ABOUT

The Competitiveness Outlook (CO) assesses reform progress across multiple **policy areas crucial to competitiveness** in the six Western Balkan economies: Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, and Serbia.

Competitiveness Outlook 2024 is the 4th edition of this assessment, following the publication of the [Competitiveness Outlook 2021](#).

APPLICATION

- ➢ **Guiding policy reform** and acting as a change management tool through government self-evaluation methodology
- ➢ **Benchmarking performance** between peer economies using internationally comparable databases
- ➢ **Providing a source of information** on international standards, databases and other tools across several policy areas
- ➢ **Enabling gradual adherence** to the OECD standards
- ➢ Supporting monitoring of **Sustainable Development Goals'** implementation.

The Competitiveness Outlook supports the Western Balkan governments' **EU integration efforts** by providing analytical contributions supporting the Economic Reform Programmes and the EU progress reports and recommendations.

* This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence
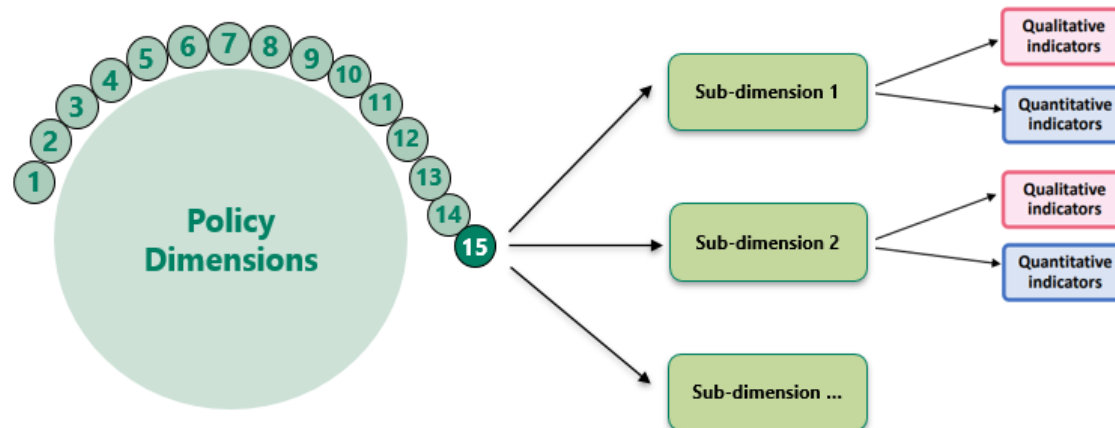
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The CO 2024 methodology is designed to provide an evidence-based assessment of progress in the design, implementation and monitoring across **15 policy dimensions** key to economic competitiveness

Each of the 15 policy dimensions is split up into **several sub-dimensions**, reflecting the key areas of that policy dimension

Sub-dimensions are composed of both **qualitative** and **quantitative indicators**

INVESTMENT POLICY & PROMOTION

TRADE POLICY

ACCESS TO FINANCE

TAX POLICY

STATE-OWNED ENTERPRISES

EDUCATION & COMPETENCIES

EMPLOYMENT POLICY

SCIENCE, TECHNOLOGY & INNOVATION

DIGITAL SOCIETY

ANTI-CORRUPTION POLICY

TOURISM

ENVIRONMENTAL POLICY

ENERGY POLICY

TRANSPORT POLICY & PERFORMANCE

AGRICULTURE

The CO 2024 will introduce an **enhanced regional profile methodology**, built around **five distinct clusters**, to effectively encompass and show the policy landscape of the Western Balkans.
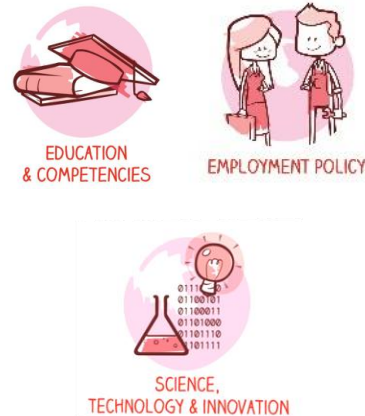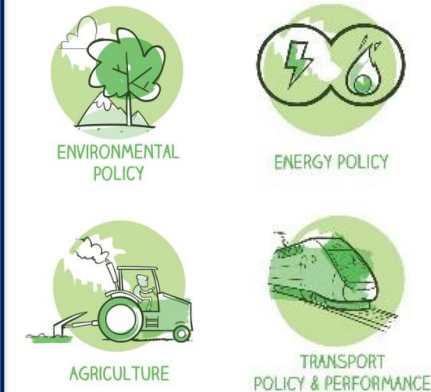
Business Environment

INVESTMENT POLICY & PROMOTION

TRADE POLICY

TAX POLICY

ACCESS TO FINANCE

STATE-OWNED ENTERPRISES

ANTI-CORRUPTION POLICY

Connectivity & infrastructure

TRANSPORT POLICY & PERFORMANCE

ENERGY POLICY

DIGITAL SOCIETY

SCIENCE, TECHNOLOGY & INNOVATION

Skills

EDUCATION & COMPETENCIES

EMPLOYMENT POLICY

SCIENCE, TECHNOLOGY & INNOVATION

Greening

ENVIRONMENTAL POLICY

ENERGY POLICY

AGRICULTURE

TRANSPORT POLICY & PERFORMANCE
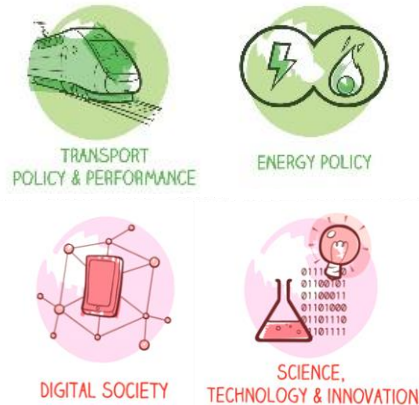
Digitalisation and innovation

DIGITAL SOCIETY

SCIENCE, TECHNOLOGY & INNOVATION

TRADE POLICY

ACCESS TO FINANCE

Datahub

Complement the publication with the underlying **wealth of qualitative and quantitative data** in a visual and easily accessible way

OECD Competitiveness Outlook Datahub

WB6 AVR • Albania • Bosnia and Herzegovina • Kosovo • Montenegro • North Macedonia • Serbia

1. Investment Policy and Promotion
2. Trade Policy
3. Access to Finance
4. Tax Policy
5. State-owned Enterprises
6. Education Policy
7. Employment Policy
8. Science, Technology and Innovation
9. Digital Society
10. Transport Policy
11. Energy Policy
12. Environment Policy
13. Agriculture Policy
14. Tourism Policy
15. Anti-corruption Policy

4.5
4.2
4.0
3.8
3.6
3.1
2.2

Score 5 4 3 2 1 0

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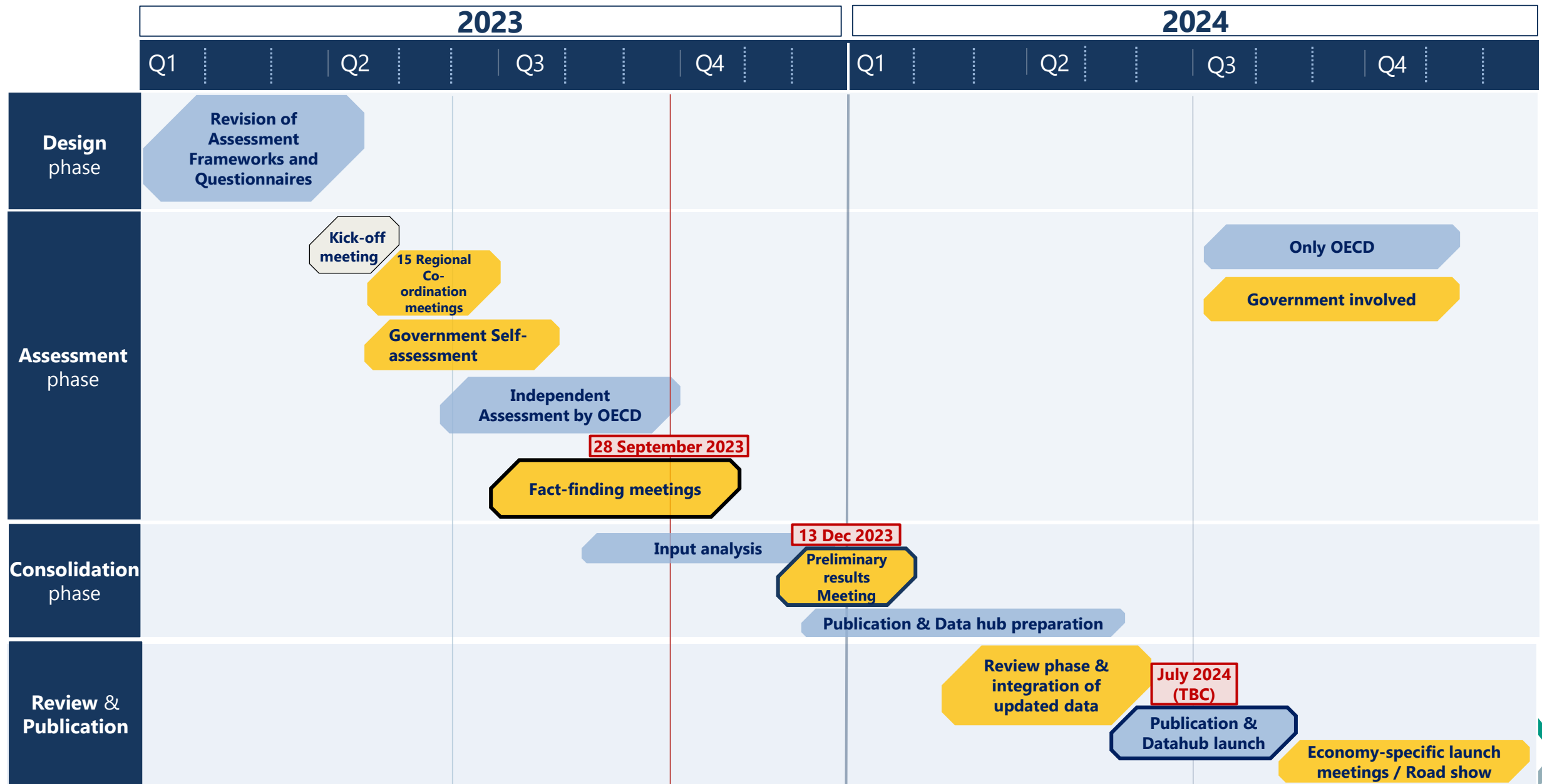
Economy-specific profiles

Access an **economy-specific set of policy recommendations** and source of information on international standards, databases and other tools across several policy areas

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Economy-specific profiles

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Competitiveness Outlook 2024 **Next Steps**

14 July 2023
Second round of input collection

28 September 2023
Fact-finding meeting

13 December 2023
Presentation of preliminary findings

February 2024
Draft publication shared

- ❑ **Respond** to OECD comments and update the demanded information
- ❑ **Send** the final qualitative and quantitative questionnaire

- ❑ Contribute to **closing information gaps** in policy dimensions related to the skills system by sharing additional information
- ❑ **Identify** achievements, challenges, and policy priorities

- ❑ Contribute to **discussion and validation** of the preliminary results
- ❑ Provide **updated data** if available
- ❑ **Comment** on initial OECD policy recommendations

- ❑ Provide **updated data** if available
- ❑ Provide **final comments** on the draft outputs

Publication & Datahub release in July 2024 (TBC)
&
Economy-specific launch meetings in Q3 2024

Data gaps across 15 assessed policy dimensions as of 26 September 2023

Dimension	Questionnaire	Statistical sheet	Remarks
Investment Policy and Promotion	Minor gaps	Major gaps	Major quantitative data gaps (sub-dimension 1 and 3 missing)
Trade Policy	Minor gaps	Minor gaps (only 1st round received)	
Access to Finance	Partial gaps	Minor gaps	Some qualitative data gaps (e.g., QL.5 missing)
Tax Policy	Minor gaps	N/A	
Environment Policy	Minor gaps	Minor gaps	
Agriculture Policy	Minor gaps	Partial gaps	Data gaps in the statistical sheet
Tourism Policy	Minor gaps	Partial gaps	Data gaps in the statistical sheet
State-owned Enterprises	Minor gaps	Minor gaps	
Education Policy	Partial gaps	Minor gaps	Some missing qualitative indicators
Employment Policy	Major gaps (only 1st round received)	Minor gaps	Major qualitative gaps in sub-dimension 2, 3 and 4
Science, Technology and Innovation	Minor gaps	Major gaps (only 1st round received)	Some missing qualitative indicators (sub-dimension 3); major quantitative data gaps
Digital Society	Minor gaps	Partial gaps	Pending review/update of statistical sheet
Transport Policy	Minor gaps	Partial gaps	Pending review/update of statistical sheet
Energy Policy	Major gaps (only 1st round received)	Partial gaps (only 1st round received)	Major qualitative data gaps; additional data for statistical sheet requested
Anti-Corruption	Minor gaps	Minor gaps	

Skills cluster – **Data gaps (qualitative)**

	Minor information gaps	Partial information gaps	Largely incomplete
Education Policy			
Sub-dimension 1: Equitable education for an inclusive society	(2nd round)		
Sub-dimension 2: Teachers	(2nd round)		
Sub-dimension 3: School-to-work transition		(2nd round)	
Sub-dimension 4: Skills for the green-digital transition		(2nd round)	
Employment Policy			
Sub-dimension 1: Inclusive labour market governance	(1st round)		
Sub-dimension 2: Social protection and activation policies		(1st round)	
Sub-dimension 3: Skills for adaptable labour markets		(1st round)	
Sub-dimension 4: Expanding the skills pool		(1st round)	
Science, Technology and Innovation			
Sub-dimension 1: STI system	(2nd round)		
Sub-dimension 2: Public research system	(2nd round)		
Sub-dimension 3: Knowledge exchange and co-creation		(2nd round)	

Cross-sectorial strategy "Albanian Digital Agenda" (2022-2026)

- How is the implementation of the strategy progressing, in terms of developing the relevant digital skills?

- How does the strategy aim to adjust the skills system for the digital transition?

Strategy of Economic Development and European Integration

- Has the implementation of the measures foreseen in the strategy started?

- What impact do you expect the planned measures to have on the skills system, if any?

Skills cluster – **Data gaps**

Education Policy

- National Strategy for Education 2021-2026
- Quality education (teachers and external school evaluation)
- School-to-work transition (VET and Skills Validation and Certification System)
- Importance of green skills development

Employment Policy

- Employment and Skills Strategy (2023-2030)
- New approaches at providing decent work for all
- Obstacles to inclusive employment
- Details on social protection and activation policies
- Greening of economy

Science, Technology and Innovation

- New STI strategy 2023-2030
- Adoption of S3 strategy
- Dissolution of Innovation Fund hosted by AIDA*
- Update on support infrastructure for business-academia collaboration

* Albanian Investment Development Agency

Education Policy

National Strategy for Education (2021-2026)

- Could you please briefly explain the results of the monitoring report drafted for 2022, which is yet to be published? Have there been any challenges in implementing the foreseen measures?

Quality education

- Have the measures foreseen for teachers in the National Strategy for Education led to positive results in reducing the oversupply of teachers and shortages in specific subjects and regions?
- Since the dissolution of the State Inspectorate of Education, has there been any steps taken to ensure the integrity of the regional evaluation teams regarding external school evaluation?

School-to-work transition

- With regards to Vocational Education and Training (VET), how effective are coordination mechanisms between companies, sector associations, social partners and education policy stakeholders?
- Is the skills validation and certification system well developed and frequently used?

Green skills* development

- Is preparing students for the green transition part of the policy framework? If not, are there plans to do so?

* Green skills refer to the knowledge, abilities, values and attitudes needed to live in, develop and support a sustainable and resource-efficient society (e.g., include specific skills to modify products, services or operations due to climate change adjustments, requirements or regulations)

Employment Policy

Employment and Skills Strategy 2023-2030

- Could you please give an update on the adoption of the action plan for the Employment and Skills Strategy?

Decent work for all

- What are the main obstacles to reduce persisting informal employment? How do newly planned measures aim to address them?
- Have there been any new approaches, and changes in budget in the work of labour inspectorates?

Inclusive employment policies

- What are the main obstacles to improving the access to employment of vulnerable groups (e.g. minorities, disabled)?

Social protection and activation policies

- How effective is the public employment service and are counsellor interviews with jobseekers in-depth and successful enough when caseloads are as high as 680 unemployed jobseekers per counsellor?
- What are the obstacles to increasing access of social assistance recipients to the labour market?

Greening of economy

- Are labour market and social policies in place to mitigate negative impacts on employment in specific sectors/local areas linked to the greening of the economy (e.g. mining)?

Science, Technology and Innovation

National STI strategy 2023-2030

- How did the lessons learnt from the 2017-2020 STI strategy, inform the new STI strategy 2023-2030?
- Does the new strategy have a strengthened focus on STI policy coordination (e.g. more responsibilities for the relevant working group under the Integrated Policy Management Group)?

Finalisation of Smart Specialisation Strategy (S3)

- What are the main roadblocks to finalising the Smart Specialisation Strategy, as Albania is one of the last economies in the WB region to adopt one?

Dissolution of Innovation Fund hosted by AIDA*

- What were the reasons behind the dissolution of the Innovation Fund?
- Are there plans to establish a similar fund to implement STI financial schemes?

Technology Transfer Office and Science & Technology Parks (STPs)

- Could you provide an update on the development of Albania's first Technology Transfer Office?
- Based on past priorities (e.g., as per National Industrial Property Strategy 2016-2020), how is the institutional support infrastructure for business-academia collaboration, including STPs, evolving?

* Albanian Investment Development Agency

Economic Convergence Scoreboard for the Western Balkans
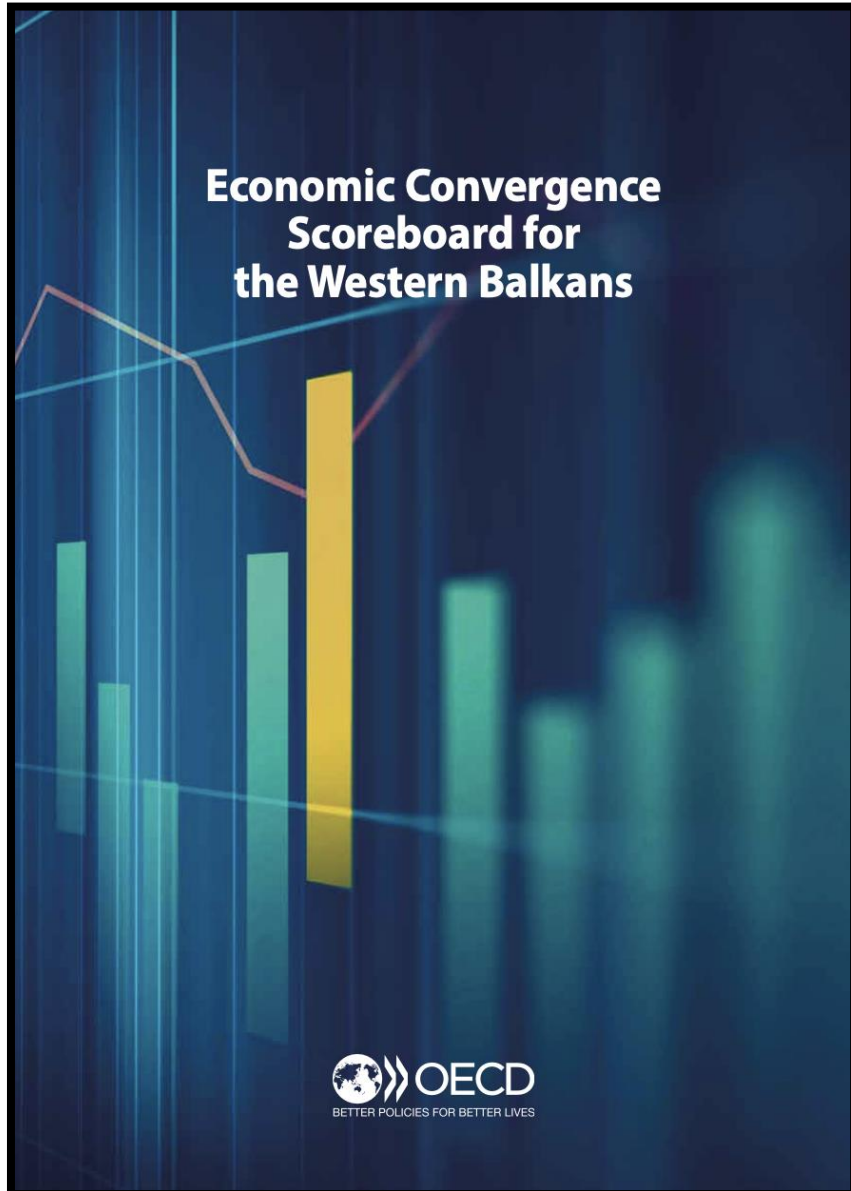
- New **OECD scoreboard** to assess **economic convergence of Albania with EU and OECD standards**

- To be presented at the **Berlin Process Western Balkan Summit 2023** in Tirana

- Scoreboard highlights Albania's convergence relative to **EU policy outcomes** and **OECD good practices across five clusters:**

1 Business environment

2 Skills

3 Connectivity & infrastructure

4 Digitalisation & innovation

5 Greening
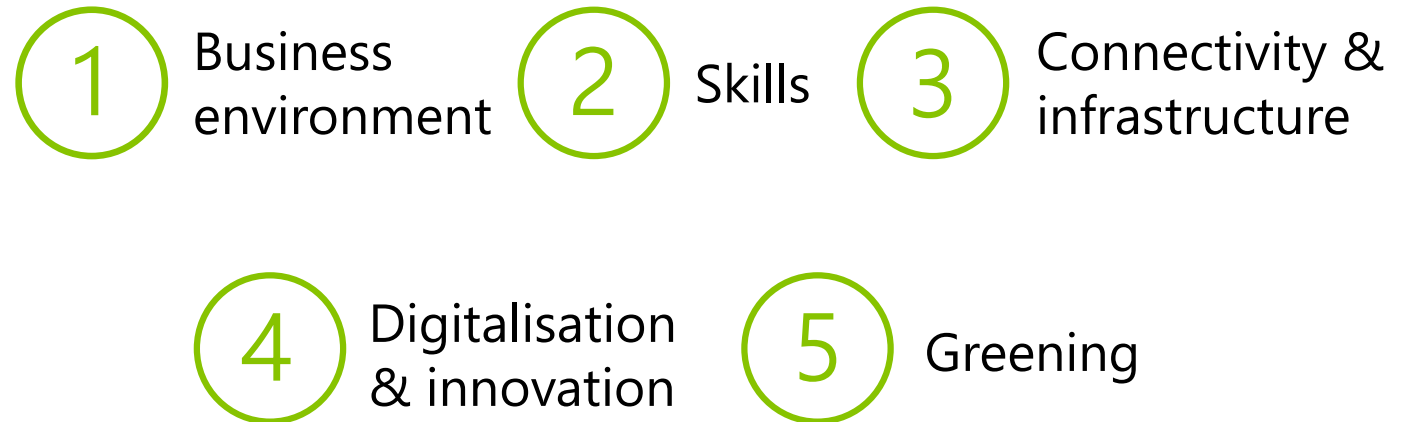
Economic convergence of Albania in the skills cluster

Performance >1 appears in dark green, 2/3-1 in light green, 1/3 -2/3 in orange and 0-1/3 in red. ".." denotes complete data unavailability

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
Skills									
Employment rate (% of the 15-64 population)	0.93	0.89	0.94	+0.01					
NEET rate (% of the 15-29 population)	0.41	0.41	0.38	-0.03	CO Employment policy	0.52	0.52	0.56	+0.04
Output per hour worked (2017 PPP $ GDP)	0.30	0.33	0.29	-0.01					
PISA average score	0.79		0.87	+0.08					
PISA low achievers (below level 2)	0.38	0.45	0.48	+0.10	CO Education policy	0.48	0.48	0.66	+0.18
Researchers per million inhabitants	..	..	..		CO Science, technology, and innovation	0.26	0.26	0.36	+0.10

Convergence with OECD good practice:

- Overall, **Albania's skills policies increasingly align with OECD good practices,** marked by convergence in all policy dimensions of the skills cluster

- However, while these **advancements** are promising, they **remain modest**; as of 2021, none of the three examined policy areas had achieved more than 66% convergence with OECD standards

- Within the skills cluster, Albania's **progress** towards OECD standards has been **strongest in education policy**

Convergence of policy outcomes:

- **PISA scores** (reading, maths and science) demonstrate **highest degree of convergence**, rising from 79% to 87% of the EU average (over the period 2008-2022); nevertheless, **Albania still scores below PISA average of EU countries**

- Albania's **high proportion** of **young adults not in employment, education, or training (NEET)** remains a persistent challenge → NEET rate stagnates at about 40% of EU levels with deteriorating trend in most recent period (2018-2020)

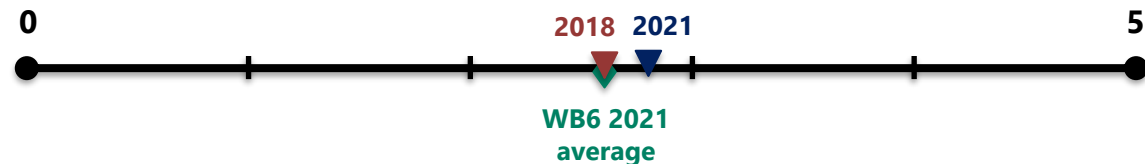# Albania's Competitiveness Outlook performance since 2018

- Albania has **improved** its performance in **all policy dimensions related to skills policy**

- In 2021, Albania achieved its **highest average scores** – next to trade, investment and energy policy – in the **education policy** and **employment policy dimensions**

- In the **STI policy dimension**, Albania scored **below the WB6 average**

Education Policy

0   2018   2021   5
                              WB6 2021
                              average

Employment Policy

0   2018 2021   5
                        WB6 2021
                        average

Science, Technology and Innovation

0   2018 2021   5
                        WB6 2021
                        average

Develop education strategy with clear priorities and strong monitoring framework

- National **Strategy for Education** (2021-2026)

- Three main pillars: A. Ensuring **quality**, comprehensive and **equal pre–university education**
  B. Establishing an **effective and efficient** education system **at all levels**
  C. Guaranteeing comprehensive higher education of registered **standards**

- Monitoring based on information collection system and analysis of **monitoring indicators** of the integrated planning information system (IPSIS) (coordinated by General Directorate of Policies & Development)

Improve employment outcomes by strengthening institutional capacities and improving job quality

- New **National Employment and Skills Strategy** (2023-2030) and its action plan

- New **Youth Guarantee Implementation** Plan (2023-2024)

- National Strategy for **Gender Equality** (2021-2030) and its action plan

Strengthen STI through investment in public sector research and business-academia collaboration
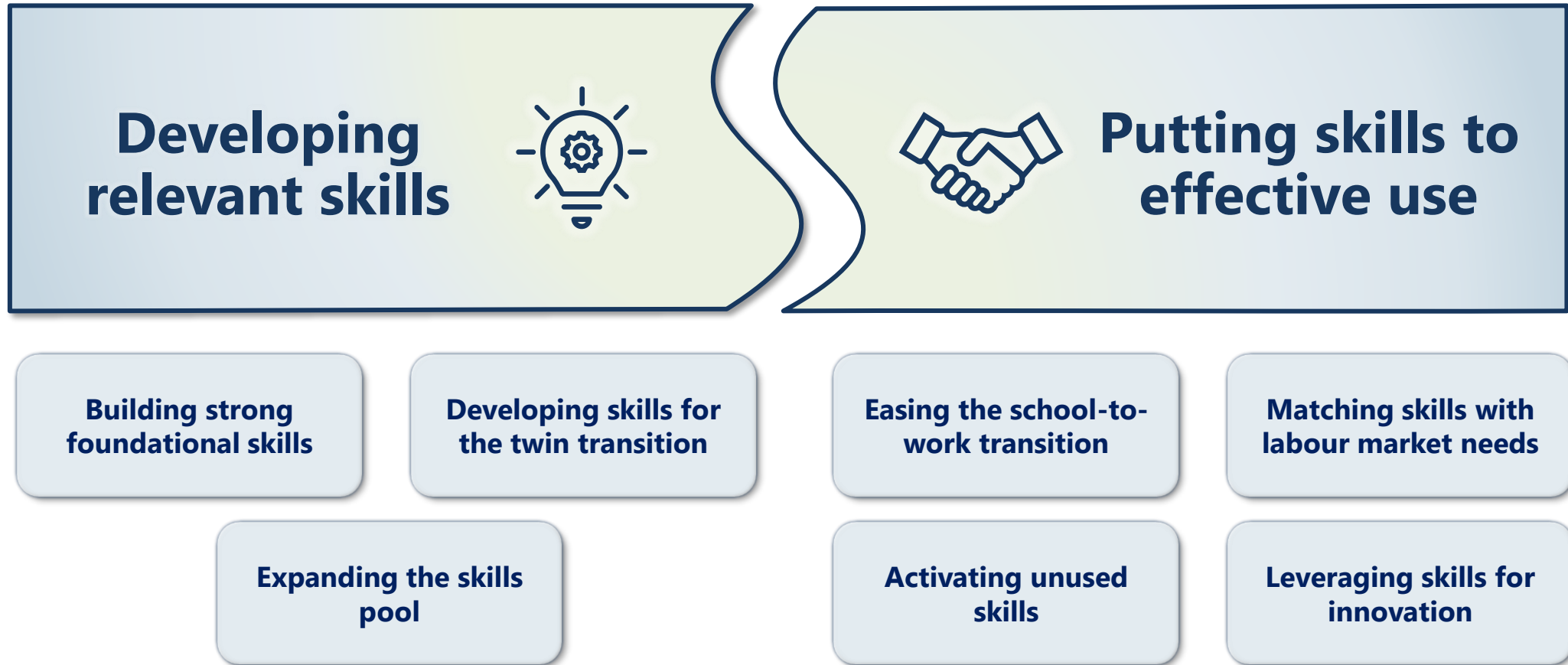
- Planned **budgetary support** (for the period 2023-2026) for the implementation of the new **national STI Strategy 2023-2030**

- New **university-business cooperation programme**, with complementary funding

- Continuation of NASRI's* **financial support programmes** both for project-based funding and innovative companies

* National Agency of Scientific Research and Innovation

The skills cluster looks at the various policies and factors that determine the **availability of a qualified and skilled workforce** and the **effective use of peoples' skills in the labour market**.

Developing relevant skills

Putting skills to effective use

Building strong foundational skills

Developing skills for the twin transition

Easing the school-to-work transition

Matching skills with labour market needs

Expanding the skills pool

Activating unused skills

Leveraging skills for innovation

Developing relevant skills

Building strong foundational skills

What are the main obstacles that prevent the education system from improving student learning outcomes, as measured by PISA?

How can the education system assure stronger equity among students?

Select priorities

Developing skills for the twin transition

How can students' digital skills development be accelerated?

Are there specific policies promoting the development of green skills in schools? Is it considered a priority?

How can policies better prepare the workforce to participate in the twin transition?

Expanding the skills pool

Do skilled migrants face obstacles to enter the labour market (e.g., diploma/skills recognition)?

Does the government actively engage with diaspora communities to tap their skills and knowledge?

Easing the school-to-work transition

How can mechanisms be improved to ease the transition from education to work?

What are the main obstacles for the VET and Higher Education sectors to better align curricula with labour market needs?

Matching skills with labour market needs

How can adult learning and work-based learning programmes be improved?

What are the main deficiencies of current forecasting tools to analyse and anticipate skills mismatches and shortages?

Select priorities

Putting skills to effective use

Select priorities

Activating unused skills

How effective are government policies/services in helping people find suitable employment?

How can women's employment rates in Albania be further increased?

Do policies support vulnerable groups to overcome employment obstacles? If yes, how successful are these initiatives?

How can activation policies be improved to tackle the persisting high proportion of young adults not in employment, education, or training?

Leveraging skills for innovation

How can policies further promote the development of researchers' knowledge, skills and abilities?

How can policies improve the attractiveness of the research sector to retain highly-skilled individuals?

What are the main challenges in implementing policy initiatives related to business-academia collaboration?

Thank you for your attention!

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