

Bridging Progress: Digital Transformation in Western Balkans

Miloš Parežanin

University of Belgrade, Faculty of Organizational Sciences

Digitalization has the potential to significantly impact the economic development of the countries of the Western Balkans (WB6: Albania, Bosnia and Herzegovina, North Macedonia, Montenegro, Kosovo, and Serbia). By embracing digital technologies, the WB6 can enhance productivity, attract investment, and improve governance. However, limited digital skills, insufficient infrastructure, and unfit regulatory frameworks are often impediments for realizing the full potential of digitalization. The WB6 must prioritize policies and investments that promote digital innovation and inclusivity to ensure sustainable economic growth in the digital era.

Although the indicators of digital transformation show a positive trend, they are significantly below the average values for the European Union (EU). The WB6 lag behind the EU the most in terms of workforce education and the application of new technologies in company operations. Digital public services are still underdeveloped, and the number of citizens using these services is not sufficient to increase the efficiency of institutions.

Setting the Stage

The digital transformation is an important component of economic and social development in the WB6 and decisive factor in the WB6 convergence with EU Member States.

The concept of digital transformation in the scientific literature is not unambiguously defined. The broadest understanding of digital transformation “refers to the changes associated with the application of digital technology in all aspects of human society.”¹ In the following, digital transformation is to be understood as: “a fundamental change of a whole new form, function, or structure with the adoption of digital technologies that create new value.”²

Digital transformation has great potential to drive sustainable economic growth and promote a better quality of life. Among others, using new digital technologies such as cloud infrastructure, big data analytics, Artificial Intelligence (AI), and the IoT (Internet of Things) allows businesses to reduce costs, while increasing productivity. Fostering innovation and development, digital technologies can also help companies to improve product and service quality as well as sustainability. The deployment of new digital technologies further plays a crucial role in facilitating the transformation and upgrading of industrial structures. In addition, the digital transformation can help optimizing resource allocation, including labor, both on the business as well as macroeconomic level.

¹ Mark Baker, *Digital Transformation*, Buckingham: Buckingham Business Monographs, 2014, 19.

² Cheng Gong and Vincent Ribiere, “Developing a Unified Definition of Digital Transformation”, in *Technovation*, 2021, 102: 102217.

Ljubiša Mićić (2017) takes a closer look at the technological map of Europe, which compares Gross Domestic Product (GDP) per capita and ICT spending. She found that those countries which have invested more in ICT (Information and Communications Technology) also experience higher degrees of economic growth.³ These findings come with a caveat, however: it cannot be said with certainty that higher economic growth is primarily the result of the positive impact of digital transformation and not of some other macroeconomic factors.

Mihaela Brindusa Tudose et. al. (2023) went a step further by conducting an econometric analysis to quantify the impact of digital transformation on economic and social outcomes, using a sample of 46 countries. To capture digital transformation, the authors used the Network Readiness Index (NRI), which encompasses: “technology (access, content, and future technologies), people (individuals, businesses, and governments), governance (trust, regulation, and inclusion), and impact (economy, quality of life, and contribution to sustainable development goals).” The authors found that NRI has a positive and significant impact on GDP per capita.⁴

Several other studies come to similar conclusions, including Bocean et. al. (2023). The authors found that countries with a high level of digital transformation are more likely to have recorded high economic growth rates per capita as well as embraced sustainability principles.⁵

Aneta Elenkova Marichova and Dafina Georgieva Doneva (2023) took a closer look at another important aspect of the economy: material consumption and resource productivity (GDP per unit of domestic material consumption). Focusing on nine

countries – Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, North Macedonia, Romania, Serbia, and Slovenia – the authors find a link between the digitization process and increasing resource productivity.⁶

The digital transformation also positively impacts the labor market. Thus, it can trigger job creation by the emergence of new occupational profiles as well as by increasing demand for technology-based products and services. Robert Ivanschitz and Daniel Korn (2017) looked specifically at cloud computing and its impact on employment. They found that the spread of cloud computing stimulated demand for new occupations. In addition, businesses could reallocate resources and boost employment in other sectors.⁷

Despite these potential benefits, the impact of digitalization on the economic development of the WB6 is not without challenges. Limited digital skills and education, particularly in rural areas, pose a significant barrier to the adoption and utilization of digital technologies. The digital divide between urban and rural areas, as well as between different socio-economic groups, needs to be addressed to ensure inclusive growth. The same holds true for job loss for low-skilled routine workers through automation. In addition, digitalization, such as the application of Artificial Intelligence (AI), increases the consumption of electricity and raw materials such as Rare Earth, while leading to more e-waste.⁸ Moreover, the lack of sufficient regulatory frameworks and investment in digital infrastructure hinders the full realization of the potential benefits of digitalization.⁹

3 Ljubiša Mićić, “Digital Transformation and Its Influence on GDP,” in: *Economics*, 5(2), 2017, 135-147.

4 Mihaela Brindusa Tudose, Amalia Georgescu, and Silvia Avasilcăi, “Global Analysis Regarding the Impact of Digital Transformation on Macroeconomic Outcomes,” in: *Sustainability*, 15(5), March 2023, 4583.

5 Claudiu George Bocean and Anca Antoaneta Vărzaru, “EU Countries’ Digital Transformation, Economic Performance, and Sustainability Analysis,” in: *Humanities and Social Sciences Communications*, 10, 875, 2023, <https://www.nature.com/articles/s41599-023-02415-1#citeas> (accessed February 29, 2024).

6 Aneta Elenkova Marichova and Dafina Georgieva Doneva, “Role of Digitalization to Increase Resource Productivity (Balkan Cluster Case Study),” in: *Global Journal of Engineering and Technology Advances*, 16(02), August 2023, 256–265.

7 Robert Ivanschitz and Daniel Korn, “Digital Transformation and Jobs: Building a Cloud for Everyone,” in: *University of Miami Inter-American Law Review*, 49(1), 2017, 41-50.

8 Johanna Pohl and Matthias Finkbeiner, “Digitalisation for Sustainability? Challenges in Environmental Assessment of Digital Services,” in: *INFORMATIK*, 2017, 1-6.

9 Agim Zuzaku and Blerton Abazi, “Digital Transformation in the Western Balkans as an Opportunity for Managing Innovation in Small and Medium Businesses-Challenges and Opportunities,” in: *IFAC-PapersOnLine*, 55 (39), 2022, 60-65.

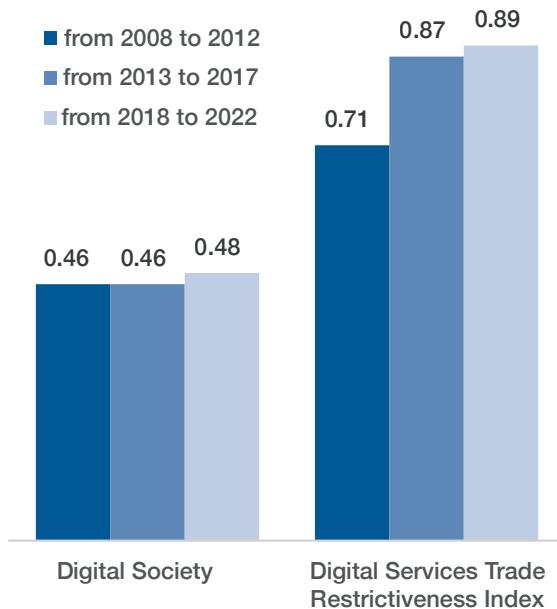
Whether or not the WB6 will succeed in fully realizing the potentials of digital transformation while tackling its challenges will have a considerable impact on convergence between the region and the EU Member States.

Digital Transformation in the WB6

Where do the WB6 stand on digitalization? According to the scoreboard of the Organisation for Economic Cooperation and Development, which analyses the level of economic convergence of the Western Balkans with the European Union and the OECD, there is still a considerable gap between the region and the EU regarding GDP. Regional GDP per capita stood at only 38 percent of the EU average in 2022. The OECD compiled several indicators on digitalization, showing the WB6 regional performance relative to the EU and the OECD. In the OECD index, “1” is awarded for the OECD good policy practices, standards, and tools. Overall, performance of the WB6 has been largely positive. The WB6 stood at 0.61 regarding fixed broadband internet penetration (subscriptions per 100 people), 0.96 on mobile cellular penetration (subscriptions per 100 people), 0.69 on individuals having made digital payments (% of population), and 0.63 on ICT (information and communication technologies) specialists in total employment (% of employment). Progress in the Competitiveness Outlook’s Digital Society dimension was less pronounced. The index volume stood at 0.48 for the period 2020-2022 (2016-2017: 0.46). The highest values of the Digital Society Index were recorded in Serbia (0.60) and Montenegro (0.54), while Bosnia and Herzegovina is below the average for the Western Balkans with an index value of 0.34. Particularly pronounced was the gap between the WB6 and the EU/OECD regarding skills: the score stood at only 0.29 for individuals with basic or above basic digital skills, showing no positive trajectory.¹⁰

The WB6 performed somewhat better on the Digital Services Trade Restrictiveness Index (STRI). The STRI identifies, catalogues, and quantifies bar-

Figure 1: Economic Convergence of the Digitalization in the WB6 (compared to the EU and OECD average)



OECD index, “1” is awarded for the OECD good policy practices, standards, and tools.

Source: OECD, 2023.

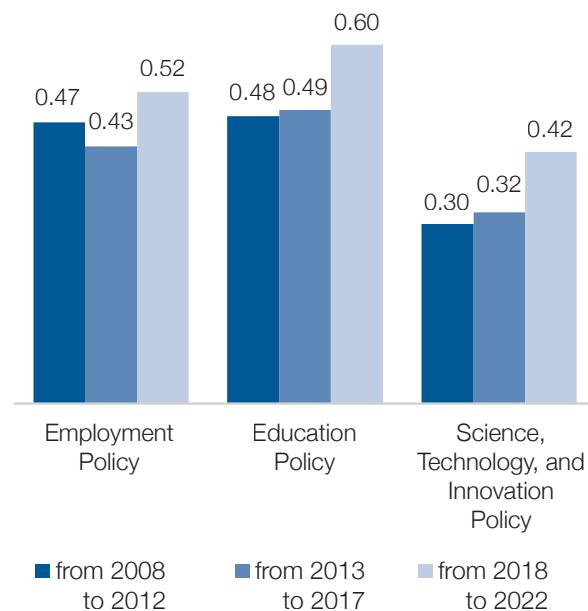
riers that affect trade in digitally enabled services. While the index stood at 0.84 in the period 2016-2017, it improved to a value of 1.38 for the period 2020-2022. Bosnia and Herzegovina recorded the lowest Digital Services Trade Restrictiveness Index value of 0.39, followed by Serbia with an index value of 0.77. The other countries of the Western Balkans realized an index value higher than the OECD good policy practices, standards, and tools score of 1, standing at 1.38.¹¹

Regarding skills, the OECD takes a closer look at several indicators, including employment policy, education policy, and science, technology and innovation policy. Although there is a positive trend according to these indicators, the WB6 are significantly behind the EU and OECD countries, especially in terms of science, technology and innovation policy (Figure 2). The reason for the low value of this indicator is primarily the result of insufficient investments in research and development in

¹⁰ OECD, Economic Convergence Scoreboard for the Western Balkans 2023, Paris 2023, <https://www.oecd.org/south-east-europe/ECS-Policy-Paper-2%20web-1.pdf> (accessed January 4, 2024), 6.

¹¹ OECD, 2023.

Figure 2: Economic Convergence of the Skills in the WB6 (compared to the EU and OECD average)



Source: OECD, 2023.

all countries of the Western Balkans. Lower values in terms of education policy compared to average values in OECD countries are, among others, the result of the lack of a concept for lifelong learning in the Western Balkans. Significantly lower employment policy values are a consequence of the low productivity of workers and their contribution to the creation of added value.¹²

Overall, there is little divergence among the WB6 regarding these three indicators, with few exceptions. Kosovo lags behind considerably on the first and third indicator. Bosnia and Herzegovina and Albania scored below the WB6 average in the third indicator. On the index of Employment Policy, the following scores are achieved for the period 2020-2022: Albania: 0.56; Bosnia and Herzegovina: 0.40; Kosovo: 0.32; Montenegro: 0.60; North Macedonia: 0.66; Serbia: 0.56. On employment policy the countries scored in the following way:

Albania: 0.66; Bosnia and Herzegovina: 0.42; Kosovo: 0.64; Montenegro: 0.64; North Macedonia: 0.58; Serbia: 0.64. On education policy, and science, technology and innovation policy the following scores were realized: Albania: 0.36; Bosnia and Herzegovina: 0.26; Kosovo: 0.26; Montenegro: 0.48; North Macedonia: 0.48; Serbia: 0.62.¹³

Only 35 percent of individuals in the WB area had at least rudimentary digital abilities in 2021, despite the fact that 85 percent of people had accessed the internet. The WB area is experiencing a general lack of ICT professionals compared to the EU labor market. In 2021, there were just 2.6 percent of working adults who were ICT specialists. The greatest percentages of hired ICT experts were recorded in Serbia (3.6%) and Albania (3.6%). Another serious problem is the lack of gender parity; women account for only 16 percent of ICT professionals in the WB region (2021), which is about the same as in the EU, but well below gender parity. There is a noticeable improvement in the status of female ICT experts in North Macedonia (24%), Serbia (24%), and Albania (28%).¹⁴

Only three percent of companies in the Western Balkans region used at least one artificial intelligence (AI) technology, which is significantly below the European average of 7.9 percent. Albania, North Macedonia, and Kosovo reported having an above-average share of businesses utilizing AI compared to other WB countries.¹⁵

The COVID-19 pandemic has forced the countries of the WB6 to rapidly digitize public services. Nonetheless, the WB6 lag behind the EU regarding digital public services. Serbia has the highest score (42.1), followed by Albania (35.6), and North Macedonia (32.4), both of which have scores higher than the WB6 average (32.1). However, these achievements are much lower than the EU average (67.3).¹⁶

¹² OECD, 2023.

¹³ Ibid.

¹⁴ Regional Cooperation Council, Western Balkans Digital Economy Society Index, WB DESI 2022 Report, December 2022, <https://www.rcc.int/pubs/159/western-balkans-digital-economy-society-index-wb-desi-2022-report> (accessed January 15, 2024). See also: Zoran Jordanoski, Morten Meyerhoff Nielsen, "Measuring the Digital Economy and Society: A Study on the Application of the Digital Economy and Society Index in the Western Balkans," in: Proceedings of the 14th International Conference on Theory and Practice of Electronic Governance, 2021, 190-197.

¹⁵ Ibid.

¹⁶ Ibid.

The percentage of internet users in the WB area who interacted with the public administration online in 2021 was roughly 35 percent, a considerably lower percentage than the EU average of 65 percent. In 2021, Serbia (43%) and Albania (40%) had the highest percentages of users of e-Government services.¹⁷

All countries of the WB6 have adopted national strategies for the digital transformation. Nonetheless, overall progress has been slow. Overall, the biggest problem is insufficient investment in digital infrastructure and education of the population for IT needs (although in recent years, significantly larger funds have been allocated in all the countries of the WB6).¹⁸

Regional Cooperation in the Western Balkans

While the countries of the Western Balkans score differently regarding the various indicators of digital transformation, they have been converging in recent years.¹⁹ In order for this trend to continue, it is necessary to strengthen regional integration and cooperation (in tandem with EU integration) through new initiatives and policies. This promises many benefits such as efficiency gains and cost savings. Apart from reduced roaming charges between the WB and the EU, cooperation can foster digital workforce development, improve the exchange of both personal and non-personal data, and boost cyber resilience. Regional integration and cooperation is particularly important for small economies as this allows them to better realize economies of scale.²⁰

One important component of regional cooperation is the Western Balkans Digital Summit, which was initiated as part of the Berlin Process. It provides a framework for high-level regional discussion on digital transformation and coordination for EU accession of the region.²¹

The Regional Cooperation Council (RCC) plays an important role for digital transformation in the region and convergence between the WB6. As such, the RCC fosters regional capacities for creating digital skill strategies and for developing a sustainable regional framework to support digital upskilling. The RCC also facilitated the Regional Roaming Agreement, which the WB6 signed in 2019, enabling Roaming Free Western Balkans as of 1 July 2021. The RCC further published the Western Balkans Digital Economy Society Index, which provides important guidance for informed policy-making. The RCC also co-organizes the Digital Summits.

Another important initiative to mention is the Open Balkan initiative: “the concept of regional cooperation was raised to a new level by introducing concrete measures in the fields of infrastructure, trade, investment, mobility, and digitalization.”²² The initiative includes Albania, North Macedonia, and Serbia and supports the adoption of policies and concrete measures.²³ Among the first is the free movement of labor between these three countries, which was supposed to be implemented by the end of 2021. However, the practical implementation of the agreement and registration as an e-citizen has been postponed until March 2024.²⁴

17 Ibid.

18 Christian Rupp, Jana Belcheva Andreevska, and Verena Weixlbraun, Empowering Progress: Unveiling the Digitalization Maturity in Western Balkan and Moldova Local Governments with Best Practices and Potentials, Network of Associations of Local Authorities of South-East Europe (NALAS), <http://www.nalas.eu/digitaltransitionreport/> (accessed February 19, 2024).

19 Tanja Broz, Goran Buturac, and Miloš Parežanin, “Digital Transformation and Economic Cooperation: The Case of Western Balkan Countries,” in: *Zbornik rada Ekonomskog fakulteta u Rijeci: časopis za ekonomsku teoriju i praksu*, 38(2), 2020, 697-722.

20 Digital WB6+ Initiative, The Impact of Digital Transformation on the Western Balkan – Tackling the Challenges towards Political Stability and Economic Prosperity, https://www.eizg.hr/userdocsimages/vijesti/vijesti_dogadjaji/dt_studija/wb6-policy-paper.pdf (accessed February 23, 2024).

21 Petar Mrdović, The Role of Digitalisation in Transforming Western Balkan Societies, ÖGfE Policy Brief 14 2023, Österreichische Gesellschaft für Europapolitik, July 2023, <https://www.oegfe.at/wp-content/uploads/2000/12/PB-142023.pdf> (accessed February 23, 2024).

22 Chamber of Commerce of Serbia, Joint Declaration (by The President of the Republic of Serbia, Prime Minister of the Republic of Albania and the Prime Minister of the Republic North Macedonia) on Implementing the EU Four Freedoms in the Western Balkans, https://api.pks.rs/storage/assets/Deklaracija_Novi_Sad1.pdf (accessed February 23, 2024).

23 Ibid.

24 Intermark Group, Free Access to the Labor Market within the Open Balkan, <https://intermarkrelocation.com/news/immigration/free-access-to-the-labor-market-within-the-open-balkan/> (accessed February 23, 2024).

The Open Government Partnership (OGP) also plays an important role in the WB6 region. Founded in 2011, it brings together 75 countries including the five countries of the WB Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia. The goal of the initiative is to “promote open government, empower citizens, fight corruption and harness new technologies to strengthen governance.” It does so by fostering concrete commitments from national and subnational governments. As part of the OGP initiative, the countries of the Western Balkans adopted National Action Plans in which they defined policies regarding the development of digital technologies and digital transformation. However, according to the country reports for the period until 2022, all Western Balkans countries showed inconsistency in the implementation of policies regarding the development of digitization. Less than half of the planned activities have been implemented. New goals and policies until 2025 were defined within the National Action Plans.²⁵

Analysis of the Cooperation with the EU

The EU and the WB6 are pursuing a multitude of joint projects on digitalization. At the heart of EU-WB6 cooperation stands the Digital Agenda for the Western Balkans.

The Digital Agenda for the Western Balkans was launched by the European Commission in 2018. Together with ministers of the WB6, the Commission committed to 1. invest in broadband connectivity, 2. increase cybersecurity, trust, and digitalization of industry, 3. strengthening the digital economy and society, and 4. boosting research and innovation. The EU also pledged €30 million in EU grants under the Western Balkan Investment Framework (WBIF) for broadband infrastructure.²⁶ This Declaration also opened up the Digital Opportunity

Traineeship and EU Code Week for the WB6, which promotes coding skills and digital literacy. Efforts to strengthen cybersecurity, e-Government, and e-Health are underway to advance the region’s digital transformation.

However, since its launch in 2018, there has been little follow-up, leaving a gap in EU-Western Balkans engagement.²⁷

Since 2020, the European Investment Bank (EIB) has contributed greatly to the region’s digital transformation by investing around 200 million Euros in tech-related initiatives, enhancing 4G and 5G services for businesses. Broadband will be extended to rural areas to bridge the digital divide. Despite high internet penetration in the Western Balkans, digital literacy remains low. Efforts to improve digital skills are crucial. The EU’s Economic and Investment Plan aims to mobilize up to 20 billion Euros over a decade for the region, with the goal to fuel growth with creative financing solutions alongside grants.²⁸

In 2020, the European Commission adopted the Economic and Investment Plan for the Western Balkans (EIP) with the goal to boost economic growth and development as well as to support a green and digital transition. The EIP focuses on three key areas of action on Digital Infrastructure:

- Infrastructure for broadband: Projects were to be supported to develop and roll-out national broadband infrastructure, with an emphasis on linking rural communities. This is important as broadband availability is a prerequisite for the effective provision of digital goods and services, including remote healthcare and education. Infrastructure investment in broadband thus holds particular promises to local communities.
- Data centers and cloud infrastructure: Furthermore, projects were to be financed that build

25 Open Government Partnership, Digital Transformation, <https://www.opengovpartnership.org/policy-area/digital-transformation/> (accessed February 19, 2024).

26 European Commission, European Commission Launches Digital Agenda for the Western Balkans, June 25, 2018, https://ec.europa.eu/commission/presscorner/detail/es/IP_18_4242 (March 1, 2024).

27 European DIGITAL SME Alliance, A New Digital Agenda for the Western Balkans, <https://www.digitalsme.eu/digital/uploads/DIGITAL-SME-Discussion-Paper-A-New-Digital-Agenda-for-the-Western-Balkans.pdf> (accessed January 21, 2024).

28 Matteo Rivellini, “Digital Infrastructure, Regulation and Skills Will Determine the Success of Digital Transformation,” in: European Western Balkans, June 7, 2023, <https://europeanwesternbalkans.com/2023/06/07/digital-infrastructure-regulation-and-skills-will-determine-the-success-of-digital-transformation/> (accessed January 20, 2024).

reliable, secure, and energy-efficient data centers and cloud infrastructure while making sure these complied with EU regulations. Handling data in a secure and trustworthy manner is an important foundation of a sustainable digital economy.

- Digital skills: The EU also committed to foster international collaboration in digital education through the updated Digital Education Action Plan (DEAP). Improving the accessibility of e-learning, especially for marginalized populations like the Roma, and infrastructure spending alone will not be enough if skills are not also invested in.²⁹

In June 2023, the European Commission signed an agreement on the inclusion of EU candidate countries in the Digital Europe Program. For the countries of the Western Balkans, this is an additional opportunity to improve cyber security, develop and build digital infrastructure, and adapt their legal frameworks in digitalization to EU regulations.

At the Berlin Process Leaders' Summit in Tirana in 2023, the participants agreed that a Value Chain Partnership between the EU and the Western Balkans should be explored, acknowledging the strategic importance of the WB6 in the context of critical raw materials and batteries. Such a partnership would provide an opportunity for the WB6 to improve economic growth through the exploitation of critical raw materials. The special importance of these raw materials is that they are necessary for the further process of digital transformation at the global and national level.³⁰

In summary, the cooperation of the Western Balkans with the EU is significant for all the countries of the WB6. For the countries of the WB6, the EU is the main trading partner, which massively affects their economic growth rates. Funds and various programs and projects financed by the EU support not only digital transformation in the countries of

the WB6, but also other areas of social and economic development. As the countries of the WB6 move closer to EU membership, this cooperation will be more important than ever.

Conclusion and Recommendations

A shared future is now within reach for the WB6 and the EU. On the one hand, the EU is adamant about seeing the WB6 economies integrated. On the other hand, the WB6 remain steadfastly dedicated to achieving the strategic goal of membership in the EU.

In the WB6, digitalization has led to the emergence of new industries and business models, attracting foreign direct investment, and creating employment opportunities. The development of digital infrastructure, such as high-speed internet connectivity and mobile networks, has facilitated the growth of e-commerce and digital services, contributing to economic growth. Furthermore, digitalization has improved access to information and knowledge, enabling individuals and businesses to make informed decisions. It has also enhanced the efficiency of government services, reducing bureaucracy and corruption. The implementation of digital platforms for public services, such as e-Government and e-Health, has increased transparency and accountability, leading to better governance and public trust. The digitalization of economies has become a crucial factor in the economic development of countries worldwide. The WB6 have repeatedly recognized the significance of digitalization in driving economic growth.

However, the gap between digitalization in the WB6 and the EU shows that much more needs to be done. Economic development in WB6 can be improved through digital transformation in several ways:

- It is necessary to raise the level of digital literacy, especially among the elderly population and

29 European Commission, Economic and Investment Plan for the Western Balkans, 2020, <https://www.wbif.eu/storage/app/media/Library/economic-and-investment-plan-brochure.pdf> (accessed March 1, 2024); WeBalkans, Digitalisation, <https://webalkans.eu/en/themes/connectivity/digitalisation/> (accessed January 20, 2024).

30 Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Berlin Process Summit 2023 in Tirana, Chairs Conclusions Berlin Process Summit 2023, https://www.berlinprocess.de/uploads/documents/chairs-conclusions-berlin-process-summit-2023_1697629712.pdf (accessed February 19, 2024).

vulnerable minority groups and in rural areas. There is also a structural mismatch in the IT sector on the labor market. Due to the rapid development of the IT sector in all countries of the Western Balkans, the demand for labor in this sector is much higher than the supply. This can be addressed through mutual cooperation between the WB6 in terms of education and the free movement of the workforce.

- National governments and businesses must pay more attention to cyber security. Cyber attacks can lead to the theft of personal information and cripple the operations of government institutions and private companies. Therefore, there is a need for significantly greater cooperation between the WB6. Unfortunately, very little has been done on this issue, and the citizens of the Western Balkans are exposed to the risk of personal data theft every day.
- It is necessary to increase digital capacities through the construction of new infrastructure through public-private partnerships within the Western Balkans. This may lead to an additional inflow of foreign investors in this sector.
- The application of new technologies in company's operations is at a low level and below the average values for the EU. Although the export of IT services from the WB6 has been growing significantly in recent years, local companies apply new technologies to a very small extent. This may pose a threat to the competitiveness of companies from the WB6 in the competitive EU market and global markets.
- Regional initiatives like the Open Balkan are a good start to create a common market. Unfortunately, this initiative is not sufficiently developed and does not include all WB6. The Berlin Process involves all six countries. Perhaps it would be better if the coordination of the Open Balkans process took place as part of the Berlin process by including the remaining countries in the initiative.
- The rapid development of ICT can lead to an increase in energy consumption. As most of the WB6 still base their energy policy on fossil fuels, this development may threaten sustainability. Thus, digitalization and sustainability should be addressed more in tandem. A sector, which offers particular potential, is the transport sector, which EU officials also recognized as an area where the Digital and Green Agenda can be applied at the same time.
- Including WB6 in the EU Value Chain Partnership would be a good basis for the development of digitization and economic growth of these countries. However, this process should be approached with caution. Due to the liberal policy of attracting investment in the countries of the Western Balkans, multinational companies could take advantage of the poor legal regulations in these countries and endanger the environment in order to get access to rare raw materials. Thus, this process should be monitored in coordination with EU institutions.

In addition to significant allocations that have already been made by the EU for the promotion and development of digital transformation, the EU can help in several other ways:

- The EU should support sound reporting on digital transformation with transparent indicators and regular reports. The Digital Economy and Society Index (DESI) data for the countries of the Western Balkans are available only from 2022 and are often incomplete and unreliable. Including the countries of the WB6 in regular reporting according to the DESI methodology will enable the monitoring of progress of the countries of the WB6, also in comparison with the EU Member States.