

# NEARSHORING IN EUROPEAN IT

> \_ Where your software team should grow next?



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# Introduction

This report analyzes top nearshoring destinations in Europe, covering EU countries (Southern: Spain, Portugal, Italy; Eastern: Poland, Czech Republic, Hungary, Romania, Bulgaria, Baltics) and selected non-EU neighbours (Ukraine, Serbia, Moldova).

## KEY FACTORS ASSESSED

Developer availability

Labour law details

Language Skills

Salary ranges

European nearshoring appeals to Western/Northern companies due to lower costs, skilled talent, and time zone alignment. EU states also offer regulatory consistency and smoother cross-border operations. Eastern Europe excels in IT education and global programming rankings, with high English proficiency across the sector.

# Southern Europe

Southern European countries like Spain, Portugal, and Italy offer relatively lower developer costs compared to Central & Northern Europe while providing a sizable talent pool, modern infrastructure, and cultural affinity with Western Europe.

Southern Europe's time zone (CET/CEST) aligns perfectly with clients in most of Europe, allowing real-time collaboration. Labor costs are attractive, but TCO (total cost of ownership) aspects shall not be neglected (e.g. severance-obligations, etc.).





# Spain



## DEVELOPER AVAILABILITY

**~320,000**

**Spain has ~320,000 software developers, making it one of Europe's largest tech talent pools.**

Key hubs include Madrid, Barcelona, and Valencia. Developers are skilled in major technologies (Java, Python, JS), with strong university output and international tech presence (e.g., Google Málaga). Talent is abundant, though senior-level competition is high.



## SALARY RANGES

**AVERAGE**

**€29,000 – €33,000**

Developer salaries range from €20,000–€50,000. **Average is €29,000–€33,000 annually.**

Madrid and Barcelona pay ~10–20% more. Spain offers significant cost savings for Western European companies.



# Spain



## LANGUAGE SKILLS

**English proficiency is moderate** nationally but high among IT professionals, especially younger developers. Most developers are fluent or business-proficient.

**German is rare (~2–3% of the population)**, so English is the primary working language.

**~2–3%**

## EASE OF DOING BUSINESS & LABOR LAW

Ranked 30th globally (World Bank).

Spain offers a stable EU business environment. Bureaucracy exists, and labor laws are strict—permanent contracts offer strong employee protections.

Severance can be costly.

Companies often use contractors or local IT firms to maintain flexibility. IP and NDAs are well protected under EU law.



# Portugal



## DEVELOPER AVAILABILITY

**~100,000–130,000**

**Portugal has an estimated 100,000 – 130,000 software developers, primarily in Lisbon and Porto.** It offers high-quality talent due to strong university programs, startup accelerators, and government support.

Lisbon hosts the Web Summit, boosting its tech visibility. Many developers specialize in web, mobile, and emerging technologies (AI/ML). Talent is ideal for small-to-midsize teams; scaling large teams may be limited by volume.



## SALARY RANGES

### AVERAGE

**€25,000 – €30,000**

Portugal is one of South Europe's most cost-effective tech labor markets:

- **Entry-level: €14k–€18k**
- **Mid-level: €21k–€30k**
- **Senior: €35k–€48k**

Lisbon salaries are higher than the national average, but still 20–40% lower than Spain or Italy, and well below Germany. Despite rising demand, Portugal remains affordable for nearshoring.



# Portugal



## LANGUAGE SKILLS

**Portugal ranks 6th globally in the EF English Proficiency Index, with nearly all tech professionals fluent in English.** Communication with foreign clients is typically smooth.

**German, however, is uncommon (~2–3% speak it),** mainly among those with tourism backgrounds or overseas experience. For German-language projects, targeted hiring or interpreters may be needed.

**~ 2–3 %**

## EASE OF DOING BUSINESS & LABOR LAW

**Ranked 39th globally (World Bank) for business ease.** Government incentives include the “Empresa na Hora” (1-hour company setup), Tech Visa for non-EU hires, and tax breaks under the Non-Habitual Resident (NHR) regime. **Severance: ~12 days/year of service.**

The legal framework is transparent and compatible with international business norms. Business culture is aligned with Western Europe, with overlapping work hours and high client service standards.



# Italy



## DEVELOPER AVAILABILITY

**~310,000**

**Italy has ~310,000 software developers, ranking among Europe's largest tech talent pools.** Key hubs include Milan, Rome, Turin, Naples, and Bari.

The country has strong expertise in web development, enterprise software (Java/.NET), embedded systems, and fintech. Ideal for clients needing solid technical skills and cultural alignment with German-speaking markets.



## SALARY RANGES

### AVERAGE

**€29,000 – €33,000**

IT salaries in Italy are moderate, somewhat higher than in Eastern Europe but still lower than in Northern Europe.

**The average software developer salary in Italy is around €29,000–€33,000 per year.** Milan and Northern cities offer 10–15% higher salaries than the national average. Italy's salaries are similar to Spain's and lower than Germany's (~€52k), offering moderate cost savings for nearshoring.

# Italy



## LANGUAGE SKILLS

**~ 28 %**

As of 2024 data, **about 28% of Italians speak English**. In practical terms, most Italian software developers under 40 have a working knowledge of English, since technical education and documentation are often in English.

On the other hand, only **about 2.7% of Italians speak German**, primarily in the northern regions.

**~ 2-3 %**

## EASE OF DOING BUSINESS & LABOR LAW

Italy ranks **58th globally for business ease (World Bank)**. Its business environment is developed but bureaucratic, with complex company setup and strict labor laws favoring employee stability. Dismissals can lead to reinstatement or up to 24 months' compensation; standard workweek is 40 hours with 1-3 months' notice.

**However, Italy offers strong R&D tax credits, innovation subsidies, and streamlined hiring of skilled non-EU workers via visa schemes like the "blue card."**

# Chart

A comparison chart summarizing key factors for nearshoring to Spain, Portugal, and Italy:

Category	Spain	Portugal	Italy
Developer Availability	~320,000 developers	100,000 – 130,000 developers	~310,000 developers
Average Salary	€29k–€33k	€25k–€30k	€29k–€33k
English Proficiency Rank (EF EPI*)	36th (538)	6th (605)	46th (528)
German Proficiency (%)	2–3%	2–3%	2.7%
Ease of Doing Business Rank	30th	39th	58th
Bureaucracy Level	Moderate	Low	High
Labor Law Flexibility	Rigid	Moderate	Rigid
Key Tech Hubs	Madrid, Barcelona, Valencia	Lisbon, Porto	Milan, Rome, Turin, Naples
Nearshoring Cost Advantage	High	Very High	Moderate

\*EF EPI – Education First English Proficiency Index (EF EPI), which ranks countries by the average level of English skills among adults.

# Eastern Europe

Eastern Europe has been a cornerstone of IT nearshoring for European companies, offering a combination of highly skilled developers, competitive costs, and geographic proximity.

Poland, Czech Republic, Hungary, Romania, and Bulgaria have invested heavily in STEM education producing large numbers of qualified software engineers, and many have rapidly growing tech sectors.

Notably, Eastern European developers consistently rank among the top in the world in programming competitions and skill assessments. English proficiency is generally high, and time zones (mostly CET or EET) align with the rest of Europe for smooth collaboration.





# Poland



## DEVELOPER AVAILABILITY

**over 400,000**

**Poland is a top nearshoring destination in Europe, with over 400,000 software developers and the largest IT talent pool in Eastern Europe.** Major tech hubs include Warsaw, Kraków, Wrocław, and Gdańsk, home to both global tech firms and startups.

Developers are highly skilled —**ranked 3rd globally by HackerRank and 1st in Java.** Skills range from enterprise tech to AI and cloud. Attrition is low (15–18%), and talent access is excellent, making Poland ideal for scalable nearshore teams.



## SALARY RANGES

**AVERAGE**

**€25,000 – €27,000**

Developer labor costs in Poland are significantly lower than in Western Europe. **The average software developer salary in Poland is about 120,000 PLN per year (Polish zloty) – roughly €25,000–€27,000** at current exchange rates.

**These figures vary by location – smaller cities** can be 10–20% lower. Also, many Polish developers work on B2B contracts as freelancers (with equivalent rates), but for the client the cost remains favorable.



# Poland



## LANGUAGE SKILLS

Polish developers have excellent English proficiency —**nearly all IT professionals speak English**. Poland ranks 13th globally in the EF English Proficiency Index (“very high proficiency”).

**German skills are modest overall (~2–3% fluent)**, but **more common in western Poland and Silesia**. Some IT firms offer German-speaking teams for DACH clients, though English is the primary working language.

**~ 2–3 %**

## EASE OF DOING BUSINESS & LABOR LAW

Poland ranks **40th globally** for ease of doing business – stable, EU-compliant, and business-friendly. Company setup is straightforward. Labor laws offer a balanced mix of protection and flexibility.

Developers often work on B2B contracts, allowing tax-efficient hiring. Severance applies in group layoffs (1–3 months’ pay for companies with 20+ employees). Employer social contributions are ~21%.

Poland stands out for low corruption and strong IP enforcement, with EU-aligned legal protections.



# Czech Republic



## DEVELOPER AVAILABILITY

**~130,000**

**Czechia has an estimated 130,000 developers**, with strong hubs in Prague and Brno. The country boasts a highly educated talent pool.

Notably, it has Europe's highest share of freelance developers, offering flexibility for project-based work. Talent availability is solid, with **low attrition (~18%)** and long notice periods (2–3 months), aiding project stability.

**Czechia is ideal for specialized R&D or medium-sized teams.**



## SALARY RANGES

### AVERAGE

**€30,000 – €35,000**

The Czech Republic provides a cost-competitive wage environment for developers.

The **average software developer salary in Czechia is about €30,000–€35,000.**

Outside Prague (e.g., Brno or Ostrava), salaries can be ~10% lower. A flat 15% income tax makes net earnings attractive.

Overall, **Czechia offers affordable, high-quality talent for nearshoring.**



# Czech Republic



## LANGUAGE SKILLS

**~ 32%**

English is widely spoken in Czechia's IT sector. About **32% speak English**, and the country **ranks 25th globally** in proficiency.

**German is spoken by about 12% of the population**, one of the highest rates in Eastern Europe. It's more common near the German/Austrian borders, and some IT firms offer German-speaking PMs or support.

**~ 12%**

## EASE OF DOING BUSINESS & LABOR LAW

**Czechia ranks 41st globally** in ease of doing business, offering a stable EU-regulated environment. Company registration is efficient, and legal protections are strong.

**Labor laws balance flexibility with protections.** Termination requires written notice and severance (1–3 months) based on tenure. Notice periods are usually 2 months, aiding continuity.

Employers pay around 34% in payroll taxes on top of salaries.

**The IT sector has limited bureaucracy.**





# Hungary



## DEVELOPER AVAILABILITY

**~80,000**

**Hungary has a high-quality IT workforce of around 80,000** developers, concentrated mainly in Budapest.

Hungarian developers rank **5th globally** in coding skills (HackerRank).

**Turnover is low (~18%)**, contributing to project stability.

Hungary is well-suited for clients needing compact, expert teams.



## SALARY RANGES

**AVERAGE**

**€18,000 – €20,000**

Hungarian developer salaries are among the lowest in the EU, offering excellent nearshoring value. **The average salary is around HUF 6.5M/year (approx. €18k–€20k).**

Budapest pays 10–20% higher than other cities.

While slightly below Poland and Czechia, Hungary remains very cost-effective for high-quality IT talent.



# Hungary



## LANGUAGE SKILLS

**~19%**

**About 19% of Hungarians speak English.** The country ranks **17th globally in the EF English Proficiency Index** ("high proficiency").

**German is also more common – about 6%** of the population speaks it, with stronger presence in western Hungary and among firms working with German clients.

**~6%**

## EASE OF DOING BUSINESS & LABOR LAW

Hungary offers a business-friendly environment for nearshoring. **It ranks 52nd globally** (World Bank, 2020), signaling moderate ease of doing business. Company setup is quick and digital, and Hungary boasts Europe's lowest corporate tax rate (9%).

Labor law is relatively flexible – notice periods range from 1 to 3 months depending on tenure; severance applies after 3 years of service. Social contributions are low (~15.5%), and collective bargaining is rare in IT.



# Romania



## DEVELOPER AVAILABILITY

**~200,000**

Romania is a major nearshoring hub with **around 200,000 software developers**. Key tech centers include Bucharest, Cluj-Napoca, Iași, and Timișoara.

Romanian developers are generally strong generalists, particularly in software engineering and math-heavy fields.

Romania's size, skill base, and outsourcing experience make it a top choice for large nearshore operations.



## SALARY RANGES

### AVERAGE

**€15,000 – €24,000**

Romania has some of the lowest developer salaries in the EU, making it highly attractive for cost-driven nearshoring. Hourly rates are around \$25–\$50.

A mid-level dev in Bucharest may earn €1,600–€2,000/month.

Romania also offers a personal income tax exemption for IT roles, reducing employer costs and boosting take-home pay.

# Romania

## LANGUAGE SKILLS

**~16 %**

English proficiency in Romania is high—ranked **17th globally by EF**. Only **~16% of the general population speaks English**.

**German language skills are minimal (<2% speak it)** While a few outsourcing firms train German-speaking staff for DACH clients, German is not commonly used.

**~ 2%**

## EASE OF DOING BUSINESS & LABOR LAW

Romania **ranks 55th globally** for ease of doing business. Company setup is straightforward.

Labor laws are relatively flexible. Severance pay is not generally mandated but may be offered. Employer social contributions are low, reducing labor costs.

Corruption and transparency remain moderate challenges, the IT sector is modern and well-integrated internationally.





# Bulgaria



## DEVELOPER AVAILABILITY

**~50,000–70,000**

**Bulgaria, known as the “Silicon Valley of the Balkans,”** has a strong IT outsourcing sector with **about 50,000–70,000 software developers,** mostly in Sofia, Plovdiv, Varna, and Burgas.

Bulgaria’s low living costs and EU membership attract digital nomads and expats as well.



## SALARY RANGES

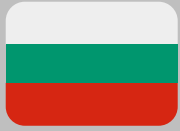
**AVERAGE**

**€15,000 – €25,000**

Bulgaria offers some of the lowest software developer salaries in the EU. **Average developer salaries hover around €15,000–€25,000 per year.**

Bulgaria’s flat 10% income tax boosts net pay, making salaries attractive locally while keeping labor costs low for employers.

Bulgaria provides very cost-effective IT talent for nearshoring clients seeking budget savings.



# Bulgaria



## LANGUAGE SKILLS

**~ 23–25 %**

Bulgaria's has **23–25% of the population speaking English**. Bulgaria ranks 16th globally in English proficiency (EF EPI).

**German - under 5%** — and isn't common in the IT sector.

**under 5%**

## EASE OF DOING BUSINESS & LABOR LAW

Bulgaria ranks around **61st globally** for ease of doing business, with some bureaucratic hurdles. It offers very attractive tax rates—a flat 10% corporate tax and 10% personal income tax. Starting a business is straightforward. Flexible labor laws.

Employers must provide around 30 days' notice for dismissal or severance pay. Operating costs like office rent and utilities are low.

# Chart

a comparison chart summarizing key factors for nearshoring to Poland, Czech Republic, Hungary, Romania and Bulgaria:

Category	Poland	Czech Republic	Hungary	Romania	Bulgaria
Developer Availability	over 400,000 developers	~130,000 developers	~80,000 developers	~200,000 developers	~50,000–70,000 developers
Average Salary	€25k–€27k	€30k–€35k	€18k–€20k	€15k–€24k	€15k–€25k
English Proficiency Rank (EF EPI*)	very high	very high	high	very high	moderate to high
German Proficiency (%)	moderate (better than average)	moderate	moderate (regional)	low	low
Labor Law Flexibility	moderate / good	moderate	employer-friendly	moderate	flexible
Ease of Doing Business Rank	high	high	moderate	moderate	low
Key Tech Hubs	Warsaw, Kraków, Wrocław	Prague, Brno, Ostrava	Budapest, Debrecen	Bucharest, Cluj, Iași, Timișoara	Sofia, Plovdiv, Varna
Bureaucracy Level	Low to moderate (efficient e-government)	Moderate (well-structured)	Moderate (can be unpredictable)	Moderate to high (some inefficiencies)	High (paper-heavy, local help needed)

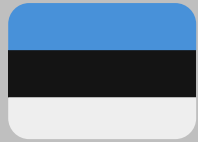
\*EF EPI - Education First English Proficiency Index (EF EPI), which ranks countries by the average level of English skills among adults.

# Baltic States

The Baltic states – Estonia, Latvia, and Lithuania have become notable in the tech world for their advanced digital infrastructure, high education levels, and business-friendly policies.

The Baltics produce highly skilled IT talent and have made a name for themselves especially in areas like fintech, cybersecurity (Estonia), and game development (Lithuania), among others.

They also rank extremely high on ease-of-doing-business and governance metrics. Nearshoring to the Baltics might involve higher salaries than the rest of Eastern Europe, but many clients value the quality over quantity proposition – Baltic teams are often smaller but very efficient.



# Estonia



## DEVELOPER AVAILABILITY

**~20,000–30,000**

Estonia has a high-quality tech talent pool of about **20,000–30,000 developers (with Tallinn and Tartu as main hubs)**. While the overall number of developers is limited, their skill level and productivity are excellent.

Estonia is best suited for small, elite teams or high-value product development rather than large-scale outsourcing.



## SALARY RANGES

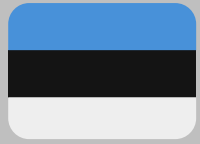
### AVERAGE

**€40,000–50,000**

Estonia has the highest software developer salaries in Eastern Europe, **The average salary in Tallinn is around €40k–€50k annually.**

Cost savings compared to Western Europe may be modest, companies benefit from exceptional talent, low bureaucracy, and a flat 20% income tax.





# Estonia



## LANGUAGE SKILLS

**~ 44 %**

Estonia has excellent English proficiency—**about 44% of the population speaks English**. The EF index ranks Estonia around 20th globally.

**German, by contrast, is spoken by roughly 4–5% of the population.** It's not widely used in business or tech, though it may be offered in schools.

**4–5 %**

## EASE OF DOING BUSINESS & LABOR LAW

Estonia ranks among the world's **most business-friendly countries (18th globally, Doing Business 2020)**. Starting a company is fast, fully online, and allowing foreigners to set up and manage an EU-based business remotely. Taxes are simple and digital-first.

Labor laws are flexible and efficient. Employment contracts often include a 4-month trial period. Termination requires notice (1–3 months depending on tenure) and basic severance (1 month). Corruption is minimal.



# Latvia



## DEVELOPER AVAILABILITY

**~15,000–20,000**

Latvia has an estimated **15,000–20,000 software developers, mainly concentrated in Riga.** Latvia offers well-educated, capable IT talent, especially in fintech and outsourcing.

The talent pool is suitable for small to mid-sized nearshoring teams (e.g., up to ~50 developers), but scaling to 500+ may be difficult.



## SALARY RANGES

### AVERAGE

**€30,000–35,000**

In Riga, average software developer pay is around **€30,000–€35,000 annually** (€2,500/month).

The 20% flat personal income tax and corporate tax incentives (0% on reinvested profits) make the market attractive for businesses. For nearshoring, Latvia offers competitive labor costs—higher than Balkans or Poland but cheaper than Nordic and Western European markets.



# Latvia



## LANGUAGE SKILLS

**~ 32 %**

**About 32% of Latvians speak English.**

**German is spoken by around 3.8% of the population—present but limited — and rarely used in IT projects. Latvia's multilingualism (Latvian, Russian, English, sometimes German) highlights its flexibility and strong language-learning culture.**

**~3.8 %**

## EASE OF DOING BUSINESS & LABOR LAW

Latvia ranks very high **globally (about 19th) for ease of doing business, with straightforward company registration.** Labor laws balance flexibility and protection: probation up to 3 months, and **termination requires notice (1–3 months depending on tenure).**

**Severance pay ranges from 1 to 4 months based on tenure.** Corruption is decreasing, rule of law is solid under EU standards, and the business environment is friendly for investors.



# Lithuania



## DEVELOPER AVAILABILITY

**~30,000–40,000**

Lithuania has about **30,000–40,000 software developers**. Key tech hubs are **Vilnius and Kaunas**.

Its developers are highly skilled, benefiting from a strong math and engineering tradition, with good reputations in competitive programming and work ethic. Large outsourcing companies employ hundreds of engineers locally.



## SALARY RANGES

### AVERAGE

**€30,000–40,000**

Developer salaries in Lithuania are lower than Estonia's but higher than many CEE countries. A mid-level software engineer in Vilnius typically earns between **€30,000 and €40,000 annually**.

Lithuania's flat 20% income tax and relatively low employer social contributions (~1.77%) keep costs reasonable.



# Lithuania



## LANGUAGE SKILLS

**~ 30.5 %**

Lithuania has high English proficiency, **with about 30.5% of the population speaking English and an EF EPI global ranking of 23rd** (“very high proficiency”).

**German is spoken by roughly 4% of Lithuanians**, a modest but notable minority. While German is not common in IT, some firms serving German clients maintain German-speaking staff or project managers.

**~ 4 %**

## EASE OF DOING BUSINESS & LABOR LAW

Lithuania ranks **11th globally for ease of doing business**, with fast online company registration and strong government support for IT. The labor law balances flexibility and worker rights: contracts are usually permanent, notice periods are 1–2 months, and **severance ranges from 2 to 4 months**.

Lithuania has low corruption, efficient courts, and EU-compliant IP laws. Corporate tax is 15%, with R&D incentives.



# Chart

a comparison chart summarizing key factors for nearshoring to Estonia, Latvia and Lithuania:

Category	Estonia	Latvia	Lithuania
Developer Availability	~20,000 -30,000 developers	~15,000–20,000 developers	~30,000–40,000 developers
Average Salary	€40k–€50k	€30k–€50k	€30k–€40k
English Proficiency Rank (EF EPI)	~20th globally (“very high”)	High proficiency	23rd globally (“very high”)
German Proficiency (%)	~4–5%	~3.8%	~4%
Ease of Doing Business Rank	18th globally	19th globally	11th globally
Bureaucracy Level	Very low	Moderate	Low to moderate
Labor Law Flexibility	Fairly flexible, Nordic-influenced	Moderate	Balanced
Key Tech Hubs	Tallinn	Riga	Vilnius, Kaunas
Nearshoring Cost Advantage	Moderate	Competitive	Balanced

\*EF EPI - Education First English Proficiency Index (EF EPI), which ranks countries by the average level of English skills among adults.

# Non-EU Europe

Beyond the European Union, there are neighboring countries that have become significant IT nearshoring destinations due to their large talent pools and competitive costs.

In this section, we focus on Ukraine, Serbia, and Moldova – each of which has a growing tech industry and has been tapped by European companies for nearshore software development.

These countries come with different challenges (political and economic stability varies, as do data protection regimes), but they also offer some of the largest concentrations of skilled developers in Europe outside the EU. We will examine each on the familiar dimensions.



# Ukraine



## DEVELOPER AVAILABILITY

**~200,000**

**Ukraine is one of Eastern Europe's largest IT talent hubs**, with over 200,000 developers before the 2022 invasion. Despite the war, over 96% of IT services continued without interruption, thanks to relocation and remote work.

Ukrainian engineers are globally recognized for strengths in AI, cybersecurity, and complex systems, **ranking 11th in HackerRank**. Nearshoring through Ukrainian firms remains a resilient and cost-effective option for EU and US clients.



## SALARY RANGES

**AVERAGE**

**€30,000–50,000**

Many developers work as private contractors, benefiting from a 5% flat tax under Diia City.

**Salaries are often paid in USD or EUR** due to currency fluctuations.

Despite the war, the market remains stable, with strong government support and unchanged overall expectations. **Ukraine remains one of Europe's best-value high-skill tech markets.**



# Ukraine



## LANGUAGE SKILLS

**English is widely used in Ukraine's IT industry**, even though the country ranks only ~40th globally in the EF EPI. Intermediate to advanced proficiency is common, especially in written form; speaking skills vary but are improving, with PMs and tech leads typically fluent.

**German is rare (spoken by <2%)**, so English should be expected for all nearshoring projects.

**<2%**

## EASE OF DOING BUSINESS & LABOR LAW

**Before the war, Ukraine ranked 64th globally** due to reforms in business, tax, and digital services.

Despite current challenges, **the IT sector remains 96% operational**. Labor law traditionally strict, but **most developers work as flexible private entrepreneurs (FOPs)**, with wartime laws easing business further.

Outsourcing via local firms is recommended, with IP typically protected through foreign-law contracts.



# Serbia



## DEVELOPER AVAILABILITY

**~30,000 – 50,000**

With an estimated 30,000–50,000 IT professionals, Serbia has one of Southeast Europe's largest and fastest-growing tech sectors. Key hubs include Belgrade and Novi Sad.

It hosts major outsourcing operations (e.g. Microsoft, NCR), with strengths in blockchain, gaming, and backend systems. While smaller than Ukraine or Poland, **Serbia offers solid scale, high quality, and strong nearshoring potential, especially for EU clients.**



## SALARY RANGES

### AVERAGE

**€20,000–45,000**

**Developer salaries in Serbia are cost-effective**, averaging around €20k–€25k/year for mid-level roles. Juniors earn about €12k–€18k, while seniors typically make €35k–€45k/year, especially in Belgrade.

Serbia offers Eastern EU-level pricing but outside the EU, with additional cost advantages from flat tax options and a growing but still less-saturated market.





# Serbia



## LANGUAGE SKILLS

**English proficiency among Serbian IT professionals is high.** According to the EF English Proficiency Index, Serbia ranks 24th globally with a score of 568, placing it in the high proficiency band. Serbian developers are known for having clear, neutral accents and good communication skills, which enhances remote collaboration.

**5–6% of the population speaks German**, higher than in most Eastern European countries.

**~5–6%**

## EASE OF DOING BUSINESS & LABOR LAW

**Serbia ranks 44th globally** for ease of doing business, offering fast company registration and full foreign ownership.

**Tech startups benefit from 0% corporate tax** and broad market access through trade deals. Labor laws are moderately flexible, with common use of fixed-term contracts and a flat 10% income tax.

Though not in the EU, **Serbia aligns with EU standards on IP/data protection** and remains a strong nearshoring option in Southeast Europe.

# Moldova



## DEVELOPER AVAILABILITY

**~25,000 – 30,000**

**Moldova's IT sector is growing, with about 25,000 – 30,000 developers mainly in Chișinău.**

Known for multilingual talent and strong skills in telecom and embedded systems, it's well-suited for specialized nearshoring.

Government-backed IT parks and incentives help retain local talent. Moldova offers a competitive option for small to mid-sized tech teams in Eastern Europe.



## SALARY RANGES

**AVERAGE**

**€15,000–35,000**

**Moldova offers some of the lowest IT salaries in Europe**, supported by a simplified 7% turnover tax under its IT Park law. Combined with a very low cost of living, it provides nearshoring clients access to European talent at rates comparable to Asia.

Cultural proximity, overlapping time zones, and multilingual skills add to its appeal. However, its smaller talent pool and narrower technical specialization may limit suitability for large or highly complex projects.

# Moldova

## LANGUAGE SKILLS

**~15 – 20%**

Moldova is bilingual in Romanian and Russian, **with about 15–20% of people speaking conversational English.**

**German is rare (under 3%).** For Western nearshoring, English is the main language, and with proper team management, communication is effective. German clients would mostly rely on English or Romanian intermediaries.

**<3%**

## EASE OF DOING BUSINESS & LABOR LAW

**Moldova ranks 48th globally** for ease of doing business and offers simplified taxes via the Moldova IT Park—just 7% on turnover, covering corporate, personal, and social contributions. This model has helped the IT sector grow quickly.

**Labor laws are traditional but allow flexibility in tech through fixed-term contracts.** While political and currency risks persist, working through IT Park firms provides a low-cost, transparent nearshoring setup with moderate bureaucracy.


# Chart

a comparison chart summarizing key factors for nearshoring to Ukraine, Serbia and Moldova:


Category	Ukraine	Serbia	Moldova
Developer Availability	~200k+ developers	~30k - 50k developers	~25k - 30k developers
Average Salary	~€30k - €50k	~€20k - €45k	~€15k - €35k
English Proficiency Rank (EF EPI)	Rank 30 (High)	Rank 17 (Very High)	Not ranked; (15–20% fluent)
German Proficiency (%)	Low (<5%)	Low to moderate (~5–10%)	Very low (~2–3%)
Ease of Doing Business Rank	64 (2020 WB data)	~44 (2019), EuCham 2020: 37	~48 (EuCham/World Economics est.)
Bureaucracy Level	Moderate	Moderate-low	Moderate
Labor Law Flexibility	High	Moderate-high	Moderate
Key Tech Hubs	Kyiv, Lviv, Kharkiv, Dnipro, Odesa	Belgrade, Novi Sad, Niš	Chişinău
Nearshoring Cost Advantage	Very high (lowest costs for large-scale talent)	High	Very high (lowest rates in Europe)

\*EF EPI - Education First English Proficiency Index (EF EPI), which ranks countries by the average level of English skills among adults.


# Conclusion |




**Talent Scaling** → Poland, Romania, and Ukraine offer large developer pools ideal for fast scaling and team expansion.




**Innovation** → Estonia, Czech Republic, and Lithuania are top choices for lean, R&D-focused teams with high technical skill.



**Language Needs** → Southern Europe fits projects needing Romance languages; Central/Eastern Europe excels in English and some German.



**Business Ease** → Estonia and Poland offer strong legal stability and smooth operations; Moldova and Serbia simplify setup through tax regimes.



**Cost vs. Compliance** → Eastern EU strikes a balance between affordability and EU compliance; non-EU countries offer lower costs with more regulatory effort.



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