

# Economic Convergence Scoreboard for the Western Balkans 2023



The Scoreboard assesses the economic convergence of the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo\*, Montenegro, North Macedonia, and Serbia) relative to the EU in selected policy outcomes and to the OECD in good policy practices, standards, and tools.

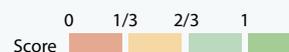
It is divided into five clusters that play a significant role in long-term, sustainable economic growth: **business environment, skills, connectivity and infrastructure, greening, and digitalisation.**

It primarily draws on the data and input collected as part of decade-long policy assessments by the OECD, most notably the Western Balkans Competitiveness Outlook and SME Policy Index for the Western Balkans and Türkiye.

The Scoreboard offers a dual perspective: it highlights the convergence of the Western Balkans as a whole and provides individual profiles for each of the six Western Balkans economies, effectively revealing the differing levels of progress within the region.

Below is an excerpt from the Scoreboard, using the business environment cluster as an example to display regional economic convergence.

## Scoreboard for the Western Balkans 2023



### BUSINESS ENVIRONMENT

Policy outcomes	Performance relative to the EU			Change 2008-12 to 2018-22	OECD good policy practices, standards, and tools	Performance relative to the OECD			Change 2016-17 to 2020-22
	2008- 2012	2013- 2017	2018- 2022			2016- 2017	2018- 2019	2020- 2022	
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
Private gross fixed capital formation (% of GDP)	0.98	0.96	0.94	-0.04	CO Investment Policy and Promotion	0.56	0.55	0.60	+0.04
New business density (registrations per 1,000 people)	1.08	1.02	1.06	-0.02					
Domestic credit to private sector (% of GDP)	0.49	0.50	0.53	+0.04	CO Access to Finance Policy	0.36	0.52	0.52	+0.16
Bank nonperforming loans (% of total gross loans)	0.60	0.83	0.76	+0.16					
Estimated informal employment (% of total employment)	0.31	0.30	0.30	-0.01	CO Anti-corruption Policy	0.52	0.43	0.50	-0.02
Control of corruption	0.61	0.62	0.60	-0.01					

\* 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.

# Key findings

## BUSINESS ENVIRONMENT

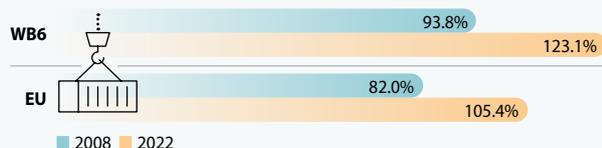
- Business environment is the cluster with the highest degree and pace of convergence with EU and OECD levels: progress has been made notably in facilitating trade, improving investment climate and financial accessibility.



### Selected key data

- Trade openness improved by 29 percentage points in the Western Balkans between 2008 and 2022, consistently at about 5-10% higher values than the EU average.

- Trade openness** (% of GDP):



## SKILLS

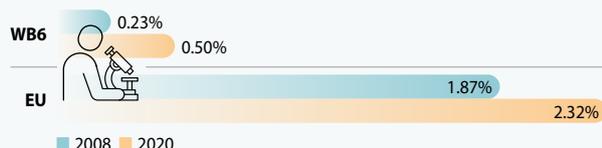
- The skills cluster displays the lowest regional performance, with most indicators not exceeding half of EU and OECD averages. There remains substantial room to improve both policies and outcomes, particularly with respect to skills needed to boost research and innovation.



### Selected key data

- The Research and Development (R&D) expenditure levels (% of GDP) across the Western Balkans remain very low, with values at around 20% of the EU average.

- R&D expenditure** (% of GDP):



## CONNECTIVITY AND INFRASTRUCTURE

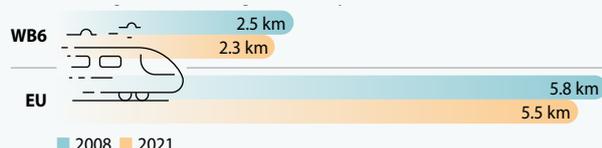
- Progress toward convergence in the connectivity and infrastructure cluster has been mixed. Improvements have been particularly evident in the energy sector, while they have lagged in the transport sector.



### Selected key data

- The rail infrastructure density (km per 100 km<sup>2</sup>) has for example stagnated at about 40% of the EU values between 2008-21.

- Rail infrastructure density** (km per 100 km<sup>2</sup>):



## GREENING

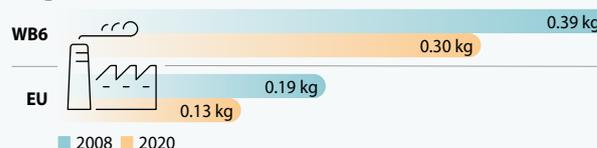
- Even though the WB6 fares better than the EU in some greening indicators, the relative performance has either stagnated or worsened over time.



### Selected key data

- The CO<sub>2</sub> emissions per GDP have consistently remained at approximately double the EU levels between 2008 and 2020.

- CO<sub>2</sub> emissions** (kg per 2017 PPP \$ GDP):



## DIGITALISATION

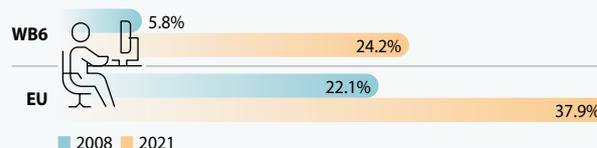
- Performance in the digitalisation cluster has been largely positive, as the region has slowly begun converging toward EU and OECD levels. The one exception to the otherwise positive trajectory is the low proportion of individuals with basic or above basic digital skills.

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### Selected key data

- In terms of fixed broadband internet penetration, the performance gap between the Western Balkans and the EU narrowed by 26 percentage points between 2008-22.

- Fixed broadband internet penetration** (subscriptions per 100 people):



## OECD South East Europe Regional Programme

For more information on economic convergence in the Western Balkans, please visit OECD South East Europe Regional Programme at <https://www.oecd.org/south-east-europe/programme/>.

