The Cost of Youth Emigration in Western Balkan Countries:

Regional Overview
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Foreword

Even though international workforce migration is not a phenomenon which is restricted to modern society, in the last couple of decades it has reached unexpected proportions. Unlike some Eastern European countries, whose populations only began migrating when they became part of the European Union (EU), the population of the Western Balkan countries began migrating in large waves towards the West half a century ago. Migration recipient countries managed to resolve workforce shortages in the primary sector, whereas migrants sent foreign remittances back to their home countries.

A whole variety of “push and pull” factors influence today’s migrations. Following the breakup of Yugoslavia, civil wars and economic and governmental transitions, people left in search of better living standards, the possibility for advancement in their professions, stability, and reliable systems of government in order to build a foundation for future generations. The structure of the current migrating population is changing and we see more and more young people with prospects leaving to study abroad, and highly educated and qualified people are leaving once they graduate (the “brain drain”). Many highly qualified experts and entrepreneurs benefit from the possibilities of the globalised economy because destination countries are competing with each other in order to attract highly qualified people by offering favourable rules on entering and remaining in their countries.

Based on public demographic, educational and macroeconomic statistics and data, the Westminster Foundation for Democracy (WFD) has attempted to quantify the influence of the current emigration trend on the economies of the Western Balkan countries. In the past two years, the foundation supported the development of research methodology to quantify costs of youth emigration and prepared country-level analyses of costs of youth emigration for Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Serbia and Kosovo with our partner Institute for Development and Innovation.

The findings of country-level reports and this regional overview aim to support policy and decision-makers in understanding the costs associated with youth emigration and the short-term and long-term financial and economic implications and costs of migration. Country-level presentations in all six Western Balkan countries have been held in the last two years at which WFD presented the findings to relevant stakeholders. We hope that these regional findings will also provide valuable insights for governments, policymakers, political parties, the media, civil society, international donors and the business and entrepreneurship community. They are designed to support and contribute towards efforts to minimize migration costs and generate a discussion on policy development that could reverse the negative migration trends, costs and effects.

The Westminster Foundation for Democracy is the United Kingdom public body dedicated to supporting democracy around the world. In August 2018 WFD launched a new three-year regional initiative for the Western Balkans entitled the “Western Balkans Democracy Initiative”. The initiative is funded by the British government’s Conflict, Stability and Security Fund.

The preparation of this study was supported by the Westminster Foundation for Democracy as part of the Western Balkans Democracy Initiative. The content of this study does not necessarily reflect the position or the opinions of the Westminster Foundation for Democracy or the British government.

Emil Atanasovski
Director Western Balkans
WFD
Analysing three key questions

Due to the emigration of young people, the economy and the entire society of a country face both positive and negative effects from the departures. Before the effects on the Western Balkan countries are researched it would be useful to state the effects studied by the population migration literature.

The most direct cost that society faces is the loss of funds spent on education. Depending on the level of education, society invests in the education of individuals for eight, 12, 16 even 20 years, and with their emigration those investments become costs. Even worse, they become investments in the receiving countries which obtain educated individuals without spending any money on their education.

The decrease in gross domestic product (GDP) due to the decrease in consumption, which is one of its main components, is one of the more significant negative consequences of emigration. By leaving the country, individuals stop spending in their own country and so they not only have a negative impact on macroeconomic aggregates, but they also contribute to reductions in the tax base. Budget tax revenues decrease during periods of emigration, not only based on value added taxes and excise, but also based on the decrease of income taxes and other forms of taxation.

A country can realise benefits of emigration by young people, especially when their connection with the home country remains strong. The first form of benefits to the home country is emigrants’ remittances. Another important positive factor is the knowledge and experience that the young gain abroad and bring back if they return. The inflow of money should emigrants choose to invest in the home country would be another positive factor.
The three key questions that the analyses were trying to answer are:

1. What are the average higher education expenses for people who emigrate?
2. What is the opportunity cost in terms of potential GDP growth generated annually by emigration?
3. Are there positive effects from the migration flow on the economy of a country and, if so, what are they?
CASE STUDY: Albania
After the Second World War, Albania was practically a completely isolated country. In the early 1990s, it started incorporating democratic changes and opening itself to the world, which triggered intense international emigration by the Albanian population. One of the basic features of this emigration, besides its intensity, has been its informal character, given the large number of undocumented migrants which makes their exact number difficult to estimate. In 2017, the United Nations estimated the number of Albanian migrants living and working abroad at 1.15 million.

Since 2015, the Institute of Statistics of Albania (INSTAT) has conducted annual estimates of the number of immigrants and emigrants based on the migration module that is part of its Labour Force Survey. In the period from 2012 to 2016, INSTAT estimated an annual outflow of around 18,500 people, based on the Labour Force Survey data and the migration module combined with the population projections for 2011–2031.

The Organisation for Economic Cooperation and Development (OECD) also provides another reliable source on migration flows. The OECD estimates that in the period 2012–2016 around 200,000 people left Albania and went to one of the 36 member countries of this organisation, which is around 42,000 people annually. This data includes all people who left the country, including the people who left the country temporarily, who left to study, or were sent on intercompany transfers, as well as other forms of temporary labour migration. By comparing these numbers, the average annual net outflow is put at around 25,400 people. However, this data does not provide information sufficient for an adequate analysis of different components of the migrant population. Therefore, with the aim of quantifying the economic effects of migration through the costs of education and loss of potential GDP on the one hand and the inflow of remittances on the other, for the purposes of this research, different scenarios were simulated based on different assumptions.

The education of an Albanian that ended in 2018, depending on the completed education level, cost around €6,000 for primary school, €9,300 for secondary school and around €18,300 for completed academic studies. The average cost of completed postgraduate studies (PhD) in Albania was around €32,000. The total education costs of people who leave Albania in one year vary from €201 million to €504 million, depending on the educational level.
The expenses per individual’s educational level for those who graduated in 2018

- **Primary school**: €6,041
- **Secondary school**: €9,267
- **Academic studies**: €18,283
- **PhD**: €31,925

Source: Authors
The study started with the average annual outflow of 41,700 people. After correcting the data based on age, the number of 37,540 working-age migrants was reached. Assuming that they all achieved their goal—employment in 2018—by using the average amount of gross value added per employee, the study found an opportunity cost of €456 million in terms of lost gross value added, which is a direct negative effect on potential GDP.

After adding the indirect and induced effect, due to the inability to prevent annual emigration through employment, the annual gross value added lost measured €559 million. This means that every work-capable person who leaves Albania on average takes around €14,900 of some potential future annual GDP with them.
On the other hand, the most important direct benefit of migration flows is remittances. In terms of income from remittances and other personal transfers, Albania is one of the top countries in Europe, with a seven-per-cent share in GDP. If other sources coming from abroad are added (social transfers and income from the work of Albanian residents abroad), the contribution to GDP reaches 10 per cent.

However, despite their significant share in GDP, remittances do not sufficiently impact overall economic growth, and are not a generator of future development since the investment component is not strong enough. Specifically, remittances are used for personal consumption in households, while only a small amount is used for business investment.
CASE STUDY:

Bosnia and Herzegovina
The emigration of people from the former Yugoslavia to Western European countries began in the 1960s, following agreements between the Yugoslav government and the leaders of Austria, France, Sweden and Germany. From this original interest and up to 1978, the number of workers who came from Bosnia and Herzegovina for so-called “temporary work” abroad gradually decreased. However, due to the war in the period between 1992 and 1995, the number of migrants and refugees increased several times, and the trend has still not decreased today.

In Bosnia and Herzegovina the data on emigration is not adequate to create an analysis of scope, age, sex, educational level and other characteristics, nor is there a database that we can use to systematically follow the phenomenon in the future. Based on data from the OECD, it is estimated that the 36 member countries of this organisation, in the period between 2013 and 2017, received around 184,000 people from Bosnia and Herzegovina (permanently or temporarily), which is 36,800 people a year. This number is increasing from year to year: it increased from 28,000 in 2013 to 44,700 in 2018. Therefore, if we reduce the average annual outflow of 36,800 people by the average number of people who return to Bosnia and Herzegovina annually, keeping in mind that this number contains temporary migrants, we get a net annual outflow of around 18,200 people.

Therefore, to quantify the economic effects of migration through education costs and the loss of potential GDP, as well as remittance income, for the purpose of this research we have simulated different scenarios based on the relevant data available (such as OECD data) and certain hypotheses.

The cost of the education of a citizen in Bosnia and Herzegovina, cumulatively up to 2018, was around €13,000 for primary school, €20,200 for secondary school and around €29,000 for higher education studies. On average, postgraduate (PhD) studies cost around €43,000. If viewed by entity, in the Republika Srpska and the Federation of Bosnia and Herzegovina, education costs in their entirety are closer to the country’s average, whereas in the Brcko District these expenses are well above average. This is a consequence of the fact that the average wage in the education sector in the Brcko District is higher than in the other entities.
The expenses per individual’s educational level for those who graduated in 2018

- **Primary school**: €12,939
- **Secondary school**: €20,219
- **Academic studies**: €28,934
- **PhD**: €43,135

Source: Authors
### Education costs of the total population outflow per selected educational level

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Cost (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>644.2</td>
</tr>
<tr>
<td>2</td>
<td>721.7</td>
</tr>
<tr>
<td>3</td>
<td>805.5</td>
</tr>
<tr>
<td>4</td>
<td>411.4</td>
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<tr>
<td>5</td>
<td>446.0</td>
</tr>
<tr>
<td>6</td>
<td>498.2</td>
</tr>
</tbody>
</table>

Results show that directly and indirectly, due to the inability to prevent the departure of citizens by employing them productively, a potential GDP loss of around €21,000 per person is generated. It should be noted that there are very small differences between the entities; this loss is highest in the Bosnia and Herzegovina Federation, at around €21,700, while in the Republika Srpska it is around €19,900 and around €19,200 in the Brcko District.

Source: Authors
Effects of migration on economic activity per person

These results show that directly and indirectly, due to the inability to prevent the annual outflow of people by employing them, a yearly gross value added loss of €710 million is generated. If we look at the entities, the loss based on this in the Federation of Bosnia and Herzegovina was €457 million, €238 million in the Republika Srpska, and around €15 million in the Brcko District.

At the same time, there are positive effects on the national economy due to migration. The most important direct benefit of the migration flows here is again remittances. The contribution of remittances and other personal transfers to the GDP in the amount of eight per cent means that Bosnia and Herzegovina is one of the top countries in Europe regarding the amount of these contributions to its GDP.

If we look at other incomes that come from abroad (social incomes, and temporary workers’ incomes) the contribution to the GDP is more than 14 per cent and reaches the amount of €2.5 billion a year. The magnitude of remittances in the total GDP demonstrates both their high value and the low GDP, meaning that the economy is not developed and there is not enough economic activity in Bosnia and Herzegovina.

Despite being a significant part of the GDP, remittances have no other direct influence on total economic growth because they are used for personal consumption, while business investments are minimal.
CASE STUDY: Kosovo
This study shows that Kosovo shares the fate of the region in terms of migration movements and is facing an intensified process of emigration of young and highly educated people. Specifics related to Kosovo’s wars, political instability and fragile institutions in the initial stages of establishment only intensify this process. In addition, the long tradition of emigration from these areas, the still strong ties of the diaspora and the effect of the “trodden path” contribute to the intensification of this process. For youth, which is usually the most mobile part of the population, the impossibility of finding a job is one of the main push factors. Unemployment in this part of the population is enormous in Kosovo, where approximately half of young people have no chance of finding any job after finishing school.

Official statistics on migration compiled by the Kosovo Agency of Statistics provide data on both external outflows and population inflows. The balance of these movements is continuously negative, but with a very pronounced variability of absolute amounts. After a peak in 2015, in which over 74,000 people emigrated and only a quarter of that number were registered as immigrants, two years of mitigating this trend followed. After that, the emigration flow was intensified again with negative balances of over 21,000 and almost 29,000 in 2018 and 2019 respectively. In any case, in the period from 2015 to 2019, the territory of Kosovo recorded a negative migration balance of over 120,000 people.

This research shows that around €4,700 was invested in the education of each resident of Kosovo who completed nine years of primary education in 2018. The cost of upper secondary education, which lasted three years and ended in 2018 (including primary), was about €5,650, while for one graduate student from primary through three years of secondary school to the end of academic studies that lasted an average of five years and ended in 2018, about €9,700 was invested.
The expenses per individual’s educational level for those who graduated in 2018

- **Primary school**: €4,676
- **Secondary school**: €5,663
- **Academic studies**: €9,701

Source: Authors
### Education costs of the total population outflow per selected educational level

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Cost (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>181.2</td>
</tr>
<tr>
<td>2</td>
<td>204.9</td>
</tr>
<tr>
<td>3</td>
<td>133.0</td>
</tr>
<tr>
<td>4</td>
<td>151.0</td>
</tr>
</tbody>
</table>

Source: Authors

If these individual results are applied to the emigrant component of the population, the results show that the total cost of education of people leaving Kosovo in one year, depending on the educational level, varies from just over €180 million to almost €205 million.

Simply put, every employable individual emigrating from Kosovo takes an average of almost €17,000 a year in future potential annual GDP that could have been realized if economic flows had enabled their productive employment.

This loss of potential GDP should not just be equated with the loss of real GDP that would happen in 2018, since it was caused by the departure of people who emigrated, mainly due to their inability to find an adequate job and thus participate in creating added value. This amount should be viewed through the prism of a permanent loss of potential for the Kosovo economy. As it is impossible to prevent the annual outflow of the population through employment, an annual loss in potential GDP in the amount of about €519 million is generated.
### Effects of migration on economic activity per person

<table>
<thead>
<tr>
<th>Effect Type</th>
<th>Amount (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct effect</td>
<td>2,756</td>
</tr>
<tr>
<td>Indirect effect</td>
<td>13,652</td>
</tr>
<tr>
<td>Induced effect</td>
<td>16,914</td>
</tr>
<tr>
<td>Total</td>
<td>507</td>
</tr>
</tbody>
</table>

The most significant benefit of emigration is remittances. Given the size of its diaspora, in terms of the proportion of remittances in its GDP, Kosovo is at the very top of European countries with remittances constituting about 12 per cent of GDP. More broadly, if, in addition to workers’ remittances, we take into account other sources such as other personal transfers, pension benefits and income from the work of Kosovo residents from temporary jobs abroad, the share in GDP exceeds 20 per cent.

However, the distribution of remittances, which dominate current consumption, prevents the possibility of these transfers becoming a generator of additional economic growth and accelerating future development. Hence, strengthening the investment component is necessary and could be considered as an untapped resource.

Source: Authors
CASE STUDY: Montenegro
As the smallest Balkan state with a population of 622,000, Montenegro is very different to other countries in the region in terms of the number of emigrants. However, the share of emigration to total population ranks it among the countries most emigrated from, along with other countries in the region.

In Montenegro there are no accurate records of emigration which would enable an analysis of its scope, or of the age, gender, educational level and other characteristics of the migrant population, or support the establishment of a database to systematically monitor this phenomenon in the future. Therefore, for the purposes of this study, to quantify the economic effects of migration through the costs of education and lost GDP, as well as the inflow of remittances, different scenarios were simulated on the basis of different assumptions.

The OECD estimates that in the period from 2012 to 2016 around 18,200 people left Montenegro permanently or temporarily and went to one of the 36 member countries of this organisation, which is more than 3,600 people annually. By year, the number of migrants varied from around 2,300 in 2012 and 2013 to almost three times as many in 2015 when more than 6,500 people left (which was more than a third of all departures in this period). At the same time, during the five years under review, around 9,600 people came back from OECD countries to Montenegro.

Accordingly, when the average annual outflow of around 3,600 people is reduced by around 1,900 people who annually return to Montenegro, the actual net outflow ends up at around 1,700 people, which is mainly owing to the fact that the data encompasses temporary migration as well.

Depending on the completed level of education, in 2018 its cost ranged from around €11,000 per person for elementary school to €16,500 for secondary school and about €31,000 for academic studies. The average PhD education cost in Montenegro is about €51,000 per person.
The expenses per individual’s educational level for those who graduated in 2018

Source: Authors

- Primary school: €11,158
- Secondary school: €16,467
- Academic studies: €31,180
- PhD: €51,120
Education costs of the total population outflow per selected educational level

<table>
<thead>
<tr>
<th>Scenario 1</th>
<th>Scenario 2</th>
<th>Scenario 3</th>
<th>Scenario 4</th>
<th>Scenario 5</th>
<th>Scenario 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>€60.0 million</td>
<td>€77.9 million</td>
<td>€67.1 million</td>
<td>€28.2 million</td>
<td>€36.6 million</td>
<td>€31.5 million</td>
</tr>
</tbody>
</table>

Source: Authors

The total education costs of people leaving Montenegro in one year vary from €28 million to €78 million, depending on the educational level and number of departures. The study started with the average annual outflow of 3,642 people.

Due to the inability to directly or indirectly prevent annual emigration through employment, the annual gross value added lost measured €70 million. This means that every work-capable person who leaves Montenegro takes approximately €21,561 of some potential future annual GDP with them.
After correcting the data based on age, the number of 3,320 working-age migrants was reached. Assuming that they all achieved their goal—employment in 2018—the study found an opportunity cost of €57 million in terms of lost gross value added, which is a direct negative effect on potential GDP.

Due to the inability to directly or indirectly prevent annual emigration through employment, the annual gross value added lost measured €70 million. This means that every work-capable person who leaves Montenegro takes approximately €21,561 of potential future annual GDP with them.

Emigration also has positive effects on the national economy. As with its Western Balkan neighbours, the most significant direct benefit of migration outflows is from remittances. The share of income from remittances and other personal transfers in GDP of five per cent ranks Montenegro among the top countries in Europe in these terms. If other sources coming from abroad are added (social transfers and income from the work of Montenegrin residents abroad), the contribution to GDP exceeds 11 per cent and reaches almost €540 million. However, despite their significant share in GDP, remittances do not significantly impact overall economic growth as they are used for personal consumption in households or real estate investment, while only a small amount is used for business investment.
CASE STUDY: North Macedonia
In North Macedonia, as in other Balkan countries, a complete analysis of the impact of migration is significantly hampered by the lack of reliable and detailed data. The exact number of persons who depart, the length of their planned stay abroad, their gender, age and education, as well as the key motives for leaving are data for which there are no solid administrative sources. Therefore, to analyse this phenomenon, it was necessary to simulate different scenarios based on different assumptions, and to draw conclusions and estimate results indirectly. In this work we have tried to quantify the economic effects through the costs of education and the opportunity cost in terms of lost potential GDP, as well as the positive economic effects through the inflow of remittances.

According to OECD estimates, on average 23,000 people a year emigrated from North Macedonia to OECD member countries in the period 2012–2016. The migration flow peaked in 2015, when 32,000 people left North Macedonia, whereas that number was 30 per cent lower the following year. It is important to note that the data includes all people who left the country in a single year, including people who left the country to work temporarily, who left to educate themselves, or were sent on intercompany transfers, which are all forms of temporary labour migration.

Since the OECD approach includes temporary migration, the number of people who return cannot be overlooked; in this five-year period, around 13,500 people returned, which means that the average annual net outflow measured around 9,400 people. According to the 2016 OECD statistics, almost two-thirds of all Macedonian migrants went to Germany, around eight per cent to Switzerland, whereas Austria was in third place.

The education of a Macedonian that ended in 2018, covering primary school (nine years) through secondary school (four years) until the end of academic studies (which lasted five years on average), cost around €29,000. The cost of a four-year secondary education (including primary education) that ended in 2018 amounted to around €14,500, whereas a nine-year primary education cost close to €9,000. The estimate of a PhD education cost is not easily done due to the unavailability of data in the necessary structures. Based on the available information, approximately €48,000 on average is spent to educate a PhD.
The expenses per individual’s educational level for those who graduated in 2018

Source: Authors

- Primary school: €9,057
- Secondary school: €14,432
- Academic studies: €28,934
- PhD: €47,753
Education costs of the total population outflow per selected educational level

<table>
<thead>
<tr>
<th>Scenario 1</th>
<th>Scenario 2</th>
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<th>Scenario 4</th>
<th>Scenario 5</th>
<th>Scenario 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>€277.7</td>
<td>€433.4</td>
<td>€367.5</td>
<td>€116.5</td>
<td>€181.8</td>
<td>€154.2</td>
</tr>
</tbody>
</table>

Source: Authors

Depending on the educational level and number of departures, the total education costs of people who leave North Macedonia in one year vary from €116 million to €433 million.

Due to the inability to prevent annual emigration, the potential annual gross added value loss measured at around €333 million, which is around 3.1 per cent of the 2018 GDP. To put it simply, every work-able person who leaves North Macedonia takes approximately €15,850 of some potential future GDP with them.
Besides the negative effects, we cannot ignore the benefits of emigration, even though most demographers and sociologists consider them to be side effects. The most important direct benefit of migration flows are remittances. Remittances made up around two per cent of North Macedonia’s GDP, or around €200 million, in 2018. This data is based on administrative sources and legal bank flows. According to the International Monetary Fund, the share of remittances through informal channels equalled an additional four per cent of GDP.

Consequently, the total share of actual remittances can reach up to six per cent of GDP, which means that North Macedonia is among the top-ranked countries by the level of this income category. In a broader sense, if we add to remittances the inflow from foreign pensions and salaries of Macedonian residents abroad, this amount rises to around €721 million. However, though significant, this source of funds cannot be a generator of economic growth since only one per cent goes into business investment.

Source: Authors
CASE STUDY:

Serbia
For a long period, Serbia has been facing serious demographic issues. Recognised depopulation trends forced the state to be more active in tackling the problem, which resulted in the first concrete stimulations to encourage a rise in the birth rate to counteract the declining birth rate. On the other hand, the negative migration balance is becoming more current and is contributing more and more to the deterioration of the total demographic profile of Serbia. It is becoming clear that the global issue for developing countries has no universal solution; it requires a complex set of measures that reflect the specifics of each individual country and that should connect with a series of socio-economic policies in order to be more effective in the medium term.

The estimates of Serbian migrant numbers are provided by the OECD. In its International Migration report, the OECD estimates that in the period from 2012 until 2016 around 245,000 people left Serbia. That means that, according to their estimates, on average around 49,000 people a year emigrated from Serbia to countries that are members of the OECD. According to the OECD report, most of them (around 60,000) left Serbia in 2015, which was 15,000 more than in 2016.

It is important to note that the data included all people who left the country, including those who left the country to work temporarily, who left to educate themselves, or were sent on intercompany transfers, as well as other forms of temporary labour migration. Due to the fact that OECD reports include temporary migration, quite a few of these people returned to Serbia. On average, 33,300 people a year returned in that five-year period, which in turn means that the annual net population outflow was around 15,700 people. We leave it to statisticians, demographers and employment groups to check the validity of this data.

The results obtained from the application of the aforementioned methodology show that the education cost of a citizen, from preschool, through primary and four-year secondary school, until the end of academic studies (which lasted five years on average, and ended in 2018), cost around €34,000. The costs of a four-year secondary education (that ended in 2018) cost around €21,000, whereas the eight-year primary education cost around €13,500. The estimate of PhD education costs is not easily done, due to the unavailability of data in the necessary structures. Based on the available information, approximately €55,000 on average is spent for the education of a PhD.
The expenses per individual’s educational level for those who graduated in 2018

- Primary school: €13,572
- Secondary school: €20,854
- Academic studies: €34,139
- PhD: €54,576

Source: Authors
## Education costs of the total population outflow per selected educational level

<table>
<thead>
<tr>
<th>Scenario 1</th>
<th>Scenario 2</th>
<th>Scenario 3</th>
<th>Scenario 4</th>
<th>Scenario 5</th>
<th>Scenario 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>€963.8 million</td>
<td>€1,077.0 million</td>
<td>€1,227.1 million</td>
<td>€308.9 million</td>
<td>€345.2 million</td>
<td>€393.3 million</td>
</tr>
</tbody>
</table>

**Source:** Authors

The results show that the total education costs of people who leave Serbia in one year, depending on the educational level, vary from €960 million to just over €1.2 billion.

The results show that directly and indirectly, due to an inability to prevent the annual outflow by hiring people, the annual gross added value loss was around €897.3 million, which is around 2.1 per cent of GDP from 2018. To put it simply, by leaving Serbia, every work-able citizen takes approximately €19,500 of some potential future GDP with them.
The most important benefit of the emigration flow is the remittances. Remittances are the money transferred by emigrants to the people close to them who remained in the home country. Their income improves the life quality of the recipients, but it also considerably influences the Serbian economy. Serbia is at the top among European countries in the contribution of remittances to the GDP, sharing first place with Albania, with five to six per cent of GDP.

Broadly speaking, if sources in addition to remittances are considered, such as foreign pensions, other personal transfers and the taxes from temporary workers, the contribution increases to eight per cent of GDP. By comparison, the net income from direct foreign investment in the last three years in Serbia was around 6.3 per cent of GDP, which was US$2.5 billion.

Effects of migration on economic activity per person

Source: Authors
Overview
The results gained from the application of the stated methodology on the Western Balkan countries show that the education of an individual in the Western Balkans, through eight or nine years of primary school, four years of secondary school, and higher education studies that lasted five years on average and finished in 2018, cost an average of around €25,000. The costs for a four-year secondary school education that ended in 2018 (including primary as well) was in average around €14,500, whereas the cost of an eight- or nine-year primary education was on average around €9,600. The estimate of education costs for people with PhD degrees is not easily obtainable due to the unavailability of information in the necessary structures. Based on the available information, we reach a rough approximation of around €45,700 on average for Western Balkan countries.
## Education costs of the total population outflow per selected educational structure (€ million)

<table>
<thead>
<tr>
<th></th>
<th>Primary school</th>
<th>Secondary school</th>
<th>Academic studies</th>
<th>PhD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Albania</strong></td>
<td>6,041</td>
<td>9,267</td>
<td>18,283</td>
<td>31,925</td>
</tr>
<tr>
<td><strong>BiH</strong></td>
<td>12,939</td>
<td>20,219</td>
<td>28,934</td>
<td>43,135</td>
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<tr>
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<td>4,676</td>
<td>5,663</td>
<td>9,701</td>
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<tr>
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<td>11,158</td>
<td>16,467</td>
<td>31,180</td>
<td>51,120</td>
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<tr>
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<td>14,432</td>
<td>28,934</td>
<td>47,753</td>
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<td>13,572</td>
<td>20,854</td>
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<td>54,576</td>
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<td>9,574</td>
<td>14,484</td>
<td>25,195</td>
<td>45,702</td>
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</table>
Education costs of the total population outflow per selected educational structure (€ million)

<table>
<thead>
<tr>
<th></th>
<th>Scenario 1</th>
<th>Scenario 2</th>
<th>Scenario 3</th>
<th>Scenario 4</th>
<th>Scenario 5</th>
<th>Scenario 6</th>
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<td>Albania</td>
<td>330.8</td>
<td>503.8</td>
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<td>721.7</td>
<td>805.5</td>
<td>411.4</td>
<td>446.0</td>
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<td>204.9</td>
<td>133.0</td>
<td>151.0</td>
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<td>/</td>
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<tr>
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<td>77.9</td>
<td>67.1</td>
<td>28.2</td>
<td>36.6</td>
<td>31.5</td>
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<tr>
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<td>433.4</td>
<td>367.5</td>
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<tr>
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<td>1077.0</td>
<td>1227.1</td>
<td>308.9</td>
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<td>393.3</td>
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<td>1,802.8</td>
<td>1,217.4</td>
<td>1,316.3</td>
<td>840.6</td>
</tr>
</tbody>
</table>

Depending on the educational level and number of departures, the total education costs of people who leave Western Balkan countries in one year vary from €840 million to €2.46 billion.
Total Cost of Economic Activity
(€ million)

- Albania: € 559 mill
- Bih: € 710 mill
- Montenegro: € 70 mill
- Kosovo: € 519 mill
- North Macedonia: € 333 mill
- Serbia: € 897 mill

Total € 3,088 million