ANNUAL REPORT

of the Secretary General of the Regional Cooperation
Council on Regional Cooperation in South East Europe
2014-2015

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Contents

Foreword

In the final sprint towards one of the most important events of the year for the Regional Cooperation Council (RCC), the Annual Meeting, one can only agree that key steps have been made in further ensuring the conditions for good-neighbourly relations, stability and economic prosperity in South East Europe (SEE).

A lot has been achieved in pursuit of the common goal of the RCC participants from the region - European and Euro-Atlantic integration.

The South East Europe Cooperation Process (SEECP) and RCC proved their added-value in fostering regional cooperation as a key EU membership pre-condition. The efforts to make headway within the SEECP towards a result-oriented cooperation are bearing fruit. The successful rallying of all participants from the region at political/sectorial events of the SEECP, the strategic synergy between the SEECP and RCC and the launching of a structured debate on the future of SEECP are some of the developments which open up avenues for revamping the SEECP. This is of utmost importance given the role of this forum in supporting the European and Euro-Atlantic integration processes.

At the same time, we have witnessed the political commitment of governments and the support of various stakeholders being brought to bear in order to ensure progress in the EU accession process. This came in the context of a strong shift in the approach from the EU's side with the introduction of economic governance as one of the three pillars of the EU enlargement policy, together with the rule of law and public administration reform.

In the same context, regional cooperation in SEE picked up speed with the launching of several high-level political processes. RCC will support and bring its contribution within these frameworks.

At the regional level, we have also witnessed a stronger connection taking shape amongst governments, civil society, regional and international structures. Above all, this gave way to opportunities for deliberating on the ways to maximise the varying potentials of regional cooperation and on the means to stimulate the much needed reforms in key sectors in support of national efforts in the European integration process. Moreover, the RCC and regional organisations have made significant progress in strengthening their coordination in areas of mutual interest.

And if we speak about reforms in key sectors, the strong consensus prevalent in the region is that reforms should lead to growth, competitiveness and employment, with rule of law and security as pillars of prosperous societies.

This is where the RCC Strategy and Work Programme for 2014-2016 and the SEE 2020 Strategy are widely recognised to have a key role. One year has elapsed since we, at the RCC, have started to implement this Strategy. Having clear goals in sight, the means to effectively pursue them and the engagement of all RCC participants, we have achieved important results in setting up the necessary structures and processes to support the implementation of the SEE

2020 Strategy. In parallel, we have rolled out activities to strengthen the rule of law, combat corruption and organised crime.

This Annual Report on Regional Cooperation in SEE unveils the main achievements of the RCC in carrying out its mandate and the objectives of the RCC Strategy and Work Programme for 2014–2016 and the SEE 2020 Strategy. It sheds light on the efforts to use the synergy between the SEECP and RCC as a rostrum for translating pertinent political guidelines into practical and achievable actions, with tangible results. Most importantly, it encompasses assessments of the benefits brought about by an all-inclusive and regionally-owned cooperation framework.

By way of concluding, I believe that the leadership and determination of the RCC participants, the invaluable support of the EU and other stakeholders engaged in the regional cooperation in South East Europe is a unique blend that carries great potential for our region. In this regional context, we should deliver on our commitments in the interest of the peoples of South East Europe.

Goran Svilanovic
Secretary General
Regional Cooperation Council

Summary

The Annual Report 2014-2015 unveils the progress made by the RCC in pursuing its mandate. It articulates the outcomes of the synergy with the SEECP and the dialogue with the RCC participants, while underlining their impact on the capacities of the RCC Secretariat to respond to the fast-paced and demanding regional environment in South East Europe. The report presents the results attained in the implementation of the first phase (2014) of the RCC Strategy and Work Programme (SWP) for 2014-2016, with an overt emphasis on the South East Europe (SEE) 2020 Strategy entitled: Jobs and Prosperity in a European Perspective.

Several notable trends have augmented RCC's capacity to support the RCC participants from the region in their efforts to meet regional and national priorities. First, the RCC became better positioned in its dialogue with the EU to actively promote integration of the region into the EU. Further, the all-inclusive character of the RCC enabled the entire region to benefit and contribute to the regional cooperation process. The expertise, resources and gravitas of regional initiatives and organisations from SEE called for a stronger cooperation with these regional bodies. Most importantly, however, the RCC has made the best use of its intrinsic role as the operational arm of the SEECP to ensure that its activities are aligned with the programmes of the RCC participants holding the SEECP Chairmanship-in-Office (CiO) and as such serve the collective interests of all RCC participants from the region.

The RCC participated and provided technical support to political and sectorial events organised by the SEECP CiOs, initiated and engaged in actions that increased the visibility of RCC within the SEECP and actively contributed to the implementation of activities shared both by the SEECP CiOs' programmes and RCC SWP 2014-2016.

Overall, the previous Romanian SEECP CiO for 2013-2014 had successfully rallied all the participants from the region at political and sectorial events, especially at the SEECP high-level events in June 2014; led the inauguration of the SEECP Parliamentary Assembly; launched the workings of the Ad-hoc Working Group on the future of SEECP; and other pertinent projects.

On the margins of the SEECP high-level events in June 2014, the RCC held its Annual Meeting which, inter alia, further ensured the strategic coordination and development of regional cooperation in SEE.

Moreover, the coordination between the RCC Secretariat and the current Albanian SEECP CiO 2014-2015 has been evolving successfully and several joint activities were held encompassing the entire SEE region.

Further, a forward-looking dialogue has been established with Bulgaria in the context of its forthcoming SEECP CiO for 2015-2016.

The coordination between the SEECP and RCC has also led to an agreement to hold regular meetings in the format – SEECP Troika and RCC Secretariat.

The RCC Secretariat has increased its capacity to ensure that regional cooperation is in the mainstream of the political agenda in the RCC participants. The consultations held by the RCC Secretary General and RCC Secretariat with RCC participants from within and outside the region had a key role in this regard. The RCC and EU institutions in particular have

enjoyed a pragmatic and dynamic dialogue that continued to serve as a mechanism to associate the work of RCC closer with the EU enlargement agenda.

At the outset of 2014, the RCC Secretariat commenced the implementation of RCC's Strategy and Work Programme (SWP) for 2014-2016.

In the implementation of SEE 2020 Strategy, the major component of RCC SWP, the focus of RCC's interventions was thus split between two main areas: on one hand, RCC, its governments and its partners initiated the implementation of the Strategy measures in the sectors discussed below; and on the other hand, considerable efforts were invested in setting up the necessary processes and structures to support the implementation until 2020. These horizontal activities were focused on the three main areas of action:

- Coordination - Setting up efficient mechanisms for coordination amongst the governments, participating regional structures and the RCC in 16 policy areas addressed through SEE 2020 and facilitating establishment of intra-governmental coordination mechanisms on SEE 2020.

- Programming - Converting the SEE 2020 priorities and objectives into regional and national action plans and regional programmes to implement those action plans.

- Monitoring - Establishing a monitoring system to track progress on SEE 2020 with agreed quantitative and qualitative indicators and a clear delineation of responsibilities in collecting, analysing and disseminating information.

In the area of coordination, RCC has worked on strengthening cooperation and clarifying the lines of coordination with the governments, regional structures acting as Regional Dimension Coordinators (RDCs) and a multitude of various other partners, including the donor community.

On the programming side, RCC helped to set up a Programming Committee, which puts the SEE 2020 implementation directly in the national context, ensuring a link between the national needs and regional solutions being proposed. A total of 14 regional programmes have been developed in the area of investment, education, R&D and innovation, culture and creative sectors, digital society, transport, energy, environment, employment, health and governance.

On the monitoring side, RCC focused its efforts on formalising the monitoring system and defining the roles and responsibilities of participating governments and organisations within the system. A set of monitoring guidelines were developed and a Monitoring Committee set up to oversee the process. Furthermore, RCC conducted a region-wide survey of 7,000 citizens and 1,200 companies to complement the quantitative and qualitative data with perception-based indicators. This Balkan Barometer, as the survey is called, also entails an index of public and business sentiment that the RCC will be tracking and publishing on annual basis.

All of this information has been made available at the RCC website as an integral web-based platform, providing a wealth of information about the SEE 2020 targets, indicators, progress to date and the views of citizens and business.

In addition to these horizontal activities, RCC has conducted a number of direct interventions to help implement the SEE 2020.

<u>In the justice, home affairs and security area</u>, the other component of the RCC SWP 2014-2016, efforts were directed towards strengthening the rule of law, combating corruption and organised crime. The activities in defence and security sectors have contributed to a greater coherence and efficiency of the regional dialogue and cooperation mechanisms, including to an enhanced political support to security cooperation. The RCC Secretariat has also contributed to setting the context for streamlining the activities of various stakeholders in the fields of countering terrorism, radicalisation and extreme violence.

The focus of media and communication activities in 2014 was to surpass the existing efforts and to go further in raising the profile of the RCC with the respective governments, trans-national organisations, academia, civil society and also the public at large. A closer relationship with the mainstream and specialised media outlets in SEE, especially in the Western Balkans, was being developed in 2014, reaching out also to other SEECP participants as well as the EU countries. To this end, contacts have been enhanced with editors, publishers and broadcasters with the goal of clarifying and popularising the activities of the RCC. Generally, communication activities followed the SEE 2020 Strategy implementation phase, the adoption of regional and national action plans and then the awareness raising campaign.

General Trends in Regional Cooperation in South East Europe and the Role of Regional Cooperation Council

In the period April 2014 - March 2015, the RCC continued to carry out its mission as a leading, sui generis and all-inclusive forum. It further promoted and strengthened regional cooperation, upheld an all-inclusive and regionally-owned cooperation framework and supported the European and Euro-Atlantic integration of the RCC participants from South East Europe (SEE).

In pursuing relentlessly its mandate, the RCC has benefited from the unwavering support and commitment of the RCC participants, an inherent relationship with SEECP, and from a constructive and forward-looking cooperation with the European Union (EU) institutions, in particular with the European Commission (EC).

Several notable developments have augmented RCC's capacity to support the RCC participants from the region in their efforts to meet regional and national priorities. First, the RCC became better positioned in its dialogue with the EU institutions to actively promote integration of the region into the EU. Further, the all-inclusive character of RCC enabled the entire region to benefit and contribute to the regional cooperation process. RCC's all-inclusiveness has inspired other regional organisations and initiatives, such as the Centre for Security Cooperation and the Regional School of Public Administration, to follow suit and embrace the principle of all-inclusiveness. The expertise, resources and gravitas of regional initiatives and organisations from SEE called for a stronger cooperation with these regional bodies. RCC's proactive approach in this regard has led to an improved ability to identify and pool together the expertise germane for assisting RCC participants from the region in carrying out their reforms. Most importantly, however, the RCC capitalised on its intrinsic role as the operational arm of SEECP to ensure that its activities are aligned with the programmes of the RCC participants holding the SEECP Chairmanship-in-Office (CiO) and serve the collective interests of all RCC participants from SEE region.

At the outset of 2014, the RCC Secretariat started the implementation of RCC's Strategy and Work Programme (SWP) for 2014-2016. With this Strategy, the RCC assumed a greater regional responsibility in fostering long-term planning and vision building, which also reflects the growing capacities of its main stakeholders. Stability, rule of law and economic prosperity are the major intervention areas of RCC SWP 2014-2016. RCC's Work Programme for 2014, in particular, marked a new phase whereby the activities of the organisation were better calibrated to reflect the need for deeper, result-oriented and far-reaching actions. In the implementation of SEE 2020 Strategy, a major component of RCC SWP, the RCC Secretariat coordinated the development of regional action plans, provided support to drafting national action plans and established the monitoring framework to track progress of SEE 2020 Strategy implementation. These actions enabled key stakeholders of the SEE 2020 to assume greater ownership over the implementation process. Given the multifaceted nature of SEE 2020 Strategy, an increased ownership and responsibility will further enhance the monitoring, programming and implementation of this regional strategy. In the area of justice, home affairs and security, the other component of RCC SWP 2014-2016, efforts were directed towards strengthening the rule of law, combating corruption and organised crime. The activities in defence and security sectors have contributed to a greater coherence and efficiency of the regional dialogue and cooperation mechanisms, including to an enhanced political support to security cooperation.

The interaction between the RCC Secretariat and countries holding the SEECP CiO has evolved over the year into a substantive coordination process. This has better equipped both the respective SEECP CiO and RCC Secretariat to translate relevant SEECP political guidelines into practical actions, contributed to a strengthened regional role of SEECP and increased the degree of transparency within the regional cooperation process in SEE. The RCC Secretariat participated and provided technical support to political and sectorial events organised by the SEECP CiOs, initiated and engaged in actions that increased the visibility of RCC within the SEECP and actively contributed to the implementation of activities shared both by the SEECP CiOs' programmes and RCC SWP 2014-2016.

In this context, the SEECP high-level events of June 2014, which marked the end of the previous Romanian SEECP CiO 2013-2014, included meetings of the Political Directors, Ministers of Foreign Affairs and Heads of State/Government of SEECP Participants and led to several very important outcomes for the SEE region: the adoption of SEECP Bucharest Declaration that, amongst other, opened the path for Kosovo*[1]'s full-fledged participation in SEECP meetings and activities; support to the Albanian SEECP CiO 2014-2015 and a strong expression of political support to the RCC and its mission. Overall, the previous Romanian SEECP CiO 2013-2014 had successfully rallied all the participants from the region at political and sectorial events, led the inauguration of the SEECP Parliamentary Assembly, launched the workings of the Ad-hoc Working Group on the future of SEECP, and other pertinent projects.

On the margins of the aforementioned SEECP high-level events, the RCC held its Annual Meeting and the first meeting of the SEE 2020 Governing Board. The RCC Annual Meeting further ensured the strategic coordination and development of regional cooperation, commended the results achieved by RCC and emphasised that the dynamics of regional economic cooperation have been intensified following the adoption and consequently the start

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

of the implementation of RCC SWP for 2014-2016 and especially its central pillar - the SEE 2020 Strategy. Concurrently, the SEE 2020 Governing Board marked the initiation of the first policy cycle of SEE 2020 Strategy implementation. In addition to taking stock of the progress made by RCC Secretariat, the Governing Board issued guidance to RCC and other participants of the process, specifying the direction for the SEE 2020 Strategy implementation in 2014.

Moreover, the coordination between the RCC Secretariat and the current Albanian SEECP CiO 2014-2015 resulted in joint activities in the field of combating corruption, research and innovation and transport. The RCC Secretary General and RCC Secretariat actively contributed to the outcome of the meetings of SEECP Political Directors, the meetings of the Ad-hoc Working Group on the future of SEECP and the informal meetings of SEECP MFAs, which were held under the Albanian SEECP CiO. These events reaffirmed the determination of the RCC participants from the region to progress on the EU integration path, as well as highlighted the role of RCC as a valuable tool for regional cooperation and European integration, one that became more transparent, predictable and valuable to the RCC participants from SEE region. At their informal meeting held in February 2015, the Ministers of Foreign Affairs from the SEECP participants adopted a Joint Statement on Terrorism condemning terrorism and terrorist acts and reaffirming their commitment to strengthen cooperation in order to adequately address this phenomenon. On this issue of utmost importance for the region, pertinent steps have been made by the RCC Secretariat in order to contribute to setting the regional context for streamlining the activities of various stakeholders in the fields of countering terrorism, radicalisation and extreme violence.

The deliberations within the Ad-hoc Work Group on the future of SEECP, launched by the previous Romanian SEECP CiO and continued by the current Albanian SEECP CiO, focused on the future scope of cooperation within SEECP. The RCC Secretariat has contributed to the aforementioned reflection process, in particular concerning the project dimension of SEECP.

Further, a forward-looking dialogue has been established with Bulgaria in the context of its forthcoming SEECP CiO for 2015-2016. In preparation for a result-oriented synergy, the RCC Secretariat and Bulgaria have embarked on a process to synchronise their work plans and particularly to identify areas of joint action. Furthermore, it is notable that, in 2016, the incoming Bulgarian SEECP CiO will mark the 20th anniversary of the SEECP. This will represent an opportunity to review the track-record of SEE region and generate the kind of comprehensive political support that would take the region a step further on the European and Euro-Atlantic integration path.

The operational guidance and supervision provided by the RCC Board, which convened as scheduled on three occasions in the reporting period, have been essential to the mission of the RCC Secretariat, and in particular to the implementation of RCC SWP 2014-2016. The RCC Secretariat presented its activities to the RCC Board on a regular basis, implemented the decisions and conclusions issued by the RCC Board and came forward with an initiative that enabled RCC's partners in various projects to inform the RCC Board about their main activities. This new practice has been praised by the participants of the Board as a useful mechanism to enhance coordination between the RCC and regional organisations as well as to increase awareness regarding the latter's activities and their impact on the development of SEE region.

Held back-to-back with the meetings of the RCC Board, the Coordination Meetings between the SEECP Troika[2], RCC Secretariat and the EU had an indispensable role in harmonising the priorities of the country holding the SEECP CiO with the RCC SWP 2014-2016, as well as provided guidance enabling the RCC Secretariat, inter alia, to deepen cooperation with Adriatic-Ionian Initiative, the EU Strategy for the Danube Region and strengthen its dialogue with other international/regional organisations.

The coordination between the SEECP and RCC has led as well to an agreement to hold regular meetings in the format – SEECP Troika and RCC Secretariat. The first round of bilateral and joint meetings in this format, held upon the initiative of the RCC Secretariat, generated unwavering commitment to further develop a systematic approach and transparency within the regional cooperation process in SEE, encourage a greater and broader participation from within the SEECP in the EU macro-regional strategies and ensure that RCC's activities continue to benefit the entire region.

In this context, the RCC Secretariat established a sound cooperation with EU macro-regions, such as the EU Strategy for the Danube Region and the EU Strategy for the Adriatic and Ionian Region. More specifically, the RCC Secretariat is participating in the activities of priority areas 10 (institutional capacity and cooperation) and 11 (security) of the EU Strategy for the Danube Region.

The RCC Secretariat has increased its capacity to ensure that regional cooperation remains in the mainstream of the political agendas in the RCC participants. The consultations held by the RCC Secretary General and RCC Secretariat with RCC participants from within and outside the region had a key role in this regard, including for mustering guidance and support to the implementation of RCC SWP 2014-2016.

The RCC and EU institutions in particular have a pragmatic and dynamic dialogue that continued to serve as a mechanism to associate closer the work of RCC with the EU enlargement agenda. As a result of regular visits made by the RCC Secretary General and comprehensive exchanges of views with EU high-level representatives on the developments in the region, the status of regional cooperation and the role of RCC in the context of the EU enlargement process, RCC's excellent cooperation with EU institutions and bodies, in particular the EC and EEAS, has been maintained and further enhanced.

In its Enlargement Strategy and Main Challenges 2014-2015[3], the EC underlined, in particular the importance of addressing the "fundamentals first" reforms in three areas– rule of law, economic governance and public administration, focusing in more detail on the last one. The Enlargement Strategy highlighted the inter-linkages between these three pillars and their importance for ensuring the readiness of the SEE countries to join the EU. The Commission expressed its full support for the work of the SEECP and RCC, including the SEE 2020 Strategy and highlighted that regional cooperation had been strengthened over the past year.

Equally important are the Conclusions of the EU Council on Enlargement and Stabilisation and Association Process. The conclusions underlined that the Council "… fully supports the work of the South-East European Cooperation Process and the Regional Cooperation Council,

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[2] The SEECP Troika includes the former SEECP CiO Romania, the current SEECP CiO Albania and the incoming SEECP CiO Bulgaria.

[3] COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL 'Enlargement Strategy and Main Challenges 2014-2015' COM(2014)700 final, 8 October 2014

its operational arm, and its focus on addressing the targets and priorities of the SEE 2020 Strategy". The Council underlined "the importance of regional economic cooperation sharing best practice on economic governance and promoting connectivity and inclusiveness within the region and with the EU."[4]

During 2014, the RCC participants from SEE region moved forward, in accordance with their individual merits, in the process of European and Euro-Atlantic integration. The efforts invested both by the EU and the SEE region remained the key element behind the momentum of the EU enlargement policy. The RCC participants from SEE that are already members of the EU have also brought a particular added-value and made a specific contribution in this respect. At the same time, the progress made in the region in terms of accession, including the need to address the conditions conducive to a lack of continuous progress, underscored the importance of a greater emphasis on key reforms and on underlying issues hampering their implementation.

Several high-level meetings dedicated to the region engendered comprehensive support for genuine reform. The RCC was invited to participate at these high-profile events.

Firstly, the Berlin Conference on the Western Balkans of 28 August 2014 resulted, inter alia, in a strong commitment on part of its participants to work towards intensifying regional cooperation – highlighting here the importance of RCC's role, strengthening good governance and increasing prosperity via sustainable economic growth. The RCC has recurrently pointed out at various SEECP high-level events that the Berlin agenda, with its focus on governance, regional connectivity, business climate, competitiveness, which are areas of concern for the wider SEE region, could be considered in the wider SEECP context.

Secondly, RCC has witnessed concerted efforts by the Western Balkans economies to enhance cooperation towards the EU accession process and better seize the opportunities offered by the existing EU policies and financial instruments. The RCC has been invited on a regular basis to participate at the ministerial meetings pertaining to the informal process within the Stabilisation and Association Process. The latter initiative aims to support the RCC participants from the Western Balkans region on their individual paths towards the EU, as well as to provide a political framework for coordination in accession-related areas with a regional dimension. In this regard, the outcome of the Western Balkans 6 meeting on Connectivity and Strong Core Networks, held on 25 March 2015 in Pristina, represents an important progress and paves the way for agreeing on a list of specific investment priorities on energy and regional transport core network at the Vienna Summit in August 2015. Ahead of the Vienna Summit, the Prime Ministers from the Western Balkans region will meet on 21 April 2015 to agree on the core networks and priority projects, as well as the necessary institutional framework for their implementation.

In the final analysis, the RCC Secretariat has ensured progress in meeting the needs of the region by implementing the first phase (2014) of RCC SWP for 2014-2016. The strategic character of relations between the SEECP and RCC, supported by a prolific cooperation with the EU and sound partnerships with international/regional organisations, remained indispensable for the RCC and its mandate. Similarly, an enhanced capacity of the RCC Secretariat in terms of structure and financial resources made the organisation much more efficient and robust when pursuing its mission.

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[4] Council of the European Union, General Affairs Council meeting, 16 December 2014 "Conclusions on Enlargement and Stabilisation and Association Process", p.3

Developments in Priority Areas of Regional Cooperation in South East Europe within RCC Framework

RCC Strategy and Work Programme 2014-2016

Implementing the SEE 2020

Horizontal Activities

The period covered in the report started on the heels of SEE 2020 adoption. The focus of RCC's interventions was thus split between two main areas: on one hand, RCC, its governments and its partners initiated the implementation of the Strategy measures in the sectors discussed below; and on the other hand, considerable efforts were invested in setting up the necessary processes and structures to support the implementation until 2020. These horizontal activities were focused on the three main areas of action:

- **Coordination -** Setting up efficient mechanisms for coordination amongst the governments, participating regional structures and the RCC in 16 policy areas addressed through SEE 2020 and facilitating establishment of intra-governmental coordination mechanisms on SEE 2020.

- **Programming** - Converting the SEE 2020 priorities and objectives into regional and national action plans and regional programmes to implement those action plans.

- **Monitoring** - Establishing a monitoring system to track progress on SEE 2020 with agreed quantitative and qualitative indicators and a clear delineation of responsibilities in collecting, analysing and disseminating information.

In the area of coordination, RCC has worked on strengthening cooperation and clarifying the lines of coordination with the governments, regional structures acting as Regional Dimension Coordinators (RDCs) and a multitude of various other partners. RCC has instituted a SEE 2020 Coordination Board consisting of representatives of RDCs and set up regular consultations with the SEE 2020 National Coordinators to ensure that the implementation is progressing in a coordinated and coherent way. The coordination effort was further extended to the donor community through establishing a regular structured dialogue with RCC's development partners under the SEE 2020 umbrella, with the first meeting on donor coordination in the Western Balkans held during 2015. This elaborate effort will be further strengthened during the next year, adding also the private sector into the coordination mix.

On the programming side, RCC helped set up a Programming Committee bringing the representatives of NIPACs and SEE 2020 Coordinators around the table to set the annual priorities for programming, oversee the programming process and approve the regional programmes being developed. The Programming Committee puts the SEE 2020 implementation directly in the national context, ensuring a clear link between the national needs and regional solutions being proposed. A total of 14 regional programmes have been developed in the area of investment, education, R&D and innovation, culture and creative sectors, digital society, transport, energy, environment, employment, health and governance. RCC is currently seeking funding for these programmes with some already receiving funding commitments from the donors.

After the pilot data collection process during early 2014, RCC focused its efforts on formalising the monitoring system and defining the roles and responsibilities of participating governments and organisations within the system. A set of monitoring guidelines were

developed and a Monitoring Committee set up to oversee the process. The representatives of national statistical offices, as members of the Monitoring Committee, as well as Eurostat as observer, are ensuring that consistent methodology is being used across the board when defining indicators as a guarantee of both quality and comparability of data collected. More than 100 quantitative indicators have been included in the monitoring process so far, along with more than 200 qualitative ones featured in the SEE 2020 Competitiveness Outlook prepared with the help of OECD. Finally, RCC conducted a region-wide survey of 7,000 citizens and 1,200 companies to complement the quantitative and qualitative data with perception-based indicators. This Balkan Barometer, as the survey is called, also entails an index of public and business sentiment that the RCC will be tracking and publishing on annual basis.

All of this information has been made available at the RCC website as an integral web-based platform, providing a wealth of information about the SEE 2020 targets, indicators, progress to date and the views of citizens and business.

At the national level, three governments have adopted National Action Plans for SEE 2020 implementation (NAPs) and all of the economies are moving forward with the implementation. In addition to the trade agenda, where steady progress is being made (e.g. opening of negotiations on services trade), a number of other notable activities in the area of business environment improvements, innovation and employment is being implemented as discussed in the text below.

The appointment of the new European Commission and the shift in EU's approach to the Western Balkans and the enlargement process is also having a considerable impact on the reform debate in the Balkans. All of the enlargement economies have produced the new Economic Reform Programmes (ERPs) at the beginning of 2015, outlining the macro-level and structural reforms to be undertaken over the next two years. Given the structure of ERPs and the similar focus of the National Action Plans produced in the SEE 2020 framework, the RCC proposed to the governments to replace the NAPs with ERPs to help streamline the national reform agenda. Streamlining and coordination is becoming a severe burden on the governments as several different reform agendas and cooperation platforms have emerged (ERPs, National Investment Councils, Economic and Social Reform Programmes, etc.) and the challenge facing the governments will be to manage and keep track of a coherent and consistent reform process.

Activities conducted by RCC, its governments, and regional and international partners during the reporting period have effectively finalised the preparatory phase and set the stage for effective implementation of the Strategy: the governance architecture is complete, with the Governing Board in place, along with the two committees (monitoring and programming) reporting to the Board; the monitoring system is in place, with settled procedures and agreed indicators; and means to produce well-designed, widely consulted and meaningful programmes for action is established.

In addition to these horizontal activities, RCC conducted a number of direct interventions to help implement the SEE 2020. The summary of these interventions structured in the five pillars of SEE 2020 Strategy is provided below.

Integrated Growth
In the efforts to promote regional trade and investment linkages the RCC focused its attention during 2014 on establishing closer links between the two relevant Dimension Coordinators:

CEFTA Secretariat, in charge of trade dimension, and SEE Investment Committee, in charge of investment dimension of the Integrated Growth pillar, namely through establishment of SEEIC-CEFTA Joint Working Group on Investments (WGI).

Given the context of SEE 2020 Strategy and the legal basis for cooperation on investment contained in the CEFTA Agreement (Articles 30-33), joining capacities of the two Dimension Coordinators into this new platform was considered of vital importance to the implementation of actions stipulated under this respective pillar. Through this platform (WGI), the two Dimension Coordinators initiated in 2014 development of a detailed regional programme to help the governments coordinate investment policy and develop joint investment offerings.

Although cooperation in trade has been well-established in the region due mainly to the CEFTA Agreement, finding the means and establishing the grounds for regional cooperation in the area of investment remains a priority. This represents a significant challenge as the economies of the region are also competitors to one another in attracting foreign direct investments. Yet, it has been recognised by the involved economies that this cooperation is essential in the SEE 2020 context and that the implementation of necessary reforms will lead to the improved investment environment in each of the economies, while avoiding 'race to the bottom' with ever increasing fiscal incentives and subsidies to investors. Moreover, the involved economies have agreed that aligning efforts to enhance free flow of trade and investments will only bring added value and position the whole region as solid destination on the global business map, and bring particular benefits to each of the economies individually, while attaining priorities stipulated by the SEE 2020 Strategy.

Free Trade Area

The majority of efforts under the Free Trade Dimension are aimed towards facilitating trade and liberalising trade in services amongst the CEFTA Parties, hence having the implementation of the majority of the foreseen activities under the jurisdiction and on the trade liberalisation agenda of the CEFTA Secretariat.

However, taking into account that *establishing an open investment regime*, as one of the key elements of the region's economic growth, is as equally important as the free trade, the RCC has, through the aforementioned regional platforms (SEEIC and WGI), made significant progress in developing a clear roadmap for *facilitation of free flow of investments in the region*, namely through coordination of investment policies and investment promotion efforts, and through better protection of investors and investment, aiming directly at the activities stipulated under this respective dimension. In this endeavour, an extensive regional programme was developed and endorsed, including the pragmatic tools supporting the implementation of the regional investment policy and promotion measures. The specific objective of the programme is to provide practical tools underpinning the implementation of the regional investment policy integration agenda in the context of SEE 2020 Strategy through: 1) further support to the regional investment policy reform agenda by strengthening regional reform dialogue and policy advocacy function of the RCC, and developing a particular electronic-based reform progress review ('scorecard'), and 2) assistance to the region's governments in horizontal implementation of economy level investment policy reforms. This regional programme was developed by the SEEIC (RCC) and CEFTA in cooperation with the World Bank Group, and RCC is currently seeking funding for its implementation.

Competitive Economic Environment

The core efforts within this dimension are directed towards facilitating competitive economic environment through strengthening trade, competition rules, public procurement and intellectual property rights amongst the CEFTA Parties. Therefore the implementation of the activities foreseen under this dimension is fully under the agenda of the CEFTA Secretariat.

Integration into the Global Economy

As in other dimensions of the Integrated Growth pillar, some of the prescribed activities are solely guided by the CEFTA Agreement and hence on the agenda of the CEFTA Secretariat, whilst having the SEEIC in charge of *establishing an investment concept to enhance participation in regional supply chains and global supply networks and improving the business environment and promoting business climate reforms.*

The SEEIC (RCC) tackled the activity of *establishing an investment concept to enhance participation in regional supply chains and global supply networks* through the development of joint regional investment promotion efforts, mutual branding strategy for priority sectors and value chains, and support to the implementation of targeted investment attraction efforts focused on SEE 2020 priority sectors: food and beverages and tourism industry. This respective activity was deliberated in detail within the context of the aforementioned regional programme (explained under the dimension of Free Trade Area) and also aligned with the priorities of the Competitiveness dimension of the Sustainable Growth pillar, which is focused on improving the mentioned SEE 2020 priority sectors.

Within the ongoing efforts to *improve the business environment and promote business climate reforms*, it has been recognised by the two involved Regional Dimension Coordinators – SEEIC (RCC) and CEFTA – that developing regional business climate reforms requires high-quality analysis and policy input. Therefore, the RCC (through SEEIC-CEFTA cooperation) prepared and endorsed the scope, methodology and priorities of the Investment Policy Review benchmark study, in cooperation with the UN Conference on Trade and Development – UNCTAD. The study, which will be undertaken throughout 2015 and 2016, is anticipated to enable the SEE economies to objectively assess their business-related policies, benchmark against their peers and provide a roadmap for reform in this area, with concrete and action-oriented recommendations in line with the SEE 2020 targets. Based on the findings of the comparison of key elements of beneficiaries' regulatory frameworks, the study will provide actionable recommendations for business climate and relevant investment policy reform. It will also serve as a tool for the RCC to measure the progress made by the involved economies towards converging to the regional standard for an open investment policy and its integration into the global economy.

Smart Growth

The central objective of the SEE Smart Growth pillar is to promote innovation and foster knowledge-driven growth in the region with a stated commitment to 'innovate and compete on value-added rather than labour costs'. Governments of SEE economies recognise the importance of knowledge-based-economy - an economy founded on production, distribution and use of knowledge and information. However, for this transformation of the regional economies to take place several steps are needed to encourage smart growth including investment in research and innovation and quality of education.

Currently, the investments in R&D and innovation are at a very low level in SEE region, with a strong need to improve human capital development also. The impact of publicly funded

research on innovation and economic development in the SEE region remains very limited. One barrier is the lack of linkages between public research organisations (PROs) and private sector in most of the region. The lack of linkages strongly stems from the loss of traditional cooperation models, established and supported by centrally planned economies, and the transformation from large government-owned industry with the capacity to undertake R&D to an economy based on SMEs.

Micro and small/ medium sized companies lack incentives to invest in R&D and capacity to collaborate with an R&D provider to develop innovative products and services and to introduce innovation to their processes, marketing and organisational operation. The transformation of science and innovation systems in the region towards a modern triple helix model is essential for production and distribution, flow of talent and knowledge. SEE economies need to invest more and better in education, research and innovation prioritising investments and contributing to "smart specialisation" of the region.

Education and Competences

The entire SEE region faces the trend of increased demand for higher educated and skilled labour force. Through its Education and Competences dimension of the SEE 2020 Strategy, and its SWP 2014-2016, the RCC aims to strengthen regional cooperation in this area and focus its efforts on improving regional knowledge and skills base.

One of the main objectives of the RCC Secretariat in this area is to assist the formal establishment of ERI SEE permanent regional structure which would also serve as the Regional Dimension Coordinator of the SEE 2020 Strategy as well as develop concrete measures addressing two fronts: reducing school leavers from education and training, and increasing tertiary educational attainment.

The establishment of a permanent ERISEE Secretariat in Belgrade has not been finalised yet. However, the Work Programme for 2014, and the Regional Action Plan adopted by ERI SEE Governing Board paved the way for the implementation of activities in Education and Competences dimension. In accordance with the approved plan of action, RCC developed two concrete Regional Programmes, one on prevention of dropouts and early school leaving and the other on teacher education and training. Both programmes were developed through an intensive consultation process with representatives of national education authorities, research institutions and relevant international organisation. The second programme will be finalised in the same manner in early May 2015.

In line with its strategic objectives set in SEE 2020 Strategy, RCC continued to pursue the objective of removing obstacles to recognition of qualifications. In this regard, the RCC joined the Ministry of Science, Education and Sports of Croatia and ERI SEE in co-organising a regional event on Removing Obstacles to Recognition of Qualifications in Zagreb. This event offered a platform for discussion on the establishment of the Regional SEE Working Group on Recognition of Qualifications which would be co-chaired by Croatia and Slovenia. The topic reached its ambition of creating synergy between Bologna Follow-up Group (BFUG) activities in the area of recognition of qualifications and activities of ERISEE and other regional initiatives.

Research, Development and Innovation

With regards to research and innovation, governments of SEE economies distinguish the importance of research, development and innovation (RDI) for their economic development.

However, policies in support of RDI in the region are still in their initial stages and the overall R&D expenditures in the region are low compared to the neighbouring EU countries.

The activities undertaken by the RCC embedded in its R&D and Innovation dimension of the SEE2020 Strategy, and its SWP 2014-2016, aim to complement, strengthen and build on national strategies, policies and programmes while recognising the different levels of development of research systems. Having this in mind, the RCC's focus in this area was put on providing support to systematic regional cooperation in the area of research and innovation. On the establishment of the regional mechanism that will implement the Strategy - the Western Balkans Research and Innovation Strategy Exercise (WISE), it was decided that Serbia will be the first Chair of the mechanism and that the seat of its permanent Secretariat will be in Split, Croatia.

The RCC has also undertaken activities towards the development of Regional Programmes on Technology Transfer and Networks of Excellence in accordance with the adopted Regional Action Plan. These programmes directly contribute to the development of regional level technology transfer activities and knowledge exchange mechanisms, and improve networks of excellence in the region. Both programmes were developed and finalised through an intensive consultation process with wide range of relevant stakeholders, and approved by the SEE ministries in charge of science and research.

Digital Society
During 2014, the Electronic SEE (e-SEE) Initiative worked to operationalise the measures of the Digital Society dimension of the SEE 2020 Strategy. The resulting regional programme focuses on creating an enabling environment for cross-border e-Services in SEE through enhancing interoperability, building human capacity and continued regional cooperation.

Under the leadership of the e-SEE Initiative Secretariat, hosted by the UNDP Office in Bosnia and Herzegovina, and the overall coordination by the RCC, the e-SEE Initiative has focused on priorities and operationalising the ICT-related measures in SEE 2020 Strategy. This work has built on the e-SEE Agenda Plus, the working document of the Initiative, which contributed to further development of a single SEE information space, strengthened innovation and investment in ICT research and education and contributed to the development of an inclusive information society.

The e-SEE Initiative has benefited from the technical expertise provided by its Secretariat, and the financial assistance by the RCC for organising one meeting of the Initiative in December 2014. Increased political commitment, coupled with allocation of national human and financial resources will increase the intensity of regional cooperation activities on digital society and the impact on the ground.

Cultural and Creative Sectors

Within the SEE2020 Strategy as well as the SWP 2014-2016, Cultural and Creative Sectors are placed in a strategic context for development and growth, emphasising the importance of developing synergies to promote regional actions in a wider context.

 Majority of activities of the EU Grants, Ljubljana Process II: Rehabilitating our Common Heritage and €0.5 million grant for Sustaining the Rehabilitation of Cultural Heritage in the Western Balkans were implemented during the reporting period, including: production of six main project designs, seven site management plans with relevant training involving more than 160 stakeholders from regional, national and local levels and civil society; production of

educational and training toolkits and materials; organisation of more than 10 trainings and workshops with over 220 professionals; implementation of a common methodology in rehabilitation projects; and production of promotional material, both printed and video, that raised the visibility of Ljubljana Process.

The focus in this period was also put on building upon the reached momentum of heightened dynamics of activities and increased interest in regional cooperation within these sectors during the previous years. Therefore, three regional programmes, namely: Ljubljana Process – Promoting Cultural Heritage Rehabilitation, Audio Visual Fund and Design Incubator were developed through an extensive consultation process with key stakeholders in these areas. Promotional material for the three regional programmes is in the designing phase and will be distributed at various events.

Dynamic actions were carried out in relation to the monitoring and assessment of the SEE2020 Strategy, particularly regarding data collection for both qualitative and quantitative indicators. Possible joint activities with UNESCO will be implemented to mutually complement the existing policy tools and organise a joint training for the beneficiaries. Coordination with the international NGOs was intensified in developing joint projects such as the one on summer school for innovative on-site learning with EUROCLIO or further development of site management plans with Cultural Heritage without Borders.

Sustainable Growth

RCC's work under the Sustainable Growth agenda for SEE focused on contributing to setting up mechanisms for coordination amongst the governments, participating regional structures and the RCC in the areas of energy, transport, environment and competitiveness and facilitating establishment/supporting of intra-governmental coordination mechanisms for relevant dimensions of SEE 2020.

RCC supported the establishment and helped strengthen those Dimension Coordinators that have apparent gaps in terms of legal status, mandate, and/or capacity which hinder their engagement in SEE 2020 implementation: the Energy Community Secretariat (ECS) continued implementing its Work Programme in the field of energy, while making additional efforts to encompass and integrate all activities stipulated in the relevant Regional Action Plan.

RCC continued to work towards signing and operationalisation of the Treaty establishing the Transport Community and transformation of SEETO into the Transport Community Secretariat that will facilitate the establishment of an integrated market for infrastructure and transport as well as the entry into force and implementation of the European Common Aviation Area (ECAA) Agreement.

Foundation was laid for establishing a regional policy mechanism in the area of environment to serve as the politically mandated body and deliberate on relevant regional issues. Upon establishing the Food and Beverages Expert Group (FBEG) and Tourism Expert Group (TEG) with government and private sector representatives, RCC/SEEIC cooperated with the OECD Next Generation Competitiveness Initiative (NGCI) and guided these two regional bodies in detailed analysis and detection of the main obstacles preventing closer regional integration within the two respective priority sectors of the SEE 2020.

Energy

The implementation of planned activities directly contributed to the achievement of the pillar and overall Strategy targets set up for 2020. Thus, particular attention of the Energy Community Secretariat's activities was focused on implementing these activities and attaining objectives foreseen by this planning document. With the aim of being able to monitor the expected progress and the results achieved, the Secretariat established a monitoring system consisted of two sets of indicators: qualitative, with 23 descriptive indices, and quantitative, containing 14 numerical indices. All activities carried out in the reporting period were focused on achieving objectives and commitments already taken by the SEE countries, as priority targets for the Energy Community.

Significant efforts were made to facilitate and expedite achieving the core objectives such as working towards reaching a minimum of 9% of energy savings by 2018 that remains one of the priorities of the SEE countries in the energy agenda for the near future. ECS continued its activities coordinated through the Energy Efficiency Coordination Group (EECG), constituted of relevant officials from participating governments, with the main focus on transposition and enforcement of legislation on energy efficiency, adoption, implementation, monitoring and reporting on the second National Energy Efficiency Action Plans (NEEAPs), implementation of certain measures contributing to the achievement of energy saving target, and regular meetings and coordination of donors and other IFI activities in the region. Increasing the renewable energy share in gross final energy consumption through national commitments and defining targets for 2020 was one of the core objectives in the ECS agenda.

After completing the process of transposing relevant energy acquis into the legislation of SEE countries, some of them have already adopted National Renewable Energy Action Plans (NREAPs) and defined ambitious renewable energy targets. Given that the development of energy infrastructure is a key precondition for creating well-functioning energy market in the SEE region, and ensuring sustainable and secure energy supply in the future, the Secretariat identified 35 Projects of Energy Community Interest (PECI). These projects are labelled as priorities and during the reporting period special attention was devoted to supporting and facilitating their implementation.

Transport

The RCC's activities in this area were focused on ensuring affordable, reliable and sustainable transport services and at the same time building a more competitive economy, while making efficient use of resources, protecting the environment and reducing emissions.

The Western Balkans Conference held on 28 August 2014 in Berlin marked a new approach to the broader development of transport infrastructure in the region. The Core Transport Network for Western Balkans was negotiated focusing on the most important inter-connectors based on SEETO Comprehensive Network and reflects TEN-T guidelines. The attention is focused on the core investment priorities and the establishment of a credible planning and funding mechanism for its implementation. The RCC intends to provide support to this process focusing on the soft connectivity as a link between the SEE2020 and Berlin agenda.

When it comes to the regional cooperation in this area, the current priority is still the signing and entry into force of the Treaty establishing the Transport Community and the transformation of SEE Transport Observatory (SEETO) into the Transport Community Secretariat in order to help establish an integrated market for infrastructure and transport. Further work is needed to meet the requirements under the first transitional period of the European Common Aviation Area (ECAA) Agreement. The preparation of an update of the

Regional Balkans Infrastructure Study (REBIS) is still underway which should give an impetus to further investments in removal of physical and non-physical barriers to trade and regional production chains.

The transport activities implemented during the reporting period resulted in further progress in harmonisation and implementation of the road *acquis*, raised public awareness on safety and deficiencies of road infrastructure and on environmental impacts of the road sector. The RCC liaised with European Road Federation (ERF), UNECE and road experts from the region to work on the above mentioned issues. Together with SEETO, the RCC was also engaged in familiarising the key transport users with the monitoring system of transport performance indicators in order to track progress in transport policy areas and improve quality of dissemination of research and analysis on key transport issues.

The RCC mobilised expertise and liaised with relevant authorities in the region in order to further promote liberalisation of rail services and address the needs for enhancing railway reforms and cross-border cooperation, and provide more targeted investments in line with the Addendum to the MoU on SEE Railway Area. In addition, the RCC and SEETO initiated preparation of the Regional Study on Intermodality that will optimise the use of existing infrastructure in SEE and assess issues as regards the use of co-modal transport options in the region. Furthermore, in coordination with the RCC, SEETO prepared the Regional Programme on Transport which addresses soft measures needed to create efficient and smooth functioning transport system in the SEE region.

The Joint Service Provision Area (JSPA) and RCC prepared the SEE 2020 Regional Programme on Air Transport with the main objective to identify and indicate the highest possible reduction of flight length that is expected to result in an increase of air traffic capacity, safety level, greater access to airports, reduction of air navigation service cost and the effects on the environment. It was further worked alongside the JSPAI and ISIS (Implementation of Single European Sky in SEE) Programme Secretariat on increasing the capacities of national civil aviation authorities towards the implementation of the Single European Sky (SES) and Air Traffic Management (ATM) requirements.

As JSPAI and ISIS PS joint project, RCC supported the start of the creation of the regional pool of experts for National Supervisory Authorities (NSA). The main task of this joint project is to collect data on the experts, prepare the agreements between different NSAs on the use of experts, provide all the necessary support for the NSA involved in the pool of expert project, etc. An agreement on cooperation is expected to be signed during 2015 after broader consultation amongst all relevant partners and securing necessary funds for its operational deployment.

Environment
The focus of actions taken within dimension J Environment was put on strengthening the cooperation in environment and climate change in the region and assisting active participation of local authorities and their associations, civil society and media in this process, alongside representatives of national administrations. To this end, Regional Action Plan on Environment and Regional Programme on Environment for the period of 3 years were prepared and are planned to be adopted at the constitutive meeting of the Working Group on Environment in 2015.

Furthermore, contributions to the EU Danube Region Strategy implementation and to promoting private sector involvement in water infrastructure development were also provided.

Capital outcome of our work in this dimension was producing firm ground for establishing the Working Group on Environment as the chief regional coordination mechanism to deliberate on programming, implementation, monitoring and evaluation of regional activities in this dimension.

The activities within the Resource Efficiency dimension of the SEE 2020 Strategy Sustainable Growth pillar, including all relevant national and regional partners, were coordinated by the REC, with a focus on developing regional targets and indicators which will link economic growth to priority environmental and climate aspects. In addition, preparation of the Regional Action Plan on Environment and the Regional Programme on Environment for the period of 3 years was executed, as well as mobilising and supporting regional players in the area of integrated water resource management, thus promoting private sector involvement in water infrastructure development.

Expert consultations and technical assistance were provided to relevant stakeholders on introducing the Water-Energy-Food Nexus Approach to management at national and trans-boundary levels, culminating in Regional Roundtable on Water, Food, Energy and Environment Nexus in SEE held 9-11 December 2014 in Zagreb, Croatia. Mobilising and supporting regional players in the area of integrated water resource management and promoting private sector involvement in water infrastructure development was performed at several meetings, while the regional nexus dialogue was officially launched at the Nexus Roundtable in Zagreb. Conclusions of this meeting were presented at the first preparatory meeting of the 23rd OSCE Economic and Environmental Forum: Water governance in the OSCE area – increasing security and stability through co-operation, held in Vienna on 26-27 January 2015.

Competitiveness
Upon establishing the Food and Beverages Expert Group (FBEG) and Tourism Expert Group (TEG) with government and private sector representatives, RCC/SEEIC cooperated with the OECD Next Generation Competitiveness Initiative (NGCI) and guided these two regional bodies in detailed analysis and detection of the main obstacles preventing closer regional integration within the two respective priority sectors of the SEE 2020. Skills gaps have been identified in both cases as the main barriers to sector development and expert groups have further deliberated on the means to address these barriers. These means will be developed during 2015 into concrete action mechanisms in the form of regional programmes and pilot projects. All activities and subsequent results passed through a detailed deliberation sessions by the sectorial Expert Groups (held in March and October 2014), as well as a review and final endorsement by the SEEIC plenary fora represented by the region's ministries of economy on 26 June and 4 November 2014, respectively.

Aiming to strengthen the regional industrial base and promote development of manufacturing as one of the main aspects of sustainable growth under the SEE 2020 framework, SEEIC decided to establish the Industrial Policy Working Group in cooperation with the OECD. The overall objective of this regional activity is to further support regional economies' capacity for effective design and implementation of industrial policies and measures, and hence increase economic competitiveness of the region. In addition, this activity and the pertaining Working Group are expected to foster regional dialogue and co-operation amongst the SEE economies, while identifying synergies and sharing good practices in the area of improving industrial policy. The ultimate goal is to facilitate the process of policy convergence with the EU in all areas related to industrial policy and economic competitiveness.

Inclusive Growth

During the reporting period, RCC engaged with Regional Dimension Coordinators, line ministries and international organisations in translating the priorities of the Inclusive Growth pillar of the SEE 2020 Strategy into concrete regional actionable measures and in building political support and consensus around them.

Employment Dimension

Under the Inclusive Growth pillar of the SEE 2020 Strategy, RCC had completed a Regional Study on Labour Mobility, which identifies some key regional measures to promote employment in the 2020 timeframe. The Study has provided an in-depth understanding of the current situation in SEE in this area and proposed concrete recommendations that formed the basis for further discussions with governments and would feed into policy making processes at the national level.

Overall, the Study found that labour market liberalisation in the SEE region has made little progress. Construction, trade and tourism are the sectors with the highest mobility. Main obstacles to regional mobility include the overall poor economic situation and high unemployment, restrictive legislation such as quota regimes and others, recognition of qualifications, availability and cost of transport, limited information on job vacancies. Priority measures for promoting mobility include the establishment of a regionally harmonised statistical database on mobility, strengthened cooperation amongst national employment services, increased capacities to anticipate labour market trends and assess current and future skills needs, improvement of the portability of social benefits.

The RCC assessment of labour mobility focused on the socio-economic perspective and is composed of seven national chapters and a regional synthesis. This effort was closely coordinated with the regional study by IOM on the legal and regulatory assessment of labour mobility in SEE. The findings of the two studies were discussed in seven multi-stakeholder national workshops, organised under the leadership of ministries of labour, and a draft roadmap for facilitating labour mobility was produced and discussed both in each capital and in the regional meeting of the Social Agenda Working Group, organised by RCC in Sarajevo. Consultations on the consolidated roadmap have continued during 2015 with the aim of having it officially endorsed by the respective governments. While the impact of increased labour mobility in the region will have a positive effect on enhancing the competitiveness of the region and addressing skills mismatches, it remains a sensitive commitment that requires strong political consensus and careful technical consideration in order to ensure the benefits of mobility are broadly distributed.

A concrete intervention, which aims to initiate the implementation of the roadmap, is the RCC-IOM labour mobility programme proposal, which was also discussed both at the national and regional consultation meetings. The focus of the programme is on supporting the governments in several key milestones for enabling labour mobility, including sound statistical databases, regional capacities to analyse and assess data and trends, strengthened cooperation amongst key institutions and other concrete implementation mechanisms.

RCC has also commissioned a Regional Study on Social Economy Development, prepared by experts from the region and coordinated by the European Movement in Serbia. The Study describes the state of play in each of the 7 economies, assessing the potential for regional action and proposing recommendations for policy actions. The Study is composed of seven national chapters and a regional overview and was consulted at the regional meeting of the Social Agenda Working Group as well as in national workshops. Given different perspectives

and understandings of social economy, further consultations will be needed to explore and agree on joint actions to be undertaken in the coming period. The overall consensus is that a gradual approach is needed, which combines an enabling environment for social economy initiatives, increased awareness and strengthened bottom-up social economy initiatives.

Health

RCC has supported the SEE Health Network to operationalise the priority measures under the Health dimension of the SEE 2020 Strategy. The resulting regional programme for cooperation in health highlights the specific objectives the Network will pursue in three main areas of work: cross-border public health, improvements in health system performance, development of a regional capacity building platform for governance for health, and health information and human resources for health.

An Extraordinary Ministerial Meeting of the SEE Health Network on 18 November 2014 discussed emergencies, preparedness and response in the SEE Health Network member states, the health reforms and the whole-of-government approach to the implementation of the WHO European policy framework for health and wellbeing Health 2020 and SEE 2020, as well as the importance of mobility and education of human resources for health.

In view of the inter-sectoral governance for health, an agreement was reached within the Network on the joint working meetings to be organised with other initiatives in the areas of transport, education, local government, and traded during the first half of 2015.

The work of the SEEHN will strongly benefit from the establishment of its Secretariat in Skopje, which is expected to be finalised during the first half of 2015.

Governance for Growth

With regard to the governance for growth area, RCC has been focused on creating the preconditions for successful implementation of the SEE 2020 Strategy in the part related to the improvement of effective public services, building institutional capacities on anticorruption in SEE, and regional cooperation in justice.

The implemented measures and actions resulted in an increased efficiency of cooperation and coordination amongst the main actors in this area: the RCC, SEE governments and regional mechanisms (ReSPA, NALAS, RAI and WGJ).

The priority areas of Effective Public Services and Anticorruption are coordinated regionally by NALAS, ReSPA and RAI; however there was no regional body to coordinate the Justice priority area. In order to fill the gap and establish a coordination platform to push for policies and validate measures and actions in justice area, RCC intervened in 2014 and early 2015 by establishing the Working Group on Justice with representatives from the ministries of justice from the region. The Working Group is already operational and has delivered its first results.

The main activities implemented by RCC in the Governance for Growth pillar, and specifically in the three abovementioned dimensions (Effective Public Services, Anticorruption and Justice), were related to working with the representatives of public administration institutions of the SEE 2020 beneficiaries as well as with the Regional Dimension Coordinators to finalise the regional actions plans, define the specific activities that each stakeholder needs to prepare and implement, draft and agree on the timelines for the implementation of the foreseen activities, and define budget requirements for their implementation.

Effective Public Services

Working with the two Regional Dimension Coordinators for this dimension, NALAS and ReSPA, RCC successfully prepared the Regional Action Plan in the area of Effective Public Services. Following the preparation of the early draft of the Regional Action Plan, RCC organised consultations and meetings with ReSPA and NALAS to agree on concrete measures that would lead to the implementation of SEE 2020 Strategy. After a year of implementation, RCC has started the process of upgrading the Regional Action Plan to make it more detailed and concrete.

In the framework of the implementation of Upgrading Policy and Regulatory Capacity with Regulatory Impact Assessment Studies (SEE 2020 Strategy), RCC prepared a ToR for Comparative Study on Regulatory Impact Assessment and for the Comparative Study for Inception of Decentralisation Observatory. These Terms of References will be published in the second quarter of 2015.

Anticorruption

Aiming to improve and strengthen the institutional capacities in SEE/WB on anticorruption, RCC and RAI commissioned the Comparative Study: Anti-Corruption Assessment of Laws (Corruption Proofing) in South East Europe – the Comparative Study and methodology were initiated and finalised in 2014 and published in 2015. It is focused on the existing practices of corruption risk assessment in South East Europe, as well as on an analysis of these experiences versus the existing practices in the EU and beyond. The aim of the Study is to help introduce corruption risk assessment in the SEE/Western Balkans where these practices do not exist. An important outcome of this process is the preparation and approval by the stakeholders of methodology and recommendations to be implemented in SEE on how to conduct an anticorruption proofing of legislation.

In parallel, RCC and RAI commissioned another study dedicated to Risk Assessment in Public Institutions in South East Europe – a Comparative Research and Methodology. It contains an analysis of the present situation in SEE/WB, a proposed methodology to assess corruption risks in public administrations, a set of objectives and stages of conducting anti-corruption expertise, the typology of factors of corruptibility, as well as requirements of the anti-corruption expertise report on legislative and regulatory acts.

In order to encourage exchange of expertise and peer support, in early 2014 RCC was engaged in Promoting Best Practices in Fighting High-level Corruption and in Asset Recovery, a conference co-organised with the Ministry of Justice of Romania, the British Embassy in Bucharest and Konrad Adenauer Foundation, as part of the work programme of the Romanian Chairmanship-in-Office of the South East Europe Cooperation Process (SEECP). The conference served to share best practice and expertise amongst SEECP participants and to boost regional cooperation in the fight against corruption, asset recovery and conflicts of interest. As a link to justice and home affairs matters, the conference discussed the common challenges in execution of confiscated assets and management of seized assets, the possibility of further improvement of cross-border recognition of court orders regarding assets originating from crime and corruption, and put an emphasis on the need to develop regional legal instruments on data exchange in asset disclosure and conflict of interest. This mechanism would address the problem of time-consuming procedures of formal mutual legal assistance in the WB/SEE region. At the same time, the conference: Corruption Risk Assessment, Public Procurement, and Open Contracting in South Eastern Europe was

co-organised by the RCC, RAI and UNDP in order to promote findings of the methodologies launched by the RAI and RCC.

Considering that the fight against corruption is a matter of critical interest for all actors in our societies, RCC has engaged the civil society in almost all initiatives and actions undertaken under this dimension. Southeast European Leadership for Development and Integrity (SELDI), Albanian Centre for Economic Research and the Centre for the Study of Democracy, together with government representatives, participated in a conference dedicated to anti-corruption, co-organised by RCC, RAI and the Albanian SEECP Chairmanship-in-Office. It served to foster dialogue between the civil society and state institutions in identifying effective measures to prevent corruption by bringing together relevant anti-corruption experts, governmental officials and civil society organisations from the region. The event was also a good opportunity to promote and discuss the findings of the aforementioned researches and methodologies. It also served to adopt the recommendations, including the Ten Principles of Effective Corruption Proofing (scope, prioritisation, regulatory corruption risks, timing, responsible entity, recommendations, compliance, online publicity, broader framework on transparency and integrity, and training and public awareness).

As a mid-term effort, RCC and RAI drafted the Regional Programme on Building Capacities of Anti-Corruption Entities in SEE and Strengthening their Cooperation. The Programme is intended to introduce simple, clear, enduring and transparent rules of access to public services, to build capacity of anti-corruption entities and improve their regional cooperation and data exchange.

The aforementioned Regional Programme goes hand in hand with the draft Regional Programme on Raising Public Awareness on Corruption aimed at increasing the public awareness on corruption practices and the risk they represent to our societies and economies, in particular with regard to public procurement. These objectives are clearly linked with the SEE 2020 Strategy dimension Anti-Corruption.

Justice

The establishment of the Working Group on Justice (WGJ) in May 2014 enabled the inclusion of all interested stakeholders under the Justice dimension. As there was no Regional Dimension Coordinator in the area of justice, the creation of the WGJ filled the gap by setting up a platform where Western Balkans ministries of justice are represented and where they can provide political support to the cooperation process, and also help coordination of actions both at national and regional level.

The establishment of WGJ was the first step in the process of approval and implementation of the Regional Action Plan in Justice dimension and the indicators for its monitoring as foreseen in the SEE2020 Strategy and the RCC Strategy and Work Programme 2014-2016.

WGJ will help coordinate and monitor the progress of this dimension of SEE 2020 implementation. The continuous communication and consultations amongst the RCC, WGJ and representatives of the stakeholders (judges, prosecutors, representatives of judicial training institutions, mediators) are expected to strengthen the regional ownership of the activities and improve the results of cooperation in the area of justice.

WGJ held three meetings in the period May 2014 – March 2015 and approved the proposals for further RCC activities in Justice dimension in the next period.

The Regional Action Plan (RAP) on Justice was approved at the first meeting of the WGJ. The key actions foreseen in the RAP aim to introduce a comprehensive and sustainable system of regional judicial trainings so as to increase the competence of judiciary and introduce regulations that support alternative dispute resolution, as complementarity to the judicial system.

The approval of the Regional Action Plan in Justice dimension at the 1st WGJ meeting was the starting point for the implementation of different activities of the process of improvement of mutual trust. It also discussed and agreed on the OECD proposal of a set of qualitative and quantitative indicators in the area of justice.

With regard to the way forward, the WGJ meeting agreed on the need to conduct studies/reports/overviews, namely: E-enforcement on the Basis of Authentic Documents; Alternative Dispute Resolution; and Court Backlog Reduction Programmes to be presented in the first six months of 2015.

The second meeting of the WGJ, held last October, discussed the priorities for the implementation of RAP and future regional activities in the area of justice. The RCC Work Plan in the area of justice for 2015 was approved at the meeting. Its implementation will also engage other donors and regional partner mechanisms such as GIZ, SEELS, SEEPAG and others.

RCC has already contacted them and received indications of their interest for participation in the future networks and support to the planned RCC activities. RCC completed two rounds of bilateral consultations with the stakeholders in beneficiaries and members of the Working Group on Justice.

Following this decision, RCC commissioned the report on E-enforcement on the Basis of Authentic Documents the final draft of which was discussed at the 3rd Meeting of WGJ in March 2015, followed by the international conference where the experts (legal and IT) from the region presented the systems in the respective beneficiaries and exchanged the good practices and experiences. The aim of the Report is to give an overview of the situation in RCC beneficiaries, present a set of applicable solutions, good practices, lessons learned, and identify valuable experiences and practices in the EU Member States.

The two other meetings regarding the remaining studies will be organised in May 2015.

Kick-off events establishing the three networks are in the preparation phase and planned for June and September 2015: the Network of Judicial Training Institutions, the Network of Judicial and Prosecutorial Councils, and the Network of Associations of Mediators.

The proposed results are based on the needs and fulfil the requirements expressed by stakeholders in the consultation process. All the stakeholders expressed the need to have more personal contacts and platforms for direct communication and exchange of experiences, and pointed out the importance of meeting and getting to know each other, improving the mutual trust and cross-border cooperation through the increased knowledge about judicial systems, legal systems and reforms in the region. They expect the RCC to support and develop such platforms and networks.

The RCC and the WGJ will serve as a link to similar European institutions as well. Cooperation of all those different stakeholders is expected to enhance cross-border

cooperation and mutual trust as prerequisites of professional and independent judiciary, and contribute to improving the business and investment friendly environment.

2014 was the year of the preparation and launch of these processes. They will be continued and are expected to produce sustainable and irreversible results in 2015 and beyond.

Stability and Rule of Law

Justice and Home Affairs

The regional cooperation in the area of justice and home affairs is an essential element of the Stabilisation and Association Process and of the European integration of the Western Balkans. This becomes even more important in view of the renewed accent the European Commission has given to chapters 23 and 24 in the accession negotiations. The regional cooperation in this area during 2014 can be considered a partial success. The cooperation in JHA matters in South East Europe needs to be further strengthened, all-inclusive and fully regionally-owned. Regarding the Western Balkans in particular, it is necessary to make a better use of the existing synergies, fill certain cooperation gaps and avoid overlapping of efforts and initiatives.

RCC's engagement in this area was focused on activities related to the fight against serious and organised crime, strengthening police and judicial cooperation in criminal matters, and migration management issues. In line with the Strategy and Work Programme 2014-2016, RCC's engagement in JHA area aimed at providing an overview of needs in the region and making an attempt to streamline the activities of different initiatives/donors.

Despite the achievements, certain problems still prevent a fully efficient cooperation at regional level. The problems and difficulties are mostly related to the lack of a common direction and proper coordination of efforts which sometimes results in duplication of efforts or incorrect perception and consideration of what has been already done.

The SWP 2014-2016 tasked RCC to engage in preparing a Regional Strategic Document on Justice and Home Affairs, however the beneficiaries and some of the most important donors gave clear indication of their consideration that the existing documents provide sufficient strategic direction for the cooperation in JHA matters and that there is no need for a new strategic document. Therefore, RCC was not in the position to implement this part of its Work Programme.

Instead, RCC commissioned and produced a Gap Analysis Report on Regional Cooperation in the Area of Migration Management and the Fight against Serious and Organised Crime. This analysis identified that information sharing amongst the law enforcement agencies and authorities in the region does not work as it should and that this prevents an efficient operational cooperation at the regional level.

Fighting Serious and Organised Crime

Despite considerable efforts of various donors in the region, there are still some gaps in regional cooperation while the capacities of law enforcement agencies in the region need to be further strengthened in order to provide quality analytical data. This would enable the region to better contribute to its internal security and also to the security of the EU.

The Gap Analysis conducted by RCC noted that the information exchange in the region is very much based on the exchange upon request or it is disseminated after successfully concluded police investigations. It is not proactively exchanged without prior request. A

proactive regional mechanism of exchange of information in real time would facilitate operational planning both for special operations and routine planning, thus significantly contributing to the security in the region and beyond.

The fight against serious and organised crime would be effectively supported by setting up a database system where information and intelligence are stored and processed. The legal basis for this could be derived by a more clear interpretation of the two existing legal instruments – PCC Convention and SELEC Convention.

There is also a critical need to address ways to further improve the cooperation between law enforcement agencies and prosecutors, as well as to enhance the cooperation between police and customs authorities. Progress could be achieved by direct communication and exchange of information as well as by better coordination amongst regional, EU and international actors. Further strengthening of cooperation amongst the police, judicial authorities, customs and other financial institutions, and training of law enforcement personnel are of particular importance, especially in the fight against corruption and organised crime.

RCC has actively participated in the Steering Board of the Western Balkans Prosecutors Network aiming to increase the integration of public prosecutors from the Western Balkans into international networks and to foster cooperation with Eurojust and European Judicial Network.

Strengthening Police Cooperation and Judicial Cooperation in Criminal Matters
The Western Balkan relevance to the EU as an area of origin and/or transit of serious and organised crime is reflected in the priorities and planned actions of the EU Policy Cycle 2014-2017.

RCC is working closely in this area with agencies such as EUROPOL (EU Law Enforcement Agency), CEPOL (European Police College), Secretariat of Police Cooperation Convention for Southeast Europe, Southeast Europe Police Chiefs Association (SEPCA), Southeast European Law Enforcement Centre (SELEC), Southeast European Prosecutors Advisory Group (SEEPAG), Western Balkans Prosecutor Network and national administrations, all of them having an important role in regional cooperation.

Migration Management
Migration and border management issues in the region are addressed both within the SAA framework and Chapter 24 of the negotiations with the accession countries. This is a matter of critical importance, particularly in view of the liberalised visa regime with the EU and it implications on the EU-WB relations.

A further progress in this area would require a more coordinated action amongst the EU Member States, agencies and institutions, Western Balkans and international donors. There is a strong need for better training and use of specialised equipment, profiling methods at the border, joint return, cross-border operational cooperation and information exchange, and of strengthened case analyses capabilities. Promoting networking is vital to enable exchange of information, sharing of good practices and experiences, and for strengthening mutual trust and confidence.

The beneficiary administrations and agencies in the region have expressed a strong need for a common regional platform which would properly address all relevant aspects of migration:

facilitating legal migration and labour mobility, preventing/confronting illegal migration and related organised and cross-border crimes, as well as promoting international protection.

Regarding the migration management issues, RCC works closely with FRONTEX (European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union), EASO (European Asylum Support Office), International Organization for Migration (IOM), United Nations High Commissioner for Refugees (UNHCR), International Centre for Migration Policy Development (ICMPD), and Border Security Programme of the Geneva Centre for the Democratic Control of Armed Forces.

MARRI (The Migration, Asylum, and Refugees Regional Initiative) is the only existing coordination mechanism in the region that should provide strategic direction in migration management. Recognising the need for a regional mechanism to play this role, further efforts should be made to enhance MARRI, thereby making it an efficient platform for cooperation in the area of migration management.

Security Cooperation
The security environment in SEE faced some challenges during 2014 although the overall regional cooperation in the field of security was stable and continued its positive development. The RCC Secretariat invested considerable efforts in facilitating coordination amongst regional activities in a more efficient way and developing operational links amongst them. Through mapping of regional initiatives (RIs) and their activities, the RCC Secretariat identified gaps, overlapping and duplication of actions and concentrated on achieving higher synergy. It also identified lessons learned and redefined priorities where necessary. The apex of this effort was the Comprehensive Regional Ministerial (CRM) in the format of SEEC, A5 and SEDM which was co-organised by RCC and Montenegro at the beginning of October 2014. The activities concluded with the Comprehensive Regional Ministerial in the all-inclusive format for SEE.

In addressing security challenges, the RCC ensured the principle of all-inclusiveness and received full support of the EU institutions involved in the security area, namely the European External Action Service and General Secretariat of the Council of the EU, and of NATO structures: the International Secretariat and International Military Staff in Brussels, as well as the US EUCOM.

Moreover, the RCC Secretariat actively participated in regional security cooperation activities, contributing to the process of their streamlining, and had intensive consultations with national institutions and international organisations at political and expert levels.

Based on the challenges encountered in the implementation of the RCC SWP 2014-2016, it is evident that the process of streamlining and avoiding duplication in the activities of the RIs is still at the level of political statements rather than significant practical achievements. In this respect, the RCC will continue to ensure clear and sustained political support from its SEE participants. Better coordination with all international organisations which are implementing programmes in SEE will also remain in focus in order to achieve more efficient cooperation in the security area.

The RCC continued to support the development of the SEE Military Intelligence Chiefs (SEEMIC) and SEE National Security Authorities (SEENSA) forums, further developing these initiatives by extending inter-institutional cooperation and addressing existing security

cooperation gaps. It enhanced and expanded the involvement of NATO and EU as active partners in regional cooperation in the field of security in SEE. Both are committed, through their relevant structures, to the SEEMIC and SEENSA initiatives.

The RCC chaired SEEMIC WG in April 2014, which adopted the new SEEMIC Regional OSINT Assessment. With a full support of the EU Military Intelligence Directorate and NATO's Military Intelligence Division, the 6th South East European Military Intelligence Chiefs (SEEMIC) took place in September 2014 as a back-to-back meeting of the 4th Western Balkans Defence Intelligence Chiefs forum co-organised by the USA EUCOM Intelligence Department. SEEMIC members discussed the synergies amongst all regional initiatives in the area. At the meeting, the Albanian Intelligence Agency officially joined SEEMIC and signed the Statement on Cooperation. The SEEMIC members endorsed the Common Annual OSINT Assessment on main regional security threats (cyber threats as a rising security issue in SE Europe) and approved the topic for 2015 – 'Political and military developments and events emanating from the near abroad, which create direct security challenges to SEE'. SEEMIC members discussed and unanimously decided to present the 2014 Regional Intelligence Assessment to SEDM – CRM in October 2014.

The 4th Meeting of the Heads of the National Security Authorities (NSA) of the RCC participants from SEE (SEENSA) took place on 20 May 2014 in Sarajevo. The meeting was co-organised by RCC Secretariat and National Security Authority of Bosnia and Herzegovina, with the full support of the NATO Office of Security (NOS). The participants, which represented the SEE NSAs, presented reports on the work of the TWG, exchanged views on future activities and reflected on the results and plans of the TWG on Training (TWG T). The SEENSA Forum agreed to consider the proposed activities as part of a regional project in order to seek EU and NATO support of any kind: know-how, expertise, logistic, financial. Moreover, individual EU/NATO members will also be asked for assistance. SEENSA tasked RCC to submit a request to SEEMIC to release the latest Regional Intelligence Analysis for the use by SEENSA which was accomplished successfully.

Cross-cutting Issues

Media Development and Communication
The focus of media and communication activities in 2014 was to surpass the existing efforts and to go further in raising the profile of the RCC with the respective governments, trans-national organisations, academia, civil society and also the public at large. This has been, is and will continue to be a long-term strategy of the RCC.

A closer relationship with the mainstream and specialised media outlets in SEE, especially in the Western Balkans, was being developed in 2014, reaching out also to other SEECP participants as well as the EU countries. To this end, contacts have been enhanced with editors, publishers and broadcasters with the goal of clarifying and popularising the activities of the RCC. Maintaining a continuous and open communication line with journalists is a crucial part of the RCC's PR efforts and it delivered results such as the unprecedented coverage of the RCC's first ever meeting of the SEE 2020 Strategy Governing Board and the 6th Annual Meeting of the RCC (Bucharest, June 2014).

Generally, communication activities followed the SEE 2020 Strategy implementation phase, the adoption of regional and national action plans and then the awareness raising campaign. They included participation in a regional TV talk show and street installations – the RCC going out into the streets of capital cities and tuning in to the pulse of the average SEE citizen.

Short films were produced and shown later at the roadshow events which were the first public assessment of the results of SEE2020 Strategy (early in 2015). Each of these events in Belgrade, Podgorica, Pristina, Sarajevo, Skopje and Tirana generated a wide interest in the local media and was by itself yet another avenue for popularisation of the RCC's activities. Of course, the classic ways of PR continued with the placement of articles and interviews of the RCC Secretary General and RCC experts in SEE media.

In order to achieve the best results in communicating with the media, a number of training sessions were organised within the RCC to enhance the awareness about the nature and needs of the media and raise the capacity of RCC staff to meet those needs and how best to deal with them. New ways of popularising the RCC were also found in promoting regional cooperation in the field of arts and culture, e.g. by organising a theatre production exchange between Sarajevo and Belgrade and literary evenings. Both of these new routes to reach out to the public at large will continue in 2015. Social media continue to be a major outreach outlet, especially for the young generation. A redesigned and more user-friendly website was launched in March 2014 as a follow up to the introduction of RCC Facebook and Twitter profiles.

The RCC Secretariat selected the Energy Community Secretariat (ECS) as the Champion of Regional Cooperation for 2014 and ECS Director was presented the award on the occasion of the seventh anniversary of the RCC, in Sarajevo. The award is given to an individual or an institution that has contributed the most to the development of regional cooperation and the idea behind it is to contribute to positive profiling and rebranding of the region.

The RCC also engaged in a number of workshops, conferences and meetings which dealt with the overall state of the media in SEE and their problems, thereby also becoming an active participant in the attempts to enhance freedom of the media as a crucial element of the EU enlargement process. Events also included ones organised by the EU countries or institutions such as the seminar: Exchange of best practices on transparency of media ownership hosted by the European Commission DG for Communications Networks, Content and Technology. Overall, the existing very solid basis has been further strengthened and the 2015 public relation activities will build upon them with plans to reach out even more, especially into the field of civil society in SEE.

A number of interviews, statements and articles throughout the media in the region were organised for the RCC Secretary General and RCC experts, thereby further promoting RCC activities. A new element in RCC promo actions was the introduction of Personal Angle stories by RCC staff, making them and their work more accessible to our target audience.

Parliamentary Cooperation
In the area of parliamentary cooperation, the RCC Secretariat continued to assist the development of the SEECP Parliamentary Dimension and ensure technical support in the preparation of the working documents. RCC's participation at the events organised within the framework of the SEECP Parliamentary Dimension has been systematic and its input much more consistent with the priorities set by the SEECP. In this context, the RCC Secretary General and RCC Secretariat contributed to the workings of the SEECP Parliamentary Dimension Working Groups and the Inaugural Session of the Parliamentary Assembly. The SEECP Parliamentary Assembly, in particular, resulted in several important outcomes for the SEE region, namely: 1) Declaration on the Inauguration of the SEECP Parliamentary Assembly; 2) Rules of Procedure of the SEECP Parliamentary Assembly; 3) Report of the SEECP Parliamentary Dimension Working Group for the Inaugural Session of the SEECP

Parliamentary Assembly; and 4) Work Programme 2014/2015 of the SEECP Parliamentary Assembly.

In addition, the RCC Secretariat has further contributed to the visibility and relevance of the RCC for the parliamentary cooperation in SEE. To this effect, the RCC continued to take part and followed the work of the Conference of the European Integration Parliamentary Committees of States participating in the Stabilisation and Association Process (Western Balkans COSAP). At the COSAP meeting in June 2014, the participants coming from the parliaments of the Western Balkans underlined the importance of parliamentary oversight over the EU negotiation process, as well as other elements important for successful negotiations such as: a) inter-parliamentary and cross-border cooperation; b) the need to implement public administration reform strategies and promote transparency and communication with the citizens about European integration issues; and c) the importance of stronger parliamentary communication with the EU Member States and the European Parliament.

Gender Mainstreaming

The RCC continued to coordinate and support the activities related to the mobilisation and utilisation of gender capacities in the overall economic growth through the three-year project Women Entrepreneurship – A Job Creation Engine in South East Europe. The project is focused on systematic actions to harmonise women entrepreneurship policies in accordance with the EU Small Business Act principles, enhance capacities of women entrepreneurs' networks and associations, promote policy dialogue, and propose the improvements in policy making and planning amongst all stakeholders involved: public, private and civil sector. This three-year 2.2 million EUR project, which commenced in April 2012, covers nine Regional Cooperation Council participants from SEE: Albania, Bosnia and Herzegovina, Croatia, Kosovo*[5], Moldova, Montenegro, Serbia, The Former Yugoslav Republic of Macedonia and Turkey. Financially supported by the Kingdom of Sweden, the project is being implemented under the coordination of the RCC and executed by two implementing partners: Gender Task Force (GTF) and South East European Centre for Entrepreneurial Learning (SEECEL).

During the reporting period, the topic of women entrepreneurship increased its visibility and importance throughout the region, involving relevant partners from regional governments, partner-organisations and associations of business women in the process. Project efforts resulted in fair policy improvement with regard to women entrepreneurship by initiating and developing specific strategies on Women entrepreneurship in the region's individual economies. This matter has also received attention dedicated by the supreme authorities of the region through Cetinje Parliamentary Forum Declaration on policy improvement in the area of women entrepreneurship. The second generation of qualitative indicators for women entrepreneurship was created, which will serve as a solid base for policy improvement in this respective area. Furthermore, creation of SEE women entrepreneurs' database in the region has been initiated as a prerequisite for quantitative analysis, which is to represent an important part of future recommendations for policy reforms and monitoring. Women entrepreneurship has also been included in the EU Small Business Act harmonisation process in the region, providing and EU-integration dimension to the process of women economic empowerment in the region.

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[5] * This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.

The Way Ahead

Following the first two years of the implementation of the current Strategy and Work Programme, RCC is in a position to draw some initial lessons for the next period. The work that the Secretariat and its partners were carrying out in the past two years has resulted in considerable changes to the way that RCC conducts its work, and these will be shaping RCC's approaches in the years to come as well.

The introduction of the SEE 2020 Strategy enabled the RCC to streamline regional cooperation around those policy areas where cooperation can yield most impact. This has effectively reduced the number of regional organizations, structures and task forces from over 50 identified in the 2011-2013 period down to 14 which the RCC interacts with now in its day to day work. Both the governments and our development partners have witnessed a further reduction of available resources, thus a focus on fewer, but more effective, cooperation mechanisms is rather welcome. This trend needs to be maintained and further reinforced in the years ahead, as it becomes more and more evident that a greater impact can be achieved only by concentrating more resources in fewer areas of cooperation. This will of course also mean that RCC will need to keep prioritising the cooperation areas, in order to be able to remain in line with the evolving realities.

Another effect of our work is considerably improved coordination at all levels. With the governments, RCC has moved into new areas, setting up dedicated coordination mechanisms to advance how regional progress is being monitored (Monitoring Committee) and how the regional interventions are being designed (Programming Committee). Three Western Balkans governments have also adopted SEE 2020 National Action Plans, bringing for the first time the regional deliberations directly into the national strategic context. This trend will need to be maintained with the development of the Economic Reform Programmes, where governments are also indicating the link between the envisioned reforms and SEE 2020 targets.

Going forward, and after establishing a structured dialogue with the donors and other development partners, it would be necessary to ensure that both the private sector and the civil society organizations are also represented around the table when discussing and agreeing new regional interventions. RCC Secretariat will be working on these two areas in the next year, confident of having concrete results to report at the end of the next year.

One major challenge that the RCC Secretariat noticed over the past two years pertains to fragmentation of regional interventions and a certain 'silo effect' that is having a negative impact in our day-to-day work. By structuring our interventions along specific dimensions and policy areas, and working with dedicated regional partners in each of these areas, we were able to clearly delineate between different sectors in regional cooperation. However, it is becoming increasingly obvious that our approaches will need to become more integrative and will require us to cut across several policy areas. A good example of this is the recent push for enhanced connectivity in the region. Both in the sense of 'hard connectivity' (developing infrastructure) and 'soft connectivity' (removing policy, regulatory and other hurdles preventing movement of goods, services, capital and people), RCC and its partners will need to go beyond specific sectors and policy areas and design interventions that will include elements of several different sectors. Following the previous example, any initiative that promotes 'soft connectivity' will need to address barriers pertaining to trade, transport, customs, inter-connectivity of e-services, mutual recognition arrangements and others, sometimes even in a single intervention. Outputs from one activity are more often than not inputs for activities in other dimensions, thus making it impossible to create effective interventions in just one area, without integrating others.

RCC intends to make these integrated initiatives, or flagships, a part of our joint work in the next period. During the next year, and prior to developing the new Strategy and Work Programme, the Secretariat will identify and work out these flagships and align them along several policy axes to ensure that the impact is achieved and sustained.

List of Abbreviations

ATM	Air Traffic Management
BFUG	Bologna Follow-up Group
CEFTA	Central European Free Trade Agreement
CEPOL	European Police College
C-i-O	Chairmanship-in-Office
COSAP	Conference of the European Integration Parliamentary Committees of States participating in the Stabilization and Association Process
CRM	Comprehensive Defence Ministerial
DCAF	Democratic Control of Armed Forces
EASO	European Asylum Support Office
EC	European Commission
ECAA	European Common Aviation Area
ECS	Energy Community Secretariat
ECT	Energy Community Treaty
EEAS	European External Action Service
ERF	European Road Federation
ERI SEE	Education Reform Initiative for South Eastern Europe
eSEE Initiative	Electronic South Eastern Europe Initiative
EU	European Union
EUSDR	EU Strategy for the Danube Region
FBEG	Food and Beverages Expert Group
GIZ	Deutsche Gesellschaft fur Internationale Zusammenarbeit
GTF	Gender Task Force
ICMPD	International Centre for Migration Policy Development
ICT	Information and Communication Technologies
IOM	International Organization for Migration
ISIS	Implementation of Single European Sky in South East Europe
JHA	Justice and Home Affairs
JSPA	Joint Service Provision Area
MARRI	Migration, Asylum, Refugees Regional Initiative
MB IPA	Multi-Beneficiary Instrument for Pre-accession Assistance
MoU	Memorandum of Understanding
MFA	Ministry of Foreign Affairs
NALAS	Network of Associations of Local Authorities of SEE
NATO	North Atlantic Treaty Organization
NEEAP	National Energy Efficiency Action Plan
NGC	Next Generation Competitiveness Initiative
NGO	Non-governmental Organization
NREAP	National Renewable Energy Action Plan
NSA	National Security Authority
OECD	Organisation for Economic Co-operation and Development
OSCE	Organization for Security and Co-operation in Europe
OSINT	Open Source Intelligence
PCC	Police Cooperation Convention
PECI	Project of Energy Community Interest
PRO	Public Research Organisation
RAI	Regional Anticorruption Initiative
RDC	Regional Dimension Coordinator
RCC	Regional Cooperation Council
RDI	Research Development and Innovation

REBIS	Regional Balkans Infrastructure Study
REC	Regional Environmental Centre for Central and Eastern Europe
ReSPA	Regional School of Public Administration
RI	Regional Initiatives
SEDM	South East Europe Defence Ministerial
SEE	South East Europe
SEEC	South East Europe Clearing House
SEECIC	South East European Counter-Intelligence Chiefs Forum
SEECEL	South East Europe Centre for Entrepreneurial Learning
SEECP	South-East European Cooperation Process
SEEIC	South East Europe Investment Committee
SEELS	South East European Law School Network
SELEC	Southeast European Law Enforcement Centre
SELDI	South Eastern Europe Leadership for Development and Integrity
SEEMIC	South East Europe Military Intelligence Chiefs
SEENSA	National Security Authorities of South East Europe Countries
SEEPAG	Southeast European Prosecutors Advisory Group
SEPCA	Southeast Europe Police Chiefs Association
SES	Single European Sky
SEETO	South-East Europe Transport Observatory
SWP	Strategic Work Programme
TEG	Tourism Expert Group
TEN-T	Trans-European Transport network
TF	Task Force
TFCS	Task Force on Culture and Society
ToR	Terms of Reference
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations High Commissioner for Refugees
WB	World Bank
WG	Working Group
WGI	Working Group on Investment
WISE	Western Balkans Research and Innovation Strategy Exercise