

ETF Regional Conference “Use it or lose it: how labour markets, human capital and migration interact in the Western Balkans”

CONFERENCE SUMMARY

The conference was held online on 1 December 2021, with around 160 participants from the six Western Balkan countries (WB6), regional organisations, the EU institutions and international organisations. They included experts, practitioners and policymakers from governments, the private sector and non-profits – notably individuals who work on labour markets, migration and education and training. The agenda focused on interactions among job markets, human capital development and labour mobility based on the findings of the European Training Foundation (ETF) regional and country studies.

KEY MESSAGES

- The ETF study confirmed net emigration from all six countries between 2010-2019. It was highest in Bosnia and Herzegovina, followed by Kosovo and Albania, and lowest in Montenegro, North Macedonia and Serbia. While Albania, Bosnia and Herzegovina and Kosovo exhibit some signs of brain drain, Montenegro, North Macedonia and Serbia experience brain gain.
- Migration produces a wide range of negative and positive outcomes. It can affect both vicious and virtuous cycles in the economy and in policy development. Skills development, labour markets and migration flows are interrelated. Their relationships are ever-changing and can be influenced by policy. Case studies of health workers and IT professionals illustrated those triangular relationships: the former contributed to a vicious cycle while the latter created a virtuous cycle of development.
- There is no reason that the WB6 countries cannot emulate the Central and Eastern European countries that are catching up with their neighbours to the west. They share characteristics such as geographical proximity, a relatively skilled labour force, reindustrialisation through foreign direct investment (FDI), integration into international production networks (including digital services), and prospects for accession to the European Union (EU).
- Keys to success include relations with the EU (notably moves towards integration and accession, presumably with substantial financial, institutional and technical support throughout), political stability (both nationally and regionally) and continued regional integration. Success will also depend on political will and the mobilisation of societies and economies to influence the triangular relationship among job markets, human capital development and labour mobility.
- Results indicate to the need to act on several levels simultaneously. The gaps between the economies and labour markets of the WB6 countries and main migration destinations must be narrowed. Employment policies must be adjusted towards the needs of both domestic and international labour markets. Education and training policies must be adapted to the needs of a modern, skilled workforce. Countries must tap better the potential of their emigrants and the diaspora, while EU support to human capital development in the region must be increased.

SESSION OVERVIEWS

Opening and the presentation of the ETF study results

Cesare Onestini (ETF Director) set the stage by emphasising that policy debates around migration can become emotionally charged. This study aimed instead ‘to put some evidence on the table’ and examine how the triangular relationship among migration, human capital formation and labour deployment can provide clues for future economic development. The key question for the countries of origin: how much should a country invest in a particular type of skill, knowing that they may be more or less in demand outside of the country? The ETF study connects the issue of skills and migration to labour markets and education and training.

Lluis Prats (Head of Unit EMPL, European Commission) also focused on the triangular relationship. He listed some factors that cause frustration among young people and encourage emigration:

unemployment, structural skills mismatches, insufficient labour market measures and scanty lifelong learning schemes. ‘Policies can help spur job creation by supporting the private sector and encouraging foreign direct investment, innovation and cooperation between businesses and universities,’ Mr Prats said. He suggested that policymakers improve monitoring systems to better identify current and future demands for skills and emphasise upskilling and re-skilling, including the implementation of youth guarantee schemes.

An EU agency working on human capital development, the ETF realised that ‘migration has often been the elephant in the room’, according to **Ummuhan Bardak (ETF)**. ‘It cannot be ignored anymore in the analyses of human capital development and labour market systems.’ There is a continuous and dynamic triangular relationship among skills development, labour markets and migration flows. ‘The good news is that it can change and evolve over time, including via policymaking,’ she said. Attention to those interactions can lead to more effective policies for labour market and human capital development. The ETF study used a novel approach to analyse recent emigration trends from the region by age and educational attainment level. It also included case studies on health and IT professionals to illustrate the triangular relationship.

Michael Landesmann (the Vienna Institute for International Economic Studies) explained that labour demand is not shaped just by labour, migration or education policies, but also by broader macroeconomics. The main question is whether WB6 countries could follow in the footsteps of new EU member states with industrial development, diversification and links to global value chains. ‘The catching up process in Central and Eastern Europe has been defined in large part by re-industrialisation’, Mr Landesmann said, making up for losses incurred during the post-communist economic transitions. Foreign direct investment and insertion into global production networks have helped to fuel improvements. The WB6 countries did not immediately follow the same path, though Serbia and North Macedonia seem to be getting into gear and showing potential, with more foreign direct investment going into manufacturing. The catching-up process should extend beyond industrial development to include services, notably information technology.

The ETF study confirmed net emigration from all six countries between 2010-2019. It was the highest in Bosnia and Herzegovina, followed by Kosovo and Albania, and lowest in Montenegro, North Macedonia and Serbia. Besides high youth unemployment and a difficult school-to-work transition, other factors such as persistent skills mismatches, wage differentials, low-quality and low-paid jobs are becoming more important for migration. Policy changes in destination countries also contribute to emigration trends. Among original EU member states, Germany is the only one that actively recruits medium- and high-skilled migrants. With this exception, the new outflows tend to target the new EU member states. An analysis of first-time residence permits issued in the EU-28 to nationals of WB6 countries shows that at least half of recent emigrants went to Croatia, Slovenia, Slovakia, the Czech Republic and Bulgaria. They appear to be filling jobs that have been vacated by their own nationals emigrating to the old member states. The new flows tend to be temporary circular labour migration for seasonal work, focusing particularly on sectors such as hospitality, construction, agriculture and transport.

Except from Albania, net emigration occurs mainly among the medium- and low-educated. There is evidence of brain drain from Albania mainly among recent university graduates, where the highly educated account for around 40% of the total outflow in the last decade. Numbers are lower in Bosnia and Herzegovina and Kosovo, where they account from 6-10%. On the other hand, three other countries of the region show net immigration for people with tertiary degrees: Serbia, North Macedonia and Montenegro. This net immigration of the highly educated is mainly driven by international students who return home after graduating from tertiary education abroad, which is also confirmed by high net emigration of secondary general education and VET graduates.

The ETF study indicates that the relationship among parts of the triangle (human capital formation, labour markets and migration) can differ from one sector to another. The case studies of health workers and IT professionals suggest different results. In the health sector, several factors such as low public investment, lack of job openings and large wage differentials encourage health workers to emigrate in search of better wages and quality jobs. Thus, insufficient job creation in the sector leads to a vicious circle. In the latter,

the three elements feed off each other to create a virtuous cycle of development. While wage gaps exist in the IT sector, migrants create links with professionals back home, which helps draw the outmigration countries into international value chains. After a stint abroad, some people return home to start their own businesses, leading to virtuous cycle of development.

Panel Discussion 1 – Opportunities and risks of labour and skills mobility: can mobility be part of a virtuous cycle to better match jobs and workers in the region’s growing economies?

Moderated by **Professor Nermin Oruc**, coordinator of the Western Balkans Migration Network and director of the Centre for Development Evaluation and Social Science Research.

Talking on behalf of the employers from WB6 countries, **Tatjana Shterjova Dushkovska (General Secretary of Western Balkans 6 Chamber Investment)** said that her organisation sees labour mobility more as an opportunity than as a risk in the region and supports the establishment of a single European market for goods, services, and capital, along with the free movement of people. Thus, she said, policymakers must address a ‘whole set of issues related to the free movement of people’ such as the mutual recognition of qualifications and diplomas, work permits, and intercompany transfers. Although 90% of surveyed companies do not anticipate layoffs and a quarter expect to hire more workers, the mismatch of skills remains a problem - nearly half of companies say that the supply of skilled labour fails to fully meet their needs. She called on policymakers ‘to actively engage the private sector as much as possible in the process of creating a skilled labour force within the region’. All levels of education, including VET, need to be improved to reduce mismatches. This would lead to more employment, improved productivity and competitiveness, and higher standards of living.

Discussing the increasing outward mobility of health professionals, **Petrit Beqiri (CEO and co-founder of Heimerer College of Nursing in Kosovo)** presented his personal experience. His college was established to address challenges presented by emigration and attempts to create a model that would benefit the region, destination countries and health professionals. The private institution offers an international track that focuses primarily on German-speaking countries and provides not only language instruction but also focuses on additional necessary skills. The school meets three goals: (i) to address shortages of certain categories of professionals at home with the help of experts from German-speaking countries and to make sure that instruction meets international standards; (ii) to allow health sector companies to improve the curriculum and provide practical training, which started with international institutions but now includes locals; and (iii) to build bridges between the domestic and international communities of health professionals at what Mr Beqiri called the micro, medium and macro levels. The latter encourages professional exchanges and the return (reverse brain drain) of professionals after a period of work abroad.

Youth experience of labour and skills mobility from the countries of the WB6 was the focus of the interventions from two people from the **Western Balkans Alumni Association (WBAA)**, a group of young intellectuals from the region who have studied abroad mainly through the EU mobility schemes. **Assistant Professor Renata Petrevska Nechkoska** described the association as an attempt to learn from best practices and make contributions at home, whether they return, continue to live abroad, or work as digital nomads. The members help each other through what she called ‘co-evolution’ by devising solutions to common problems, because ‘one plus one is greater than two.’ They run webinars, workshops and training programmes. They organise double degrees for individuals and tandem master theses (joint supervision and work of WB-EU students) and implement projects with consortia of diverse actors. Their main aim is, in the words of Ms Petrevska Nechkoska, ‘brain circulation - not just brain drain’. WBAA is conducting a tracer study in partnership with the Institute for Advanced Studies in Vienna to collect data about Western Balkan students and graduates who have studied abroad.

The other WBAA representative, **Professor Dimitar Nikoloski**, discussed the impact of visa liberalisation and skill shortages on young people. Visa liberalisation has ‘created huge opportunities for youth, particularly for well-educated people,’ he said. It has eased their access to the Erasmus+ and other programmes, while it has also helped less educated individuals to engage in so-called ‘circular migration’. Allowed to work for up to three months without a visa, people can take on seasonal jobs and return home. But sometimes they become trapped in a vicious circle because they cannot invest in themselves. ‘They

remain with low levels of education and skills, and they have fewer opportunities for future career advancement' Prof Nikoloski said. Anecdotal evidence suggests that the emigration of people with particular skills has led to shortages at home. People often talk about how difficult it is to find a good electrician or plumber. If wages rise in these professions, more young people will invest in those areas. Given the lack of hard data, he suggested this as an area of future study.

Panel Discussion 2 – What could be potential policy actions from the national, regional and international actors to maximise the benefits and reduce the risks from labour and skills mobility?

Moderated by **Georgios Zisimos**, Head of the Policy Advice and EU Programming Unit, ETF.

Given the high potential of the region to provide online digital services to global companies, **Tanja Jakobi (Executive Director, Public Policy Research Center-PPRC)** presented some results of her work from monitoring online gig workers from the region. Based on PPRC's own tool for screening the most popular online digital freelance platforms (called GIGMETAR), they identified over 100,000 registered individuals from the region, notably from Serbia, Albania and Bosnia and Herzegovina. Only over the last six months, more than 3000 new workers joined these platforms. 'It is not that easy for an employer to add 3000 jobs in six months, so it is obvious that platforms are giving some prospects for employment.' These people connected with global platforms have often been able to expand soft skills, which are not emphasised in the education systems. The digital platforms also serve as barometers for what skills are in demand in a rapidly changing environment. The downsides of this development are gender disparity as most of these workers are male, and unfavourable legal regimes freelancers face in many countries (taxes, access to healthcare and other social protection), which need to be addressed by policymakers.

Adrienn Kiraly (DG NEAR, European Commission) reminded people about the EU candidate country status of Albania, Montenegro, North Macedonia and Serbia and the potential candidacies of Kosovo and Bosnia-Herzegovina. The accession process qualifies support from the European Commission to the region, including the funding and assistance from Instrument for Pre-Accession Assistance (IPA). Availability of funding and technical assistance enables many cooperation initiatives between the EU and WB6, from transport links to climate action, human rights, support for start-ups, research and innovation, etc. It also helps to encourage economic and employment-policy reforms in the region. Regarding the triangular relationship among human capital, the labour market and migration, she mentioned the new EU economic and investment plan for the WB6 to help the region improve its competitiveness and accelerate the green and digital transitions (involving €9 billion in grants).

All these can address what she called 'structural challenges' such as the lack of job opportunities, skill mismatches and obstacles to youth employment. 'Investment in education is a real priority,' Ms Kiraly said. A digital education action plan could help countries enhance social inclusion and youth participation in economic and social life. Another programme Erasmus+ supports education and training through mobility. North Macedonia and Serbia are fully engaged in Erasmus+ while others participate in different parts of the programme. The EU also supports higher education reforms and improving VET to reinforce links between those programmes and the labour market. The most recent initiative of the Commission is introduction of a youth guarantee scheme based on the EU's own youth guarantee. The initiative aims to ensure that all young people under the age of 30 in the region have at least one of the following offers within four months of leaving school or becoming unemployed: a quality job, continuing education, internship or apprenticeship.

Addressing the issue of brain drain, **Magdalena Jagiello (Head of Unit HOME, European Commission)** brought up the new initiative of 'talent partnerships', part of EU's pact on migration and asylum adopted last year. Setting up a talent partnership could support legal migration with key partners, including mobility schemes for work or training, capacity building in areas such as labour market or skills intelligence, vocational education and training, integration of returning migrants, and diaspora mobilisation. Priority regions include the EU's Neighbourhood, the Western Balkans and Africa. To work, talent partnerships need to shoot for the triple win: to benefit the countries of origin, destination countries, and the migrants themselves. They will include mobility for workers and students, capacity building, investment in human capital development, and retraining and upskilling both at home and abroad. Part of the idea is to replace 'brain drain' with 'brain gain.'

Several legal migration pilot projects have been implemented in the last two years (e.g. between Morocco and Spain and Nigeria and Lithuania). The results of these pilot projects show that programmes must be designed with the cooperation of partner countries, including authorities, the private sector, educational and training institutions, and civil society. It also became clear that mobility plus capacity building and investment equals better human capital. Clear benefits came out of circular movement combined with training, VET, internships, mentoring, business development, and diaspora engagement. In Nigeria, for example, Lithuania helped to train IT professionals. Some went to Lithuania, others stayed in Nigeria. Lithuanian companies saw opportunities to invest in Nigeria - an example of the virtuous circle described before. Moving forward, the talent partnership scheme will abandon the project-based approach for something more holistic in which investment in human capital in the countries of origin will benefit both countries of origin and destination.

Talking about a recent study of youth employment published by the Regional Cooperation Council (RCC), **Amira Vejzagic Ramhorst (Team Leader Employment and Social Affairs Platform, RCC)** referred to the persistently high youth unemployment in WB6 countries. This, of course, is a key feature leading to emigration. RCC surveys of young people confirm the same problem: 62% say that a lack of job opportunities is one of the biggest challenges in life. The next is a lack of quality education, at a mere 14%. Meanwhile, employers can't find qualified workers due to the lack of skills and emigration. Policies are needed to address structural factors, but specific initiatives are needed for young people. The EU's recent initiative to implement 'youth guarantee schemes' in the region is a very good start. Migration must be addressed in a comprehensive manner - looking not only at jobs and the labour market, but also at trade, FDI, skills, sectoral development and other factors. Ms Vejzagic Ramhorst defended a single regional market for the WB6 that would transform the region into 'one investment area' – a market of 18 million compared to a handful of small, disjointed ones. Regional development schemes, digital integration, and the development of science, technology, engineering and math (STEM) skills, particularly among women, can also play important roles.

Closing session

On behalf of the Slovenia Presidency of the EU Council, **Slavica Černoša (Head of the Division, Ministry for Education, Science and Sport)** talked about the impact of migration and mobility on education and training systems. Studying abroad is more prevalent in the WB6 than elsewhere. These exchanges can help to improve human capital, including at home, because many students return home. Still, the region has not benefited as much from programmes as it could. That is partly due to complex procedures, the requirements of foreign languages and issues related to the recognition of prior learning. Each country of the region has its own procedures, but the countries are moving toward the European qualification framework. In higher education, all countries (except Kosovo) are members of the European Area of Higher Education or the Bologna Process. All six countries are part of the European Qualifications Framework (EQF).

Recognition of VET qualifications is generally more complicated than recognition of higher education degrees and the variety of different skill sets complicates things even more. National Qualification Frameworks and the EQF can help, as can the recognition of work experience. The countries are also required to align with the EC Directive on the recognition of professional qualifications (2005/36/EC), which combines both sectoral and general approaches. Education is harmonised and automatically recognised for seven specific occupations (doctors, nurses, dentists, midwives, pharmacists, veterinary surgeons and architects) in the EU, while other professions require additional paperwork.

To conclude the conference, **Xavier Matheu de Cortada (Head of Knowledge Hub Department, ETF)** reminded everyone once again that migration produces a wide range of outcomes that can be negative as well as positive. Results indicate the need to 'act on multi-dimensional level', as presented by the ETF study results. Success will depend on political will and the capacity to mobilise societies and economies to work towards improving the results of the migration processes. Correcting skills mismatches, along with upskilling and reskilling towards digital and green transitions, will be key. Mobility can translate into lifelong learning, but it can also just mean geographical movement. The youth guarantee initiative

provides a unique opportunity and must be implemented without delay. The issue of recognition of qualifications needs to be addressed. The private sector should be engaged to eliminate skills mismatches, but companies need to be given a platform to say what they need.

Mr Matheu finished by explaining the next steps. The ETF will disseminate [this] summary of the conference discussions to all participants. The ETF's regional study report will soon be finalised and published on its website. Finally, if there is an interest from the countries in the region (or from regional and international actors) in taking this discussion further into a policy action, the ETF is open to engaging in such a dialogue and providing guidance and policy advice upon request.

Annex – Links shared by the participants and ETF

*[Actions / Pilot Projects – Migration Partnership Facility](#)

*[ESAP2 | STUDY ON YOUTH EMPLOYMENT IN THE WESTERN BALKANS](#)

*[ESAP2 | Leaflet: Youth Guarantee in Western Balkans](#)

*[ESAP Observatory | Home page](#) and https://www.esap.online/social_scoreboard/

*[Online GIGMETAR for South-Eastern Europe, Region - Public Policy Research Center](#)

*[Heimerer College of Health and Nursing in Kosovo, https://kolegji-heimerer.eu/en/](#)

*[Western Balkans 6 Chamber Investment, https://www.wb6cif.eu/](#)

*[WBAA – Western Balkans Alumni Association \(western-balkans-alumni.eu\)](#)

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*[ETF \(2021\), How migration, human capital and the labour market interact in Albania: www.etf.europa.eu/en/publications-and-resources/publications/how-migration-human-capital-and-labour-market-interact-4](#)

*[ETF \(2021\), How migration, human capital and the labour market interact in Bosnia and Herzegovina, How migration, human capital and the labour market interact in Bosnia and Herzegovina | ETF \(europa.eu\)](#)

*[ETF \(2021\), How migration, human capital and the labour market interact in Kosovo: https://www.etf.europa.eu/en/publications-and-resources/publications/how-migration-human-capital-and-labour-market-interact-2](#)

*[ETF \(2021\), How migration, human capital and the labour market interact in Montenegro: www.etf.europa.eu/en/publications-and-resources/publications/how-migration-human-capital-and-labour-market-interact-3](#)

*[ETF \(2021\), How migration, human capital and the labour market interact in North Macedonia, How migration, human capital and the labour market interact in North Macedonia | ETF \(europa.eu\)](#)

*[ETF \(2021\), How migration, human capital and the labour market interact in Serbia, How migration, human capital and the labour market interact in Serbia | ETF \(europa.eu\)](#)

*[Landesmann, Michael and Isilda Mara \(2021\), Interrelationships between human capital, migration and labour markets in the Western Balkans: an econometric investigation, wiiw Working Paper No. 196, https://wiiw.ac.at/interrelationships-between-human-capital-migration-and-labour-markets-in-the-western-balkans-an-econometric-investigation-p-5694.html](#)

*[Leitner, Sandra \(2021\), Net Migration and its Skill Composition in the Western Balkan Countries between 2010 and 2019: Results from a Cohort Approach, wiiw Working Paper No.197, https://wiiw.ac.at/net-migration-and-its-skill-composition-in-the-western-balkan-countries-between-2010-and-2019-results-from-a-cohort-approach-analysis-dlp-5695.pdf](#)

*[Leitner, Sandra \(2021\), A skill-specific dynamic labour supply and labour demand framework: A scenario analysis for the Western Balkan countries to 2030, wiiw Working Paper No.200, https://wiiw.ac.at/a-skill-specific-dynamic-labour-supply-and-labour-demand-framework-a-scenario-analysis-for-the-western-balkan-countries-to-2030-p-5820.html](#)

*[ETF \(forthcoming\), Use it or lose it: How do labour markets, human capital and migration interact in the six Western Balkan countries.](#)