



High-Level Conference on South East Europe | 26 June 2024 | Paris

DRIVING COMPETITIVENESS, ACHIEVING CONVERGENCE

Launch of the **Western Balkans Competitiveness Outlook & Data Hub**

MINISTERIAL PANEL – PATHWAYS FOR SMART CONVERGENCE TO BOOST COMPETITIVENESS

KEY TAKE-AWAYS

Establishing an enabling infrastructure is a prerequisite for digital transformation.

Panellists underscored the importance of designing tailored policies to secure the foundational elements of digital transformation, including broadband infrastructure and cybersecurity. For both objectives, sizeable investments into infrastructure, as well as the active engagement of the private sector, will be key to ensuring that infrastructure is well-developed, and its coverage is comprehensive. Panellists provided examples of how this can be done, for instance by engaging local communities, sharing good practices and technical expertise, and boosting regional and international co-operation.

The development of digital skills requires concerted efforts by the governments.

Panellists emphasised the importance of developing human capital and preparing the workforce for the digital transformation. They also noted the benefits of the digital transformation in the retention of talent, by contributing to competitive and inclusive economies. The Western Balkan economies, despite gradually aligning their skills policies with those of the EU, still face significant gaps in developing digital skills. However, panellists noted that the region is on a promising track with reforms and policy agendas in place. Supporting the development of digital skills in both the public and private sectors will be a key area of reforms going forward.

Policy frameworks must adapt to emerging technologies to harness their potential for enhanced productivity.

Panellists recommended that governments should implement policies to regulate and responsibly deploy emerging technologies such as artificial intelligence (AI) and the Internet of Things. Proactive policies to support the use of these technologies are being gradually implemented by the Western Balkan economies, and panellists shared some good practice examples such as Serbia's AI development strategy and Greece's support to its innovation ecosystem. Such policies are essential to maximise the benefits of emerging technologies for governments, citizens, and economies, fostering innovation, efficiency, and societal well-being while ensuring ethical standards and mitigating risks.

Leveraging regional and international co-operation is the key to successful reforms.

Throughout the discussion, panellists praised regional and international co-operation as vital for maximising the advantages of digitalisation and smart convergence. Capacity building, collaborative investments and leveraging regional synergies were praised as some key ways in which the Western Balkan economies and their partners can support smart convergence in the region. Participants highlighted that enhancing both bilateral partnerships between neighbouring economies and other OECD and EU members (such as, for example through the establishment of the Western Balkans Cyber Security Centre with the support of France and Slovenia), alongside active participation in multilateral fora like the OECD, is essential for cultivating a forward-thinking region with technologically advanced, knowledge-based economies.



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SECOND MINISTERIAL PANEL – SUSTAINABILITY AS A DRIVER FOR ECONOMIC GROWTH

KEY TAKEAWAYS

The achievement of sustainable economic development relies heavily on ensuring a fair and equitable shift.

The panellists emphasised that sustainable economic development relies on a just transition, stressing the need to mitigate socio-economic impacts of decarbonisation and protect vulnerable populations and ecosystems. This requires effective policies, a broad societal consensus and robust awareness campaigns on the priorities. It also demands significant financial resources, from both public and private sources, thereby creating opportunities to attract additional investments.

Private sector's role needs to be leveraged to propel sustainable growth.

The importance of engaging businesses to become a partner in the green transition was emphasised. To achieve this, businesses need adequate support at both national and sub-national levels, including financial and technical assistance, along with clear regulatory and policy frameworks, political stability, and effective infrastructure. Noteworthy examples include sub-national climate initiatives in the United States that stimulated lending to small businesses, which are also the backbone of Western Balkan economies.

EU accession is a major driver of sustainable economic development in the Western Balkans and needs to be further advanced.

The panel emphasised the EU enlargement process as a catalyst for the green and circular transition in the region, supported by the Green Agenda and a new EU financial instrument for the Western Balkans – the New Growth Plan. The upcoming Berlin Process Summit in October is further set to adopt a new Common Regional Market Action Plan that integrates sustainable development principles as informed by insights from the *Competitiveness Outlook*. EU member states, such as Germany and Poland, are increasingly engaging in regional approaches to integrate climate and energy priorities in economic development strategies. International organisations and financial institutions are enhancing assistance towards sustainable development goals and supporting accession priorities in the region.

Reinforcing strategic regional collaboration can further support sustainable development.

The panel stressed the importance of regional cooperation for achieving resilience and sustainable development. Panellists underlined the need for all the Western Balkan economies to reinforce strategic collaboration and progress jointly towards EU integration. Additionally, international and regional partners must bolster existing partnerships and implement robust participatory mechanisms that empower citizens to promote genuine inclusivity in regional development efforts.