



OSF Alumni as Policy Advisors in **EU** integration of the **Western Balkans**

COLLECTION OF POLICY BRIEFS



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of the Western Balkans



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INTRODUCTION

Project *OSF Alumni as Policy Advisors in EU integration of the Western Balkans* is the third project Belgrade Open School implements with the support of Open Society Foundations Scholarship Programs, in order to support the development of the Western Balkans region founded in evidence-based policy making and regional cooperation. Through different scholarship programs which have been distributed by the Open Society Foundations in the Western Balkans for more than 15 years, a strong alumni network of intellectuals engaged in public, private and international sectors formed. Belgrade Open School, as a local educational centre of Open Society in Serbia, tends to provide support to more than 300 alumni from the region to be active and mutually connected in processes of reforms in the Western Balkans countries. We recognize the involvement of researchers from academia as of utmost importance in the process of preparing policy recommendations within the Berlin Process, which is intended to be a platform for the dialogue between civil and state actors. Universities and University lecturers, as an active part of civil society, have capacities to bring together perspectives of citizens from WB states and knowledge of experts from fields such as the economy, gender equality, education, migration etc. Grounded on previous experience with Open Society Foundations Scholarship Programs' alumni, we see OSF alumni as an important part of the debate around the Berlin Process.

In the third year of the alumni project, OSF alumni have had the opportunity to develop their ideas through individual work, creating policy papers, which address some of the aspects of Berlin Process driven policy debate. Produced policy proposals in this cycle of project implementation contribute to the discussions around the summit of Western Balkans states in London scheduled for July 2018. On the Third Regional Alumni Conference, which will be held as a part of this project, alumni will have an opportunity to present their ideas and to be a part of a bigger debate concerning Berlin Process.

Through this process, OSF alumni have developed eight policy proposals concerning the economic development, gender issues, decentralization, education, and migration of high-skilled workers. Alumni coming from Serbia, Albania, Bosnia and Herzegovina, Macedonia, and Kosovo^{1*} have tried to provide the analysis and proposals concerning

¹ * This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence.

the solution of the issues recognized as the probable reason why the region is still looking at the past and is in the poor economic situation.

Networking of participants is recognized as one of the main aspects of the project implementation. In the previous two cycles, 82 alumni have been gathered on board, out of which 28 have worked in producing the policy papers. Direct sharing of experience between participants of the previous project cycles and future participants is crucial for the quality of policy products and for increasing the influence of OSF alumni as non-state actors in the Berlin Process.

Author: Besnik A. Krasniqi
Faculty of Economics, University of Pristina

INVESTMENT REFORM AGENDA IN WESTERN BALKANS: TAKING STOCK AND LOOKING FORWARD

Executive summary

The Berlin Process is an initiative to boost regional cooperation among the Western Balkans (WB6) countries and their European integration in four areas: trade, investment, mobility and digital integration. Investment is the prime component expected to have a major impact on the promotion of inter-regional investment and attract foreign direct investment (FDI) into WB6. WB6 have a common interest in dealing with mutual impediments to foreign investment and removing them in order to make the region more attractive to foreign investors and to promote WB6 as a single investment destination. However, they also compete with one another to attract FDI, which makes it challenging for policymakers to reach agreements on harmonizing their investment promotion policies and cooperation. This policy research contributes to the ongoing debate of Berlin Process Agenda by providing policy advice to promote regional economic cooperation and boost investment. Our proposal is to identify key areas of common interest in order to encourage cooperation among WB6 and recommend solutions which are in common interest.

The need for investment policy convergence in Western Balkans

Creating friendly business environment is crucial for boosting foreign investment in the WB6 region. The WB6 economies have greater needs for FDI considering their limited domestic potential, due to limited savings (Estrin and Uvalic 2016). The economic potential of EU will benefit WB6 economies, given that the EU is experiencing positive economic trends and it is WB6's main trading and investment partner. In addition to absorbing about a half of their exports, the EU also offers these economies the best opportunity to integrate into the global value chains (Bartlett et al. 2017). Foreign investors are in search of stable political regimes, rule of law, legal protection and property rights, investment incentives, favourable tax policies and larger supply bases for their

global value chains. To become an attractive player in the global value chain, the WB6 region should take serious steps to harmonize investment policies and increase supply capacities of local companies.

Most of the trade involving international production chains in the WB6 economies is with the EU.¹ Having in mind that sustainable investment and effective global trade systems are crucial driving force of an economy and that the WB6 region has great potential to perform better in terms of attracting FDI in the region, the need for greater coherence is recognized. Upgrade of physical infrastructure, development of technology and innovation capacity and creation of employment are the main focuses for achieving the goals of Berlin process and SEE 2020 Strategy as well. Sustainable investment, as one of the tools for achieving these goals, will help to further integrate and enhance the investment environment of the region, particularly in areas pertaining to investor entry, mutual protection and incentive schemes, supplier cooperation to increase absorption capacities of large scale buyers. The WB6 economies need to join efforts in increasing horizontal and vertical cooperation of companies. The UNCTAD Investment Policy Review (2017) argues that WB6 economies need greater cooperation in improving the business climate in order to attract increased inflows of FDI.² WB6 economies compete to attract FDI, which makes it challenging to reach agreements on harmonizing their policies for promoting investments. On the other hand, they have a common interest to deal with mutual impediments to foreign investment that should be removed in order to make the region more attractive to foreign investors and promote WB6 as joint investment destination.

State of play in investment reforms in Western Balkans

The major component of the Berlin Process is investment reform agenda with the aim to boost the WB6's attractiveness for investments by utilizing appropriate legal instruments for implementation, monitoring investment reforms and other necessary joint actions. Despite its importance, the investment reform agenda has been hindered by bilateral issues between the WB6, which have always been an impediment to any regional cooperation initiative, regardless of how profitable regional initiatives sound. For example, recent evidence warns that attracting FDI to the Western Balkans is turning into a race to the bottom, by introducing tax breaks, fiscal and non-fiscal incentives and heavy subsidies, often not in line with EU state aid rules (Bartlett et al., 2017). Thus, the

1 https://ec.europa.eu/info/sites/info/files/ip055_en.pdf

2 <http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1613>

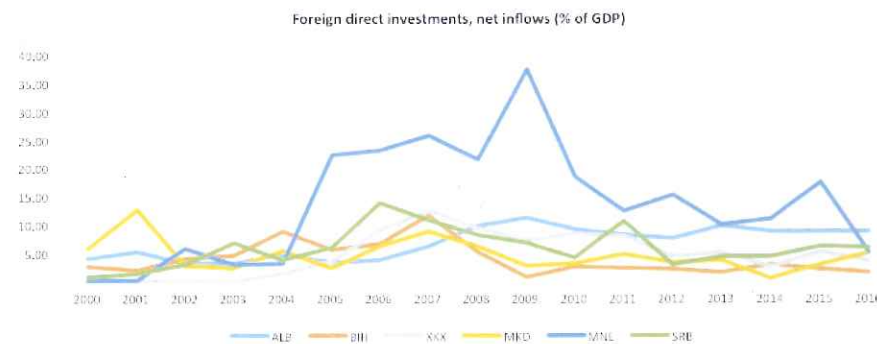
problem of strong national FDI attraction policies that are against the EU state aid regulations make the cooperation between WB6 more complex and difficult to implement. Implementation of national legislative frameworks in line with EU state aid regulation would provide a stronger impetus for regional cooperation. There is a necessity to work on identifying common interest to deal with shared impediments to foreign investments such as arbitrary processes that should be removed in order to make the region more attractive to foreign investors.

The trade barriers pose another set of challenges which hinder investments in the region. OECD (2017) shows that WB6 have entered into numerous free trade agreements with key regional trading partners, but non-tariff barriers to trade, such as quality standards and long, cumbersome customs procedures still have discouraging effects on investments.

FDI inflows in WB6

The data from World Development Indicators shows that FDI inflows into WB6 still remain low compared to EU level. Western Balkan countries lag significantly behind the EU-11 in terms of FDI stock per capita received. The average FDI stock per capita in the Western Balkans is around €2,600, compared with almost €6,000 in the EU-11 (Sanfey and Milatovic, 2017; Sanfey et al. 2017). These investment figures remained low despite efforts of WB6 countries to encourage investors with a range of incentives, low labour costs, and designation of special economic zones.

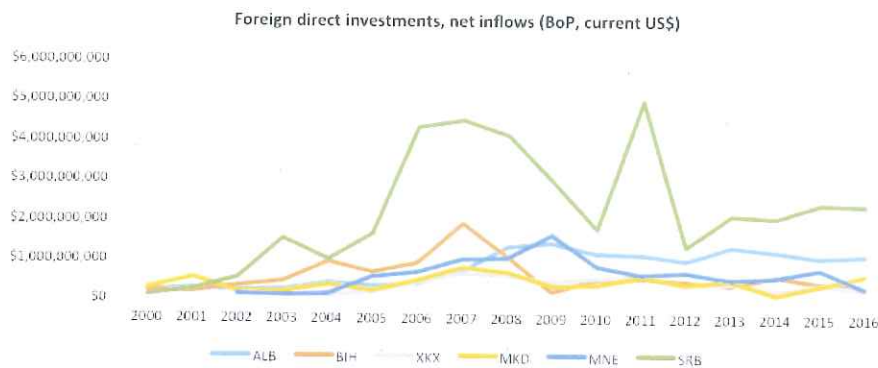
Figure 1



Source: Data from database: World Development Indicators 2018.

The FDI inflow data depicted in the figure 1 show that already low FDI net inflows as percentage of GDP in Serbia fell between 2010 and 2016, after a continuous increase from 2004-2009. Investment rates (% of GDP) are relatively high in Albania and Kosovo. Nearly 50% of total FDI inflow into the WB6 region are directed to Serbia, followed by Albania and Montenegro (Figure 2). From 2000 (with exception of MKD in 2002), FDI inflows continuously increased in all countries by 2008 in general, but after the global financial crisis its volume decreased sharply and still has not been restored to the level of 2008 FDI for most of the countries.

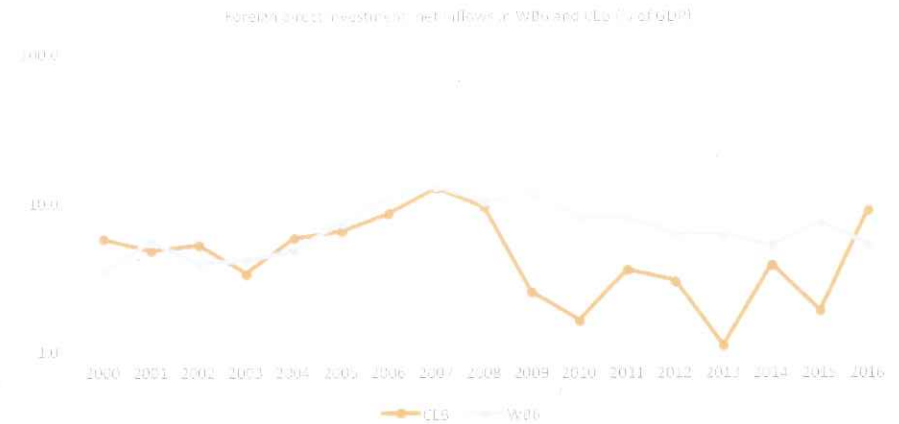
Figure 2.



Source: Data from database: World Development Indicators 2018.

To better understand diversity of FDI inflows in WB6, we compared the WB6 regional averages with Central Europe and the Baltics (CEB) (Figure 3).³ The FDI inflows as a share of GDP increased from 3.3 percent in 2000 to around 12 percent at their peak in 2007 in the WB6, while in CEB from 5.5 percent in 2000 to 12.6. Although WB6 outperformed CEB in the period of 2007-2015, the main challenge remains the spillover effect of FDI to local economies, due to limited capacities of private sector of WB6 (see Bartlett et al. 2017).

3 The WB6 and CEB FDI inflows are computed as simple averages of capital flows to GDP across countries as the aim here is to reflect diversity across the region. The CEB countries include Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, and Slovenia.



Source: Data from database: World Development Indicators 2018.
Note: Logarithmic scale

The institutional framework is an important factor influencing both domestic and foreign investment (Krasniqi and Desai, 2016, 2017; Krasniqi and Mustafa 2016; Welter and Smallbone, 2011). With rather small differences, all WB6 countries struggled in developing sound institutional framework. In this respect, the WB6 score much lower compared to their EU counterparts. For reference, we compared WB6 with Slovenia (ex-Yugoslav country, now EU member) and it is outperforming all WB6 in all dimensions of world governance indicators (Figure 4).⁴ The improvement of the governance environment and institutional framework of WB6 is considered to be an important feature of EU accession as well as a prerequisite for attracting FDI.

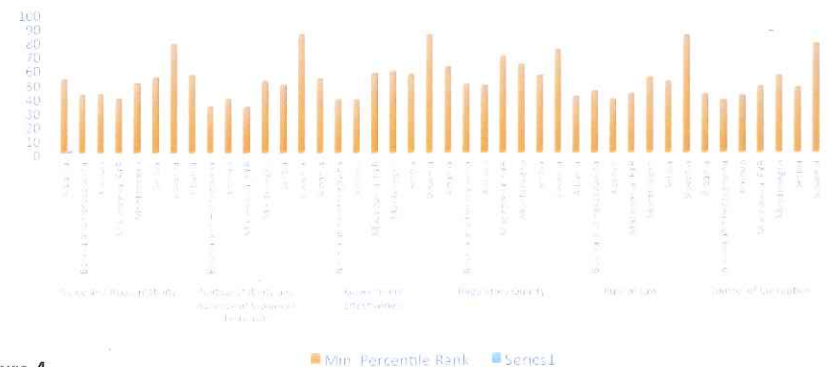


Figure 4
Source: World Governance Indicators (2018)

4 For further comparative analysis of WB and more advanced transition economies see Hashi and Krasniqi (2011).

Note: Percentile Rank (0-100) Indicates rank of country among all countries in the world. 0 corresponds to lowest rank and 100 corresponds to highest rank.

Due to these institutional challenges and insufficient human capital, effects from FDI were much less apparent in the Balkans and Russia than in other transition economies (Estrin, 2017). Furthermore, World Bank (2017) notes that recent emphasis on the “fundamentals first” approach indirectly calls for a focus on state building and strengthening the “infrastructure of the state” to perform its core functions and install level playing field for investors.

Notwithstanding, WB6 has made some important steps to promote investment. OECD Competitiveness Report identified that the WB6 economies have made progress in providing a sound, predictable investment framework that is conducive to foreign investment. Foreign and domestic investors are treated on an equal footing, and investment procedures are increasingly transparent (OECD, 2016: 66). Despite this progress, investors continue to struggle with complex taxation systems, unfriendly business environments, and unpredictable legal systems (RCC Balkan Barometer, 2017).

Mission (im) possible: can WB6 region be promoted as a unique investment destination?

The SEE 2020 Strategy sets out the objective to increase the overall annual FDI inflows to the region by at least 160% (RCC, 2013). It aims to promote regional investment policies that are non-discriminatory, transparent and predictable. The South East Europe Economic and Transport Corridors (SEETEC) study has identified potential areas of cooperation based on infrastructural and economic corridors in the WB6 region. Economic corridors are spatial organisations of economic activity between entrepreneurs, companies, industrial zones, clusters and value chains, with the aim of increasing connectivity, efficiency and density. Investment promotion activities should support regional cooperation in attracting foreign investors to selected sectors. Some international examples can offer lessons and insights for joint investment promotion policies in the WB6 region (UNCTAD, 2017: 57). As yet, no progress has been made in promoting the WB6 region as a single investment destination. Only two of the WB6 economies are members of the World Association of the Investment Promotion Agencies (Bosnia and Herzegovina and Kosovo).⁵

⁵ See <http://www.waipa.org/>

The presence of FDI in WB6 can have a major development impact on the local supply base, since demand for inputs from local suppliers can expand the market for domestic enterprises; in turn this can have a multiplying effect on local employment and sales (Jenkins and Arce, 2016). Local companies that supply FDIs in WB6 may broaden their activity to become suppliers within a wider global value chain, expanding to international markets (Johansson and Nilsson, 1997). Subsequently, these suppliers will be able to drive the development of small firms as sub-contractors and have a spillover effect in terms of employment and growth. However, the study by Bartlett et al. (2017) and OECD (2017) found only limited evidence of such effects in the WB6. Both studies show that FDI main concern was the limited supply base capacities often leading to need for greater cooperation between local suppliers in the WB6, in order to become an enticing player for attracting FDI to a region. The fragmentation leading to a lack of scale economies is a serious handicap of the Western Balkan countries that cannot be overcome through more intensive regional cooperation and integration (Kalotay, 2013; Estrin, and Uvalic, 2016). The development of the national and regional support programs and packages to kick start FDI with local SMEs can increase supply capacities of local companies. There is a need to go beyond individual borders of WB6 by helping local companies cooperate together regionally and increase their contracting capacities. By developing such programmes, the WB6 region could perform better in terms of attracting FDI. At the same time, this cooperation would be likely to have positive impact on inter-regional investment.

Summary and policy advice

Although some progress in investment policy reform has been made across the region, more could be done to consolidate those efforts and turn them in concrete results. In order to avoid possible distortion caused by bilateral and political issues, the first step would be to identify the areas that are beneficial to all WB6 participating economies. Besides the obvious competition of individual economies of WB in attracting FDI, there is plenty of room for cooperation with regard to promotion of investment opportunities.

The WB6 countries should move towards joint policy actions to boost FDI in the region. To do so, there is a need for more convergence in investment policy, in order to increase capacities to absorb more FDI in the region. The following steps include:

- Restriction of strong national policies to attract FDI, which are against the state aid regulation, would be the first step towards joint investment agenda. The implementation of the legislative framework in line with EU would ease regional cooperation.
- Formalising the regional investment reform agenda through appropriate instruments requires consensus among the WB6 authorities. In order to facilitate an agreement, a study should be carried out on appropriate regional investment promotion instruments acceptable to all WB6 governments. This would assist the WB6 authorities to agree on potential areas of cooperation, including which sectors should be prioritised.
- Upon agreement of an investment reform agenda and the identification of priority areas of cooperation, a monitoring mechanism for the implementation of the agenda should be established. This would enable the WB6 authorities, the RCC, CEFTA, regional chambers of commerce, and other relevant institutions and organisations to evaluate progress of investment reforms and to identify the resources needed to implement the regional investment reform agenda. Strengthening the capacities of the relevant institutions through joint meetings and workshops should be a priority. In addition, impact assessment studies should be carried out to review progress in implementing the reform agenda.
- The WB6 economies could improve the regional business climate by increasing cooperation on investment policy, including in the areas of FDI-specific laws and international investment agreements, competition policy and business and trade facilitation. A comprehensive framework to align key investment policies is needed. This should be based on a comprehensive review of studies to synthesize all available information on FDI, policy barriers and good practices. Legal harmonization with the EU *acquis* could improve attractiveness of the WB6 for FDI, but implementation of more appropriate government policies remains a challenge.
- The WB6 should concentrate efforts in building strong institutional framework and improve quality of the business environment in the region (as a determinant of FDI inflows). Moreover, the rule of law is a precondition that should be addressed at both national and regional level.
- The WB6 should remove the barriers to trade that still exist within the CEFTA countries, which would likely foster the development of regional intra-industry trade.

In addition, policymakers should consider pursuing strategies to unlock FDI potential and improve the gains from FDI activity in their country. Promotion of WB6 as a single destination is also a key consideration here. Some strategies include:

- The promotion of the WB6 region as a unique investment destination should be based on studies of selected areas of cooperation between the WB6 economies, including integrating the WB6 economies into international value chains. This requires joint efforts to create supply chain linkages, intra-regional investments in specific sectors, and harmonising tax incentives. The regional investment reform agenda could benefit from lessons from other regional initiatives around the world (see UNCTAD, 2013). There are some specific sectors that can be potential candidates for joint promotions such as tourism and local suppliers in certain industries. The EBRD Investment Regional Platform is a good example of cooperation in promoting the WB6 region as an investment destination. This internet-based platform enables investors to access information on investment conditions at state and regional levels.
- In line with international experiences, cooperation between WB6 Investment Promotion Agencies should be encouraged in promoting foreign investment in the region. Formal structure of investment promotion agencies should be built, with key target on specific sectors of common interest. Some activities may include: investment promotion portals, organisation of international investment conferences, promotion of technology-based solutions, organising sector briefings and participating jointly at international and regional trade industry shows, especially within the target sectors. Further steps include to advocate the regional investment reform agenda, appoint specialised staff for regional promotion within investment promotion agencies, assist in creating a database of suppliers' in the WB6 region, organise Regional B2B meetings with local suppliers from the WB6 economies and foreign investors.

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Author: Boris Majstorovic
Serbian Chamber of Commerce and Industry

SUBSTANTIAL FOCUSED INVESTMENTS NEEDED FOR WESTERN BALKANS DEVELOPMENT

Western Balkans, South-Eastern Europe, four ex-Yugoslav countries with Albania and Kosovo* - however geographically defined, it is obvious that this region has always been a part of Europe. All countries in the region have adopted EU accession as one of their main national political goals. Additional market of 18 million inhabitants needs to improve its functioning and co-existence in order to become a part of the EU. This paper will attempt to explain major economic obstacles to such an endeavor.

Regional GDP growth on average reached 2.9 per cent in 2016, which was the highest rate in last five years. Moreover, the World Bank predicts that the rate will reach 3.6% in 2019, which means that with such dynamics, it would take six decades to reach the average GDP per capita in the EU. Therefore, if the EU truly wants to stabilize the region, that would require more than just *acquis communautaire* adoption, but rather some intra-regionally connected investments in reindustrialization of Balkan economies.

Main economic driving force which could accelerate growth throughout Western Balkan, is certainly attraction of substantial investments, in order to be included in the global value chains (GVCs) in greater extent. Since the value of manufactured goods is distributed through various countries, expanding the multinational businesses across the region could employ additional people, reconnect the region and increase the added value of regional export. Within the GVCs there are various tasks i.e. design, parts procurement, assembly and distribution. Design and distribution are the most lucrative parts of the chain and these are predominantly based in developed economies, whilst parts procurement and assembly usually take place in developing economies. Therefore, investments in sectors with higher added value should be promoted. Nonetheless, labor intensive investments have still been prevailing within the region.

In the last 30 years, international trade has immensely changed and services (as percentage of total world value-added export) are, slowly but surely, catching up with goods in foreign trade. Therefore, digitalization and export of services, especially ICT, is of utmost importance for the Western Balkans. For instance, Serbian export of these services has increased three times in the last 6 years. There is a vibrant local privately-owned

software industry as well as those companies incorporated in foreign based companies i.e. Schneider Electric or recently opened Continental Center for Research and Development in Novi Sad. Further investment could make qualitative leapfrog for the regional ICT community.

FDI inflow in the WB6 vs. the CIS (without Russia, Ukraine and Kazakhstan)

“Foreign direct investment by multinational corporations is the main driver of global production networks, decisively influencing the distribution of value added across countries.”¹

As shown in the table below, South-East Europe FDI inflow in 2011 was at almost 8 bn USD, whilst that level was reduced to less than 4.6 bn in 2016. The decrease of the FDIs occurred in the eve of an enormous quantitative easing pursued by the European Central Bank. Namely, the ECB initiated unorthodox monetary policy measures, in line with the US FED policy, and pumped substantial liquid assets into European economies. Nevertheless, FDIs in the Western Balkans plummeted and in 2016 reached barely 58 per cent of the 2011 investment. The only country within the region that attracted more investment in 2016 than in 2011 was Albania, which attracted almost 300 million USD more.

Underinvestment in the region is most easily observed by the investment portfolio of the world largest sovereign fund, Norwegian Government Pension Fund Global, whose portfolio reached a trillion USD, and as the picture below shows, the Western Balkan region is, unfortunately, still out of the radar. Points mark countries whose equities, debt or real estate were bought by the fund.



Source: <https://www.nbim.no/en/the-fund/holdings/>

1 Global Value Chain Development Report 2017 “Measuring and analyzing the impact of GVCs on economic development”, IBRD, 2017.

At the same time, another transition block of economies, members of the Commonwealth of Independent States i.e. CIS countries² (Russia, Ukraine and Kazakhstan are excluded, due to the size of these economies which could bias the data) attracted almost 12 bn USD of the FDIs in 2016, which was 95 per cent of the level in 2011. A few of these countries are oil and gas exporters, and the level of the FDIs was quite stable and recovered in a much faster pace than in the Western Balkans.

Crucial ingredients for the FDI attraction is developed infrastructure, rule of law and sound business environment. Those investors overseeing potential destination are usually concerned not only about the host country, but also about the neighboring countries. Any kind of political instability hinders the attractiveness of the region.

FDI inflow of transition economies

	in 000 USD					
TRANSITION ECONOMIES	2011	2012	2013	2014	2015	2016
South-East Europe	7.890	3.606	4.733	4.605	4.844	4.579
ALBANIA	876	855	1.266	1.110	945	1.124
BOSNIA AND HERZEGOVINA	497	395	276	529	270	285
SERBIA	4.932	1.299	2.053	1.996	2.347	2.299
MONTENEGRO	558	620	447	497	699	226
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	479	143	335	272	240	397
KOSOVO*	548	294	356	201	343	248
CIS without three largest countries	12.355	8.406	10.402	11.981	12.226	11.706
ARMENIA	653	497	346	404	178	338
AZERBAIJAN	1.465	2.005	2.632	4.430	4.048	4.500
BELARUS	4.002	1.429	2.230	1.828	1.668	1.235
KYRGYZSTAN	694	293	626	248	1.142	467
MOLDOVA	288	227	243	201	182	143
TAJIKISTAN	227	262	168	408	545	434
TURKMENISTAN	3.391	3.130	3.528	3.830	4.398	4.522
UZBEKISTAN	1.635	563	629	632	65	67

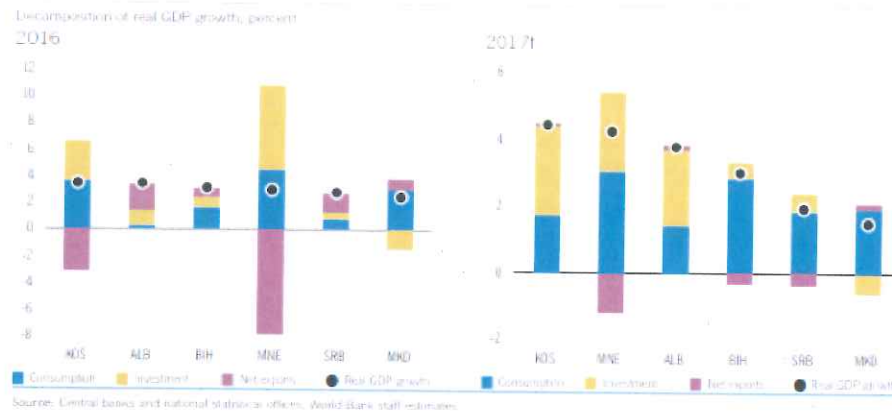
Source: UNCTAD and IMF's World Economic Outlook

2 Armenia, Azerbaijan, Belarus, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan

Further necessary export-oriented investments in the region

There are FDIs oriented to domestic market and local consumption, whilst higher added value investments oriented toward the export are the only viable solution for current account deficit prone economies of the Western Balkan. Since the region is economically fragmented, most of the multinationals already present in the region is oriented toward export.

As easily seen in the graph below, GDP growth in 2017 within the region was mostly fueled by consumption, and only in Montenegro, Albania and Kosovo* by substantial investments, which were mostly in infrastructure.



Export of manufactured goods has substantially increased only in Macedonia and Serbia in the last 5 years, which is in line with unemployment decrease from 29 to 22 per cent and 22 to 13.5 per cent, respectively. Unfortunately, due to the increase regarding gas and oil, current account deficits are going to be increased.

Nevertheless, in Serbia, besides the Fiat Chrysler Automotive investment in former Zastava, there have been substantial investments in the capacities for the car industry supply chains, from seats manufacturing, tires and various wiring systems. The whole production is generated by local subsidiaries included in the GVCs of the multinationals and directed toward exporting markets, which generates substantial net export.

Recommendations

Further political stability, legal system and the EU integration of the region are of crucial importance for fostering implementation of economic reforms, which should further increase competitiveness and productivity of the Western Balkans.

Attraction of export oriented intra-regional FDIs which could include the region in the global value chains is the tool for reconciliation of the people from the region. Namely, even though the Western Balkans export to the EU doubled in 2015, when compared with the level in 2014, it makes less than 30 per cent of the average regional GDP³. Vertically integrated production capacities of multinational companies in different countries within the region could rebuild the connections and improve Western Balkan relations. In order to increase attractiveness, WB6 countries need to improve connectivity, infrastructure, law enforcement and to make the trade within region faster and easier.

Serbian experience is that there are multinational companies which have included local producers in their supply chain, but these are examples of cooperation between a local company and the headquarters, usually in Germany or Italy. Next step forward would be that those powerful companies use GVCs architecture in order to connect production capacities within the Western Balkans and increase intra-regional trade. That would certainly result in a smaller transfer price gains of multinationals, although this would increase the sustainability of intra-regional trade and GVCs inclusiveness.

In order to motivate companies and investors to build complementary production facilities around the Balkans, the EU should create incentive schemes similar to the existing Western Balkans Enterprise Development & Innovation Facility (WB EDIF).

Namely, the creation of the Economic Fund for the Western Balkans GVCs Inclusiveness, whose main task should be to attract substantial, complementary, export-oriented investments within the Western Balkans, could encourage the multinationals to reconsider their business policies regarding the WB6. Incentive scheme, mostly beneficial to the large multinational companies, could be directed toward intra-regional expansion, which would consequently result in more inclusive economic development, higher employment, productivity and net export.

Current situation with multinationals already present in the region is that e.g. Italian footwear producing companies import raw materials (processed leather) from Italy, engage local employees, create final product and export it back to Italy. At the same time, most of the regional economies export the raw leather to Italy, as well. Instead of such a

3 Similar in size former transition economies, nowadays EU members, have an average 80% export share within the respective GDP.

practice, if the recommendations are to be implemented, multinationals could be incentivized to reconsider their business policies and expand investments in the raw leather processing facilities throughout the region. With such an approach, capital expenditure would contribute to GDP growth and employment increase, whilst, multinationals would be compensated from the Fund for their investment and transfer pricing loss. Proposed solution is applicable to various industries which could further contribute to the intra-regional trade improvements.

Finally, improvement in living standard should be another consequence of increased productivity and competitiveness, which would further enable people from the Western Balkans to travel more, expand views and forget about the recent wars and animosities of small differences.

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¹ * This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence.

Author: Merita Zulfiu

Faculty of Contemporary Social Sciences, South East European University, Tetovo

RETURN OF HIGHLY SKILLED MIGRANTS TO MACEDONIA AND ABSORPTION OF TRANSFERRED KNOWLEDGE

Faculty of Contemporary Social Sciences, South East European University, Tetovo

Executive summary

Return migration has many benefits for the countries of origin. Working abroad allows migrants to increase their income, accumulate savings and acquire new skills. When return migrants invest in business projects and transfer human capital gained abroad, benefits materialize in their home country. However, the home country needs to have the right policies to encourage investment, transfer of skills and labour market reintegration by providing information on investment opportunities and establishing a favourable macroeconomic environment for investment.

Context and background of the problem

Migration of high skilled people from Macedonia has been a problem for the past two decades. Many highly skilled workers move abroad in search of better opportunities: employment, further education, better living standards. However, most of them maintain connections to their home country and some of them return to the home country. Return migrants can facilitate economic development of the source country by investing their accumulated financial capital upon return, facilitate the transfer or adoption of new technologies and through absorption of knowledge transferred (Gashi and Adnett, 2015). More than one-fourth of Macedonians with university degree live abroad and neither the European integration nor the foreign investments were able to prevent this brain drain (Financial Observer EU, 2017). The high level of emigration has negative implications for population growth, public finances and the country's economic growth potential (The Economist, 2017). Besides the awareness of the Macedonian government that there is huge outflow of educated and highly skilled people, this country is not

investing enough to track this group of people in their destination countries or in their home country when they return.

Emigration from Macedonia

Labour emigration in Macedonia is a long-term phenomenon starting from 1960s when former Yugoslavia opened its borders and encouraged its citizens to work in Western Europe. This long history of emigration (mainly as a result of high unemployment rates) which in some families continued for several generations and transformed temporary emigration into permanent one, has contributed to an absence of reliable data for 'old' migrants and their descendants and returnees (Bornarova and Janeska, 2012).

Labour emigration was intensified in the last two decades and according to International Organization for Migration (IOM), in 2015 around 20 per cent of all citizens of Macedonia lived outside of their country of origin. Total number of emigrants who left the country in 2017 was 534.7 thousand or about 26 per cent of total population (UN DESA, 2017). On contrary, according to State Statistical Office of the Republic of Macedonia around 9170 citizens legally emigrated from Macedonia in the period between 2005 and 2014. In these 9 years, only 0.5 per cent of the country's population has left Macedonia to live abroad. However, State Statistical Office of the Republic of Macedonia lists only people who have officially announced their move abroad; hence these data do not reflect the real situation. In addition, the real number of emigrated citizens is probably much higher considering the illegal emigration and those who are leaving country on Bulgarian passports.

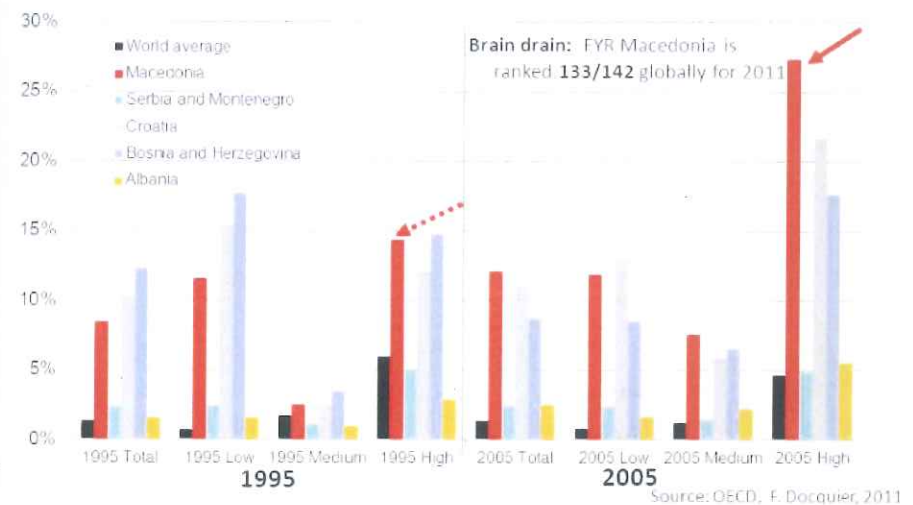
Migration in Macedonia was influenced by unfavourable labour market changes and overall economic, political and social situation of the country since its independence. The GDN's research project suggests that Macedonian migrants tend to depart as young working age adults, mainly unmarried males, and remain abroad often between five and ten years. This study reports earning money abroad and acquiring additional skills and education as main reasons for leaving the country (GDN, 2010). Macedonian emigrants consist of emigrated ethnic Macedonians who emigrate mostly to United States, Australia, Italy, Germany, Switzerland and Canada. The number of emigrating ethnic Albanians of Polog and South-Western Macedonia has been constantly rising for years, while the Romani population has increased amongst those seeking asylum (Stamenkovic, 2015).

Macedonian emigration can be classified into three groups: permanent family emigration starting from early 1990s to present, followed by 'brain-drain', temporary economic emigration and Macedonian citizens who are leaving the country illegally and seeking asylum. In the period from 1970's to 1990's the share of family members in the

total number of emigrants increased from 3.6 to 49.5 per cent, indicating that temporary migrations are evolving into permanent ones, whereas the number of Macedonians seeking refuge and protection in EU countries after the 2010 visa-liberalization has increased more than 600 per cent (Stamenkovic, 2015).

World Bank data show that in the period 1997-2005 about 29 per cent of Macedonian citizens with university degree left the country, which was the highest ration in South-East Europe (Financial Observer EU, 2017). Data in Figure 1 suggest that the emigration rate of tertiary educated persons almost doubled in 2005 and Macedonia ranked as 133 out of 142 countries in 2011 according to the brain drain indicator. Educated people leaving the country include mostly IT specialists, engineers and medical professionals, teachers etc. (Financial Observer EU, 2017). World Bank (2013) showed a decrease of more than 70 per cent in the number of researchers and scientists between 1995 and 2000 in Macedonia and a considerable emigration among physicians (Table 1). According to Bornarova and Janeska (2012) the emigration of skilled workers is significant in Macedonia and has been increasing since 1990, though tertiary educated Macedonian migrants are not employed adequately to their qualifications, indicating a brain waste. Since 2005 the intellectual emigration has continued to increase as a result of the increased youth unemployment with tertiary level of education (Janeska, 2012).

Figure 1. Emigration rate by educational level, 1995 and 2005



Source: wbc-inco.net (Co-ordination of Research Policies with the Western Balkan Countries)

	Emigration rate of tertiary-educated population, 2000	Emigration of physicians, 2000		Stock of emigrants, 2010; 2013	
		Absolute (in thousands)	Percent of physicians trained in the country	Absolute (in thousands)	Percent of population
MACEDONIA	29.1	91	2.0	447	21.9
				626.3	30.2

Source: The World Bank, *Migration and Remittances Factbook 2011, Migration and Remittances Factbook 2016*, Washington, DC, Country Tables.

Large shares of emigration can negatively affect the countries of origin by imposing a high cost of human capital or by altering the demographic structure of the population with negative consequences, in the long run, for the social security and health systems.

Return migration

The number of Macedonian returnees since 1990 is decreasing (from 20,800 in 1981 to 14,000 persons in 1994). However, there is no evidence of any impact of economic and financial crisis on emigration and re-migration trends (Janeska, 2012). The total stock of return migrants based on DotM estimates was 159,000 with 34 migrants returning to Macedonia for every 100 who had departed (GDN, 2009). World Bank data indicate that the migration stock of Macedonian citizens has been increasing since 2008 and no return migration increase.

Since 2006, Macedonian emigrants wishing to return on voluntary basis have received assistance by the IOM office in Skopje, established in 2004. IOM implements Assisted Voluntary Return Programmes through which voluntary returnees receive return and reintegration support, namely in housing, health care, education, vocational training and establishment of small businesses. Between 2006 and 2009, 84 individuals returned to Macedonia through IOM voluntary assisted return programs (Bornarova and Janeska, 2012). However, there has been a significant increase in recent years using these programs; IOM reports 5 thousand voluntary returns to Macedonia in 2016.

Who returns?

The characteristics of returnees, in particular the educational levels are important factors that affect the probability of their return and their contribution to the home country after return (Wahba, 2015). "The majority of both absent and returned Macedonian migrants have either low or medium levels of education at the time of departure, while a smaller proportion are highly educated. This is not dissimilar to the general standards of education among Macedonia's non-migrant population, although the share of very highly educated (above university level) individuals among Macedonian migrants is much higher than the corresponding share of individuals among non-migrants" (GDN, 2010, p.11; Table 2). The data in Table 2 suggest that highly educated migrants are more likely to have returned than absent migrants. A significant number of return migrants obtained additional qualifications while abroad; 55 per cent obtained a job-related qualification, whereas 1 per cent attended a primary level of education, 7.4 a secondary education level and 30 per cent (which is 8 per cent of the total returned migrant population) attained a university degree (GDN, 2009). The return of the highly educated emigrants in Macedonia is very small and occasional, with frequency of remigration, hence the know-how and technology transfer are rather limited (Janeska et al., 2016).

Table 2. Educational profiles: Non-Migrants, Absent and Returned Migrants (percentages)

Education	Household Residents		Absent Migrants (at departure)
	Non-Migrants	Returned migrants	
No education	1.1	1.3	2.7
Incomplete primary	13.9	5.6	6.3
Primary education	18.4	26.3	22.5
Incomplete secondary	3.4	2.0	2.9
3 years of secondary education	3.7	5.1	5.8
4 years of secondary education	40.5	32.8	44.2
Higher education	3.0	3.9	2.5
University level education	13.4	20.3	7.1
Post degree qualification (Ms/PhD)	0.5	2.3	0.8
No answer	2.1	0.4	5.2
Total	100.0	100.0	100.0

Source: DotM data; GDN, 2009.

According to GDN's analysis migration can have an impact on employment prospects since 45 per cent of returned migrants compared to 60 per cent of non-migrant population had income from employment or occupational activities before migration, whereas

65 per cent of the returned migrants have income from employment or occupational activities after returning. In addition, the proportion of families reporting having ever owned a business is higher among migrant households. They are also more likely to have started a business which is now closed, however these businesses tend to have lasted longer than failed businesses operated by households without migrants. In addition, analysing returned migrants based on the date of their return, results indicate that a year or more after return, there is increased chance of self-employment, which could suggest that it takes longer for return migrants to realise their potential in terms of job creation by starting a family business (GDN, 2010).

Why do migrants return?

The 2007 research study of CRPM found that 29.7 per cent of Macedonian emigrants would like to come home, while 21.6 per cent think often about it (IOM, 2007). The GDN's survey analysis of 1211 households suggests that the leading reason for return is family and marriage issues (Figure 2). These data indicate that 4.9 per cent of returned migrants have moved temporarily to obtain higher education abroad (GDN, 2009). However, a large portion of respondents (28.6%) reported they returned because they had earned sufficient amount of money and/or finished their job, so that they decided to move back and contribute to the development of the home country (Petreski, 2016, p. 9; Figure 2).



Figure 2. Reasons for return
Source: Petreski, 2016.

How to benefit from return migration?

Individuals and households base both their emigration and return migration decisions on the benefits and costs. Emigration and return migration can lead to positive externalities for the home country through investment, remittances, increased productivity and transfer of skills by return migrants (Wahba, 2015). However, if returnees are not able to reintegrate into the home labour market after a period of absence, or if they return with skills that do not match the requirements of the home labour market, this could lead to brain waste rather than brain gain (Wahba, 2015). Also, if remittances or savings are not used as incentives to encourage economic and social development, their capital might not be used to the greatest advantage.

The discussion above highlights the importance of concrete policy measures that will facilitate the reintegration and the return of the human capital. Zeneli et al., 2013 report several projects of the Government of Republic of Macedonia and several other governmental institutions in this field but they indicate that these activities do not seem mutually coordinated, either as part of a single agenda, or of a single body responsible for the implementation of such policies.

The Ministry of Education has promoted a strategy for the brain drain prevention called Stop Brain Drain 2013-2020. This strategy is focusing on four priorities (Zeneli et al., 2013):

- Establishing national system for managing the flows of highly skilled people from the country and using the potentials of the intellectual migration for developmental purposes.
- Preventing the brain drain phenomenon by making Macedonia more attractive destination for employment of young highly skilled people.
- Transforming brain drain into brain gain by increasing the return of highly qualified migrants through their employment in institutions in Macedonia.
- Increasing the academic exchange with foreign countries through cooperation between the scientific Diaspora and Macedonian research and academia institutions and development businesses.

Hence, in Macedonia there are strategic documents for return and reintegration of migrants. However, the general impression is that these documents are rarely implemented¹.

Policy recommendation

The objective of this policy brief is to suggest to governments to cooperate with international organizations and civil sector in developing and implementing projects that incorporate creating better conditions for return migrants and reintegration through better cooperation with the scientific and professional Diaspora. Macedonia can learn from the best practices for transfer and circulation of knowledge and offer systematic state support in “brain gain” and “brain circulation” programmes. For example, programmes aiming at circular exchange of knowledge, inviting professors and experts in relevant fields originating from Macedonia to teach, mentor and conduct research at universities in Macedonia². Albania is the only county in the region that has developed a brain gain programme (Zeneli et al., 2013). The aim of this programme is to engage highly skilled migrants in the development of public administration, institutions of higher education or research and business sector. In order to encourage their return, a comprehensive approach has been developed - from establishing strategic and legal framework to developing concrete incentives for returnees. In addition, the Council of Ministers composed of representatives of the Ministry of Education and Science, the Department of Public Administration, and Diaspora Institute has been established as the body responsible for the programme implementation.

The government needs to encourage implementation of knowledge of highly skilled returnees by removing obstacles of diploma recognition, mobility programmes, and financial support to the return of experts in terms of salaries, equipment, project team etc. It is important for home countries to promote formal recognition of skills acquired abroad. This will enable returnees to implement their knowledge and send message to them that they are welcome.

1 See Bornarova and Janeska, 2012 for other support programs on support migration and reintegration of returnees in Macedonia.

2 See for example WUS Brain + Programme for Bosnia and Herzegovina as initiative that has been undertaken by international organisations (Zeneli et al., 2013).

In addition, there should be programmes oriented towards better use of remittances and investigation of the investment potential of emigrants. Policies encouraging remittances to be used for investment in productive assets, research and development need to be enhanced in order to create a sustainable environment for “brain gain”.

The statistical evidence on returnees in the country is scarce, particularly concerning voluntary returns: when and under what conditions do migrants decide to return, and what measures can countries put in place for social and professional reintegration? There is often a lack of support services to help returnees to find employment or self-employment. Governments are aware of the cost of skilled migration and are seeking to adopt measures to retain skilled workers and to encourage the return of skilled migrants in order to maximize the benefits of skilled training, expertise and savings acquired abroad (Global Migration Group, 2016). If returnees are successfully reintegrated into local labour market and society, they enhance development. Therefore, policies toward sustainable reintegration of skilled migrants include active labour market policies considering labour market needs. Also, exchange of information between governments at all levels: local, municipal and national, increases the positive contribution of returnees to development.

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Author: Denada Veizaj

Faculty of Architecture and Urbanism, Polytechnic University of Tirana

DECENTRALIZATION OF URBAN GOVERNANCE MODELS IN POST-SOCIALIST ALBANIA

“Governance is the enabling environment that requires adequate legal frameworks, efficient political, managerial and administrative processes to enable the local government to respond to the needs of its citizens. It can be defined as the many ways that institutions and individuals organize the day-to-day management of a city, and the processes used for effectively realizing the short term and long-term agenda of a city’s development. Urban governance is the software that enables the urban hardware to function. Effective urban governance is characterized as democratic and inclusive; long-term and integrated; multi-scale and multilevel; territorial; proficient and conscious of the digital age”. (UN-HABITAT, 2016)

Executive summary

For more than two decades, Albania has been struggling with transition from a centralized socio-economic and political system towards a more pluralistic one. This transition has affected urban issues as well, by constantly increasing the need for adequate instruments that control the development of territories and urban systems. Current global urban agendas are focussing on the importance of decentralized models when it comes to urban management and development. The reason is that relying on such models would empower small territorial or administrative regions, by ensuring more convincing and sustainable solutions. On the other hand, such models give the opportunity to many actors to participate in decision-making processes, since they resemble more to network models than to top-down or rational ones and thus appear more inclusive and of participatory nature.

Since 2015, the national strategic plan and the territorial reform have been two initiatives helping on the implementation of such concepts, by tending to coordinate all levels of governance units, and at the same time introducing the concept of regions as more autonomous entities.

But still, by observing cities, and also referring to INSTAT and to INSTATGIS¹, low efficiency of planning instruments when it comes to implementation can be affirmed. This is because there is slow progressive improvement of development indicators per year that cannot be related to the presence or absence of planning instruments.

What causes inadequate environment for the implementation of decentralized urban governance models in post-communist Albania?

Through analytic optic, the paper lists three main factors: the lack of human resources, the missing territorial reform and high levels of perceived corruption as the main contributors to the non-favourable climate for decentralization.

In order to implement decentralized models of urban governance, a list of actions is recommended as follow:

- Re-allocation of human resources by the use of policies that encourage professionals to live and work in different regions other than the capital city.
- Capacity building programmes.
- Forcing the full implementation of the territorial reform.
- Empowering the rule of law.
- Fighting corruption.
- Raising trust between actors (especially between citizens, private and governmental ones) that participate in decision-making processes. This would encourage large participation.

Why do something different?

The past two decades have been characterised by a dynamic situation in terms of producing instruments for controlling and orienting urban development. Evolution of such instruments in favour of quality is easily perceivable; from the rigid master plans that operated in large scale, mostly relying on intellectual and technocratic approach, to more flexible documents of strategic nature.

Due to the rapid and violent urbanization of the last three decades, many damages concerning the territory and urban centres are now a constant concern for many actors. Polarisation of economic development, migration and then congestion of the

¹ In these national online platforms the main indicators of development are listed for cities or administrative units, such as number of population, education and levels of unemployment, housing and living conditions, FDI etc.

population in the capital of the country, informal development and aggression towards agricultural and natural systems constitute the main challenges for developmental instruments and mechanisms.

The new national strategic plan of Albania (2016) tends to embrace fundamentals of sustainability by promoting concepts such as regions, social inclusion or equity. But still, what is also readable is the existing gap between the quality of such instrument and its implementation degree in reality. Despite the efforts to control development, the last two decades have produced chaotic situations mostly not in favour of the public space, infrastructure, environment, nor in the public interest.

Why are planning instruments destined to be poorly implemented in transitional post-communist societies?

By exploring the argument of the urban dynamics during the past two decades, differently from the positive evolution of planning instruments, hardly anything has been done to improve governance models or mechanisms or to introduce new alternative ones that would help the implementation phase of such instruments.

Strong presence of rational, top-down models of governance that emphasize the role of the central level as the main actor on the decision-making process is still perceivable.

By continuing this rhetoric, in a more specific optic I am listing the most important factors why different approaches regarding urban governance concepts are required to be implemented:

- to reduce the gap between urban planning tools and implementation tools;
- to provide sustainable development of territorial and urban systems;
- to provide a balanced economic and urban development of the entire territory;
- to empower the role of regions as administrative mechanisms that focus on local specificities;
- to improve the climate for collaborative and inclusive decision-making processes;
- to improve the climate for the private sector.

In this sense, urban governance is seen as a set of complex mechanisms, affecting many sectors and implementing urban development goals. To go towards a more flexible and collaborative model of planning that considers the variety of contextual challenges, a pluralist and inclusive mode of governance is required.

"A democratic and pluralist mode of governance is required to combine with collaborative planning to help realising the goal" (Healey, 2006)

What is proposed in order to improve the actual situation?

The first step relies on the understanding of the importance of different actors participating in the process: starting from the academic environment, NGOs, government, local authorities, citizens and the private sector.

By analysing the context, we can perceive the influence of two factors that impede the implementation of decentralized urban governance models: the high level of corruption and the strong role that the central government still holds in decision-making processes, and consequently they are impeding the territorial reform (decentralization).

More specifically, according to the latest reports regarding the phenomenon of corruption in the Albanian public and administrative sector, its presence is still notable in high levels. According to the transparency international report of 2016, Albania is ranked in 88th place out of 168 countries listed for the perceived level of corruption. Referring to older reports (2006, 2014) dealing with the same argument, the improvement on such perception is noticeable, but still it remains one of the most debated issues of the Albanian context, and many reforms need to be initiated to deal with the phenomenon (Council, 2014) (Alternatives, 2006).

On the other hand, due to the specific socio-economic shifts of the past two decades, the Albanian demography is characterized by strong migratory fluxes targeting the capital of the country. Most of the qualified people have targeted the dynamic reality of Tirana and caused lack of human resources on the regional and local level (UNDP-STAR, 2014) (INSTAT 2016). Especially in planning practices, it is quite understood that this constitutes one of the main causes of the poor implementation of policies or instruments. According to the analysis done on the urban governance of local entities in the frame of the territorial reform, the need for raising local capacities and human resources is highlighted.

Even though the decentralization reform has started, it is still far from creating the opportune environment to encourage the participation of many stakeholders in decision making processes. A third level of governance is introduced in between the local level one and the central one, with the aim to empower the regions. On the other hand, a revised legal framework is offered to enlarge the competences of the local units.

In this sense the decentralization reform would be the first step for improving the environment for a decentralized model of urban governance. Especially for urban

development agendas, the involvement of many actors is crucial for compiling collaborative and sustainable instruments of planning. In this sense, swaying from top-down hierarchic decision-making to multi-actors or network governance² models would help the implementation of urban agendas in two main plans:

- Reducing bureaucracy (by avoiding pyramidal and hierarchic structures), and that fact would encourage participatory processes.
- Optimising time, efforts, energy and resources, by increasing efficiency of both planning and implementation urban instruments.

But it is mandatory that decentralization should be accompanied by two other important processes: fighting corruption and re-allocation of human resources or building capacities in the regional and local levels.

Decentralization is immediately translated for local administrative units as a task for increasing their managerial capacities.

On the other hand, high levels of corruption are firstly reflected in the missing trust of citizens and of the private sector towards the system, followed by low levels of participation or inclusion. The later categories mentioned, appear to be very sensitive towards corruption.

It is important to mention here that high level of corruption can often harm participatory processes more easily in local levels than in a centralized and hierarchized system.

How to achieve the difficult task of decentralization models of urban governance?

As it is explained in the previous paragraph, the key elements proposed rely on insisting on the territorial reform, parallel with capacity building and fighting corruption or empowering the rule of law on the local levels.

These targets are achievable with the interaction of many actors and initiatives that mostly imply three main fields:

- raising awareness;
- compiling national strategies (understanding the importance of decentralization);
- compiling regional strategies (transforming localities in autonomous economic and attractive entities).

² Koppenjan-Complexity in Governance Network Theory

The first key step involves policies for raising awareness. Actors of crucial importance belong to the academic world, NGOs, media or citizenship. The nature of policy instruments should be such as specific didactic curricula, public agendas engaging civil society, institutional strategies within media with the clear aim to sensitize the public opinion about the role of participatory models of governance as indispensable tools for building democracy and key elements to inclusiveness.

The second step, and a more structured one would be based on policies that focus on building capacities. The aim of these policy instruments is to set up mechanisms that transform localities in attractive places for young people, professionals and qualified ones. The main actors required for developing such policies include both levels of governance; the central and the local one. In this case, policy instruments should be first a strategic document compiled by both actors, and then followed by a new law, parallel to municipal institutional strategies. The aim of this strategic policy document is to make regions and municipalities more autonomous in terms of economy. This would be achievable through delegation or devolution of competences, or even through fiscal decentralization. This document should also reformulate government's priorities in terms of increasing the national budget lines for education and qualification of professionals working in public administration. In 2016, a similar policy was implemented by the actual government with the aim to provide the healthcare systems with staff in the remote areas of the country. The same policy can be effective in the case of urban professionals, architects and policy makers as well. At the same time, with the aim of building local capacities, institutional policies of municipalities are required to orient budget lines for the continuous professional qualification of their actual civil servants and staffs.

The third step, which is of a long-term nature, concerns policies fighting corruption. Due to the complex nature of the phenomenon, participation of both national and international actors is required. The main policy instruments are legislative reforms with the aim to fulfil all the integration within EU agendas. On national scale, the reform targeting the judiciary system started in 2017 and it is considered as the most important step against corruption during the past two decades. Parallel to this reform, other policies targeting the local administrative level are recommended for helping the process such as:

Paying civil servants well

Especially in development issues, professionals and civil servants play an important role, as they become the main contact between citizens and governance, or between the private sector and the public one. In this sense, they become an easy target to corruptive practices. Consequently, it is necessary to compile policies for increasing their wages, in order to make them less vulnerable to different forms of corruption.

Creating transparency and openness in local government spending

Enabling the participation of many interest groups in compiling annual budgets, but also in executing its lines, would raise the pressure towards governance units and would increase the sense of responsibility. Public hearings and online data remain the most useful policy tools for achieving transparency in this case.

Deploying smart technology

Digital technologies and open data are becoming a very fruitful policy tool for increasing transparency and inclusiveness. The municipality of Tirana has implemented an online system for obtaining construction permits. This fact reduces bureaucratic or corruptive practices. This good practice can be used for other processes such as paying taxes, electronic voting, or developing the e-governance concepts.

The following figure attempts to visualize all the dependencies between objectives, actors, processes and actions recommended.

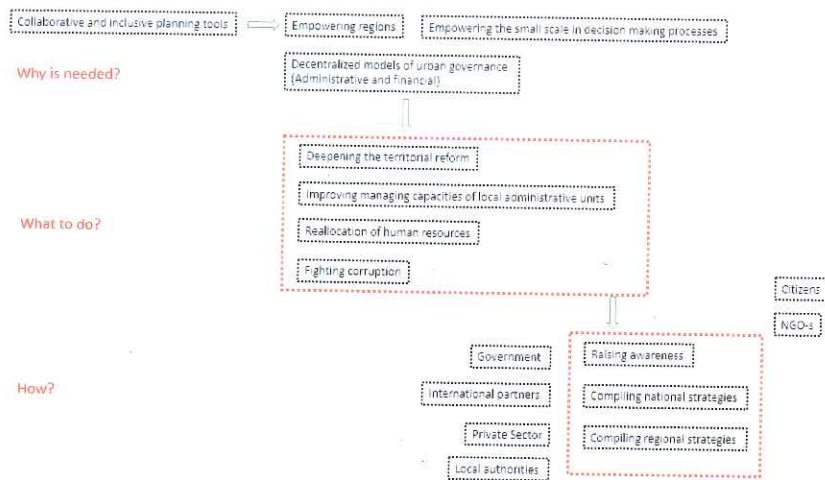


Fig. 1 Graphic explanation of the structure

Conclusions

The paper aims to point out issues related to governance concepts that affect the field of urban professionals in post-communist contexts, such as Albanian ones. Due to the multi-disciplinary nature of the discourse, improving collaborative and implementable tools of planning requires a deep exchange, communication and sharing of knowledge between urban professionals and policy makers.

By using the optic of urban planners, a set of policy tools are proposed in order to decentralize models of urban governance and increase levels of participation of many actors in development processes. These remain crucial points for assuring sustainable and balanced territorial development.

Policies proposed are categorized in three main groups: sensitizing programmes, capacity building programmes and fighting corruption strategies, all including a large number of actors. Still the most important among these actors remain the central and the local government units. However, this paper constitutes only the initial point of the process, by focussing on the main points that need to be changed by policy means and that directly influence urban governance. A more accurate analysis on the specific policy tools would complete the panorama, by offering convincing answers to the challenge of decentralization of models of urban governance.

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Author: Dragan Milkovski
Trading company LEMI dooel Skopje

THE NEED FOR SPEED: ONE STOP BORDER POSTS FOR FASTER EU INTEGRATION OF WESTERN BALKAN COUNTRIES

OSBP, what, why and how?

One Stop Border Posts (OSBP) as best described by Polner (2011, p.56) is a concept that achieves greater trade facilitation through combining border clearance activities in a single location. The idea of OSBPs is a proven concept, as Zarnowiecki (2011, p.65) points the first OSBPs in Western Europe to have appeared some 60 years ago and the cornerstone for coordinated border management between two countries was the agreement between Norway and Sweden from 1959.

The rationale behind OSBPs is to benefit from economies of scale by reducing transit delays and simplifying clearance procedures. Hence transit can be expedited as common procedures are being executed jointly by increasing cooperation and coordination of controls. Additionally, as argued by Zarnowiecki (2011), functional OSBPs tend to reduce corruption and fraud for they are based on the principles of cooperation and trust.

Western Balkan Countries (WBC) have been encouraged to implement this concept through the Guidelines from the European Commission (EC) for integrated border management for the WBC: "...national and international coordination and cooperation among all the relevant authorities and agencies involved in border security and trade facilitation to establish effective, efficient and coordinated border management in order to reach the objective of open, but well controlled and secure borders... (EC 2004, p. 18)". This policy brief would advocate that a good way to implement this concept for WBCs would be first through endorsing cooperation of WBCs with FRONTEX. Thus a bilateral agreement on customs cooperation is needed between WBCs and EU neighboring countries, something like Polner's (2011, p.57-59) examples for the bilateral convention of 1960 between Switzerland and France (Convention 1960, RS 0.631.252.934.95) or between the Kingdom of Norway and the European Communities (OJ L 105/17, 23.04.1997). These examples are suitable where border posts are in good

condition or where there is a natural border, such as a mountain, a river, just like they are in WBC region. The main idea is that the exit country facilities are bypassed in order to carry out all necessary exit and entrance procedures in the entry country. These agreements would provide the legal basis to establish OSBPs and to process passenger traffic, commercial and transit goods in the country of entry.

Executive Summary

This policy brief will try to shed a light upon a neglected tool from Western Balkan Countries (WBC) that can practically encourage and inspire regional cooperation in a way no other initiative has managed to achieve so far. We are talking about One Stop Border Posts (OSBP). OSBPs revolves around increasing the effectiveness of the border crossings by reducing the number of stops and participating agencies. OSBPs have to be based on the principles of cooperation and trust. As a result, information exchange and joint actions become indispensable features of OSBPs. Therefore, while borders are currently seen through a nationalistic prism, OSBPs, by their natures, can encourage common approaches, such as greater information sharing, cooperation and joint controls that will ultimately make regional integration attractive and possible. This would also enable further harmonization of regulatory structures. Thus, changing the mindset of people living in the WBCs, connecting them and encouraging them to economic, cultural, scientific and any other cooperation, is the goal of developing an intra-regional economy capable of reproducing the benefits of EU single market, first on a smaller scale and then on a larger scale by becoming part of the EU itself.

OSBP Good Practices and Benefits

As a direct example, the recent Africa-EU partnership in implementing OSBPs is recommended by this policy brief for observation purposes regarding good practices. According to Harmon (2014), the first OSBP was operative 2 years after commitment and after 6 years there were a total of 77 OSBPs operational, under construction or in the pipeline. This demonstrates real commitment to developing regional economy through implementation of the OSBP concept. Benefits as pointed out by Harmon (2014) were instantly visible as a result of reduced time spent in administrative procedures, reduction

of transportation cost and reduction of inventory cost. Implementation of OSBP also resulted with increased revenue collection by increasing trade frequency. "For the private sector, benefits can be measured by increased trade and participation in regional and global value chains, reduction in inventories maintained by companies, better vehicle utilization by road transporters, resulting in reduced transport cost or improved vehicle fleets" – Harmon (2014, p.14).

There is a great deal that can be replicated by WBCs and these economic benefits could also directly affect the competitiveness of WBCs commodities in international markets, and the price of imports to consumers in WBCs. Replicating this good practices should be even easier for WBCs, for they are surrounded by EU member states from which they could directly harness firsthand experience and knowhow, unlike the five African regions. Hence, borders should be seen as tools for regional integration. A recent study suggests that reducing supply chain barriers could increase global GDP up to six times more than removing all import tariffs. And another study (Freund et al 2010) has pointed that a one day decrease in travel time can lead to a 7 per cent increase in exports. Also interestingly, as demonstrated by Hoekman et al (2009) a 10 per cent reduction in exporting costs through improved facilitation can increase exports by 4.7 per cent. Therefore, while borders are currently seen through a nationalistic prism, OSBPs, by their natures, can encourage common approaches, such as greater information sharing, cooperation and joint controls that will ultimately make regional integration attractive and possible. This would also enable further harmonization of regulatory structures.

Current Situation Analysis in WBC

Even though, at least on paper, WBC have shown commitment to establish OSBP by signing the Declaration from EU-Western Balkans Summit at Thessaloniki back in 2003, the only country from WBC to actually initiate and implement OSBP is Albania.

The Summit in Thessaloniki was a cornerstone for WBCs as they all committed to a Declaration which set out an Agenda for their long road towards EU integration. One of the criteria from the declaration was implementing OSBP as a part of their efforts to develop and improve their own regional cooperation. Thus, OSBP is being presented as the first stepping stone towards truly implementing benefits from the common EU market into a region that as a whole aspires to become part of the EU. Therefore, by replicating EU procedures on a smaller scale the whole region of WBC should become more competent and ready to implement those same procedures on a larger scale – when the time comes to actually become an EU member state.

Example for Direct Economic Benefit from OSBP implementation by the Africa-EU Partnership

Implementation of an OSBP immediately reduced the time spent at the Chirundu border. For cars, doing all procedures in one hall reduced the time to 15 minutes. For buses, which carry many traders and their goods, clearance meant offloading all baggage and inspecting it in addition to immigration and other agencies twice. Prior to the OSBP, buses took about an hour at each terminal. Now they stop once and the same procedures done jointly take under an hour, half the time. The major delay was on northbound imports, which are cleared at the border. A typical time to clear was 2-3 days. It has now been reduced to one 8-hour day or less. Another way of evaluating Chirundu operations is that in 2008, 150 trucks were cleared per day (8 hours) whereas recently, in December 2013, 400 trucks were cleared within an 8-hour day. Therefore, in addition to time savings for the vehicles, the efficiency of border operations has also been greatly improved. This represents a cost savings in staff for the two governments.

– Harmon (2014, p.14)

But from Thessaloniki 2003 to Trieste 2017, there was not a Summit between EU and WBCs where this very same declaration was not committed over and over again by all participating countries, and yet after 15 years there are only two OSBP in WBC, and they are both initiated by Albania, one OSBP is with Montenegro and the other OSBP is with Kosovo (Hoxha, 2014). This result puts into question WBC true commitment to establish a Regional Economic Area that would consolidate a market of approximately 20 million people. Connecting economies without eliminating red tape barriers is impossible. Therefore, if the goal of all WBC is to one day to become EU members, the fact that they have not yet developed a functional regional economic area casts a shadow on their commitment to the EU accession. For one day, if they do manage to become part of the EU, implementing an integrated management system for their borders will be an obligatory procedure.

This lack of will to implement OSBPs results in a significant loss to WBCs, in terms of lower economic growth and development. Unnecessary duplication of procedures consumes time and money, while also creating bottlenecks in movement of people and goods. As Bianculli et al (2015) would argue, without accountability from our leaders, their commitments are nothing but empty promises.

How to shift WBCs into a higher gear

Bilateral political agreements to enhance cross-border cooperation must first be established between WBCs and their respective EU neighbor. This would create a direct transfer of knowhow for practical implementation of OSBPs from the EU towards WBCs as potentially adjoining members. This knowledge and practical assistance would mean a lot more for developing OSBPs between the WBCs than the purely financial assistance the EU is currently giving. Additionally, a key component to success here would be agreeing by WBCs to accept EU legislation as superior to their own. Meaning, accepting goods and procedures that have passed under EU legislation in order to avoid duplicating administrative procedures, for if WBCs truly strive to become a EU member state there is no logic for double administrative controls where one is inferior and tends to merge into the superior one – the one from EU. This would radically speed up the Acquis process in all WBCs.

Afterwards, priority should be given to bilateral agreements between the WBCs themselves, which address both - the EU integration process and cross border cooperation. If they are all committed to becoming a part of the EU, their regional development as a whole unit must be above their national interest. This would prevent conflict and is expected to encourage cross-cultural cooperation, which in addition would also improve regional security and wellbeing.

Therefore, implementing OSBPs between WBCs is a precondition for successful regional border management and a huge step toward prevention of illegal activities which are damaging to both - their regional economy and their European perspective. Furthermore, OSBPs can improve drastically the movement of people and goods in the region, as pointed through the African experience and the lessons learned from the Albania/Kosovo OSBP.

Also, as per EU guidelines on OSBPs in WBCs, OSBPs are expected to enhance the fight against organized crime, human trafficking and smuggling through new creative solutions.

Yet, their commitment looks dormant so far as only two OSBPs have been installed in the whole WBC region.

Bilateral agreements on customs cooperation as Polner's (2011, p.57-59) examples between Switzerland, France and Germany, or between the Kingdom of Norway and the European Communities'.

Conclusion

Changing the mindset of people living in the WBCs, connecting them and encouraging them to economic, cultural, scientific and any other cooperation, is the goal of developing an intra-regional economy capable of reproducing the benefits of EU single market, first on a smaller scale and then to a larger scale by becoming part of the EU itself. Thus, implementing OSBPs in WBCs would practically encourage and inspire regional cooperation in a way no other initiative has managed to achieve so far, and in doing so, it will also speed up the EU integration process for the WBC region as a whole. Therefore, it is time to accelerate our efforts to improve border procedures and enhance connectivity. To do so, a high level and sustained commitment to OSBP implementation will be necessary.

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A brief Idea from a policy brief

This policy brief would like to hint at the possibility through centralized customs surveillance to implement a GPS supported tracking of all intra-regional movement of people and goods, similar to public sites for tracking ships and airplanes. Thus a predictable trajectory model could be developed where every unit showing abnormal movement pattern could be signaled out by the system for recommended inspection from patrolling mobile customs units.

Author: Nina Brankovic
Faculty of Political Science, University of Zagreb
PhD candidate

RESEARCH AND DEVELOPMENT POLICY IN THE WESTERN BALKANS REGION: A MYTH OR REALITY?

Development of successful connection and collaboration of university and industry has been emerging as one of the key wheels of economic growth and base of innovation and knowledge-based economy. It has been placed as the priority of the Europe 2020 Strategy¹, and policy-makers in a number of countries are promoting such developments by encouraging collaboration between universities and industry (Mowery and Nelson, 2004).

The key factors of economic development in knowledge-based economy are innovation and technology, while the bases of it are research, development and education. (Freeman and Perez, 1995). In order to support these factors, it is important to break through the institutional inertia (Freeman i Perez, 1995) via adequate policy developments.

Therefore, in most of the countries, the perception of higher education institutions has been changed. It is expected that they are actively involved in research and development cooperation with companies and support «university-industry knowledge transfer». That is related to the so-called “third mission of university”.²

**Europe 2020 Strategy goal:
3% of the EU's GDP to be in-
vested in R&D**

**Western Balkan region:
below 1%**

1 European Commission has long supported and helped further the cause of knowledge-based economy through the Lisbon strategy and further on Europe 2020 Strategy and included it within its priorities:
- Smart growth: developing an economy based on knowledge and innovation and
Sustainable growth: promoting a more resource efficient and more competitive economy.

2 “Third Mission” refers to a set of activities by which the University triggers processes of direct interaction with civil society and businesses, with the aim of promoting the growth of the territory. Therefore, the knowledge becomes instrumental for attaining output production (Novelli G. and Talamo M., 2014).

Moreover, promotion of science-based careers is one of Horizon 2020 priorities. It is expected that Europe's need for young scientist in STEM disciplines³ will increase up to 9% by 2025, while the offer will be at the 3% level (European Commission, 2015).

However, the cooperation between university and industry in Research and Development (further: R&D) in Western Balkans countries has been on a very low level. According to the EU 2020 strategy, EU countries should invest 3 % of their GDP in R&D activities in order to boost innovations. This percentage in most of the Western Balkans countries is below 1%.

Overview of resources in individual republics invested in R&D in 1974

Republic	% of GDP
BIH	0.53
Croatia	1.07
Serbia	1.43

Source: "Naučna politika", 1976
Archive of Yugoslavia

Gross domestic expenditure on research & development, relative to GDP (%)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
SERBIA	0.35	0.39	0.50	0.58	0.87	0.74	0.72	0.91	0.73	0.78
BIH	0,03	0,02	0,03	0,02	0,03	:	:	0,27	0,32	0,26
CROATIA	0,86	0,74	0,79	0,84	0,84	0,74	0,75	0,75	0,81	0,78

Source: Eurostat, 2017

In general, research and development systems of the Western Balkans countries consist of: academies of science, public research institutes, universities and their research institutes, private institutes and more recently innovation centres. The public mission-oriented research institutes have been closed down, privatized or left with poorly defined legal status, particularly in Bosnia and Herzegovina, but in Serbia and Croatia as well.

This paper analyses policy solutions in Bosnia and Herzegovina, Serbia and Croatia in regard to EU Recommendation for development and creation of the Research and Development Policy. These selected countries share heritage of a system of higher education development and share a history of approaches to research in development policy within a fifty years period. Used methodology includes qualitative methods: desk

3 Science-Technology-Engineering- Mathematics

research and interviews. The desk research was based on policy analysis where the EU Recommendation points were taken and compared to policy documents in selected three countries. Interviews were conducted with academics and scientists.

European Union Research and Development policy requirements

On the EU level, the cooperation between universities, industry and government structures has become increasingly important in last two decades. After the Lisbon strategy era, the European Commission has further intensified its support to establish cooperation between industry and universities and development of entrepreneurial university⁴ (Etzkowitz, 2001, Clark, 1998) with the adoption of the Europe 2020 Strategy. Two out of seven flagship initiatives of the EU 2020 Strategy include knowledge and innovation priorities: (1) Smart growth: development of economy based on knowledge and innovation and (2) Sustainable growth: promoting a more resource efficient and more competitive economy (European Commission, 2010).

The EU Policy Recommendations:

- Knowledge transfer
- Intellectual property management
- Sufficient resources provided
- Strong interaction of public R&D with other stakeholders
- Trans-national cooperation
- Dissemination of knowledge
- Regular Progress monitoring and review activities
- Biannual reporting cycle to the EU Commission

In order to help countries efficiently organize their research and development and intellectual property activities, in 2009 the EU published EU Commission Recommendation on the management of intellectual property in knowledge transfer activities. At the same time, the EU published the Code of Practice for universities and other public research organizations to define the extent to which the policy recommendations were incorporated into the universities' policies (mission, vision, statute, rulebooks, etc.). Development of a policy that would enable and boost regional cooperation in scientific area would significantly help economic development of the countries and

4 Entrepreneurial university includes additional role of the university in commercialisation of knowledge and active contribution to the development of economic subjects in local and regional economy (Etzkowitz, 1983) The entrepreneurial university generates a focused strategic direction (Clark, 1998) in formulating academic goals and also in translating knowledge produced within the university into economic and social utility (Etzkowitz, 2001).

the region itself. Key indicators that should be introduced within the national policies for research and development as according to the EU recommendations are:

1. Knowledge Transfer defined as a strategic mission of public research organizations, should be a political and organizational priority and should include entitled jurisdiction appointment of the responsible ministry.
2. Policies for Managing Intellectual Property resulting from public funding should be in place, requiring that it be carried out according to established principles and taking into account the legitimate interests of industries.
3. Knowledge transfer capacities and skills should be supported through national policies. That way the sufficient resources would be secured, which include recruitment of staff for science and in technology transfer offices, regular consultations with the industry, a set of model contracts for cooperation depending on cooperation type, pulling resources within the public organizations, support to spin off fostering programs, entrepreneurship and strong interaction of public R&D activities with other stakeholders' initiatives.
4. Coherence in transnational cooperation responds to equal treatment of all actors included in the research activity and stresses the institutional ownership as a priority compared to individual ownership or "professor's privilege" regime.
5. Dissemination of knowledge includes peer review of the publicly funded research, promotion of open access to research data and archival facilities for research results.
6. The necessary mechanisms are put in place to monitor and review progress made by national public research organizations in knowledge transfer activities, e.g. through annual reports of the individual public research organizations. Every two years countries should report to the EU Commission on their progress in the policy implementation.

Regional response to adoption of EU Recommendations: YES, but not really

Policy solutions for research and development in the Western Balkan Region differ significantly and it seems that there is no unique approach to those. Two main policies which regulate R&D in Serbia include the Law on Scientific Research Activities (The Official Gazette of the Republic of Serbia, 110/2005) and Law on Innovation Activity (The Official Gazette of the Republic of Serbia, 110/2005, 55/2013). Croatian policy that regulates system and financing of scientific research is the Law on Science Activities

and Higher Education, which has had a number of changes since its adoption in 2003 (The Official Gazette, 123/2003). As for BIH, the main policy for science and research is the Framework Law on Science and Research Activities Coordination of Internal and International Science and Research Cooperation of the BIH (further BIH Law). When it comes to the relevant strategic directions of the analyzed countries, Serbia adopted a Strategy for Science and Technological Development 2016-2020, while the Croatian Strategy for Education, Science and Technology was adopted in 2014. The BIH Strategy for Science Development expired in 2015. The response of the three countries governance to policy challenges will be addressed in the following chapters.

Knowledge Transfer: defined, but not taken seriously

The Republic of Serbia and the Republic of Croatia both have corresponding ministries for education and science at state level: the Ministry for Education, Science and Technological Development of the Republic of Serbia and the Ministry for Science and Education of the Republic of Croatia. As a result of its specific constitution, where education and therefore science as well, were given to the jurisdiction of the entity and cantonal levels in the Federation of Bosnia and Herzegovina (further FBiH,) the Department for Science and Culture within the Ministry of Civil Affairs of BIH is the responsible body for science at state level. It is interesting to note that science in BIH has been coupled with the cultural affairs department, while there is a separated department for education. The Republic of Srpska has the Ministry of Science and Technology, while FBiH has the Ministry of education and science. Knowledge transfer has been differently treated as a strategic mission in goals of corresponding legislation in three countries.

The knowledge transfer hasn't been addressed within the goals of the legislation in Croatian Law. Serbia, through its Law on Science and Research of Activity of Republic of Serbia, has precisely defined knowledge and technology transfer as one of the main development priorities of the country (The Government of the Republic of Serbia; the year: The Article 10). Knowledge transfer capacities and skills were addressed in the Law on Science and Research in Serbia through another capacity building program for scientists (Ibid.). BIH Law, in definition of its main interests (The Government of the FBiH,

"It is highly important to support individual academic to conduct research, even if the institution doesn't gain financial profit. It will get knowledge"

Dean, Faculty of Mechanical Engineering, University of Belgrade

year; Article 7) promotes potentials for intense and harmonized scientific and technological development, promotion of scientific activities, cooperation with the industry and investments in industrial research.

Managing Intellectual Property: various approaches

Intellectual property has been broadly defined in legislation for science development in all of the analyzed countries. Only the Croatian Law on Science and Education defines protection of intellectual property as one of its goals. Intellectual property has been regulated through different laws (Law on patents, Official Gazette, 173/2003, 76/2013) but legislation hasn't directly addressed legitimate interests of the industry in innovations exploitation, as required. The further use of research results, which are subject of intellectual property rights, have been only addressed in the sense of ethical concerns on medical research of human body. Intellectual property rights management is clearly explained in the Serbian Law on Science and Research Activities. As in line with the EU Recommendation, the percentage of ownership over patent rights are split between inventor, organization that realizes the research program and funding agency (The Government of the Republic of Serbia: The Article 107). The Framework Law on Science and Research Activities Coordination of Internal and International Science and Research Cooperation of the BIH defines the protection of the intellectual property as one of the main bases of the science and research activity in the BIH, but it hasn't been further addressed in the Law.

Knowledge transfer and research capacities: inconsistent policy instruments

The National Council for Science in Croatia counts 17 members with two industry representatives, which ensures that market and business expansion needs are heard and respected during the Council's meetings. On the other side, the Expert body for financing science activities and higher education, within the National Council for Science in Croatia, doesn't include any industry representatives.

The National Council for Science in Serbia includes 14 members with three industry representatives. The Chamber of Commerce and Industry of

"There is lack of incentives for an individual professor to start research projects as our institutions take significant amount of profit"

An academic, University of Sarajevo

Serbia proposes to the Minister of Science and Education nine candidates from industrial sector for the final selection. The same Law defines establishment of the Community of the Serbian Institutes that can merge their funds for mutual research and work.

The Council for Science in the BIH includes 12 members, coming from lower governance levels (4 from cantons, 3 from RS, 1 from Brcko District and 5 on proposal of Ministry of Civil Affairs BIH), without industry representatives.

Measures for support research and development are differently addressed in all of the three countries. The Croatian authorities defined its support depending on research type: basic research (100% support), applied research (up to 50% support) and developing research (up to 25% support). The support can be increased for SME (for up to 20%) (Law on Science Activities and Higher Education of Republic of Croatia, the Official Gazette, 123/2003). There are tax incentives defined in the legislation for support of research activities while there are not contract models for various research projects defined. The cooperation with the industry has been recognized through establishment of Science Technology Park that, once approved by the Ministry and National Council for Science, is privileged with certain tax incentives.

The financial support to research and science in Serbia includes support to programs (The Government of the Republic of Serbia, year: The Article 10) and a project financing scheme (Ibid: The Article 98). The project financing scheme is focused on basic and applied research and supports technology transfer as well as technology development research. The Law on Innovation Activities in Serbia defines additional support to establishment of various types of infrastructure: business technology incubator as an infrastructure that can be rented as a business premise; science technology park that provides infrastructure and experts services to scientific institutions; organization for support of innovation activities primarily from industrial companies; center for technology transfer which searches for ideas and partners that can be supported and applied technological innovations. However, professor from Novi Sad University, explained during the interview, that the infrastructure for research support should be developed based on real industrial needs and not as a result of mere policy implementation. Beside the support for conducting research activities and the infrastructure development, the Serbian Law on Science and Research Activity defines Program for Education of Scientists which corresponds to the EU Recommendation paper. "Supporting young scientist is one of our Institute's priority

European need for STEM researchers by 2025: 9% increase;

STEM researchers expected increase by 2025: 3%

and we have contributed to employment of 60 young scientists over last five years” (Interview, Institute for Chemistry, Technology and Metal, Belgrade)

The BIH Law also recognizes the capacity building of scientist as one of the special area of interest. It is interesting that the BIH Law defines inclusion of industry and economy representatives as number of its goals, but the Law further on does not define how they will be included, not even in the Council of Science. The financial support to the scientific and research activities has been very broadly defined in the BIH Law without precise information on the type of research that could be financed or an estimated amount that could be provided for this purpose.

Coherence in transnational cooperation and promotion of the institutional ownership: not a priority for all countries!

Law on Science Activities and Higher Education of Republic of Croatia, the (Official Gazette, 123/2003) precisely defines collaborative research conditions but only for public institutions (universities and institutes) and without reference to transnational cooperation in science. The individual research rights haven't been addressed and can be defined by the universities policies.

The Serbian National Council for Science is responsible for proposals of international research projects (Law on scientific research activities, Article 14). The Law prioritizes institutional ownership of innovations, but respects individual's research rights.

The cooperation within the BIH at the country level has been defined as one of the priorities due to its decentralized constitution. The Law in the BIH also defines international research cooperation as one of its special areas of interest, where the BIH Council for Science provides advice on international research cooperation.

Dissemination of knowledge: databases oriented

There is a database on scientific publications and scientist with an open access approach in Croatia and in Serbia. The Croatian Ministry of Science and Higher Education defines the main conditions for registration of scientists. Organizations and scientists that are not a part of the database cannot be supported through the public funds for research. The conditions for the Serbian scientist and science organizations inclusion into the database are defined by the responding Law and as such can be supported through public funds. In the same Law, the Center for Promotion of Scientific activities

is responsible for promotion of scientific knowledge. The Serbian Law on Innovation Activities defines also an aggregate innovations database.

The BIH Law defines establishment of an aggregate scientists and scientific research database that incorporates data from its entities and cantons.

Monitor and review: not in progress

Monitoring and review of scientific and research activities are not precisely defined by legislations in any of the analyzed countries. While in the Croatian and Serbian Laws monitoring is included as a regular part of the final articles in the legislations, it does not explain neither indicators methodology nor the methodology of systematic review of the progress. In the BIH Law monitoring and evaluation are not introduced at all.

Conclusion and recommendations:

It can be concluded that all analyzed countries have addressed the EU policy recommendations for research and development to some extent. Taking all Recommendation points into account, it could be concluded that Serbia introduced most recommendations, followed by Croatia. Bosnia and Herzegovina is in the last place when it comes to implementation of the recommendations. Considering that even some of the EU countries haven't fully addressed all the points from the EU Recommendation paper, it is hard to expect that countries at a lower level of economic development will respond to a higher extent to adoption and implementation of the recommendations.

However, the status quo is not acceptable. The current regulations for research and development are very incoherent, and without full elaboration of the policy impact assessment. Keeping the current policy will not contribute to the development of research sector and bring 3% of GDP investment into the R&D. It is important to mention that some countries with GDP lower than EU average, have made significant success in the sector with appropriate policy approach.

Ideal policy option would be inclusion of all points of EU recommendation into national policies, but this solution is not realistic nor easily applicable. Therefore, these are the solutions we advocate for:

- **Knowledge Transfer** has been, to some point, included in the legislation of the analyzed countries. However, although it was defined as one of legislation goals, it hasn't been clearly addressed further on. There is a need to strengthen the role and position of knowledge transfer in compliance with the EU Recommendations. It means that all types of possible exploitation mechanisms should be considered (such as licensing or spin-off creation) and all possible exploitation partners should be included (such as spin-offs or existing companies, other public research organizations, investors, or innovation support services or agencies). Finally, the most appropriate ones should be selected, based on impact assessment analysis, available capacities and foreseen results.
- **Intellectual property management** has been broadly defined in legislation of all the analyzed countries but to the different extents. It would be recommendable to define clear incentives for researchers, scientific inventors and scientific innovators when it comes to regulation of their intellectual property rights, like faster career promotion paths and clear principles regarding the sharing of financial returns of knowledge transfer revenues between the public research organization, the faculty department and the inventors. Moreover, the legitimate interests of industry should be considered established principles of temporary confidentiality constraints.
- **Knowledge transfer capacities and support to research managing bodies** have been addressed to some extent in all three countries. While in some countries there is a defined funded support percentage to different research types, the priority is given to basic over applied research, which should be changed. The business communities and the industry representatives should be included in science councils or similar bodies defined by laws. The support to infrastructure development should be accompanied by impact assessment of the current infrastructure use. It would support introducing the policy instruments based on the real needs assessment.
- **Transnational cooperation** should be more promoted. Considering the research heritage of the region, the joint platform for Western Balkan countries cooperation at the regional level should be established and promoted. The platform could introduce the interaction instruments for universities and industry and use the best practice from EU through their University Industry

Innovation Network. Institutional ownership of research results should be promoted, which includes respect and protection of individual researchers' rights.

- **Dissemination of knowledge** has been addressed through establishment of data bases in analyzed countries. While scientists or institutions can only be supported through public funding if they are registered in the database, dissemination should also include close interactions of scientists. The already mentioned platform could be a starting point for establishment of closer collaboration among scientists in the Western Balkans region.
- **Monitoring and review of the policy implementation** progress is almost neglected at the moment, which should be changed. Development of indicators that would measure the legislation success would support monitoring and evaluation process.

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Ridvan Peshkopia

University for Business and Technology, Kosovo

TOWARD A SCHOOL CURRICULUM HISTORY TEXTBOOK AND REFORM DEDICATED TO EDUCATE MORE TOLERANT STUDENTS: A POLICY BRIEF

Introduction

There exists a consensus in the contemporary prejudice literature that more education leads to less intergroup prejudice (Apostle et al. 1983; Hyman and Sheatsley 1964; Hyman and Wright 1979; Hyman, Wright, and Reed 1975; Quinley and Glock 1979). The dominant cultural myth of the western academic and political thinking maintains that narrow-minded, poorly informed world outlooks generate and perpetrate negative inter-group attitudes, and that ethnic prejudice emerge from faulty and inflexible generalization (Allport 1958). As a remedy, more education would help to reduce intergroup prejudices by providing knowledge about the historical and socioeconomic factors of inequality and the consequences of prejudice, thus dissipating fear of the unknown. Therefore, more education is seen as a major factor in promoting democratic norms of equality and civil rights, and as facilitating intergroup contacts (Hyman and Wright 1979; McClelland and Linnander 2006; Quinley and Glock 1979; Schaefer 1996).

However, whereas such an ample body of literature argues in favor of the role of multicultural education in curbing intergroup prejudice, the role of other types of education in people’s prejudices toward outgroups has not been systematically assessed. Moreover, curricula studies in some world regions, including the Balkans, is a relatively new research field, and it has not been able to amass the necessary vast number of findings needed to generate some consensus. Drafting a policy paper in the conditions of such a theoretical and empirical gap represents a challenge because there is no sufficient systematic research on the role that other curricular models and history textbook narratives might play in people’s prejudices toward outgroups. Therefore, in offering policy advice, we will use both any successful practices applied in other world regions and historical contexts and those few interesting findings that are coming out from the emerging research on this particular topic in the Balkans.

Although some of offered policy recommendations could apply to the rest of the Balkans, this paper draws examples mainly from two Balkan countries, namely Albania and Kosovo. However, its long-term proposal of drafting and implementing in school curricula regional common history textbooks refers to the entire region. The paper reminds of other approaches used in similar efforts in other countries, and further elaborates in the Balkans context the contextualization approach by discussing bitter historical events from the past. Also, drawing from emerging research in the region, the paper offers two new ways to describe neighbors in history textbooks, namely the one-civilization approach, and the shared-values approach. Those new approaches could be considered complementary efforts to the existing experience in curricula and history textbook efforts; yet they gain relevance by the fact that they draw from knowledge generated to address the problem in its very context: the Balkans.

First, it should be immediately pointed out that the proposed curricula and history textbook reform operate within the Balkan view of a nation as a cultural community. As such, the policy recommendations do not suggest efforts to undermine such a view in favor of viewing the nation as a political community. Whether or not the Balkans decide in the future to embark on such an approach, it is beyond the scope of this paper. Therefore, the paper tries to offer remedies without challenging the general ontological framework within which the education system in the Balkans operates. Second, by referring to the education system, this paper implies the K12 system, widely perceived as formative for student worldviews, leaving thus outside of its scope higher education textbooks.

Context of Problem

Over my years of surveying in several Balkan countries, I have come to the conclusion that more education does not necessarily mean less intergroup prejudice; indeed, in some cases it might predict just the opposite (for some examples, refer to Table 1 and Appendix). Whereas this paper does not claim that school curricula and history textbooks are the sole factors that affect students' acceptance toward other social groups, there exists a large body of literature that argues in favor of such causality (Koulouri 2001; Kabapinar 2005; Greaney 2006; Lässig 2013; see also the edited volume by Roberts-Schweitzer, Greaney, and Duer (2006)). Moreover, experts, politicians and the public recognize that school curricula and textbooks in some Balkans countries reflect a narrow nationalistic narrative that always puts one's country on the good side of history, and their neighboring countries on the wrong side of history (Abdullahu

2018; Giakoumis 2018; Lichnofsky, Pandelejmoni, and Stojanov 2018; Pandelejmoni 2016; Todorov 2016; Vuka 2015; Simoska 2001). Efforts to revise school curricula and textbooks reflecting such nationalistic views of a country's history either do not exist or have been unsuccessful. Policymakers are not the only ones to blame for such failure; with emotions running high as smoke still rises from the ruins of the Yugoslav wars, and as power-driven politicians might remain inclined to revive old enmities in search for new causes and constituencies, frustrated and marginalized social segments subscribe to such narratives in an effort to embrace and/or stick to a traditional us-versus-them style identity (Todorov 2018; Stefoska 2018). The fall of communism only exacerbated this trend, since the post-socialist curricula not only failed to drop the national-communist narrative, but on the contrary, complemented it with the already suppressed anti-communist, and sometimes pro-Western, narrative (Abdullahu 2018; Sulstarova 2018). Therefore, whereas the perceived "historical injustices" that all the Balkans countries claim to have suffered from the hands of the Great Powers and their regional agents remain intact, other buried or marginalized topics, which either did not appear or were only tangibly mentioned in the communist era textbooks—such as the confounding of the territory with the state, ethnocentrism, and antiquization (Petroska-Beshka and Kenig 2018; Stojanov and Bliznakovski 2018; Kalemaj 2014)—now appear more prominently in both those textbooks and public discourse. As a result, contrary to what has been argued thus far by the prejudice literature as well as the intergroup contact theory, evidence from the Balkans might show that more education might not necessarily bring about less prejudicial people, especially toward groups targeted by the nationalistic narrative depicted in school textbooks as the hostile Other.

School curricula and textbook content might be a very important factor affecting out-group prejudices and preventing armed conflict (van Der Leeuw-Roord 2012; Elmersjö and Lindmark 2010). Therefore, cleansing history textbooks from hostile language, exaggerated claims and often plain falsehoods represents a major practical challenge exactly because people's attitudes toward the historical past has usually been defined by those very textbooks (Rutar 2005). Striking a right balance between historical accuracy and entrenched national identities might prove to be a difficult task. Not only would decision makers be reluctant to accept versions of history that would make them look as traitors in the eyes of their publics, but also textbook authors and teachers would find it difficult to write and teach textbooks that challenge what they already believe, and what opposes their already entrenched subjective version of history (Elmersjö and Lindmark 2010).

The relevance of this policy problem rests on the very fact that regional cooperation means regional people cooperation. However, inherited and/or newly emanated prejudices might prohibit such a cooperation. Those prejudices might affect populations at large just as much as policymakers who are supposed to draw and implement policies that would facilitate regional cooperation. Deeply entrenched prejudices would be a major hurdle in this direction, and we have argued thus far that cramming textbooks with ethno-nationalist narratives might reinforce those prejudices. On the other hand, school curricula and textbooks that would reasonably balance historical accuracy with new geopolitical realities, combined with the emphasis of positive tokens of intergroup cooperation from the past would help people in the region shift views of themselves and the others. This process would help to slash not only people's prejudices against real and/or perceived enemies of the past, but also boost intergroup contact, which would lead to further prejudice reduction. School curricula and textbook reforms would help increase student mobility within the region, since students studying in a neighboring country would not have to read anymore unpleasant references against their own countries of origin. Designing policies that would help overcome existing difficulties in curricula and textbook reforms would help regional cooperation.

However, whereas many people might agree in the principle of the need for curricula and textbook reforms, there is no evidence that any significant progress, if any, has been achieved in this topic thus far. In their 1996 Treaty of Friendship and Cooperation, Greece and Albania pledged to undertake measures to cleanse their respective history textbook. The process stalled until 2014, when both governments pledged to revive it and establish a joint commission, but little has happened after that initial step (Kurani 2014). This is understandable: a rational approach would suggest that for politicians there is much to lose and little to gain through curricula and textbook reforms in such a direction. Other Balkans countries also might be in urgent need to reform their curricula and cleanse their textbooks from baseless claims, hostile language and distorted views of history, and this paper aims at giving some policy recommendations on how to tackle the problem.

Local differences notwithstanding, there are some significant regional similarities, including the teaching of Balkans history separately from national, European and world history; the rare and decorative rather than substantiating use of sources; the perception of the Ottoman rule as a foreign oppressive rule; and the harking back to antiquity of the roots of national history along with a continuity narrative (Lichnofsky, Pandelejmoni, and Stojanov 2018). Therefore, addressing this problem would require national reforms within a regional approach. Because only if all countries in the region undertake similar

reforms at the same time would it be possible to acquire a simultaneous significant curb of intergroup prejudices, misperceptions and hostilities, thus leading toward significant improvements in regional intergroup relations.

Policy Recommendations

The problem of curricula reform shows that, even in the cases when societies agree for a curricula and textbook reform, governments either fail to launch any reform or lean toward stalling any previously initiated reforms, as exemplified by the decades long Albanian-Greek failed attempts in such an endeavor. The difficulty of addressing the issue is that, indeed, wartime cruelties have happened during the Balkans troubled history. Denying them would be denying and/or distorting history, the very problem that we want to address. Therefore, policy proposals to conduct such reforms would necessarily include ways to overcome such concerns.

This policy paper elaborates one of the existing approaches to curricula and history textbook reform and suggests emphasizing two more elements that any curricula and history textbook could heed in order to improve the balance between historical accuracy and prejudice reduction. First, the paper further elaborates one of the aforementioned policies already undertaken by other countries, namely contextualizing the past by highlighting its unfortunate geopolitical alignments. Second, the paper suggests two additional policy elements that have often been either overlooked or not applied properly: emphasizing the positive role that distinguished individuals, institutions or entire historical periods intrinsically linked with the hostile Other have played in historical events impacting our own people as well as the contribution of those individuals, institutions or entire historical periods to the humanity at large; and highlighting traditional and/or contemporary similarities between one's ingroup and the hostilely perceived outgroups. Third, the paper offers a long term policy proposal, namely drafting and implementation of common Balkans history textbooks, which could smoothly intertwine revised national narratives into a single common regional history.

More specifically, some successful curricula and history textbook reforms have focused on a three-pronged approach to balance historical accuracy with the need for intergroup prejudice:

- (1) Highlighting instances of intergroup cooperation even in the conditions of extreme intergroup hostilities;
- (2) Cleansing history textbooks from the grotesque, namely exaggerated claims and graphic language; and

(3) Contextualizing bitter historical events within a timeframe and geopolitical circumstances of the past.

Whereas this paper further elaborates the latter point within the Balkans context, it also adds to this policy set two more elements emerging from recent research:

Highlighting in curricula and history textbooks achievements and contribution to humanity and civilization of individuals and institutions from rival groups, which we call "the one-civilization approach." Such an approach might help build some overarching loyalties to humanity at large, away from narrowly defined specific groups based on socially constructed, and often loosely and fluidly perceived primordial traits that tend to treat ethnic groups as homogenous ethnic armies.

Highlighting in curricula common traditions, folklore, costumes, traditional and contemporary values, which we call "the common values approach".

Finally, this policy paper views the previous recommendations as stepping stones toward a more ambitious goal, that is drafting and implementing in school curricula of common regional history textbooks that would be able to complement national identities with an overarching European identity, and thus helping to strike the right balance between identity and historical accuracy. Differently from the previous approaches referring to national curricula and history textbook reforms, the latter proposal aims at elevating the reform at the regional level, and possibly setting an example for national history textbooks on how a contemporary history textbook should be written in countries that take seriously both truth and peace.

Contextualizing the geopolitics of the past and the Democratic Peace Theory

Applying the Democratic Peace Theory—the argument that democracies tend not to go to war against each other (Kant 2003 [1795]; Babst 1972; Doyle 2011, 2005; Russett and Antholis 1992; Russett and Oneal 2001; Weede 1992; Rousseau et al 1996; Ray 1998, 2005; Weart 1998) —in contextualizing the geopolitics of the past would have two major benefits. One of them, the short-term benefit, is the one that can be easily assessed by the students: unfortunate events of the past between the ingroups and outgroups occurred under, and were caused by, authoritarian regimes, ruled by power-driven politicians employing narrowly and simplistically defined concepts of group. Second, the long term benefit would stem from the expectation that applying the Democratic Peace Theory in this way would educate students that democracy is a political order that first and foremost brings peace.

Such an elaboration would emphasize that, international conflict aside, the Balkans have national histories filled with domestic instability, authoritarian regimes and economic underdevelopment. An appeal to the Democratic Peace Theory would teach students that Balkans' bitter history comes not from any inherent inclinations of the Balkans population toward conflict and war, but often because of economic mismanagement and underdevelopment as well as power-driven politicians and authoritarian regimes that have not shied away from using ethnic conflict for their power-driven calculations (Kaufman 2001; Kaplan 2005).

A short shrift on some of the contemporary Balkans history textbooks reveals that our students do not learn that all of the Balkan countries are functioning democracies today. Those textbooks do not emphasize the fact that five of those countries (Bulgaria, Croatia, Greece, Romania and Slovenia) are EU member countries; Albania, Macedonia, Montenegro and Serbia are official EU candidate countries; and Bosnia and Herzegovina (BIH) is a potential candidate country, and the EU has reiterated in more than one instance the European future of Kosovo. EU membership is taught as simply joining the West, and not the other fellow Balkanians. Such a perpetual "Balkanization," a tendency for fragmentation and self-isolation is the recipe for the perpetuation of ethnic prejudices and conflict.

In order for the Democratic Peace Theory to serve as the foundation of a new regional context, students should learn as much of the present as of the past. A democratic contextualization of the relationship among the Balkans countries and populations would mean to put the bitter past on the backdrop of unfortunate geopolitics of the past, and emphasizing that, by embracing democracy, Balkan countries have chosen the path toward friendship and cooperation with their neighbors. Therefore, not the authoritarian past, but the democratic present should serve as the background over which Balkans should judge each other; and that by being democratic, the Balkans would most likely no longer go to war against each other.

The one-civilization approach

The one-civilization approach implies that the Balkan countries all aspire to and subscribe to the Western civilization, which in turn benefits contributions from each and every of its constitutive entities and individuals (Sulstarova 2011). In turn, each and every of the Western civilization's constitutive entities and individuals benefit contributions from other entities and individuals. The awareness of such a common civilization umbrella would bring closer together different societies and individuals from those

societies. Such an approach would run against existing tendencies to portray one nation as civilized, whereas the adversaries are portrayed as uncivilized, barbarians and savages (Pavlović and Rajković 2018; Sulstarova 2018).

Work conducted by Giakoumis and Kalemaj (2018) on Albania's history textbooks until 1990 reveals that, during periods of improved economic and political relations between Albania and Greece, the Albanian history textbooks showed an increased focus on the ancient Greek civilization role in the modern/Western civilization, as well as the contribution to humanity at large of ancient Greek philosophers, playwrights and poets. Although such research is still in its infancy, and we currently lack data that would empirically assess the role of such strategy in reducing intergroup prejudices, it seems common sense that such approach carries the potential of bringing people together under the overarching loyalty of a common civilization rather than the typical Balkanization along ethnic and religious lines.

Practically, Albanian textbooks should not circumvent the historical truth that Albanian continuous presence in the western and central Balkans notwithstanding, ancient Greek colonies such as Buthros [Buntrint], Apollonia [Pojan, Fier] and Epidamur [Durrës] were major contributors to the Albanian economic and political developments of their times, but also the echo of such civilization continues to inform the contemporary western oriented Albanian culture and civilization. Unfortunately, the contribution of Greek colonies to the civilization and development of mainland territories has often been swept under the rug of the nation-building narrative and nativist myths, and Albanian history textbooks tend to overemphasize local input and downplay any positive foreign influence (often from neighboring cultures) in Albanian history and civilization. In Albanian history textbooks circulating in Kosovo, the Greek culture of coastal colonies on Illyria is overlooked, while Illyrians are presented as culturally superior to Greeks (Abdullahu 2018). Increased number of school organized visits of Albanian students from Albania and Kosovo to Albanian archeological sites would show the students that those ancient cities used to write Greek, and that centuries ago, various Balkan groups and their particular cultures were not as hostile toward each other as they tend to be today.

By the same token, notwithstanding the centuries old Albanian continuous presence in Kosovo (Vickers 1998), Kosovo's wonderful Serbian churches and monasteries are key contributions to the Western civilization and humanity at large. However, unfortunately, they continue to be seen by the Albanians as outposts of Serbian occupation and oppression. Whereas they appear in art and architecture history textbooks all over the world, Albanian history textbooks in Kosovo barely mention them, and even

in those cases, in negative light. While the monasteries of Peja, Deçan and Graçanica bring marvel to tourists and scholars from all over the world, it would be very unusual for Albanian Kosovar students to visit them as part of school curricula (for an exception, see Klan Kosova 2017). Moreover, Kosovo's history textbooks should mention the role and contribution of Albanian masters in this civilization. Historical evidence shows that Albanians have been friendly visitors of Serbian orthodox churches at least as late as the era of photography. Kosovo's school curricula and history textbooks could teach students such historical truths and use history to educate less prejudicial students.

The shared-values approach

The shared-values approach aims at pulling curricula and history textbook reform toward the awareness that often-neighboring ethnic groups are not so different, and that their differences might not be as deep as they may think. This approach stems from the work of Serbian scholar Alexandar Pavlović (2015), who argues that the Albanian-Serbian conflict over Kosovo originates not earlier than the last quarter of the 19th century, and that Serbs, Montenegrins and Albanians have more in common than they are ready to admit, including traditions such as folk oral songs and heroic narratives, which stem from a similar social background and shared patriarchal values among these ethnic groups. Whereas such similarities have been observed long before by western scholars and travelers (Durham 2001 [1909]; West 2006 [1941]; Kaplan 2005), there seems to be a growing awareness among the Balkans people about their anthropological and social similarities, values and history (Peeva 2003). Other authors have evidenced the migration of folklore and mythology and political idea between Greeks and Albanians (Giakoumis 2018; Koulouri 2016). Adding to those similarities new military and political alliances in NATO and the EU might represent a departure from the existing ethnocentric view of Albanian-Greek history, and toward a reinforced perception of a common past, present and future between Albanians and Greeks.

Toward common Balkan history textbooks

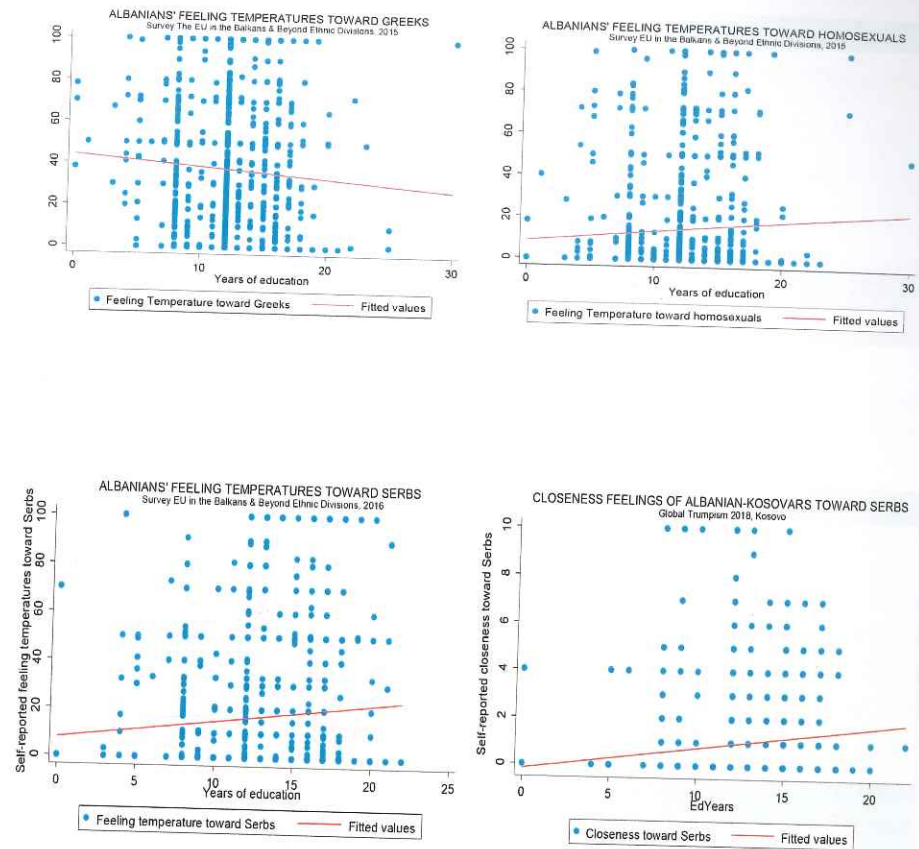
The aforementioned approaches should be used as a way toward common Balkan history textbooks coauthored by scholars from all the countries in the region and scholars from outside the region. Research on history books and textbooks has shown that most of history academic publication and textbooks in the Balkans are ethnocentric to the point of totally ignoring sources from other countries' historiographies (Giakoumis

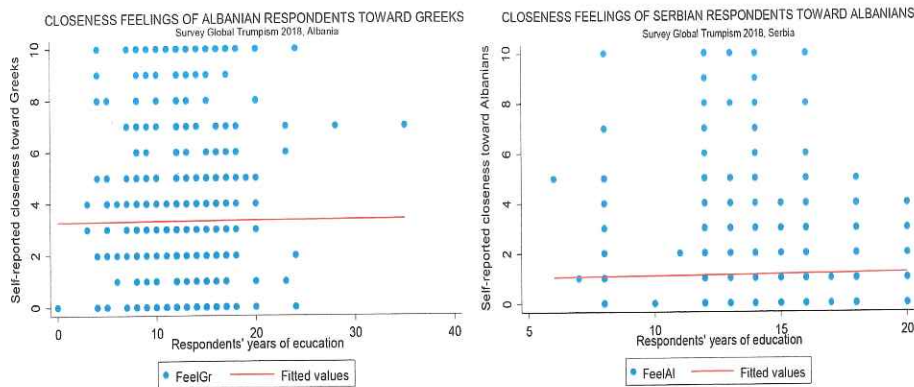
2018). There might be several reasons for that, beyond the simplistic narrative of nationally indoctrinated scholars. Many Balkan historians lack knowledge of their neighbors' languages. Also, some national archives offer easier access to historical documents than others (Giakoumis 2018). However, there exists a growing willingness of younger, foreign educated scholars from the region to collaborate across ethnic and international borders in order to produce quality scholarship (Giakoumis 2018). Joining forces with scholars from outside the region would help forge some more overarching objectivity and credibility, and also bring updated expertise (for successful examples and challenges to this approach see the edited volume by Korostelina and Lässig (2013)). Such a joint project should be focused on consolidating the delicate balance between national identity and historical accuracy with an overarching feeling of a European identity and common future within the same extended European political family, the European Union.

Drafting of and implementing in school curricula common history textbooks represents a novel approach even for other world regions, and thus there is only scarce research on factors that influence success or failure in such projects (Lässig 2013). However, we claim that the aspired common geopolitical future of the Balkans within the European Union uniquely positions the region to consider such a project as a significant way to bring to an end the hermeneutically and symbolically established national differences and enmities, and to focus on what vast empirical evidence already supports, significant similarities among the Balkans as well as an inclination of various ethnic groups and countries toward living peacefully together.

Appendix

Table 1. Examples of the association between levels of education and people's feelings toward outgroups





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Author: Milana Lazic
European Institute for Gender Equality

TITLE: GENDER EQUALITY AS THE HORIZONTAL CATALYZER OF REGIONAL COOPERATION IN THE BALKANS

2. Executive Summary

The main purpose of this Policy Overview is to show that investment and engagement in gender equality contributes achieve merit-based progress on the path of the EU for all individual actors in the Balkans. Moreover, it can be used as a catalyzer of regional cooperation. Regional cooperation in the area of gender equality creates driving potential for the implementation of the newly adopted "Balkans Strategy" and rule of law as one of the main merit-based benchmarks.

Focus of the brief is limited to examining how increased gender equality can contribute to Berlin process and bring support to EU enlargement process and regional cooperation. Four burning gender-related issues, persistent across the whole region, have been recognized: gender-based violence, political participation and decision-making, lack of gender mainstreaming, gender stereotyping and discrimination in the labor market.

Recommendations go in line that the only way gender equality can improve is if the public authorities leave the status quo and improve de facto gender equality level, based on concrete data which support proposed policy actions, established monitoring mechanism for merit-based effects and existing expertise among civil servants and ownership of decision makers. Regional cooperation in this area can be of great help, as it might support efficiency of actions that have proven to be good practice by some individual actors in the Balkans. It can be used by others, and peer review and exchange of practices particularly seem to be beneficial, in two ways: for de facto improvement of gender equality and for the implementation process of the Balkan Strategy and within Berlin process.

The brief is highly relevant in the light of five-year-implementation of Berlin process, that will be crowned in the upcoming London Summit. For the first time, gender equality will be in the agenda spotlight.

Rationale for action on the problem and policy problem

When new European Commission started in 2015, it was clear for the Western Balkans that there will be no enlargement during its mandate. In the White Paper on the future of Europe, Commission offered five scenarios on the state of the Union until 2025. All five scenarios are the results of a decision of Member States that they continue to work together as Union, but with the acknowledgement that „continuing as before“ is not a sustainable solution.¹

Berlin process² was established under German Chancellor Angela Merkel's patronage³ to strengthen regional cooperation in the Western Balkans and individual national development during the mandate of current European Commission. The reason was that consolidation of EU Member states took major role and put enlargement negotiations on hold, as the general framework of Berlin process is to support fulfillment of Copenhagen political accession criteria.⁴ During its time, Berlin process demonstrated it guards and fosters regional cooperation and inter-government, and besides Germany, process was joined by France, Austria, Italy, Slovenia, Croatia, European Commission and international financial institutions.⁵

Even though credible politics of enlargement is a strategic investment in European security and prosperity, as it is stated in Global Strategy for the European Union's Foreign And Security Policy and rule of law is one of the policy areas within Berlin process - gender equality is often perceived as not-so-important as hard security and is failing to become an inseparable part of that area, and at the same time it is not seen as vital for EU negotiations.

1 Opinion form Sec Gen Maja Bobic of European Movement of Serbia, available here: <http://www.emins.org/english/news/article/no-eu-future-without-enlargement>

2 Transforming the region could best be secured through economic growth and increased regional cooperation, led to the so-called 'Berlin process'. The aim would be to open EU accession negotiations for the whole WB region, and in the same time to complete negotiations for the "most advanced" countries by the end of this decade (i.e. Serbia and Montenegro)

3 Used by author on purpose to replace known word patronage – implying that the patron is a woman. Matronage is female version of patronage.

4 stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; a functioning market economy and the ability to cope with competitive pressure and market forces within the EU; ability to take on the obligations of membership, including the capacity to effectively implement the rules, standards and policies that make up the body of EU law (the 'acquis'), and adherence to the aims of political, economic and monetary union.

5 file:///F:/OSF%20Alumni/The-Future-of-the-Berlin-Process-2.pdf, page 1

Leading the Western Balkans inside the European Union: 2018 will provide a unique opportunity for the region to make irreversible steps forward in its EU integration, provided that the utmost priority is given to the necessary reforms, in particular to rule of law, justice and fundamental rights, were the words of Federica Mogherini, High Representative of EU for common security policy⁶. With a renewed dynamic in the EU's enlargement policy and a chance to make important progress throughout the region, High Representative underlined the need for all Western Balkans partners to accelerate essential reforms in order to deliver on their citizens' expectations and take concrete steps towards EU integration.

New Enlargement Strategy of European Commission, also known as "Balkans Strategy" adopted in February 2018, considers regional cooperation and good neighborly relations essential for progress on the countries' respective European path. This also implies full ownership and leading by example from the leaders of the region, and key for all Western Balkans individual path towards becoming EU Member State cannot be done without regional cooperation.

Balkans Strategy recognizes that merit-based prospect of EU membership for the Western Balkans is in the Union's very own political, security and economic interest. It is a geostrategic investment in a stable, strong and united Europe based on common values. A credible accession perspective is the key driver to transformation in the region and thus enhances our collective integration, security, stability, prosperity and social well-being. It remains essential for fostering reconciliation and stability, as communicated in the Balkans Strategy.

During Bulgarian Presidency of the European Council, Western Balkan Summit organized in Sofia in May 2018 issued Sofia Declaration that reads as follows: "EU supports the Western Balkans partners' pledge to continue strengthening good neighborly relations, regional stability and mutual cooperation."

As EU enlargement is investment in the prosperity, security and well-being of its citizens, thus gender equality is an investment in all of those factors.

Following the EU path, gender equality is one of the core EU values and its horizontal principles. Having in mind that each one of the EU candidates and potential candidates has put gender equality on the agenda, regional cooperation in this area can strengthen not only implementation of Balkans Strategy, but also support Berlin process, improve leverage of gender equality policies on the national level and in practice. Gender equality is one of the benchmarks within EU Negotiation Chapters along with the rule of law and social and employment policy and it is a horizontal issue that should be a part

6 personal webpage

of all negotiation Chapters. Not tackling gender can only lead to gender blindness, because women do make around half of population alongside with men in every society, and not addressing their needs leads to deeper gender inequalities and policy failure.

The new European Consensus on Development, adopted in May 2017, emphasizes the European Union (EU) as a global leader in promoting gender equality and women and girls' empowerment in its external relations, particularly through the comprehensive EU Gender Action Plan II: Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020 (GAP II). It aims to further gender equality through all European Union (EU) external activities and relations and covers the Commission services and the European External Action Service (EEAS) activities in partner countries, especially in developing, Enlargement and Neighborhood countries.

The GAP II Four Pivotal Areas are: A) Ensuring girls' and women's physical and psychological integrity; B) Promoting economic, social and cultural rights - economic and social empowerment; C) Political and civil rights - Strengthening girls' and women's voice and participation; D) Institutional culture shift in the European Union external relations.

Gender inequality is a matter that speaks the same language in the Balkans. According to a recent survey conducted among two hundred civil society organizations in the region, following issues have been recognized as the burning ones: gender-based violence, political participation and decision making, lack of gender mainstreaming, gender stereotyping and discrimination in the labor market. The palette of gender-related issues varies from "property ownership and inheritance in Kosovo"⁷ to the phenomenon of sex-selective abortions in Montenegro". (8)

Existing initiatives are driven mainly by EU and international community influencing policy making in the area, while civil society often were the ones who had the expertise and stepped into shoes of doing government policy monitoring instead of the governments themselves. This has unfortunately often lead to lack of ownership of policy measures, lack of applying evidence of using data and lack in expertise of design and implementation of policies and measures and moreover, no proper monitoring of policy effects.

Violence against women, especially physical, is the most critical issue in the Balkans. Femicide, as the most severe form of violence against women, resulting in death, happens in Serbia almost every week, while in Kosovo almost 70% of women are victims

7 *This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

of domestic violence. In Bosnia and Herzegovina, 47 % of women have experienced violence since the age of 15, with the most prevalent form being psychological violence of 45%. (8,15)

Estimation of costs of intimate partner violence in the EU 28 Member States estimates 109 billion EUR per year.



Source: EIGE, cost of intimate partner violence

Gender pay gap and discrimination of women at the labor market, is another burning issue that has not been tackled properly yet by national policies. Mostly, these initiatives come from international community which recognize this issue. According to the World Bank, the average female labor force participation rate remained unchanged in the region during 1999–2009. The Balkans have a slight increase, of 2 percentage points, compared to EU ten countries that did not change over the decade.

Many challenges hinder gender equality in access to economic opportunities and gender gaps in access to economic opportunities are persistent in the Balkans. Women are facing barriers and disincentives to work, including access to land, labor market, social norms and labor regulations that create constraints. In Albania and Kosovo, about 40-45

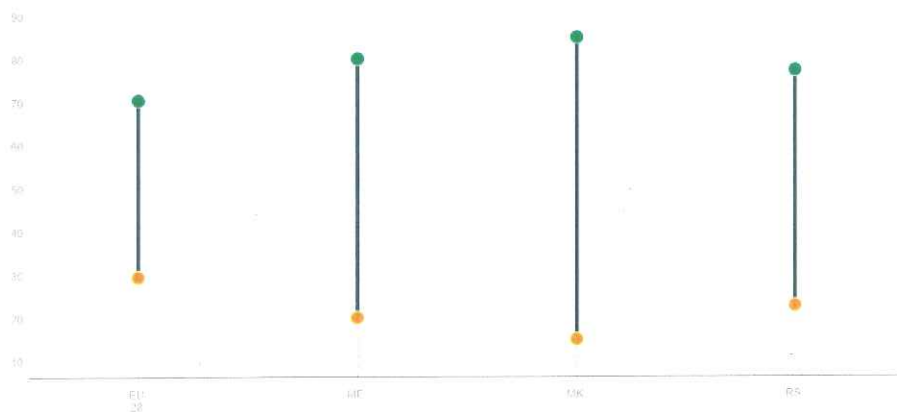
% of employers have issues to hire women, because it is costlier due to labor regulations, while one quarter in Serbia and a half in Albania see issues to hire women because of their potential family obligations. The design of maternity leave can also create disincentives for employers to hire women. In the Former Yugoslavian Republic of Macedonia, 17% of women have registered as owners or co-owner of property, while in Bosnia and Herzegovina, for example, 57 percent of firms owned and managed by women face a financing gap (8,7).

Another persistent issue is objectification of women in media, caused by rooted gender stereotypes and patriarchal social norms across the Balkans. From TV to online media, women MPs to victims of violence, women are often presented as incapable to be more than a body and often exposed to commentary about their physical looks, alluding they are provokers and guilty for the experienced violence.

Compared to EU 28 Member states, percentage of women in decision making positions in the national Government for Serbia, Montenegro and Former Yugoslavian Republic of Macedonia varies roughly around 15-20%, compared to 30% of EU 28 average.

Graph shows data of percentage for position of women and men as members of the Government or political executive.

Yellow point are women and green are men, the gap between is the difference in their level of decision making.



Source: EIGE Statistics Database, Women and Men in Decision Making⁸

⁸ Data for Albania, Former Yugoslavian Republic of Macedonia and Kosovo are not yet available in the database.

Even though gender mainstreaming managed to become a part of all Gender Strategies and Action Plans in the Balkans, they have remained beyond taking action in implementation. The reason for that can be found in lack of tools and methods how to do it, but also of proper expertise from competent authorities.

5. Balkans and gender equality are part of each other

The Balkans are part of Europe and have always been: no political boundary can change this geographic, historic and cultural reality. – Federika Mogherini

Even though gender equality is a part of the European integration process in the Balkans, dedication of merit-based policy making, public authorities' expertise are limited and effective monitoring is yet not in place. Lack of proper enforcement of gender equality policies and mainstreaming of gender across national policies and its compliance with the EU Acquis is slow-paced and there is no recognition that gender equality contributes to regional cooperation and implementation of Berlin process.

The Balkans now have a historical window of opportunity to firmly and unequivocally bind their future to the European Union and demonstrate their merit based focus on becoming an EU Member State. Therefore, gender equality should be a part of binding the future within Berlin process and throughout EU enlargement process.

Joint focus of the region to work together on improving gender equality in each of the societies in the Balkans is something that can contribute to the process of EU negotiations and enlargement, as merit-based progress in the area of gender equality benefits achieving merit-based progress on the path of the EU for all individual actors in the Balkans region.

Thus, it seems that the process itself is folded two ways: for de facto improving of gender equality and process of implementation of the Balkan Strategy and within Berlin process and acknowledgement that these are complementary actions.

In terms of actors, we can divide them in three categories: national governments should shift from being passive actors supported by EU and international community towards being active actors who would take ownership in gender equality policy design. In order for this to happen, we need to build mechanisms for effective policy design, implementation and effective monitoring of gender equality. We have to build expertise and institutional support within the Governments and train them to use data for basis of gender equality policy design.

Establishing clear mechanisms of effective donor coordination in the area of gender equality could help integrate efforts of donor coordination and efficient use of EU and

international funds. The support provided makes it possible for EU candidates and potential candidates to implement necessary political and economic reforms on their EU paths both individually and as a region.

Participation of civil society has to be persistent, and their expertise used to support Governments and public authorities, while Governments and public authorities must not use civil society expertise selectively, but rather acknowledge the work for women's empowerment and gender equality and their contribution to the society.

On the other hand, civil society should continue being service providers and shadow reporters, as it will ensure independent monitoring of government policies.

One of the bridges for that could be Berlin Plus initiative, which will focus more on measuring effects of already started initiatives and developing monitoring mechanism for measurement of achieved results.

By putting gender equality in regional focus, regional cooperation will directly support implementation of the Balkans strategy within individual actors and national societies. Currently there is a potential for regional cooperation in the area of gender equality that serves as engine for going forward.

Some of the existing good examples in the region

- Ongoing work of EIGE in the region with the support of Directorate General for European Neighborhood Policy and Enlargement Negotiations in the area of gender equality and fostering regional cooperation since 2013. The Balkans present a big opportunity for making improvements in gender equality, regional cooperation and European integration. It is in the EU's interest to involve candidates and potential candidates in the work of EU agencies, such as EIGE, and to provide them with transfer of knowledge, methods and tools, including methodologies for improvement of gender equality, monitoring mechanism for measurement, such as Gender Equality Index and gender mainstreaming of public policies, including work on gender-based violence. EIGE's cooperation on improvement of gender equality in the region has managed to involve whole Balkans in developing their national Gender Equality Indices as a measurement of gender equality achievements, but also as a monitoring tool. In line with the Balkan Strategy and working with the region, EIGE has recognized potential of sharing and promoting regional initiatives in the area of gender equality in a form of collecting good practices. In this way, increased visibility of the amount of work in this field

will contribute to shifting focus of main stakeholders in recognizing the importance of gender equality in contribution to EU enlargement process and regional cooperation.

- Gender focal points operating in EU Delegations in the region are working hard to support national and public authorities in building institutional capacities that come from GAP II. Through this support, UNWOMEN has established Gender Equality Facility in Albania - a project on gender mainstreaming of government policy documents funded from IPA funds by EU and is now programmed for Montenegro and Serbia.
- Organization for Security and Stability in Europe (OSCE) has started with Survey on the Well-being and Security of Women in South East Europe, Eastern Europe and the South Caucasus. The project is highly relevant because of data collection across Western Balkans for development of violence sub-domain of the Gender Equality Indices and has established a diplomatic academy for women aiming to tackle reconciliation as regional initiatives.
- UNWOMEN Regional office has a regional project for government officials, civil society organizations and international community on combatting violence against women in the Western Balkans. Moreover, the work of UNWOMEN on gender budgeting is a tremendous breakthrough in the whole region, and some of the examples are being recognized as good practice in introducing gender budgeting in the world.
- Serbia was the first country outside of the EU to develop Gender Equality Index. One of the good usage of the Index could be to monitor implementation of gender equality within the Government Action Plan, but so far no effects of this monitoring mechanism have been shown.
- Former Yugoslavian Republic of Macedonia has established mandatory training on gender equality for all civil servants and has a very successful regional project on gender budgeting managed by UNWOMEN.
- Women Parliamentary Networks and Clubs, that exist in the whole region, consist of women members of the parliament and they are advocating for more women in the parliament, changes of electoral law to ensure women participation, and for signature of Istanbul convention.
- Another good example of changing social norms is cultural regional and European feminist festival BEFEM that gathers regional and European activists and artists tackling and promoting feminist culture and gives space for feminist voices to be heard.

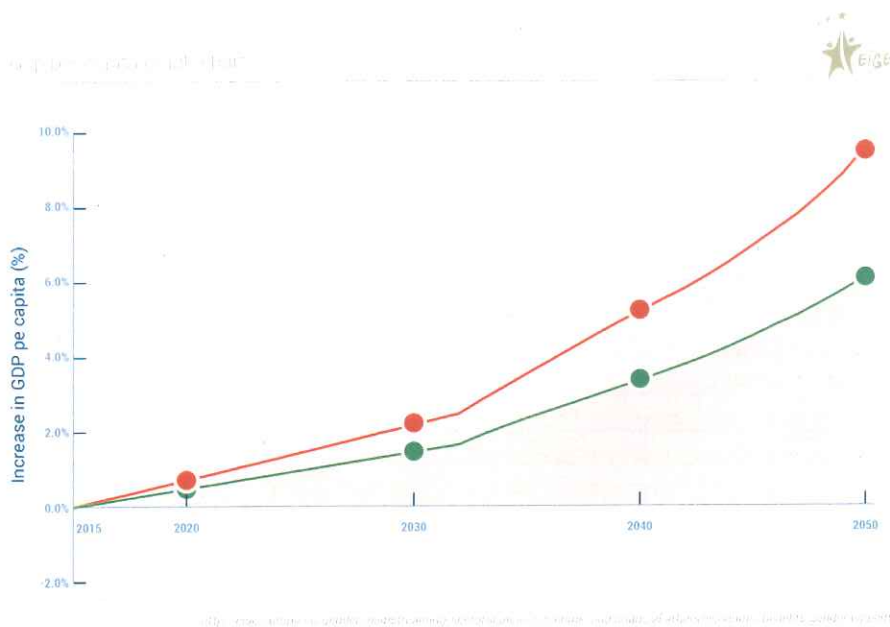
- Be a man project in Serbia, successfully tackling issues of men's role in gender equality, has been implemented in high schools for almost 10 years.

Policy Recommendations

We learn by example and by direct experience because there are real limits to the adequacy of verbal instruction. – Malcolm Gladwell

In order to take forward gender equality policies and effectively support structural reforms in the Balkans, in line with EU Acquis, firstly we have to acknowledge EU efforts and Framework in the area of gender equality within the EU.

Recent study of the European Institute for Gender Equality has shown that gender equality has strong and positive impacts on Gross Domestic Product (GDP) per capita, which grows over time. By 2050, improving gender equality would lead to an increase in EU (GDP) per capita from 6.1 to 9.6%, which amounts from €1.95 to €3.15 trillion.



Additionally, improvements in gender equality could bring about additional 10.5 million jobs in 2050, which would benefit both women and men, leading to potential of 80% employment rate for women, having in mind their lower rate of employment among total population within the EU.

Study on the cost of violence of European Institute for Gender Equality (EIGE) recognizes: evidence shows that the impact of gender-based violence on economies and society is significant and thus a holistic approach involving all stakeholders focused on the elimination of gender-based violence is fundamental to addressing the root causes.

It is essential that effective monitoring and expertise are consistently build among public authorities and gender mainstreaming is properly introduced on a merit-based level within public policies. Additionally, it is crucial that the monitoring of gender equality shifts from expert civil society organizations, towards competent public authorities, including data collection.

Priority is building capacities of public authorities and civil servants to develop mechanisms that will unlock gender equality potential, not only for the sake of promotion of these efforts, but for actual merit-based impact that will reflect into data.

Next step would be to use the data for effective monitoring of future policy progress. Development of national Gender Equality Indices across all Western Balkans is very encouraging. Data collection for Women and Men in Decision Making will also cover all Western Balkans and allow both regional comparison and with the EU 28. The next step would be to design effective monitoring mechanism based on this data and measure gender equality progress and design gender equality policies.

Regional cooperation and should be fostered for national governments, so they support each other and learn from good examples of certain gender equality practices that have proved to be working. Regional peer support here is very important. Thinking outside of the box. To achieve the goal, sometimes is better to take a step back and think of ways less obvious. Regional cooperation should intensify in the area of gender equality.

Using the practices from civil society and their expertise in development of policies, but also increase the visibility of already existing actions in the area of gender equality. Promotion of good practices of policies and actions that give results in the region in the area of mainstreaming gender equality actions could be a solution to the problem. Empowering roles of women' CSOs to monitor and use their expertise in the policy making.

Better access for women to labor market and removing barriers can promote economic growth and social inclusion of women, especially vulnerable groups. This cannot be done without access to property and finance, labor market, and improved monitoring and coordination of gender equality goals (15). Additionally, promotion of economic benefits of gender equality that fit the regional development and increase of GDP is argument that all decision makers could strive towards societal development, instead

of spending budgets on costly protection of victims of violence and punishment of perpetrators.

In the Balkans, we need to think proactively, how these mentioned examples can become sustainable practice and how enforcement of rule of law can be in place, once they are not funded by EU and international funds.

Gender sensitive reporting can help at large to tackle the phenomenon of gender stereotypes and patriarchal social norms. We need to show different imagery of women, and acknowledge their participation in decision making, economic and social life that contribute to development and acquired reform towards EU accession. Following steps can be beneficial: selection of stories and sources in order to achieve balanced presence of women and men, reflecting composition of society and human experiences; fair portrayal of women and men through elimination of stereotypes and multi-dimensional representation; use of gender sensitive language and increased presence of women in decision making bodies in media organizations (9). Promoting men's active role in gender equality is also very important. Additionally,, support cultural events that promote feminist culture and bring it closer to the people. Ensuring mandatory introduction of gender mainstreaming in education in order to promote EU gender sensitive values and increase gender sensitivity throughout education.

Final remarks

Continuation of Berlin process should specifically recognize gender equality as engine of change that contributed to the economical and societal reforms within EU Acquis. Support to the gender equality will contribute towards achievement of those necessary reforms. If gender equality isn't tackled, it might contribute towards gender blindness and to unequal distribution of social, political and economic power.

If regional cooperation in the area of gender equality is positively tackled and policy recommendations effectively implemented, is it possible to foresee positive achievements that would be reflected in the data and positively contribute to the implementation of the Balkan strategy for the EU enlargement negotiations with the Balkans.

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Belgrade Open School

Masarikova 5/16
11 000 Belgrade
Serbia

Tel: + 381 11 30 61 341
+ 381 11 30 65 800
Fax: + 381 11 36 13 112

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