2022 - the war in Ukraine - which cut short the post-pandemic recovery by sending shockwaves across the region's economies. The war and the ensuing international crises further contributed to a surge in inflation and supply disruptions not seen in decades. Global commodity markets were roiled: energy and food prices spiked to record levels, heavily impacting SEECP participants which, to the most part, rely on imported fuel and staples. Inflation in SEE, already heating up during 2021, shot into double digits - averaging around 17.77% in 2022 (after being below 2% in 2020) - with food prices rising by 20-25% year-on-year in some participants.[4] Higher energy and commodity costs quickly eroded household purchasing power and business confidence, creating

1 World Development Indicators, World Bank, 2025, RCC calculation
2 Ibid
3 Labour Force Survey, ILO, 2025, RCC calculation
4 World Development Indicators, World Bank, 2025, RCC calculation

a cost-of-living crisis across the region. Economic growth accordingly slowed: from the vigorous 10%+ rebound of 2021, regional growth fell to roughly 5.1% in 2022 as high inflation, uncertainty, and tightening financial conditions dampened consumer spending and investment.

Governments in SEE struggled to cushion the inflationary blow through subsidies, price caps, and social aid, but the shock still threatened to push many vulnerable people into poverty. The World Bank warned in late 2022 that, absent countermeasures, the spike in food and energy costs could increase the number of poor in the Western Balkans by as much as 13%.[5] Thus, the hard-won gains in poverty reduction and social welfare since 2021 were put at risk. By 2023, inflation remained elevated (though easing from its 2022 peak), with some central banks raising interest rates, further slowing growth prospects into 2024-2025. By the end of 2024, the average GDP growth fell to 2.8%.[6] The region was essentially hit by back-to-back external economic storms - first the pandemic, then war-driven inflation - testing the resilience of economies and the adequacy of social safety nets. These economic turbulences underscore the importance of the SEE 2030 Strategy's focus on sustainable growth and shock resilience, as maintaining progress towards the Strategy's prosperity targets required agile responses to global price shocks and coordination with international financial institutions.

## 2.2 Social Trends: Demographic Decline and Migration Pressures

Coupled with these economic swings, South East Europe has been contending with deep-seated social challenges, notably a demographic decline exacerbated by sustained emigration. The region's population has been shrinking and aging for years - a trend that continued in the 2021-2025 period. Low birth rates and high outward migration are the dual drivers of this depopulation. All SEECP participants now have fertility rates below the replacement level (around 1.57 children per woman on average, not dissimilar to the EU rate[7]), and natural population growth is negative. At the same time, large numbers of citizens - especially youth and skilled workers - continue to leave in search of better economic opportunities abroad. With pandemic travel restrictions lifted, emigration picked up pace again after 2021, as European labour markets reopened and labour shortages in the EU attracted workers from SEE. Today, roughly one-fifth of the Western Balkans population lives outside their home country - a staggering brain drain that includes a significant share of the young workforce. In extreme cases, the diaspora outweighs the domestic population This out-migration, combined with decades of low birth rates, means some SEE societies are quite literally hollowing out: the working-age population in the Western Balkans declined by over 10% between 2015 and 2023 (versus about 2% in the EU), and the median age is now above 45 in at least five SEECP participants.

The social implications of these demographic trends are profound. Many communities face labour shortages and skill gaps even as unemployment remains high for those left behind (particularly among youth). For example, youth unemployment rates - while improving with post-pandemic recovery - still hover around 20% in several SEECP participants, contributing to a vicious cycle of

5 Western Balkans Regular Economic Report, Fall 2022, World Bank
6 World Development Indicators, World Bank, 2025, RCC calculation
7 Statistics offices, 2025, RCC calculation

emigration. Emigration in turn contributes to population aging and strain on pension and health systems: elderly (65+) now make up around 20% of the population in more than half of the economies,[8] increasing the dependency ratio and pressure on public services. Moreover, the emigration of educated professionals (doctors, IT experts, engineers, etc.) creates brain drain effects that can undermine growth and institutional capacity. Surveys and analyses (including OECD studies) point to not only wage differentials driving migration but also factors like dissatisfaction with governance, education quality, and social services in the region. In short, despite some improvements in the economic outlook, many young people in SEE remained pessimistic about opportunities at home - a sentiment reflected in Regional Cooperation Council (RCC) barometer surveys - and thus emigration flows continued unabated.

Addressing this demographic crisis is a core concern for SEE 2030 Strategy. The Strategy explicitly aims to decelerate depopulation and engage the diaspora for development. The external environment of 2021-2025 has only made this priority more urgent. Post-pandemic recovery did reduce unemployment, but the subsequent inflation and uncertainty may have accelerated the search for security abroad. The loss of population - particularly youth - threatens the achievement of many SEE 2030 Strategy targets (from labour force growth to innovation capacity and social cohesion). Consequently, SEECP governments and regional bodies have begun focusing more on measures to retain talent and attract back migrants, improve education and job prospects for youth, and leverage diaspora networks - all crucial to counteract the demographic headwinds amplified in this period. The implementation of SEE 2030 Strategy must grapple with these realities: without people, even the best policies cannot be sustainable. The external social trend of demographic decline thus serves as a call to action to double down on inclusive growth, job creation, and governance reforms that instil hope for the future in the region's populace.

## 2.3 Geopolitical Shifts and Regional Cooperation Dynamics

The political and geopolitical landscape of South East Europe from 2021 to 2025 was dramatically shaped by external events, chief among them the war in Ukraine. Russia's invasion of Ukraine in February 2022 not only jolted the global security order but also had far-reaching repercussions for the SEE region's strategic environment as the war's shadow has been felt in multiple ways - from economic fallout to heightened security concerns and geopolitical realignments. The war occurred "on the doorstep" of the Balkans, and it ushered the most acute security crisis in Europe since the 1990s, inevitably influencing regional perspectives and international engagement with SEE. The European Union (EU) responded to the war by reinforcing its commitment to the Western Balkans: at the EU-Western Balkans Summit in Tirana in December 2022, EU leaders reaffirmed the region's EU membership perspective and the EU's strategic partnership with the Western Balkans; the EU further advanced integration steps for the region's aspirants; and, in November 2023, the European Commission adopted the EU Growth Plan for the Western Balkans, aimed at accelerating socio-economic convergence with the EU through deeper integration into the Single Market, strengthened regional cooperation, and increased pre-accession funding, including through the €6 billion Reform and Growth Facility for the period 2024–2027.

8 UN World Population Prospects, 2025

Amid these external pressures, regional cooperation among SEECP participants took on even greater importance. Notably, the Berlin Process - an EU-backed process to increase the regional cooperation, providing high level political support and broad outreach and visibility to regional cooperation initiatives and respective policies - was reinvigorated to deliver practical benefits for the Western Balkans. In November 2022, under Germany's leadership, the six Western Balkan leaders signed landmark agreements to facilitate freedom of movement and mutual recognition of qualifications. These included agreements allowing travel throughout the region with only ID cards and mutual recognition of university diplomas and professional qualifications - steps that directly benefit citizens and businesses and lay the groundwork for a Common Regional Market as a stepping stone to the EU internal market. The Western Balkans also jointly committed to a Green Agenda and an Energy Security cooperation declaration aligned with EU's Green Deal, demonstrating solidarity in tackling shared energy and climate challenges.

Crucially, regional cooperation also extended to managing security issues. The South East European Cooperation Process (SEECP) itself remained an important political forum, and SEECP participants regularly reiterated commitments to the principles of sovereignty, territorial integrity, and good-neighbourly relations in light of the Ukraine conflict. This collective stance, influenced by the external geopolitical climate, underscores the *Peace and Partnerships* dimension of SEE 2030 Strategy - highlighting that regional cooperation and integration are indispensable for navigating security-related challenges. For the SEE 2030 Strategy, the implication is clear: a stable and cooperative regional political environment is both a prerequisite for and a goal of sustainable development. The external geopolitical developments of this mid-term period have, in effect, galvanized the region to work more closely together and with international partners, aligning security and development agendas more tightly than before.

## 2.4 Energy Security and Climate Challenges

The final set of external developments crucial to the SEE 2030 context are environmental and climate-related trends, intertwined with energy security. The years 2021-2025 have vividly demonstrated the region's vulnerability to global energy disruptions and the growing impacts of climate change. In late 2021 and through 2022, South East Europe was swept up in a global energy crisis triggered by the post-pandemic demand surge and then acutely worsened by the war in Ukraine. Many SEECP participants rely on imported fossil fuels (natural gas, oil) and aging domestic coal infrastructure for electricity. The Ukraine war led to severe volatility in these supplies: natural gas deliveries from Russia became uncertain or were cut, and international prices for gas, oil, and coal surged to historic highs. Compounding this, the Western Balkans power sector was hit on several fronts with soaring electricity prices, technical problems at coal plants, lack of water for hydropower, and surging biomass prices as households turned to alternatives. This energy crunch led to fears of winter shortages and forced governments to intervene with emergency measures (such as electricity import deals and temporary reactivation of coal units). Households and businesses across SEE felt the strain of energy bills, highlighting the importance of energy security as both an economic and social issue.

The crisis also prompted support from the EU and international partners. In December 2022, the European Commission announced a €1 billion Energy Support Package for the Western Balkans to help the region cope with the immediate consequences of the energy crisis and to "build resilience in the short to medium term". This included €500 million in direct budget support to subsidise vulnerable households and small businesses through the winter, and another €500 million earmarked for investments in energy diversification, renewable energy, and interconnections. Rapid disbursements in early 2023 aided in averting the worst outcomes. Notably, Western Balkans also coordinated among themselves: for example, as mentioned earlier, they agreed via the Berlin Process to cooperate on energy security and expedite the Green Agenda for the Western Balkans, adopted in 2020 to mirror the EU's climate ambitions. Several participants accelerated plans for new intraregional gas links (like the Athens-Skopje gas interconnector) and ramped up investments in solar, wind, and hydro projects, aiming to reduce reliance on legacy gas sources and heavily polluting coal.

At the same time, the period has underscored the real and present impacts of climate change on SEE. The region faced a series of extreme weather events aligning with global climate trends. Summers have been getting hotter: 2021 was the hottest summer on record in Europe, only for the record to be broken in 2022, and then again in 2024. In July 2023 and again in 2024, intense heatwaves struck the region. In fact, 2024 saw South East Europe's longest heatwave on record, lasting 13 consecutive days and affecting 55% of the region. This resulted in record-breaking numbers of days with strong heat stress (66 days of temperatures above 32°C) and many tropical nights.[9] Wildfires have increasingly plagued the region during dry spells (with devastating fires in parts of SEE in 2021 and 2023), and conversely, heavy rainfall events have caused flash floods in the winters. The frequency of such extreme events has amplified climate-related risks to lives, infrastructure, and economies, reminding policymakers and the public that climate adaptation is no longer optional. For instance, drought-induced low river levels have at times hampered shipping on the Danube and reduced output from hydropower dams, directly impacting economic activity and energy systems. Environmental challenges such as air pollution also persisted - especially in cities reliant on coal and wood heating - raising public health concerns.

These environmental and energy developments carry significant implications for the SEE 2030 Strategy. First, they stress the importance of the Strategy's Green Agenda and sustainable development pillar. The fact that coal still accounts for more than 23% of SEECP region's energy supply on average (and over 40% in at least three Western Balkans participants) [10] illustrates both the dependency and the opportunity: reducing this reliance is crucial for meeting global climate goals and improving air quality, but it must be done while safeguarding energy security. The events of 2021-2025 have, in a sense, accelerated the push for clean energy in SEE - as high fossil fuel prices and EU's incoming carbon pricing (the Carbon Border Adjustment Mechanism) make the status quo costly. Almost all SEECP participants are signatories of the Paris Agreement and have committed to national climate targets; now the external pressures have made the energy transition not just a long-term ideal but an immediate economic priority. Secondly, the climate shocks have highlighted the need for resilience and disaster risk reduction, which tie into SEE 2030 Strategy

9 Copernicus Climate Change Service, 2024
10 National statistics agencies, IEA, Eurostat, 2025, RCC calculation

objectives around sustainable communities and risk preparedness. Participants are realising that investing in climate-resilient infrastructure (flood defences, wildfire prevention, drought-resistant agriculture) and regional early warning systems is essential to protect development gains. In the Strategy's context, this reinforces cross-cutting actions on environmental protection and emergency response cooperation.

Finally, the synergy between energy security and climate action became evident. For example, ramping up renewables (solar, wind, hydro) addresses both the need for domestic energy supply and the need to cut emissions. Regional cooperation can amplify this - such as further integrating power grids or developing shared gas storage for energy security and exchanging best practices on decarbonisation. The mid-term period saw initial steps in this direction, backed by international financing (from EU, World Bank, EBRD, etc.), but much more remains to be done. The external environment has effectively raised the alarm on climate risks for SEE, ensuring that the second half of the SEE 2030 Strategy timeline will place even greater emphasis on green transformation and climate adaptation measures.

## 2.5 Implications for SEE 2030 Implementation

The external developments between 2021 and 2025 - from the pandemic recovery and inflation shock to demographic and social pressures, to a volatile geopolitical climate and urgent environmental crises - have profoundly influenced the context in which the SEE 2030 Strategy is being implemented. On one hand, these challenges have posed significant obstacles: economic instability threatened progress on poverty reduction and equality; high emigration and population ageing risk undermining the region's human capital base; a major war in Europe diverted attention and resources, while testing the region's political cohesion; and climate-related emergencies risk reversing development gains. On the other hand, these same developments have reinforced the importance and relevance of SEE 2030's strategic priorities. They have catalysed greater regional solidarity and highlighted why sustainability, resilience, and cooperation - the core themes of SEE 2030 Strategy - are indispensable.

Several clear implications emerge for the SEE 2030 mid-term outlook:

- **Resilient and Inclusive Growth:** The economic shocks underscore the need for policies that build resilience – increasing disaster preparedness, diversifying economies, improving food and energy security, and maintaining fiscal buffers - so that external turbulences can be weathered without derailing development. Social inclusion measures (protecting the poor, tackling inflation's impact on vulnerable groups) are critical to keep the region on track towards the SDGs. In practice, this means SEE 2030 Strategy implementation should continue to support structural reforms and investments that create sustainable, green growth and decent jobs, as well as robust social safety nets.
- **Addressing Demographic Challenges:** The stark demographic trends call for redoubled efforts under the People dimension of SEE 2030 Strategy. Strategies to stem brain drain and depopulation, such as improving education and employment opportunities for youth, incentivising return migration, and engaging the diaspora in economic development, have become even more urgent. Regional cooperation can help - for example, mutual rec-

ognition of qualifications (as achieved in 2022 at the level of the Western Balkans) can enable talent circulation within SEE rather than emigration out of it. The mid-term review suggests that without significant progress in this area, many SEE 2030 Strategy targets (from productivity to innovation) will be hard to reach. Encouragingly, the Strategy's own targets - like mapping diaspora engagement and designing regional diaspora incentives by 2030 - are aligned with what the external situation now demands.

- **Reinforcing Peace and Security Cooperation:** The war in Europe has been a reminder that peace and stability cannot be taken for granted. For SEE 2030 Strategy, it emphasises the Peace and Partnerships pillar, meaning continued focus on good governance, rule of law, and regional reconciliation. The enhanced Euro-Atlantic engagement provides momentum for reforms and conflict resolution in SEE, which in turn supports the Strategy's implementation (since instability would derail development efforts). The implication is that SEE 2030 Strategy actions should be pursued hand-in-hand with initiatives to strengthen democratic institutions, fundamental freedoms, and security sector cooperation, as these build the foundation for a secure environment in which sustainable development can flourish.
- **Accelerating Green Transition and Climate Resilience:** Perhaps most notably, the external environmental shocks have effectively accelerated the timeline for green transition goals. The region's heavy reliance on fossil fuels was exposed as a vulnerability; transitioning to cleaner and more locally secure energy sources has become a socio-economic necessity in addition to an environmental one. SEE 2030 Strategy implementation must therefore prioritise the Green Agenda measures - investing in renewable energy infrastructure, improving energy efficiency, and phasing out high-emission technologies - leveraging the available international support. At the same time, adaptation to climate change (resilient agriculture, disaster preparedness, water management) should be mainstreamed into development plans. As the WMO and EU climate reports warn, Europe (including SEE) is experiencing ever more frequent extreme weather, and "every additional fraction of a degree" of warming heightens risks to lives and economies. The Strategy's mid-term adjustment can integrate these warnings by pushing for stronger regional coordination on climate action (for example, through the RCC and mechanisms like the Energy Community).

In conclusion, the period 2021-2025 has been one of formidable external challenges for South East Europe - but also one that has catalysed adaptive responses and highlighted the value of cooperation. The SEE 2030 Strategy's vision of a "stable, secure and sustainable" region remains fully pertinent, and if anything, the external developments have sharpened the focus on what needs to be done to achieve that vision. Despite headwinds, the region has shown resilience - economies bounced back from COVID-19, societies endured hardships yet pushed for (albeit limited) reforms, and participants came together to sign historic agreements and support one another. This bodes well for the second half of the decade. By learning from the experiences of these years and heeding the trends in the external environment, SEECP participants and stakeholders can steer the SEE 2030 Strategy towards impactful results. Implementation will need to be adaptive, seizing opportunities (like EU integration momentum and green investments) and mitigating risks (like further economic shocks or social fragmentation). The external environment will undoubtedly continue to evolve, but the commitment to the SEE 2030 Strategy goals provides a compass for the region to navigate whatever lies ahead - together, with foresight and solidarity, as evidenced in these transformative years.

# 3. Key Implementation Highlights

## 3.1 Regional-Level Progress and Cooperation

Since the adoption of the SEE 2030 Strategy in 2021, South East Europe has built a robust regional implementation framework coordinated and facilitated by the RCC under the political guidance of the SEECP. A SEE 2030 Strategy Monitoring Committee (MC) was established as the central governance body, ensuring the Strategy remains *region-owned and region-led*. The MC, composed of National Coordinators from each participant and the RCC Secretariat, held its inaugural meeting in November 2021 and immediately adopted key operating tools, including Rules of Procedure, programming guidelines, and a monitoring framework. This sets the foundation for a coordinated regional approach to achieving the UN SDGs through 2030. Notably, nearly all SEECP participants had appointed their National Coordinators for SEE 2030 Strategy (formal SDGs focal points), enabling structured decision-making and communication; only one appointment remained pending as of 2024. These Coordinators, meeting regularly through the MC, have been instrumental in aligning regional actions with SEECP participants' priorities and in sharing information seamlessly across all participants. The Monitoring Committee has met multiple times (seven meetings by end-2025: six MC meetings and one online information meeting) to review progress, endorse annual reports, and steer implementation decisions. Through this governance structure, the RCC and SEECP have kept implementation on the political radar and ensured that SEE 2030 Strategy activities are integrated with other regional agendas.

At the programming and project level, the RCC launched a regional programming cycle inviting intraregional project proposals under SEE 2030's priority themes. To date, 16 regional project proposals have been submitted by various SEECP participants, covering areas such as sustainable transport connectivity, energy transition, healthcare cooperation, and digital innovation. This bottom-up pipeline reflects the interest in translating SEE 2030 goals into concrete regional initiatives. One of the proposed projects – *Strengthening cooperation between health specialists from Skopje and Ankara as SEECP participants* – has been initiated in 2025 and is expected to be carried out in 2026. However, limited donor funding has constrained the rollout of other projects. In response, the RCC introduced a clustering approach to group related projects and engage interested participants in jointly leading thematic clusters (e.g. on green economy or human capital development) to maintain momentum.

In parallel, regional cooperation networks and initiatives have been launched to support SEE 2030 objectives. A notable example is the South East European Network of Statistical Authorities (SSN), established in mid-2022 as a platform for SEECP statistical authorities to harmonise SDG data and indicators. The SSN has met regularly (with four meetings by 2025) and has spearheaded the development of a new SEE Inclusive Growth Index (IGI) - an innovative beyond GDP metric to quantitatively monitor well-being and sustainable growth across the region. The IGI, whose conceptual framework was presented in 2023, provides evidence-based insights for the MC and future high-level discussions, enhancing the quantitative monitoring capacity of the Strategy. Another emerging network is in the area of disaster risk financing: the participants have created a Regional Network on Disaster Risk Insurance and Risk Sharing to bring together insurance sector regulatory authorities and insurance associations of SEECP participants. This initiative, foreseen in the SEE 2030 Strategy, aims to build regional resilience against natural catastrophes through regional mechanisms that can enable and improve the affordability, availability, and sustainability of disaster risk insurance across the SEE region; technical assistance, data, and alignment with the EU; as well as knowledge sharing, experience exchange, and know-how. These networks - alongside others in specific fields - exemplify how regional cooperation has moved from strategy to institutionalisation, creating new intraregional collaboration platforms.

Crucially, the RCC and SEECP have also fostered broad stakeholder engagement to ensure the SEE 2030 Strategy is inclusive and well-supported. Recognising that sustainable development is a whole-of-society effort, the RCC facilitated dialogues with parliaments, civil society, academia, and the private sector. For instance, formal links with the SEECP Parliamentary Assembly (PA) were established: RCC representatives and the SEE 2030 Coordinator participated in SEECP PA committee meetings in 2023-2024 to brief lawmakers on SDG progress and the upcoming Strategy update. These exchanges have raised awareness among parliamentarians and set the stage for regular parliamentary input or attendance in MC meetings. Similarly, the RCC convened thematic dialogues such as SDG-related panels with academia and think tanks, and discussions on innovative topics like disaster insurance, to broaden the Strategy's ownership beyond government. Cooperation with international partners has been another highlight: the RCC deepened coordination with organisations like the OSCE, WHO, UNDRR, UNDP, World Bank and the European Union institutions to align efforts and share data in areas ranging from climate security to public health. In one case, the OSCE drew on RCC's regional surveys (Balkan Barometer and SecuriMeter) for its project on climate and security, illustrating synergy between SEE 2030 monitoring tools and broader initiatives. The visibility of SEE 2030 on the international stage has grown as well - with the RCC participating in the plenary session of the UN Regional Forum on Sustainable Development for the UNECE Region, as well as organising dedicated side events in its margins (three online events in 2023 and 2024, and one in-person event in 2025). Such outreach has not only promoted the region's model of SDG cooperation but also attracted ideas and support from global development partners. At the end of 2025, the RCC was invited by the Cypriot Presidency of the Council of the EU to present the SEE2030 Strategy to the Council Working Party on 2030 Agenda on Sustainable Development. During this presentation, which took place on 4 February 2026, the Strategy was recognised as a joint regional roadmap for SDGs implementation, and strong support was expressed for the RCC's operational role within the SEECP.

## 3.2 Participants-Level Alignment and Reforms

At the SEECP participant level, SEE 2030 Strategy has served as a unifying framework guiding domestic reforms and development plans across South East Europe. It is clear that many participants have integrated SEE 2030 priorities - which mirror the SDGs - into their own policy agendas. Governments have reported aligning their development strategies and sectoral plans with the Strategy's three dimensions (Prosperity, People, and Peace & Partnerships). In practice, this has meant updating economic development plans to emphasise sustainable growth, social inclusion, and environmental resilience in line with SEE 2030 targets. Several participants have drawn direct links between their EU accession reforms and Agenda 2030 commitments, seeing them as complementary paths towards the same goals. Across the region, there is a strong correspondence between EU-oriented reforms and SEE 2030 priority areas, such as rule of law, economic competitiveness, and green transition - a parallel noted at the highest political levels and leveraged to avoid duplicative efforts.

Nearly all participants have by now established or strengthened inter-institutional coordination bodies for SDG implementation, often under the lead of the appointed National Coordinator. These mechanisms ensure that line ministries and agencies work together on fulfilling SEE 2030 Strategy/SDG targets and reporting on progress. Many governments have improved their SDG data collection and monitoring systems. This reflects a general trend of capacity-building at the domestic level to track and evaluate sustainable development outcomes, feeding into the regional monitoring framework. There is also an increasing focus on stakeholder inclusion within participants: policymakers are engaging local governments, businesses, youth and academia in consultations, echoing SEE 2030's whole-of-society approach. Such efforts demonstrate the lesson learned that broad buy-in is essential to achieve the Strategy's ambitious targets.

Concrete reforms at participant level show clear alignment with SEE 2030's thematic priorities. In the Prosperity dimension, numerous participants have launched initiatives to boost investment, innovation, and connectivity in the spirit of the regional strategy - for example, adopting digital economy strategies, improving transport links, and participating in common regional market agreements that facilitate trade and mobility. Under the People pillar, almost all SEECP participants have adopted policies to improve education quality, expand healthcare coverage, promote gender equality, and address the root causes of youth emigration (a critical concern highlighted by SEE 2030 Strategy). Meanwhile, the Peace and Partnerships dimension has spurred governance and institutional reforms: participants have worked on enhancing transparency, data-driven decision making, and partnerships with civil society. Some have explicitly cited SEE 2030 Strategy as *"a treasure in our hands"* for fostering deeper economic cooperation and social cohesion in the region. Notably, participants increasingly view regional cooperation initiatives (like the Green Agenda for the Western Balkans or digital roaming agreements) not as external obligations but as integral to their own development plans. This attitudinal shift - treating regional goals as extensions of domestic interest - is a positive outcome of the SEE 2030 Strategy mid-term period.

Importantly, economies have shown resilience and adaptability in implementation despite facing overlapping crises. The COVID-19 pandemic and the economic aftershocks of the war in Ukraine created hardships that temporarily sidetracked some SDG efforts, yet governments have used the SEE 2030 Strategy framework to help refocus on long-term objectives once immediate crises abated. Several participants identified vulnerable groups and depopulation as pressing challenges exacerbated by these crises, and they responded by redoubling social protection measures and youth retention programmes aligned with SEE 2030's inclusive growth aims. The shared learning among SEECP participants - through exchanges under RCC's auspices - has been valuable here: one participant's innovative approach to, say, digital education or renewable energy is now readily shared for others to emulate via regional workshops and the MC forum. A prime example is the

Voluntary National Reviews (VNRs) on SDGs that many SEECP participants presented to the UN. In April 2024, the first peer-learning webinar under SEE 2030 Strategy was held so that participants that had presented recent VNRs could present their experiences and lessons learned to peers. The session featured case studies on national SDG reporting and helped others prepare for their own reviews. This kind of direct participant-to-participant knowledge transfer underscores how SEE 2030 Strategy has nurtured a regional community of practice around sustainable development, beyond formal projects.

## 3.3 Coordination Structures and Innovative Practices

The mid-term implementation phase has been marked by the activation of coordination structures that translate the high-level Strategy into an operational reality. Foremost among these is the Monitoring Committee, which has functioned as the Strategy's engine and supervision body. The MC not only monitors progress but also serves as a decision-making and agenda-setting body. Over 2021-2025, it has reviewed and endorsed three Annual Interim Implementation Reports (AIRs) that take stock of regional SDG trends and guide future actions. The MC's deliberations have led to several innovative practices and adjustments in how SEE 2030 Strategy is carried out. For instance, at its 2023 sessions the Committee introduced a new focus on "resilience and human security" to address emerging regional challenges - agreeing that these concepts should inform the forthcoming Strategy update and implementation approach. This proactive broadening of priorities (to include areas like disaster preparedness, energy security, and societal resilience) is a notable mid-term innovation, ensuring that SEE 2030 remains relevant in a changing context. Likewise, the MC has championed the idea of regular high-level political meetings on SEE 2030, endorsing RCC's proposal to hold annual ministerial conferences - or even a dedicated SEECP Summit - on SDGs. The endorsement of this idea reflects recognition that sustained top-level political attention is needed to galvanize action. Indeed, a milestone was reached when the SEECP Summit of June 2024 explicitly supported SEE 2030's implementation, urging interaction with EU processes and calling for human security and resilience to be incorporated into the Strategy's priorities. This high-level buy-in was a direct result of RCC and MC advocacy and represents a turning point in elevating the Strategy's profile.

Another important coordination mechanism has been the network of National Coordinators and Contact Points. Early in the process, the RCC requested each capital to designate a senior official to serve as SEE 2030 National Coordinator. Over time this network coalesced into a community that meets formally at MC sessions and informally as needed. These Coordinators have proven crucial for horizontal coordination *within* participants (linking different ministries) and vertical coordination *between* the participants' and regional levels. Through their efforts, the collection of qualitative inputs and data from each participant has been streamlined for the annual reports. They also spearhead SEECP participants' consultations for the Strategy's biennial updates - the first of which was launched in March 2024, kicking off a review cycle to refresh SEE 2030's targets and actions. The update process itself has been a coordinated innovation: RCC's Secretary General invited all participants to hold internal consultations and contribute proposals, and committed to engage stakeholders from parliaments to youth groups during this review. This inclusive approach in updating a regional strategy is somewhat pioneering, and it is expected to result in a more *actionable* and focused plan for the second half of the decade. The update mechanism ensures the Strategy can incorporate lessons learned and new developments (like the post-pandemic economic landscape or green transition opportunities) in a timely way, which is itself a best practice model for regional strategies.

Several milestones highlight the progress achieved through these coordination structures. In 2022, the first Annual Implementation Report was prepared and discussed by National Coordinators, offering a baseline state of play and substituting for the not-yet-established full monitoring system. By 2023, with two cycles of reporting completed, the region had enough trend data and experience to initiate the Strategy's first update as originally envisaged (albeit a bit later than the target date of 2023). Also in 2023, the RCC rolled out the SEE 2030 Programming process, inviting regional project ideas and coordinating with international organisations by area of expertise - a step aligned with the implementation timetable's call for identifying actions suited to international technical assistance. Additionally, the first peer review and networking activities started taking shape: peer-learning workshops (like the VNR webinar) and the idea of SEE 2030 thematic clusters were put into motion, fulfilling the Strategy's vision of regional knowledge exchange. The creation of the SecuriMeter survey (initially covering the Western Balkans) and plans to extend it to all 13 SEECP participants is another innovative practice fostered under SEE 2030 Strategy. This survey gauges citizens' perceptions on security, trust, and resilience, providing unique qualitative data that complements traditional socio-economic indicators. Its expansion is part of a flagship initiative to ground policy in public sentiment and ensure the human security focus is informed by evidence. Taken together, these milestones - from institutional setups and reports to new tools like the IGI and SecuriMeter - illustrate a comprehensive regional infrastructure for cooperation that did not exist prior to SEE 2030 Strategy.

Moreover, the synergies with other regional frameworks have been a highlight of implementation. The SEECP Summit declarations in 2021 and 2024 both underscored the synergy between SEE 2030 Strategy and efforts such as the EU's Economic and Investment Plan and the Common Regional Market. By design, SEE 2030's governance has begun to serve as a platform for monitoring these converging processes in a consolidated way. For example, when the European Commission announced a new Growth Plan for the Western Balkans in late 2023, SEECP participants called for its implementation to be *coherent with* SEE 2030, rather than in parallel, and asked the RCC to coordinate accordingly. This is a significant development - it means the region sees the SEE 2030 Strategy structures (like the MC and RCC's reporting system) as a means to avoid duplication and to drive a unified development agenda. Such integration of efforts is an innovative governance practice that maximizes efficiency and impact. It also validates the decision to anchor SEE 2030 Strategy in the SEECP/RCC framework, which can flexibly interface with both domestic and international initiatives.

## 3.4 Key Achievements and Strong Areas

Notable milestones in this period include the endorsement of SEE 2030 Strategy at the Antalya SEECP Summit in 2021, which was hailed as a "watershed moment" in regional cooperation, and the operationalisation of the Strategy's governance soon after. The rapid stand-up of the Monitoring Committee and nomination of National Coordinators by almost all participants within a year signalled strong initial commitment. The region also successfully navigated the challenge of establishing a first-of-its-kind regional SDG strategy during a global pandemic - a fact highlighted as South East Europe "leading by example" for other regions. The institutional achievements (rules adopted, frameworks agreed) might appear procedural, but they laid the groundwork for everything that followed. By the end of 2025, SEE 2030 Strategy's name is firmly associated with collective action on sustainable development in the region, indicating that awareness and political backing have grown steadily.

In terms of implementation areas, regional cooperation mechanisms are where SEE 2030 Strategy has been strongest. The Strategy succeeded in enhancing communication and trust among the 13 participants through regular interactions at various levels. The *horizontal actions* have dominated the early years, meaning frameworks, networks, and joint programmes have been put in place across the region. This horizontal groundwork is itself a major accomplishment: it has created a shared language and platform for tackling issues like climate change, digital divide, and social exclusion collectively. The multi-stakeholder aspect is another strength - the mid-term period saw the beginnings of a true whole-of-society approach, with civil society and private sector gradually looped into the conversation (for example, through RCC's regional forums and the plans for inclusion of chambers of commerce in strategy discussions). Several innovative practices stand out as achievements: the SEE Inclusive Growth Index development (positioning SEE to contribute to global debates on measuring prosperity), the SEE Regional Network on Disaster Risk Insurance and Risk Sharing (a forward-looking approach to climate risk sharing), and the introduction of people-centric tools like SecuriMeter. These innovations show that SEE 2030 Strategy is not static; it is spurring creative solutions tailored to regional needs.

Additionally, peer learning and knowledge exchange have flourished. Through SEE 2030 Strategy, policymakers from one SEECP participant can more easily learn what worked (or did not) in others. Even where projects are still in the pipeline, the process of jointly designing them has strengthened regional bonds.

Another area of comparatively strong implementation is the interaction of SEE 2030 Strategy with global and European agendas, as noted above. By mid-2025, SEE 2030 Strategy has been referenced in international forums and recognised by partners as the region's umbrella for sustainable development. This has helped channel additional technical assistance to some SEECP participants (via UN agencies, EU instruments, and bilateral donors) in line with SEE 2030 objectives. For example, the WHO and UNDP have tailored parts of their regional programmes to feed into SEE 2030 monitoring and priorities (notably on health security and data, respectively). The UNDP has prepared for the RCC and for the SEECP participants a Scoping Study on Regional Disaster Risk Insurance and Risk Sharing in SEE, presenting solutions and opportunities for securing against risks in the region by using insurance and risk financing mechanisms. Such cooperation amplifies the impact of the Strategy beyond what the RCC's resources alone could achieve. Lastly, public awareness of sustainable development has improved, albeit gradually. The RCC Balkan Barometer surveys and SecuriMeter indicate that issues like climate change, education quality, and corruption are increasingly on citizens' minds - this can be partly attributed to the public discourse shaped by SEE 2030 Strategy's implementation (government campaigns, media coverage of SDGs, etc.).

The region has seen youth and civil society activism on environmental and social issues gain momentum in these years, creating a favourable environment for further SEE 2030 Strategy actions.

## 3.5 Gaps, Challenges, and Lessons Learned

Despite the above progress, the mid-term review clearly identifies several gaps and challenges that have hindered fuller implementation. A primary issue has been the limited financing and resources dedicated to SEE 2030 Strategy initiatives. The RCC invited SEECP participants in late 2023 to provide voluntary financial contributions (EUR 30,000 each annually) to boost implementation, yet only two participants had stepped forward with additional funds by the following year. This funding gap has kept many activities at the pilot or planning stage. For instance, while 16 project proposals were developed, no tangible progress occurred in executing them due to a lack of donor uptake. The first project proposal to be implemented soon is the training on brain cancer treatment protocols to be provided by Ankara for the health specialists in Skopje, under the project title: *Strengthening cooperation between health specialists from Skopje and Ankara*. The lesson here is that ambitious regional plans require matching financial commitment; without it, the impact remains modest. As referenced in previous reporting, the implementation so far "remained at the surface" - largely horizontal and not yet *penetrating vertically* into domestic budgets and programmes. Essentially, most SEE 2030 Strategy actions have so far been additive (meetings, plans, coordination) rather than transformative on the ground. Securing dedicated funding - possibly through a regional trust fund or integrating SEE 2030 Strategy priorities into existing EU financing mechanisms may be one of the options to tackle this challenge.

The mid-term findings underscore a persistent gap in private sector engagement across SEE 2030 Strategy initiatives. To date, implementation has largely been driven by public and donor efforts, with limited participation or investment from businesses and financial institutions. This shortfall has, in turn, constrained the region's ability to achieve truly inclusive growth, expedite infrastructure delivery, and finance innovation. While the Strategy's first phase succeeded in establishing broad dialogue platforms – engaging parliaments, academia, civil society and even private-sector forums – these efforts have remained mostly horizontal. Deep vertical implementation and on-the-ground investment projects lag behind, as SEE 2030 Strategy priorities have yet to significantly penetrate participants' development programmes or attract co-financing at scale. In practical terms, scalable public–private investment partnerships under the Strategy have been rare, limiting progress on job creation and competitiveness. Early evaluations indeed note that outcomes in the initial two years fell below expectations and that mobilising private capital is essential to accelerate priority projects. The lesson is clear: without a stronger private sector role, regional goals around sustainable growth and infrastructure modernisation risk being delayed or under-achieved. This recognition has prompted a strategic recalibration moving forward, centred on leveraging private investment and expertise as key drivers of development. A core emphasis for the remainder of the implementation period is to move from policy dialogue to bankable initiatives that crowd in private financing.

Another challenge has been uneven engagement and capacity across participants. While all SEECP participants endorsed the Strategy, their ability to contribute varies. Some administrations face capacity constraints in attending all meetings or in preparing project proposals and reports. The unfinished appointment of a couple of National Coordinators and the slow start of some dialogue mechanisms reflect these disparities. There is also a variance in political prioritisation: changes in government or shifting agendas in some economies meant that SEE 2030 momentum dipped at times. The RCC responded by keeping communication channels open via Contact Points and providing technical support, but the mid-term review suggests that stronger high-level political commitment from all sides is needed. This is why the push for SDG Ministerial Meetings on SEE 2030 Strategy is significant - it could reinvigorate commitment at the top and cascade down consistent instructions to domestic institutions. The experience so far teaches that regional strategies cannot be run on autopilot; they require continual political affirmation and integration into domestic planning cycles to gain traction.

External shocks and contextual changes also posed challenges. The COVID-19 pandemic in 2020-2021 and then the war in Ukraine from 2022 created economic and social turbulence that forced governments to reallocate attention and funds, sometimes away from long-term reforms. High inflation, energy supply crises, and security concerns tested the resilience of SEE 2030 Strategy's commitments. In some cases, planned activities were postponed or repurposed to respond to these crises. However, these events also imparted key lessons: they underscored the importance of the *resilience and human security* focus that SEE 2030 Strategy has now fully embraced. The region learned that flexible adaptation of priorities is vital - hence incorporating lessons from the pandemic (e.g. on health system strengthening) and the war (e.g. on energy diversification) into the Strategy update. A positive development is that SEE 2030 proved broad enough to accommodate such shifts; its framework did not need rewriting, only refocusing on emerging threats. The concept of human security, introduced mid-term, is essentially a holistic lesson learned - acknowledging that economic development must go hand-in-hand with societal resilience and trust in institutions (particularly after witnessing public concerns around issues like personal data security and disaster preparedness, as captured by the SecuriMeter surveys). Going forward, maintaining flexibility to address unforeseen challenges will be a core lesson applied to implementation.

The mid-term period also revealed challenges in coordination and visibility. While the governance structures are in place, coordination could be further improved between different regional initiatives and donors. There have been instances of overlapping efforts (for example, parallel working groups under different initiatives tackling similar topics). The SEECP Summit in 2024 explicitly called for consolidating the SEE 2030 Strategy process with the new EU Growth Plan and the Common Regional Market actions - implying that earlier on, these were somewhat siloed. The RCC is now tasked with bridging these to avoid fragmentation. Additionally, the visibility of SEE 2030 at the SEECP participants level can grow: public awareness campaigns have been limited. As a lesson, stakeholders noted that more could be done to communicate successes and opportunities of SEE 2030 Strategy to the general public to build popular support for sustainable development reforms. Without public buy-in, reforms like green transition or education changes may lack momentum. Therefore, a key takeaway is the need for a stronger communications component in the next phase of implementation.

Finally, an important lesson learned is on sustainability of effort: the region recognised that achieving 2030 goals is a long haul, and initial moderate progress should galvanize, not discourage, deeper cooperation. The Monitoring Committee's recommendation to institutionalise annual ministerial meetings on SDGs and to continue regular peer-learning reflects this understanding that perseverance and routine are essential. Likewise, the calls to increase participants' budget contributions - even if uptake was limited - set a precedent that the Strategy's success is a shared responsibility. In conclusion, the mid-term implementation experience of SEE 2030 Strategy has been a mix of strong foundational achievements and persistent challenges. The region has built a collaborative architecture and aligned its vision, which is no small feat, but now it must accelerate concrete actions, secure resources, and ensure that the Strategy truly permeates all levels - from regional institutions to local communities. These lessons learned will inform the adjustments in the Strategy's upcoming Mid-Term Update and the renewed push to 2030, so that South East Europe can deliver on its promise of inclusive, sustainable development for all.

# 4. Progress Against Targets by Pillars and Dimensions

## 4.1 Prosperity

The Prosperity dimension of the SEE 2030 Strategy represents the core economic pillar of the regional development agenda. It aims to accelerate sustainable growth, strengthen economic resilience, deepen regional integration, and support the transition towards more productive, innovative, and environmentally sustainable economies. The Strategy recognises that long-term prosperity in South East Europe depends not only on higher investment and economic growth, but also on structural transformation: stronger innovation systems, digital and green transitions, modern infrastructure, deeper financial markets, and a more dynamic private sector.

At the outset of the Strategy period, the region faced a number of structural constraints that continue to shape its development trajectory. These include relatively low productivity levels compared with the European Union, shallow financial systems, underdeveloped innovation ecosystems, infrastructure bottlenecks, and high exposure to energy and climate risks. The SEE 2030 Strategy therefore set out an integrated set of targets across several policy areas, including research and innovation, digitalisation, energy transition, investment and finance, and private sector development.

The first half of the implementation period has been marked by significant external shocks. The COVID-19 pandemic, the energy crisis triggered by geopolitical tensions, and the subsequent period of inflation and monetary tightening have affected all economies in the region. At the same time, the period has also seen several structural shifts that are relevant for the Strategy's objectives: accelerated digital adoption, a strong expansion of renewable energy investment, increased infrastructure spending, and growing alignment with European policy frameworks in areas such as green transition and digital regulation.

Overall, the evidence reviewed in this chapter suggests that progress across the Prosperity dimension has been mixed but tangible. In several areas, particularly investment levels, renewable energy capacity, and digital connectivity, the region has recorded measurable improvements. In others - most notably innovation capacity, financial depth, and private sector engagement in strategic investment - structural gaps remain significant.

**Prosperity Dimension at a Glance:**

| 1. ECONOMIC GROWTH & TRADE | 2. RENEWABLE ENERGY & GREEN TRANSITION | 3. DISASTER RISK REDUCTION & RESILIENCE | 4. DIGITAL TRANSFORMATION & INNOVATION | 5. INVESTMENT, FINANCE & PRIVATE SECTOR |
|---|---|---|---|---|
| *Targets:* *6% annual GDP growth; double intra-SEE trade by 2030* | *Targets:* *Double renewables share in TES by 2030* | *Targets:* *Sendai-aligned DRR strategies; strengthen regional preparedness* | *Targets:* *Universal digital access; accelerate e-government and skills* | *Targets:* *Strengthen financial systems; mobilise private capital for SDGs* |
| Partially on track | Partially on track | On track | Partially on track | Mixed |
| *5% annual GDP growth. Share of intra-SEE trade up by 0.3%. FDI up by 24% vs baseline.* | *Renewables in TES rose from 23.8% to 25.1% (2020–23). Only 5.4% of required increase achieved. Solar tripled.* | *11/13 national DRR platforms established. Regional Network on Risk Reduction set up.* | *Broadband >80% all economies. Digital skills 80.5% vs EU 86.5%. E-gov use 45% vs EU 57.7%.* | *GFCF rose to 27.1% of GDP. Private credit-to-GDP fell to 42.2%. Green finance externally dependent.* |

### 4.1.1 Economic Growth and Convergence

**Key Highlights:**

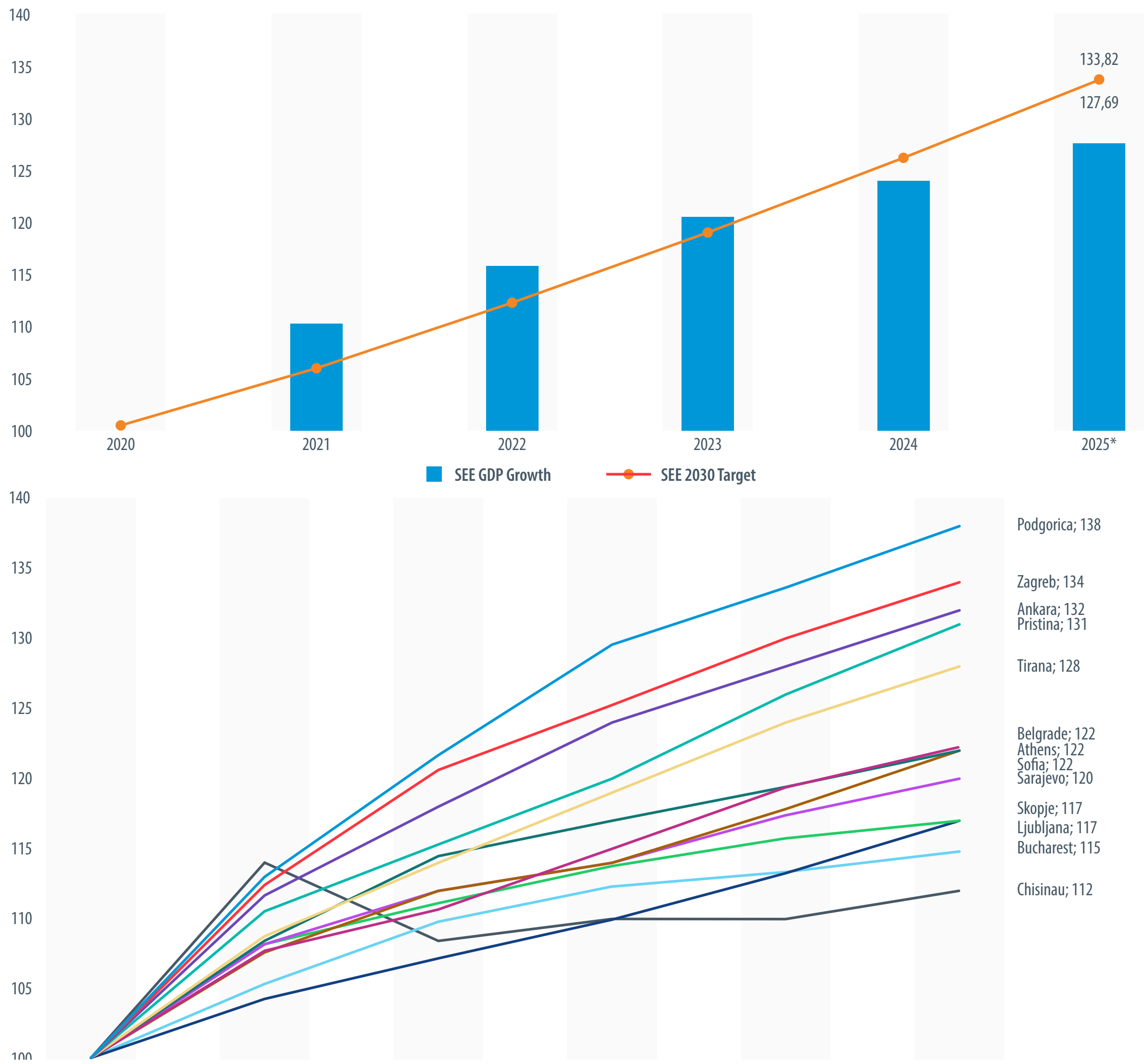
- The 6% annual growth target is off track for the region as a whole. Only Podgorica exceeded this threshold in more than one year of the Strategy period (2021–2023), and no participant sustained it beyond the post-pandemic rebound. By 2025, the weighted average real growth of SEE 13 GDP had decelerated across the board, reaching a rate of 2.9%.
- Post-pandemic output recovery has been broadly achieved, but deeply uneven. By 2024, all economies had surpassed their 2019 real GDP levels. Chisinau stood just 2.7% above its pre-COVID baseline after five years, making it the region's most acute economic vulnerability. Podgorica, Zagreb and Ankara posted the largest cumulative real gains.
- Total merchandise exports from the SEE region grew 45% between 2019 and 2024. Individual export performance varied widely. Intra-regional trade has grown substantially in absolute terms - from US$131 billion in 2019 to US$204 billion in 2024. However, intra-regional trade barely moved as a share of total trade (13.6% in 2019 to 13.9% in 2024), leaving the intra-regional trade-doubling target firmly off track.
- FDI is the most positive signal in this sub-dimension. The SEE region attracted US$46.9 billion in net inflows in 2024 - 24% above the 2019 baseline - with Pristina (+197%), Skopje (+93%), and Sarajevo (+122%) posting the strongest proportional gains among smaller participants.

*GDP Growth: Positive Momentum, Below-Target Pace*

The SEE 2030 Strategy sets an ambitious target of 6% annual real GDP growth - a rate that, if sustained, would add almost 80% to region's economic output by 2030. At the mid-term, progress has been positive in directional terms but falls short of this threshold. The region as a whole recorded strong post-pandemic recovery in 2021, with the aggregate rebounding by 10.3% from the 2020 contraction of -1.2%, before growth settled into a decelerating trajectory: 5.1% in 2022, 4.1% in 2023, and 2.9% in 2024 and 2025.[11] By 2025, the cumulative real GDP expansion since the 2020 baseline stands at approximately 28% for the region in aggregate - a meaningful gain, though below what a 6% annual trajectory would have delivered.

Within this overall picture, growth performance has varied across the region. Several participants have maintained comparatively resilient growth rates in the 3–5% range in 2022–2025, helped also by the post-COVID tourism boom. The gap between current growth rates and the 6% target reflects a combination of cyclical headwinds - including tighter global financial conditions and subdued external demand - and structural factors that the Strategy itself is designed to address, including labour market participation, investment climate quality, and the depth of regional economic integration. Progress on these interconnected dimensions, assessed across the remaining sub-dimensions of this chapter, will be critical to the growth outlook for the second half of the Strategy period.

Figure 1: **SEE Real GDP Growth Rates vs. SEE 2030 Target**, normalised (2020=100)



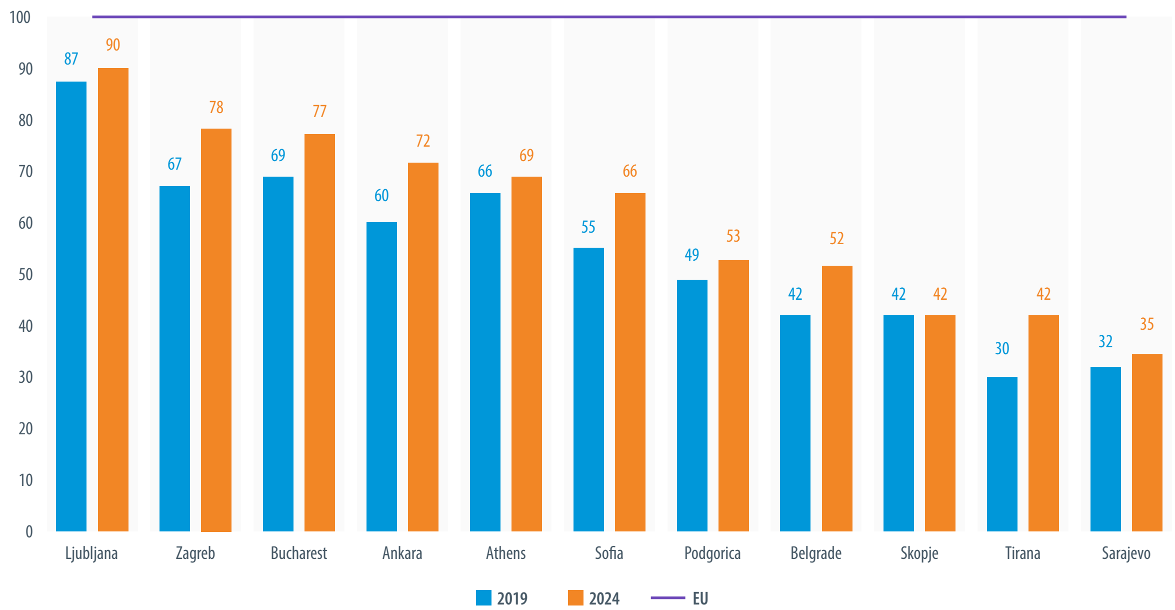

Source: World Bank WDI, IMF WEO estimates for 2025

11 World Bank World Development Indicators, IMF WEO estimates for 2025

***Income Convergence: Gains Made, Significant Distance Remaining***

All thirteen participants recorded some degree of income convergence towards EU-27 levels between 2019 and 2024, as measured by GDP per capita in purchasing power parity terms. The region spans a wide income range - from participants that near the EU-27 average, through a mid-range cluster broadly on a convergence path, to a group of smaller participants in the Western Balkans where the income gap with the EU remains substantial. This distribution is not new, but the pace of convergence in the lower-income participants has, in several cases, been insufficient to translate into a meaningful narrowing of the relative gap over the five-year period. The data underline that achieving the scale of economic transformation envisioned by the Strategy will require growth rates that are both higher and more sustained than those recorded by most participants at the mid-term. Several participants have, however, recorded 2-digit PPP-based convergence rates with EU average over the 2019-2024 period: Ankara (12), Tirana (12), Zagreb (11), Sofia (11) and Belgrade (10).[12]

Figure 2: **GDP per capita in Purchasing Power Standards (PPS), EU 2020=100**




Source: Eurostat (prc_ppp_ind_1)

It bears noting that PPP-based convergence metrics - while the appropriate basis for cross-economy income comparisons - are sensitive to relative price movements and exchange rate dynamics and should be interpreted alongside real output and wage data for a fuller picture. Subject to this caveat, the overall direction of travel is positive, and the broad convergence trend is expected to continue as the structural reforms underpinning the Strategy take effect.

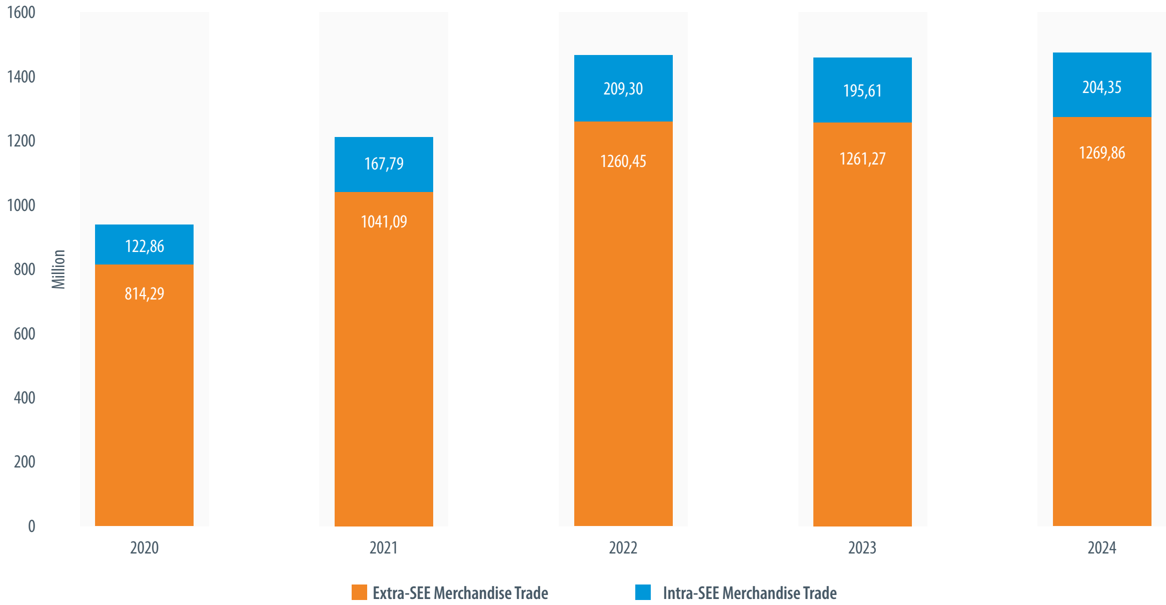
***Merchandise Trade: Robust Expansion, Integration Gaps Persisting***

Total merchandise exports from the SEE region grew by 45% in nominal terms between 2019 and 2024, reaching US$624.9 billion.[13] This reflects a broad-based expansion across all participants, supported by deepening integration with EU value chains, post-pandemic demand recovery, and

12 Eurostat, GDP per capita in PPS indicator (prc_ppp_ind_1), 2024
13 UNCTAD Trade Statistics, Merchandise: Total trade and share, 2024

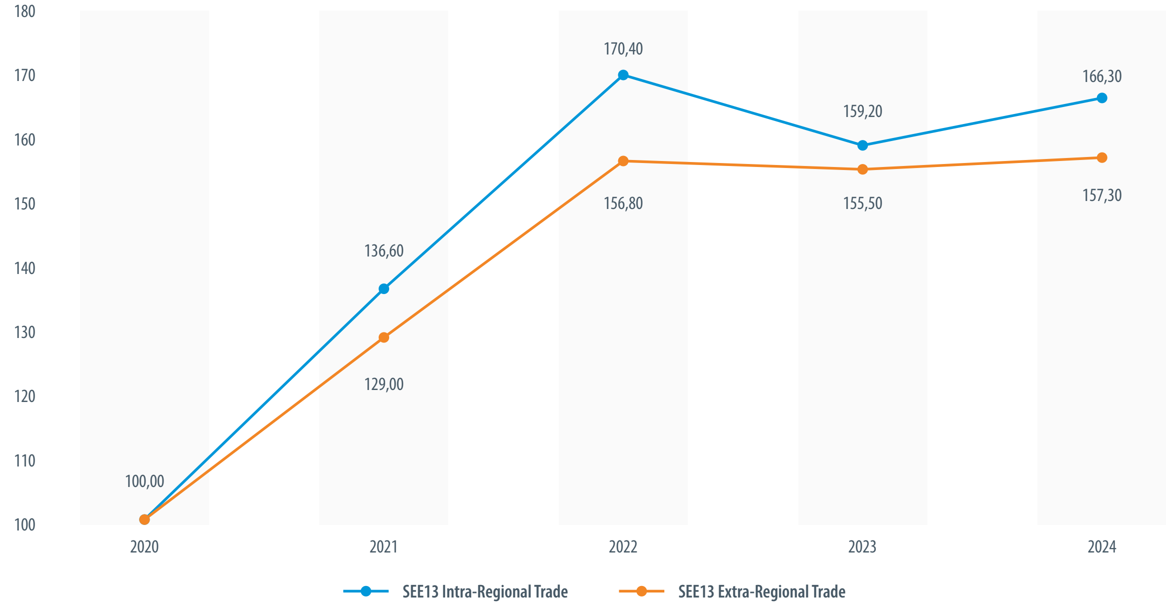
- particularly in 2021–2022 - elevated commodity prices, the effect of which has since partially unwound. Individual participants recorded notably varied export performance over the period, with growth ranging from 17% to 76%, reflecting differences in export structure, market diversification, and the capacity to move up the value chain. Overall, the region's trade openness - measured as total trade relative to GDP - has increased, a positive structural signal.

Figure 3: **SEE Merchandise Trade in US$ million at Current Prices**




Source: UNCTADstat

Figure 4: **Growth of Intra- and Extra Regional Trade in SEE, normalised (2020=100)**




Source: UNCTADstat

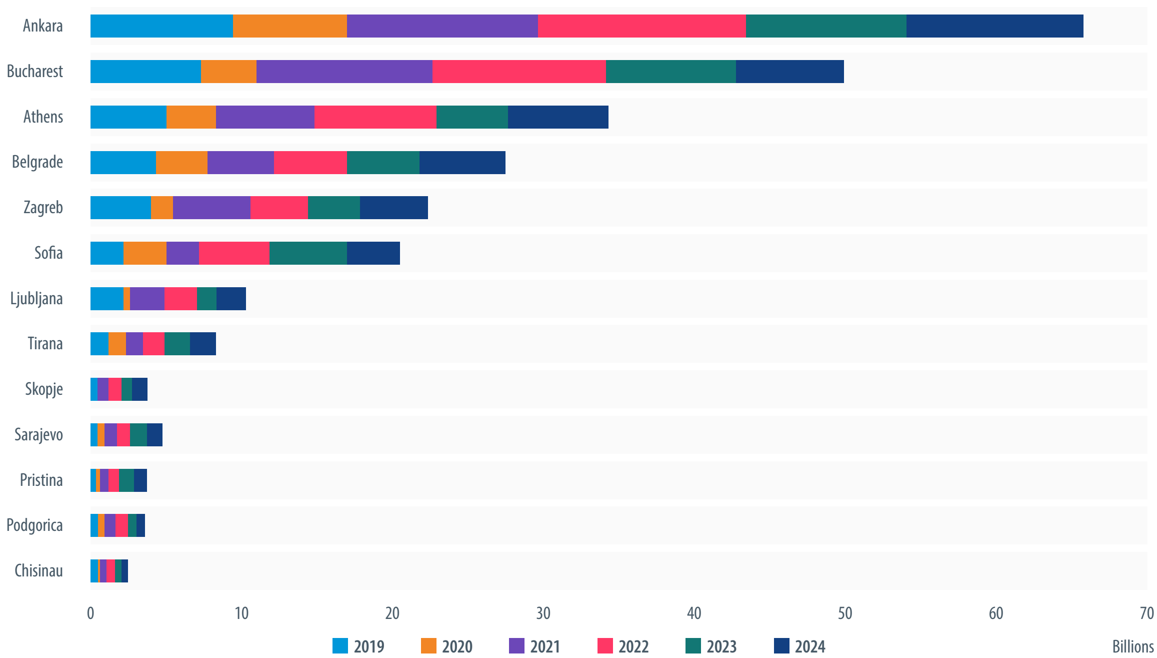
The SEE 2030 target of doubling intra-regional merchandise trade represents the most significant outstanding challenge in this sub-dimension. Computed from bilateral trade data, intra-SEE trade accounted for 13.3% of total regional trade in 2019. By 2024, this share had risen marginally to

13.9% - a gain of just 0.6 percentage points over five years. While intra-regional trade has grown in absolute terms (from US$131.8 billion in 2019 to US$204.3 billion in 2025), it has done so broadly in line with extra-regional trade, leaving the structural orientation of the region's trade largely unchanged. Reaching the implied target of approximately doubling this share by 2030 will require meaningful acceleration in the elimination of residual non-tariff barriers, full implementation of the Common Regional Market agenda, and, crucially, sustained investment in the transport connectivity that underpins intraregional economic exchange.

***Foreign Direct Investment: A Sustained Improvement***

FDI performance represents the most encouraging signal within this sub-dimension. Net inflows to the SEE region peaked at US$54.5 billion in 2022 - a record level - before moderating to US$46.9 billion in 2024.[14] Importantly, the 2024 figure remains 24% above the 2019 pre-Strategy baseline of US$37.9 billion, indicating that the post-pandemic increase in investment flows has not fully reversed and reflects a durable improvement in the region's attractiveness as an investment destination. This is consistent with progress on investment climate reforms, expanding pre-accession financing frameworks, and growing interest in the region's potential in areas such as green energy, tourism, and advanced manufacturing.

Figure 5: **Foreign Direct Investment, net inflows (BoP, current US$ billion), 2019-2024**




Source: World Bank, World Development Indicators (BX.KLT.DINV.CD.WD)

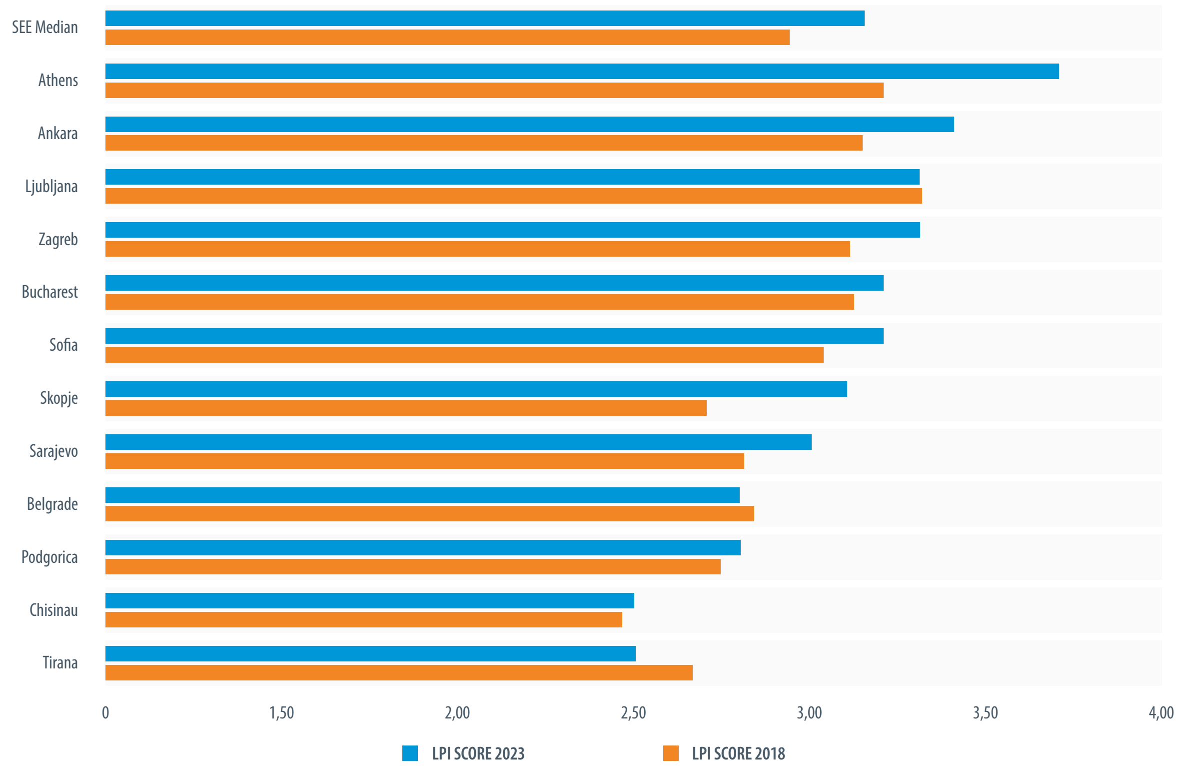
At the participant level, the improvement in FDI inflows has been broad-based, with ten of the thirteen participants recording higher net inflows in 2024 than in 2019. Proportional gains have been particularly notable among several Western Balkans participants, where FDI absorption - though still modest in absolute terms - has improved significantly relative to the pre-Strategy baseline. For a small number of participants, inflows moderated relative to 2019, principally reflecting the unwinding of exceptional transaction-level flows in the 2021–2022 period and, in one

14 World Bank, World Development Indicators – Foreign direct Investment, net inflows (BoP, current US$), 2024

case, the impact of geopolitical proximity to the conflict in Ukraine. The sustained regional aggregate above the 2019 baseline nonetheless provides a positive foundation for the investment-led growth that the Strategy's broader targets require.

***Logistics Performance: A Region Improving from Differentiated Baselines***

Figure 6: **International Logistics Performance Index (LPI) Score (scale 1–5), 2018 vs 2023**



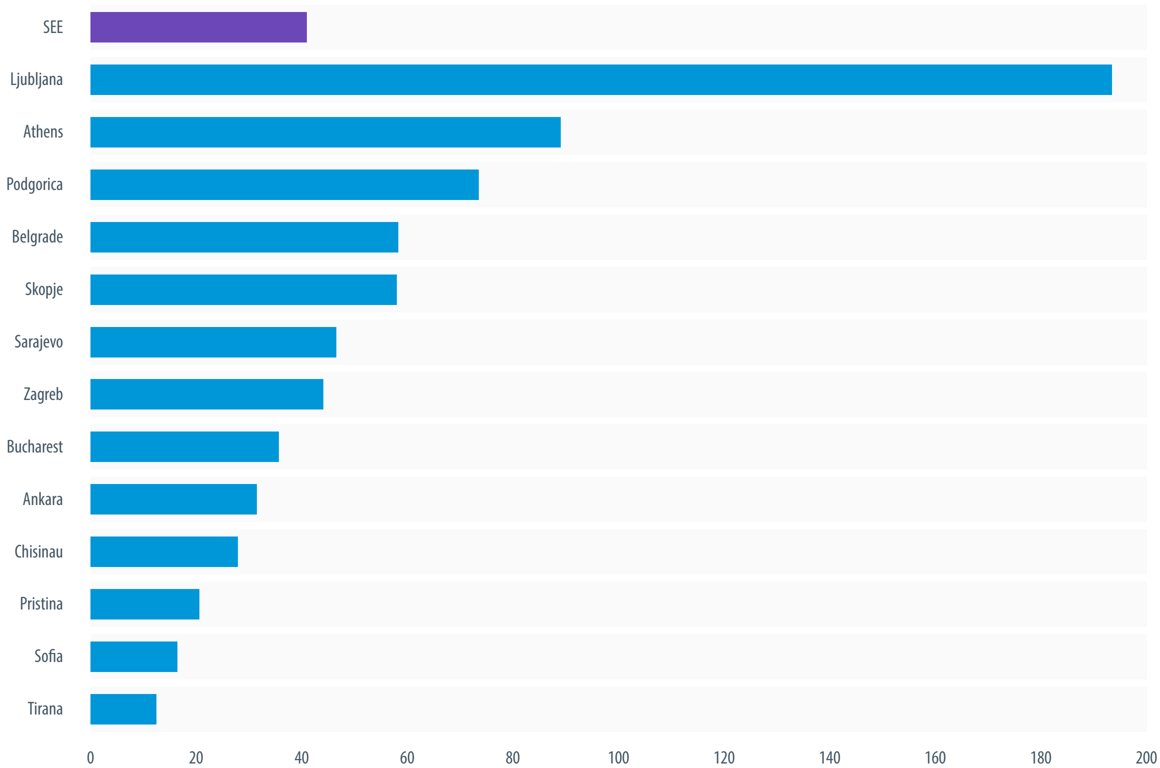

***Source: World Bank LPI 2018 & 2023 (LP.LPI.INFR.XQ).***

The World Bank LPI Infrastructure score - which captures perceptions of the quality of roads, railways, ports and logistics facilities - improved in almost every SEECP participant between 2018 and 2023, reflecting the broad-based investment effort of the Strategy period. Three performance tiers are visible within the region. At the top, Athens (LPI score of 3.70), Ankara (3.40), Ljubljana (3.30) and Zagreb (3.30) exceed or are within range of the EU-27 average of approximately 3.6, each through a distinct structural path: Athens combines developed port-road connections anchored by the Port of Piraeus as the region's primary maritime gateway; Ankara reflects decades of sustained state investment across road and, increasingly, rail; Ljubljana's position as the Adriatic's principal rail transit hub underpins its logistics quality; and Zagreb benefits from its intersection of multiple EU TEN-T corridors. In the middle tier, strong absolute gains have been made in the period, reflecting infrastructure investment efforts, though rail weaknesses continue to cap overall performance. Below them, a group of participants clusters in the LPI 2.5–3.1 range. The narrowing of the spread between top and bottom logistics performers is modest; accelerating the convergence of the developing tier towards the region's leading performers remains a central strategic objective.

### *Road Infrastructure: Broad Progress, Variable Quality*

Road network density varies significantly across the SEE region, reflecting differences in geography, economic structure, and historical investment patterns. The data for 2024 show that road density ranges from below 15 km per 100 km² to nearly 200 km per 100 km², with most regional capitals clustered between 40 and 90 km per 100 km².[15]

Figure 7: **Road Network Density (km per km2), 2024**




Source: Eurostat (road_if_roadsc, "State provincial and communal roads"), RCC calculation

Western Balkans participants invest proportionally more than any other SEE group - Belgrade (1.42%), Skopje (1.15%), Tirana (1.08%) and Pristina (1.01%) all sustain road investment above double the EU average of 0.6% of GDP, a fiscal effort primarily channelled in partnership with the Western Balkans Investment Framework (WBIF) co-financing - and this has produced visible results along key TEN-T corridors. Multiple motorway sections along Corridor X through Belgrade, Pristina's Route 6 and Route 7 motorway connections, Skopje's E75 upgrading are among the completed achievements. Yet, the structural gap in road density persists both within the wider region and with the EU. The critical shared risk across the region is not investment in new corridors but maintenance of existing assets. With few exceptions, the underinvestment in maintenance represents a long-term sustainability risk for the infrastructure already delivered.

### *Rail: A Region-Wide Underperformance with Different Depths*

Rail freight underperformance is the SEE region's most significant shared transport challenge - and it is important to note that this challenge is not confined to the Western Balkans. Across parts of the region, domestic networks operate at average commercial speeds below 60 km/h on ma-

15 Eurostat – State, provincial and communal roads (km/km2), 2024

jor routes; ERTMS deployment remains incomplete; and average commercial speeds have been falling rather than rising due to deferred maintenance. While electrification shares in some cases are comparatively high by EU standards, speed and ERTMS indicators fall short of TEN-T requirements. Rail freight intensity remains significantly below the EU average, and substantial network capacity continues to be underutilised. The European Commission's 2025 high-speed rail initiative explicitly identifies several capitals in the region where greenfield high-speed construction will be required to meet the 2040 connectivity target, underscoring that the SEE rail deficit extends into the EU itself.

Against this regional backdrop, Ankara and Ljubljana are the standout exceptions. Ankara's high-speed rail expansion is the most significant transport infrastructure development in the SEE region during the Strategy period: 2,251 km of operational high-speed rail as of 2024 - the sixth-largest network in Europe - with plans to reach 4,122 km by 2027.[16] The Halkali–Kapıkule project (92% complete in late 2024) will link Istanbul to Sofia's border and fundamentally improve Ankara-EU rail connectivity. Ljubljana's rail freight index of 68 (EU=100) reflects the economy's unique role as the Adriatic's primary rail transit hub via the Koper–Ljubljana corridor; the EU-funded Divača–Koper second track, nearing completion, will further extend this advantage. Parts of the region continue to rely on legacy rail systems that carry historical freight volumes but face structural constraints, including technical incompatibilities that impose trans-shipment costs at key crossings. Western Balkans rail freight performance - averaging just 4% of EU network intensity - represents the most acute manifestation of a region-wide underperformance, with commercial operations in some cases near-suspended and systems structurally fragmented. The planned €2.8 billion WBIF rail investment package covering approximately 650 km of rehabilitation (2024–2030) is the primary vehicle for improvement; its delivery requires the implementation pace implied by transport action plan completion rates to at least double from the current 39%.[17]

***The TEN-T Framework: A Pan-SEE Architecture Taking Shape***

The 2024 revision of the TEN-T Regulation is the most consequential policy development for SEE transport connectivity since the Strategy's adoption, precisely because its reach now spans the entire region. The new regulation introduced three structural changes of direct relevance to all SEECP participants: it replaced the Core Network Corridor system with nine European Transport Corridors (ETCs) subject to strengthened governance; it formally integrated the Western Balkans into the Western Balkans–Eastern Mediterranean ETC, with an appointed European Coordinator and binding work plan obligations; and it established new connectivity requirements for Chisinau as part of the broader Eastern neighbourhood integration. For EU Member States - Ljubljana, Zagreb, Athens, Sofia, Bucharest - the new regulation tightens technical compliance timelines for road, rail and freight terminal infrastructure and introduces mandatory sustainable urban mobility plans for corridor cities. For the Western Balkans, formal corridor integration represents a qualitative shift: domestic transport investments are now subject to EU-level governance scrutiny and eligible for updated Connecting Europe Facility financing streams. For Chisinau, EU candidate

16 https://english.news.cn/europe/20241229/dcf60883b1c2410c9a4c7b1b9c95075a/c.html?utm_source=chatgpt.com
17 European Commission, Economic and Investment Plan for the Western Balkans

country status and Observing Participant access to CEF create a plausible - if demanding - pathway towards network modernisation and gauge conversion on key freight corridors.

Despite this strengthened framework, the EU's own European Court of Auditors reported in January 2026 that TEN-T flagship projects face average delays of 17 years against original timelines - up from 11 years in 2020 - and that the 2030 Core Network compliance deadline will unambiguously be missed. This sobering finding applies across the EU and is directly relevant to the SEE region's compliance ambitions. It suggests that a realistic mid-term assessment must distinguish between the policy objective of 2030 compliance and the likely practical trajectory, which points towards a 2035–2040 horizon for most SEECP participants. The value of the new TEN-T governance architecture is therefore less in delivering 2030 compliance and more in establishing the institutional mechanisms, investment prioritisation discipline and intraregional coordination that will drive incremental progress through the decade. For the SEE region, the most productive near-term focus is on the measures with the highest economic return per euro invested: ERTMS deployment on key intraregional freight corridors, electrification of missing links, and border/boundary crossing procedure digitisation.

***Soft Connectivity: The Underpriced Constraint***

Across all 13 SEECP participants, the economic returns on physical infrastructure investment are substantially constrained by soft connectivity barriers that receive far less policy attention than hardware. Border/boundary management efficiency, transport market regulation, logistics digitisation and interoperability standards shape the ease with which goods and people move across the region in ways that are not fully captured by road density or rail network statistics. The LPI infrastructure sub-scores - which embed operational reliability as well as physical quality perceptions - suggest that several economies are scoring below what their physical network would imply, pointing to process and regulatory drag. Within the EU, borders are legally seamless but operationally uneven: rail border/boundary crossings between EU-SEECP participants face persistent challenges with signalling transitions and timetable coordination that add hours to freight journeys. At EU - non-EU SEECP participants' borders/boundaries, the gap is more pronounced: divergent customs systems, incomplete single-window implementations and the absence of mutual recognition arrangements for transport operator certificates compound the cost of moving goods between economy groups. The Green Lanes programme - currently covering 11 priority WB-EU road crossings[18] - demonstrates the economic value of soft connectivity investment: border/boundary crossing time reductions translate directly into lower logistics costs and improved trade competitiveness. Extending equivalent logic to rail border/boundary procedures, to eCMR and eWaybill adoption across all SEECP participants, and to the harmonisation of transport market access rules under the Common Regional Market framework are the measures most likely to generate near-term, cost-effective improvements in connectivity across the full SEECP region.

18 Transport Community & CEFTA – Comprehensive Roadmap for Enhancing Green Lanes and Customs Cooperation, 2024

### 4.1.2 Renewable Energy and Green Transition

**Key Highlights:**

- Solar PV has emerged as the defining transformation of the Strategy period. Installed solar capacity across the SEE region expanded rapidly from approximately 11.6 GW in 2019 to 36.2 GW in 2024, effectively tripling within five years. This growth has been driven primarily by large-scale deployment in Ankara, Athens, Sofia, and Bucharest, while several Western Balkans participants recorded extremely high percentage growth from a low base. The surge reflects falling technology costs, improved investment conditions, and stronger policy alignment with European decarbonisation objectives, making solar the most dynamic component of the region's green transition so far.
- Despite rapid growth in renewable electricity capacity, the impact on the overall energy system remains limited. The share of renewables and biofuels in Total Energy Supply (TES) increased only modestly, from roughly 23–24% in 2020 to about 25% in 2023 at the regional level. This remains far below the SEE 2030 ambition of doubling the renewable share in TES, with progress to date representing only about 5.4% of the required increase. The limited impact reflects the continued dominance of fossil fuels in transport, heating and industrial energy use, which dilutes the effect of renewable expansion in the electricity sector.
- Coal dependence remains the most significant structural constraint on the energy transition. In several Western Balkans participants, coal continues to account for a large share of electricity generation, highlighting the persistence of legacy energy systems. The region therefore faces a fundamental transition challenge: while solar and wind capacity are expanding rapidly, coal remains central to the electricity mix in parts of SEE, creating a structural tension that will shape the energy transition in the second half of the Strategy period.

***Renewable Energy: Meaningful Progress, Structural Gaps Remaining***

The share of energy from renewable sources has increased across most SEECP participants between 2019 and 2024, with the regional aggregate rising from approximately 26% to 28%.[19] This directional progress reflects the interaction of three forces: the rapid cost reduction of solar PV, which has made new renewable capacity economically competitive without subsidy in many markets; active policy support through domestic energy and climate plans and the EU's revised Renewable Energy Directive; and - for the Western Balkans - the Energy Community's adoption of binding 2030 climate and energy targets in 2021. The overall picture, however, is one of progress that is broadly right in direction but insufficient in pace for the transformative change the Strategy envisages.

Some participants experienced small declines in their renewable share relative to 2019 - not due to structural regression but to the inherent variability of hydropower, which dominates several participants' renewable energy portfolios. This hydrological volatility underscores a structural vulnerability: high renewable shares built primarily on a single, weather-dependent source offer

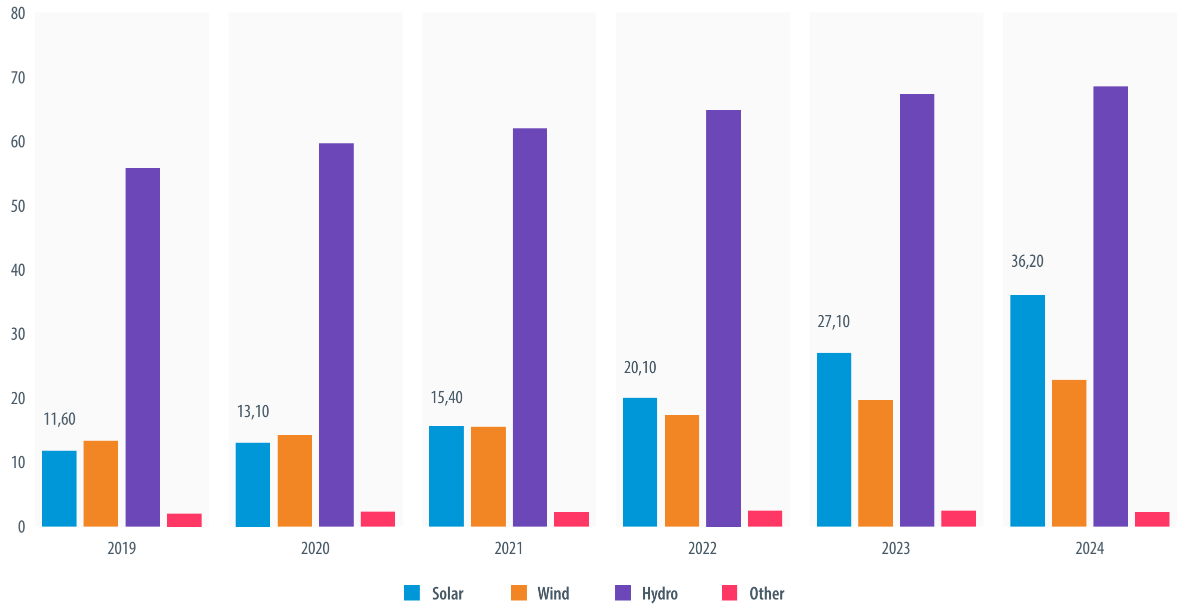
19 Eurostat, Share of energy from renewable sources, 2024

limited energy security and can mask the absence of diversified modern renewable capacity. The 2021 drought year, which sharply reduced hydro output across the region and contributed to the energy crisis of that period, provides an important reference point for understanding the value of diversifying into solar and wind alongside existing hydro assets, and the region has moved decisively in that direction.

***The Solar Transformation: The Region's Most Dynamic Achievement***

Over the past five years, the SEE region has experienced a rapid expansion of solar photovoltaic capacity, marking one of the most visible structural shifts in its renewable energy landscape. Installed solar capacity across the SEECP participants increased from approximately 11.6 GW in 2019 to 36.2 GW in 2024,[20] effectively tripling within a five-year period. This expansion has significantly altered the composition of renewable electricity capacity in the region. While hydropower continues to dominate the renewable mix, the share of solar has grown steadily, reflecting declining technology costs, improved regulatory frameworks, and stronger policy alignment with the EU's energy and climate objectives. The acceleration since 2022 is particularly notable, coinciding with the broader European response to the energy price shock and the resulting push to diversify energy sources and enhance energy security.

Figure 8: **SEE Renewable Capacity by Technology, GW of installed capacity**




Source: IRENA Renewable Capacity Statistics 2025

The solar surge has been driven primarily by large additions in several participants with more mature renewable energy markets - most notably Ankara, Athens, Bucharest and Sofia - but it is increasingly visible across the Western Balkans as well. In participants where hydropower has historically dominated the renewable portfolio, solar installations are beginning to diversify the energy mix and reduce exposure to hydrological variability. At the same time, the rapid deployment of solar capacity has been facilitated by shorter project development cycles compared with other generation technologies, making it a particularly responsive instrument for scaling renewable ca-

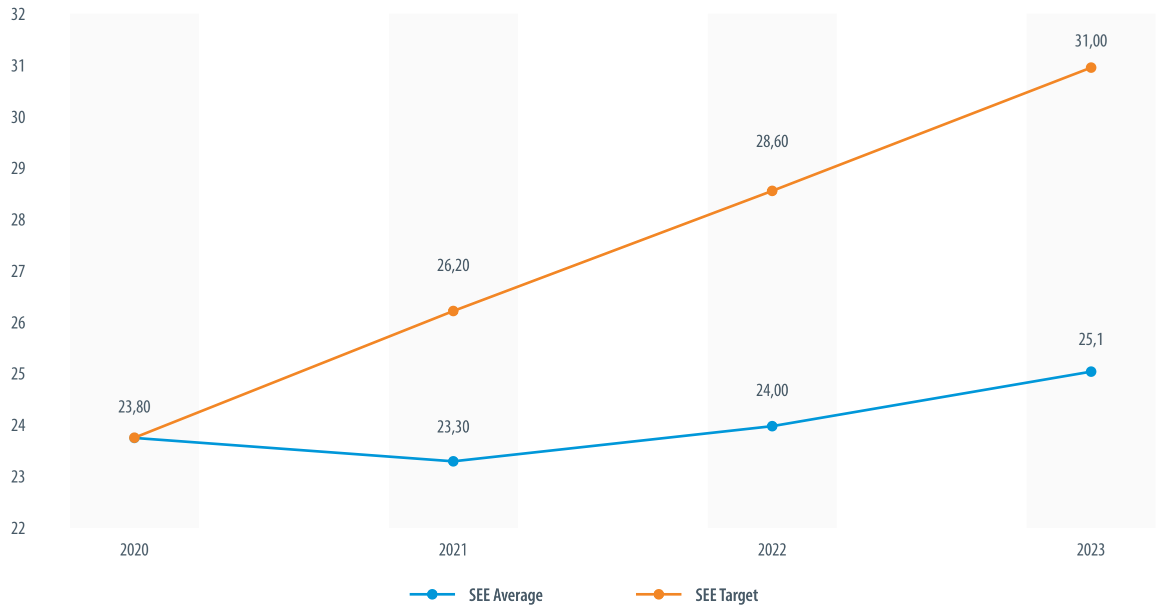
20 IRENA Renewable Capacity Statistics 2025

pacity in the near term. Taken together, these developments suggest that solar power is emerging as a key driver of the region's energy transition and will likely play a central role in meeting SEE 2030 objectives related to decarbonisation, energy resilience, and sustainable economic growth.

***Renewables Expansion Still Falls Short of SEE 2030 Strategy Energy Transition Targets***

Despite the rapid expansion of renewable electricity generation in South East Europe - particularly the strong growth of solar and wind capacity over the past five years - the impact on the overall energy system remains limited when measured against the SEE 2030 Strategy objective of doubling the share of renewables in TES. As illustrated in Figure 4-7, the regional average share of renewables and biofuels in TES increased only modestly from 23.8% in 2020 to 25.1% in 2023[21] (although this share has likely increased further during 2024-25, given the volume of investment in renewables over those two years). While this upward trend reflects the growing contribution of new renewable electricity capacity, the pace of change remains insufficient relative to the regional target trajectory.

Figure 9: **Renewables and biofuels as a share of Total Energy Supply (%)**




Source: International Energy Agency (IEA), World Energy Balances

The SEE 2030 target foresees a doubling of the renewable share in TES to approximately 48% by 2030, implying a rapid and sustained increase over the decade. However, progress so far remains limited. By 2023 the region had achieved only 5.4% of the required increase towards the target, highlighting the significant gap between current trends and the level of transformation required. This reflects the structural reality that electricity generation represents only one component of the energy system. Even with the strong deployment of solar and wind in several SEECP participants, fossil fuels - particularly coal, oil products, and natural gas - continue to dominate energy consumption in sectors such as transport, heating, and industry, thereby diluting the impact of renewable electricity growth on the overall energy balance.

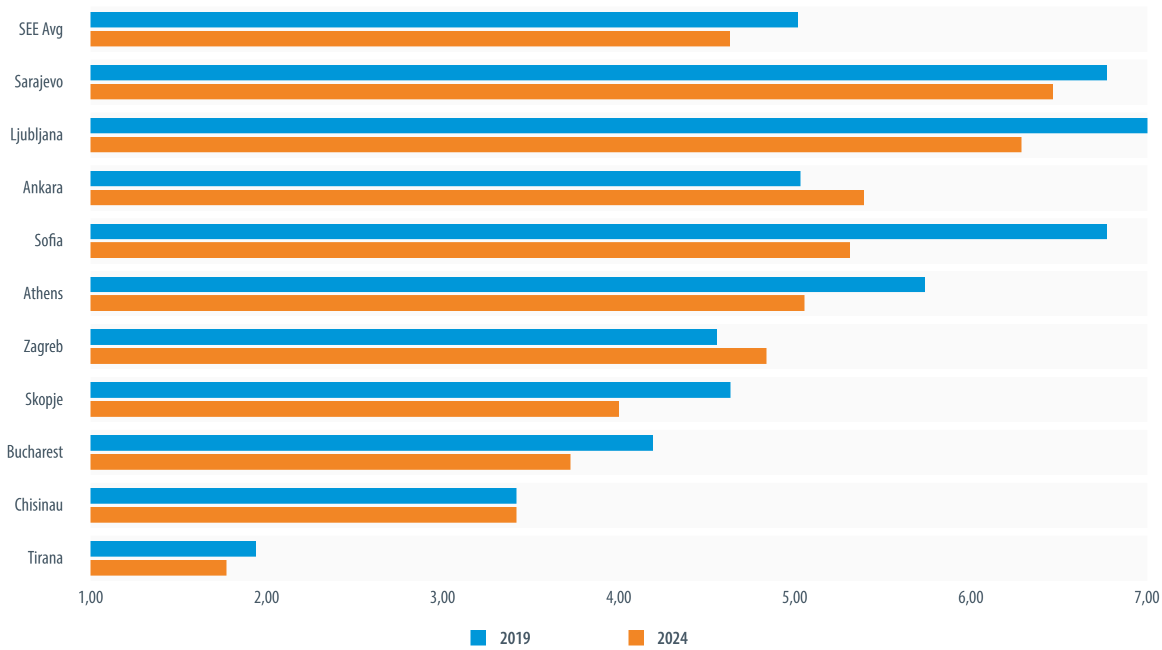
21 International Energy Agency (IEA), World Energy Balances, 2024

Closing this gap will therefore require a broader transformation beyond the electricity sector. Accelerating the penetration of renewables in heating, transport and industrial energy use, alongside improvements in energy efficiency and electrification, will be critical to raising the share of renewables in total energy supply. Without such structural changes, the current trajectory suggests that the region risks falling significantly short of the SEE 2030 Strategy ambition, despite the notable progress already achieved in renewable electricity deployment.

### *$CO_2$ Emissions: Declining Trajectory, Structural High-Emitters Persist*

Carbon dioxide emissions per capita declined in ten of thirteen SEECP participants between 2019 and 2024 (from 5 to 4.6 tons of $CO_2$ per capita[22]), reflecting the combined effect of renewable capacity additions, energy efficiency improvements, and - in 2020 - the pandemic-related contraction in economic activity. The trend has continued in 2021–2024 despite the energy crisis, which in some participants temporarily reversed progress through increased coal use in response to gas supply disruptions. The region contains a wide range of per-capita emission intensities, from under 2 tonnes in hydropower-reliant economies to over 6 tonnes in the most coal-dependent - a spread that reflects fundamentally different energy system structures rather than differences in efficiency or ambition alone. Overall, the directional trend is positive, but the rate of reduction is insufficient to align with the Paris Agreement pathways that all SEECP participants have formally committed to through their Determined Contributions.

Figure 10: **$CO_2$ emissions per capita, metric tons CO2 per capita (tCO2/cap)**




Source: World Bank WDI, CO2 emissions excluding LULUCF per capita

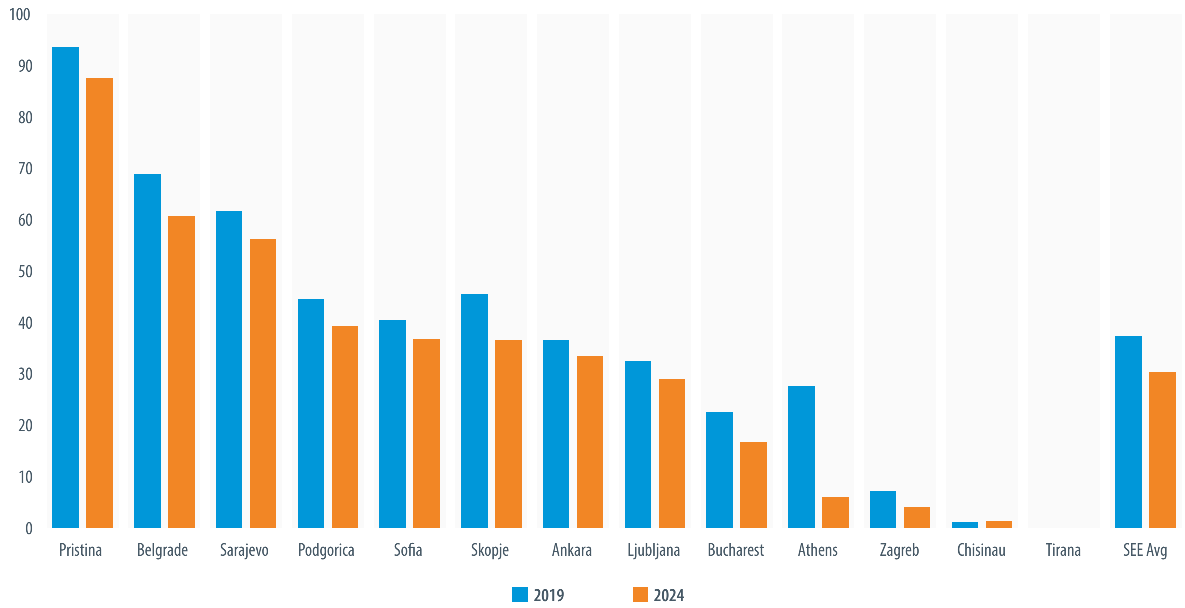
### *Coal Dependency: The Defining Structural Challenge*

The most significant structural obstacle to the SEE region's green transition is the continued centrality of coal - particularly lignite - in the electricity systems of several parts of the Western Balkans. These are not marginal legacy assets: they are the backbone of power systems that have not

22 World Bank, World Development Indicators, CO2 emissions excluding LULUCF per capita, 2024

yet developed the generation, storage and interconnection capacity needed to transition to a low-carbon mix. The average coal share across the Western Balkans declined from approximately 53% to 48% between 2019 and 2024 - a reduction that, while directionally positive, is far below the pace required by 2030 Energy Community commitments or EU climate alignment trajectories.

Figure 11: Coal share in electricity generation, % of total




Source: Ember (2025), European Electricity Review dataset – yearly electricity generation by fuel and country

The coal challenge is inseparable from wider questions of energy security, employment, and the pace of market liberalisation. Tens of thousands of jobs across the region are directly or indirectly dependent on the coal sector, and the transition requires concurrent investment in alternative livelihoods, retraining programmes, and the development of competitive electricity markets that can underpin private renewable investment. The EU's economic and investment plan for the Western Balkans and the WBIF Green Agenda facility provide financial instruments to support this transition, but their deployment has been uneven and the scale of financing available remains below what a managed transition of this complexity requires. The EU's €1 billion Energy Support Package deployed in 2022–2023 was primarily aimed at immediate crisis relief rather than structural transformation, and the medium-term investment pipeline for coal-to-clean transition in the Western Balkans requires further mobilisation.

Among the EU SEECP participants, Athens has made significant progress while completing an accelerated lignite phase-out that reduced coal's share in electricity from 28% to 6% over the period - a significant structural achievement supported by the EU Just Transition Mechanism. The contrast between EU SEECP participants, where legal and financial frameworks mandate phase-down, and Western Balkans Energy Community parties, where the trajectory remains more diffuse, is the central policy gap in this sub-dimension.

### 4.1.3 Disaster Risk Reduction & Resilience

**Key Highlights:**

- The insurance protection gap is SEE's most structurally entrenched disaster risk vulnerability. With fewer than 12% of Western Balkans households insured and insured losses representing only 10–15% of total losses in recent events, the overwhelming burden of disaster recovery falls on households, the public sector, and donors - perpetuating cycles of poverty and inequality, particularly for the lowest-income populations.
- Hazard frequency and severity are increasing, not stabilising. The doubling of recorded disasters in SEE between 2000 and 2020, combined with accelerating climate change projections, means that exposure will continue to grow throughout the remainder of the 2030 horizon. The region's disaster risk management frameworks must be built for a higher-intensity baseline, not calibrated to historical averages.
- Governance progress is real but uneven and insufficiently localised. Eleven of thirteen SEECP participants have established Sendai-aligned National Platforms and several have comprehensive DRR strategies, but local-level DRR plans - the critical last-mile preparedness layer - remain systematically weak across virtually all participants. A regional DRR strategy, as originally envisaged in SEE 2030, has not been adopted, limiting the coherence of the collective architecture.
- The establishment of the South East Europe Regional Network on Disaster Risk Insurance and Risk Sharing in March 2025 represents the most significant institutional step towards a systemic solution in the mid-term period. This Network – with a mandate to develop pooled risk-sharing mechanisms – directly addresses the market failures that sustain the protection gap, while reducing governments' fiscal exposure to uninsured public asset losses.

***A Region Under Escalating Hazard Pressure***

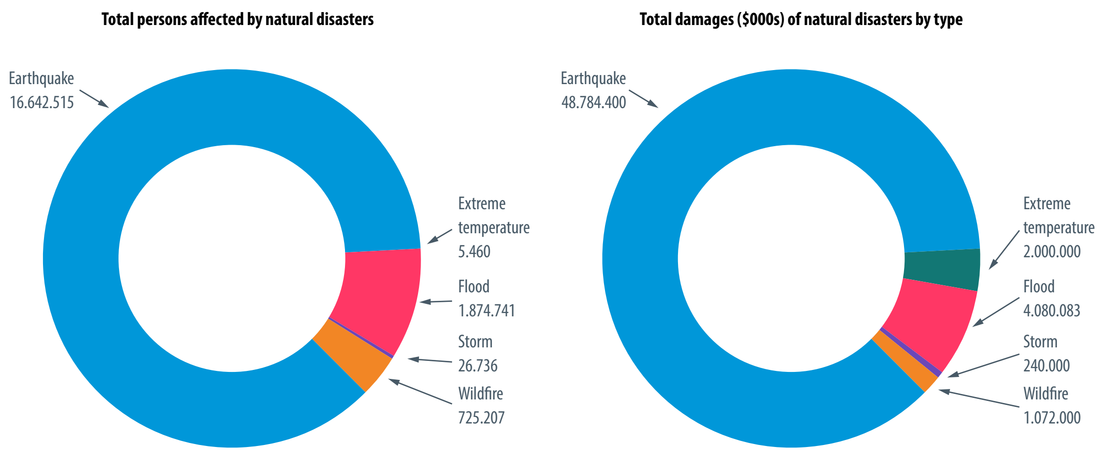
South East Europe's exposure to natural disasters is intensifying. Between 2000 and 2020, the number of recorded natural disasters in the region more than doubled, according to the Centre for Research on the Epidemiology of Disasters (CRED). The qualitative assessment of South East Europe's mounting disaster risk is starkly quantified by the data from the EM-DAT database, which records natural disaster events and their impacts across the region. The mid-term period of the SEE 2030 Strategy has been punctuated by a succession of high-impact events that have tested the region's resilience frameworks to their limits, confirming that the region is one of Europe's most disaster-exposed sub-regions.

Between 2019 and 2025, natural disasters in the SEE region affected a staggering 19.2 million people and caused an estimated €56.1 billion in economic damage. The year 2023 stands out as a catastrophic outlier, accounting for the vast majority of this toll. In that year alone, over 17.6 million people were affected, and damages exceeded €37.4 billion. This figure is overwhelmingly driven by the devastating February 2023 earthquakes in Kahramanmaraş and Hatay regions, which claimed more than 50,000 lives, displaced millions, and caused an estimated €34 billion in damage. The scale of this reconstruction challenge will extend well beyond the 2030 horizon.

The data reveals a pattern of diverse and compounding hazards. While earthquakes in Ankara's territory dominate the damage figures, other disaster types have imposed significant and recurring burdens:

- Floods: Flooding is the most frequent and geographically widespread hazard. The data shows major flood events in 2021 (affecting over 258,000 people in Sarajevo's and Skopje's economies), 2023 (affecting 15,000+ in Belgrade's territory and Athens' Thessaly region), and 2024 (affecting 5,000 in Sarajevo's economy). These events consistently cause millions in damages and disrupt lives across economies at all income levels.
- Wildfires: The region's vulnerability to wildfires is also evident. The 2021 fires in Skopje's economy affected 80,000 people, while 2023 saw devastating fires in Athens, causing an estimated €200 million in damage. The 2024 wildfires in Athens and Ankara added further strain, underscoring that this hazard is becoming a near-annual occurrence.
- Storms and Extreme Temperatures: Severe storms, including those in 2023 and 2025, have caused widespread disruption, flooding, and landslides. Prolonged heatwaves in 2022, 2023, and 2024 are recorded to have caused thousands of excess deaths across the region, demonstrating a lethal, if less visible, climate impact.

Figure 12: **Impact of natural disasters in SEE during 2019-2025**




Source: EM-DAT, CRED / UCLouvain, Brussels, Belgium

These are not isolated shocks but reflect a structural trend. The data confirms that SEE is exposed to a deadly combination of geophysical (earthquakes), hydrological (floods), and climatological (wildfires, heatwaves) hazards, with climate change acting as a threat multiplier. The financial cost is substantial and systematically underestimated in official budgets, as the overwhelming burden of uninsured losses falls on households and governments.

***The Economic Burden: A Region Under-Insured Against Escalating Losses***

The financial cost of disasters in SEE is substantial and is also systematically underestimated. The 2023 Adriatic coast flood events alone caused losses estimated at US$17 billion, of which only

US$2 billion - approximately 12% - was covered by insurance.23 The 2023 Thessaly floods caused more than €500 million in damages to Athens' broader region, while wildfires the same year generated costs surpassing €1.5 billion for the Athens' agricultural and tourism sectors. In Ankara's territory, the 2023 earthquakes generated direct damage conservatively estimated at US$34 billion, with insured losses of roughly US$6.2 billion - an insurance recovery ratio of 18%.[24] These figures capture only direct, immediate costs; the long-term socio-economic effects - displacement, disrupted education and health services, erosion of local productive capacity - are rarely captured in official assessments and are almost certainly larger.

A methodological gap compounds this challenge: there is no unified, region-wide system for aggregating disaster costs. While reinsurance companies provide estimates of direct economic losses, comprehensive data on indirect and long-term socio-economic effects remains absent. Ad hoc assessments, such as those conducted by Ankara authorities with international assistance following the 2023 earthquakes, provide valuable models for a more systematic regional approach to disaster cost appraisal - and the development of such a methodology should be considered a near-term priority for the region. This issue is now being actively addressed within the newly established Regional Network on Disaster Risk Insurance and Risk Sharing, with support from international partners.

***The Insurance Protection Gap: SEE's Most Pressing Structural Vulnerability***

The insurance protection gap - the difference between total disaster losses and those covered by insurance - represents the region's most significant and least addressed vulnerability in the disaster risk domain. The European Insurance and Occupational Pensions Authority (EIOPA) estimates that, across the European Economic Area as a whole, only approximately one quarter of natural catastrophe losses are insured. For SEE participants, the gap is considerably wider: EIOPA's 2023 dashboard on insurance protection for natural catastrophes shows that most of the EU SEECP participants record among the highest cumulated protection gap scores across the EU, reflecting an adverse combination of high hazard exposure, significant asset vulnerability, and low insurance penetration.

The situation is more acute in the Western Balkans. According to the RCC SecuriMeter 2024, fewer than 12% of households in the Western Balkans sub-region hold disaster insurance policies. This already low figure is strongly regressive by income: only 9% of households in the lowest income quintile report having disaster insurance, compared to 28% in the highest quintile. This disparity is not merely a market failure - it represents a direct exposure of the region's most economically fragile populations to uninsured losses that can permanently set back household welfare and precipitate displacement. The insurance penetration rate in the Western Balkans, including both households and businesses, reaches a maximum of approximately 30%, well below EU norms.

Several structural factors drive this gap. Affordability constraints linked to income levels and distribution remain primary barriers, particularly in non-EU SEECP Participants where median household incomes are a fraction of EU levels. The absence of comprehensive insurance products tailored to local natural disaster profiles - where earthquakes, floods, and wildfires interact with

23 https://www.tovima.com/climate/munich-re-250bln-in-losses-on-natural-disasters-in-2023/
24 World Bank, Global Rapid Post-Disaster Damage Estimation (GRADE) Report: 6 February 2023, Kahramanmaraş Earthquakes - Türkiye Report (English)

specific built-environment vulnerabilities - limits market development. Low public awareness of climate and disaster risk at the local level reduces demand, a finding borne out by the SecuriMeter 2023 survey, which found that while 81% of respondents agreed that natural disasters pose significant risk to human life, only 26% felt well-informed about the specific risks to their own communities. Finally, the absence of mandatory or incentivised disaster insurance schemes in the majority of SEECP participants leaves penetration almost entirely dependent on voluntary uptake in a market constrained by income and awareness.

The exposure of public assets adds a fiscal dimension. Damage to public infrastructure and property that is uninsured must be absorbed directly by domestic budgets, creating macro-financial instability risk - particularly for smaller economies. For the Western Balkans, where fiscal space is generally limited, a major catastrophic event could absorb a disproportionate share of public resources, crowding out expenditure on education, health, and investment. Disaster insurance for the public sector, and for agriculture and rural livelihoods specifically, therefore, carries systemic importance beyond individual household protection.

***Governance Progress: Frameworks in Place, Implementation Uneven***

Against this backdrop of escalating exposure and underinsurance, the SEE region has made meaningful governance progress during the mid-term period - though implementation depth varies considerably across participants. At least eleven of thirteen SEECP participants have established Domestic Platforms for Disaster Risk Reduction aligned with the Sendai Framework for Disaster Risk Reduction 2015–2030, providing multi-sectoral coordination mechanisms that bring together government, the private sector, and civil society. Participants including Athens, Ankara, Zagreb, and Ljubljana have adopted comprehensive DRR strategies, invested in early warning infrastructure, and incorporated digital technologies - including sensor networks and AI-assisted monitoring - into civil protection operations. Ankara's Risk Reduction Plan, adopted in 2022 in line with Sendai priorities, offers a provincially differentiated model of risk management applicable across multiple hazard categories that other SEECP participants could draw upon.

The Disaster Preparedness and Prevention Initiative for South Eastern Europe (DPPI SEE) has remained highly active throughout the mid-term period. In 2025 alone, its Disaster Management Training Programme (DMTP) delivered a wide range of specialised workshops, reflecting a sustained commitment to capacity building. These included training on forest fire fighting (Ljubljana), inclusive preparedness for persons with disabilities (Bucharest), child-sensitive risk analysis (Podgorica), and the transboundary use of Incident Command Systems (Zagreb). The Initiative also marked a significant milestone, celebrating its 25th anniversary at its 50th Regional Meeting in Sarajevo in September-October 2025.

Despite this progress at the participant and operational level, a regional disaster risk reduction strategy for SEE has not yet been agreed. The DPPI-SEE, which currently encompasses ten SEECP participants, provides a valuable platform for information exchange and peer learning, but does not constitute a binding strategic framework. The absence of a shared regional DRR strategy represents a gap in the governance architecture that limits the coherence of collective response capacity and the ability to pool resources - particularly relevant in the context of transboundary hazards such as floods and wildfires that do not respect administrative boundaries. The importance of intraregional coordination was further underscored by a dedicated DPPI SEE workshop on Interoperability and Cross-Border Coordination held in Durres in February 2026, which brought together civil protection authorities from nine SEE participants to exchange best practices and strengthen mutual assistance arrangements.

***Regional Initiatives: Building the Financial Risk-Sharing Architecture***

The most promising development in the mid-term period for closing the insurance protection gap has been the RCC's active engagement in building a regional disaster risk-sharing architecture. In December 2024, the RCC convened SEE insurance regulatory authorities and sector associations in Istanbul specifically to address disaster risk insurance. The meeting identified a set of concrete near-term actions: improving disaster insurance data availability through a regional data platform; establishing a regional network on disaster insurance and risk sharing with a consultative mandate; and building technical capacity in disaster cost calculation as a prerequisite for bankable insurance product development. This effort culminated in a landmark achievement in in 2025, when the RCC Board established the South East Europe (SEE) Regional Network on Disaster Risk Insurance and Risk Sharing and hosted its inaugural meeting in Athens.

The Network, a substructure of the SEE 2030 Strategy Monitoring Committee, brings together representatives of SEECP participants - representatives of the insurance sector regulatory authorities, and insurance and reinsurance sector associations, as well as guest representatives from the international organisations and institutions. Its mandate is to strengthen regional financial resilience, enhance disaster preparedness, and foster cooperation, with a concrete work programme to develop options for accessible and affordable disaster risk insurance solutions. The first inaugural meeting of the Network featured presentations from key international partners and institutions on global trends, lessons from existing regional risk pools, and recommendations for strengthening financial preparedness. SEECP participants exchanged views on their legal and regulatory frameworks and agreed on the joint preparation of a Project Synopsis which outlines the initial scope of work for the Network, structured around three pillars: 1. Regional Solutions for Disaster Risk Insurance; 2. Technical Assistance, Data, and Alignment with the EU; 3. Knowledge Sharing, Experience Exchange, and Know-How Transfer.

### 4.1.4 Digital Transformation and Connectivity

**Key Highlights:**

- The region has successfully reached near-universal basic internet access. By 2024, household broadband access exceeded 80% in every SEECP participant, with the regional average for individuals using the internet rising from 73% in 2019 to 85% in 2024. The fastest gains were made by participants starting from the lowest base, demonstrating a meaningful catch-up dynamic.
- Despite improving digital capabilities, the SEE region still trails the EU, with about 80.5% of individuals having basic or above-basic digital skills compared with 86.5% in the EU, reflecting a narrowing but persistent gap. Significant disparities between participants re-

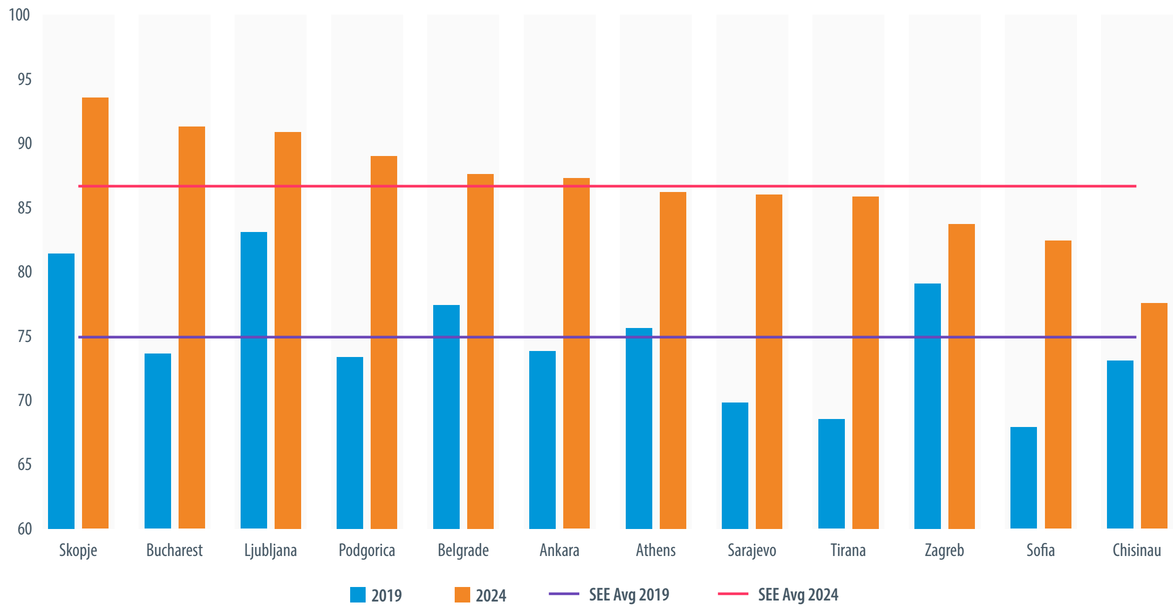
main, underscoring the need for continued investment in digital skills and workforce training.

- The use of online public services increased from 40% in 2022 to 45% in 2025, but the region remains significantly below the EU benchmark of 57.7%. The gap between leaders and laggards is vast. Closing this gap is a prerequisite for the public sector efficiency gains central to the SEE 2030 Strategy digital agenda.
- R&D Investment - A Structural Weakness Endangers Competitiveness: Research and development expenditure remains chronically low across most of the region, exposing a structural weakness in the innovation ecosystem. Most of the Western Balkans invest less than 0.5% of GDP in R&D, far below the EU average of 2.2%. Without closing this investment gap, the region risks remaining a consumer rather than a producer of digital technologies, limiting its capacity to develop high-value, digital-ready industries.

***Connectivity: Near-Universal Access Achieved - Quality Gaps Remain***

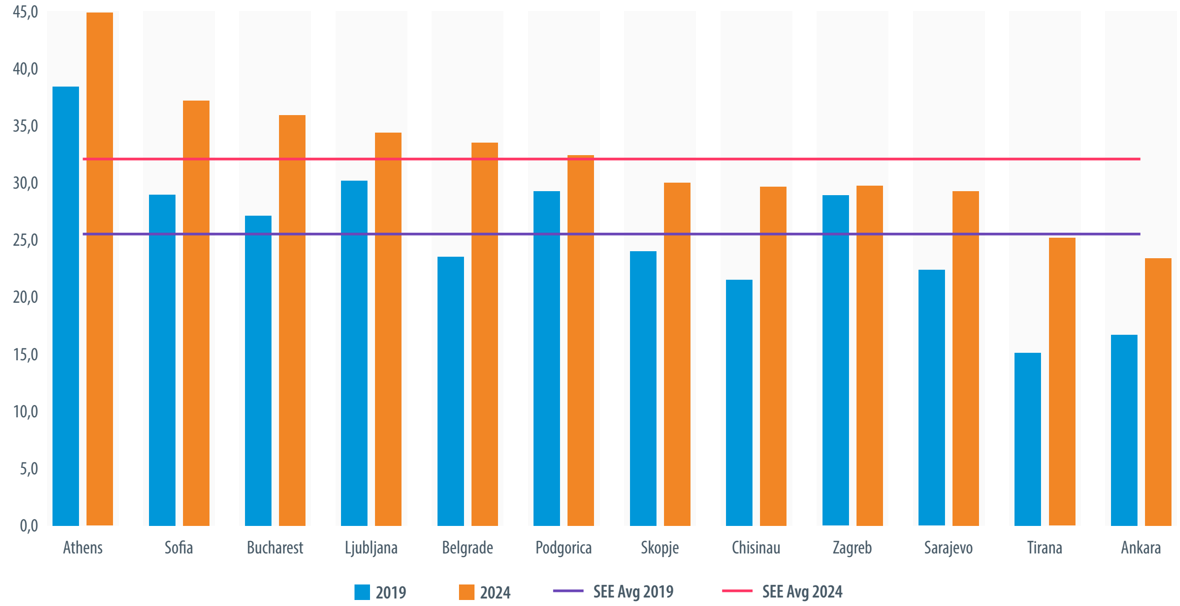
The most unambiguous achievement in this sub-dimension over the Strategy period is the near-universalisation of basic internet connectivity. By 2024, household broadband access exceeded 80% in all SEECP participants - a threshold that marks the effective completion of the first phase of digital infrastructure roll-out. Internet penetration has risen across all 13 participants, with the regional average climbing from approximately 73% in 2019 to 85% in 2024. A pronounced catch-up effect is concentrated in those that started from the lowest bases. The range of internet usage rates across the region has narrowed, signalling genuine convergence.

Figure 13: **Individuals using the Internet (% of population)**




Source: International Telecommunication Union (ITU), ICT Indicators Database

Figure 14: **Fixed broadband subscriptions (% of population)**




Source: International Telecommunication Union (ITU), ICT Indicators Database

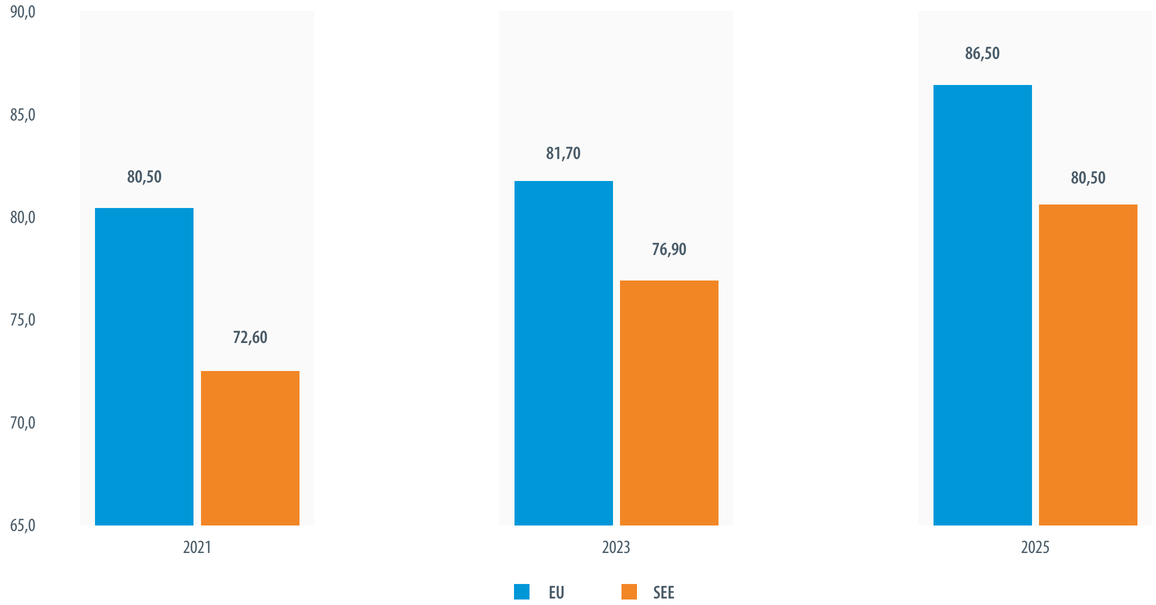
However, near-universal basic access should not be conflated with adequate connectivity quality. The digital divide in the SEE region has not disappeared - it has shifted from a binary access question to a qualitative one. Rural-urban disparities in connection speed, reliability and affordability remain significant in several participants where the rollout of very-high-capacity networks (VHCNs), including fibre and 5G, lags behind the EU's Gigabit Society targets. Across the Western Balkans, 5G deployment remains nascent, with spectrum auctions delayed or incomplete in several participants, and the transition from coverage maps to commercially deployed services still at an early stage as of the mid-point of the Strategy.

***Digital Skills Are Improving but the Regional Gap with the EU Persists***

Digital skills across South East Europe have improved steadily during the implementation period of the SEE 2030 Strategy. The share of individuals with basic or above-basic information and data literacy skills increased from 72.6% in 2021 to 80.5% in 2025 at the regional level.[25] This represents a significant improvement in the region's human capital for the digital economy and reflects the growing integration of digital technologies into education systems, labour markets and everyday economic activity. Progress has been particularly strong in several participants, including Belgrade, Podgorica and Sarajevo, where the proportion of individuals with basic digital skills increased markedly over the period. Among EU SEECP participants, Bucharest and Athens also recorded notable improvements, reflecting broader efforts to strengthen digital competencies under EU digital transformation programmes.

25 Eurostat, Individuals with basic or above basic information and data literacy skills, 2025

Figure 15: **Individuals with basic or above basic information and data literacy skills**




Source: Eurostat (isoc_sk_dskl_i21)

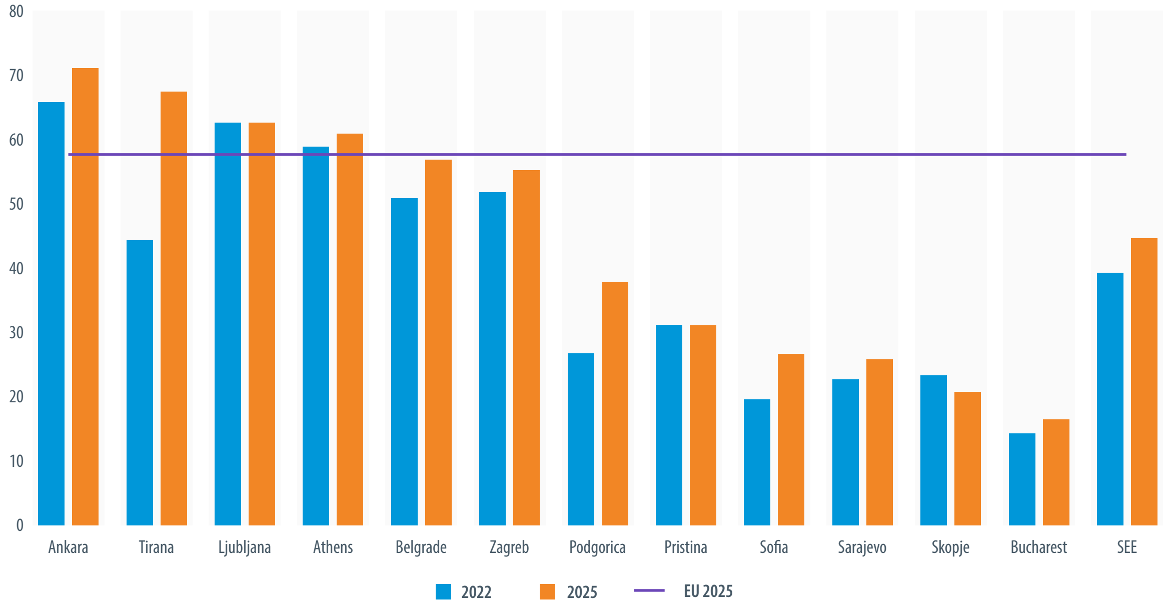
Despite these gains, the region continues to lag slightly behind the European Union average. In 2025, the EU recorded 86.5% of individuals with basic or above-basic digital skills, compared with 80.5% across the SEE region, indicating a persistent but narrowing gap in digital capabilities. Differences between participants remain significant as well. While a group of participants approach or exceed EU benchmarks, others continue to report substantially lower levels of digital skills. These disparities underscore the importance of sustained investment in digital education, workforce training and lifelong learning, which will be critical to ensuring that improvements in connectivity and digital infrastructure translate into broader economic productivity gains and greater participation in the digital economy.

***Use of Digital Public Services Is Increasing but Remains Uneven Across SEE***

The use of the Internet to interact with public authorities has increased across South East Europe in recent years, reflecting gradual improvements in the availability and uptake of digital public services. At the regional level, the share of individuals who used the Internet to interact with public authorities in the previous 12 months rose from 40% in 2022 to 45% in 2025. This trend suggests a growing integration of digital channels into public administration and greater citizen engagement with online government services. Several participants recorded notable increases over the period, particularly Ankara (71% in 2025), Belgrade, Tirana and Ljubljana, indicating progress in expanding e-government platforms and improving the accessibility of online administrative services.

Despite this progress, the region remains below the EU benchmark of 57.7% in 2025, highlighting a persistent gap in digital public service adoption. Performance across participants is also highly uneven. A group of participants (ranging from 63% to 71% in 2025) report relatively high levels of interaction with public authorities online, approaching or exceeding EU levels, while others continue to record lower usage rates. These disparities reflect differences in the maturity of e-government systems, the availability of integrated digital services, and levels of digital literacy among citizens. Strengthening the usability, interoperability and trustworthiness of digital public services will therefore remain a key priority for accelerating digital transformation across the region.

Figure 16: **Internet use: interaction with public authorities (last 12 months) (as of 2022)**



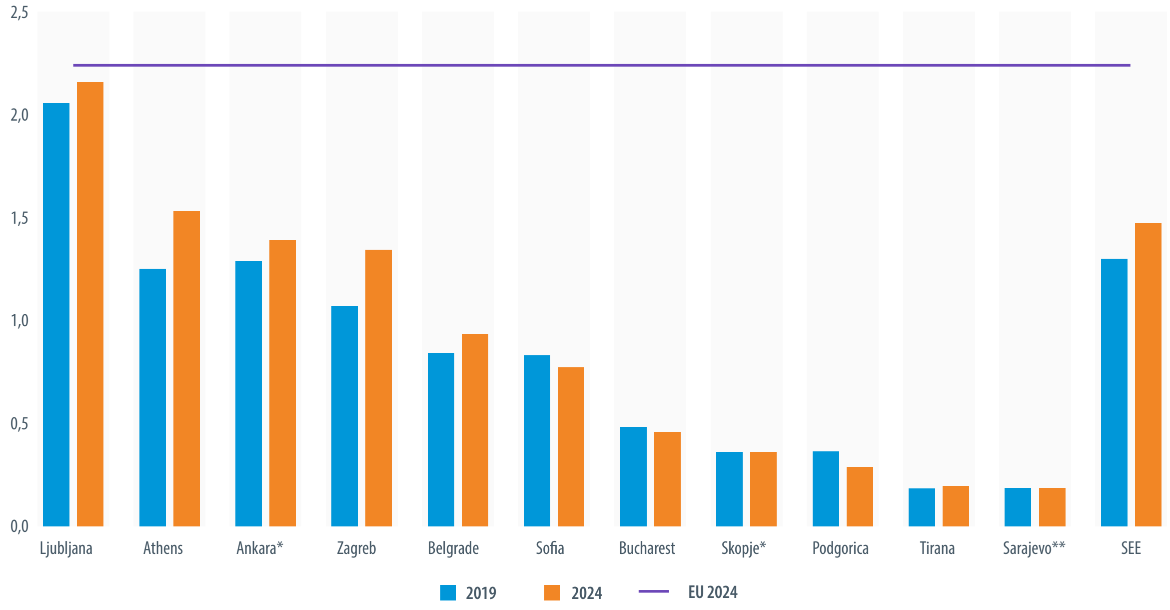

Source: Eurostat (isoc_ciegi_ac)

***Research, Development and Innovation: A Long-Run Structural Weakness***

Research, development and innovation remain among the most persistent structural weaknesses of South East Europe. While the region has made measurable progress since 2019, the overall scale of investment and innovation capacity remains insufficient to support faster productivity growth, technological upgrading, and deeper integration into higher value segments of European and global value chains. This weakness has implications far beyond science policy alone; it shapes the region's competitiveness, its ability to retain skilled labour, and its capacity to respond to structural transformations linked to digitalisation, artificial intelligence, and the green transition.

The most direct measure of this challenge is gross domestic expenditure on research and development (GERD) as a share of GDP, which captures R&D investment across business, government, higher education, and private non-profit sectors. Across the SEE sample presented here, average R&D intensity increased from 1.31% of GDP in 2019 to 1.48% in 2024. This represents gradual progress, but it remains well below the EU average of 2.24% in 2024. Even after the observed improvement, the region still invests only about two-thirds of the EU level in research and development.

Figure 17: **Gross Domestic Expenditure (GERD) as % of GDP**




* Most recent available data on Ankara and Skopje (2023) and Sarajevo (2021) included.

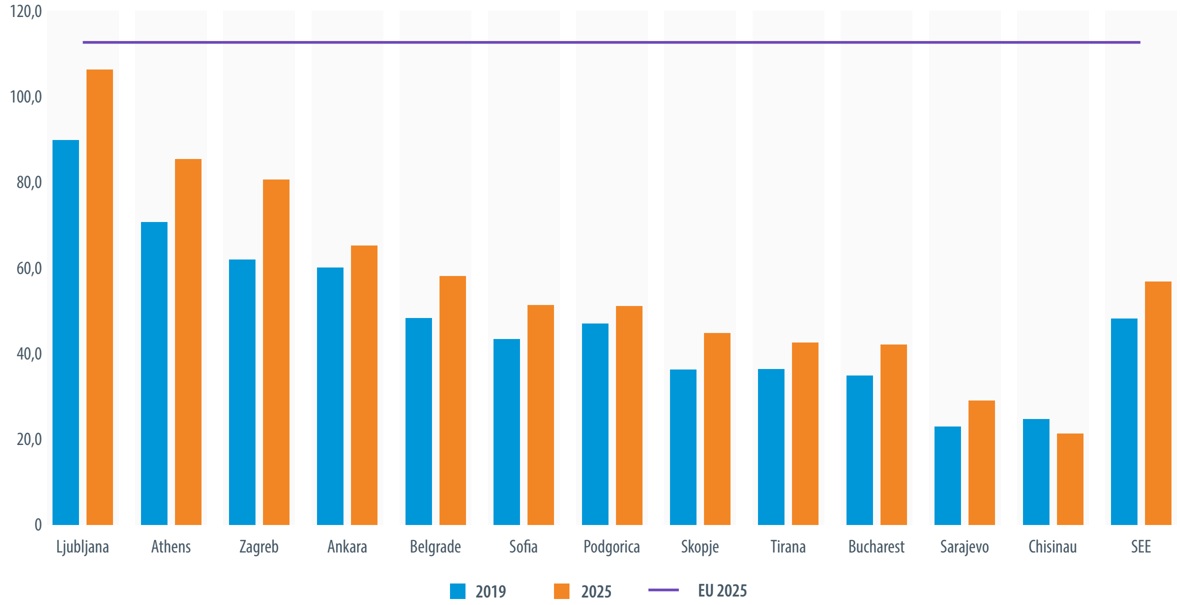
Source: Eurostat (rd_e_gerdtot_custom_20425601)

Beneath this regional average lies a very uneven landscape. Ljubljana stands close to the European frontier, with R&D expenditure reaching 2.16% of GDP, only slightly below the EU benchmark. Athens has also built a relatively solid innovation base with 1.54%, while Ankara (1.39%) and Zagreb (1.35%) form a second tier of participants with credible R&D investment levels by regional standards. Below this group, a number of participants remain under the 1% threshold, with some recording significantly lower levels of R&D expenditure.

At the lower end of the distribution, R&D intensity remains extremely limited, with levels in some cases around or below 0.3% of GDP. In practice, these figures indicate that innovation activity remains structurally constrained in much of the region.

Taken together, the data reveal a highly uneven regional landscape. A group of participants has built relatively stronger innovation ecosystems and sustained R&D investment levels approaching the lower end of the EU range, while a significantly larger group remains characterised by very low R&D intensity and limited innovation system capacity. These participants operate within what may be described as a low-innovation equilibrium, where modest industrial complexity, limited private-sector research demand, weak technology transfer structures, and constrained fiscal resources reinforce one another.

Figure 18: **Summary Innovation Index**




Source: European Innovation Scoreboard, 2025

The broader innovation outcomes, measured through the European Innovation Scoreboard (EIS), confirm this structural divide. The EIS is a composite index used by the European Commission to assess innovation system performance across four dimensions: framework conditions, investments, innovation activities, and innovation impacts. It therefore captures not only R&D spending but also human capital, firm innovation behaviour, intellectual assets, and the diffusion of new technologies across the economy.

According to the EIS, the SEE regional average innovation index increased from 48.20 in 2019 to 56.56 in 2025, indicating gradual improvement across the region. However, this level remains roughly half of the EU benchmark value of 112.59 in 2025. In other words, despite progress, the gap with the EU innovation frontier remains wide and shows no clear signs of rapid convergence.

Here too, the regional pattern reflects a dual structure. Ljubljana is the clear regional leader, rising from 89.92 in 2019 to 106.57 in 2025, bringing it close to the EU innovation benchmark. Athens and Zagreb also demonstrate strong performance improvements, reaching 85.33 and 80.61 respectively. Ankara has gradually improved to 65.34, while Belgrade reached 57.94, positioning it as the strongest performer among the Western Balkans participants included in this dataset.

A second tier of participants remains clustered broadly between the low-40 and low-50 range of the index. At the lower end, a group of participants remains significantly below the regional average, with index values in some cases falling below 30 in 2025. The relationship between R&D spending and broader innovation performance is visible, though not mechanical. Participants with the strongest innovation scores generally correspond to those with higher R&D investment levels - notably Ljubljana, Athens, Zagreb and Ankara. However, the Innovation Scoreboard also highlights that innovation performance depends on a broader ecosystem including human capital, digital infrastructure, business dynamism, intellectual property generation, and technology diffusion. This explains why some participants manage to perform relatively well despite moderate R&D spending, while others fail to translate investment into stronger innovation outcomes.

The regional innovation landscape therefore reflects two intertwined challenges. The first is scale: much of the region simply invests too little in research and development. The second is system effectiveness: even where investment has increased, the mechanisms that translate knowledge into commercial innovation, productivity gains, and export diversification remain underdeveloped. Weak university-industry linkages, fragmented research systems, limited venture financing, and insufficient support for commercialisation continue to constrain innovation-led growth.

These weaknesses have become more consequential in the current global environment. Structural transformations linked to the green transition, digitalisation, and new industrial policies in Europe increasingly reward economies capable of generating and absorbing new technologies. Those that cannot build such capacity risk remaining locked into lower segments of European value chains and labour-intensive growth models.

At the same time, the data also show that progress is possible. Several SEECP participants - most notably Ljubljana, Athens, Zagreb, Ankara and Belgrade - have demonstrated measurable improvements in both R&D investment and innovation system performance over the observed period. The regional averages have also improved gradually since 2019. However, the pace of convergence remains slow, and without a broader shift in investment levels and innovation system effectiveness across the region, research and innovation will continue to represent a structural constraint on long-term development.

For the next phase of SEE 2030 Strategy implementation, strengthening innovation capacity should therefore be treated as a cross-cutting economic transformation priority rather than a narrow research policy domain. Increasing R&D investment where it remains exceptionally low is essential, but it must be accompanied by stronger institutional frameworks, improved research governance, enhanced technology transfer mechanisms, greater business participation in innovation, and deeper regional cooperation in research networks and human capital development. For participants with smaller research systems, regional collaboration - including shared infrastructure, researcher mobility, and joint innovation platforms - may offer an effective way to overcome fragmentation and build scale.

### 4.1.5 Investment, Finance and Private Sector Development

**Key Highlights:**

- The SEE financial sector's structural depth deficits - reliance on balance-sheet-secured lending, absent non-bank intermediaries, thin capital markets - directly constrain the region's ability to self-finance its development agenda. Most Western Balkans participants record domestic credit-to-GDP ratios of 35–55%, less than half the EU average. Closing this gap requires both regulatory reform and sustained IFI catalysis through the WBIF, EBRD, and the proposed regional banking fund.
- R&D underinvestment is the Prosperity dimension's most structurally entrenched gap. At a regional average of approximately 0.7% of GDP - less than one-third of the EU average and far below the Horizon Europe target of 3.0% - the SEE region risks a permanent innovation-driven productivity divergence from the EU. Ten of thirteen participants are below 1%

of GDP, and at current trends the gap will not meaningfully close within the 2030 horizon without a step-change in policy ambition.

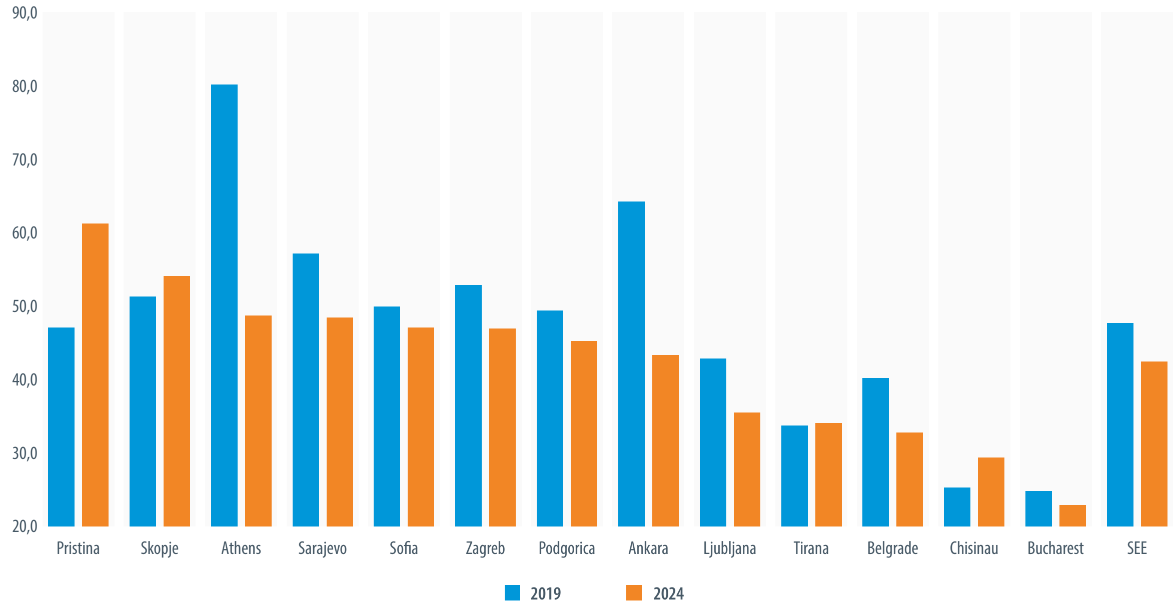
- Green finance remains severely underutilised across the region despite being a critical enabler of the SEE 2030 Strategy green transition agenda. Green bonds, sustainability-linked instruments, and blended finance products remain nascent or absent in most SEECP participants. Actions 5.1.2 (green finance training) and 5.3 (bankable project capacity) have not been systematically delivered, creating a financing bottleneck that impedes implementation across multiple Prosperity priorities simultaneously.
- Private sector engagement in SEE 2030 Strategy implementation is the most persistent structural gap in the entire Prosperity pillar. Despite significant dialogue effort by the RCC - banking and chamber meetings since 2021, concrete proposals for a joint banking SDG fund and a regional insurance network - the transition from dialogue to co-investment has not occurred at scale. The remaining implementation period must prioritise a decisive shift from facilitated dialogue to bankable, investment-ready initiatives that crowd in private capital at project level.

***A Financial Sector with Persistent Depth and Intermediation Gaps***

Financial systems across South East Europe remain characterised by a familiar structural paradox: banking sectors are broadly stable and prudentially sound, yet the overall financial architecture remains too shallow to mobilise the scale and type of investment required for sustained convergence, technological upgrading, and the green transition. While banks dominate financial intermediation across the region, the broader ecosystem of capital markets, institutional investors, venture capital, and insurance-based long-term savings remains underdeveloped. This leaves the region with financial systems capable of maintaining stability, but less capable of channelling resources efficiently towards long-term productive investment.

The data on domestic credit to the private sector as a share of GDP illustrate these structural limitations. Across the SEECP region, the simple regional average declined from 47.6% of GDP in 2019 to 42.2% in 2024, after temporarily rising to 51.7% in 2020 during the initial phase of the pandemic. The regional picture masks considerable variation. In 2024, participants recorded ratios ranging from 22.7% to 48.5%, with declines from previously higher levels observed across the period. Only a small number of participants recorded sustained increases, most notably Pristina, where the ratio rose from 46.7% to 61.0% over the period.

Figure 19: **Domestic credit to private sector (% of GDP)**




Source: World Development Indicators (FS.AST.PRVT.GD.ZS)

The decline in credit-to-GDP ratios across much of the region should not necessarily be interpreted as a contraction in lending volumes alone. Rather, it reflects a combination of structural and cyclical dynamics that shaped financial intermediation during the pandemic and post-pandemic recovery period.

First, the indicator is sensitive to the denominator: nominal GDP expanded rapidly in many SEECP participants during the recovery period, particularly in inflation-affected years. In several cases, the expansion of nominal GDP outpaced the growth of credit stocks, mechanically reducing the ratio even where lending volumes remained broadly stable.

Second, the COVID-19 period altered lending patterns across financial systems. Emergency fiscal programmes, public guarantees, and sovereign borrowing increased the weight of lending connected to the public sector or supported by government programmes. Banks, facing elevated uncertainty and regulatory caution, tended to prioritise liquidity preservation and lower-risk lending during the early stages of the recovery.

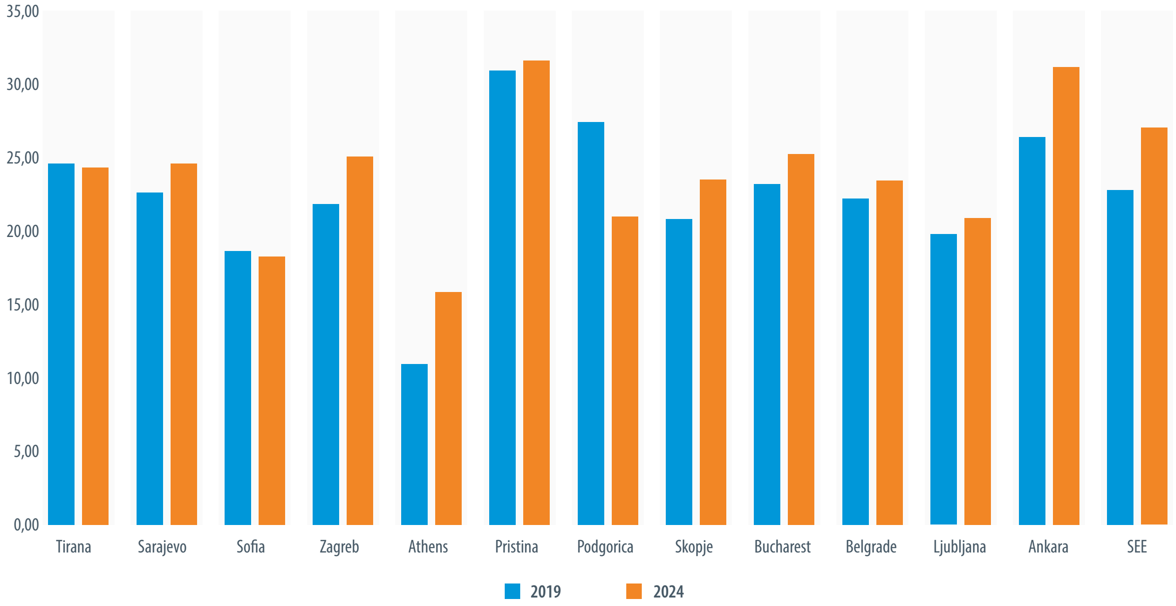
Third, private sector demand for credit remained subdued in several participants. Elevated inflation, rising interest rates, geopolitical uncertainty, and volatile energy markets reduced appetite for long-term borrowing. Businesses postponed investment decisions and relied more heavily on internal financing where possible.

Taken together, these factors point not to a single financial shock but to a broader pattern of weak credit deepening relative to economic growth. The result is that much of the region remains characterised by moderate financial depth, with private credit ratios typically between 30% and 50% of GDP. For participants seeking faster convergence with the EU, such levels remain relatively low, particularly given the central role of SMEs in regional economic structures.

***Investment Performance: Stronger Volumes but Uneven Structure***

Against this backdrop, the data on gross fixed capital formation (GFCF) present a more positive development. The GDP-weighted regional investment share increased from 22.9% of GDP in 2019 to 27.1% in 2024, peaking at 27.9% in 2023. In absolute terms, total GFCF at current prices rose from approximately EUR 312.9 billion in 2019 to EUR 615.4 billion in 2024, while real GFCF measured in chain-linked volumes increased from EUR 348.7 billion to EUR 457.2 billion over the same period.

Figure 20: **Gross Fixed Capital Formation, Percentage of gross domestic product (GDP)**




Source: Eurostat, nama_10_GDP

This indicates that investment growth has been driven not only by price effects but also by genuine increases in real capital formation. At the participant level, investment ratios in 2024 were particularly high in Pristina (31.6%), Ankara (31.3%), Bucharest (25.3%), Zagreb (25.2%), Sarajevo (24.7%), Tirana (24.4%), Belgrade (23.6%), and Skopje (23.5%). By contrast, some participants recorded lower ratios, in the range of 16% to around 21%.

This divergence partly reflects structural differences between participants. In several Western Balkans participants, relatively high investment ratios are driven by infrastructure construction, residential development, and energy projects associated with catch-up growth. In more advanced SEECP participants, lower ratios may coexist with more mature capital stocks and higher productivity of investment.

The key analytical point is that investment volumes have increased more clearly than financial depth. The region has succeeded in expanding capital formation, but this has not been accompanied by a parallel strengthening of domestic private financial intermediation. Instead, investment growth has been supported by a combination of public investment, EU funds, development finance institution (DFI) lending, foreign direct investment, and donor-supported infrastructure financing.

***Renewable Energy Expansion and the Limits of Domestic Green Finance***

One important qualification to the financing discussion concerns the rapid expansion of renewable energy capacity across the region during the Strategy period. Several SEECP participants have experienced a significant increase in solar photovoltaic installations and, to a lesser extent, wind generation, particularly since 2021. This trend reflects both falling technology costs and growing policy alignment with European decarbonisation targets.

However, this investment surge should not be interpreted as evidence of mature domestic green finance markets. In most cases, renewable energy projects have been financed through foreign project developers, international energy companies, development banks, and international commercial banks, rather than through large-scale domestic green financial instruments. Dedicated green bonds, sustainability-linked lending frameworks, and taxonomy-aligned financial products remain limited across most SEE financial systems.

The recent growth in renewable capacity therefore demonstrates that bankable investment opportunities exist, but that domestic financial markets are not yet systematically structured to finance the green transition from within the region's own capital base. In other words, renewable investment has expanded largely through external capital mobilisation rather than deep domestic green finance ecosystems.

***SMEs, Risk Capital and the Missing Middle of Finance***

The structure of financial intermediation also has important implications for private sector development. SMEs account for the overwhelming majority of firms and employment across SEECP participants, yet access to finance remains a persistent constraint. Traditional banking models across the region rely heavily on collateral-based lending and balance-sheet security, which disadvantages younger and smaller firms whose primary assets are intangible.

At the same time, risk capital markets remain underdeveloped across much of the region. Venture capital, private equity, angel investment, and other forms of patient capital are largely absent outside some main financial centres and remain underdeveloped across most participants. Without these financing channels, start-ups and high-growth firms face significant barriers to scaling operations, adopting new technologies, and entering international markets.

This structural gap in risk finance contributes to the region's persistent productivity gap with the EU. Firms that cannot access growth capital tend to pursue incremental business strategies rather than transformative innovation, limiting the development of dynamic entrepreneurial ecosystems.

***Insurance and Risk Pooling: An Underdeveloped Pillar of Financial Stability***

Another structural weakness lies in the limited development of insurance markets across the region. Insurance penetration remains significantly below EU averages, leaving households, firms, and public institutions exposed to a wide range of risks. Weak insurance markets limit the availability of risk-pooling mechanisms that support investment and resilience.

This is particularly relevant in a region exposed to increasing climate-related risks, including floods, droughts, and wildfires. Where insurance markets are shallow, economic shocks translate more directly into fiscal burdens and slower recovery. Strengthening insurance penetration and developing regional risk-sharing mechanisms therefore forms an important part of the broader financial architecture required for sustainable development.

**Public–Private Partnerships: A Key Instrument for Crowding in Investment**

Given these structural characteristics, public–private partnerships (PPPs) represent one of the most promising modalities for mobilising private capital in support of SEE 2030 Strategy priorities.

PPPs allow governments to leverage limited public resources while attracting private investment, technical expertise, and operational capacity. By sharing risks between the public and private sectors, PPP structures can improve the bankability of large infrastructure projects and facilitate long-term financing.

Several SEE 2030 Strategy priority sectors are particularly well suited for PPP-based investment models, including renewable energy generation, transport corridors, water and waste infrastructure, social infrastructure, digital connectivity, and urban development. In these sectors, well-structured PPP frameworks can attract international institutional investors, infrastructure funds, and private operators that would otherwise remain outside the region.

Beyond financing individual projects, PPPs can also contribute to the broader development of domestic financial markets by creating opportunities for syndicated lending, co-financing arrangements, and project refinancing involving local banks and institutional investors.

**Strategic Priorities for the Second Half of SEE 2030**

The financial and investment data point to a clear conclusion: SEECP participants have increased investment levels during the Strategy period, but the underlying financial architecture remains insufficiently diversified to sustain long-term transformation.

For the remaining implementation period of SEE 2030 Strategy, five priorities should guide policy efforts.

First, strengthening private credit intermediation, particularly for productive investment and SMEs, through improved credit guarantees, collateral frameworks, and financial infrastructure.

Second, improving the quality and composition of investment, ensuring that rising capital formation increasingly supports green transition, digital infrastructure, innovation systems, and productivity-enhancing assets.

Third, developing non-bank financing channels, including venture capital, private equity, and blended-finance instruments that can support entrepreneurship and technological upgrading.

Fourth, scaling up green finance mechanisms, including project preparation pipelines, taxonomy-aligned financial frameworks, and de-risking instruments capable of mobilising private investment in climate-related sectors.

Fifth, strengthening PPP frameworks and project preparation capacity, enabling governments to translate strategic priorities into bankable infrastructure and energy investments capable of attracting large-scale private participation.

Ultimately, the central challenge for SEE 2030 is not simply mobilising more capital but building a financial ecosystem capable of directing investment towards structural transformation. Without deeper financial markets, diversified financing instruments, and stronger public-private investment partnerships, the region risks remaining dependent on external financing cycles rather than achieving the sustained, innovation-driven growth envisaged in the Strategy.

## 4.2 People: The Foundation and the Constraint

The Prosperity dimension examined in sections 4.1.1 through 4.1.5 tells a story of uneven but discernible economic progress - growth recovering post-pandemic, FDI rising, digital infrastructure expanding. Yet, the material conditions of that progress rest ultimately on a foundation of people: their skills, health, education, access to justice, and the quality of the environments in which they live and work. Dimension II of the SEE 2030 Strategy confronts the most structurally challenging set of targets in the entire framework, precisely because people - their number, quality and distribution - are both the ultimate beneficiaries of regional development and, in the SEE context, an increasingly scarce and fragile resource.

The defining demographic reality of the SEE region in the mid-term period is depopulation. All thirteen participants record fertility rates below the replacement level. Net emigration continues from the vast majority of participants, with the working-age population in the Western Balkans alone having declined by more than ten per cent between 2015 and 2023 - five times the EU rate of decline. An estimated 16.5 million people of SEE origin - nearly eleven per cent of the region's estimated population - lived outside their home economies by 2019, a figure that has grown since. Brain drain is not merely a statistical abstraction: it is hollowing out the human capital base on which every other element of the SEE 2030 Strategy depends, from innovation capacity to health systems to institutional quality. The Strategy's People dimension is, in this sense, the most consequential and the most under-resourced of the three dimensions.

Six priority areas structure the analysis that follows. Priorities 6 and 7 address the supply and management of human capital - labour markets, employment quality, and diaspora engagement. Priorities 8 and 9 cover the formation of that capital through education and its protection through health services. Priorities 10 and 11 address the enabling conditions for a decent quality of life: access to justice, public services, safe water, sanitation and affordable housing. Across all six, the common thread is a region that has made real but partial progress, where systemic gaps fall disproportionately on the young, the poor, women, and rural populations - and where, without accelerated action, demographic contraction will compound every structural weakness documented in this review.

**People Dimension at a Glance:**

**1. HUMAN CAPITAL AND LABOUR MARKETS**

**Targets:**
*Narrow employment gap; substantially reduce youth & women NEET*

**Partially on track**

*Unemployment down to 7.8% from 11.3%. Youth NEET down by almost 3%.*

**2. DIASPORA AND MIGRATION**

**Targets:**
*Map all SEE diaspora initiatives & adopt knowledge-transfer strategies*

**Off track**

*Not achieved. No regional diaspora strategy for the SEECP participants.*

**3. EDUCATION QUALITY AND ACCESS**

**Targets:**
*2/3 of SEE economies' students at or above OECD average (PISA)*

**Partially on track**

*Share of workers with advanced education up by 2% since 2019. Region 50-59 pts below OECD average.*

**4. HEALTH ACCESS & QUALITY**

**Targets:**
*Achieve Universal Health Coverage; eliminate financial access barriers*

**Partially on track**

*SEE avg. healthy life expectancy 3 years below EU average. OOP payments very high in some instances.*

**5. JUSTICE AND PUBLIC SERVICES**

**Targets:**
*E-government uptake; equal access to justice for all*

**Partially on track**

*SEE e-gov usage increased to 45%, narrowing the gap with the EU benchmark of 57.7%.*

**6. HOUSING, ENVIRONMENT & SANITATION**

**Targets:**
*Universal access to safely managed water & sanitation*

**Partially on track**

*Near-universal access in EU 5, significant gaps persist in WB & Chisinau.*

## 4.2.1 Better Utilisation of Human Capital Potential of the SEE Region

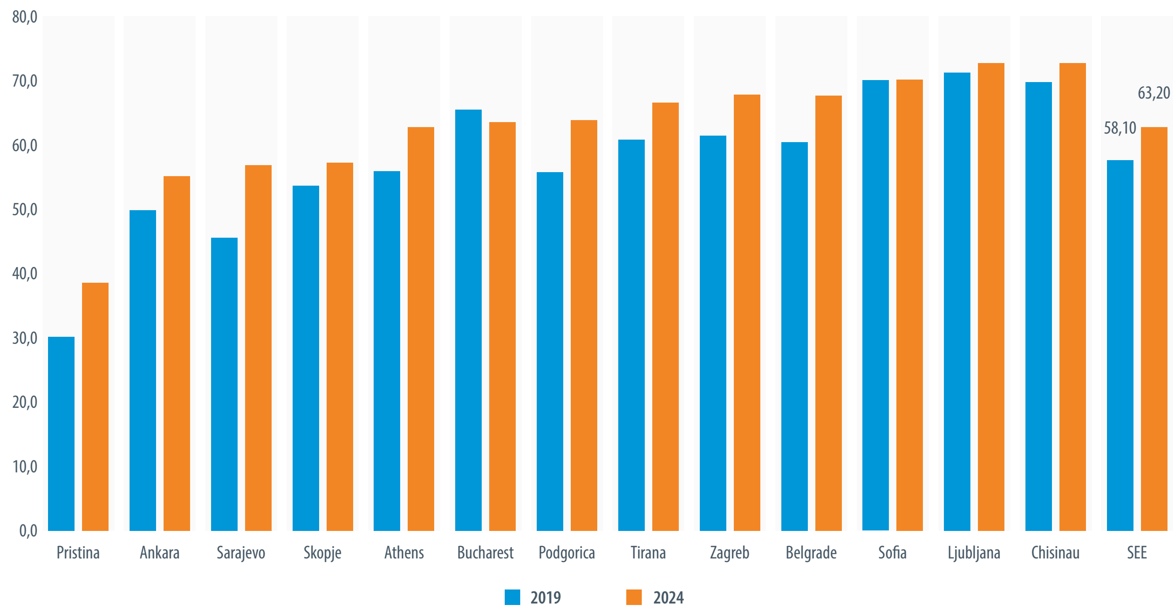
**Key Highlights:**

- Labour market conditions improved across the region between 2019 and 2024. At the aggregate SEE level, the employment-to-population ratio increased visibly, indicating a stronger labour market than at the outset of the Strategy period.
- The main divide is no longer simply between higher- and lower-employment economies, but between economies with broader-based labour market inclusion and those where women and youth remain only partially integrated.
- Youth detachment from the labour market has eased but remains elevated in large parts of the region. The regional NEET rate has declined, yet the reduction is uneven and the gap with the best-performing parts of SEE remains substantial.

Using the labour market indicators most relevant to Priority 6, the mid-term picture is more positive than a purely structural reading might suggest. The employment-to-population ratio - which measures the share of the working-age population that is employed and is often a more revealing indicator than unemployment alone - rose by 5pp across SEE since 2019, reaching 63.2% in 2024.[26] The youth NEET rate - capturing young people who are neither in employment nor in education or training - also declined at the regional level by 3% over the same period. Taken together, these trends point to a region that has, on balance, succeeded in restoring labour market participation after the pandemic shock, even if the quality and inclusiveness of that recovery remain uneven.

The data suggest that this recovery has been shaped by two broad regional patterns. The first is a distinction between the EU SEECP participants, where employment rates were already comparatively high in 2019 and therefore rose more modestly, and the non-EU part of the region, where the starting point was lower, but the gains were generally larger. This is encouraging, because it indicates some narrowing of internal labour market gaps within SEE. At the same time, the second and more consequential pattern is that the region's aggregate improvement is still being achieved from very different starting positions. In other words, convergence is taking place, but it remains incomplete and unevenly distributed.

Figure 21: **Employment-to-population ratio (%)**



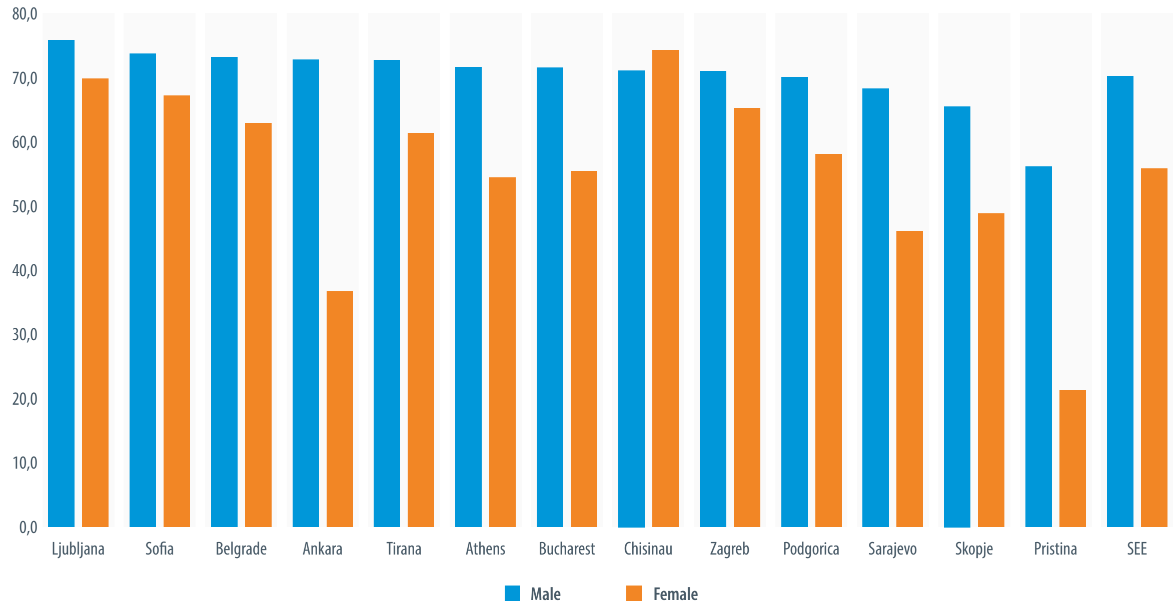

Source: ILO, Labour Force Survey (LFS)

A more careful reading of the employment gender differential shows that the main source of divergence across SEE is not male employment, which is relatively tightly clustered, but female employment, which varies far more sharply across the region. On aggregate, the difference between the share of male and female employment in SEE is almost 15%. In the more labour-optimal part of SEE women's employment levels are much closer to male outcomes and closer to broader European norms. By contrast, in the lower-performing labour markets of the region, the employment gap is driven much more by weaker labour market attachment among women than by a lack of male participation. This is an important finding for the chapter as a whole. It suggests that the most significant reserve of underused labour potential in SEE lies not only in job creation per se, but in the conditions that enable broader labour market inclusion: childcare and care services,

26 ILO, Labour Force Survey, 2025

transport connectivity, formalisation, flexible work arrangements, and stronger transitions from education into work.

Figure 22: **Male vs. female employment-to-population ratio (%), 2024**

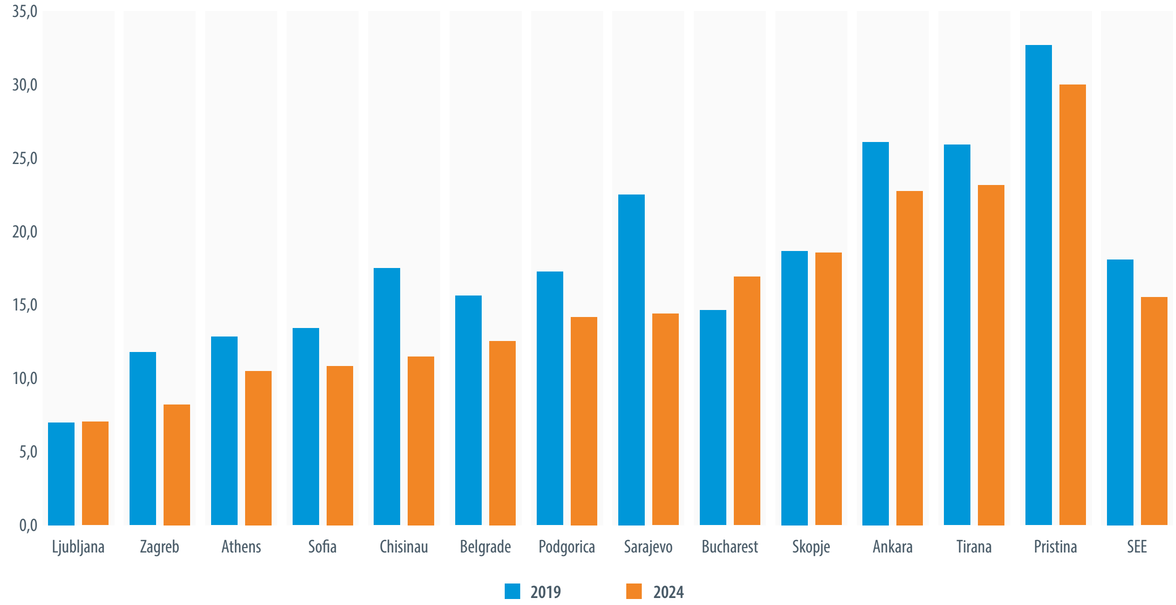



Source: ILO, Labour Force Survey (LFS)

The share of youth not in employment, education or training (NEET) reinforces this interpretation. At SEE level, the NEET share of youth declined between 2019 and 2024 by almost 3% and stood at 15.4% in 2024, which is a positive development and consistent with the broader recovery in labour demand. But the regional pattern again points to two speeds of adjustment. In the higher-performing part of SEE, NEET rates are already in single digits or the lower teens, leaving less room for dramatic improvement. In most of the non-EU SEECP participants, the decline has often been more pronounced, but from a much higher base. As a result, the regional average has improved, while substantial internal differentials remain. This matters because the NEET indicator captures more than unemployment alone: it reflects young people who are disconnected simultaneously from work and from skills accumulation, making it especially relevant to the long-term utilisation of human capital. The OECD's recent regional assessment for the Western Balkans[27] arrives at a similar conclusion, noting that youth NEET rates have fallen, but remain significantly above the EU average and continue to reflect deeper weaknesses in school-to-work transition and skills formation.

27 OECD, Economic Convergence Scoreboard for the Western Balkans, 2025

Figure 23: **Share of youth not in employment, education or training (NEET) (%)**




Source: ILO, Labour Force Survey (LFS)

These labour market developments support a more balanced assessment of Priority 6. On the one hand, the region has made substantial progress since 2019. Employment has increased, youth disengagement has moderated, and some of the largest internal labour market gaps have begun to narrow. On the other hand, the data also illustrates that SEE still operates with a segmented labour market landscape: one in which the most persistent constraints are concentrated in the lower-employment, wider-gap part of the region, and where women and youth continue to account for a large share of unrealised labour potential. This is consistent with wider analysis, which finds that the Western Balkans has improved employment outcomes, yet still lags the EU in skills performance, productivity and labour market relevance, with employment gains not always matched by commensurate improvements in productivity or learning outcomes.

From a mid-term perspective, the conclusion is therefore cautiously positive. Priority 6 is moving in the right direction, and the indicators point that the region has not remained static in the face of demographic and economic headwinds. But they also suggest that the next phase of progress will depend less on cyclical recovery and more on whether SEE can widen participation in a more inclusive way - especially by reducing the female employment gap, improving youth transitions, and converting educational participation into more durable labour market attachment. In that sense, the key labour market challenge for the second half of the Strategy period is not simply to raise employment further, but to broaden the base of those who are able to participate in it.

To further strengthen the people-centred approach of SEE 2030 Strategy, lifelong learning and adult upskilling should be explicitly recognised as a horizontal pillar of human capital development. Beyond formal education and higher education cooperation, SEE long-term competitiveness, inclusiveness and resilience will increasingly depend on the capacity of adults to continuously update their skills throughout the life course. Lifelong learning plays a key role in supporting labour market transitions, enabling green and digital transformations, reducing the risk of social exclusion, and enhancing societies' adaptive capacity in the face of demographic and economic change.

### 4.2.2 Diaspora and Migration

**Key Highlights:**

- Priority 7 remains one of the least advanced areas of implementation. The Strategy's intermediate milestone on mapping diaspora initiatives and building targeted communication strategies has not yet been fully met at regional level.
- Remittances remain economically important, but they are not a substitute for development strategy. Their stabilising role is clear, but they do not offset the long-term loss of skills and labour.
- The most realistic opportunity lies in structured circulation of skills, knowledge and investment rather than large-scale return migration. The Strategy itself emphasises non-financial transfers and the circulation of knowledge and skills.

Priority 7 is the Strategy's recognition that migration should not be viewed only through the lens of loss. The region's diasporas represent a major reservoir of knowledge, skills, business networks, professional linkages and potential investment. The Strategy therefore sets out a clear ambition: to move beyond remittance dependence and cultivate more structured forms of diaspora participation in research, innovation, entrepreneurship and economic development.

At mid-term, however, implementation remains uneven. A number of participants have established diaspora strategies or institutions (Box 1), and some have introduced targeted incentives for returnees, investors or knowledge transfer. But at regional level the institutional infrastructure remains relatively thin. The gap is therefore not one of awareness, but of coherence, scale and coordination. The challenge is particularly acute because outward mobility continues to be selective: many of those who leave are young, skilled and economically active, which magnifies the developmental cost of emigration while simultaneously increasing the value of diaspora engagement.

The role of remittances remains important, especially for household resilience and poverty reduction. World Bank and KNOMAD work continues to treat remittance flows as a major policy area in their own right, including through efforts to reduce transfer costs and improve remittance market transparency. Yet from a mid-term SEE 2030 Strategy perspective, remittances should be understood as a stabiliser rather than a sufficient development model. They can cushion consumption and support families, but they do not on their own rebuild depleted health systems, deepen innovation ecosystems or reverse labour shortages.

For that reason, the most promising direction under Priority 7 is likely to be structured circularity: business networks, research exchange, diaspora investment facilitation, sector-specific engagement in areas of acute shortage, and stronger use of digital platforms to support intraregional circulation of high-value skills. In this respect, the Strategy's emphasis on non-financial transfers of knowledge and skills remains well judged. So too does the relevance of regional mobility arrangements, including the mutual recognition of qualifications already advanced under the broader regional cooperation agenda.

At this stage, Priority 7 should be assessed as strategically important but institutionally underdeveloped. Progress has been made in recognising the issue and establishing a patchwork of domestic instruments, but a more systematic regional approach remains to be built.

Box 1: Overview of Diaspora strategic frameworks and incentive schemes in SEE

The overview shows that diaspora engagement is already well anchored at participants' level across much of SEE, with most participants having established strategic frameworks, lead institutions and at least some instruments aimed at investment, skills circulation or return support. This creates a useful foundation for regional cooperation: rather than replacing domestic approaches, a regional framework could help connect them, promote peer learning, and identify common areas where cooperation would add value. In that sense, the SEE2030 Strategy regional level is best seen as an enabling layer — one that can support greater visibility, comparability and coordination of domestic efforts, while also helping to scale up those aspects of diaspora engagement that naturally benefit from intraregional cooperation, such as business networking, knowledge exchange and talent circulation. The SEE2030 Strategy already points in this direction by treating diaspora engagement as a regional development issue linked to economic activity, skills and depopulation, rather than only as a matter of relations with citizens abroad.

**Box 1: Overview of Diaspora strategic frameworks and incentive schemes in SEE**

| SEECP Participant | Strategy/Plan | Primary Institution | Key Economic & Investment Incentives |
|---|---|---|---|
| Tirana | Diaspora Strategy 2021–2025 (2020) | Diaspora Agency | Connect Albania platform agents; professional equipment tax exemptions. |
| Sarajevo | Policy on Cooperation with Diaspora (2017) | Ministry of Human Rights & Refugees | Brain recirculation programmes, matching grants to incoming diaspora investors. |
| Zagreb | Act on Relations with Croats Outside Croatia (2011; updated 2022) | State Office for Croats Abroad | Biram Hrvatsku (I Choose Croatia) grants of up to €27,000 for returnee startups. |
| Pristina | Law on Diaspora (2012), Strategy on Diaspora (2019) | Ministry of Foreign Affairs & Diaspora | Diaspora Bonds; support for Business Union networks & municipal FDI. |
| Chisinau | Diaspora 2025 Strategy (2016) | Diaspora Relations Bureau (BRD) | PARE 1+2 Programme matching grants (2 MDL state: 1 MDL diaspora). |
| Podgorica | Strategy for Co-op with Diaspora 2020-2023 (2019) | Administration for Diaspora | Co-financing for diaspora NGOs; simplified administrative diaspora cards. |
| Skopje | Strategy for Diaspora 2019-2023 (2019) | Agency for Emigration | Subsidies for jobs created by diaspora firms; business networking forum funding. |
| Bucharest | Strategy for Romanians Abroad 2023–2026 (2023) | Dept. for Romanians Abroad (DRP) | Startup Nation Diaspora grants (up to €40,000) for returning business owners. |
| Belgrade | Law on Diaspora and Serbs in the Region (2009; Strategy 2011) | Office for Diaspora | Tačka Povratka VAT/tax counseling; customs duty exemptions for returnees. |
| Ljubljana | Strategy for Slovenians Abroad (updated 2022) | Govt. Office for Slovenians Abroad | Scientific fellowships (ASEF); grants linking diaspora experts with local firms. |
| Ankara | YTB Strategic Plan 2019–2023 (2018) | Presidency for Turks Abroad (YTB) | Blue Card (Mavi Kart) status (property rights & business ease without citizenship). |

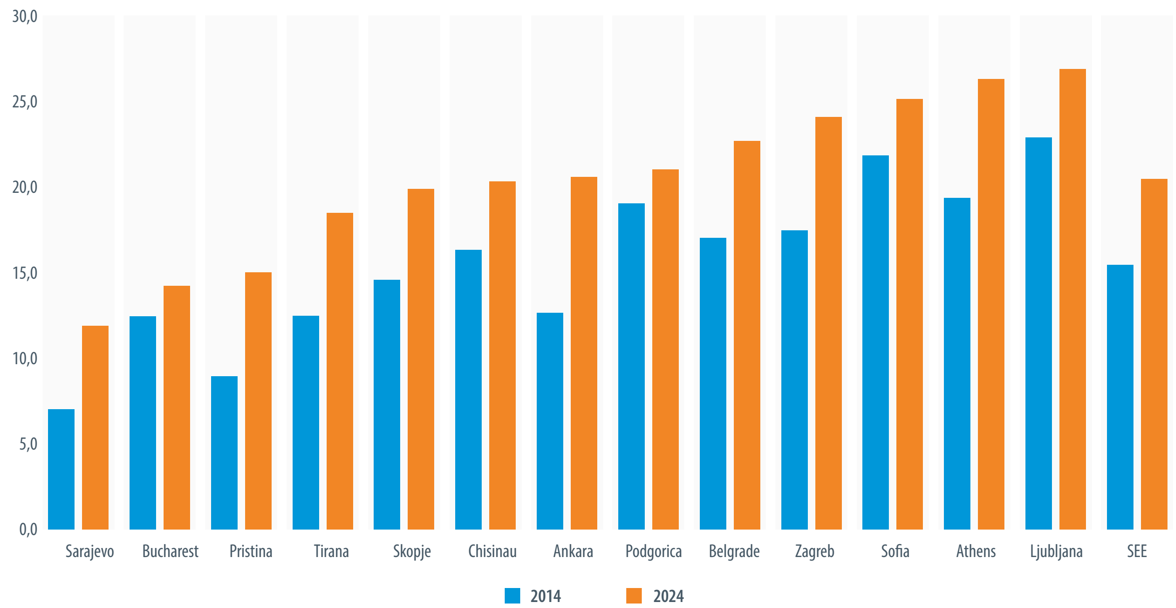
### 4.2.3 Education Quality and Access

**Key Highlights:**

- Educational attainment has risen across SEE over the last decade. The share of the working-age population with advanced education increased markedly at regional level, suggesting that the region has continued to expand its stock of formal human capital.
- The strongest progress appears to have come from participants that started from a lower base. This points to gradual convergence within SEE in tertiary attainment, even if gaps remain.
- Access and attainment have improved faster than quality and relevance. This remains the central challenge under Priority 8: stronger educational participation is not yet translating evenly into stronger learning outcomes, skills quality or smoother transitions into productive employment.

Priority 8 is central to the People dimension because it shapes the long-term quality of the region's labour force and its ability to adapt to demographic, technological and economic change. The Strategy's emphasis is appropriately broad: it covers not only access to education, but also learning quality, labour-market relevance, lifelong learning, digitalisation and stronger cooperation between education systems and the private sector. The distinction between these elements is important at mid-term, because the evidence suggests that SEE has made more visible progress in expanding attainment than in improving the quality and economic relevance of learning.

Figure 24: **Share of working age population with advanced education level (%)**



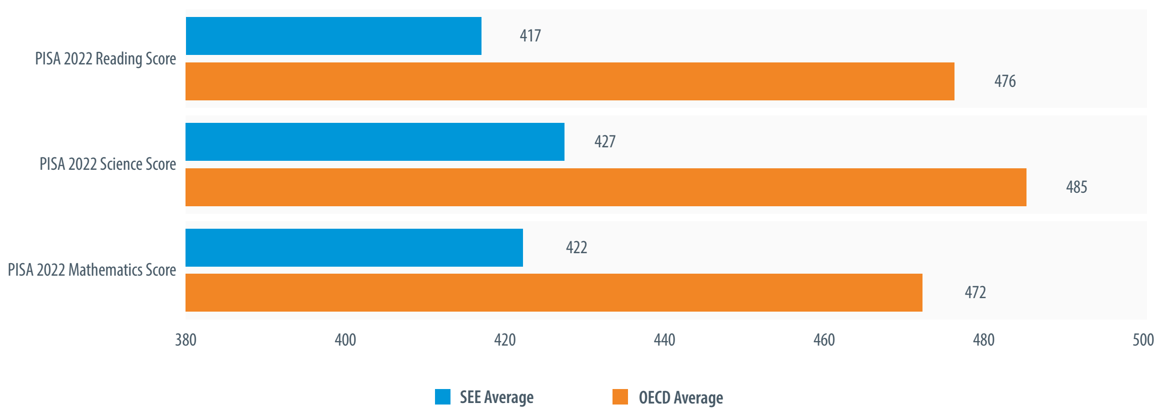

Source: ILO, Labour Force Survey (LFS)

The above Figure 421 on the share of the working-age population with advanced education usefully strengthens this interpretation. It shows a clear upward trend across the region between 2014 and 2024, with the SEE average rising from roughly the mid-teens to just above one fifth of the working-age population. This is a meaningful change. It suggests that the region has been steadily increasing the proportion of adults with tertiary or other advanced educational attainment, thereby broadening the formal skills base available to the labour market. The data also points to an internal convergence story: while the EU SEECP participants generally remain at the higher end of the distribution, several non-EU participants have recorded sizeable gains from lower starting points. In that sense, the education pillar contains one of the clearer examples of gradual upward movement across SEE as a whole.

This reading is consistent with recent OECD evidence for the Western Balkans, which identifies the labour force with advanced education as the region's strongest area of convergence relative to the EU, with all Western Balkans participants surpassing 90% of EU levels on that specific indicator.[28] It also notes that some of the region's strongest recent progress has been in employment rates and lifelong learning, suggesting that the expansion of advanced attainment is part of a broader, if still incomplete, improvement in the skills profile of the population.

At the same time, this also illustrates why educational attainment alone cannot be taken as a sufficient indicator of success under Priority 8. A rising share of the working-age population with advanced education is clearly positive, but it does not by itself resolve the region's more persistent weaknesses in learning quality, skills matching and labour-market relevance. The SEE 2030 Strategy itself makes this point directly, noting that while literacy and participation are relatively strong, PISA results show that most SEECP participants continue to perform below the OECD average and that quality of learning must therefore become a much stronger focus of policy effort.

Figure 25: **SEE vs. OECD average PISA 2022 scores**




Source: OECD, PISA 2022 Database

Recent performance reinforces that conclusion. In PISA 2022, the Western Balkans averaged about 390 points in mathematics, and 57% of students were classified as low performers, compared with an OECD/EU average of 27%.[29] This suggests that the region is still producing too many learners without baseline proficiency, even where participation and attainment are improving. In practical terms, this helps explain why higher educational attainment in the adult population does not

28 OECD, Economic Convergence Scoreboard for the Western Balkans 2025
29 OECD, Pisa 2022 Database

automatically translate into smoother school-to-work transitions, lower NEET rates, stronger productivity growth or better alignment between qualifications and labour demand.

This is why the regional story under Priority 8 is best understood as one of partial but uneven transformation. The stock of advanced education in the population is rising, and that is an important achievement. It indicates that more people across SEE are reaching higher levels of formal education than a decade ago, and that parts of the region are catching up from lower starting points. But the gap between formal attainment and effective capability remains significant. The challenge is particularly evident in three areas.

First, quality of foundational learning remains uneven, which means that tertiary expansion can rest on weaker underlying school systems than headline attainment figures might suggest. Second, labour-market relevance remains inconsistent, especially where vocational pathways are outdated, work-based learning is limited, or employer links are weak. Third, lifelong learning - while improving in some parts of the region - still does not appear strong enough to support the scale of reskilling that the digital and green transitions will require.

Viewed in that light, educational attainment should not be read as contradicting the earlier diagnosis of this priority, but rather as refining it. It shows that SEE is not standing still: the region is building educational capital, and in that sense the medium-term direction is positive. But it also underlines that the next phase of implementation will need to focus less on participation alone and more on how educational gains are converted into stronger learning outcomes, more adaptable skills and more productive employment. That is where the Strategy's emphasis on digital learning, lifelong learning, mobility, and closer links between education institutions and labour-market needs becomes especially relevant.

Overall, Priority 8 can therefore be assessed as progressing, with visible gains in attainment and gradual convergence in advanced education, but with quality and relevance still lagging behind access. The chart strengthens the case for a balanced interpretation: the region has expanded the quantity of advanced human capital, yet the core policy challenge for the second half of SEE2030 remains to improve the quality, relevance and effective utilisation of that human capital across the region.

### 4.2.4 Health Access and Quality

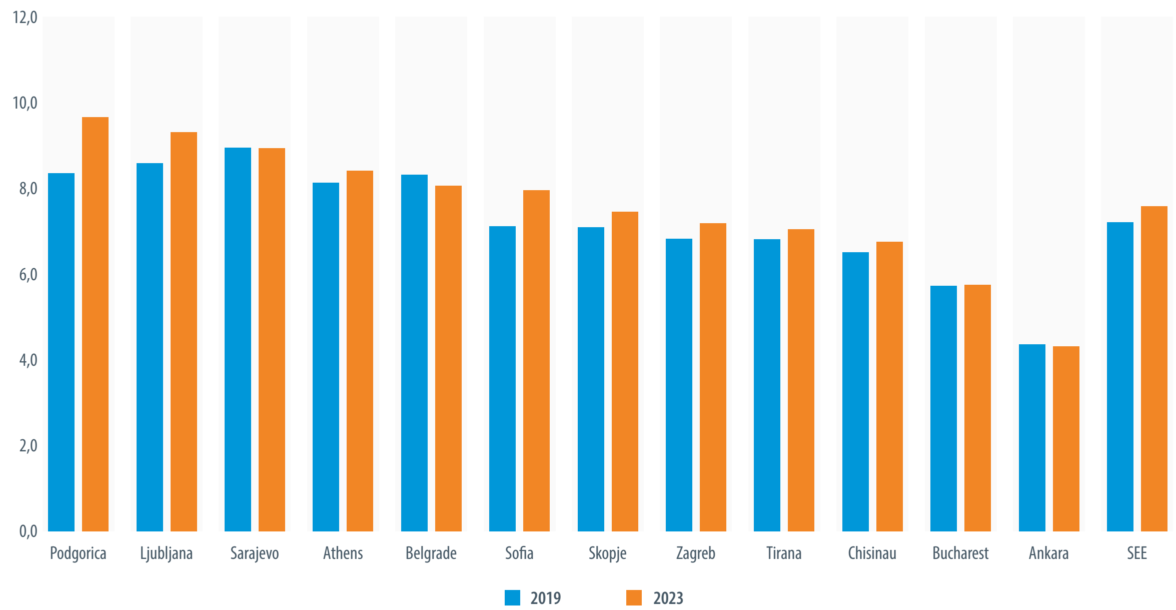
Priority 9 addresses one of the most direct determinants of quality of life in SEE - and one of the most consequential drivers of emigration. Health system performance, financial protection from health costs, and the availability of adequate primary care are recurring concerns in RCC Balkan Barometer surveys as primary motivations for citizens considering emigration. The COVID-19 pandemic exposed and amplified pre-existing fragilities: the region's heavy reliance on hospital-based care rather than primary healthcare, the inadequacy of public health expenditure, the disproportionate burden of out-of-pocket payments on lower-income households, and the brain drain of health professionals - themselves targets of active recruitment by EU member states with aging populations.

**Key Highlights:**

- Health spending has held up relatively well across SEE and has edged upward at regional level since 2019. The current health expenditure suggests that the region has broadly preserved health financing effort through a period marked by pandemic after-effects and inflationary pressures.
- The more visible divide across SEE lies in health outcomes and financial protection rather than in spending alone. Differences in healthy life expectancy and in the share of costs borne directly by households point to uneven conversion of spending into accessible, protective and effective care.
- The central challenge for the second half of the Strategy period is therefore one of efficiency and equity. In much of SEE, the issue is less whether health systems spend, and more whether that spending is translated into healthier lives and lower household burden. Healthy life expectancy remains below the broader European levels, while out-of-pocket spending in large parts of the region remains above levels associated with strong financial protection.

Health access and quality have become one of the most strategically important priorities in the People dimension because it sits at the intersection of demographic change, social resilience and human security. The Strategy's emphasis on universal health coverage, quality of care, prevention, digitalisation and regional cooperation remains highly relevant. The evidence suggests that SEE health systems have shown resilience since 2019, but also that the main internal differences within the region are expressed more clearly through outcomes and financial protection than through expenditure levels alone.

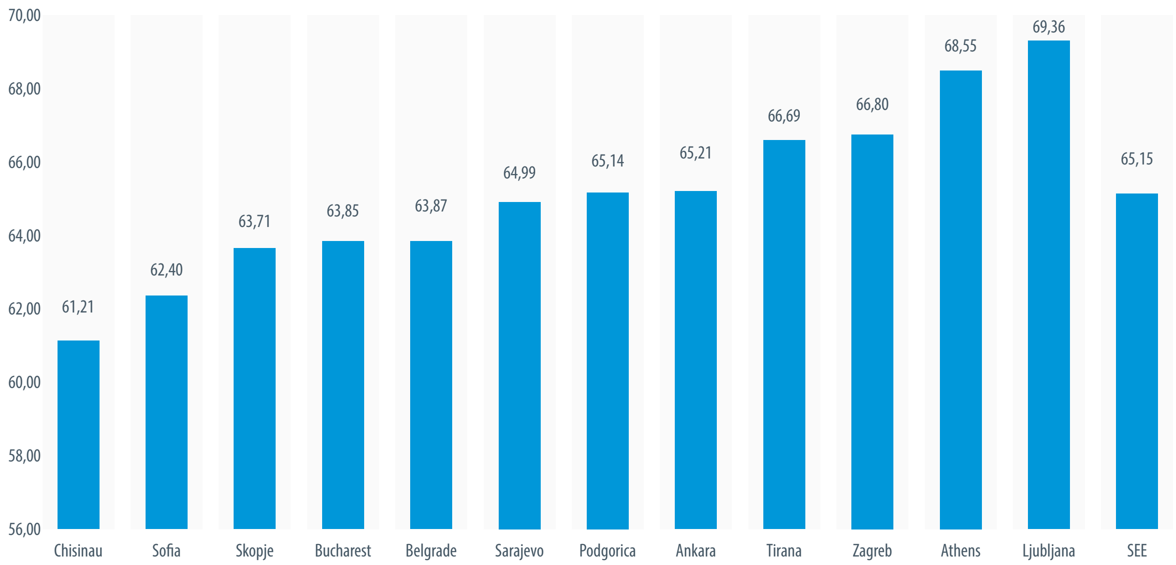
Figure 26: **Current health expenditure (CHE) as percentage of gross domestic product (GDP) (%)**




Source: WHO

The spending indicator shows that health expenditure as a share of GDP has been broadly preserved across the region and has increased modestly at aggregate SEE level since 2019. This is a meaningful finding. It indicates that, even in a period shaped by inflation, slower growth and competing fiscal demands, health systems were not systematically deprioritised. At the same time, the regional pattern is not one of a simple split between higher-spending and lower-spending participants. Both EU and non-EU SEECP participants include participants that allocate a broadly comparable share of GDP to health. This suggests that variations in performance across the region cannot be explained by expenditure effort alone. WHO's expenditure metadata support this interpretation by emphasising that the indicator measures the importance given to health in monetary terms, but does not in itself capture effectiveness, equity or service design.

Figure 27: **Healthy life expectancy (HALE) at birth (years)**

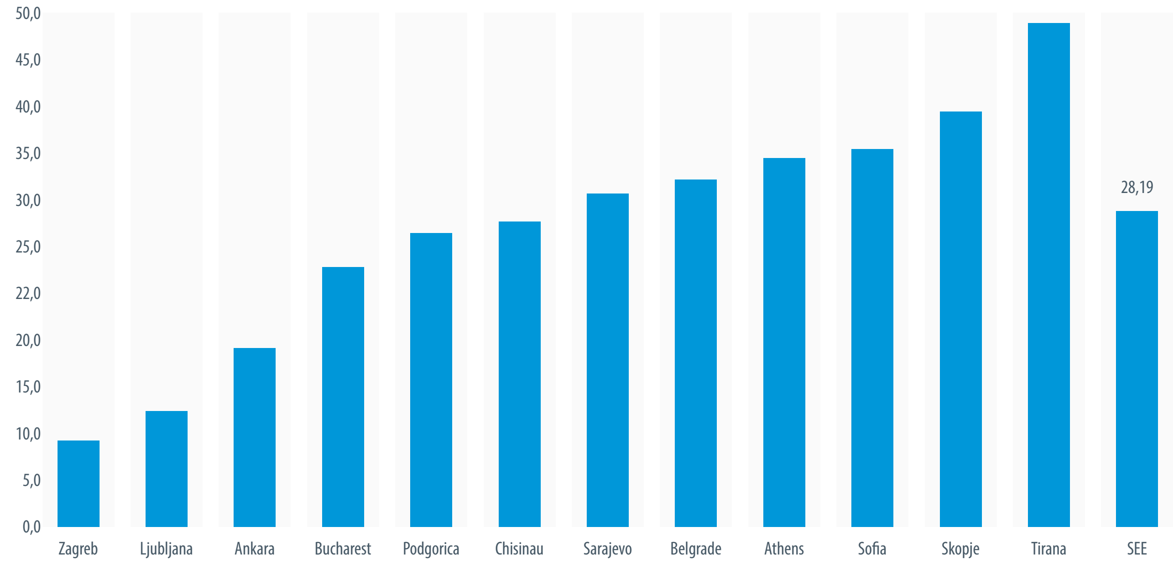



Source: WHO, 2021

The healthy life expectancy indicator provides a more outcome-oriented perspective. WHO defines healthy life expectancy at birth as the number of years a person can expect to live in full health, taking into account years lived in less than full health due to disease or injury. The regional data suggest that SEE stands at just over 65 healthy years on average, which is somewhat below the broader European benchmark. WHO's Europe-wide dashboard reports healthy life expectancy at birth at 66 years in 2021 for the region as a whole. Within SEE, the pattern points to a perceivable gradient: the more economically developed segment of the region generally records higher healthy life expectancy. The differences are not significant enough to suggest two entirely separate regional realities, but they are sufficiently consistent to indicate a structural divide in the extent to which people are able to live longer lives in good health.

The financial protection indicator reveals an even clearer differentiation. WHO/Europe has repeatedly underlined that out-of-pocket payments are one of the most important signals of whether a health system protects households from financial hardship, and notes that financial protection tends to be stronger in countries where out-of-pocket payments account for less than 15% of current spending on health. The SEE data suggest that the regional average remains well above that threshold, and that in much of the region households continue to bear a substantial share of health costs directly. Only a limited part of SEE appears close to the lower levels associated with stronger protection. In a larger group of participants, out-of-pocket spending remains in the 20–35% range, while in a smaller but important group it rises substantially higher. This matters because direct payment at the point of use is not only a financing issue; it also affects whether people delay care, forgo treatment or face difficulty covering other basic needs.

Figure 28: **Out-of-pocket expenditure as percentage of current health expenditure (CHE) (%)**




Source: WHO, GHED_OOPSCHE_SHA2011

Taken together, the evidence points to three broad regional groupings. A first grouping combines relatively strong healthy life expectancy with lower household cost exposure. A second, intermediate grouping devotes a moderate or relatively high share of GDP to health and achieves middle-range outcomes but still leaves households with a sizeable financial burden. A third grouping, more visible in parts of the non-EU region, combines lower healthy life expectancy with high out-of-pocket spending, pointing to weaker effective coverage and greater vulnerability. These categories are not absolute, but they are useful in showing that the main health divide within SEE is not simply about expenditure, but about how well systems convert resources into equitable access and protection.

This reading aligns with wider WHO/Europe analysis. The regional evidence on financial protection consistently shows that out-of-pocket payments can undermine universal health coverage when they create financial barriers or lead to hardship, particularly for poorer households, older people and those with chronic health needs. This is especially relevant in SEE, where demographic ageing, lower average incomes in parts of the region, and still-significant labour-market informality can amplify household vulnerability. In that context, the financial protection dimension of health policy is particularly important for the broader logic of the People chapter, because it links health directly to inequality, poverty risk and long-term resilience.

The regional picture also strengthens the case for deeper cooperation in health. The differences between the higher- and lower-performing parts of SEE suggest scope for stronger exchange on coverage design, prevention, pharmaceuticals, primary care, digital tools and specialised care pathways. WHO's Roadmap for Health and Well-being in the Western Balkans similarly highlights the importance of stronger health systems, better prevention and more resilient service delivery across the sub-region. In the SEE 2030 Strategy context, this implies that regional cooperation in health is not only a solidarity agenda but also a practical one: it can help narrow gaps by supporting the circulation of experience, data, professional know-how and institutional solutions across systems facing similar pressures.

Overall, Priority 9 is best assessed as mixed but strategically central. The region has broadly maintained health financing effort, and that is significant. But the more demanding agenda for the second half of the Strategy period lies in strengthening financial protection, improving healthy life expectancy in the lower-performing part of the region, and ensuring that health spending translates more consistently into accessible, affordable and effective care. In that sense, the main task ahead is not simply to sustain attention to health, but to improve the equity and efficiency with which health systems serve populations across SEE.

### 4.2.5 Justice and Public Services

Priority 10 addresses the enabling legal and institutional infrastructure of the SEE 2030 Strategy's People dimension. Access to justice is not merely a governance objective: it is an enabling condition for all other development outcomes. Citizens who cannot afford legal representation, who face institutional discrimination, or who distrust the judicial system cannot reliably protect their rights to employment, education, health, or property - the foundational conditions for economic participation and quality of life. The Strategy recognises that access to justice and quality public services are particularly constraining for low-income households, rural communities, persons with disabilities, and victims of gender-based violence.

**Highlights:**

- The gap in rule of law and judicial quality between the EU SEECP participants and the Western Balkans is the most persistent governance deficit in the People dimension. For WB, EU accession conditionality provides the strongest available incentive for judicial reform, but the pace of progress has been consistently slower than accession commitments imply.
- E-government represents the fastest-moving positive story in this priority. Digital public service platforms are expanding across the region, and several WB participants - notably Tirana and Skopje - have made substantive investments in e-government infrastructure. Integration with the digital agenda (Priority 4) means this area can benefit from shared investment momentum. The strategic focus for the second half of the period should be on citizen-centric integration of services rather than building additional siloed platforms.

Across the EU SEECP participants, rule-of-law indicators - as measured by the World Bank Governance Indicators, Freedom House, and the EU Justice Scoreboard - reflect functioning legal systems with broadly adequate access to judicial services, even if backlogs and efficiency remain concerns in some jurisdictions. For the Western Balkans, the picture is more mixed. The European Commission's annual enlargement reports for candidates and potential candidates consistently identify judicial independence, rule of law, and anti-corruption capacity as the most serious structural governance deficits. Legal aid systems in several Western Balkans participants are chronically underfunded, particularly for vulnerable populations. Civil society organisations that provide legal assistance to marginalised groups operate with limited and insecure financing. The use of technology in justice systems - e-filing, digital court management, e-mediation - remains at an early stage in most non-EU SEECP participants.

The intersection of Priority 10 with the digital agenda of Priority 4 (section 4.1.3) is significant. The deployment of citizen-centric, digital public services can reduce the cost and complexity of accessing government, justice, and social services - and is one of the most actionable near-term instruments available to SEE governments. Progress on e-government has been variable but generally positive: the DESI indicators show improvement in online public service sophistication across most EU SEECP, and several Western Balkans participants have invested meaningfully in e-governance infrastructure with IPA and World Bank support. Tirana's digital transformation programme has been particularly noted in the enlargement context. However, the citizen-centric, integrated service delivery vision envisaged under Action 10.5 - where citizens access all government services through a single seamless interface based on their needs - remains a 2030-horizon aspiration rather than a mid-term achievement.

### 4.2.6 Housing, Environment and Sanitation

Priority 11 addresses what the Strategy calls the material foundations of decent life - safe water, adequate sanitation, and affordable, healthy housing. These are not merely development aspirations; they are direct quality-of-life determinants that consistently appear in RCC Balkan Barometer surveys among the top considerations driving citizens' emigration decisions. The divergence between EU SEECP participants - where these services approach universality - and the Western Balkans, where significant proportions of the population remain without reliably safe water or basic sanitation, is one of the People dimension's most tangible and measurable gaps.

**Highlights:**

- Water and sanitation infrastructure gaps in some participants of the region represent unambiguous quality-of-life deficits with direct health consequences. Rural-urban disparities are far larger than domestic averages suggest.
- Air pollution is SEE's most pervasive environmental health burden and is directly linked to the coal-energy transition challenge discussed in the Prosperity dimension. Seven of Europe's ten most polluting coal-fired power stations are in the SEE region. Accelerating the energy transition is simultaneously the most effective public health intervention available to the region and a prerequisite for meeting both the Paris Agreement and Agreement and SDG 3 and 7 commitments.

Priority 11 extends the People dimension into the material conditions of daily life. Its targets range from universal and equitable access to safe drinking water and sanitation, to better water-use efficiency, stronger local participation in water management, universal access to affordable and reliable energy services, more affordable and adequate housing, reduced urban environmental impact and better air quality. In this sense, it is one of the most explicitly cross-cutting priorities in the entire Strategy.

The mid-term picture remains uneven. In most SEECP participants, access to improved water and sanitation services is already close to universal, particularly within the EU part of the region. In others, gaps remain slightly more visible, especially in rural areas and for safely managed sanitation. The WHO/UNICEF Joint Monitoring Programme continues to provide the internationally comparable basis for tracking this space, and its 2025 update places renewed emphasis on inequalities, underlining that progress in access cannot be read without attention to who remains excluded. That is particularly relevant for SEE, where domestic averages can obscure pronounced territorial and social disparities.

The climate dimension now raises the importance of this priority further. Climate change is adding pressure to access to clean water and sanitation, with drought and flood risk testing the resilience of systems that are in some places antiquated or insufficiently adapted to more intense weather patterns. In this context, water and sanitation are no longer only traditional infrastructure issues; they are also part of resilience and human security.

Housing, energy affordability and environmental health also warrant closer attention than they have often received in regional strategy discussions. The Strategy is right to place affordable, safer and healthier housing within the People dimension, because housing quality shapes health, social inclusion and the attractiveness of communities for retaining population. The same is true of air quality. Poor air quality remains one of the most widely felt environmental burdens in the region and continues to link quality of life directly to the pace and social design of the green transition. Green transition should not be approached purely as an investment agenda if existing inequalities are to be avoided or reduced.

Priority 11 should therefore be assessed as partially on track, but with persistent structural deficits. It is an area where convergence exists in some participants and localities, but not yet across the region as a whole. The second half of the Strategy period is likely to require stronger integration between local infrastructure upgrading, climate resilience, energy affordability and environmental health.

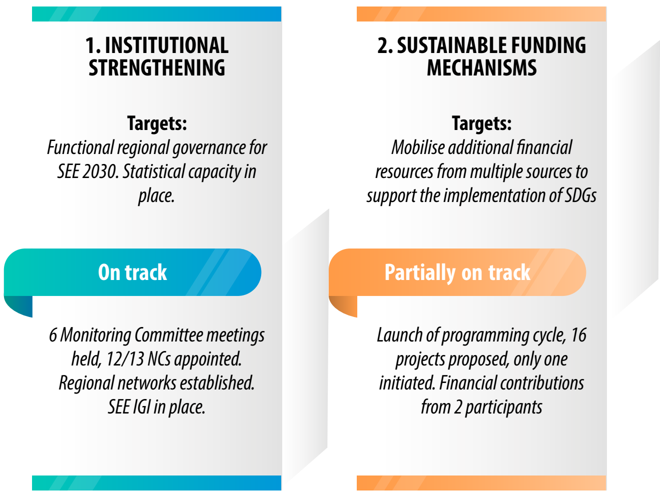
## 4.3. Peace and Partnerships – The Enabling Layer: Governance and Finance for Implementation

The first two dimensions of the SEE 2030 Strategy - Prosperity and People - set out the development objectives that thirteen participants have committed to pursue together through 2030. The third dimension, Peace and Partnerships, is different in character. It does not describe outcomes to be achieved so much as the conditions that make those outcomes achievable: the governance architecture that coordinates implementation, the institutions that hold the process accountable, the multi-stakeholder partnerships that broaden ownership, and the financing mechanisms that translate political commitment into funded action. In this sense, Dimension III is the enabling layer on which the entire Strategy rests. Its two priorities - institutional strengthening (Priority 12) and sustainable financing (Priority 13) - are interdependent. The mid-term record shows meaningful progress on the former and critical deficiency on the latter.

The SEE 2030 Strategy governance structure that has been built since the Strategy's adoption in Antalya in 2021 is, by regional standards, genuinely innovative. A Monitoring Committee composed of National SDG Coordinators, meeting multiple times and adopting binding annual reports, provides a forum for structured accountability that most comparable regional frameworks lack. The Statistical Network (SSN) - established in mid-2022 to harmonise SDG indicator data across thirteen participants - is producing the evidence base that makes monitoring meaningful. The flagship initiatives: the Inclusive Growth Index, the SecuriMeter, peer-learning exchanges, and aid effectiveness mechanisms are generating tools for the second half of the Strategy period that did not exist at its adoption. These are real achievements that should be recognised as such.

Yet, the honest mid-term assessment is that governance infrastructure, however well designed, cannot substitute for adequate financing. The AIIR3 is explicit: SEE 2030 Strategy has largely remained at the horizontal level, functioning as a coordination and dialogue framework rather than as a programme that penetrates vertically into domestic budgets and transforms development conditions on the ground. The sixteen project proposals that represent the region's bottom-up programming ambition remain overwhelmingly unfunded. Only two of thirteen participants had provided voluntary financial contributions above their statutory RCC obligations by 2024. The proposed International Donors' Conference has also not taken place. Without a step-change in financing for the second half of the Strategy period, the risk is that SEE 2030 Strategy becomes a well-documented aspiration rather than a transformative programme.

**Peace and Partnerships Dimension at a Glance:**



### 4.3.1 Institutional Strengthening for Smart Implementation

Priority 12 asks whether the SEE 2030 governance architecture - the Monitoring Committee, the participants' coordination structures, the stakeholder engagement mechanisms, and the monitoring and statistical systems - has been built and is functioning in a way that supports effective Strategy implementation. The answer at mid-term is genuinely mixed: the architecture is more solid than most regional governance frameworks of comparable ambition, and it has been built from scratch in a compressed timeframe. But the architecture's strength has not yet been translated into operational programme delivery, and the uneven engagement across the thirteen participants introduces fragility into a structure that depends on consensus and collective ownership.

**Key Highlights:**

- The SEE 2030 governance architecture - a functioning Monitoring Committee with clear Rules of Procedure, 12/13 national coordinators, three adopted AIIRs, a Statistical Network, and four flagship innovation tools - is a genuine mid-term achievement. For a framework spanning thirteen heterogeneous participants at different stages of development, this represents a solid institutional foundation. The architecture has held through significant external disruptions and demonstrates that region-owned governance is workable.
- Several flagship initiatives - the Inclusive Growth Index, RCC SecuriMeter, peer-learning programme, and aid effectiveness mechanism - are the most substantive governance innovations of the mid-term period. They equip the Strategy for evidence-based, people-centric implementation in the second half of the period. The IGI in particular positions SEE as a potential contributor to global debates on development measurement beyond GDP. These tools must now be deployed for policy decisions, not merely analytical outputs.
- Uneven engagement is the primary governance risk. The AIIR3 documents that commitment 'appears uneven' across the thirteen participants, with the absence of one national coordinator, recurring meeting absences, and variable follow-through at the national level. The proposed SEECP Ministerial on SDGs and a SEECP Summit on SDGs are the most actionable tools available to elevate political ownership before the Strategy's final phase.
- Private sector and local authority engagement remains the most persistent structural gap in the governance framework. The subsidiarity principle - implementation through local authorities which can embed SDGs in urban and rural development plans - has not been operationalised. Without private sector co-investment and local government participation, SEE 2030 Strategy cannot achieve the transformative impact its architecture is designed to support.

***The Monitoring Committee: Structure and Performance***

The SEE 2030 Monitoring Committee held its inaugural meeting in November 2021, immediately adopting its Rules of Procedure, programming guidelines, and monitoring framework - a rapid initial operationalisation that established the MC as the central governance body, composed of National SDG Coordinators and the RCC Secretariat, with the RCC holding a facilitating rather than directive role. This design - region-owned and region-led - was a deliberate choice mandated by the 2019 SEECP Summit and reflects the political reality that a framework serving thirteen heterogeneous economies can only function through buy-in, not imposition.

By the end of 2025, six full MC meetings had been convened, producing three Annual Interim Implementation Reports (AIIRs) endorsed by the SEECP Summit, and a series of operational decisions on programming priorities, flagship initiatives, and governance arrangements. This meeting cadence is consistent and has been maintained through significant external disruptions – including the aftermath of the COVID-19 pandemic, the geopolitical shocks of 2022, and the challenge of coordinating with thirteen diverse administrations across different EU accession statuses, legal traditions, and institutional capacities. One appointment of National Coordinator has remained pending throughout the period, and several participants have experienced delays in updating coordinator appointments following governmental changes - a source of continuity risk that the AIIR3 explicitly flags.

***Economy-Level Alignment: A Strong but Uneven Foundation***

At the participants level, the picture is broadly positive. Virtually all thirteen participants have established or strengthened inter-institutional coordination bodies for SDG implementation, typically under the national coordinator's lead. Governments have progressively aligned their development strategies with the Strategy's three dimensions, and many are explicitly linking EU accession reforms with SEE 2030/SDG commitments - treating the two frameworks as complementary paths rather than competing demands. The SEE 2030 Strategy has, in the words of the SEECP Summit Declaration of June 2024, served as a "unifying framework" for regional dialogue and domestic planning.

However, the level of engagement is demonstrably uneven. Some participants treat SEE 2030 Strategy as a central instrument of domestic development planning and actively contribute to regional programming; others engage primarily at the diplomatic level, with limited operational follow-through. The AIIR3 is frank about this: the interest and commitment to the Strategy's implementation among participants "appears uneven," and "enhancing the political visibility of SEE 2030 implementation" is identified as the highest-priority governance action for the second half of the period. The recommended SEECP Ministerial meeting on SDGs, and a SEECP Summit on SDGs, are proposed as the primary vehicles for elevating the political profile.

***Flagship Initiatives: Innovation That Must Now Deliver***

Several flagship initiatives were developed during the mid-term period, each representing an innovation in regional governance tools. The SEE Inclusive Growth Index (SEE IGI) - a 'beyond GDP' composite indicator measuring well-being and inclusive development across SEE - completed its technical framework in 2024-2025, developed jointly with the Statistical Network. It positions SEE as a potential contributor to global debates on alternative development metrics. The SecuriMeter - an annual public perception survey on human security conditions, currently covering Western Balkans - provides a people-centric complement to statistical indicators. The peer-learning programme, proposed by Athens and adopted at fourth meeting of the SEE2030 MC, inaugurated a first workshop on Voluntary National Review (VNR) experience sharing - directly enabling knowledge transfer on SDG implementation practices between participants. The aid effectiveness mechanism - tracking donor alignment with SEE 2030 priorities - is designed to address the financing gap documented under Priority 13 by making the case for greater ODA interaction with the Strategy.

***Multi-Stakeholder Engagement: Progress but a Private Sector Gap***

SEE 2030 Strategy's governance documents from the outset recognised that sustainable development is a whole-of-society effort, and the mid-term record shows real progress in broadening ownership beyond government. Formal links with the SEECP Parliamentary Assembly were established in 2023–2024, with the RCC Secretariat briefing parliamentarians on SDG progress and Strategy updates. Thematic dialogues with academia and think-tanks have been regularised. The Statistical Network brings together statistical offices in a functioning technical community. International partners - the OSCE, WHO, UNDP, EC, WBEIB, EBRD among others - have been engaged and in several cases have aligned elements of their regional programming with SEE 2030 Strategy.

The most persistent gap is private sector engagement. Despite being identified as a priority from the Strategy's inception - and being one of the seven criteria adopted by the MC for programming selection - meaningful private sector participation in SEE 2030 Strategy activities has not materialised. Business associations and chambers of commerce have been included in dialogue events but have not yet co-invested in or co-designed implementation initiatives. Local authorities - critical to the localisation of SDG implementation - have similarly not been drawn into the programming cycle. The subsidiarity principle articulated in the Strategy document has not been operationalised.

### 4.3.2 Sustainable Funding Mechanisms

Priority 13 confronts the most structurally challenging aspect of regional strategy implementation: how to finance it. The SEE 2030 Strategy was adopted with a clear acknowledgement that implementation would require mobilising public finance, private finance, and international development cooperation - a comprehensive financing architecture that the Strategy document characterised as essential to improving lives over the long term. At the mid-term, the assessment is blunt: the financing architecture envisaged at adoption has not been built. The mechanisms that exist are coordination and dialogue instruments, not investment vehicles. The gap between the Strategy's ambition and its resource base is the single most important risk factor for the second half of the implementation period.

**Key Highlights:**

- The financing gap is the Strategy's most critical structural risk for the second half of the implementation period. The resource envelope currently secured - the RCC statutory budget share, the €258,500 EC Action Grant, and voluntary contributions from two participants - is sufficient to sustain the coordination and monitoring architecture but wholly insufficient to fund the implementation programme the Strategy requires.
- The EU Reform and Growth Facility (Western Balkans Growth Plan, 2024–2027) represents the most significant near-term financing opportunity, at least in part of the region. The SEECP Summit 2024 explicitly endorsed interaction between the two frameworks. The strategic priority for 2025–2026 is to ensure that WB economy reform plans under the Growth Plan systematically cross-reference SEE 2030 targets - creating a de facto alignment that channels IPA III and Growth Facility resources through the SEE 2030 Strategy lens without requiring a new dedicated fund.
- Project bankability is as much a constraint as donor availability. The pipeline's highest-scoring proposals have advanced primarily because they are statistical and coordination activities that can be funded with small grants. The investment-grade proposals - renewable energy, digital skills, transport connectivity, youth employment - require project preparation, feasibility analysis, and risk structuring.
- The proposed International Donors' Conference - deferred several times since 2023 - should be reconsidered as a high-level SEECP event co-hosted with the EC and anchored to a SEECP Summit on SDGs. Such an event, combining the political weight of the Summit with a structured donor engagement mechanism, would provide both the visibility and the institutional framework that bilateral and multilateral donors need to justify programming alignment with SEE 2030.

The Structural Funding Gap

The RCC Secretariat's statutory budget - the core public funding source for SEE 2030 Strategy coordination activities - covers a relatively small share of full implementation costs. To supplement this, the Strategy envisaged voluntary financial contributions from SEECP participants. To date, only two of thirteen participants had provided voluntary contributions, which represent a meaningful political signal but still inadequate aggregate response from the group as a whole.

The dedicated amount of €258,500 from the European Commission Action Grant for 2023–2025 represents the most significant external resource secured to date. This grant funds three specific activities: coordination of development financing network meetings, technical assistance for the SEE IGI, and support to MC meetings. It is not a programming grant and cannot fund project implementation. The RCC Secretariat's proposal for a non-paper to DG NEAR requesting both financial and non-financial EU support - including Eurostat expertise for SDG monitoring and alignment with INTERREG Adriatic, Black Sea, and Danube programmes - received no formal response during the reporting period.

***The Project Pipeline: Ambition Without Funding***

The most visible expression of the financing gap is the state of the sixteen project proposals developed through the SEE 2030 programming cycle. These proposals were developed bottom-up, with participants submitting and ranking proposals across a range of priority themes - from SDG visibility and disaster risk finance to renewable energy investment, digital skills, and health cooperation. The evaluation matrix produced by the RCC Secretariat ranked proposals by their aggregate score from the participants' evaluations. The top-ranked proposals reflect a coherent set of priorities. But as of the mid-term, none of the sixteen proposals has secured implementation financing from external donors. The first project proposal to be implemented soon is the training on brain cancer treatment protocols to be provided by Ankara for the health specialists in Skopje, under the project title: "Strengthening cooperation between health specialists from Skopje and Ankara".

The AIIR3 is unambiguous about the implications: "the interest and attention of international and bilateral donors to SEE 2030 has been weak". The RCC has explored multiple avenues - bilateral meetings with SEECP donor agencies, outreach to Japanese and Korean development agencies active in the region, and the proposed International Donors' Conference. The Donors' Conference has not taken place, repeatedly deferred by competing humanitarian crises and the complexity of international donor calendars.

***The EU Growth Plan: The Most Significant Opportunity***

The most materially significant near-term financing opportunity for SEE 2030 Strategy is the alignment of the Strategy with the EU's Reform and Growth Facility (the Western Balkans Growth Plan), covering 2024–2027. The SEECP Summit Declaration of June 2024 explicitly noted "a significant level of parallelism" between the Growth Plan's reform priorities and SEE 2030 objectives, urging "coherent implementation of both in a consolidated way rather than their parallel implementation". For WB6, the Growth Plan's primary beneficiaries, this represents a potential mechanism to channel substantial EU grant and loan resources into activities aligned with SEE 2030 priorities in human capital, rule of law, green transition, and digital connectivity. Realising this synergy requires active coordination between the authorities, the EC, and the RCC to ensure that Growth Plan reform plans explicitly cross-reference SEE 2030 targets - a translation exercise that has begun but is not yet systematic.

The IPA III instrument more broadly, together with the WBIF and bilateral development finance, represents a pool of resources vastly larger than direct SEE 2030 contributions. The Strategy's original financing logic - that aligning ODA with SEE 2030 priorities would channel additional funds indirectly - is sound. But alignment requires active advocacy, clear project packaging, and credible bankable proposals. The RCC's proposed a clustering approach - grouping related project proposals into thematic clusters to engage interested participants in joint implementation - is the most promising near-term tool to improve project quality and donor attractiveness.

# 5 Status and Overview of the implementation of SEE2030 Strategy in 2025

## 5.1 Governance

Monitoring Committee, the main SEE2030 Strategy governance structure, did not convene in 2025. Nevertheless, a consultation meeting with the SEE2030 Strategy Contact Points on the first stage of SEE IGI was held online on 28 April 2025. The objective of this meeting was to address the concerns and comments raised by SEECP participants regarding the SEE IGI, further adjust the Index accordingly and start the second stage of its preparation. The appointment of Pristina's SEE2030 Strategy Coordinator is still pending.

## 5.2 Programming

The programming cycle remains open and SEECP participants and other stakeholders are encouraged to propose new ones and to advance the work on the current ones. So far, 16 project proposals have been submitted. One project proposal has been initiated in the second half of 2025: "*Strengthening cooperation between health specialists from Skopje and Ankara as SEE participants*". It is foreseen to be carried out in 2026. The RCC is coordinating efforts between the Health Ministries in Ankara and Skopje related to a regional training to be organised in the context of the SEE2030 Strategy. This training is in line with Skopje's project proposal submitted to the Strategy's Programming Cycle and the readiness of Ankara to provide a training on brain cancer treatment protocols. The regional training will be held in Skopje, following a bilateral on-site clinical training on brain cancer treatment protocols in one of Ankara's hospitals (the bilateral training is agreed among the two participants themselves). This training will mark the first solidarity activity among SEECP participants under the SEE2030 Programming.

## 5.3 Monitoring

RCC continued working on strengthening the monitoring cycle. A quantitative monitoring exercise, SEE IGI, was developed during the reporting period. In February 2025 a consultancy team was engaged to finalise the SEE IGI and prepare it for its second phase. The SEE IGI was presented to the SEE2030 Strategy Contact Points at the online meeting held on 28 April 2025. The objective of the meeting was to gather feedback from the SEECP participants and to address their raised concerns and comments. Three participants sent their written comments, which were considered accordingly. As agreed at the meeting with the Contact Points, SEE IGI underwent sensitivity analysis, the robustness of the Index was tested and different weighting and aggregation methods were presented, along with the three visualisation models, to the members of SSN at its meeting in November 2025.

## 5.4 SEE2030 Dialogue Mechanisms

***Dialogue with civil society and think-tanks***

As part of RCC's broader orientation to evidence-based policy-making and in line with SEE2030 Strategy's priorities, RCC continued cooperating with the civil society. In February 2025, it established cooperation with the Regional Studies Association (RSA) through a letter of arrangement defining the collaboration of the two organisations with regard to the *Beyond GDP* Conference.

In November 2025, RCC presented the latest results of SecuriMeter, the Western Balkans' annual survey on public perceptions of security, at the Belgrade Security Conference organised by the Belgrade Centre for Security Policy. The panel dedicated to the SecuriMeter consisted of survey's results presentation and discussion among members of academia and civil society. This panel was a continuation of RCC-Belgrade Security Conference cooperation.

***Dialogue with academia***

Dialogue with academia held a prominent place in the implementation of SEE2030 Strategy in 2025. After collaborating with academic institutions and already existing conferences, the RCC in partnership with the Regional Studies Association organised the academic Conference: "Beyond GDP: Measuring Just and Green Transitions for Resilient and Inclusive Economic Growth". The Conference was held in November 2025 in Sarajevo, bringing together leading international academics, experts and policy makers to discuss how new metrics can better capture people's well-being, resilience, and social progress beyond traditional GDP measures. From over 50 high-quality papers submitted from 20 countries across three continents, 12 top-ranked studies were selected for presentation across four panels moderated by experts from academia and international institutions, including the European Commission's Joint Research Centre (JRC). During the conference, discussions explored how to design inclusive, evidence-based, and policy-relevant frameworks to measure sustainable and inclusive development, well-being, and resilience. Experts presented research on topics such as green transition, social progress, quality of life, regional competitiveness, and informal economies, with particular focus on the Western Balkans. Among the sessions, the presentation of the preliminary results of the SEE IGI, developed by the RCC, drew strong attention as a milestone in advancing evidence-based policymaking across the SEE region. The conference also featured interventions by experts from UNCTAD, WHO, and leading universities including Erasmus University Rotterdam, University of Barcelona, London School of Economics, and University of Belgrade, among others. The Beyond GDP Conference, in the context of the SEE2030 Strategy, aims to promote sustainable development, inclusion, and well-being across South East Europe.

Moreover, RCC had meetings with representatives from universities in South East Europe region to explore potential areas for cooperation in the context of the SEE 2030 Strategy implementation.

***Dialogue on financial disaster risk sharing***

The RCC, in cooperation with the Hellenic Association of Insurance Companies (HAIC), organised the first official Meeting of the SEE Regional Network on Disaster Risk Insurance and Risk Sharing.

The meeting was hosted by HAIC in Athens on 19 November 2025, with the Deputy Minister of Foreign Affairs of Greece attending the opening session and delivering remarks. Participants included members of the Network - representatives from the insurance sector regulatory authorities and insurance associations of the SEECP participants. The European Insurance and Occupational Pensions Authority (EIOPA); UNDP Istanbul Regional Hub; French Public Reinsurer (CCR); Frankfurt School of Finance and Management; World Bank; and the Disaster Preparedness and Prevention Initiative for South-Eastern Europe (DPPI SEE) participated at the meeting of the Network as guests. Members of the Network agreed and asked the RCC to coordinate and facilitate the activities related to financial disaster risk sharing. Building on the discussions and proposals presented by the delegations, the RCC, together with the members of the Network, prepared a draft Project Synopsis document outlining the initial scope of work proposed by the Network, structured around three pillars: Pillar I – Exploring Regional Solutions for Disaster Risk Insurance; Pillar II – Technical Assistance, Data, and Alignment with the EU; Pillar III – Knowledge Sharing, Experience Exchange, and Know-How Transfer.

***Dialogue with SEECP Parliamentary Assembly***

RCC's Secretary General took part in the 12th Plenary Session of the SEECP Parliamentary Assembly (PA) in Tirana in June 2025. Upon SEECP PA's request, he also presented a Flash Report on the State of Play of Trade and Transport Connectivity in SEE, which was prepared with the support of UNCTAD, highlighting tangible progress and remaining gaps in boosting regional interconnectivity.

***Dialogue with other institutions***

RCC collaborated with various institutions under the SEE2030 Strategy. Among others, it met with the European Commission's JRC, UNCTAD, UNDP, WHO, and OSCE. The cooperation with JRC was predominantly focused on the Beyond GDP Conference, while cooperation with UNCTAD and the signed letter of arrangement was related to the Report on the State of Play of Trade and Transport Connectivity in SEE. The RCC and the United Nations Environment Programme (UNEP) signed a Letter of Intent, establishing a framework for enhanced cooperation to support South East Europe in advancing regional environmental and climate priorities. Furthermore, a letter of intent was also signed with the United Nations Development Programme (UNDP), setting out a framework to strengthen and structure cooperation in support of governance, sustainable development, and resilience across South East Europe. The RCC and UNDP successfully cooperated in the framework of the SEE Regional Network on Disaster Risk Insurance and Risk Sharing.

In December 2025, RCC hosted the 19th Coordination Meeting of Regional Organisations in Sarajevo. The meeting gathered Secretaries General of the Adriatic-Ionian Initiative, Black Sea Economic Cooperation, and Central European Initiative, as well as the Word Bank's Regional Director for the Western Balkans, and representatives of Sofia Chairmanship-in-Office of SEECP and the Ministry of Foreign Affairs in Sarajevo. The meeting titled "Smart, Sustainable and Resilient Connectivity among the Regions: Enhancing sustainable and inclusive economic development for resilience through connectivity among the regions and regional cooperation" focused on discussing possible ways of regional organisations' cooperation with focus on regional transport, energy and digital connectivity, resilience, inclusive and sustainable economic growth. The meeting aimed to explore options for a structured cooperation mechanism among the regional organisations through regular exchanges, joint analyses, and visibility initiatives to reduce duplication and enhance the impact of regional projects.

## 5.5 Visibility Activities and SEE2030 Strategy Promotion

As part of the activities to increase the international visibility of SEE2030 Strategy, RCC remained active in regional and international fora.

The Regional Cooperation Council organised a side event (panel discussion) on "Regional Cooperation in Disaster Financial Risk Sharing" on the margins of the 2025 Regional Forum on Sustainable Development (RFSD) for the UNECE region. The event, organised with support of RCC's participants Ankara, Athens and Bucharest, brought together policymakers, financial sector representatives, and disaster risk management experts to address the urgent need for more robust disaster risk insurance and financial risk-sharing mechanisms in South East Europe in the context of the SEE2030 Strategy.

In May 2025, the RCC participated at the 9th edition of the UNECE International PPP Forum held in Belgrade.

In September, RCC's representative attended a training course *Using Data Policies for Disaster Risk Reduction to Address Multi-Hazard*, co-organised by the Global Open Science Cloud (GOSC), Computer National Information Center (CNIC), Chinese Academy of Sciences (CAS), and Committee on Data of the International Science Council (CODATA).

Although not part of the activities within the reporting period, at the end of 2025 the RCC was invited by the Cypriot Presidency of the Council of the EU to present the SEE2030 Strategy to the Council Working Party on 2030 Agenda on Sustainable Development. During this presentation, which took place on 4 February 2026, the Strategy was recognised as a joint regional roadmap for SDGs implementation, and strong support was expressed for the RCC's operational role within the SEECP.

The visibility of RCC and SEE2030 Strategy was further elevated through the RCC's participation at Belgrade Security Conference and through organising the *Beyond GDP* Conference which broadened the scope of RCC's interlocutors of diverse backgrounds.

## 5.6 SEE 2030 Mid-Term Update

The draft proposal for the Mid-Term Update of the SEE 2030 Strategy has completed its consultation cycle and has gained the endorsement of the Monitoring Committee and the consent of the SEECP Political Directors. The Mid-term Update will be subject of endorsement by the leaders at the SEECP Summit in June. The update process was developed through direct contributions from SEECP participants, monitoring reports, and data from the SEE Inclusive Growth Index, RCC's Balkan Barometer, and SecuriMeter surveys. The updated strategy retains original headline targets but focuses more sharply on resilience, inclusive growth, and regional cooperation. The aim is to keep the Strategy regionally owned and make it more actionable with practical tools, financing models, and governance mechanisms delivering tangible results.

## 5.7 Human Resources and Financial Capacity Requirement for the implementation of SEE 2030

The human resources constraints were lessened by mobilising the availability and commitment of RCC's Political Department staff to the implementation of SEE2030 Strategy. The consultancy team from Cambridge Econometrics held several online and in-person trainings to the RCC staff in order to equip them with knowledge on running and reporting on SEE IGI.

In terms of finances, two participants (Ankara and Sarajevo) provided voluntary financial contributions for the implementation of the SEE 2030 Strategy. The call to all participants to increase their contributions by EUR 30,000 annually on a voluntary basis remains open. The additional resources received from the participants will be used for the enhanced implementation of SEE2030 Strategy together with the financial resources allocated from the operational budget of the RCC.

## 5.8 Budget implementation in 2025

| Budget dedicated for: | Amount |
|---|---|
| Support for conference: "Students Peace Declaration" | 1250 |
| RCC's academic conference on "Beyond GDP" to contribute to the universal agenda on SDGs and Future | 48,965.68 |
| RCC side event in the margins of 2025 Regional Forum on Sustainable Development for the UNECE Region | 6,490.85 |
| Preparation of a report on the state of play on connectivity in South East Europe (SEE) in the context of SEE2030 Strategy | 18,000 |
| SEE 2030 assistant | 9,000 |
| Revision of the SEE 2030 Strategy and preparation of the Annual Interim Implementation Report | 13,311.59 |
| Meeting of the SEE Regional Network on Disaster Risk Insurance and Risk Sharing | 20,260 |
| Meeting of the SEE Network of the Statistical Authorities | 8,080.15 |
| Supporting the implementation of statutory-based activities in SEE | 830.30 |
| SEE Inclusive Growth Index | 90,000 |
| | **216,188.57** |

# 6 Recommendations and Conclusions

The preceding chapters document a region that has built a solid governance architecture and recorded mixed but tangible progress against its development targets, while contending with an exceptionally difficult external environment. The recommendations that follow are grounded in the analytical findings of this mid-term review and are informed by the directions set out in the ongoing mid-term update of the SEE 2030 Strategy. They are organised around seven priority areas, each of which addresses a structural gap or opportunity identified in the review. Taken together, they chart a path from the horizontal coordination phase that has characterised the first half of the Strategy period towards the vertical, investment-driven implementation that must define the second half.

## 6.1 From Horizontal Architecture to Vertical Impact

The most important finding of this mid-term review is that the SEE 2030 Strategy has succeeded in building a credible regional governance framework but has not yet translated that framework into transformative action on the ground. Implementation has remained predominantly at the coordination and dialogue level. The sixteen regional project proposals remain largely unfunded. The Strategy's impact on domestic budgets, sectoral policies and citizens' lives has been modest relative to its ambition.

The recommendations in this section are designed to catalyse the shift from architecture to impact:

- **Elevate political visibility and commitment**. The review finds that the ministerial-level engagement on sustainable development under SEECP auspices would be a welcome development. The 2024 SEECP Summit's endorsement of SEE 2030 should be built upon systematically.
- **Shift programming from proposals to bankable projects**. The existing pipeline of sixteen project proposals should be reviewed, consolidated and upgraded to meet the standards of international development financing. The RCC's clustering approach - grouping related proposals into thematic clusters led by interested participants - is the right mechanism. Each cluster should be tasked with producing at least one fully developed, bankable project proposal by end-2027, with dedicated technical assistance for project preparation. If considered appropriate, a new programming call for proposals should be announced to collect new project ideas from SEECP participants.
- **Integrate SEE 2030 priorities into participants' planning cycles**. Participants should be encouraged to systematically cross-reference SEE 2030 Strategy targets in their domestic development strategies, EU accession reform plans, and IPA programming documents. The peer-learning programme on Voluntary National Reviews should be expanded and linked to domestic SDG coordination mechanisms.

- **Operationalise the subsidiarity principle**. Local authorities and private sector representatives remain largely absent from SEE 2030 Strategy implementation. The emphasis on localisation is well placed. Participants should be supported in cascading SEE 2030 Strategy targets to the municipal level through local SDG action plans, community consultations, and local public-private partnerships, particularly in underserved areas.

## 6.2 Closing the Financing Gap

The structural financing gap is the single most consequential risk to the Strategy's second-half delivery. Without a fundamental shift in resource mobilisation, the region risks a well-documented aspiration that fails to produce tangible results. The following actions are recommended:

- **Deepen the interaction between SEE 2030 and the EU Reform and Growth Facility, EU Gateway, and EU Interreg Strategies**. The interaction of SEE2030 with other relevant EU-led strategic initiatives is of critical importance to strengthen the synergies between the SEE-wide regional cooperation and the relevant actions of those EU-led initiatives. Furthermore, the innovative approach of SEE2030 Strategy comprising EU Member States and non-EU SEECP participants around joint targets for a resilient SEE region can promote a better targeted and regionally owned prioritisation of EU initiatives for the genuine benefits of SEE region.
- **Advance the structured dialogue among Development Finance Institutions**. The proposal for a DFI Exchange Forum is fully supported by the review's finding that domestic financial systems remain too shallow to mobilise the investment required for convergence. The forum should map regional investment opportunities and instruments, and explore at least one collaborative financing approach - such as a regional SME guarantee fund or a renewable energy co-investment platform - as a concrete pilot.
- **Mainstream IPA and WBIF alignment**. The broader IPA III instrument, together with the Western Balkans Investment Framework and bilateral development finance, represents a pool of resources vastly larger than direct SEE 2030 Strategy contributions. The RCC should intensify advocacy to ensure that IPA programming windows, INTERREG Adriatic and Danube programmes, and WBIF financing are explicitly aligned with SEE 2030 Strategy priority areas.
- **Scale up voluntary financial contributions**. The review notes that only two of thirteen participants have provided voluntary contributions. While this is a meaningful political signal, it is still inadequate aggregate response. All SEECP participants are invited to match this commitment.
- **Develop public-private partnership frameworks**. The Strategy Update's emphasis on PPPs as a cross-cutting modality is well aligned with the review's finding that private sector engagement has been the most persistent gap in implementation. PPP frameworks should be strengthened across the region, with particular focus on infrastructure, renewable energy, social infrastructure, and digital connectivity. Regulatory sandboxes for innovation and streamlined PPP approval procedures, as proposed in the Strategy Update, should be pursued.

## 6.3 Strengthening Resilience and Human Security

The review documents a region under escalating hazard pressure. Between 2019 and 2025, natural disasters affected 19.2 million people and caused an estimated €56.1 billion in economic damage. The insurance protection gap is the region's most significant and least addressed vulnerability. The following measures are recommended:

- **Operationalise the Regional Network on Disaster Risk Insurance and Risk Sharing**. The Network's formal establishment in 2025 is a landmark achievement. Its work programme should be translated into practice without delay: development of a regional data-sharing platform for disaster insurance, joint capacity-building on catastrophe risk modelling, and a feasibility study for the Regional Risk-Sharing Insurance Mechanism proposed in the Strategy Update. The mechanism - designed as a public-private partnership pooling re-insurable disaster risk across multiple participants - offers a concrete pathway to closing the protection gap and reducing the fiscal burden of catastrophic events.
- **Consider developing a regional disaster risk reduction strategy**. Despite meaningful governance progress at economy level, a shared regional DRR strategy has not yet been agreed. Given that transboundary hazards such as floods, wildfires and seismic events do not respect administrative boundaries, the absence of such a strategy limits collective response capacity. The DPPI-SEE framework should be leveraged to develop a binding regional DRR strategy aligned with the Sendai Framework.
- **Mainstream climate adaptation into public planning**. The call for integrating climate risk assessments into public planning, scaling up green infrastructure and nature-based solutions, and aligning with the EU Green Deal is strongly supported by the evidence. The record of climate-related disasters in the mid-term period makes this an urgent, not aspirational, priority. Climate risk and carbon metrics should be incorporated into project appraisal frameworks for all publicly supported investments.
- **Strengthen health system resilience**. The COVID-19 experience exposed structural fragilities in primary healthcare, public health preparedness, and the resilience of health workforces under pressure. The proposals for regional disease surveillance, joint procurement of critical medical supplies, and arrangements for intraregional deployment of health workers during crises are well grounded in the review's findings on health access and financial protection disparities.

## 6.4 Accelerating Inclusive Growth and Competitiveness

The review identifies a "tale of two regions" in innovation and competitiveness. A group of SEECP participants has built relatively stronger innovation ecosystems approaching or surpassing the lower end of the EU range, while a significantly larger group remains characterised by very low R&D intensity and limited innovation system capacity. Closing this divide is essential for long-term convergence. The following actions are recommended:

- **Treat innovation as a cross-cutting economic transformation priority**. R&D investment across much of the region remains below 1 per cent of GDP - levels at which domestic innovation systems cannot generate meaningful research capacity or sustain productive university-industry linkages. Increasing R&D investment must be accompanied by stronger institutional frameworks, improved research governance, enhanced technology transfer mechanisms, and greater business participation in innovation. The Strategy Update's proposed technology transfer programme and the concept of regional innovation hubs are well aligned with this need.
- **Establish the SEE Network on Building Human Capital integrating internationalisation of higher education, migration, and skills matching for the sake of a coordinated regional policy action**. The Strategy Update's proposal for a formal network convening education and science ministries, universities, research institutions, and industry is strongly supported by the review's finding that human capital is both the region's most important asset and its most under-resourced dimension. The Network should prioritise the internationalisation of higher education in SEE, joint R&D programmes in priority fields such as AI, climate-smart technologies and biomedical research, and active technology transfer between research institutions and the private sector for attracting and retaining talents in the region.
- To further strengthen the people-centred approach of SEE 2030, **lifelong learning and adult upskilling** should be explicitly recognised as a horizontal pillar of human capital development. Beyond formal education and higher education cooperation, SEE long-term competitiveness, inclusiveness and resilience will increasingly depend on the capacity of adults to continuously update their skills throughout the life course. Lifelong learning plays a key role in supporting labour market transitions, enabling green and digital transformations, reducing the risk of social exclusion, and enhancing societies' adaptive capacity in the face of demographic and economic change.
- **Deepen financial markets and develop non-bank financing channels**. The decline in credit-to-GDP ratios across much of the region, combined with the near-absence of venture capital, private equity, and other forms of risk capital, represents a structural constraint on innovation-driven growth. The recommended actions include strengthening credit guarantee frameworks for SMEs, developing green finance mechanisms and taxonomy-aligned financial products, and supporting the emergence of risk capital markets beyond the main financial centres.
- **Enhance soft connectivity**. The review finds that economic returns on physical infrastructure investment are substantially constrained by soft connectivity barriers: border/boundary management efficiency, transport market regulation, logistics digitisation and interoperability standards. The Green Lanes programme demonstrates the economic value of reducing border/boundary crossing times. Extending equivalent logic to rail crossing procedures, eCMR and eWaybill adoption, and harmonisation of transport market access rules under the Common Regional Market is likely to generate cost-effective improvements in the near term.

## 6.5 Investing in People: Demographic Resilience and Human Capital

The demographic crisis is the single most consequential structural challenge for the SEE 2030 Strategy. Without people, even the best policies cannot deliver sustainable results. The following actions address the interlinked challenges of depopulation, brain drain, education quality, and health system performance:

- **Implement Brain Gain and talent retention programmes in the context of human capital related actions of SEE2030**. The proposed Brain Gain Fellowship scheme - offering grants to young professionals and researchers to return and work in their home region - is directly responsive to the review's finding that outward migration of skilled youth is the region's most damaging structural trend. Such programmes should be complemented by structured engagement of diaspora scientists and experts in regional projects, and by creating attractive employment and living conditions for returnees (as well as for the citizens).
- **Shift the focus from educational attainment to learning quality and relevance**. The review documents rising educational attainment but persistent weaknesses in learning quality: 57 per cent of Western Balkans students classified as low performers in PISA 2022 mathematics. The next phase of implementation should prioritise the quality of foundational learning, the labour-market relevance of vocational and higher education, and lifelong learning at a scale adequate for the digital and green transitions. The proposed Human Capital Network should address all three dimensions.
- **Reduce the female employment gap**. The review identifies the female employment differential as the most significant source of labour market divergence across SEE, exceeding 30 per cent in some participants. Broadening female labour force participation through expanded childcare and care services, transport connectivity, flexible work arrangements and stronger school-to-work transitions represents the largest single reservoir of underused human capital potential in the region.
- **Strengthen health financial protection**. Out-of-pocket health payments across much of the region remain well above the 15 per cent threshold associated with adequate financial protection. Strengthening coverage design, reducing reliance on direct household payments, and investing in primary healthcare capacity are priority actions that link health outcomes directly to poverty reduction and demographic resilience. Regional cooperation on health - coverage design, prevention, pharmaceuticals, digital health tools - can help narrow gaps through shared experience and institutional solutions.
- **Advance mutual recognition of qualifications**. The review notes that mutual recognition agreements for professional qualifications in high-demand fields - doctors, engineers, IT professionals - can support talent circulation within SEE rather than emigration out of it. Building on the landmark 2022 Berlin Process agreements, the proposal to extend mutual recognition to select professional qualifications is well judged and should be pursued as a near-term deliverable.

## 6.6 Deepening Regional Cooperation and Private Sector Engagement

The review confirms that regional cooperation is the area where SEE 2030 has been strongest, but also that the shift from dialogue to joint implementation remains incomplete. Private sector engagement has been the most persistent gap. The following recommendations address both:

- **Establish the SEE Network of Chambers of Economy**. The Strategy Update's proposal to unify and integrate the business community's voice into regional cooperation is strongly supported by the review's finding that meaningful private sector participation has not materialised during the first implementation phase. The Network should serve as a standing channel for private sector input across all regional networks and cooperation frameworks, and should organise annual SEE Business Forums to connect businesses, investors, and government representatives.
- **Adopt the cluster-based cooperation model**. The variable-geometry approach - grouping activities into thematic clusters with voluntary leadership by interested economies - is well suited to the region's heterogeneity. Clusters in disaster risk management, energy transition, digital transformation, and human capital development should be activated with clear mandates, timelines, and deliverables.
- **Strengthen dialogue with parliaments and civil society**. The formal links established with the SEECP Parliamentary Assembly and the proposed structured dialogue with the European Economic and Social Committee are positive developments. These channels should be deepened to build broader public ownership of the Strategy and to ensure that legislative oversight keeps pace with executive commitments.
- **Consolidate SEE 2030 Strategy with the EU Growth Plan and Common Regional Market, and other relevant EU-led strategic actions**. The 2024 SEECP Summit's call for coherent implementation of SEE 2030 and the Growth Plan is the right approach. The RCC should serve as the coordination platform to avoid duplication and ensure that these converging processes reinforce rather than compete with each other.

## 6.7 Strengthening Monitoring, Evidence and Accountability

The review finds that the monitoring infrastructure built during the mid-term period is innovative and growing in sophistication, but that evidence-based decision-making requires further investment. The following actions are recommended:

- **Formalise the SEE Inclusive Growth Index**. The IGI, once approved by SEECP participants, will provide a beyond GDP metric that captures well-being, equity and sustainability - dimensions that conventional economic indicators miss. Its formalisation and regular publication should be treated as a near-term priority for the Monitoring Committee.
- **Extend the SecuriMeter to SEECP participants**. The expansion of the SecuriMeter from Western Balkans to other SEECP participants, particularly the ones who are willing to join

SecuriMeter, will provide a unique people-centric complement to statistical indicators, grounding policy in public perception and enabling evidence-based human security analysis.

- **Institutionalise peer learning and knowledge exchange**. The peer learning programme and VNR experience sharing workshops should be expanded into a regular annual cycle. The proposed annual academic conference on resilience, inclusive growth and sustainable development offers an important channel for integrating scientific evidence into the regional policy agenda.
- **Invest in disaster cost calculation and climate-risk data**. The absence of a unified, region-wide system for aggregating disaster costs is a methodological gap that undermines both insurance product development and fiscal planning. The Regional Network on Disaster Risk Insurance and Risk Sharing should prioritise the development of standardised disaster cost calculation methods and a shared climate-risk information platform.

## 6.8 Concluding Observations

The SEE 2030 Strategy has navigated an exceptionally challenging first half of its implementation period. The external shocks of 2021–2025 - pandemic, war, inflation, climate disasters - tested the Strategy's resilience and relevance. On both counts, it has held: the governance architecture has functioned without interruption, political backing has been maintained, and the Strategy's core themes have proven more relevant, not less, in the face of compounding crises.

The progress documented in this review is real but uneven. The region has built more than a coordination framework - it has created a genuine community of practice around sustainable development, generated innovative tools and networks, and maintained political consensus across thirteen diverse participants. At the same time, the mid-term assessment is clear that governance alone does not produce development outcomes. The second half of the Strategy period must be defined by vertical impact: funded programmes, bankable projects, private sector investment, and measurable improvements in the lives of the region's citizens.

The ongoing mid-term update of the SEE 2030 Strategy, with its reorientation around resilience, inclusive growth and deepened cooperation, and its introduction of new instruments such as the Regional Risk-Sharing Insurance Mechanism, the DFI dialogue, the Human Capital Network and the Chambers of Economy Network, charts a credible path towards this goal. The recommendations in this chapter are designed to support and accelerate that transition.

Ultimately, the SEE 2030 Strategy's success will be measured not by the quality of its governance structures or the sophistication of its monitoring tools, but by whether the citizens of South East Europe experience tangible improvements in their prosperity, security, health, education, and quality of life. With sustained political commitment, adequate financing, and genuine partnership between the public and private sectors, the region has the capacity to deliver on that promise. The architecture is in place. The task now is to build on it.

# 7. Statistical Annex: Selected Indicators

This Statistical Annex presents the quantitative foundation underpinning the SEE 2030 Mid-Term Implementation Report. It consolidates indicator data across the strategic dimensions for all 13 SEECP participant economies, covering the implementation period 2019–2024 with 2025 estimates and 2030 projections where available.

Economies are identified by their capital city consistent with the convention used throughout the main report. Data are drawn from authoritative international sources including the World Bank, IMF, Eurostat, ILO, WHO, IRENA, ITU, UNCTAD, the European Commission Innovation Scoreboard, and the UN World Population Prospects.

Data availability varies by indicator and source; gaps are noted in table footnotes.

***Contents***

## 7.1 DIMENSION I PROSPERITY

### *Economic Growth and Convergence*

**Table 1: GDP at Constant 2015 USD (USD billions)**

*Source: World Bank WDI; IMF WEO (2025* = IMF estimate)*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025* |
|---|---|---|---|---|---|---|---|
| Tirana | 13.0 | 12.6 | 13.7 | 14.4 | 15.0 | 15.6 | 16.1 |
| Sarajevo | 18.7 | 18.1 | 19.5 | 20.3 | 20.7 | 21.3 | 21.8 |
| Sofia | 57.1 | 55.3 | 59.6 | 62.1 | 63.1 | 65.2 | 67.2 |
| Zagreb | 57.8 | 53.0 | 59.7 | 64.1 | 66.5 | 69.0 | 71.2 |
| Athens | 206.0 | 187.1 | 203.3 | 214.5 | 219.1 | 223.7 | 228.0 |
| Pristina | 7.5 | 7.1 | 7.9 | 8.3 | 8.6 | 9.0 | 9.3 |
| Chisinau | 9.2 | 8.4 | 9.6 | 9.1 | 9.2 | 9.3 | 9.4 |
| Podgorica | 4.7 | 4.0 | 4.5 | 4.8 | 5.2 | 5.3 | 5.5 |
| Skopje | 11.2 | 10.7 | 11.1 | 11.4 | 11.7 | 12.1 | 12.5 |
| Bucharest | 216.9 | 209.1 | 220.8 | 230.0 | 235.2 | 237.4 | 239.7 |
| Belgrade | 47.7 | 47.3 | 51.0 | 52.4 | 54.4 | 56.5 | 57.9 |
| Ljubljana | 50.0 | 48.0 | 52.0 | 53.4 | 54.7 | 55.6 | 56.2 |
| Ankara | 1010.6 | 1028.9 | 1150.4 | 1213.0 | 1274.2 | 1316.6 | 1362.6 |
| **SEE-13 Total** | **1710.5** | **1689.5** | **1863.1** | **1957.8** | **2037.5** | **2096.5** | **2157.4** |

*Note: 2025* values are IMF World Economic Outlook projections.*

**Table 2: GDP per Capita in Purchasing Power Standards (PPS), EU27=100**

*Source: Eurostat [tec00114]*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Ljubljana | 87 | 88 | 88 | 89 | 91 | 90 |
| Zagreb | 67 | 66 | 70 | 72 | 78 | 78 |
| Bucharest | 69 | 72 | 72 | 72 | 75 | 77 |
| Ankara | 60 | 61 | 62 | 68 | 70 | 72 |
| Athens | 66 | 62 | 64 | 66 | 68 | 69 |
| Sofia | 55 | 57 | 60 | 62 | 63 | 66 |
| Podgorica | 49 | 44 | 46 | 48 | 52 | 53 |
| Belgrade | 42 | 44 | 45 | 45 | 48 | 52 |
| Skopje | 42 | 42 | 43 | 41 | 41 | 42 |
| Tirana | 30 | 30 | 31 | 33 | 38 | 42 |
| Sarajevo | 32 | 33 | 33 | 34 | 35 | 35 |

*Note: Pristina data not available. Sorted by 2024 PPS level (descending).*

### *Trade*

**Table 3: SEE Total Merchandise Trade (USD million, current prices)**

*Source: UNCTAD Statistics*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Tirana | 8,613 | 8,076 | 11,277 | 12,708 | 13,068 | 13,612 |
| Sarajevo | 17,737 | 16,028 | 21,643 | 25,050 | 24,587 | 24,737 |
| Sofia | 71,003 | 67,010 | 87,367 | 107,884 | 101,614 | 100,412 |
| Zagreb | 45,340 | 44,023 | 56,405 | 70,090 | 68,411 | 71,818 |
| Athens | 100,291 | 91,162 | 124,323 | 157,809 | 144,993 | 145,799 |
| Podgorica | 3,374 | 2,823 | 3,471 | 4,446 | 4,851 | 5,064 |
| Skopje | 16,660 | 15,353 | 19,572 | 21,482 | 21,055 | 20,388 |
| Chisinau | 8,622 | 7,883 | 10,321 | 13,551 | 12,724 | 12,620 |
| Bucharest | 173,415 | 162,850 | 203,591 | 229,167 | 232,537 | 236,729 |
| Belgrade | 46,360 | 45,731 | 59,361 | 70,206 | 70,773 | 73,831 |
| Ljubljana | 88,950 | 87,057 | 114,912 | 139,477 | 144,679 | 163,395 |
| Ankara | 391,178 | 389,155 | 496,640 | 617,881 | 617,594 | 605,813 |
| **SEE-13** | **971,543** | **937,151** | **1,208,883** | **1,469,751** | **1,456,886** | **1,474,218** |

*Note: Pristina data not reported in UNCTAD merchandise trade statistics.*

**Table 4: SEE Intra-regional Merchandise Trade (USD million, current prices)**

*Source: UNCTAD Statistics*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Tirana | 2,153.0 | 2,144.3 | 3,105.4 | 4,492.3 | 3,365.0 | 3,671.6 |
| Sarajevo | 7,896.8 | 7,080.1 | 9,708.8 | 11,734.2 | 11,021.7 | 11,171.7 |
| Sofia | 17,918.2 | 17,158.0 | 24,000.9 | 31,300.1 | 27,265.4 | 27,055.0 |
| Zagreb | 11,423.1 | 10,983.1 | 14,606.3 | 18,724.6 | 18,124.4 | 19,481.2 |
| Athens | 14,153.4 | 12,082.8 | 17,202.7 | 22,414.8 | 20,439.8 | 20,067.3 |
| Podgorica | 1,716.6 | 1,355.5 | 1,677.4 | 2,154.5 | 2,319.6 | 2,338.5 |
| Skopje | 4,560.6 | 4,110.8 | 5,573.2 | 6,905.0 | 6,281.1 | 6,422.6 |
| Chisinau | 2,439.2 | 2,164.8 | 2,873.7 | 4,467.7 | 4,147.3 | 4,144.6 |
| Bucharest | 21,317.2 | 19,892.3 | 27,627.0 | 36,033.5 | 33,224.1 | 35,111.1 |
| Belgrade | 11,953.3 | 11,907.1 | 15,503.7 | 18,562.6 | 18,425.6 | 19,328.3 |
| Ljubljana | 13,611.8 | 12,604.7 | 16,412.0 | 18,722.4 | 17,896.7 | 17,996.6 |
| Ankara | 22,671.7 | 21,379.8 | 29,503.2 | 33,787.1 | 33,103.8 | 37,566.6 |
| **SEE-13** | **131,814.9** | **122,863.3** | **167,794.5** | **209,298.8** | **195,614.2** | **204,354.9** |

### *Investment*

**Table 5: Foreign Direct Investment - Net Inflows (USD million, current prices)**

*Source: World Bank WDI [BX.KLT.DINV.CD.WD]*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Chisinau | 521 | 156 | 386 | 586 | 361 | 458 |
| Podgorica | 418 | 531 | 694 | 873 | 526 | 599 |
| Pristina | 285 | 395 | 501 | 764 | 909 | 860 |
| Sarajevo | 448 | 483 | 768 | 929 | 1,129 | 1,004 |
| Skopje | 550 | 8 | 696 | 854 | 642 | 1,057 |
| Tirana | 1,201 | 1,070 | 1,219 | 1,441 | 1,621 | 1,710 |
| Ljubljana | 2,152 | 506 | 2,219 | 2,180 | 1,448 | 1,867 |
| Sofia | 2,221 | 2,801 | 2,134 | 4,749 | 5,170 | 3,549 |
| Zagreb | 3,979 | 1,472 | 5,125 | 3,927 | 3,342 | 4,536 |
| Belgrade | 4,269 | 3,486 | 4,600 | 4,612 | 4,938 | 5,588 |
| Athens | 5,000 | 3,304 | 6,585 | 8,058 | 4,722 | 6,742 |
| Bucharest | 7,365 | 3,602 | 11,769 | 11,478 | 8,709 | 7,159 |
| Ankara | 9,507 | 7,522 | 12,674 | 13,784 | 10,657 | 11,698 |
| **SEE-13 Total** | **37,915** | **25,335** | **49,369** | **54,236** | **44,172** | **46,827** |

**Table 6: Gross Fixed Capital Formation (% of GDP)**

*Source: Eurostat [nama_10_gdp]*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Tirana | 24.6 | 25.2 | 27.2 | 25.7 | 24.3 | 24.4 |
| Sarajevo | 22.7 | 22.1 | 21.5 | 22.1 | 23.1 | 24.7 |
| Sofia | 18.7 | 19.0 | 16.3 | 17.0 | 18.7 | 18.3 |
| Zagreb | 21.9 | 22.4 | 20.9 | 21.7 | 24.7 | 25.2 |
| Athens | 11.0 | 12.3 | 13.8 | 15.7 | 15.9 | 16.0 |
| Pristina | 31.0 | 29.7 | 32.9 | 32.5 | 31.5 | 31.6 |
| Podgorica | 27.6 | 28.2 | 22.2 | 21.7 | 20.4 | 21.1 |
| Skopje | 21.0 | 21.6 | 23.5 | 24.0 | 24.7 | 23.5 |
| Bucharest | 23.3 | 23.5 | 24.5 | 25.1 | 26.5 | 25.3 |
| Belgrade | 22.3 | 21.4 | 23.1 | 23.9 | 23.4 | 23.6 |
| Ljubljana | 19.8 | 19.0 | 20.2 | 22.0 | 21.6 | 20.9 |
| Ankara | 26.5 | 28.0 | 28.4 | 30.5 | 32.9 | 31.3 |
| **SEE-13 Average** | **22.9** | **23.8** | **24.3** | **26.0** | **27.9** | **27.1** |

## *Transport*

**Table 7: International Logistics Performance Index (LPI) Score (scale 1–5), 2018 vs 2023**

*Source: World Bank [nama_10_gdp]*

| Economy | LPI Score 2018 | LPI Score 2023 | LPI gain (2023-2018) |
|---|---|---|---|
| Tirana | 2.7 | 2.5 | -0.16 |
| Chisinau | 2.5 | 2.5 | 0.04 |
| Podgorica | 2.7 | 2.8 | 0.05 |
| Belgrade | 2.8 | 2.8 | -0.04 |
| Sarajevo | 2.8 | 3.0 | 0.19 |
| Skopje | 2.7 | 3.1 | 0.40 |
| Sofia | 3.0 | 3.2 | 0.17 |
| Bucharest | 3.1 | 3.2 | 0.08 |
| Zagreb | 3.1 | 3.3 | 0.20 |
| Ljubljana | 3.3 | 3.3 | -0.01 |
| Ankara | 3.1 | 3.4 | 0.25 |
| Athens | 3.2 | 3.7 | 0.50 |
| **SEE Median** | **2.94** | **3.15** | **0.12** |

## *Energy Transition*

**Table 8: SEE-13 Renewable Electricity Installed Capacity (GW, year-end)**

*Source: IRENA Renewable Capacity Statistics 2025*

| Year | Solar (GW) | Wind (GW) | Hydro (GW) | Other (GW) | Total Installed (GW) |
|---|---|---|---|---|---|
| 2019 | 11.6 | 13.2 | 55.8 | 2.0 | 82.6 |
| 2020 | 13.1 | 14.1 | 59.6 | 2.1 | 88.9 |
| 2021 | 15.4 | 15.3 | 61.9 | 2.1 | 94.7 |
| 2022 | 20.1 | 17.2 | 64.9 | 2.2 | 104.4 |
| 2023 | 27.1 | 19.6 | 67.3 | 2.2 | 116.2 |
| **2024** | **36.2** | **22.8** | **68.7** | **2.3** | **130.0** |

*Note: Solar capacity grew 3.1× between 2019 and 2024; total installed capacity expanded by 57%.*

## *Climate Resilience and Disaster Risk*

**Table 9: Persons Affected by Natural Disasters - SEE-13 Region (number of persons)**

*Source: EM-DAT, CRED / UCLouvain*

| Disaster Type | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|
| Earthquake | 209,278 | 315,872 | 5,047 | 1,358 | 16,107,494 | 1,717 | 1,749 |
| Extreme temperature | 5,460 | 0 | 0 | 0 | 0 | 0 | 0 |
| Flood | 28,126 | 23,942 | 258,891 | 17,052 | 1,535,230 | 5,900 | 5,600 |
| Storm | 123 | 780 | 0 | 0 | 9,993 | 15,000 | 840 |
| Wildfire | 0 | 0 | 649,088 | 55,000 | 19,011 | 900 | 1,208 |
| **Grand Total** | **242,987** | **340,594** | **913,026** | **73,410** | **17,671,728** | **23,517** | **9,397** |

*Note: The 2023 spike is primarily attributable to the earthquakes in Türkiye (February 2023, 16+ million affected).*

**Table 10: Total Damage ('000 US$) of Natural Disasters in SEE**

*Source: EM-DAT, CRED / UCLouvain*

| Disaster Type | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|
| Earthquake | 745,000 | 13,813,400 | 40,000 | 76,000 | 34,000,000 | 0 | 110,000 |
| Extreme temperature | 0 | 0 | 0 | 0 | 0 | 0 | 2,000,000 |
| Flood | 0 | 428,000 | 313,000 | 47,000 | 3,282,083 | 10,000 | 0 |
| Storm | 0 | 240,000 | 0 | 0 | 0 | 0 | 0 |
| Wildfire | 0 | 0 | 812,000 | 0 | 200,000 | 60,000 | 0 |
| **Grand Total** | **745,000** | **14,481,400** | **1,165,000** | **123,000** | **37,482,083** | **70,000** | **2,110,000** |

## *Digital Economy*

**Table 11: Individuals Using the Internet (% of population)**

*Source: ITU ICT Indicators Database*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Skopje | 81.4 | 81.4 | 81.9 | 83.9 | 88.5 | 93.6 |
| Ljubljana | 83.1 | 86.6 | 89.0 | 88.9 | 90.4 | 90.8 |
| Bucharest | 73.7 | 78.5 | 83.6 | 85.5 | 89.2 | 91.3 |
| Podgorica | 73.5 | 77.6 | 82.2 | 88.2 | 88.6 | 88.9 |
| Belgrade | 77.4 | 78.4 | 81.2 | 83.5 | 85.4 | 87.7 |
| Ankara | 74.0 | 77.7 | 81.4 | 83.4 | 86.0 | 87.3 |
| Athens | 75.7 | 78.1 | 78.5 | 83.2 | 85.0 | 86.3 |
| Sarajevo | 69.9 | 73.2 | 75.7 | 78.8 | 83.4 | 86.1 |
| Tirana | 68.6 | 72.2 | 79.3 | 82.6 | 83.1 | 85.9 |
| Zagreb | 79.1 | 78.3 | 81.3 | 82.1 | 83.2 | 83.6 |
| Sofia | 67.9 | 70.2 | 75.3 | 79.1 | 80.4 | 82.4 |
| Chisinau | 73.3 | 74.1 | 74.9 | 74.9 | 76.5 | 77.4 |
| Pristina | n/a | n/a | n/a | n/a | n/a | n/a |
| **SEE Average** | **74.8** | **77.2** | **80.4** | **82.9** | **85.0** | **86.8** |

*Note: Pristina data not reported by ITU.*

**Table 12: Fixed Broadband Subscriptions (per 100 people)**

*Source: ITU ICT Indicators Database*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Athens | 38.4 | 39.8 | 41.9 | 42.9 | 43.9 | 44.7 |
| Sofia | 28.9 | 30.5 | 32.8 | 35.0 | 37.0 | 37.0 |
| Bucharest | 27.1 | 29.3 | 31.7 | 33.2 | 34.7 | 35.8 |
| Ljubljana | 30.1 | 31.0 | 31.6 | 32.0 | 31.9 | 34.2 |
| Belgrade | 23.4 | 25.2 | 26.5 | 29.3 | 31.3 | 33.4 |
| Podgorica | 29.2 | 30.3 | 31.2 | 31.9 | 32.0 | 32.3 |
| Skopje | 23.9 | 25.4 | 26.9 | 28.0 | 29.2 | 29.9 |
| Chisinau | 21.5 | 23.4 | 25.2 | 26.3 | 27.3 | 29.6 |
| Zagreb | 29.0 | 26.1 | 26.7 | 27.7 | 28.5 | 29.6 |

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Sarajevo | 22.3 | 23.4 | 24.6 | 27.3 | 28.4 | 29.4 |
| Tirana | 15.1 | 17.7 | 19.6 | 20.7 | 22.5 | 24.9 |
| Ankara | 16.7 | 19.4 | 20.9 | 21.8 | 22.5 | 23.4 |
| **SEE Average** | **25.5** | **26.8** | **28.3** | **29.7** | **30.8** | **32.0** |

*Note: Pristina data not reported by ITU.*

### *Research, Innovation and Technology*

**Table 13: European Innovation Scoreboard - Summary Innovation Index (2018=100)**

*Source: European Commission, European Innovation Scoreboard*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|
| Tirana | 36.5 | 35.5 | 38.2 | 40.6 | 39.2 | 38.3 | 42.7 |
| Sarajevo | 23.3 | 24.4 | 24.9 | 25.8 | 26.0 | 25.9 | 28.9 |
| Sofia | 43.9 | 43.8 | 46.0 | 49.1 | 50.9 | 53.8 | 51.6 |
| Zagreb | 62.3 | 63.6 | 69.9 | 76.2 | 79.5 | 81.6 | 80.6 |
| Athens | 71.0 | 73.1 | 78.8 | 83.4 | 85.7 | 88.2 | 85.3 |
| Chisinau | 24.8 | 23.8 | 24.1 | 24.6 | 22.7 | 21.4 | 21.4 |
| Podgorica | 46.8 | 50.2 | 51.5 | 49.9 | 48.3 | 47.9 | 51.0 |
| Skopje | 36.4 | 39.5 | 40.5 | 41.9 | 44.1 | 45.8 | 45.0 |
| Bucharest | 35.1 | 36.3 | 38.1 | 39.8 | 37.9 | 39.7 | 42.4 |
| Belgrade | 48.3 | 50.3 | 51.0 | 52.5 | 53.6 | 55.7 | 57.9 |
| Ljubljana | 89.9 | 90.1 | 94.2 | 100.8 | 102.5 | 103.2 | 106.6 |
| Ankara | 60.0 | 60.2 | 55.8 | 58.2 | 61.5 | 62.6 | 65.3 |
| **EU27** | **100.4** | **101.8** | **104.9** | **110.1** | **111.8** | **113.0** | **112.6** |

*Note: Pristina not included in EIS. EU27 benchmark shown for reference.*

## 7.2 DIMENSION II PEOPLE

### *Population and Demographics*

**Table 14: Population - Current and Projections (thousands)**

*Source: UN World Population Prospects 2024*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 (proj.) |
|---|---|---|---|---|---|---|---|---|
| Tirana | 2,885 | 2,872 | 2,850 | 2,828 | 2,812 | 2,792 | 2,772 | 2,672 |
| Sarajevo | 3,346 | 3,299 | 3,245 | 3,205 | 3,185 | 3,164 | 3,140 | 3,014 |
| Sofia | 6,975 | 6,934 | 6,877 | 6,826 | 6,796 | 6,758 | 6,715 | 6,458 |
| Zagreb | 3,986 | 3,954 | 3,925 | 3,907 | 3,896 | 3,875 | 3,848 | 3,726 |
| Athens | 10,719 | 10,699 | 10,580 | 10,412 | 10,243 | 10,048 | 9,939 | 9,722 |
| Pristina | 1,755 | 1,751 | 1,741 | 1,718 | 1,700 | 1,685 | 1,674 | 1,661 |
| Chisinau | 3,113 | 3,069 | 3,024 | 3,040 | 3,067 | 3,035 | 2,996 | 2,845 |
| Podgorica | 612 | 608 | 604 | 615 | 634 | 638 | 633 | 613 |
| Skopje | 1,898 | 1,872 | 1,851 | 1,840 | 1,832 | 1,823 | 1,814 | 1,762 |
| Bucharest | 19,502 | 19,392 | 19,248 | 19,167 | 19,118 | 19,015 | 18,909 | 18,360 |

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 (proj.) |
|---|---|---|---|---|---|---|---|---|
| Belgrade | 6,966 | 6,908 | 6,835 | 6,791 | 6,773 | 6,736 | 6,689 | 6,461 |
| Ljubljana | 2,083 | 2,102 | 2,113 | 2,115 | 2,118 | 2,119 | 2,117 | 2,099 |
| Ankara | 85,358 | 86,092 | 86,686 | 87,058 | 87,271 | 87,474 | 87,685 | 89,028 |
| **SEE-13 Total** | **149,197** | **149,553** | **149,579** | **149,522** | **149,444** | **149,162** | **148,930** | **148,421** |

*Note: 2030 figures are UN medium-variant projections.*

## *Labour Market*

**Table 15: Employment-to-Population Ratio, Age 15–64 (%)**

*Source: ILO Labour Force Survey*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Pristina | 30.6 | 28.7 | 31.4 | 34.3 | 36.9 | 39.0 |
| Ankara | 50.3 | 47.5 | 50.2 | 52.9 | 53.8 | 55.2 |
| Sarajevo | 45.9 | 48.8 | 52.3 | 54.2 | 56.3 | 57.5 |
| Skopje | 54.4 | 54.3 | 54.8 | 56.4 | 56.4 | 57.7 |
| Athens | 56.1 | 55.9 | 57.2 | 60.7 | 61.8 | 63.3 |
| Bucharest | 65.8 | 65.6 | 61.9 | 63.1 | 63.0 | 63.8 |
| Podgorica | 56.0 | 50.3 | 49.4 | 57.5 | 62.1 | 64.2 |
| Tirana | 61.2 | 60.6 | 60.9 | 64.9 | 67.0 | 67.0 |
| Zagreb | 62.0 | 62.2 | 63.8 | 65.3 | 65.8 | 68.3 |
| Belgrade | 60.7 | 61.3 | 63.5 | 65.6 | 66.5 | 68.3 |
| Sofia | 70.5 | 69.0 | 68.4 | 70.8 | 70.9 | 70.7 |
| Chisinau | 70.2 | 70.8 | 73.7 | 73.2 | 71.3 | 73.3 |
| Ljubljana | 71.8 | 70.9 | 71.4 | 73.1 | 72.5 | 73.1 |
| **SEE Average** | **58.1** | **57.4** | **58.4** | **60.9** | **61.9** | **63.2** |

*Note: Sorted by 2024 employment rate (ascending). SEE average is unweighted mean of all 13 economies.*

**Table 16: Unemployment Rate, Total, Age 15+ (%)**

*Source: ILO Labour Force Survey*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Chisinau | 1.5 | 1.2 | 0.8 | 0.9 | 1.6 | 1.4 |
| Ljubljana | 4.4 | 5.0 | 4.7 | 4.0 | 3.7 | 3.7 |
| Sofia | 4.1 | 5.0 | 5.2 | 4.1 | 4.3 | 4.2 |
| Zagreb | 6.6 | 7.4 | 7.5 | 6.8 | 6.1 | 5.0 |
| Bucharest | 3.9 | 5.0 | 5.6 | 5.6 | 5.6 | 5.4 |
| Belgrade | 10.4 | 9.0 | 9.8 | 8.4 | 8.3 | 7.2 |
| Ankara | 13.7 | 13.2 | 12.0 | 10.4 | 9.4 | 8.7 |
| Athens | 17.0 | 15.9 | 14.7 | 12.4 | 11.0 | 10.0 |
| Tirana | 11.5 | 11.6 | 11.5 | 10.8 | 10.7 | 10.7 |
| Sarajevo | 15.7 | 15.9 | 14.9 | 12.7 | 10.7 | 10.7 |
| Pristina | 25.1 | 25.5 | 20.4 | 12.1 | 10.5 | 10.8 |
| Podgorica | 15.1 | 17.9 | 16.5 | 14.9 | 13.1 | 11.5 |
| Skopje | 17.4 | 16.6 | 15.8 | 14.5 | 13.2 | 12.3 |

*Note: Sorted by 2024 unemployment rate (ascending). Chisinau data reflect ILO-defined unemployment.*

**Table 17: Youth NEET Rate - Share Not in Employment, Education or Training, Age 15–29 (%)**

*Source: ILO Labour Force Survey*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Ljubljana | 7.0 | 7.7 | 6.6 | 8.2 | 7.3 | 7.1 |
| Zagreb | 12.0 | 12.1 | 12.5 | 11.4 | 9.9 | 8.1 |
| Athens | 13.0 | 13.5 | 12.0 | 11.4 | 12.5 | 10.4 |
| Sofia | 13.5 | 14.7 | 13.6 | 12.6 | 11.2 | 10.9 |
| Chisinau | 17.5 | 15.6 | 13.6 | 15.0 | 13.3 | 11.5 |
| Belgrade | 15.7 | 16.2 | 16.7 | 13.2 | 12.4 | 12.6 |
| Podgorica | 17.3 | 21.1 | 20.7 | 20.1 | 17.6 | 14.2 |
| Sarajevo | 22.6 | 21.8 | 19.3 | 17.6 | 16.0 | 14.3 |
| Bucharest | 14.7 | 14.8 | 18.0 | 17.5 | 16.5 | 17.0 |
| Skopje | 18.7 | 19.8 | 18.3 | 18.4 | 19.1 | 18.5 |
| Ankara | 26.1 | 28.3 | 24.8 | 24.2 | 22.5 | 22.9 |
| Tirana | 25.8 | 26.9 | 24.1 | 23.7 | 23.2 | 23.2 |
| Pristina | 32.6 | 33.5 | 32.0 | 32.9 | 33.3 | 30.0 |
| **SEE Average** | **18.2** | **18.9** | **17.9** | **17.4** | **16.5** | **15.4** |

*Note: Sorted by 2024 NEET rate (ascending). SEE average is unweighted mean.*

## *Health*

**Table 18: Current Health Expenditure as % of GDP**

*Source: WHO Global Health Expenditure Database*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Sarajevo | 8.9 | 9.7 | 9.6 | 8.7 | 8.9 |
| Podgorica | 8.3 | 11.4 | 10.6 | 10.2 | 9.7 |
| Ljubljana | 8.6 | 9.5 | 9.5 | 9.6 | 9.3 |
| Athens | 8.1 | 9.4 | 9.0 | 8.4 | 8.4 |
| Belgrade | 8.3 | 8.3 | 9.2 | 8.6 | 8.0 |
| Sofia | 7.1 | 8.4 | 8.6 | 7.6 | 7.9 |
| Skopje | 7.1 | 7.7 | 8.4 | 7.4 | 7.4 |
| Zagreb | 6.8 | 7.7 | 8.1 | 7.3 | 7.2 |
| Tirana | 6.8 | 7.5 | 7.4 | 7.5 | 7.0 |
| Chisinau | 6.5 | 7.0 | 7.8 | 7.0 | 6.7 |
| Bucharest | 5.7 | 6.2 | 6.5 | 5.8 | 5.7 |
| Ankara | 4.4 | 4.6 | 4.6 | 3.7 | 4.3 |
| Pristina | n/a | n/a | n/a | n/a | n/a |
| **SEE Average** | **7.2** | **8.1** | **8.3** | **7.7** | **7.5** |

*Note: Pristina data not available in WHO GHED. 2023 values are latest available.*

**Table 19: Out-of-Pocket Expenditure as % of Current Health Expenditure (2023)**

*Source: WHO Global Health Expenditure Database*

| Economy | OOP as % of CHE (2023) |
|---|---|
| Zagreb | 9.4 |
| Ljubljana | 12.4 |
| Ankara | 19.1 |
| Bucharest | 23.0 |
| Podgorica | 26.3 |
| Chisinau | 27.5 |
| Sarajevo | 31.0 |
| Belgrade | 32.1 |
| Athens | 34.3 |
| Sofia | 35.5 |
| Skopje | 39.6 |
| Tirana | 48.3 |
| Pristina | n/a |
| **SEE Average** | **28.2** |

*Note: Sorted by OOP share (ascending). High OOP shares indicate limited financial protection.*

**Table 20: Healthy Life Expectancy (HALE) at Birth - Years (2021 estimates)**

*Source: World Health Organization*

| Economy | Both sexes | Male | Female |
|---|---|---|---|
| Chisinau | 61.2 | 58.8 | 63.6 |
| Sofia | 62.4 | 60.4 | 64.6 |
| Skopje | 63.7 | 61.6 | 64.6 |
| Bucharest | 63.9 | 62.4 | 65.4 |
| Belgrade | 63.9 | 62.9 | 65.9 |
| Sarajevo | 65.0 | 63.6 | 66.1 |
| Podgorica | 65.2 | 63.9 | 66.2 |
| Ankara | 65.2 | 64.5 | 66.8 |
| Tirana | 66.7 | 65.1 | 67.8 |
| Zagreb | 66.8 | 65.7 | 68.5 |
| Athens | 68.6 | 67.8 | 69.3 |
| Ljubljana | 69.4 | 67.9 | 70.9 |
| Pristina | n/a | n/a | n/a |
| **SEE Average** | **65.2** | **63.7** | **66.6** |

*Note: WHO 2021 estimates (latest available). Pristina data not reported. Sorted by HALE (ascending).*

## Inequality

**Table 21: Pre-Tax National Income Share of Top 10% (%)**

*Source: World Inequality Database (WID.world)*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Ljubljana | 28.9 | 29.4 | 29.4 | 29.4 | 29.4 |
| Skopje | 29.5 | 29.2 | 29.2 | 29.2 | 29.2 |
| Zagreb | 33.5 | 33.5 | 33.5 | 33.5 | 33.5 |
| Pristina | 33.0 | 32.7 | 32.7 | 32.7 | 32.7 |
| Chisinau | 33.8 | 34.0 | 34.0 | 34.0 | 34.0 |
| Tirana | 34.2 | 33.9 | 33.9 | 33.9 | 33.9 |
| Sarajevo | 34.2 | 34.0 | 34.0 | 34.0 | 34.0 |
| Athens | 32.4 | 32.2 | 32.9 | 35.0 | 35.1 |
| Podgorica | 36.1 | 35.9 | 35.9 | 35.9 | 35.9 |
| Belgrade | 35.7 | 36.4 | 36.4 | 36.4 | 36.4 |
| Bucharest | 39.9 | 40.3 | 40.3 | 40.3 | 40.3 |
| Sofia | 43.9 | 43.8 | 41.2 | 41.2 | 41.2 |
| Ankara | 50.7 | 52.4 | 51.0 | 53.4 | 55.6 |
| **SEE-13 Average** | **35.8** | **35.9** | **35.7** | **36.1** | **36.2** |
| **SEE-13 Median** | **34.2** | **33.9** | **33.9** | **34.0** | **34.5** |

*Note: Values expressed as percentage of total pre-tax national income. Sorted by 2019 value (ascending).*

## Education

**Table 22: Share of working age population with advanced education level (%)**

*Source: Source: ILO Labour Force Survey*

| Economy | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Sarajevo | 6.46 | 10.15 | 10.60 | 10.91 | 11.34 | 12.00 |
| Bucharest | 13.82 | 13.96 | 14.00 | 14.46 | 13.70 | 14.19 |
| Pristina | 11.53 | 12.36 | 14.72 | 15.06 | 15.06 | 15.09 |
| Tirana | 17.29 | 17.97 | 17.88 | 19.49 | 18.57 | 18.57 |
| Skopje | 17.09 | 18.59 | 18.66 | 18.85 | 18.85 | 19.90 |
| Chisinau | 18.14 | 18.18 | 18.38 | 18.49 | 19.12 | 20.43 |
| Ankara | 16.88 | 18.09 | 18.76 | 19.15 | 19.89 | 20.70 |
| Podgorica | 20.85 | 20.73 | 18.09 | 20.15 | 21.78 | 21.07 |
| Belgrade | 19.63 | 19.93 | 20.61 | 20.92 | 21.66 | 22.82 |
| Zagreb | 20.55 | 20.82 | 21.02 | 21.23 | 22.96 | 24.22 |
| Sofia | 22.53 | 23.34 | 23.80 | 23.57 | 23.77 | 25.21 |
| Athens | 23.69 | 24.40 | 25.90 | 26.40 | 25.77 | 26.43 |
| Ljubljana | 25.91 | 28.07 | 31.73 | 31.43 | 26.41 | 26.91 |
| **SEE Average** | **18.03** | **18.97** | **19.55** | **20.01** | **19.91** | **20.58** |

### *Data Sources*

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