

Policy Brief

Western Balkans, EU Enlargement and Growth in Changing Geopolitics

Context

The six countries of the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia) stand at a decisive moment in their European integration journey. Over two decades after the Thessaloniki Summit in June 2003 affirmed that the region's future lies within the European Union, accession remains an unfinished process — yet one that is now more strategically urgent than ever. The evolving global order, marked by geopolitical fragmentation, energy insecurity and economic consequences of war in Europe and European neighborhood, has placed enlargement back on the EU's strategic agenda. The region's integration is no longer only a question of commitment but of continental security, competitiveness and resilience.

For Western Balkan societies, the path to EU membership is not only an institutional capacity building, but also – and even more importantly - a transformative agenda, designed to modernize institutions, raise living standards and accelerate sustainable growth. Against this backdrop, the Strategers Square convened policy experts, economists and academics to examine how geopolitical change can be translated into renewed reform momentum and tangible economic progress.

Key Challenges

Persistent weaknesses in public administration and institutional coordination continue to hinder effective policy implementation. Many pre-accession funds remain under-utilized due to fragmented responsibilities, insufficient professional capacity and frequent political turnover. Reform measures are often initiated but are not carried out to completion, thus slowing down key accession driven reforms and reducing efficiency, public trust and credibility.

Slow progress toward EU standards has imposed a high economic cost. The region's GDP per capita would have been significantly higher had EU accession occurred earlier. This shortfall reflects missed opportunities for productivity gains, innovation and stronger human capital formation. Although the EU provides substantial enlargement support, real convergence remains difficult outside the Union's sizeable structural and cohesion frameworks.

The education systems of the Western Balkans face structural challenges, insufficient alignment between curricula and labor-market needs, limited vocational training and a lack of practical experience for graduates. This mismatch weakens competitiveness and contributes to youth emigration.

At the same time, the European Union's internal focus is shifting from the classical enlargement model toward a framework of unification. This evolution requires the Western Balkan states to

recalibrate their reform agendas, focusing on credibility, differentiation through phasing in and gradual integration, and measurable outcomes aligned with new EU instruments and strategic priorities.

Evidence-based policymaking remains uneven across the region. Academic and scientific institutions often produce research after decisions are made, while policymakers require timely analyses to design responsive measures. Stronger cooperation between think tanks, universities and decision-makers can help bridge this gap and ensure that policy interventions are grounded in real data and contemporary needs.

Core Insights

Discussions emphasized that commitment and capacity building must advance together. Sustainable reform depends on clear mandates, professional institutions and continuity beyond political cycles. EU aligned reforms have intrinsic domestic value. The adoption of European standards, including European norms and technical standards, can substantially improve governance, economic performance and social outcomes, regardless of the accession timeline.

Participants also highlighted the importance of public awareness and accountability. Citizens must see and understand the tangible benefits of reform to sustain trust and engagement. Institutional capacity remains the key bottleneck for the region's progress. Without effective management systems, even well-designed EU instruments cannot deliver their intended results. AI tools and digitalization, in general, can and should be used to the maximum possible extent, accelerating processes that are costly and time consuming for small economies and administrations as candidate countries are.

Regional cooperation under the principle of “equal playing field” for all, can multiply impact by building economies of scale, advancing digital transformation and creating cross-border networks of innovation and trade. Think tanks and academic institutions were recognized as crucial partners in this process, offering the flexibility and analytical depth needed to connect research, practice, and policy design.

Policy Recommendations

Strengthen Institutional Capacity:

- Establish professional, cross-party reform teams with defined mandates and parliamentary oversight to ensure policy continuity.
- Delegate or outsource specialized administrative tasks to qualified public or academic institutions where state capacity is limited.
- Introduce joint monitoring and reporting mechanisms that involve government, academia and civil society.

Invest in Human Capital and Education Quality:

- Modernize university and vocational curricula to integrate case studies, internships and partnerships with the private sector.
- Expand modular and micro-credential programs to encourage lifelong learning and upskilling.
- Build stronger links between vocational education and industry needs to improve employability and reduce skill gaps.

Accelerate EU-Aligned Economic Transformation:

- Maximize the use of existing EU Programs and funds as well as the EU instruments for the Western Balkans, such as: IPA III, WBIF and the Reform and Growth Facility by linking funding to clear, measurable reform benchmarks.
- Prioritize green, digital and innovation-driven sectors in line with the EU Green Deal and Digital Europe objectives.
- Diversify export markets within the EU to reduce dependence on a single trading partner and strengthen resilience.

Deepen Regional Cooperation and Connectivity:

- Ensure full respect of CEFTA agreement by all partners, and complete implementation of the Common Regional Market agenda 2025-2028, to remove barriers to trade, mobility and services.
- Introduce digital border management tools and participate in SEPA to lower transaction costs and facilitate e-commerce.
- Encourage cross-border research and innovation clusters to enhance regional competitiveness in energy, technology and AI.

Foster Evidence-Based Policy and Quadruple-Helix Cooperation:

- Institutionalize collaboration between policymakers, academia, think tanks and the private sector to provide timely, data-driven analyses.
- Promote joint research and dialogue platforms focused on EU integration, growth and governance.
- Engage business associations and civil-society organizations to co-create solutions and increase absorption of EU and donor funds.

Conclusion

The discussion reaffirmed that EU integration is not only a political commitment but also an economic and social modernization strategy. To accelerate real convergence, the Western Balkans must close institutional gaps, strengthen their human-capital base and build regional synergies anchored in European standards and values.

Transforming intent into measurable progress requires sustained leadership, professional capacity and genuine partnership between the public sector, academia and independent policy actors. Use of AI tools to ease and accelerate the process is becoming a must element. The opportunity window is narrow, but the direction is clear: strategic acceleration, not incremental adjustment, must define the next phase of the Western Balkans' European journey.

Acknowledgements. Strategers Institute acknowledges the contributions of participants at the Strategers Square on October 4, 2025: Emeritus Prof. Dr. Iraj Hashi, Academician Prof. Dr. Abdylmenaf Bexheti, Prof. Dr. Aleksandar Stojkov, MSc Dragan Tilev, MSc Drita Abdiji-Hallili, MSc Ilina Mangova, MSc Biljana Butlevska and Prof. Dr. Fatmir Besimi.

Contributions. Highlights from the discussion:

Emeritus Prof. Dr. Iraj Hashi: “A major challenge facing North Macedonia is to improve the quality of human capital at secondary and post-secondary levels of education and training. VET schools need improving their facilities and equipment and developing apprenticeship programmes with industry. At higher education level, institutions should ensure that their graduates are equipped with the knowledge and skills necessary to meet the needs of the labour market. Only then we will see a rise in productivity and improvements in the absorptive capacity of the Macedonian economy.”

Academic Prof. Dr. Abdylmenaf Bexheti: “Think tank organizations and institutes such as Strategers can play a highly complementary role alongside higher education and scientific institutions in enhancing institutional capacity for conducting research and policy analysis. Their strength lies in greater efficiency and effectiveness, primarily due to their flexibility and ability to prepare analytical studies in a timely manner, tailored to the ex-ante needs of policymakers. In contrast, traditional academic and research institutions tend to be more rigid and often produce research ex-post, after policies have already been formulated or implemented. Moreover, the communication channels of think tanks allow for faster and more responsive interaction with policymakers’ needs. The synergy between think tanks and the academic community strengthens the capacity for project generation and the development of applications aimed at attracting and absorbing available European funds. When this collaboration further extends to include the business community and civil society organizations, it creates the Quadruple Helix model - a model of cooperation that is highly necessary for both the region and the country, fostering innovation, knowledge transfer and evidence-based policy development.”

Prof. Dr. Gligor Bishev: “It appears that for the Western Balkan Countries, commitment, dedication and institutional capacity are key for implementing reform agenda and boosting growth. Reform agenda is implemented slowly, partially and not consistently. Due to this, utilized pre-accession funds on average are between 40-60 percent and growth remains insufficient for swift catch up and convergence. Creating professional teams with consensus or 2/3 majority in the Parliament, with a clear mandate and term of office for the period up to accession are perceived as key instrument for increasing institutional capacity for implementation of the reform agenda. Support of the Parliament and clear accession strategy would set up clear priorities and maintain the speed of the process.”

Prof. Dr. Fatmir Besimi: “In the current geopolitical context, EU integration for the Western Balkans must be understood as a strategic investment rather than a formal or technical accession process. Institutional reforms are essential to accession, but it’s relevance goes much beyond, it is central to the region’s long-term economic growth, democratic resilience and security alignment. For the Western Balkan economies, integration represents a pathway to higher productivity, energy diversification and technological modernization, reducing vulnerability to external shocks and geopolitical influence. At the same time, for the European Union, enlargement in this new geopolitical reality constitutes a strategic interest of critical importance. It reinforces the Union’s capacity to project stability, manage its borders effectively and preserve its role as a coherent political and economic actor on the global stage. Advancing integration is therefore not only a regional aspiration but also a continental necessity, essential for safeguarding Europe’s competitiveness, security architecture and strategic resilience.”

Prof. Dr. Aleksandar Stojkov: “Recent empirical evidence suggests that the loss of GDP per capita due to delayed EU accession amounts to approximately one-third. Put differently, the country’s GDP per capita could have been about 33 percent higher had it joined the European Union earlier. This economic gap reflects not only foregone income, but also lower productivity, weaker human capital formation, poorer health and education outcomes, and slower development. While the European Union provides substantial support to candidate countries through enlargement assistance, the structural and cohesion funds available to less developed EU regions are significantly larger. This asymmetry makes real convergence more difficult to achieve outside the Union. Although strengthening transatlantic relations and deepening partnerships with the United States and UK is a positive strategic development, it cannot substitute the transformative effects of the EU integration agenda. In an increasingly fragmented geopolitical environment, the full benefits of access to the European single market must be utilized. The current heavy concentration of trade with Germany—an economy experiencing stagnation—highlights the urgent need for export diversification, including toward other EU member states. The rationale for aligning with EU standards and implementing EU-driven reforms extends beyond the accession process itself. These reforms are intrinsically valuable for improving economic performance, institutional quality, and societal well-being, even in the absence of a clear timeline for membership.”

Dragan Tilev, MSc: “I will address three critical points. First, we must achieve a correct understanding of the rapid, unprecedented global changes and how they necessitate adjustments in EU policies. These shifts have both direct and indirect consequences for the Western Balkans region. Second, we need a careful analysis of the State of the European Union (SOTEU) 2025 address by President of the European Commission (PEC) von der Leyen this September. This address signals a strategically important shift from the classical Enlargement process to one of Unification, introducing a new dynamic and political momentum that our leadership must recognize and follow, including a focus on differentiation. Third, timely political decisions at the state level are essential. These decisions must fully respect global, EU and regional changes and challenges, while simultaneously accelerating accession-driven reforms and building sustainable, professional institutions.”

Drita Abdij Hallili, MSc: “Each Western Balkan country is at a different stage and moves at its own pace, shaped by domestic realities and political will. The EU accession process is long and demanding, and for our region it has taken an even heavier toll. Yet the aspiration remains strong, and so does the responsibility - for governments to reform, for citizens to hold them accountable and for the EU to stand by its commitments. What we need now is clarity and credibility. The goals for each country must be reaffirmed and translated into concrete, time-bound reform roadmaps. We don’t need to reinvent the wheel: the EU already has the instruments - from IPA III and the Western Balkans Investment Framework to the Common Regional Market and the new Reform and Growth Facility. What’s missing is full use of their potential and genuine implementation of reform agendas. If governments deliver, citizens engage, and the EU keeps its promises, that will be the true formula for success.”

Ilina Mangova, MSc: “The Growth Plan for the Western Balkans is the most valuable instrument EU has used to assist the Western Balkans to accelerate its accession path. However, the institutions in the Western Balkans countries have weaknesses in managing processes and results. Increased focus should be put to increase the capacity of institutions in these areas to enable fuller and speedier delivery of the plan.”

Biljana Butlevska, MSc: ““The Western Balkans’ path toward stability and EU integration depends above all on accountable governance, regional cooperation and inclusive reform. Democratic transformation cannot advance without independent institutions, civic participation and the consistent application of the rule of law. Civil society, media and youth need to move from the margins to the centre of policymaking, ensuring that reforms are transparent, participatory and people driven. When all stakeholders, from institutions to citizens, work together, reforms become more transparent, participatory and meaningful”.

Disclaimer. Policy Brief reflects insights from the ongoing discussion and does not necessarily represent the views of participants.