



House of Lords

International Relations Select Committee

Beyond Brexit: the UK and the Balkans

Written evidence from the British Council

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Summary

- The key political and governance challenges facing the countries of the Balkans are pervasive corruption, failing rule of law, and weak institutions. There are rising intra-regional tensions and increasing democratic backsliding in the region. Radicalisation continues to be an area of high concern, and concerns have also been expressed in some quarters over Russia's increasing influence.
- There are significant economic challenges facing the region. The high youth unemployment rate is causing young people to leave the region, and the lack of opportunities for those that stay may make them more at risk of various types of disenfranchisement from their societies and ultimately also to radicalisation. Uncertainty over the enlargement of the EU has also resulted in a sense of disillusionment and alienation amongst the public.
- The UK has been encouraging EU accession for all of the countries in the region, and has invested heavily in projects in line with EU accession, especially in Bosnia and Herzegovina (BiH). Commitments have been made on both sides that Brexit will not affect the relationship of the UK with the region. However, there is a question mark over whether UK organisations will be able to bid for and implement large scale EU funded programmes in the region after the UK leaves the EU. If the UK were to lose access to this funding, it would have serious implications for the UK's influence and standing in the region. The British Council was competitively awarded since 12.6 million Euros for its work in the Western Balkans since 2015.
- The UK can support positive regional change by creating opportunities for young people by encouraging entrepreneurship, developing the creative industries, developing digital skills, and supporting systemic educational reform, thereby meeting the demand for quality education and skills. It can also help to create positive pathways and opportunities for young people through civil society projects, connecting UK CSOs and NGOs with the Western Balkans. The UK can also play a part in reforming institutions in the region by working with governments and civil servants, and by bringing young people across the region together to aid reconciliation. Increased activity in these areas would not only improve the security, stability and prosperity of the region, but would bring significant soft power benefits to the UK.
- The focus on young people is crucial for long term stability and prosperity of the region. Efforts should be made by the UK to strengthen constructive grassroots initiatives, empower young people and strengthen media and civil society. Though outside of the EU, the UK should continue to support the EU accession path of the Western Balkans to bring stability to the region to encourage judicial reform, media freedom, and conflict resolution in line with the EU accession process requirements.
- With a 77 year history in the Western Balkans, the British Council's work spans education, culture, the arts, entrepreneurship, civil society and institutional reform. Our cross-sector activity has resulted in close relationships with key government stakeholders in all Western Balkan countries, and we are considered a reliable partner in promoting reform agenda among the state authorities, civil society organisations and private sector organisations. The British Council is well placed to provide activities that both improve the stability and prosperity of the region and bolster the UK's influence and standing.

1. The British Council in the Balkans

1.1 The British Council is the UK's international organisation for cultural relations and educational opportunities. We create friendly knowledge and understanding between the people of the UK and other countries. We do this by making a positive contribution to the UK and the countries we work with – changing lives by creating opportunities, building connections and engendering trust. This enhances the security, prosperity and influence of the UK and, in so doing, helps make the world a better, safer place.

1.2 Last year we reached 8 million people across the Western Balkans. The British Council has been active in the region for 77 years, dating back to 1940 when we opened the Belgrade office as one of our first centres outside of the UK. Today the British Council has permanent offices in all 6 West Balkans countries with an extensive track record of delivering high quality donor funded and grant projects in numerous sectors and a strong exams business.

1.3. Throughout the Western Balkans we support governments on the reform agenda, support capacity building in institutions and give individuals the skills they need for a prosperous future. Our work spans education, culture, the arts, entrepreneurship, civil society and institutional reform. Our cross-sector activity has resulted in close relationships with key government stakeholders in all Western Balkan countries, which is why we are considered a reliable partner in promoting reform agenda among the state authorities, Civil Society Organisations and private sector organisations.

2. Key socio-economic and political challenges facing the countries of the region

2.1. Twenty years after violent armed conflicts and dissolution of Yugoslavia, Western Balkan countries remain vulnerable and troubled. Economic challenges are intertwined with political and socio-economic challenges ranging from pervasive corruption, failing rule of law, weak institutions and economies, and an increasing youth unemployment rate. As a consequence, authoritarian leadership is re-emerging; there is a spread of Islamic radicalism, and brewing intra-regional tensions.

2.2. Western Balkan economies suffer from structural weaknesses which impede economic growth and development. The transition from socialist to market economies was only partial and countries are still burdened with uncompetitive industrial sectors. The informal sector is seen as a severe obstacle by one in four firms in the region¹. Heavy taxation, social insurance payments and red tape all generate possibilities for corruption and the establishment of informal power structures. There is widespread corruption in the public sector, and oversized state apparatuses with overlapping institutions and extremely complicated decision-making process continue to generate possibilities for corruption.

2.3. The problem of “jobless growth” - a gap between job creation and the number of people seeking employment- has risen dramatically and the average unemployment rate in the region is 25%.² The labour market is suffering from a severe skills mismatch, and Western Balkan countries register some of the highest youth unemployment rates in the world (BiH is ranked as number one with 62.8%, Macedonia as fourth with 53,1%, Serbia as seventh with 49,9% and Montenegro as eleventh with 41,1%)³. However, in Serbia in particular there is evidence of empty positions that employers are unable to fill positions needing digital skills

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² EBRD (2017) *Firm performance and obstacles to doing business in the Western Balkans- Evidence from the BEEPS- EBRD Working Paper number 200*. Available online <http://www.ebrd.com/publications/working-papers/firm-performance> Richard Benyon (2017) *NATO Parliamentary Assembly Economics and Security Committee (ESC) Draft Report 074 ESCTD 17 E*] by (United Kingdom) –

³ US Central Intelligence Agency (2016) *The World Factbook*. Available online <https://www.cia.gov/library/publications/the-world-factbook/geos/us.html>

2.4 Democratic backsliding on national level has been prominent in the last two years⁴. BiH has undergone episodes of social instability and political conflicts, with Republika Srpska calling for independence and blocking state processes. After the initial cooperation under the Belgrade-Pristina Dialogue, relations between Kosovo and Serbia considerably deteriorated in 2015- 2016. Albania, Kosovo and Montenegro all faced severe political crisis over the past year, while Macedonia experienced a full constitutional crisis which ended in violence in Parliament in May 2016, before the ruling party was urged to step down. The further consolidation of not fully democratic regimes, the centralization of power, and state capture by ruling elites makes the region more fragile with ongoing risks of instability.

2.5. The promise of EU membership has been a key driver for reform in Western Balkan countries in the past two decades. However the passage of time and failure in delivering political and economic reforms, coupled with the Eurocrisis and uncertainty over enlargement has resulted in greater sense of disillusionment and alienation among the public opinion across the region, as well as large public dissatisfaction with political elites.

2.6. Poor socio-economic conditions and political instability are driving young people away, prompting brain drain on a large scale. Though it is hard to track exact data, the observation is frequently made that on average over 100,000 young people have emigrated from Serbia, BiH and Macedonia in the last few years. Faced with poor employment prospects, young people that remain in the region lack constructive pathways, and this may lead them to become more susceptible to various types of extremism and radicalisation.

2.7. Violent extremism and Islamic radicalisation weigh high on the security agenda. From 2012 chains of serious security incidents in BiH, Kosovo and Macedonia took place. More than 1,000 foreign fighters from the region departed for Syrian and Iraqi battlefields⁵. Though the governments have adopted more robust measures and changes in counter-terrorism legislation have been introduced, radicalization remains an area of high concern,

2.8. Russia has an increasing presence in the region. A Russian military base in the city of Nis opened and in 2016 a joint Russia-Belarus-Serbia "Slavic Brotherhood" anti-terrorist exercise took place near Belgrade, which coincided with NATO's largest emergency drill in Montenegro. Russia has also intensified security and defence cooperation with Serbia. Some Governments have expressed concern over Russian influence secured through media funding, investments (primarily in the energy sector), and by supporting nationalist movements. The Montenegro government accused Moscow of supporting individuals that wanted to stage a coup on the day of general elections before the country's accession to NATO. There is concern from several NGOs over Russia's role in Republika Srpska and in regional stability more generally.

3. Impact of Brexit on the countries of the region and implications for UK policy, influence and standing in the region

3.1 The UK has strongly supported EU membership for all the Western Balkan countries. The Foreign and Commonwealth Office has invested significant funds for judicial reform, media freedom, and conflict resolution programs in line with the EU accession process requirements. The UK's influence was most visible in BiH where significant efforts were invested. In 2014, together with Germany the UK launched a new strategic approach towards BiH in order to move the EU accession process

⁴ Bertelsmann Stiftung (2016) *Transformation Index*. Available online: <https://www.bti-project.org/en/index/>

forward.⁶ In Kosovo the UK also provided support in securing Kosovo's independence and has been insisting on Belgrade Pristina Dialogue within the EU framework. Both Albania and especially Kosovo see UK as a key ally and are concerned about losing this support in future EU negotiations.

3.2 Firm commitments were expressed from both sides that Brexit would not affect the relationship of the UK with the region during the Foreign Secretary's visit to the Western Balkans in April 2017. The decision to host the 2018 Western Balkans Summit in London testifies of the UK's support for reform to improve the region's stability. The Summit is a chance to enhance security co-operation on organised crime, anti-corruption and cyber security with Western Balkan partners, enhance the economies of the region, and to showcase the UK's experience and track record in the digital and creative industries. However, if the UK is not a partner in the EU accession process anymore this could result in the UK voice becoming less prominent in the region. One way to overcome this is to continue engaging both on national as well as regional level with issues that could benefit from UK expertise.

3.3 The British Council's projects implemented with the support of EU funding have created tangible impact in the region across different sectors. In Kosovo, we have built capacity of more than 100 civil servants who will implement reforms in public administration. In Serbia as a result of the EU Judicial Efficiency programme the backlog of unresolved court cases was reduced by 50%, which was one of the priorities under the EU Accession Chapter 23, and we have improved 21st century skills for over 3,500 vulnerable persons. Our education projects in Montenegro, Macedonia and BiH have succeeded in modernising education systems to respond to labour market requirements and improved VET schools curricula. These results are some of the outputs of the implementation of 10 EU funded projects which we were competitively awarded since 2015 in total value of 12.6 million Euros.

3.5 It is not clear what the impact of Brexit will be on UK organisations' ability to bid for and implement large scale EU funded programmes across the Western Balkans. This is significant as the British Council are currently pursuing a pipeline of projects worth 30 million Euros in the fields of education, public administration and justice reform which would provide significant impact on the stability and prosperity of the region and the UK's influence and standing in the region.

4 The role to be played by the UK in key challenges facing the region

4.1 The region should remain a priority for the UK Government, both because of its strategic importance, and also because it offers opportunities to engage and mobilize UK institutions, organisations and companies which are in demand in the region and can make a positive impact whilst also supporting wider UK influence and relationships. The UK is respected for its parliamentary systems, rule of law, creative industries – including music and film - and digital skills, all of which present opportunities for engagement. The UK also has a role to play in the security agenda, supporting alternative opportunities and pathways for young people to reduce their risk of radicalisation.

4.2. The lack of opportunities for young people is a pressing concern. The UK can provide expertise in entrepreneurship to give young people the skills to create opportunities for themselves and also support wider economic growth. Through the British Council's regional project Encouraging Youth Entrepreneurship in the Western Balkans (2015/16) the British Council has supported young people to start their own businesses and improve employability skills through quality training programmes

⁶ Bosnia & Herzegovina - a new strategic approach', (2014) Speech delivered by the British Foreign Secretary, Foreign and Commonwealth Office, 5 November 2014. <https://www.gov.uk/government/speeches/bosnia-herzegovina-a-new-strategic-approach>.

and UK experiences. The project also organised study visits to the UK and taught entrepreneurs digital and promotion skills.

4.3 Given the need for 21st skills, the UK should continue investing in digital skills and English language acquisition as this has proved invaluable for youth employment and could have a huge potential for future engagement between the Western Balkans and the UK. In Kosovo alone, through a project jointly funded by the UK and Kosovo governments, the British Council has given nearly a thousand young people digital skills. Through its *21st Century Schools* programme, this year the British Council will give 600 teachers training in teaching core skills and digital literacy and 18,000 students practical coding skills through its partnership with the Micro:bit Foundation and the ministries in each of the countries involved. Last year 6,000 people attended the British Council's *New Technologies in Education* conference and fair including 50 exhibitors from international, UK and Western Balkan tech companies. Last year we reached more than two million people using our digital English resources such as Learn English and the recently launched platform The English Channel.

4.4. The UK can play a part in developing the creative industries in the Western Balkans region, creating opportunities for young people, showcasing UK expertise, and creating long term links with the region. The British Council connects the Western Balkans with expertise in the creative industries and supports individuals and institutions in developing enterprising cultural offers. Through our Creative Industries project, the policies and practices of UK institutions such as Creative England, Knowledge Transfer network and NESTA have shaped the Macedonian government's creative industries policy. We have also established a National Commission for Creative Industries in Macedonia and distributed grants to cultural institutions and creative practitioners. In partnership with the FCO we have trained more than 120 young entrepreneurs and developed the Western Balkans Start-Up website which has been used by 50,000 people.

4.5 Our work with museums and galleries has expanded in the last three years. We trained over 60 high and mid-level management professionals in skills needed to attract new young audiences supporting the ongoing change in those public institutions turning them into places of knowledge and regional co-operation. As a result, institutions involved in our programmes engaged more than 100,000 people with UK artists over the last year. We also supported the creative industry sector in the region by training more than 250 film production companies and creative studios in digital skills making them more competitive on the international market.

4.6. Weak institutions are a key risk factor for instability in the region, and the UK can share expertise of its world-renowned institutions. Over the past 10 years the British Council has worked closely with the Western Balkan Government in numerous policy areas, such as capacity building for civil servants and leading in policy formulation processes so we have close relations with individual line ministries. In Kosovo we have developed a specific programme with the Government called KosovoTalksEU where we have engaged leading Civil Society Organisations in helping the Government to design and deliver effective public and digital diplomacy. British Council Kosovo has also been managing the Young Cell Scheme Project for the last 6 years, building professional, accountable and apolitical civil service by supporting the public administration reform through a Masters Scholarship programme. The British Council have provided working attachments for influential public servants and key influencers in the UK in various key reform areas and we have a Western Balkan alumni network of established of future leaders and agents that can lead change in their societies. We also run the EU funded Western Balkans Young Professionals programme which builds capacity and understanding across all 6 countries.

4.7. Security is a major concern in the region, and the UK should play a part in the response. Under the Conflict Stability and Security Fund (CSSF) funding, the British Council is currently implementing a regional preventing violent extremism project, which seeks to establish a regional research hub that

will provide national, regional, UK and EU decision makers with strong evidence base for development of effective preventing violent extremism policies. The regional study will be completed in the first quarter of 2018, and the fieldwork and data collection is now complete. In this project we work closely with the UK Government and HM Embassies ensuring strategic alignment to UK policy priorities. The UK can also utilize its leverage in preparation for the upcoming 2018 London Summit which gives a chance to reinforce cooperation in the field of security.

4.8. The UK already plays a role in building civil society and creating positive opportunities and pathways for young people at risk of radicalization. Our Active Citizens programme has created networks of young community leaders and agents of change across the Western Balkans and supplied them with the skills they need to further their goals through combination of training workshops, social action projects and UK exchange visits. In BiH we have developed a network of 300 motivators and over 1,000 volunteers across the country. In Macedonia 100 teachers and CSO representatives attended the 'Basis of community youth work course'. After receiving training, representatives of 5 Skopje municipalities worked on the introduction of new Antidiscrimination legislation. In Kosovo we have promoted intercultural dialogue and community-led social development in 8 municipalities. In addition, the Connecting Classrooms project in BiH has helped secondary school teachers to address deeper drivers of conflict within their schools and wider communities through targeted extra-curricular activities.

4.8 In light of accession being postponed the Berlin Process is seen as the only route which can bring together the main political leaders in the region and push the reform agenda. Now the UK has committed to hosting the 5th in the series it is an important opportunity to show our commitment to the region, and to leverage EU partners and bring people on board. Now we have committed to it, it is critical we do a good job in the execution if we want to retain impact and influence in the Balkans.

4.9. Though outside of the EU, the UK should continue to support the EU accession path of the Western Balkans to bring stability to the region, and encourage judicial reform, media freedom, and conflict resolution in line with the EU accession process requirements. The British Council, as a cornerstone of the UK's soft power and with strong links across the government, civil society, education, entrepreneurship, culture and the arts, can implement further initiatives in these areas that can be important and influential in the future stability and prosperity of the region.