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The role of digitalisation in transforming Western Balkan societies

Policy Recommendations

1. Digitalisation should remain a high priority in the Western Balkan countries to contribute to the overall well-being of society, increase digital literacy, and expand broadband connectivity in the shortest time possible.

2. The European Union and the competent regional authorities need to monitor the digital transformation of the Western Balkans within the framework of their initiatives and the agreed timeline.

3. As many Western Balkan stakeholders as possible, from civil society to public institutions, should acknowledge that they must work together to raise the level of digitalisation and increase trust in digital services, thereby reducing the digital gap and facilitating access to services for all citizens.

Abstract

Digitalisation is playing an important role in our everyday lives. It has become embedded in every aspect of our lives. The digital transformation has reshaped the way we think, create, and exist as human beings. However, digital advancement is not equally distributed among all regions and countries across the world. One of these regions is also the Western Balkans (WB), where digitalisation is still a rather difficult and developing process. Although there are many international and regional players in the field of digitalisation, it remains a challenge. The WB countries have recently begun collaborating in the framework of initiatives, such as the Digital Summits, to work on digitalisation. The European Union also funds and implements projects that foster regional digitalisation. The EU is joined by the Organization for Security and Co-operation in Europe, the Regional Cooperation Council, Open Government Partnerships, and other actors that promote digitalisation. Regional cooperation and collective problem-solving are key to advancing digitalisation in the WB. The countries of the WB need to be convinced that digitisation must remain high on their agenda and be given their full attention. In addition, it is necessary to ensure equal and secure access to digital services for all without discrimination. The digital transition must work for the benefit of all and the prosperity of the countries that will successfully rival the members of the EU.

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Digitalisation as a tool for changing societies

Digitalisation has had a significant impact on our daily habits and the connectivity of the world as a place where information is available virtually instantaneously. We can refer to the digital age as the fourth industrial revolution, which is offering both opportunities and challenges for the socioeconomic sector. Opportunities abound, with the main impact of facilitating lengthy administrative procedures, boosting the economy, increasing technological progress, ensuring broader inclusion, and, above all, transforming society. As the consequences of digital transformation evolve, it is important to emphasise that they are not only leading to prosperity and progress but also resulting in new security challenges and threats. For this reason, the digitalisation transition must be done efficiently and thoughtfully, with the highest level of security and protection. In this context, there is great competition for dominance in the digital world, and the race is becoming more intense. Numerous Asian countries are making faster progress in digitalisation, but for some, this comes at the cost of poorer privacy protection, which represents a challenge. Moreover, it is a question of whether Asian countries will manage to maintain their lead or whether the Western world will also make its breakthrough, and lead is a question that will have a key impact on the digital future and consequently also on the digitally less advanced regions of the world. Within Europe, the Western Balkans (WB) is one such region that still has not undergone its full digital transition and is lagging behind its European neighbourhood.

In the following, this Policy Brief will explore the state of digitalisation in the WB, which organisations are involved, and what role they play in the digital transformation of the region. The following section describes the problems and shortcomings faced by the region in digitalisation. It concludes with the opportunities that effective and sufficient digitalisation would bring to society in the WB.

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Many international players, but slow progress

One of the most visible players in the digitalisation of the WB is the European Union (EU). Through its numerous projects and co-funding, it is a key factor contributing to the digital transformation of the region. June 2018 marked the launch of the EU's Digital Agenda for the WB. This clearly shows that it is in the EU's interest and of equal importance to develop these Balkan countries to transform into digital economies and benefit from digital transformation, including faster economic growth, more employment opportunities, and better services. The main priorities of the Digital Agenda include lowering the cost of roaming, deploying broadband, strengthening the digital society, building capacity in digital trust, digitalising industries, and implementing

the EU acquis communautaire.[1] Some progress has been made in this area, but there is still a lot of unfinished work that was foreseen but has not even started yet. There is indeed a growing commitment among the countries of the WB to the digital transition and to maximising the use of digital services among citizens.

Much of the digital change in the region has taken place under the auspices of the Regional Cooperation Council (RCC). The region will be included in the pan-European digital area, lower roaming costs between the WB and the EU, digitally upskill the working force, enable the flow of personal and non-personal data, and enhance cyber resilience in the region.[2] As of now, the RCC is contributing to Roaming Free WB from 1 July 2021,[3] participating in regional dialogue on the Western Balkans Digital Economy and Society Index,[4] developing a sustainable regional framework to support digital upskilling, and strengthening regional capabilities for developing digital skill strategies. A structure for high-level regional dialogue on digital transformation was developed in the form of a Western Balkans Digital Summit. A total of four summits have been held on digitalisation so far, where the most important topics related to the digital transition were discussed.

It is urgent that regional initiatives recognise the importance of digitalisation as soon as possible.

It is interesting that in the Novi Sad Declaration[5] digitalisation is mentioned only once when it says that the concept of regional cooperation was raised to another level by introducing concrete measures in the fields of infrastructure, trade, investment, mobility, and digitalisation. It is therefore urgent that regional initiatives recognise the importance of digitalisation as soon as possible. Later in 2021, the participating countries of Open Balkan,[6] agreed that they would start with their e-government services related to the electronic identification of their citizens.[7] The signatories are inviting all

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1   Medica, M., Bergdahl, M. (2019). Digital Agenda for Western Balkans. European Commission DG NEAR and DG CONNECT. https://www.wbif.eu/storage/app/media/Library/9.Sectors/6.DigitalInfrastructure/2019-Digital-Agenda-for-the-Western-Balkans.pdf

2   Regional Cooperation Council. (2022). Digital transformation – connecting the region. RCC International. https://www.rcc.int/flagships/7/digital-transformation

3   The initiative encourages cooperation and the integration of societies, besides that it also has a clear impact on the functioning of businesses and helps citizens to reduce costs.

4   In 2014, the European Commission launched the Digital Economy and Society Index to track the digital performance and competitiveness of EU member states. DESI indicators are required not only by EU member states but also by candidates for membership and potential candidates.

5   Novi Sad Declaration. (2019). Joint Declaration by the President of the Republic of Serbia, the Prime Minister of the Republic of Albania, and the Prime Minister of the Republic of North Macedonia. https://api.pks.rs/storage/assets/deklaracija-tri-predsednika.pdf

6   The Open Balkan is an economic and political zone of three member states in the Balkans, those being Albania, North Macedonia, and Serbia.

7   Agreement on interconnection of schemes for electronic identification of the citizens of the Western Balkans, signed on 21 December 2021 in Tirana. https://vlada.mk/sites/default/files/dokumenti/Otvoren_Balkan/id_agreement.pdf

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other WB participants to join this agreement, which shows the willingness and openness of the region in terms of e-governmental cooperation.

The Organization for Security and Cooperation in Europe (OSCE), which has a mandate in the area of digitalisation under the "second basket" of the Helsinki Declaration,[8] is also an important factor in the area of e-government. In the WB OSCE is using innovative digital tools, online training, and platforms to monitor open data at local and national levels, capacity building to increase transparency in government administration is a key component in improving accountability.[9]

Last but not least, the Open Government Partnership (OGP) is a global initiative that brings together national and local government entities and works to develop concrete commitments for a wide range of issues.[10] It is closely working with the governments in the WB, where they drafted National Action Plans with a focus on digitalization in various sectors, especially those developed during the COVID-19 pandemic (economy and e-government services).

The Western Balkans have greatly benefited from the support and aid of international players.

International players have helped to advance digital infrastructure, promote digital skills, and assist in the execution of digitalisation programmes, advancing the region's transition to the digital era through financial support, technical know-how, and knowledge exchange. Therefore, the Western Balkans have greatly benefited from the support and aid of international players.

Challenges on the ground

As far as digitalisation in the WB is concerned, there are recurring problems and obstacles. A major difference between rural and urban environments is certainly one of them. Digital transformation is still a major challenge and problem in rural areas. The concentration of production and the economy is mainly located in urban centres, where the various economic technology sectors are located. To a large extent, rural areas are still dominated by the primary sector of the economy, and consequently, there is no need for digital modernisation of rural areas. Although the WB region has a high internet penetration rate of 75% to 96%,[11] it is geographically diverse, making it difficult and in some cases impossible to have high-speed broadband coverage. In addition to infrastructure, governments need to ensure the development of public policies and programmes on digitalisation. Without public policies governing digitalisation, the development of adequate infrastructure is unnecessary and does not contribute to progress. The countries of the Western Balkans have recently started

8   Helsinki final act. (1975). Conference on Security and Co-operation in Europe Final Act. https://www.osce.org/files/f/documents/5/c/39501.pdf

9   Organisation for Security and Co-operation in Europe. (2022). Digitalization and OSCE. OSCE Areas. https://www.osce.org/oceea/446218.

10   Open Government Partnership. (2022). Digital governance. OPG Policy Areas. https://www.opengovpartnership.org/policy-area/digital-governance/

11   Metamorphosis Foundation. (16 February, 2022). Digital Agenda's report on digital advancement in the Western Balkans. European Digital Rights. https://edri.org/our-work/digital-agendas-report-on-digital-advancement-in-the-western-balkans/#:~:text=Although%20the%20Western%20Balkans%20has,also%20in%20the%20public%2-0administration

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to coordinate their digital policies, which are still not regionally oriented but country-by-country and influenced by different objectives.

Digital transformation is still a major challenge and problem in rural areas.

Albania has seen improvements in broadband penetration and internet connectivity. Albania's development in digitalisation has been very progressive and advanced in the last year. With the "Industry 4.0 revolution", the digitisation process of the economy has become a priority for the Albanian government.[12] As well, there has been a focus on enhancing digital skills, mainly through the government's e-services portal, where citizens can access public services, including collecting copies of their birth certificates, paying taxes, and more. The digital transition of Albanian public services was done mainly with the intention of eliminating inefficiency and low-level corruption. On the other side, Bosnia and Herzegovina is gradually advancing in the field of digitalisation. The main reason for lagging other WB countries is the fragmented governance structures. However, Bosnia and Herzegovina is trying to improve digital infrastructure and promote e-government services. The country is trying to expand broadband access through various initiatives in order to enhance digital skills and entrepreneurship. The digital transformation has been a goal for Kosovo as well. It has made strides towards boosting e-government services, expanding broadband access, and enhancing digital infrastructure. Now they are conducting various projects to encourage digital literacy, assist new businesses, and promote innovation. Additionally, Montenegro has concentrated on promoting economic growth and competitiveness through digitisation. Montenegro has made improvements to its digital infrastructure, including increased internet access and broadband penetration. The number of e-government services has increased, and initiatives are being taken to advance digital literacy and encourage entrepreneurship. Initiatives for digitalisation have also been aggressively pursued by North Macedonia. With widespread internet connectivity and improvements to its digital infrastructure, the country has made considerable strides. North Macedonia is establishing itself as a regional centre for digital innovation and has a thriving start-up environment. Finally, Serbia has been at the forefront of digitalisation efforts in the Western Balkans. The country has created a sophisticated digital infrastructure with a universal internet connection. Serbia has put in place extensive e-government efforts and services to improve digital literacy and assist start-ups. Serbia has very well established and operated the Digital Serbia Initiative, which has positioned Serbia as a regional leader in digital transformation and innovation. The main aim is to create a business environment that serves the digital economy by investing in strategic programmes in the areas of formal and informal education, start-up ecosystem development, legal and regulatory frameworks, digital infrastructure, and public dialogue on digital transformation.[13] The strategy has a strong emphasis on several critical areas, including building digital skills, advancing digital infrastructure, encouraging entrepreneurship and innovation, and advancing e-government services. Serbia has made investments in increasing broadband access, establishing digital innovation centres, and building training programmes for

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12   Hysa, E., Kruja, A. D., Shiko, V. (2022). *Current and Prospective Expansion of the Sharing Economy in Albania. The Collaborative Economy in Action: European Perspectives,* 22–34. https://philarchive.org/archive/HYSCAP

13   Digital Serbia initiative. (2023). *About us and initiative.* https://www.dsi.rs/en/about-us/

digital skills. Additionally, e-government services have also been introduced as a result of the approach, streamlining administrative processes and enhancing transparency.

Serbia has been at the forefront of digitalisation efforts in the Western Balkans.

A related problem is that the digital infrastructure is rather underdeveloped. In some regions, there are still problems with the electricity supply, which makes digital infrastructure impossible. For this reason, other infrastructure projects are more important for the countries in the WB. This is where the funding problem arises, which, as already mentioned, flows into infrastructure projects that are more vital than upgrading digital networks. Therefore, the European Commission launched the Economic and Investment Plan for the WB from 2021–2027, whereas it will co-fund up to €9 billion worth of digital transition projects. Up to this point, there were 12 successful projects valued at more than €619 million.[14] However, WB countries also need to be helped with examples of good practise and successful monitoring of the implementation of projects from inception to completion.

In some regions, there are still problems with the electricity supply, which makes digital infrastructure impossible.

Digital literacy is another challenge for the WB population. The Digital Agenda Observatory 2021 report shows that the digital literacy of the population in the WB, including the public administration, is lacking compared to the EU.[15] Even though digital skills are the most required, the vast majority of people included in the Balkan Barometer 2022 have not been trained to improve them (80% to 98%, among economies).[16] There are two main reasons for this situation: Firstly, the level of education in the WB countries is still low compared to the EU member states.[17] Secondly, there is a structural problem with overall education.[18] Such divergences are due to different education policies within WB. Each country assesses education differently, and from this perspective, the countries of the WB must realise that a well-educated population is a prerequisite for a country's progress. In this context, it is also necessary to systematically start regulating and training in the field of digitalisation, not only in schools but

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14   Western Balkan Investment Framework. (2022). Digital future – investment priorities. WBIF. https://www.wbif.eu/sectors/digital-infrastructure

15   Dervishi, M., Josifovska Danilovska, M., Bojović, M., Nikčević, S., Lame, X., Merkoci, A. (2022). Digital Agenda Observatory 2021, Cumulative report on Digital Agenda advancement in Albania, Kosovo, Montenegro, North Macedonia and Serbia. Metamorphosis Foundation for Internet and Society.

16   Regional Cooperation Council. (2022). Balkan Barometer 2022 Public Opinion Analytical Report. [Data file]. https://www.rcc.int/download/docs/Balkan%20Barometer%20 2022%20-%20PO.pdf/21e2192c1d34cc6194ecb029d7b5997f.pdf

17   In the OECD's Programme for International Student Assessment, there is a general lower reading performance in the Western Balkans (402 average) than in the European Union (481), or the Organisation for Economic Cooperation and Development (487). For an example, Kosovo scored 353 in reading while Serbia scored 440.

18   OECD. (n.d.). Education in Western Balkans: Findings from PISA. https://www.oecd-ilibrary.org/sites/764847ff-en/index.html?itemId=/content/publication/764847ff-en

also in the workplace. The key to digital literacy is that it is inclusive. This is because digitalisation is often limited to parts of the population, thereby increasing the concentration of benefits and exclusion. Digital literacy levels are rising in urban centres while remaining low in rural areas.

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Another pressing problem in this context is citizens' trust. The WB is facing a high level of distrust among citizens towards technologically advanced and digital services that would make their lives easier. The Balkan Barometer 2022 data shows that 65% of WB citizens use the internet mostly as a tool for communication, 38% for educational purposes, and only 15% of them use the internet for paying bills online.[19] In addition, only 9% of WB citizens use e-government services, which is very low. Moreover, for 37% of WB citizens, misusing personal data is their biggest concern when using online banking or shopping online compared to the EU. Launching a broader regional campaign to present the advantages that affect society would be beneficial. In addition, a high level of protection for all digital services should be ensured, as this would raise confidence and dispel any doubts. In this regard, it is also important to mention the need for adequate supervision in the field of digital media, which poses challenges in terms of quality. In particular, regarding the spread of fake news, the population must be properly warned and educated. The identification of fake news is of crucial importance to guaranteeing free and independent media. In addition to digital media, a high level of protection of personal data must be ensured. The latter must become a guiding principle for further digital reforms, as it increases citizens' trust. The EU can serve as a role model here with its General Data Protection Regulation.

Launching a broader regional campaign to present the advantages that affect society would be beneficial.

One of the most pressing issues is ensuring the cybersecurity of the countries in the WB. Given its geostrategic position, the region has always been influenced by major powers. There is no doubt that even today the desire for power is genuine, as is evident from regional cooperation. For this reason, the governments of the WB countries are often the targets of cyberattacks. Poor digital infrastructure and poorly developed defence mechanisms make these countries easy targets. Countries of the WB must acknowledge that cybersecurity needs to be upgraded and strengthened to ensure the smooth functioning of the state institution administration.

One of the most pressing issues is ensuring the cybersecurity of the countries in the WB.

19   Regional Cooperation Council. (2022). Balkan Barometer 2022 Public Opinion Analytical Report. [Data file]. https://www.rcc.int/download/docs/Balkan%20Barometer%20 2022%20-%20PO.pdf/21e2192c1d34cc6194ecb029d7b5997f.pdf

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How to solve the problems?

If the above problems are properly addressed, WB society can benefit from digitalisation in several respects. First of all, digital transformation leads to a more efficient and prosperous economy. In addition, citizens will be the first to notice the obvious difference between simplified procedures and bureaucracy. This will have a positive impact on the general state of society and raise the level of digital usage. Additionally, procedures within state institutions and public administrations will be more centralised, saving citizens a lot of time in dealing with the various matters that can be managed in one place. Moreover, the diaspora is also putting additional pressure on national authorities in terms of digitalisation. Citizens living abroad have already experienced the benefits of digitalisation, so they want the same level of digital development at home. As an example of benefits, Albania has obtained funding under the Western Balkans Investment Framework to develop a regional broadband infrastructure that will contribute to 500 health facilities with at least 30 MB of fixed broadband, 3000 educational facilities with at least 30 MB of fixed broadband, 61 public institutions with at least 30 MB of fixed broadband, and increase to 70% the share of households with a broadband connection throughout the country.[20]

Digitalisation will raise the security of the region to a higher level, making it more strategically and collectively connected. A common, coordinated response will lead to higher resilience. At the same time, it will be possible to ensure a coordinated regional reply that is faster and more clearly communicated. This aspect is also partly addressed through debates and panels at the Western Balkans Digital Summits, which take place every year.

Digitalisation will raise the security of the region to a higher level, making it more strategically and collectively connected.

In the area of education, school curriculums need to be redesigned accordingly, and training for the general population needs to be introduced. The training should educate society on how to use the digital tools that will operate within the public administration. People need to learn and start to trust online shopping, online ordering, online banking, international business, online health services, etc. Through existing initiatives such as the Open Balkans, digitalisation should be promoted as one of the cornerstones of the region's openness. An example of one such collaboration is the RCC Balkathon,[21] an online contest aimed at fostering the ability of start-ups and small and medium-sized enterprises (SMEs) to compete better and scale up their operations to help the WB recover from the outbreak of COVID-19.

In the area of education, school curriculums need to be redesigned accordingly, and training for the general population needs to be introduced.

There is still a lot of work to be done in the WB, which is why effective changes need to start as soon as possible. Through digitalisation, the region can be further

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20   Western Balkans Investment Framework. (2022). Regional Broadband Infrastructure Development. WBIF. https://wbif.eu/project/PRJ-ALB-DII-001

21   Regional Cooperation Council (2022). Balkathon – smarten up for future. RCC. https://www.rcc.int/pages/140/balkathon

opened and connected in several areas, from trade to judicial affairs. With small but gradual changes in all issue areas of the digitalisation in WB, this region will progress and will be able to match standards within the EU. There is a need to recognise the importance of digitalisation and include it in existing national strategies. In the coming years, this will be crucial to improving the well-being of citizens and simplifying their lives.

About the author

Petar Mrdović graduated from International Relations at the Faculty of Social Sciences at the University of Ljubljana. He is a double-degree Master's student at the University of Ljubljana and the University of Passau, studying European Studies at the Faculty of Social Sciences in Ljubljana and Public Policy and Governance at the Faculty of Arts and Humanities in Passau. From September onwards, he will be a student for EU International Relations and Diplomacy at the College of Europe in Bruges.

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