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**REPORT\***

**“Investing in Human Capital for Innovation and Prosperity in the BSEC Region”**

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## **I. INTRODUCTION**

1. Human capital is a fundamental driver of progress as it enhances innovation and prosperity. Human capital is the most valuable social resource, more significant than natural resources or accumulated wealth. It plays a crucial role in countries' development enhancing productivity, innovation, and competitiveness. Investing in education and training programs, improving healthcare access, and promoting lifelong learning are some of the basic factors to enhance human capital. Additionally, fostering inclusive and equitable societies that provide equal opportunities for all individuals is crucial for maximizing human capital potential and allows people to realize their creative goals and be useful members of society.

2. Today, when social structures in the world are changing rapidly, social sustainability is mainly ensured by people. A person's investment in his own development and set of individual characteristics allows a person to be successful in an economic and social domain. According to the Organization for Economic Cooperation and Development (OECD), "Human capital is the knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being." Increasing human capital contributes to societal cohesion, and therefore governments and policymakers focus on strategies that promote human capital development to enhance the overall well-being of citizens.

3. According to the World Bank, the level of country's development is determined by three main factors: human capital, industry and natural resources. The most developed region of the world today is North America (Canada and the USA), where the influence of human capital on development is 76%, industry 19% and natural resources only 5%. Therefore, the development of human capital is one of the main factors in the development of a country. In the Black Sea Region is observed a low impact of human factor and high impact of natural resources on development that in some countries reaches 50%.

4. The Parliamentary Assembly of the Black Sea Economic Cooperation at previous General Assemblies adopted the relevant documents: Report and Recommendation 184/2021 - Objectives and Challenges of Cooperation in the field of Education in the Black Sea Region after the Pandemic; Report and Recommendation 178/2020 - The Role of Parliaments in Combating Pandemic - Social Aspects; Report and Recommendation 172/2019 - Unemployment in the BSEC Member States. The Role of the State in Facilitating Job Creation; Report and Recommendation 169/2019- Pension Systems in the BSEC Member States; Report and Recommendation 160/2017- Social Protection and Benefits for Young Families in the BSEC Member States; Report and Recommendation 156/2017 - Role of Parliaments in Strengthening Legislative Framework for Economic Growth and Social Integration; Report and Recommendation 157/2017 - The Role of the Parliaments in Providing Sustainable Healthcare Systems in the BSEC Member States; Report and Recommendation 154/2016 - Education and Science for Sustainable Development in the BSEC Member States; Report and Recommendation 143/2015 - The Role of New Technologies in the Development and Strengthening of the Information Society in the BSEC Member States; Report and Recommendation 142/2014 - Gender Equality in the BSEC Region: Achievements and Challenges; Report and Recommendation 139/2014 - Youth Unemployment and Employment Policies in the BSEC Region: the Need to Empower the Young Generation; Report and Recommendation 128/2012 - The Role of public-private Partnership for Sustainable Development in the BSEC Member States; Report and Recommendation 130/2012 - Social Welfare Reforms in the BSEC Member States; Lifelong Learning in the BSEC Member States 125/2011; Report and Recommendation 121/2011 - The Role of Parliaments in providing Legislative support for Enhancing Scientific and Technological Progress; Report and Recommendation 106/2008 - The Impact of Globalization on the Social Policies in the BSEC

Member State; Report and Recommendation 100/2007 - Improvement of the Quality of Life in the BSEC Member States The Fight Against Poverty in the BSEC Member-States; Report and Recommendation 67/2002 - Social Reintegration of Jobless People; Report and Recommendation 61/2002 - Women's Participation in the Political, Economic, Report and Recommendation 44/2000 - Social and Cultural Life Cooperation in the Field of Public Health among the BSEC Member-Countries, etc.

5. Having in mind the close relation between the socio-economic progress and human capital, the Committee took the decision to dedicate its 62<sup>nd</sup> Meeting to the issue "Investing in Human Capital for Innovation and Prosperity in the BSEC Region". The present report reflects the information received from the national delegations of Armenia, Azerbaijan, Bulgaria, Greece, Republic of Moldova, North Macedonia, Romania, Serbia, Türkiye and Ukraine. Reference material was also obtained from the official websites of the specialised organisations and relevant international organizations.

## **II. INVESTING IN HUMAN CAPITAL FOR INNOVATION AND PROSPERITY IN THE BSEC REGION**

6. Investment in human capital is fostering innovation and prosperity. States and organizations that prioritize developing their human resources achieve better economic results faster. Investment in people ensures further economic growth, greater social equity, and reduced poverty. Healthy and educated people not only contribute to economic growth, but also provide a wide range of other positive economic and social benefits like social cohesion and environmental protection. At present, formation and building of human capital requires significant costs from both the individual and society as a whole.

7. Human capital development is negatively impacted by war situations and conflicts. War and conflicts disrupt education systems and infrastructure, cause significant loss of learning opportunities and delayed skill development. Conflicts and wars cause loss of human lives depleting human capital and have long-term implications for economic and social development. Rebuilding and restoring require significant time, resources, and investments. At the same time, in the affected areas, individuals with valuable skills and expertise leave their home countries to seek safety and security elsewhere. The impact of wars and conflicts on human capital development vary depending on their context, duration and intensity and the efforts to mitigate the impacts and rebuild human capital in post-conflict situations require coordinated action by governments, international organizations, and humanitarian actors.

8. Realization of the full potential of human capital is determined by the effective management of the complex relationship between human, industrial (infrastructure, industry) and natural capital (natural resources, lands, forests, water resources, etc.), which in our time is one of the main tasks. Measures to solve this task include targeted investments in human capital envisaging programs for structuring investments ensuring sustainable development along with preservation and growth of all forms of capital.

9. Innovation contributes to economic growth by introducing more efficient processes, products, and services. This growth, in turn, creates demand for a skilled and adaptable workforce, enhancing the value of human capital. The relationship between economic growth and human capital is integral, as human capital, comprising the knowledge, skills, and abilities, plays a fundamental role in driving and sustaining economic development.

10. States with a high level of human capital are more competitive globally. A well-educated and skilled workforce attracts investments and creates a dynamic labour market. Skilled human capital is essential for achievements in science, technology and innovation.

11. If the development of science, technology and education can be considered as an investment in knowledge, then innovation is a complex process of converting knowledge into money. Therefore, it is important to pay attention to the development of the money-knowledge-money chain. In today's fast-paced, ever-changing world, the ability to adapt to new conditions and embrace change is necessary to success. A skilled workforce attracts foreign investment, contributing to economic growth on an international scale.

12. Investing in human capital generates innovative and progressive societies, providing the foundation for technological advancements, breakthrough discoveries, and development. Enhancing the innovation through advancement of the human factor in the BSEC Member States is essential for collective progress and prosperity. Cooperation in the field of science, innovation and education should be harnessed to address common challenges and create better future for the countries of the BSEC region. The collaboration between the countries, the exchange of experiences and the effective legislation are essential for the human capital development. The creation of conducive environments through policies, infrastructure development, and supportive regulatory frameworks encourage private investment in research and development. Additionally, governments can invest directly in educational institutions and research centres to foster a skilled workforce and cutting-edge research capabilities. By prioritizing these areas, countries can stimulate economic growth, drive technological advancements, and enhance their global competitiveness.

13. The access to quality education is crucial for developing human capital. This includes focusing on early childhood, primary and secondary education. The development of young children and the formation of new skills benefit not only the individual throughout his life, but also the following generations. The educational growth rate impacts socio-economic development and social cohesion. To this end, it is necessary to create, rethink and improve existing service delivery systems for training children and their education. Future-oriented education policies provide skills that will be needed in the future.

14. Highly skilled workforce is crucial for human capital development. It refers to the collective skills, knowledge, and abilities possessed by individuals in a particular society or organization. Their expertise and knowledge greatly contribute to innovation, technological advancements, and overall productivity growth, driving economic development. A highly skilled workforce helps stay ahead by adapting to changing market demands, implementing efficient processes, and producing high-quality goods and services. A highly skilled workforce effectively mentors younger generations reducing unemployment rates. Investing in education and training programs, promoting lifelong learning, and providing opportunities for skills development are essential for building a highly skilled workforce, that strengthens economies and societies as a whole.

15. Human capital is also crucial for entrepreneurship. Having a strong human capital, entrepreneurs can impact their success and effectiveness in starting and managing their business. Entrepreneurs with a solid human capital are better equipped to identify opportunities, take effective decisions, duly manage resources, develop innovative ideas, create business plans, and execute complex strategies. Additionally, having a strong human capital allows entrepreneurs to effectively attract investors, and build strong networks. Investing in human capital development is crucial for entrepreneurs who adapt to changing market conditions and sustain long-term growth for their businesses.

16. Social protection is also essential for the human development. Social protection refers to a range of policies and programs that aim to support individuals and households in meeting their basic needs, managing risks, and improving their well-being. Social protection programs, particularly those targeting children and families, play a significant role in human capital

development. Access to quality healthcare, nutrition, and education through social protection initiatives helps people reach their full potential, improves their development, and equips them with the skills necessary for a productive and prosperous future. Such programs contribute to social cohesion and stability by reducing inequalities, addressing social exclusion, and fostering a sense of solidarity and community.

17. Human capital plays a pivotal role in environmental protection. The skills, knowledge, and innovation can be harnessed to address environmental challenges. Through education, research, and training, individuals can acquire the necessary expertise and understanding of environmental issues. This knowledge can then be applied to develop new technologies, strategies, and policies that promote sustainability and minimize environmental impacts. Educated individuals can effectively communicate with general public and policymakers, influence public opinion, mobilize support for environmental causes, and advocate for policies that prioritize sustainability. Skilled professionals, such as environmental scientists, engineers, and policymakers, are needed to monitor and assess environmental conditions, develop regulatory frameworks, and ensure compliance with environmental standards. By investing in education and training, individuals are empowered to pursue careers in green industries that lead to the creation of green jobs and sustainable economic growth that is aligned with environmental protection goals and Sustainable Development Goals.

18. Governmental policies supporting investment in human capital are mainly aimed at promoting education, training, and other forms of skill development to enhance the productivity and potential of individuals. Governments allocate a significant portion of their budgets to fund public schools, universities, and vocational training programs. Also, governments provide financial aid in the form of scholarships and grants. Such programs help reduce the financial barriers to education and incentivize skill development. Governments encourage continuous learning and upskilling by promoting programs and initiatives that encourage individuals to acquire new skills. This also includes tax incentives for employers who invest in employee training and development. Governments allocate resources to fund scientific research and innovation that supports the development of new technologies, products, and services, ultimately leading to economic growth and increased job opportunities. In this direction, it is important to attract private capital, which in turn requires improving the existing legislation.

19. Parliaments play a crucial role in developing human capital. Parliaments enact laws related to education, healthcare, social welfare, and labour rights. By creating an enabling environment through legislation, parliaments promote access to quality education, healthcare services, and social protection systems that enhance human capital development. Parliaments approve national budgets, oversee the implementation and effectiveness of government programs and policies ensuring that they are aligned with the goal of human capital development. With due regard to the viewpoints from their constituents, parliamentarians influence the government's agenda and prioritize human capital development. Through public hearings, consultations, and community engagement, parliamentarians involve citizens in decision-making processes and gather their inputs on policies related to education, healthcare, and skills development. Efficient actions of the parliaments contribute to the creation of necessary conditions for sustainable economic growth and social development.

20. The Human Capital Index (HCI) is a measurement tool used to assess the development of human capital. This index measures the contribution of health and education systems to the productivity of individuals and countries, based on in-depth micro econometric analysis. With values ranging from 0 to 1, the index takes a value of 1 only if a child born today can achieve full health and achieve his or her full potential in formal education. A country's score reflects the degree to which it falls from the optimal level of complete education and good health. By

measuring and comparing the human capital potential of different countries, the Index helps identify areas of strengths and weaknesses and informs policy decisions to drive economic growth and development. The World Bank is one of the organizations that regularly publishes the HCI, providing a comprehensive analysis of human capital development globally.

21. The latest Human Capital Index (HCI) was released by the World Bank in October 2020. It includes data from 174 countries. The top-ranked countries in the HCI 2020 Report are Singapore, Hong Kong, Japan, and Finland. The HCI of the BSEC Member States ranges between 0,5 – 0,6, which points to a moderate level of human capital development. The HCI in the period of 2010-2020 varies as follows: **Albania** 0,54 (2010); 0,63 (2020), **Armenia** 0,54 (2010); 0,57 (2020), **Azerbaijan** 0,49 (2010); 0,57 (2020), **Bulgaria** 0,63 (2010); 0,61 (2020), **Georgia** 0,54 (2010); 0,56 (2020), **Greece** 0,71 (2010); 0,69 (2020), **Moldova** 0,55 (2010); 0,58 (2020), **North Macedonia** 0,53 (2010); 0,55 (2020), **Romania** 0,59 (2010); 0,58 (2020), **Russia** 0,60 (2010); 0,68 (2020), **Serbia** 0,65 (2010); 0,67 (2020), **Türkiye** 0,62 (2010); 0,64 (2020) and **Ukraine** 0,63 (2010); 0,63 (2020).

22. It should be noted that countries face several challenges in the field of human capital development, including a lack of structured human capital, limited financing and institutional factors that impede effective investment in human capital. At the same time, priorities for human capital development and opportunities to address them differ from country to country, but the urgent need for all countries is to improve the efficiency of service delivery systems in the short and medium term, and create the foundations for longer-term, inclusive, sustainable development.

#### ***Situation in the BSEC Member States***

23. The development of the education sector is one of the priorities of the *Armenian* Government. It is considered as a cornerstone for the development of other sectors, and from the point of view of inclusive growth, it is also one of the means to reduce and overcome poverty. Education financing is primarily an investment, not just an expense, and the Republic of Armenia Government consistently increases the volume of state support to the sector year after year, aimed at ensuring access, affordability and inclusiveness of quality education for all.

24. In 2023, the Government of the Republic of Armenia approved the list of professions, which included the sectors of priority importance for the state: agriculture, construction, industry. It is expected to provide new terms and dimensions of scholarship, which will contribute to providing the economy and the labor market with new and qualified personnel. In the framework of the cooperation with the German Corporation for International Cooperation (GIZ), the process of experimental implementation of the dual education system in Armenia has been started since 2017. As of 2023, the dual education model has been implemented in 20 institutions in Armenia with around 24 specialties/fields of agriculture, IT, winemaking, tourism, precision engineering, logistics.

25. The draft law "On Vocational Education and Training" has defined the legal bases for the implementation of inclusive education in the system of primary and secondary vocational education. In the field of higher and postgraduate education state support is mainly aimed to ensure access to education for all vulnerable groups. Increasing the attractiveness of STEM /science, technology, engineering, mathematics/ professions is a priority for the Republic of Armenia Government in the field of higher and postgraduate education. Since September 2023 a special scholarship policy has also been established for students with current studies with bachelor's and master's educational degrees by the decision of the RA Government.

26. The "Science" section of the 2021-2026 activity program includes the following points aimed to increase the qualification of scientific personnel: Implementation of programs aimed

to support the research of graduate students and young applicants; Implementation of postdoctoral research programs; Professional training and qualification improvement programs for employees of scientific organizations in the best scientific centers abroad. The main goals of the programs are to support the improvement of the professional qualifications of young scientists in all fields of scientific and technical activity, to provide young researchers with the opportunity to train in the best scientific organizations and universities abroad, to use and borrow the experience and skills of leading countries in scientific research activities, as well as to promote young researchers' international to integration in the research area and to develop international cooperation in the field of science.

27. Human capital *in Azerbaijan*, a country with an ambitious program to modernize and diversify its economy, investing in human capital, becomes a condition for achieving sustainable and high-quality economic growth. In Azerbaijan, the government is investing deeply in education, focusing on improving curricula, the quality of teaching, and promoting access to education for all citizens.

28. Investments in education include funding for schools, universities, vocational education, and various training programs. The Government of Azerbaijan pays special attention to the development of the school system, including modernizing curricula, updating infrastructure, and training qualified teachers. This helps to improve the level of education and prepare future generations for innovation.

29. The progressive development of higher education and scientific research is a priority in Azerbaijan. The government supports universities, scientific institutes, and research programs, creating conditions for developing the country's scientific potential and attracting talented young people. The development of vocational education and training plays an important role in developing the skills and qualifications of the workforce to meet the needs of the modern labor market. Vocational education development initiatives are being conducted in Azerbaijan, including trainings, internships and educational courses that enhance the knowledge and skills of workers.

30. The development of the scientific and technological sector is an integral part of innovative development and prosperity. Investments in the science and technology sector contribute to the development of new technologies, products and services, improving the country's competitiveness and creating new jobs. The Azerbaijani government encourages scientific research by providing grants and subsidies to scientists and research institutes. Investments in research activities help develop the country's innovative potential and contribute to the creation of new knowledge and technologies that can be applied in various sectors of the economy. The government of the country and private companies are introducing retraining and training programs for workers in order to master new skills and technologies through specialized courses, trainings, seminars and online learning.

31. The Ministry of Education and Science of the *Bulgaria* developed a Strategic Framework for the Development of Education, Training and Learning in the period 2021-2030. The document outlines a shared vision for high-quality, inclusive, value-oriented and lifelong education, training and learning. In fulfilling its objectives, the following principles are observed: partnership and coherence, continuity, innovation and last but not least - measurability, accountability and sustainability of results.

32. Some of the tools of the national strategy include: National Scientific Program "Young Scientists and Postdoctoral Students" 1 and 2, which in the period from 2018 to 2021 stimulated more than 1,000 young scientists and over 850 postdoctoral students from a total of 17 beneficiary organizations, including universities and scientific organizations. "National Science Programme Petar Beron", "Science and Innovation with Europe" aimed to stimulate

the development of the research potential in Bulgaria by accelerating the reintegration and career development in Bulgarian universities and scientific organizations of promising scientists with internationally recognized scientific results; National Science Programme “Top Research and People for the Development of European Science - Vihren”; an annual competition for funding fundamental research for young scientists and postdoctoral students, organized by the Research Fund.

33. Bulgaria maintains bilateral cooperation in the field of science, based on existing agreements at the national level, between the competent ministries, or between the academies and universities of the BSEC countries. Activities in this area are carried out through bilateral projects. Specific examples of project cooperation under European or other international research and innovation programmes are under the Implementation Plan of the Strategic Programme for Research and Innovation in the Black Sea (e.g. Black Sea Connect; BS-CONNECT; the project BRIDGE-BS, etc.). First meetings were held to prepare a competition session for scientific cooperation through bilateral projects with Turkey, to be announced in 2024.

34. The development of long-term strategies and policies in the field of education and training of the workforce to overcome labour shortages and human capital development is supported by respective investments. These activities are carried out by the Ministry of Labour and Social Policy and the Ministry of Education and Science.

35. In *Greece*, the General Secretariat for Research and Innovation of the Ministry of Development is responsible for planning and coordinating the implementation of the national policy for Research, Technological Development and Innovation. It supports activities of the research community and industry through competitive programs and actions giving emphasis on both economic growth and social justice. The subsequent crises of the past years have revealed a need to focus more on the empowerment of human capital as a key element for achieving sustainable and inclusive development.

36. The Ministry of Labour and Social Security, in line with the national, European and international objectives for the upgrading of the workforce and the increase of jobs while taking into account the conditions of uncertainty created by the international energy crisis, the developments in the geopolitical level, the climate crisis and the effects of the pandemic, designs and implements a series of policies for increasing employment and reducing unemployment, for strengthening and facilitating the integration and reintegration of human resources, and for improving the quality of life of the workforce. Emphasis is placed, among others, on information and communication technologies, basic and advanced digital skills and dynamic sectors of the economy, such as the green economy.

37. The Greek Public Employment Service is assigned to implement the government policy in such key fields as: employment and combating unemployment; unemployment insurance; vocational education and training; social policy measures – aiming, inter alia, at improving the living standards and welfare of the labour force and promoting social inclusiveness. In the framework of the “National Recovery and Resilience Plan "Greece 2.0", with funding from the European Union Next Generation EU, the project "Skills upgrading and retraining programs in high demand sectors with emphasis on digital and green skills" aims at the vocational training of 120,000 unemployed people.

38. Greece also concentrates on developing human capital for innovation and prosperity and participates in a number of EU Programs and actions: 1) The European Cooperation in Science and Technology (COST) which is the longest-running European framework supporting international cooperation between researchers and scientists, through the creation of research networks, called COST Actions. Since 1971, COST receives EU funding under the various



Research and Innovation Framework Programs, such as Horizon 2020 and Horizon Europe. 2) Marie Skłodowska-Curie Actions (MSCA) fund excellent research and innovation and equip researchers at all stages of their career with new knowledge and skills, through mobility across borders and exposure to different sectors and disciplines.

39. In the **Republic of Moldova**, the Ministry of Economic Development and Digitalisation, through the Organisation for Entrepreneurship Development (I.P. ODA), develops mechanisms designed to ensure the well-being of the business community and implements a series of programmes to support and increase the competitiveness of the SME sector, in order to sustain the development of the national economy and raise the living standards of citizens. Various funds organise training programmes with the aim to develop human capital that lead to creation of jobs and new companies as well as increasing the competitiveness and resilience of SMEs in the Republic of Moldova.

40. Organisation for Entrepreneurship Development implements: The Entrepreneurial Education programme aimed at training and strengthening entrepreneurial capacities; The tool to compensate school expenses related to the training of apprentices in technical and vocational institutions; Promoting the literacy and training of entrepreneurial skills in economic priority areas (e-commerce, ICT, greening) and for different categories of beneficiaries: women, young people, start-ups, small producers, etc.

41. Human capital is one of the most important drivers of economic development, especially in the field of information technology. In the country IT has seen significant development in recent years and is one of the fastest growing economic sectors. The activity of Moldova IT park has a major impact on enhancing human capital and increasing the number of highly skilled jobs. Also through a number of budget support programmes, such as: Digital transformation programme for small and medium-sized enterprises; The programme of refurbishment and energy efficiency of small and medium-sized enterprises; The programme to support digital innovations and technology startups; The programme for greening small and medium-sized enterprises; “START for YOUTH: a sustainable business at home”; The programme to support businesses with high growth potential and their internationalisation; The programme for attracting remittances to the economy PARE 1+ 2; “Women in Business” etc. Organisation for Entrepreneurship Development provides both funding and contributes to strengthening human capital and enhancing entrepreneurial culture.

42. In order to ensure a macro-level balance between supply and demand with skilled labour, as well as investment needs in the IT sector, various events are organised, with focus on promotion of the Republic of Moldova as an attractive IT destination for investors, talents and business partners and on stimulating the creation of partnerships with IT companies. Within the project to attract IT talents from neighbouring countries “IT refugee & Relocate project” the Republic of Moldova developed an Operational Plan of measures to support the IT industry during the state of emergency with the purpose of informing foreign companies and specialists in the field about the opportunities and benefits of the local IT sector. The project was launched after the crisis in the Black Sea region in response to emerging demand for the relocation of IT businesses and talents.

43. Increasing the quality of human capital is the key importance for directing the **Republic of North Macedonia** towards more sustainable and inclusive economic development, as well as dealing with new challenges related to productivity, labour market involvement and population aging. The agenda for human capital includes several institutions in the Government, namely the Ministry of Finance, which is in close coordination on this topic with the Ministry of Education and Science, the Ministry of Health and the Ministry of Labor and Social Policy. However, it is worth noting that the success of the Strategy depends on a much broader

engagement of institutions and stakeholders, including the participation of civil society and the private sector.

44. North Macedonia has already undertaken significant reforms in the preschool education and care system. In order to use this investment, it is important to invest in the quality of teaching and learning in primary education. Health reforms are also needed, particularly targeting the lifelong consequences of poor early childhood development, the rise of non-communicable diseases and excessive additional health costs. Stronger welfare systems will also help reduce poverty, improve employment of the poor and integrate case management to provide effective support across the life cycle.

45. Under 2022-2024 Government's Work Program, social inclusion and human capital development are classified as one of the five key priorities of the country. As part of its firm commitment to the human capital agenda, the Government adopted Human Capital Strategy 2024-2030. The purpose of the Strategy is to help improve the results of human capital in the country. At the same time, the Strategy focuses on three key and interconnected areas: education, health and social protection, with the aim of strengthening and improving human capital, for inclusive development. The objectives of the Strategy are also to identify the key challenges, while offering a long-term view of some of the reforms that will be needed to respond to the existing challenges, as well as the reform priorities that will improve and support the path to greater prosperity. In terms of time frame, the Strategy aims to provide a roadmap for the 2030 human capital agenda.

46. Investments in human capital are at the center of the "Strategy for Growth and Development", and it is one of the pillars on which the "Strategy for revitalization and (Smarter Growth)" is based, which will achieve the acceleration of the economic growth of medium term, and sustainability. Making investments in quality human capital and wide access to high-quality health and education are incorporated in the principle of equal opportunities. North Macedonia needs to invest more and better in human capital, while addressing inclusiveness, considering the magnitude of the challenges for human development.

47. **Romania** has a Strategic Framework for R&I Talent Development that is based on policies aimed at fostering innovation talent development. The key areas of intervention of these policies include: Research and Development Support; Innovation Ecosystems; Entrepreneurship and Start-Up Support; Regulatory Frameworks; International Collaboration; Talent Attraction and Retention; Education and Training.

48. The National Strategy for Research, Innovation, and Smart Specialization (2022-2027) – SNCISI – of Romania encompasses various aspects related to talent attraction, development, and retention. This strategy focuses on improving the research, development, and innovation system in Romania by increasing the number and skills of researchers, transitioning to open science, and enhancing research competitiveness. It supports innovative ecosystems aligned with smart specializations and emphasizes the mobilization towards innovation. Additionally, it prioritizes increasing European and international collaboration in these fields.

49. The National Plan for Research, Development, and Innovation IV (PN IV) is structured on ten research-development-innovation programs and several subprograms. PN IV details specific programs and subprograms focusing on human capital and talent development. Key components include the Ideas Program, which promotes fundamental scientific research, and the Human Resources Program, enhancing the mobility and diversity of Romanian researchers. The Challenges Program, crucial for interdisciplinary work and tackling societal issues, advances scientific collaboration and innovation. Equally significant, the Partnerships for Innovation Program bolsters R&I talent by fostering joint research projects and public-private partnerships. Additionally, the European and International Cooperation Program amplifies

Romania's R&I presence globally, with involvement in initiatives like Horizon Europe and Black Sea region projects, sharpening researchers' skills for international impact.

50. Romania, like other countries, supports the approach of utilizing research infrastructures (RIs) as knowledge hubs, which serve as centers of excellence and spaces that facilitate collaboration and innovation. The instruments and programs, particularly those aimed at enhancing research and education, can significantly boost mobility and knowledge exchange. This would strengthen talent development forging cultural and educational cooperation between the member countries of BSEC. Additionally, the implementation of similar programs can further expand the benefits. Aligning with the concept of learning for lasting peace put forward by UNESCO, a priority could be the promotion of peace education. This focus can play a pivotal role in fostering a culture of peace and understanding within the region.

51. The relationship to human capital in *Serbia* is defined through the establishment of the overall goals of the employment policy, determined by the Employment Strategy in the Republic of Serbia for the period from 2021 to 2026, and reads - is to create a stable and sustainable employment growth underpinned by knowledge and decent work.

52. The achievement of it is envisaged through 3 special objectives, 14 measures and a series of activities that are elaborated in detail in the Action Plan for the period from 2021 to 2023 for the implementation of the Employment Strategy in the Republic of Serbia for the period from 2021 to 2026.

53. The special objectives of the Strategy refer to growth of high-quality employment achieved through cross-sectoral measures aimed to enhance labour supply and demand, improved labour market position of the unemployed, improved institutional framework for employment policy – through the development and strengthening of dialogue in the field of employment policy, improvement of the legislative framework, strengthening of the capacity of labour market actors and provision of a stable financial framework for employment policy. To achieve the established specific objective, concrete activities grouped into two measures to be implemented are as follows: Improvement of the legislative framework; Strengthening of the capacity of those responsible for employment, improvement of coordinated action and dialogue in the field of employment policy.

54. The Action Plan for the period 2021 to 2023 establishes concrete activities for implementation. Special attention is focused on improving the labour market position of unemployed women, young people, persons with disabilities, beneficiaries of financial social assistance and members of the Roma national minority, considering the difficulties they face in the process of integration or reintegration into the labour market, multiple employment difficulty factors, as well as the significant representation of these categories in the total registered unemployment.

55. In *Türkiye* the Employment Agency (İŞKUR) organizes workforce training and vocational training courses in order to enable individuals to enter the job market by enhancing their knowledge, skills and professional qualifications in line with the needs of the labour market. Also, “on-the-job” training program is organized to enable the unemployed to reinforce the previously acquired theoretical knowledge by practicing or to gain professional experience. Within the scope of the implementation of the program, “on-the-job” training programs are organized in 100 professions that are considered to be the professions of our age and the future in areas such as cyber security, cloud computing, game development and coding.

56. The 2024-2028 National Employment Strategy, is being prepared by taking into account the current needs of labor markets and future expectations, will be shaped around four basic policy axes: “Macroeconomic Framework” and “Improving Skills Alignment on the Green and

Digital Transformation Axis”, “Improving Inclusive Employment”, “Strengthening the Social Protection-Employment Relationship” and “Improving Sustainable Employment in Rural Areas”. The targets and policies determined in each basic policy axis will be implemented through action plans.

57. In Türkiye, the National Qualification System is executed under the coordination of the Vocational Qualifications Authority with the participation of public institutions and organizations, workers, employers, professional organizations, and non-governmental organizations at the national level. Within the scope of the National Qualification System, particular emphasis has been placed on green transformation and digital transformation recently.

58. In order to contribute to the training of researchers within the scope of promoting the development of human capital, Scientific and Technological Research Council of Türkiye (TÜBİTAK) provides support to middle school, high school and university students for research project competitions and science Olympiads, and to undergraduate students via educational scholarships, research grants, internship opportunities, mentoring supports and supports for participation in scientific events. In order to increase the quality of human resources that will lead sustainable development and technological progress, TÜBİTAK, within the scope of the Overseas Doctoral Scholarship Program for developing human capital, supports productive, sensitive, innovative and researcher students who seek to receive doctoral education abroad, provided that they return to Türkiye after completing their education.

59. *Ukraine* has a strong scientific potential, world-famous scientific schools and recognized positions in the areas of exact sciences, computer science, theoretical physics, chemistry, optics and optoelectronics, millimeter and submillimeter radiophysics, materials science, aerospace technologies, welding technologies, production of protective and strengthening coatings, biotechnology, immunobiotechnologies, molecular diagnostics, development of the latest medicines, cryobiology and cryomedicine, neurophysiology.

60. The complex issue of the development of human capital in Ukraine is one of the priorities of Ukraine’s Government and one of the foundations for the return of Ukrainian citizens who are forced to stay abroad. In particular, during the work on the draft Plan of Ukraine for the implementation of the proposal of the European Commission regarding the Regulation of the European Parliament and the Council of the European Union on the creation of the Ukrainian Fund (Ukraine Facility), the section "Human capital" was developed, which contains thematic subdivisions of the following direction: improvement of vocational and technical education; improvement of preschool education; improvement of the system of rehabilitation of people with disabilities; transition from military service to civilian life; improvement of social infrastructure and deinstitutionalization; improving the functioning of the labor market; ensuring access to housing for people who need it; improvement of social security; improvement of cultural development.

61. In view to address the negative consequences of the demographic crisis and reproduction of human capital, a comprehensive study of the current demographic and migration situation, Ukraine’s Government through its network of the diplomatic missions abroad, made the requests to the governments of the countries where the presence of Ukrainian citizens is significant and has significantly increased after the start of the military aggression of the Russian Federation against Ukraine. In particular, Ukraine’s Government asked to provide information about citizens of Ukraine who are beneficiaries of temporary protection or similar national programs; the number of citizens of Ukraine in the host country; the number of beneficiaries of temporary protection or similar national programs; types of support provided to citizens of Ukraine, the allocated budget for these programs, as well as the periods for which

the financing of such types of support is provided, or the planned date of completion of the provision of support; the number of citizens of Ukraine who are employed in the host country; the number of enterprises founded or relocated by citizens of Ukraine after February 24, 2022; volumes of taxes paid by citizens of Ukraine; information about the situation of forced migrants before their departure to the host country.

62. During the years 2022-2023, the Ukrainian parliament tried everything it could to provide social protection for citizens during war conditions. Thus, since the beginning of Russia's large-scale military invasion of the territory of Ukraine, the Verkhovna Rada of Ukraine has adopted 43 laws in the social sphere, in particular, related to: simplification of the procedure for assigning veteran status; the rights of servicemen of the Armed Forces of Ukraine to biological post-traumatic paternity/maternity; the possibilities for the Defenders of the State to draw up a personal order (testament) in case of their death on the payment of a one-time monetary benefit; extension of the groups of persons classified as combatants and persons with disabilities as a result of the war - those who in the first months of the war stood up for the defence of the Motherland, etc..

### **III. INTERNATIONAL EXPERIENCE AND FRAMEWORK**

63. International organizations play crucial role in fostering human capital for innovation and progress on a global scale. These organizations focus on initiatives that promote education, research, science, etc. and work collaboratively with member countries to support and promote human capital development. International organizations provide policy guidance and advocacy for human capital development at the global level. They conduct research, collect data, and generate expert recommendations. They provide grants, loans, and technical assistance to help countries invest in education, healthcare infrastructure, and skills training initiatives. International organizations offer capacity building programs and technical support and facilitate knowledge and experience sharing. They organize conferences, workshops, and forums where policymakers, experts, and practitioners exchange ideas, share successes in human capital development. Through their collective efforts, international organizations contribute to fostering human capital by providing guidance, financing, expertise, and platforms for collaboration. Their involvement helps countries shape policies, implement effective strategies, and build the necessary capabilities to nurture human capital for innovation, economic growth, and social progress.

#### **United Nations Educational, Scientific and Cultural Organization (UNESCO)**

64. UNESCO is dedicated to promoting and supporting human capital development globally and places a strong emphasis on education as a fundamental aspect of human capital development. It works towards ensuring quality education for all and supporting lifelong learning opportunities. UNESCO supports initiatives that promote technical and vocational education and training to equip individuals with the skills necessary for employment and economic growth. UNESCO is committed to reducing global illiteracy rates and providing access to quality literacy programs worldwide. UNESCO supports the development of science, technology, and innovation as essential drivers of human capital growth. It promotes scientific research, encourages innovation, and fosters the transfer of technology to enhance human capital capabilities. UNESCO recognizes the importance of cultural and social development as integral components of human capital. It supports initiatives that preserve cultural heritage, promote cultural diversity, and ensure social inclusion, recognizing that these factors contribute to the overall development of individuals and societies. Through its programs and initiatives UNESCO actively contributes to human capital development by addressing various aspects such as education, science and technology, as well as cultural and social development.

### The World Bank Group

65. The World Bank plays important role in investing in human capital by providing financial resources to support countries in developing their human capital potential. The World Bank offers policy advice and technical expertise to help countries design and implement effective human capital development strategies. This includes advising on education and health sector reforms, social safety nets, and labour market policies to enhance skills development and job creation. The World Bank facilitates knowledge sharing between countries, promoting the exchange of best practices and experiences in human capital development. This helps countries learn from each other's successes and challenges, leading to more effective policies and programs. The World Bank conducts research on various aspects of human capital, that helps identifying trends, gaps, and opportunities, allowing policymakers to make evidence-based decisions and prioritize investments in human capital development for innovation and prosperity.

### World Health Organization (WHO)

66. The World Health Organization (WHO) contributes to human capital development by prioritizing and promoting global health initiatives. The WHO works to strengthen health systems worldwide, ensuring that countries have the necessary infrastructure, workforce, and resources to provide essential health services. Its initiatives focus on improving overall health and well-being, which is crucial for human capital development. The WHO plays a vital role in raising awareness about health-related issues. It provides evidence-based guidelines and information on various health topics, enabling individuals to make informed decisions about their health and well-being. The WHO's efforts contribute to building healthier societies and improving overall human development indicators. The WHO contributes to the well-being of individuals, which is fundamental to human capital development.

### International Labour Organization (ILO)

67. The ILO works on labour-related issues globally and helps in developing human capital by enhancing skills, improving productivity, and generating income. The ILO aims to ensure that every individual has access to decent work opportunities, which includes fair wages, safe working conditions, and social protection. The ILO conducts research and analysis on labour market trends and challenges and helps in identifying issues related to human capital development. The ILO also promotes gender equality and advocates for equal opportunities, fair treatment, at workplaces. It helps in unlocking the full potential of individuals and ensuring inclusive human capital development. It sets international labour standards, encourages employment opportunities, and advocates for fair working conditions. Through these actions, the ILO aims to enhance the well-being of individuals, reduce poverty, and contribute to sustainable and inclusive human development on a global scale.

### Organisation for Economic Cooperation and Development (OECD)

68. OECD provides a platform for the governments to discuss and share policies related to economic and social issues, including education and innovation. The OECD publishes reports and guidelines aimed at improving the human capital development. The OECD has several initiatives that contribute to human development, including the Programme for International Student Assessment (PISA), various skills development initiatives like the OECD Skills Strategy, the Innovation Policy Platform, health system analysis, and social policies. The OECD provides recommendations to member countries on how to improve human capital outcomes. This includes suggestions on education and training systems, labour market policies, social protection, and the alignment of skills with economic demand. The OECD facilitates knowledge sharing and exchange of best practices among member countries and organizes

conferences, workshops, and seminars where policymakers, experts, and stakeholders learn from each other's experiences and discuss innovative approaches to human capital development.

### European Union (EU)

69. The European Union (EU) has several policies and programs aimed at promoting human capital development. These initiatives focus on education, skills training, employment, and social inclusion. The European Union supports research and innovation initiatives through programs like Horizon 2020 and Horizon Europe, which also include social policies, education programs, and regional development strategies. Horizon Europe (2021-2027) continues implementing the objectives of Horizon 2020. Erasmus+ program is an EU funding program that supports education, training, youth, and sport. It offers opportunities for students and teachers to study, train, and gain experience abroad. The program promotes mobility, intercultural learning, and the acquisition of new skills and competencies. It focuses on promoting upskilling and reskilling, digital skills, and skills for green and digital transitions. The agenda also emphasizes the importance of lifelong learning and ensuring that skills are acquired. The European Social Fund (ESF) is the EU's main financial instrument for investing in human capital. It supports projects and programs across member states, focusing on areas like education, training, employment, and social inclusion. These are just a few examples of the ongoing EU programs for human capital development. The EU is committed to investing in education and employment opportunities to enhance the potential and well-being of its citizens.

### The Organisation of the Black Sea Economic Cooperation (BSEC)

70. Taking into account that cooperation at the regional level is becoming increasingly important in the context of current geopolitical transformations, the main BSEC policy document “Economic Agenda: Towards a Sustainable Future of the Wider Black Sea Area” defines a more active role of the BSEC Organization in the short and medium term in strengthening economic cooperation between member states of the Organization. Member States are committed to using the Organization's enormous potential as a platform for dialogue in order to play an effective and constructive role in achieving the common goal of a peaceful, stable and prosperous BSEC region. The document expresses the shared conviction and commitment of the Member States to develop a program that contributes to the achievement of effective solutions to common problems.

71. The mutually supportive measures of the BSEC Member States continue to deepen economic cooperation in the region and lay the foundation for social cohesion and common progress. While much has already been achieved, it is essential that the Black Sea region takes full advantage of its diverse opportunities and, through collective efforts at all levels, ensures that effective economic cooperation is achieved, as well as greater and more effective investments in people are made to strengthen human capital.

72. The PABSEC actively cooperates with the BSEC Organization, BSEC-related bodies (BSEC Business Council (BSEC BC), Black Sea Trade and Development Bank (BSTD) and International Centre for Black Sea Studies (ICBS)) in the process of implementing the “Economic Agenda: Towards a Sustainable Future of the Wider Black Sea Area”, which represents a shared program of action for the Member States for the future. In order to achieve the main goal of creating a harmonious Black Sea region, parliaments and governments, in cooperation with public and non-governmental organizations of the Wider Black Sea Region, must provide maximum support for achieving the goal of strengthening mutual trust, friendship and good neighbourliness among the Member States.

#### **IV. CONCLUSIONS**

73. Human capital is one of the most valuable resources that influences labour productivity and reflects the level of development of a state. Investment in human capital is a key factor in socio-economic development and a strategic direction for many countries. In this regard, strengthening government measures towards increasing the investment in human capital allows not only to increase labour productivity, but to contribute to growth in a number of indicators of the national economy, and ensure innovative development and prosperity of the of the countries in the region.

74. A skilled and educated population enhances economic stability and the sustainability of economies in the context of upcoming socio-economic challenges in the world and in the region. Therefore, investments in human capital are extremely important for the acquisition of new skills and knowledge and the development of modern technologies. They influence people's lives and makes a complex impact on the development of society as a whole.

75. Regretfully, the countries in the region face a number of challenges in the field of human capital development, including in the areas of education, skills development, employment, gender equality, brain drain, healthcare, aging populations, etc. An unstable political climate, military actions and conflicts undoubtedly undermine economic activity and do not leave room for the region to fully enjoy the benefits of economic cooperation. Even the countries that are not directly involved in conflicts suffer the economic, social, and political consequences of regional instability. Solving the existing socio-economic problems requires a comprehensive approach, including increased investment in human capital in order to ensure sustainable economic growth, innovation and prosperity.

76. Parliaments and governments play an important role in shaping policies related to human capital. Determining the right domestic policies and creating the necessary institutional environment have a strong impact on economic success. Domestic reforms, coupled with efforts to promote regional integration, pave the way for improved economic performance, which in turn boosts human capital, innovation, and prosperity. Ensuring the balance of overall work and creating a unified system of mechanisms focused on achieving the goals and objectives at the regional level has a significant impact on increasing the efficiency of activities. The mobilization of forces and resources and the coordination of initiatives at the regional level have a significant impact on the successful achievement of the common objectives of the Black Sea Economic Cooperation.

77. Investing in accumulation and use of human capital not only improves productivity, but also plays a critical role in achieving green, sustainable, and inclusive development. Investments in human capital create conditions for sustainable economic growth and constant adaptation of the socio-economic structure to new directions of scientific and technological progress. Although institutional structures vary from country to country, there is a common need to take advantage of synergies, share information and conduct regular monitoring to improve human capital performance. By prioritizing investment in human capital development and improving the efficiency of underlying systems, the state not only promotes sustainable and inclusive development of societies, but also lays the foundation for improving the social and economic well-being of people.

78. Investments in human capital yields high returns and can create significant positive economic and social effects. To achieve significant results in the development of human capital, it is necessary to determine policy priorities and ensure effective coordination of the activities of relevant government agencies. Intensification of investment activity in the region for socio-economic development is a necessary condition for improving innovation, achieving prosperity and success in various spheres of human activities.