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Funded by the European Union



Analytical Report

**Western Balkans 2035: Demographic Resilience
and Strategic Migration Planning under EU Integration
and Isolation Scenarios**

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International Centre for Migration Policy Development, 2026

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This publication was produced in the framework of the Prague Process, a component of the Migration Partnership Facility, with the assistance of the European Union.

Required citation: Tado Jurić (2026). Western Balkans 2035: Demographic Resilience and Strategic Migration Planning under EU Integration and Isolation Scenarios. Prague Process, International Centre for Migration Policy Development (ICMPD), Vienna.

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Executive summary

Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Serbia, and Kosovo* are entering a critical demographic decade. Persistent emigration of young and skilled workers, combined with low fertility and rapid population ageing, is driving structural population decline that immigration alone cannot offset. This report examines how migration will shape the region's demographic and socio-economic future by 2035 under two trajectories: *EU Integration*, marked by institutional strengthening and circular mobility, and *Strategic Isolation*, characterised by governance stagnation and one-way outflows.

The analysis shows that governance-driven migration management – not fertility – is the decisive factor. In the EU Integration scenario, improved institutions, return migration and regulated labour inflows slow population loss. In the Isolation scenario, demographic decline accelerates, labour shortages intensify and dependence on poorly integrated foreign workers grows, alongside rising exposure to non-EU geopolitical actors. The region's demographic resilience will depend on its capacity to retain and attract talent, manage immigration effectively and embed migration within a broader development and EU-alignment strategy.

INTRODUCTION

Albania (AL), Bosnia and Herzegovina (BiH), Kosovo*¹ (KS), Montenegro (MN), North Macedonia (NM), and Serbia (RS) – hereinafter referred to as the ‘Western Balkans’ (WB) – constitute one of the world’s most demographically fragile regions. Persistently low fertility rates, coupled with sustained emigration – particularly of young, educated, and highly skilled individuals – are accelerating population decline and steadily eroding the region’s human capital base. Meanwhile, parts of the region are increasingly emerging as destination countries, as immigration – albeit still limited in scale – becomes a more visible response to labour shortages. The region is entering a pivotal decade during which migration will decisively shape its demographic and socioeconomic trajectories.

The report frames migration as a principal driver of demographic decline and a potential lever for strategic intervention. The report presents two plausible scenarios for 2035, arguing that the WB face a bifurcated future: either consolidating demographic resilience through coordinated regional and European action, or confronting deepening depopulation, institutional fragility, and socio-economic divergence. These scenarios underscore the urgency of aligning migration governance with demographic sustainability, inclusive development, and EU integration objectives. As a result, the report proposes integrated policy responses that can equip the Western Balkans for the challenges and opportunities of the coming decade.

The report adopts 2035 as its analytical horizon: distant enough to capture the cumulative impact of fertility, ageing, and migration trends, yet proximate enough to inform current policy cycles, EU accession debates, and fiscal planning. Politically, 2035 falls within the EU’s indicative timeline for enlargement – a period when population decline and migration patterns will increasingly shape institutional reform, economic resilience, and progress towards European integration.

The main part of the report focuses on Bosnia and Herzegovina and Serbia because they record the largest absolute and relative population losses, have a strong diaspora and pronounced youth migration flows, and provide the most detailed and comparable statistical data. Other Western Balkan countries (Albania, Kosovo*, Montenegro, North Macedonia) will be treated only in the outline because they have a smaller impact on the overall WB projections, the availability and quality of data is more limited, and migration patterns are similar to those already analysed in detail in BiH and Serbia.

This report draws on both official statistics and innovative Big Data approaches², connecting demographic evidence with plausible future scenarios and the corresponding policy options available to WB governments and EU institutions.

The report follows a policy-oriented structure. Chapter 1 presents the demographic and migration context of the region. Chapter 2 develops two plausible scenarios – one of deeper EU integration

¹ *This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

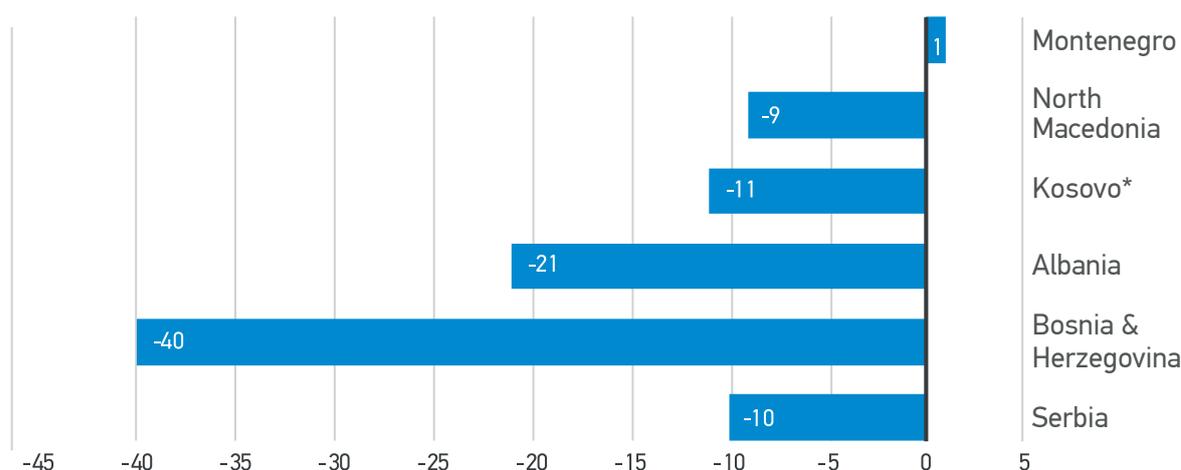
² This report combines official demographic statistics, the European Commission’s EUROPOP2023, the United Nations World Population Prospects 2024 Revision, The Lancet study, and author’s Big Data-based model to provide a more accurate picture of migration trends in the WB. Core data come from Eurostat, UN WPP 2022, and national statistical offices, complemented by Meta Audience Insights, Google Trends, and YouTube Analytics to capture underreported emigration and migration intentions. Big Data-based digital demography tools are used to complement and cross-validate official statistics. The approach does not seek to replace official data but to reveal its blind spots, especially the temporal gap between intention and registration, and the spatial gap between declared and actual residence. This combined methodology allows for a more realistic estimation of migration flows and thus a more accurate assessment of demographic contraction in the WB. (See Jurić, T. (2022). Forecasting Migration and Integration Trends Using Digital Demography. Comparative Southeast European Studies, vol. 70, no. 1, 2022.

and one of strategic isolation – and analyses their likely demographic and migration consequences. Chapter 3 translates these findings into practical policy options and key recommendations for national and regional actors, outlining strategic choices for the Western Balkans by 2035. The analysis is guided by a single overarching question: **How will migration shape the demographic and socio-economic future of the WB by 2035 under alternative EU integration scenarios, and what policies can mitigate negative outcomes?**

CHAPTER 1. DEMOGRAPHIC AND MIGRATION REALITIES IN THE WESTERN BALKANS

Over the past 25 years, the six WB countries have experienced a continuous population decline, losing nearly 2.5 million people and bringing the total population to just over 16 million.¹

Figure 1. Population changes in the Western Balkans, 2000-2024 (%)



Source: Author's elaboration³.

This demographic downturn is largely attributed to the economic and political upheavals of the post-socialist transition, compounded by the conflicts of the 1990s, but also to the policies of developed EU core economies, such as Germany, to attract young labour.¹¹ Today, roughly one in five citizens of the Western Balkans resides outside the region.

Sustained emigration is the single most powerful force reshaping the region's demographic and socio-economic landscape. Migration-adjusted projections point to population losses exceeding 15% by 2035 – a demographic shift with implications for social cohesion, labour markets, and governance. If current emigration patterns persist, migration will remain the primary driver of demographic decline, accounting for two thirds of total loss, compared with one third from natural decrease.¹¹¹ Between 2013 and 2023, official Eurostat and national data indicate that the WB lost over 1.8 million people to emigration, while the natural decrease (births minus deaths) accounted for about 900,000 fewer inhabitants in the same period. **In Serbia, emigration explains nearly 70% of net population decline, confirming that out-migration – rather than fertility – has become the dominant demographic mechanism.** By 2035, without targeted interventions, the region risks a critical erosion of its human capital base.

The main reasons for outward migration extend beyond short term economic motives to deeper structural challenges such as governance deficits, regional disparities, corruption and a persistent sense of stagnation.¹¹⁴ Empirical research¹¹⁵ confirms that weak governance and ineffective public services are decisive push factors, particularly for skilled migrants. In turn, emigration undermines reform capacity, as many of the most motivated and reform minded citizens leave.

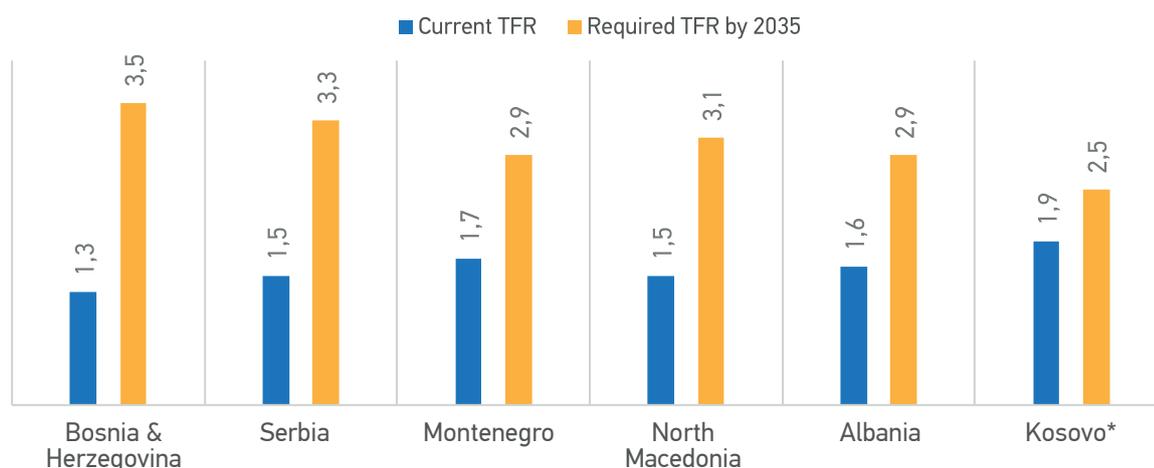
³ Sources used: Popis stanovništva, domaćinstava i stanova [Census of population and households in Serbia]; Wankiewicz, P., 2025; Albanian Population and Housing Census; UN, Counting 1,602,515 people: The 2024 Census and Its Impact on Kosovo's Development; DZS, 2021.

The demographic impact of emigration is visible in the rapid decline in school enrolment. Between 2008 and 2020, the number of pupils fell by over 90,000 in BiH, and 100,000 in Serbia, while high-school enrolments declined by 13-23% across the region.^{vi} Student outflows are equally stark: more than 15,000 Serbian students are enrolled at universities in Germany, Austria, and Slovenia, while Bosnia and Herzegovina has lost nearly a quarter of its tertiary students abroad since 2015.^{vii} This asymmetry underscores the region's persistent status as an exporter of young human capital within the European Higher Education Area. Generational frustration with limited progress and underinvestment in infrastructure accelerates both cultural and economic peripheralization,^{viii} reinforcing the cycle of emigration and demographic decline.

At the same time, immigration is no longer a marginal phenomenon in the WB. It is becoming structurally embedded in the region's labour markets. Serbia is moving in a similar direction: in 2025, it announced plans to issue 100,000 work permits, prompting Ghana to seek opportunities for its young citizens within this quota.^{ix} The two countries have opened negotiations on a labour mobility agreement, targeting sectors such as construction, healthcare, ICT, agriculture, and services. Bosnia and Herzegovina has also begun attracting workers from Asia, issuing nearly 6,100 work permits in 2024, mainly to workers from Nepal, India and Bangladesh.^x These trends signal a gradual transition of the Western Balkans from pure emigration zones to mixed migration systems.^{xi} While foreign workers partially help alleviate labour shortages in certain sectors, the absence of comprehensive integration policies risks creating parallel societies and potential social tension.

Despite emerging immigration inflows, the overall demographic balance remains deeply negative. None of the Western Balkan countries maintains a fertility rate above the replacement threshold of 2.1 children per woman.^{xii} The regional average of around 1.5 is comparable to the EU average of 1.46 recorded in 2022. Meanwhile, to stabilise national populations by 2035, each woman would need to have on average 3.3-3.5 children in Bosnia and Herzegovina and Serbia, and above 2.5 children in Kosovo*⁴. Such thresholds are virtually unattainable under present conditions, and no European country since 1950 has achieved a fertility rate above 3.0.

Figure 2. Current vs Required Total Fertility Rate (TFR) to Maintain Stable Population by 2035 in the Western Balkans



Source: UN DESA – World Population Prospects 2024; Eurostat (2024) Population and Fertility Database; author's Big Data migration correction.

⁴ These estimates illustrate the magnitude of demographic imbalance in the region. "Required Total Fertility Rate" quantifies the fertility rate that would be needed to maintain a stable population size by 2035, given current levels of mortality and migration. The higher the gap between actual and required TFR, the greater the structural deficit of reproductive-age women and the stronger the dependency on immigration or return migration to offset population loss. Such quantification therefore serves as a proxy for demographic sustainability rather than a realistic fertility target.

The persistent sub-replacement fertility, combined with the large-scale emigration of young people has led to accelerated population ageing throughout the WB. In BiH, Serbia, and North Macedonia, the median age now approaches or surpasses the EU average of 44.5 years. The share of the population aged 65 and above is also rising sharply – reaching about 20% in Serbia and BiH – while Kosovo* remains a demographic outlier, with only 10% of its population in that age group.^{xiii} Yet even these indicators likely understate the true scale of demographic contraction, as national statistical offices often fail to accurately capture the emigration of young adults and their children, resulting in distorted demographic estimates, particularly the average age of the population.

Table 1. Western Balkans Population Estimates and Projections (millions)

Country	United Nations Medium Variant					Big Data	Difference UN vs Big Data
	2020	2030	2040	2050	Change 2020-50	2050	
Albania	2.79	2.63	2.45	2.26	-19.0 %	1.89	-17 % lower
Bosnia & Herzegovina	3.30	2.99	2.79	2.61	-21.0 %	1.80	-31 % lower
Kosovo*	1.82	1.75	1.69	1.63	-10.4 %	1.43	-12 % lower
Montenegro	0.62	0.58	0.55	0.53	-14.5 %	0.33	-38 % lower
North Macedonia	2.08	1.97	1.87	1.77	-14.9 %	1.27	-28 % lower
Serbia	6.72	6.31	5.93	5.60	-16.7 %	4.90	-13 % lower
WB Total	17.33	16.23	15.28	14.40	-16.9 %	11.62	-19 % lower

Sources: UN World Population Prospects 2022 (medium variant); author's correction based on Big Data migration analysis, 2024.

The demographic imbalances outlined above are already generating significant economic and fiscal consequences. The shrinking workforce constrains labour supply and overall economic productivity, while the growing number of retirees increases pressure on already fragile pension systems. These strains threaten the long-term sustainability of social protection, putting pressure on the WB governments.^{xiv}

Across the region, demographic decline has prompted a visible but fragmented policy response. Governments increasingly promote pronatalist rhetoric and introduce small-scale incentives such as child allowances, housing subsidies, and tax deductions – seen in Albania, Serbia, and North Macedonia – or free preschool and housing support in parts of Bosnia and Herzegovina, Kosovo*, and Montenegro. While these measures offer short-term relief, they remain largely ad hoc, politically symbolic, and disconnected from broader demographic and migration strategies. The absence of central coordination, transparent budgeting, and long-term planning limits their structural impact, leaving the region without a coherent framework to address population loss and human capital flight. Demographic sustainability in the Western Balkans cannot be restored through fertility increases alone. Structural constraints – including delayed family formation, and the shrinking base of women of reproductive age – make a rapid recovery inconceivable.

Without coordinated policy action, these dynamics risk reinforcing economic stagnation and further incentivising outward migration. Understanding how alternative political and economic trajectories could influence these trends is therefore central to anticipating the region's demographic and developmental future. The following section explores two plausible scenarios for 2035 that illustrate these diverging pathways.

⁵ See the Theory of Demographic Transition.

CHAPTER 2. TWO PLAUSIBLE SCENARIOS

All Western Balkan countries except Kosovo* hold EU candidate status, yet their future demographic and socio-economic trajectories will depend heavily on the pace and direction of the EU integration process. This section examines how different levels of alignment with the EU shape migration dynamics – and through them, the broader demographic outlook – by 2035.

The analysis builds on the demographic evidence and migration patterns outlined in the previous chapter, which showed that the region faces three structural pressures: sustained emigration, persistently low fertility, and rapid population ageing. Because fertility and mortality are slow-moving variables, migration remains the decisive factor determining whether population decline stabilises or accelerates over the next decade.

To explore these possible futures, the analysis applies a comparative foresight approach, following OECD/ESPAS scenario-building methods. Two contrasting but plausible trajectories are developed: one in which the Western Balkans deepen their integration with the EU and another in which the region drifts away from the EU framework. Scenario building starts from a question: *What happens to migration and population trends if governance improves, and what happens if it does not?* The method identifies a small number of factors that strongly influence behaviour – quality of institutions, access to the EU, and available mobility channels. It then examines how changes in these factors lead to changes in migration decisions (whether people stay, leave, or return), and how these migration patterns translate into demographic outcomes by 2035. In this way, each scenario follows a clear and linear causal chain: governance conditions shape migration behaviour, and migration behaviour shapes demographic trends.

Scenario 1: EU Integration – Migration as a stabilising force

In the **EU Integration scenario**, the region remains anchored to the EU through continued accession, gradual access to funds, and improved governance under EU conditionality. As institutions become more transparent and predictable, public trust grows, investment conditions stabilise, and mobility is better managed. Migration patterns gradually shift from predominantly permanent outflows towards a more circular forms: many young people continue to leave for education or work abroad, but an increasing share return or invest at home, encouraged by political stability, clearer rules and economic incentives.

These governance and economic improvements translate into measurable demographic effects. Better public administration reduces uncertainty, improves the business environment, and lowers the incentives for permanent emigration among young and skilled workers. At the same time, more transparent and predictable administrative systems make return migration more attractive by reducing risks associated with returning. Faster recognition of qualifications, clearer investment rules, and more reliable public services encourage returnees and diaspora members to engage more actively in local labour markets and entrepreneurship. As a result, net migration balances gradually improve, as return migration and diaspora engagement compensate for part of the ongoing outflow. Improved governance also enables more effective family-support policies, including better childcare provision, housing support, and greater employment security for young families. Together, these factors contribute to a modest recovery in fertility to around 1.7-1.8. When improved migration balances and modest fertility gains occur simultaneously, overall population decline slows. By 2035, population loss could be limited to approximately 5-7%, compared to the double-digit declines projected under weak governance.

Immigration from third countries – particularly from Asia and Africa and non-EU Eastern Europe – remains regulated and helps ease labour shortages. At the same time, irregular migration declines as alignment with EU rules reduces both incentives and opportunities for irregular entry and onward movement. When visa policies, border procedures and identity-screening standards become harmonised with those of the EU, the Western Balkans no longer function as an easier “entry point” for individuals who would not qualify under EU procedures. In addition, improved border management, better information-sharing with EU agencies, and more predictable legal mobility channels reduce reliance on smugglers and lower the probability that irregular transit through the region will succeed.

Depopulation slows in most areas and halts in urban centres. Major cities stabilise first, as they attract return migrants, investors, and internal migrants seeking better services and job opportunities. These inflows offset natural decline, allowing urban centres to halt population loss while depopulation in other areas merely slows. In this environment, migration becomes a mechanism of renewal rather than a source of demographic loss. The region is more closely connected to European labour markets, innovation networks, and opportunities for social mobility. Better governance and EU incentives give countries greater policy space and more predictable resources to mitigate demographic decline, strengthen institutions, and support economic development.

Overall, the Integration scenario offers more favourable conditions for demographic stabilisation and political resilience. It aligns with the EU’s strategic objectives of fostering a secure and prosperous neighbourhood, while enabling the Western Balkans to retain and attract talent, advance convergence, and avoid the deeper population losses projected under the Isolation scenario. Final outcomes, however, will depend on sustained domestic reforms and their effective implementation. Even under strong EU conditionality, demographic gains will materialise only if governments consistently enforce transparency rules, strengthen public administration, and deliver predictable public services. Without such follow-through, the incentives that encourage people to stay, return, or invest weaken, and migration behaviour reverts to permanent outflows.

Although several WB countries have held EU candidate status for many years, this scenario assumes a different dynamic. The decisive factor is not formal EU candidate status, but the depth and credibility of EU conditionality and the extent to which domestic political elites respond to it. Experience from recent accession processes shows that governance reforms accelerate only when the EU offers clear timelines, strong monitoring, and predictable financial incentives. In this scenario, such a framework raises the political and economic costs of stagnation, prompting governments to pursue reforms more consistently. Comparative evidence indicates that countries, such as Slovenia and the Baltic states, which improved governance under credible EU conditionality, eventually experienced higher return migration, greater circular mobility, and stabilisation of population decline.^{xv} The scenario therefore does not assume that EU candidacy alone produces demographic change, but that strengthened conditionality combined with domestic political alignment generates the governance improvements needed to influence migration and demographic outcomes by 2035.

Scenario 2: Strategic Isolation – Migration as a driver of decline

The **Isolation scenario** assumes a gradual distancing from the EU and a shift toward alternative political and economic partners such as Russia, China, Gulf countries and Türkiye. While such partnerships may offer short-term financial or geopolitical advantages, they carry long-term risks for the region’s governance, stability, and demographic future. External actors such as Russia and China

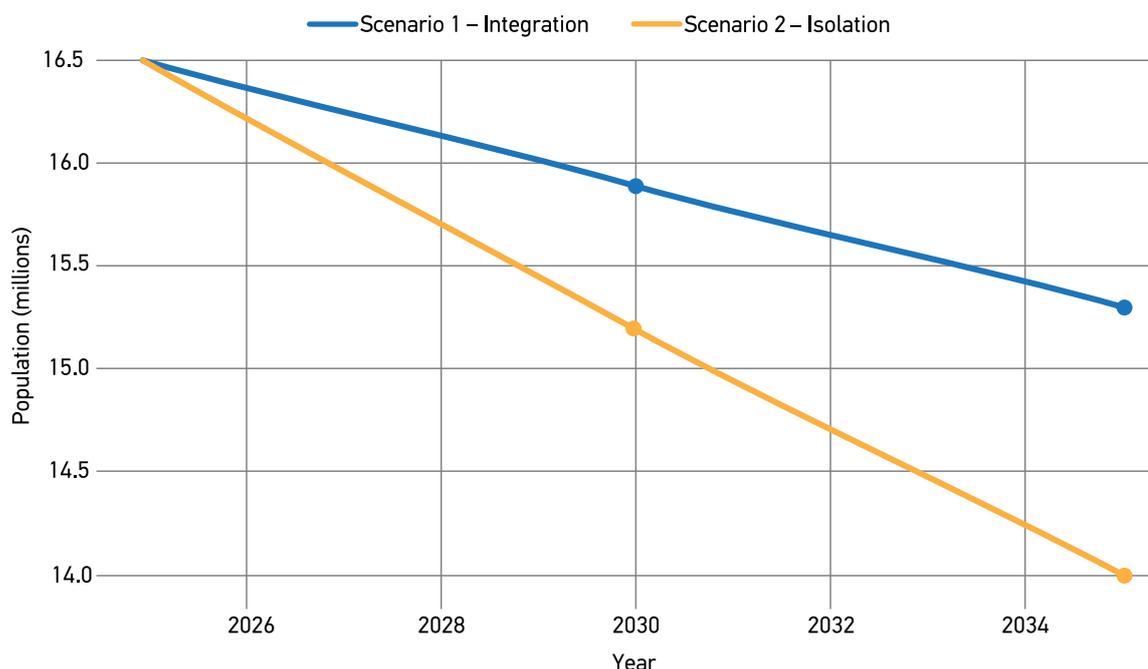
typically prioritise regime stability and elite loyalty over transparency and civic accountability. This approach tends to reinforce clientelism and weaken horizontal accountability, eroding public trust and deepening political fragmentation.^{xvi} Infrastructure investments linked to opaque financing arrangements increase debt exposure and bypass EU procurement standards^{xvii}, while some forms of external influence channel identity-based narratives that complicate secular governance and inter-ethnic cohesion.^{xviii} Together, these pressures consolidate illiberal elites and reduce incentives for structural reform.

For the Western Balkans, turning away from the EU would mean losing access to the most powerful driver of governance reforms: the conditionality framework that links financial support and mobility incentives to improvements in the rule of law, public administration, and accountability.^{xix} As this leverage disappears, reform momentum slows, institutions become less predictable, and corruption pressures deepen.^{xx} These institutional changes directly shape migration behaviour. When people judge that prospects for improvement at home are diminishing, migration shifts from temporary mobility to permanent exit – especially among the young and skilled. As a result, outflows accelerate while almost no one returns. Survey evidence^{xxi} confirms that, in the absence of a credible EU integration perspective, permanent emigration becomes significantly more likely. Since 2013, more than 1.8 million people have left the region, and under isolation conditions this outflow could double by 2035, leading to shrinking labour markets, higher dependency ratios, and growing pressure on welfare systems.

Furthermore, weakened alignment with EU visa rules and border procedures creates gaps that can be exploited for onward movement. Reduced cooperation with EU border agencies lowers screening capacity and enforcement effectiveness, making irregular routes both more feasible and more attractive to migrants and smugglers. At the same time, labour immigration from third countries can expand in an uncoordinated and weakly regulated manner, as governments seek to offset labour shortages. Experiences from Serbia and Bosnia and Herzegovina already points to rapid, only partially regulated recruitment of workers from Asia and the Middle East,^{xxii} as labour inspectorates and migration administrations often lack sufficient staff, technical capacity, and monitoring tools needed to regulate recruitment effectively. Unlike EU member states, they do not have access to EU interoperability systems or joint risk-assessment mechanisms, making it difficult to detect fraudulent recruitment and labour exploitation. Moreover, regulatory frameworks remain fragmented, while coordination between institutions and oversight of recruitment agencies remain limited. Without integration frameworks or labour protection comparable to EU standards, these inflows risk creating segmented labour markets and new social tensions, further feeding the cycle of institutional fragility and political polarisation.

Governments in the Isolation scenario also deprioritise integration policies because political incentives work against them. As studies^{xxiii} show, countries in South-Eastern Europe rarely initiate integration programmes for third-country nationals due to fears of losing political support in contexts where ethnic identity remains a central marker of legitimacy. Any move toward incorporating new ethnic groups is often framed as a form of disloyalty, making political elites reluctant to support integration measures that could be portrayed as weakening the dominant national identity.

Demographic consequences follow directly from this institutional and geopolitical environment. Rural areas empty, fertility remains at 1.3-1.5, and ageing intensifies as working-age cohorts shrink. These trends reinforce a self-perpetuating cycle in which weak institutions drive emigration, emigration erodes the workforce and tax base, and institutional capacity weakens further. By 2035, sustained outflows and limited return migration could result in population losses of 12-15%, leaving the region more economically vulnerable, politically fragmented, and demographically fragile.

Figure 3. Population Projection for the Western Balkans (2025-2035)

Source: Author's own elaboration.

In the EU Integration scenario, emigration patterns gradually shift from permanent outflow toward circular mobility. Young people still leave for education or temporary work, but improved governance, clearer rules and more predictable economic conditions encourage a growing share to return or reinvest at home. Over time, these returnees and diaspora investors strengthen local labour markets, stabilise human capital, and reduce the long-term demographic impact of outmigration. By the early 2030s, the migration balance improves as return migration increasingly offsets annual outflows.

In the Isolation scenario, this dynamic reverses. Weak governance and uncertainty increase the likelihood that those who leave do so permanently. Legal mobility channels to the EU narrow, but the underlying drivers of emigration intensify, leading to more irregular attempts and a rise in departures to non-EU destinations such as Canada, Australia and the United States. Highly educated individuals are disproportionately represented among those who do not return, accelerating the erosion of the region's human capital base and deepening demographic decline.

POLICY OPTIONS FOR DIVERGING FUTURES

Building on the findings from the *EU Integration and Strategic Isolation* scenarios, the policy options presented below show how targeted interventions can alter the trajectory of both scenarios. Under the Integration pathway, these measures strengthen resilience, converting migration from a symptom of demographic decline into a lever of renewal, supporting closer alignment with EU standards. Under Isolation, they represent the minimum set of actions to preserve institutional capacity, preventing demographic collapse, and maintaining basic social stability in the context of weak governance and limited EU leverage.

These measures reflect areas where evidence shows both urgency and feasibility within a ten-year horizon. Comparative research demonstrates that targeted improvements in governance, child-care availability, circular migration schemes, and regulated labour recruitment produce measurable demographic and labour-market effects even in lower-capacity environments. Evidence from OECD^{xxiv}, UNDP^{xxv} and IOM^{xxvi} shows that countries which expand childcare access, professionalise public administration, and introduce basic return-migration incentives achieve higher retention of young workers, modest fertility increases, and improved labour-market stability within a decade. While they would not reverse the effects of strategic isolation, they can slow its most damaging consequences, helping the region retain essential human capital, and basic demographic viability until renewed prospects for integration emerge.

1. Institutional Integrity and Service Quality

Institutional integrity and service quality remain the foundation for all demographic and migration reforms. Evidence^{xxvii} confirms that countries with more transparent governance retain more citizens and attract higher levels of return migration and investment, while maintaining stronger social cohesion. Enhanced institutional credibility – through stronger anti-corruption bodies, digitalised public procurement, and professionalising local administrations – directly improves service delivery and public trust.

Under EU Integration: EU conditionality provides a strong enforcement mechanism for governance reforms. It enables the full digitalisation of procurement, professionalisation of local administrations, and empowerment of independent anti-corruption bodies with enforcement powers. By 2035, measurable progress should be visible through improved governance indices and a higher quality of public service delivery, even if domestic resistance remains a challenge.

Under Strategic Isolation: without EU conditionality, institutional progress slows, and corruption pressures increase. In this context, institutional integrity becomes the first line of defence against further decline. Government should rely on low-cost transparency tools – such as open-budget portals, e-procurement audits, citizen reporting mechanisms – which are already yielding positive results in Serbia and North Macedonia^{xxviii}. Strengthening independent media and local watchdog networks helps sustain accountability and public trust and prevent further administrative decay.

2. Childcare and housing packages

Childcare and housing packages are crucial for fertility recovery and the reintegration of returnee families. Access to affordable childcare correlates strongly with higher fertility and higher female labour participation across EU member states^{xxix}. Municipal childcare networks, targeted housing subsidies, and tax deductions for young families are among the most direct incentives for settling and raising children.

Under EU Integration: With targeted EU support, governments can scale affordable childcare provision to near-universal access in urban centres and institutionalise housing support tied to employment. These measures would improve the predictability of family planning and make return migration more viable for young households. By 2035, such interventions could raise fertility rates by 0.2-0.3 points.

Under Strategic Isolation: Fiscal constraints limit large-scale expansion, but well-targeted childcare and housing measures can still help stabilise fertility and social cohesion and slow down the outflow of young families. UNICEF^{xxx} evidence from Albania and Serbia shows that expanding access to affordable childcare and housing subsidies increases the likelihood that families remain in urban areas where jobs are concentrated. Redirecting existing social transfers toward childcare places and rental support in core cities offers a cost-effective way to retain working-age households.

3. Circular and return migration regimes

Circular and return migration regimes are among the most effective tools to counter brain drain without restricting mobility. Experience from Poland, Portugal, and the Baltic states demonstrates that simplified recognition of qualifications, tax incentives for returnees, and diaspora investment funds significantly increase circular migration.^{xxxi} Regardless of the scenarios, mobility should be treated as a two-way circuit, not a one-way exit.

Under EU Integration: EU alignment provides the institutional framework and incentives needed to expand circular migration. Western Balkan governments could institutionalise bilateral circular/return corridors with EU partners, fast-track the recognition of qualifications, and offer predictable tax relief for returnees and diaspora investors, while establishing dedicated diaspora innovation funds. By 2035, at least one quarter of emigrants in circular/return schemes could be engaged in temporary or return mobility, contributing skills and capital to domestic economies.

Under Strategic Isolation: With fewer legal mobility channels and weaker institutional credibility, large-scale circular migration becomes difficult to sustain. Retaining human capital therefore requires creative national measures. World Bank^{xxxii} findings indicate that small-scale return grants, start-up incentives, and remote-work programmes can slow the outflow of young professionals even in low-trust environments. Supporting diaspora entrepreneurship and co-financing professional reintegration schemes could maintain a limited but vital flow of skills back into domestic economies despite broader structural challenges. One-stop “re-entry” services may also provide low-cost assistance to returning professionals navigating fragmented administrative systems.

4. Targeted labour immigration with integration standards

Targeted labour immigration with integration standards addresses growing labour shortages, particularly in construction, healthcare, and IT. IOM^{xxxiii} and World Bank^{xxxiv} note that unmanaged inflows from third countries can generate parallel labour markets, fuel exploitation, and heighten social tension unless accompanied by clear integration measures and oversight frameworks.

Under EU Integration: Western Balkan governments can establish transparent recruitment channels and mandatory integration programmes, including language/civic courses, skills certification, and strict equal-pay enforcement. These measures would enable the region to fill gaps by attracting immigrant workforce while maintaining cohesion. By 2035, immigrants could represent 8-10% of the workforce under regulated conditions, particularly in critical sectors such as health, construction, transport and IT, contributing to tax revenues and demographic resilience.

Under Strategic Isolation: Labour immigration management remains equally essential but measures comparable to those under the EU Integration Scenario are difficult to sustain, as they require regulatory capacity, oversight mechanisms, and EU technical and financial support that would no longer be available. In the absence of EU conditionality and cooperation frameworks, governments would lack both the incentives and the resources to develop structured recruitment and integration programmes, increasing the likelihood that labour migration occurs through ad hoc and weakly regulated channels. At a minimum, governments would need to establish the most basic integration and oversight mechanisms – language courses, regulated recruitment channels, equal-pay rules, inspection standards – to prevent the emergence of parallel labour markets and to avoid exploitation and social backlash. While more limited in scope, these measures would still help maintain social stability and protect migrant workers.

5. Data, foresight and regional cooperation

Big Data-based early warning systems would enhance foresight and policy responsiveness. Current migration statistics understate real outflows by 20-30%^{xxxv} making it difficult for governments to anticipate labour shortages, pressure on social services, or emerging demographic risks. Integrating digital trace data – from Meta, Google, and administrative platforms – into national monitoring systems could provide near-real-time signals of emigration or labour shortages. Establishing a Western Balkans Migration Monitoring Platform would institutionalise this capacity, providing predictive analytics to support strategic planning in education, employment, and health sectors. Moreover, no matter the trajectory, demographic risks are regional and therefore require regional coordination.

Under EU Integration: EU Integration could provide the resources, technical standards, and interoperability needed to build a full-scale permanent Migration Monitoring Platform. Governments can link official statistics with digital trace data, harmonise methodologies with Eurostat, and embed predictive analytics into policy planning. A fully operational Migration Monitoring Platform would support forward-looking labour market monitoring and education planning, along with early detection of demographic pressures. Regional coordination can be strengthened through alignment with EU Single Market rules and the Western Balkan Common Regional Market, facilitating data sharing and skills circulation.

Under Strategic Isolation: Fiscal constraints and weaker institutions capacity limit the scope for large-scale data reforms, but a lean, low-cost Migration Monitoring Platform function remains essential. Maintaining a streamlined platform that integrates basic administrative data with simple digital indicators can provide early warning on emigration spikes and sectoral shortages. In this context, regional coordination becomes even more important: pooling capacities through a Western Balkan data platform and shared monitoring can reduce costs and improve response time, while joint demographic data systems and cooperative early-warning tools can enhance foresight and policy learning at minimal cost.^{xxxvi} A joint Migration Monitoring Platform could track regional flows, issue alerts, publish briefs, and strengthen institutional resilience even without deep EU support, ensuring policy is reactive at worst and anticipatory at best.

EU Actions under the Integration Scenario

Within the Integration scenario, closer EU alignment creates the policy space for more coherent migration governance and a stronger European approach to demographic challenges. Since mobility and population decline are structurally linked across the Union, the Western Balkans would benefit from EU-wide standards that address demographic imbalances and make mobility more mutually beneficials.

A **Common European Demographic Policy** would help reduce disparities that currently encourage labour-driven outmigration from the Western Balkans. **Harmonising minimum standards for family benefits, childcare access, and parental leave across the EU** would lessen the incentive for young families to migrate to higher-income Member States. A complementary **demographic cohesion mechanism**, similar to structural funds, could channel resources to regions facing depopulation or brain drain, supporting investments in childcare, housing, and service accessibility.

Embedding demographic sustainability into the European Semester would further align EU Member States' and candidate countries' national policies with long-term population goals, while strengthening institutional planning capacity in the Western Balkan countries as they move towards accession. Equally important is **linking demographic and migration policy at the EU level**, through return incentives, circular mobility programmes, and diaspora engagement. This approach transforms mobility from a zero-sum competition for human capital into a shared European resource.

Recommendations for the European Union under the Integration Scenario

- ▶ **Demography-migration coherence:** Anchor WB measures in a single EU framework that treats depopulation, skills mobility, and integration as one policy file. Tie pre-accession funding to measurable improvements in governance, childcare coverage, skills recognition, and integration standards.
- ▶ **Talent Partnerships and circularity:** Expand EU Talent Partnerships to the WB to include return clauses, skill certification, and tax incentives for re-entry. Support bilateral corridors in health, STEM, and vocational trades, with co-financed re-integration packages.
- ▶ **Targeted cohesion for demographic peripheries:** Designate WB demographic hotspots⁶ (areas facing the steepest population loss and youth outmigration) and finance urban retention (childcare, housing near jobs) and service consolidation in viable rural nodes. Link payments to outcome indicators: retention of 20-39 cohort, rise in female employment, share of circular returnees.
- ▶ **Data interoperability:** Establish real-time data links between EU MS and WB institutions for residence, employment, and qualifications. Co-fund a Western Balkan Migration Monitoring Platform with annual, comparable migration balance sheets.
- ▶ **Border-demography nexus:** Recognise that empty peripheries weaken border resilience. Finance joint projects that couple legal labour channels and integration measures with border management, reducing incentives for irregular flows and enhancing incentives in depopulated border regions.

Under **EU Integration**, the EU provides the policy space, standards, and resources to scale reforms systemically. They enable the Western Balkans to contribute to - and benefit from - a broader European response to demographic decline.

Under **Strategic Isolation**, EU instruments focus on containment: safeguarding integrity, protecting skills pipelines, and maintaining minimum data and integration standards until political conditions improve. In practice, this means prioritising border security, preserving limited but

⁶ These zones would receive priority funding for urban-retention measures such as affordable childcare, housing close to jobs, and basic service accessibility. Concentrating support in these critical areas helps slow further decline and stabilise local labour markets.

controlled mobility channels, and supporting basic statistical and integration safeguards to prevent governance setbacks in the region from creating wider EU instability.

The impact of the proposed measures is highly scenario dependent. Under EU Integration, conditionality and funding enable reforms at scale: governance improves, childcare and housing support expand, circular migration increases, labour shortages are met through regulated inflows, and a Migration Monitoring Platform strengthens strategic planning. Under Isolation, these levers operate with minimal effect. Without EU incentives, reforms stall, family policies remain small pilots, return migration is rare, and labour inflows are poorly regulated. Big Data tools survive only as reactive instruments, while population loss, fertility stagnation, and governance fragility intensify. EU integration therefore remains the only framework capable of delivering systematic demographic stabilisation; isolation amplifies decline.

CONCLUSION

The analysis demonstrates that the demographic future of the WB will be shaped less by fertility trends and more by how migration is governed. By 2035, the region's resilience will depend on whether mobility becomes a mechanism of renewal or a driver of irreversible decline. The scenarios show that governance quality and EU alignment, rather than demographic incentives alone, determine which of these two paths unfolds.

Under EU Integration, the Western Balkans gain the policy space, institutional incentives and financial instruments needed to stabilise population loss, expand childcare and housing access, support circular migration and encourage the return of skilled citizens. In contrast, under Isolation, the same measures remain fragmented and symbolic, while the region becomes increasingly dependent on poorly integrated labour inflows from Asia, Africa and the Middle East. The decisive difference is not the volume of migration, but whether states have the capacity and frameworks to shape it.

Although the Isolation scenario cannot generate demographic stabilisation, it still allows for measures that can limit the pace of decline and reduce systemic risks. Targeted retention efforts in urban centres, selective upskilling programmes, and minimum standards for labour recruitment and data monitoring can slow labour-market erosion and prevent governance deterioration from becoming irreversible. These measures do not change the strategic trajectory but can preserve essential human capital and institutional capacity until political conditions allow for renewed alignment with the EU.

Ultimately, the region's demographic trajectory will depend on its political choices. The Integration scenario offers a path in which institutions improve, circular mobility expands, the diaspora re-engages and immigration is managed according to EU standards. The EU Integration is not a silver bullet, but it creates the policy space, financial resources and incentives needed to address demographic pressures more effectively. Experience from previous enlargements shows that these tools matter yet are not sufficient on their own: Poland was able to stabilise fertility and retain talent, while Bulgaria continued to depopulate despite access to the same EU instruments. This underlines that integration enables progress, but domestic reforms — especially in governance and anti-corruption — determine whether the opportunity is used or lost.

The choice is therefore strategic rather than demographic. If the Western Balkans strengthen institutions, deepen cooperation with the EU and adopt a long-term approach to migration governance, population decline can be managed and partially reversed. Without such alignment, the region risks entering a downward cycle of political fragility, demographic loss and diminishing development prospects. In this sense, Europe's demographic future and that of the Western Balkans are inseparable — and only coordinated, shared policies can ensure long-term stability on both sides.

Taken together, these findings underscore that the region's long-term stability requires a comprehensive strategy linking migration governance, family policy, and structural socio-economic reforms, grounded in coordinated regional action and sustained EU engagement.

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This publication was produced in the framework of the Prague Process Migration Observatory. The Prague Process is funded by the European Union through the Migration Partnership Facility (MPF), which is implemented by the International Centre for Migration Policy Development (ICMPD). The contents of this publication are the sole responsibility of the author and do in no way represent the views of the European Union.

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Layout by Oksana Kalayda