



Western Balkans Competitiveness Outlook 2024

PRELIMINARY REGIONAL FINDINGS – WB6

Hybrid meeting – OECD Istanbul Centre and Online
13 December 2023

OECD South East Europe Regional Programme



Outline



1. MILESTONES OF THE COMPETITIVENESS OUTLOOK 2024 ASSESSMENT

2. KEY & NEW FEATURES OF THE COMPETITIVENESS OUTLOOK 2024 PUBLICATION

3. OVERVIEW OF PRELIMINARY REGIONAL ASSESSMENT RESULTS

4. ECONOMIC CONVERGENCE IN THE WESTERN BALKANS

5. NEXT STEPS AND UPCOMING ACTIVITIES



MILESTONES ACHIEVED



Setting-up a co-ordination mechanism

- ❑ WB6 Statistical Office representatives
- ❑ Designate a CO Dimension Co-ordinator for each policy dimension



Government self-assessment

- ❑ Government self-assessment conducted for each of the 15 policy dimensions by each of the Western Balkan economies. (June-August 2023)
- ❑ OECD review of received assessments (August-October 2023)



Launch of the assessment

- ❑ 1 regional assessment launch meeting organised at the OECD premises in Paris (27 April 23)
- ❑ 15 Regional online co-ordination meetings with Dimension contact points and other governmental stakeholders (May 2023)



Fact-finding meetings

- ❑ 8 fact-finding meetings organised in *Podgorica; Tirana; Skopje; Pristina; Belgrade; Banja Luka; Mostar and Sarajevo* - to verify the initial analysis, close information gaps and identify achievements, challenges, and policy priorities. (July-October 2023)



Presentation of the Regional Preliminary findings and Recommendations

- ❑ Contribute to discussion and validation of the preliminary results (13 December 2023)
- ❑ Comment on initial OECD policy recommendations



REMAINING MILESTONES

Review of the economy-specific preliminary findings document

(December 2023 – January 2024)

- ☐ Comment and validate the preliminary results and scores
- ☐ Provide **updated data** if available

Comment the draft chapters of the Competitiveness Outlook 2024

(February-April 2024)

- ☐ The OECD team will initially circulate the draft **economy-specific chapters** for comments and review.
- ☐ Following that, the drafts of the **five cluster chapters** will be shared with each economy for review.

Release of the Competitiveness Outlook 2024 publication and the Data-Hub during a Ministerial event in Paris

(June-early July 2024)

- ☐ Ensure the participation of high-level representatives from each economy

Drafting of the 6 economy-profiles and 5 regional cluster chapters of the Competitiveness Outlook 2024

(December-April 2024)

Completion phase of the Data-Hub

(March-June 2024)

Roadshow in each Western Balkan economy

(Autumn 2024)

- ☐ The publication will be presented and disseminated during a high-level launch event in each capital



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Key features of the Competitiveness Outlook 2024

6 Economy Profiles

- Economy-specific analysis and assessment of the **15 policy areas by means of more than 440 qualitative and quantitative indicators**
 - Qualitative indicators reflect latest relevant OECD tools, good practices, and dominating policy trends in the OECD/EU. They enable to benchmark policies among the WB6.
 - Quantitative indicators enable to benchmark policy outputs and outcomes among WB6, OECD and EU peers



- **Economy-specific policy recommendations** with the most relevant good practice examples for that economy



- **Implementation tracking** of economy-specific CO2021 recommendations



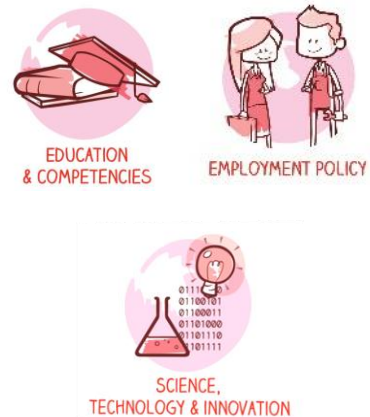
New features: Five thematic clusters

- Cluster-approach to leverage information from across the 15 policy dimensions and produce a **cross-dimensional analysis on 5 key topics**, or policy clusters, holistically: (1) **Business Environment**, (2) **Skills**, (3) **Connectivity and infrastructure**, (4) **Greening**, (5) **Digitalisation**.
- Assessing the **green and digital transitions** horizontally to reflect the importance of the twin transitions across a diverse set of policy dimensions

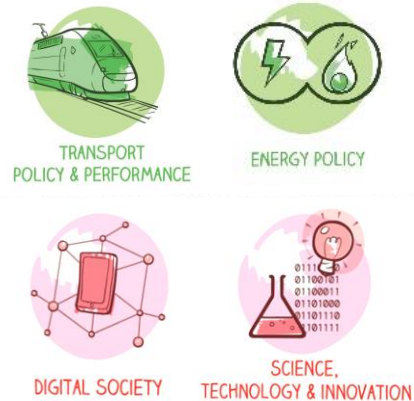
Business Environment



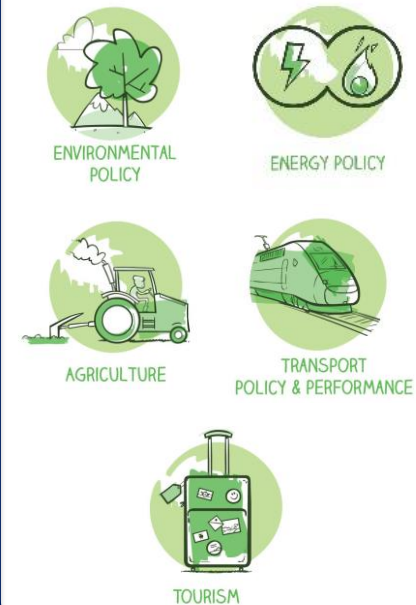
Skills



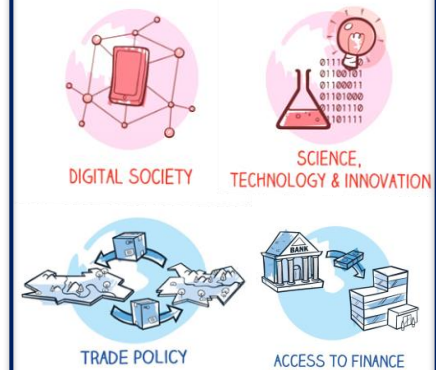
Connectivity & infrastructure



Greening

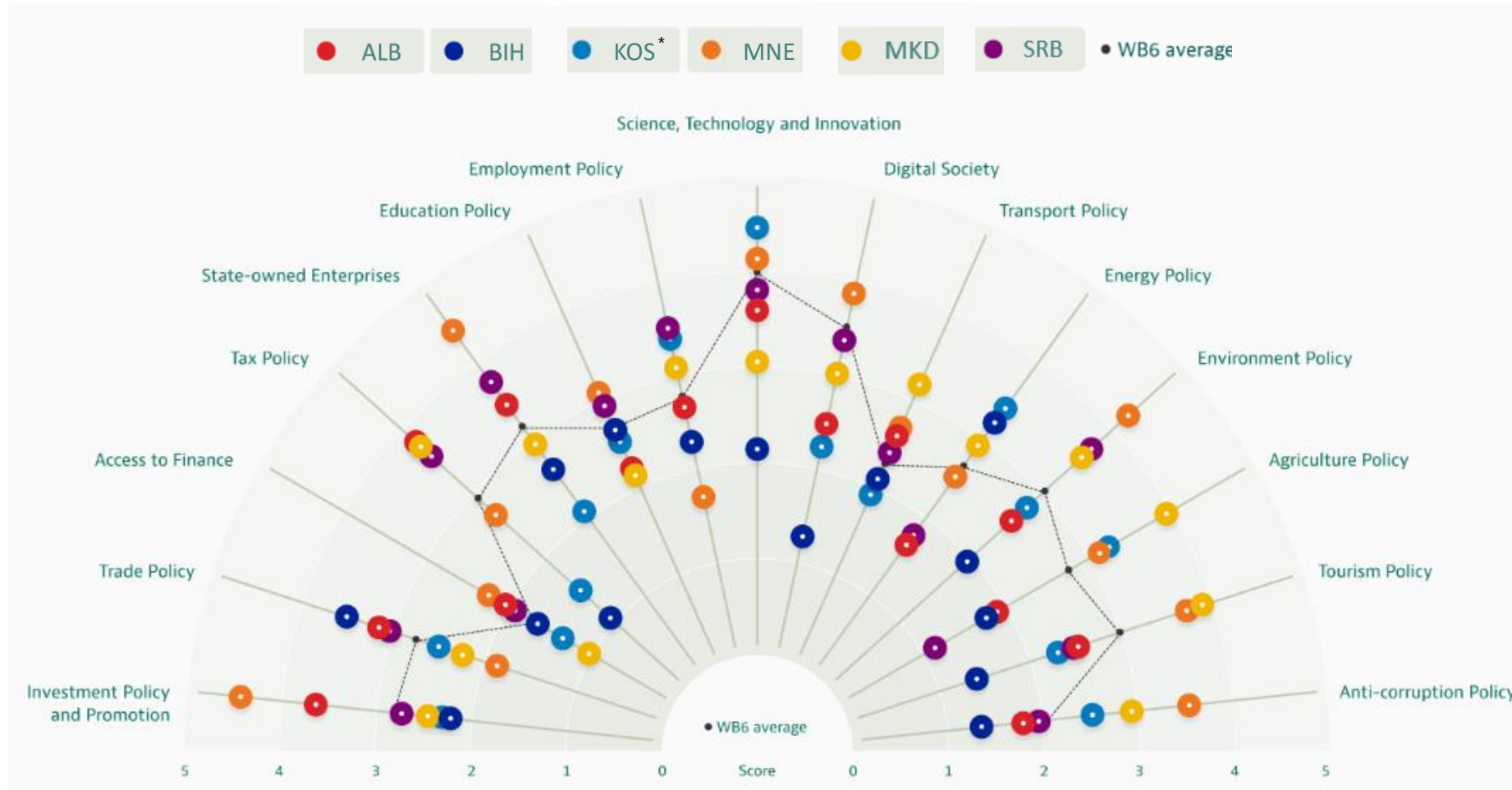


Digitalisation



New Features: Data Hub

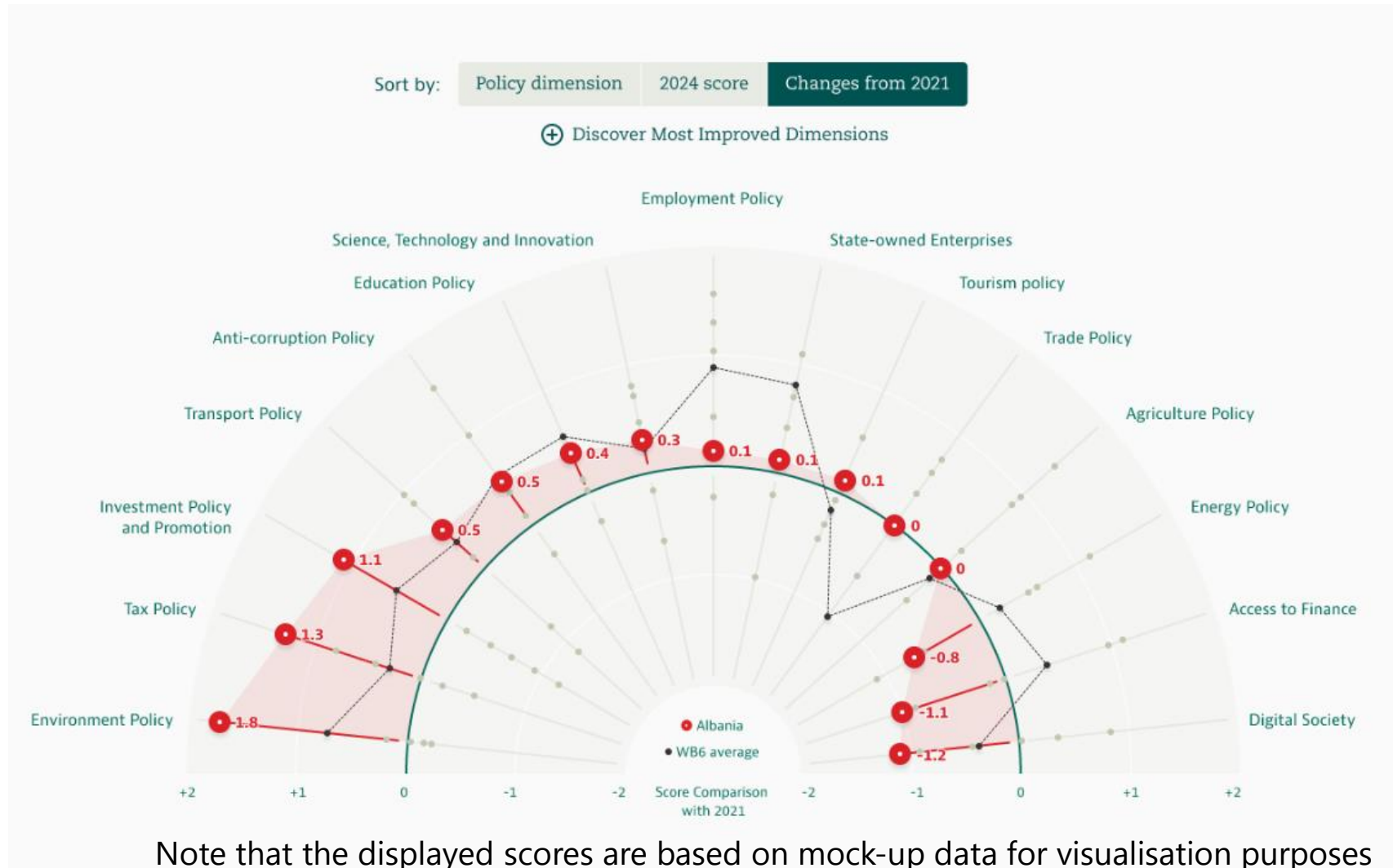
- Visualise the results of Competitiveness Outlook 2024 and compare with peer economies



Note that the displayed scores are based on mock-up data for visualisation purposes

New Features: Data Hub

- Compare the results of CO2024 and CO2021 to learn about the most improved policy dimensions

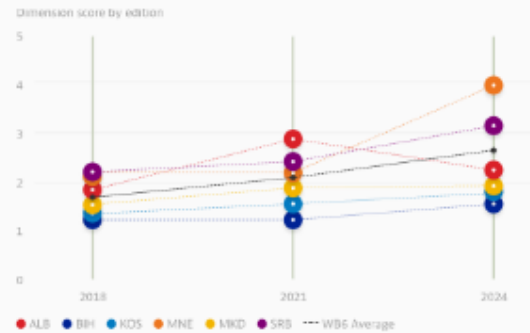


New Features: Data Hub

- Explore the policy dimensions, their structure and key findings for each economy

Policy Dimension Tourism Policy

The Western Balkans is one of the fastest growing tourist regions in the world, with all six Western Balkan economies seeing double-digit increases in tourist arrivals and overnight stays in recent years. The fast growth of tourist arrivals contributes to the growth of earnings, gross domestic product (GDP), exports and job creation, underlining the increasing importance of the sector for regional development.



Sub-Dimensions

Sub-Dimension 14.1

Governance and enabling conditions

Sub-Dimension 14.2

Accessibility, tourism offer and human resources

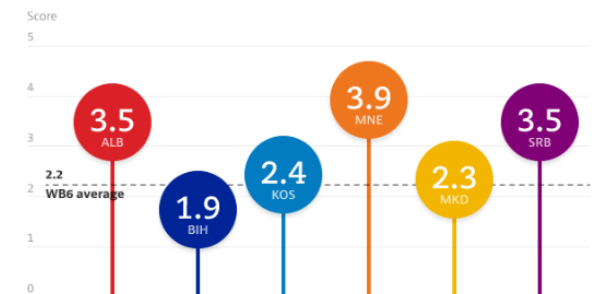
Sub-Dimension 14.3

Sustainable and competitive tourism

Sub-Dimension 14.1

Governance and enabling conditions

This sub-dimension focuses on the efficiency of economies' governance structures and institutional setups at economy and destination levels for managing the development and implementation of tourism strategies. Furthermore, it assesses inter-ministerial co-operation, government co-operation with municipalities and dialogue with non-governmental tourism stakeholders. It also assesses institutional support for the establishment of a comprehensive tourism data collection and sharing system.



Indicator

Tourism governance

2.5 1.5 1.5 4.0 1.5 3.5

Indicator

Vertical co-operation and information sharing

2.5 1.5 1.5 4.0 1.5 3.5

Indicator

Public-private dialogue

2.5 1.5 1.5 4.0 1.5 3.5

Indicator

Data collection

2.5 1.5 1.5 4.0 1.5 3.5

Note that the displayed scores are based on mock-up data for visualisation purposes



New Features: Data Hub

- Go in depth of the scoring system for each qualitative indicator to better understand the origin of scores

Example of **Tourism** policy's **Accommodation capacity and quality** qualitative indicator

Indicator: Accommodation capacity and quality

Scoring Criteria

Economy Score 2024

Level	2.4 WB6 Average	2.5 ALB	1.5 BIH	1.5 KOS	4.0 MNE	1.5 MKD	3.5 SRB
Level 0							
A consistent accommodation quality standard framework is in the process of implementation. It includes clear responsibilities, measures, budget and timeframe for the implementation.	✓	✗	✗	✗	✓	✓	✓
The government adopted the planned accommodation quality standard framework.	✓	✗	✗	✗	✗	✓	✓
The sharing economy is regulated.	✓	N/A	N/A	N/A	✗	✓	✗
The measures for facilitating the investments in renovation and / or building up new high quality private accommodation are implemented according to the plan.	✓	✗	✗	✗	✗	✗	✗
There is evidence that a regular inspection of quality standards is implemented.	✓	✗	✗	✗	✗	✓	✓
Requirements for people with disabilities are included in quality standards for accommodation.	✗	✗	✗	✗	✗	✓	✗
Energy efficiency requirements are included in the accommodation quality standard framework.	✓	✗	✗	✗	✗	✓	✗
Monitoring takes place systematically vis-à-vis the framework and adjustments are made accordingly.	✗	✗	✗	✗	✗	✓	✗
An independent ex-post evaluation has been conducted to assess the effectiveness of the implemented measures and to take corrective action.	✗	✗	✗	✗	✗	✗	✗
Level 5							

Note that the displayed fulfilment of scoring criteria is based on mock-up data for visualisation purposes

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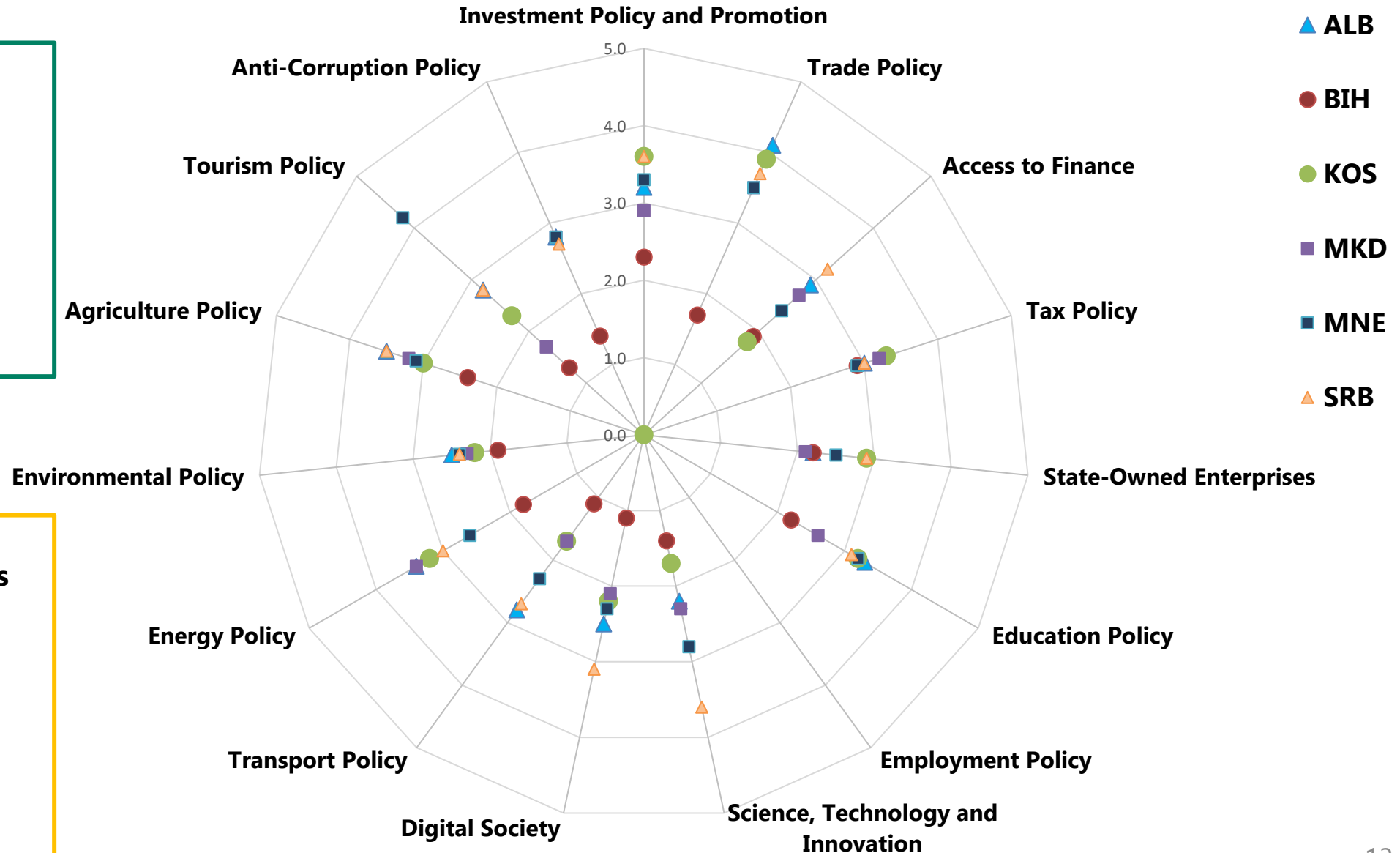
Overview of Preliminary 2024 Assessment Results

The strongest performances are in the areas of:

- Trade Policy
- Investment Policy and Promotion
- Tax Policy
- Agriculture Policy

The most room for improvement are in the areas of:

- Transport Policy
- Environment Policy
- Digital Society
- Science, Technology and Innovation



Meeting Agenda



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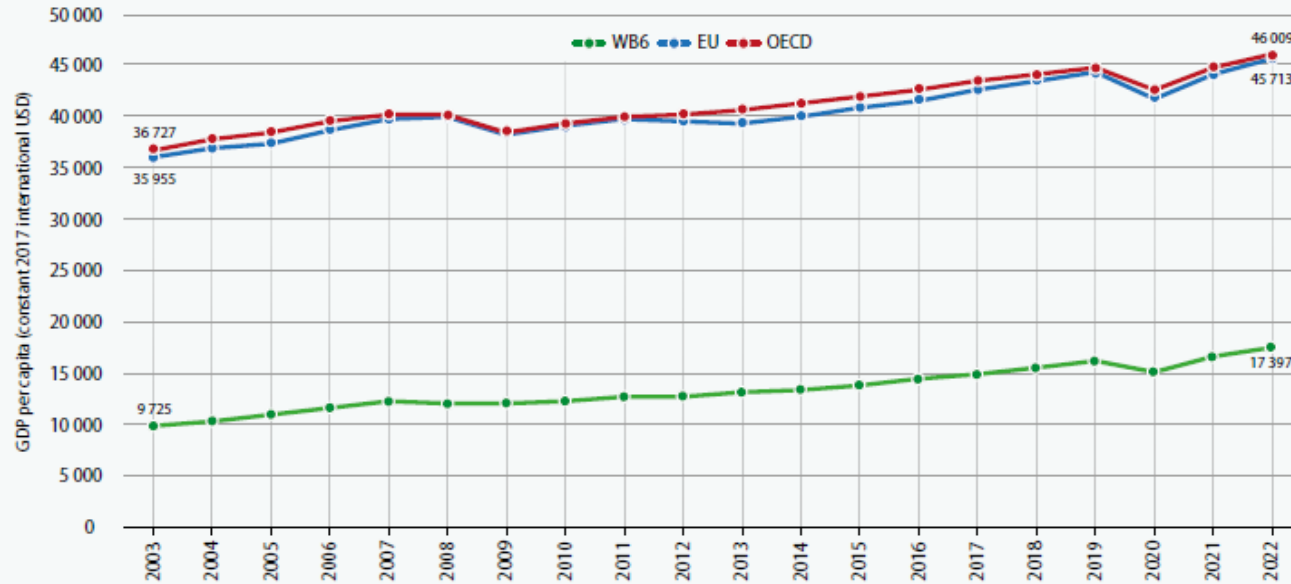
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Economic Convergence Scoreboard

GDP per capita convergence of the Western Balkans

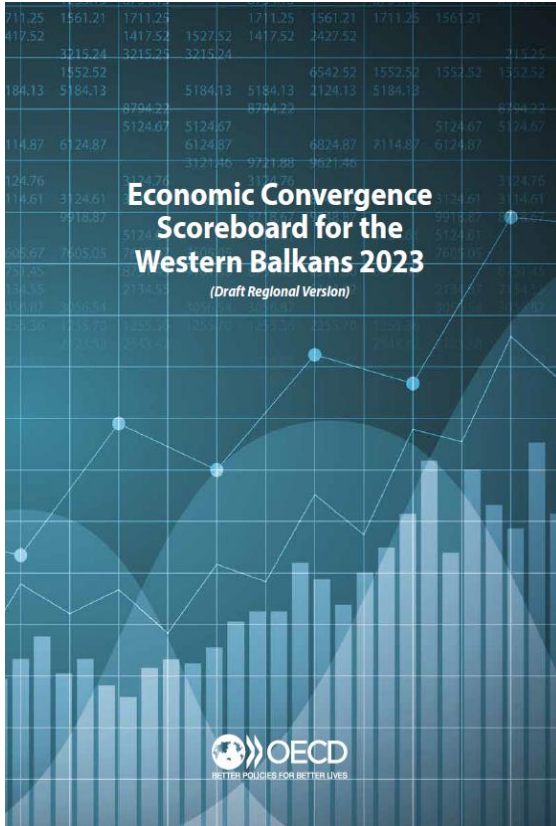


- GDP per capita of the WB6 increased by 79% over the past two decades (PPP, constant 2017 international \$)
- In 2022, WB6 GDP per capita stood at 38% of the EU average

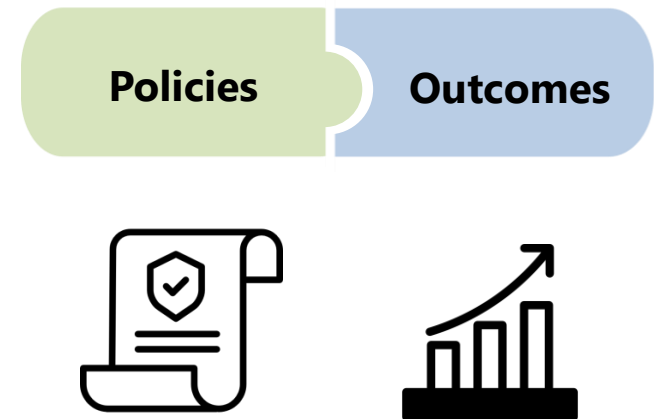
- Assessment by **five clusters**, each of which plays a significant **role in long-term GDP growth**:
 - A solid **business environment** and well functioning **public infrastructure** promote capital accumulation through increased **private investment**.
 - **Skills development** encourages **human capital growth**, leading to a more productive **labour force**.
 - A focus on **efficient resource** use and **environmental** aspects through the “greening cluster” is essential to **ensure economic growth is sustainable**.
 - **Digitalisation** is a clear catalyst for total factor productivity growth.



OECD Economic Convergence Scoreboard



- **Compilation of the most relevant good practices and standards with the OECD**, building upon the expertise developed in the CO and SMEPI publications.
- Convergence assessment in **35 key economic outcomes with the EU**.
- Covering the period **2008-22**, the analysis follows the **CO's clusters**:



Presented for the **first time** at the **2023 Berlin Process Summit in Tirana**, the OECD Economic Convergence Scoreboard will **evolve** and continue to be **presented at future summits**.



Scoreboard Methodology

The scoreboard compiles the **most relevant dimensions of economic convergence** in the Western Balkans, building upon the Competitiveness Outlook (CO) and SME Policy Index (SMEPI) publications:

- ❑ **Outcome convergence:** 5-8 outcome indicators have been selected for each policy cluster to compare the performance of the Western Balkan economies relative to the EU average
- ❑ **Policy convergence:** on top of CO policy scores, the scoreboard is augmented with existing OECD instruments (Trade Facilitation Index, Service Trade Restrictiveness Index, FDI restrictiveness Index).

Scoreboard for the Western Balkans 2023

Score

0

1/3

2/3

1

Policy outcomes	Performance relative to the EU			Change	OECD good policy practices, standards, and tools	Performance relative to the OECD			Change
	2008-2012	2013-2017	2018-2022	2008-12 to 2018-22		2016-2017	2018-2019	2020-2022	2016-17 to 2020-22

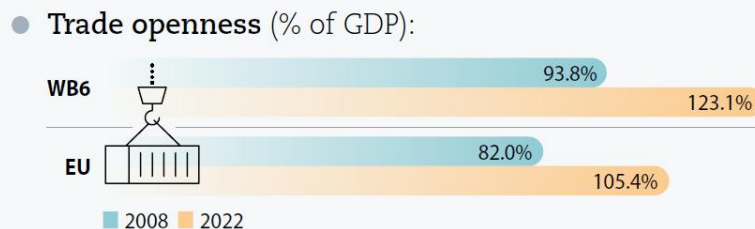
BUSINESS ENVIRONMENT

Trade openness (% of GDP)	1.10	1.05	1.12	+0.02	Services Trade Restrictiveness Index	1.01	1.06	1.15	+0.14
					Trade Facilitation Index	0.68	0.74	0.78	+0.10
					CO Trade Policy	0.58	0.57	0.68	+0.10
SMEs in total exports (% of exports)	–	1.08	0.97	-0.11	SME Policy Index	0.65	0.70	0.73	+0.08
FDI net inflows (% of GDP)	1.99	1.34	3.52	+1.54	FDI Restrictiveness Index	1.97	1.97	1.94	-0.03

Performance

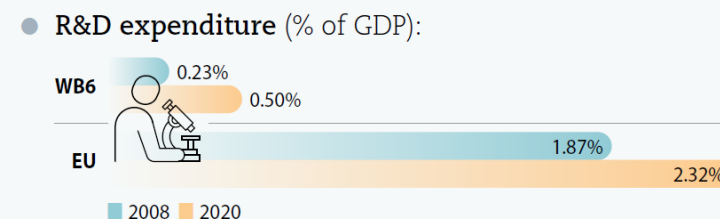
BUSINESS ENVIRONMENT

Business environment is the cluster with the highest degree and pace of convergence with EU and OECD levels: progress has been made notably in facilitating trade, improving investment climate and financial accessibility.



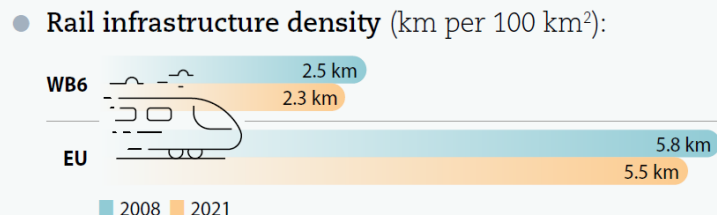
SKILLS

The skills cluster displays the lowest regional performance, with most indicators not exceeding half of EU and OECD averages. There remains substantial room to improve both policies and outcomes, respect to skills needed to boost research and innovation.



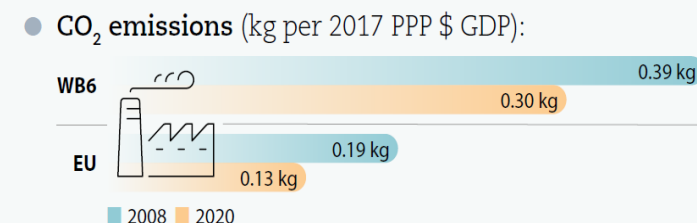
CONNECTIVITY AND INFRASTRUCTURE

Progress toward convergence in the connectivity and infrastructure cluster has been mixed. Improvements have been particularly evident in the energy sector, while they have lagged in the transport sector.



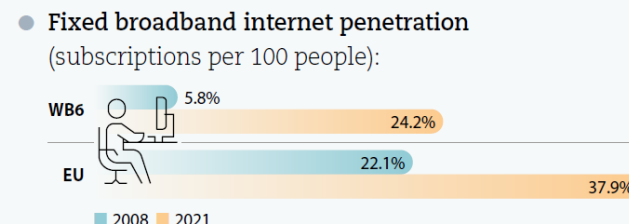
GREENING

Even though the WB6 fares better than the EU in some greening indicators, the relative performance has either stagnated or worsened over time.



DIGITALISATION

Performance in the digitalisation cluster has been largely positive, as the region has slowly begun converging toward EU and OECD levels. The one exception to the otherwise positive trajectory is the low proportion of individuals with basic or above basic digital skills.



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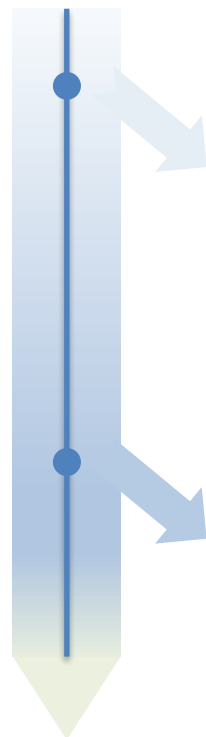


Competitiveness Outlook 2024 **Next Steps**



December-January 2023

Review of the economy-specific preliminary findings document



- ☐ Review and validate the preliminary results and scores
- ☐ **Provide missing information** if available



February-April 2024

Draft Publication shared

- ☐ The OECD team will initially circulate the draft **economy-specific chapters** for comments and review.
- ☐ Following that, the drafts of the **five cluster chapters** will be shared with each economy for review.



Publication & Datahub
release in June/July (tbd) 2024



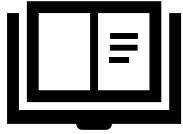
**&
Economy-specific launch meetings in
Autumn 2024**

- ☐ Ensure the participation of high-level representatives from each economy

- ☐ The publication will be presented and disseminated during a high-level launch event in each capital



Other SEE activities update



March-April 2024

In-country launches of the Circular Economy Roadmaps of Albania and North Macedonia



Late March 2024

Zero Waste Day



March-June 2024

EU4DigitalSMEs in Bosnia and Herzegovina events



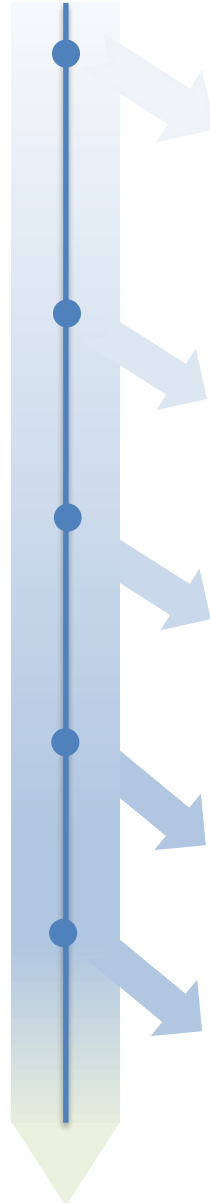
15-16 April 2024

World Circular Economy Forum in Brussels



April-June 2024

Series of meetings and Publication of the manuals for anti-corruption guidelines for Croatia and Serbia (SIEMENS project)



- ❑ A blueprint for the economies' CE transition, with concrete recommendations that can be fed into its circular economy strategy/action plan and/or complement various strategies and policies

- ❑ High-level cross-regional event to mark the International Day of Zero Waste and raise awareness of zero waste initiatives and circular economy and their contribution to achieving sustainable development in line with the United Nations' 2030 Agenda

- ❑ Policy discussion on digital government
- ❑ Workshop on digitalisation of SMEs
- ❑ Workshop on SME export promotion in GVC integration

- ❑ Leading global conference on circular economy featuring the most impactful circular solutions from around the world

- ❑ Workshop with competition agencies
- ❑ Academia meetings and university lectures
- ❑ Manual for creating an Academia Online Knowledge Platforms



Thank you for your attention!

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