



Annual Report

of the Secretary General of the
Regional Cooperation Council

2015-2016



Regional Cooperation Council



Good. Better. Regional.

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Foreword

In the time that elapsed since the annual meeting of the Regional Cooperation Council (RCC) last year, I believe that regional ownership and responsibility have created space for further progress in the regional cooperation in South East Europe (SEE).

A cascade of regional events has brought together the RCC participants from SEE in order to seize the momentum and contribute to nurturing good-neighbourly relations, economic prosperity and stability in SEE. Regional cooperation within the RCC framework, in this regard, continued to fulfil the mission of a sui generis platform where governments, regional organisations and international development partners can link up in order to galvanise political will and lend support for regional policies and common regional actions. The support of the South East European Cooperation Process (SEECP) and the synergy between the RCC and the SEECP Chairmanship-in-Office were of paramount importance.

Equally noteworthy was the increasing attention attributed to regional cooperation in the European and Euro-Atlantic integration processes. Reforms carried out within the region have been rewarded, and are reflected in the advancements made by individual RCC participants from SEE in these processes. One can only hope that this will inspire, in the forthcoming period, a greater convergence between hopes and expectations in the European and Euro-Atlantic integration processes.

By the same token, the dynamics of regional cooperation has changed, with the development of political processes intended to boost the EU accession prospects of the candidates and potential candidates from the region. These processes have produced a better dialogue and readiness for resolute action in areas such as good governance, transport and energy connectivity, mobility and growth, youth, education, science and research.

In a region that we all know is fast-paced and demanding, it was encouraging to see a heightened sense of interest to implement reforms, make the best use of the catalytic effects of regional actions and initiatives and pursue the fundamentals of the EU enlargement policy.

On balance, the onset of the period under review has been propitious for regional cooperation, only to be shaken later by developments that have tested the values of the region - good neighbourliness, mutual trust and appeasement. Threats such as



RCC Secretary General, Goran Svilanovic.
(Photo: RCC/Dejan Vekic)

radicalisation and terrorism have been an affront to our perception and feeling of security. This in turn has prompted a greater attention to security and rule of law at the national and regional levels and called for an enhanced cooperation. At the same time, the migration crisis has been reverberating across the region and beyond, increasingly calling for solidarity and joint action.

In such a regional environment, the momentum has never been more important for the RCC to carry forward its regional strategy. RCC's Strategy and Work Programme for 2014-2016 has served as a steppingstone in our efforts to better attune the work of the organisation to the needs of the region. The implementation process has been a journey in which we have attained noteworthy results. It has also been a learning curve when it comes to remaining residues and gaps, which will certainly benefit from greater attention in the course of the next three-year period.

What the period behind has taught us is that the next three years should be about an optimised regional approach to themes which speak to the most pressing concerns of all RCC participants from SEE. It should be about skills and mobility, connectivity and competitiveness; accompanied by a revitalised focus on public administration reform, justice, anticorruption, fight against organised crime and security cooperation in SEE. This interplay of regional themes is at the core of our newly developed three-year Strategy and Work Programme for 2017-2019, which is expected to be adopted at the RCC and SEECP high-level events in May 2016.

This Annual Report will walk you through a fast-paced year, a year of planning for a more focused, better calibrated and equipped RCC.

GORAN SVILANOVIC
Secretary General
Regional Cooperation Council

Summary



Winner of Round 5, for the topic Trade - key of success is in cross-border cooperation?, of the RCC's Voice of the Region contest: 'Harbour of Possibilities, Koper, Slovenia. (Photo: Ivana Milinkovic)

An all-inclusive, regionally-owned and driven cooperation framework, the Regional Cooperation Council (RCC) continued, in the reporting period, to pursue its mandated mission in an effort to meet the expectations of its stakeholders.

The emergence of economic development, stability and rule of law, in varying degrees, as regional priorities in South East Europe (SEE) underlined the determination to accelerate domestic reform processes, while continuing individual efforts on the European and Euro-Atlantic integration path. The results attained in the regional cooperation within the RCC framework dovetail with the political guidelines articulated by the SEECF participants at high-level meetings held throughout the year.

The dialogue of the RCC Secretary General with the RCC participants and the pragmatic character of the synergy between the RCC and the SEECF have augmented the capacity of the organisation to advance in the implementation of the Strategy and Work Programme (SWP) for 2014-2016. Above all, this enabled the RCC to steer the process of crafting a regional vision for 2017-2019.

Being guided by the principles of regional ownership and responsibility, the RCC contributed and provided support to political and sectorial events organised by the participants holding the SEECF Chairmanship-in-Office (C-i-O), maintained and nurtured the dialogue with the European Union (EU) institutions, and represented the region in various international and regional fora.

The RCC became better positioned in its dialogue with the EU institutions to promote the integration of the region into the EU. This is reflected, inter alia, by the support provided to the RCC in the European Commission (EC) Enlargement Strategy and the Conclusions of the EU Council on Enlargement and Stabilisation and Association Process. Worthy of being mentioned in this context is the positioning of the RCC to contribute to high-level political processes launched in service to the region's goal of accession to the EU. Further, the synergy and coordination between the RCC and the SEECF C-i-O was focused on translating SEECF political guidelines into practical and achievable actions. The RCC reached out effectively to international organisations such as OSCE and UNDP, which in turn gave way to opportunities for greater cooperation in the areas of economy and environment, good governance and security. On security in particular, the RCC has been cooperating closely with the EU and NATO in order to help imbed their principles into regional security cooperation. Moreover, the development and launching of the Regional Platform for Countering Radicalisation and Violent Extremism Leading to Terrorism and Foreign Terrorist Fighters in SEE has enabled the RCC to contribute to addressing new threats such as radicalisation and terrorism. All these trends have benefited from high-impact activities involving mainstream and specialised media in SEE. The communication activities have raised the profile of the RCC with the participants from the region and beyond, intergovernmental organisations, academia, civil society and the public at large.

The implementation of the SWP 2014-16 has fundamentally changed the regional cooperation in SEE in the past three years, with the SEE 2020 Strategy being at the heart of this transition. The SWP enabled the RCC to rethink its approach to implementation and to focus on fewer cooperation areas with the realistic expectation of tangible results by the end of the next three years of implementation of the upcoming RCC's SWP 2017-19.

The process of honing RCC's approach to implementation has been based on the results achieved during and the lessons learned from the implementation of the current SWP 2014-2016. Its implementation can overall be considered as success, though the maturity of the regional cooperation and the availability of resources account for the uneven progress.

During the reporting period the RCC has consolidated its position as the central cooperation framework in SEE, capable of identifying regional priorities, designing joint regional actions and monitoring their implementation. Under the guidance of the SEE 2020 Programming Committee, the RCC has led the drafting of the SEE 2020 Programming Document 2016-2018, planning for 63 actions to be implemented over the next three years in the areas of skills and mobility, connectivity, competitiveness and cross-cutting issues. The RCC has also established a structured dialogue with the donor community to help facilitate exchange of information and better coordination between the governments, the regional cooperation mechanism and the development partners, as well as it has established the South East Europe Donor Assistance Database (SEEDAD), available through the RCC website. In parallel, the RCC has set-up a clearly defined implementation monitoring process, including its structures (the SEE 2020 Monitoring Committee), the rules and procedures regulating the process, and complemented by the annual perception-based survey - the Balkan Barometer.

In the implementation of the SEE 2020, progress was made in the Integrated Growth pillar, particularly in trade and investment integration, and with the perspective of furthering the process with two other agreements on trade facilitation and liberalisation of trade in services and the development of a comprehensive investment reform agenda in SEE. In the Smart Growth pillar, the formal establishment of the Education Reform Initiative in South East Europe (ERI SEE) and the Western Balkans Innovation Centre (WISE), as important regional cooperation mechanisms, is expected to strengthen cooperation in the respective areas of competence.

In the Sustainable Growth pillar the governments' agreement on the soft measures will facilitate transport and create a regional energy market. Under the connectivity agenda, work has started on the elaboration of a concept to help convert the transport corridors in SEE into economic corridors. While in the Inclusive growth, the newly founded Employment and Social Affairs Platform will support the governments to design and implement effective employment policies. Following on the new EC approach to enlargement, the governance for growth related actions have gained momentum with the development of several regional methodologies in the areas of public administration reform, anti-corruption and justice.

In order to maximise the impact of the interventions at regional level through the integration of activities of various actors in a more effective coordination, RCC has designed and put in place several broad themes - or **flagship initiatives** - that merge the efforts of different stakeholders towards a single set of objectives: Skills and Mobility, Connectivity, and Competitiveness.

The Skills and Mobility flagship initiative is designed to address the underdeveloped skills base, the automatic recognition of qualifications and the severely restricted mobility of highly qualified personnel in the region.

The Connectivity flagship aims at widening the access to markets, reducing the costs of moving goods, services, capital, people and information across the region and helping the private sectors and societies in SEE be better integrated regionally and with the EU. It is also intended to address ICT related connectivity issues as well as the promotion of e-services across the SEE region.

Lastly, the Competitiveness flagship will address the related issues in order to enhance the competitiveness and support industrial development of the region.

The three flagships are complemented with good governance, rule of law and security cooperation related matters (including the public administration reform, anticorruption and judicial reform related matters), as cross-cutting and important issues for the success of the reform agendas, and as critical preconditions for the advancement of the EU enlargement process in SEE.

General trends in regional cooperation in South East Europe and the role of Regional Cooperation Council

The general political and socio-economic environment in SEE has to a large extent shaped the regional cooperation and the role of RCC. Particularly, a stronger dialogue among governments, regional and international organisations, civil society and the private sector made regional cooperation a more transparent and efficacious process. The socio-economic conditions across the region continued to underpin the focus placed on development and, especially, on economic growth, while discussions abounded on the importance of an optimum use of available financial instruments in light of the constraints created by new challenges in SEE. The migration crisis that the region has been grappling with for the past year, coupled with the emerging security threats in the EU, SEE and beyond, has been compelling a greater attention on security and rule of law at national and regional levels. These trends accentuated the necessity for a balance on the regional cooperation agenda between sustainable development and growth on one hand, and security and rule of law on the other.

This annual report is centred on the above-mentioned developments and brings forth the results attained in the priority areas of regional cooperation within the RCC framework. The annual report reflects as well on the state of institutional relations of the RCC participants from SEE with the EU and sheds light on the efforts to associate closer the work of RCC with the EU enlargement agenda.

The needs of the RCC participants from SEE in terms of reforms and the pillars of the EU enlargement policy, such as economic governance, rule of law and public administration, continued to incentivise the RCC to tailor and hone its activities, improve its cooperation with regional organisations and initiatives from SEE that possess specific expertise and consolidate its dialogue with development partners. This has better positioned the RCC to direct political commitments and resources, which were made available to the organisation, in support of the promotion and implementation of reforms within its participants from SEE.

The prevalence of sustainable development and growth on RCC's agenda was driven by the view shared by governments and donors alike that strong and vibrant regional economies are indispensable, including for sustaining political stability, reconciliation and security in SEE. RCC's SWP for 2014-2016 is widely recognised for its role in this regard, with the SEE 2020 Strategy, a visionary approach inspired by Europe 2020, as its backbone. The emphasis placed by the EU on economic governance in its enlargement policy has

A regionally-owned and led process, the regional cooperation in South East Europe (SEE) has brought the commitments of governments and the support of stakeholders to bear in order to create conditions conducive to further strengthening good-neighbourly relations, increasing prosperity and promoting progress in the European and Euro-Atlantic integration processes. The activities that unfolded under the umbrella of the RCC, in the period between 1 April 2015 and 31 March 2016, were deployed to serve the aforementioned purposes.



The 8th RCC Annual Meeting took place on 22 May 2015, in Tirana, Albania. (Photo: Ministry of Foreign Affairs of Albania/Eriona Cami)

sent a signal to the RCC and its participants from the region regarding the importance of the shared vision, joint development targets, measures and instruments that constitute the SEE 2020 Strategy. The pace of implementation of the SEE 2020 Strategy has primarily been determined by the strength of political commitments, the socio-economic developments in the region and the wherewithal to implement such a complex economic agenda. The implementation process has proceeded in several areas with varying degrees of success. Trade and investment integration of the region is increasing, at the same time as progress in securing better education, innovation and increased productivity is gradually being attained. Infrastructure development has received full political support and initial resources, while a continuous focus on mobility and employment generated new initiatives in the region that carry the potential for noteworthy results. All the developments have benefited substantively from a well-established regional governance and coordination architecture of the SEE 2020.

An important contribution towards development and growth was the advancement in the area of governance, which is one of the five pillars and a cross-cutting component of the SEE 2020 Strategy. The RCC has focused on improvement of effective public services, building institutional capacities to combat corruption in SEE and on regional cooperation in the field of justice.

A key contribution to growth and welfare, justice, home affairs and security, the second pillar of RCC's SWP for 2014-2016, also need to be kept in mind. RCC's engagement in the areas of justice and home affairs was on activities related to the fight against organised crime, strengthening police and judicial

cooperation in criminal matters, and migration management issues. Security, an area which is moving rapidly up the policy ladder throughout the region, has resurfaced on the agenda of the RCC. The RCC has been cooperating closely with the EU and NATO in order to help imbed their principles into regional security cooperation. Emerging security threats, such as radicalisation and terrorism, captured the attention of the RCC participants from the region at various regional forums, recurrently calling on the RCC to engage and contribute in addressing this pernicious phenomenon. Efforts and resources were thus directed towards the development and launching of the Regional Platform for Countering Radicalisation and Violent Extremism Leading to Terrorism and Foreign Terrorist Fighters in SEE.

The emergence of economic growth, infrastructure development, stability and rule of law, in varying degrees, as regional priorities in SEE highlight the determination to accelerate domestic reform processes, while continuing individual efforts on the EU path. These trends come in response to the political guidelines articulated by the SEECP participants at their meetings organised within the framework of the SEECP. The practical synergy between the RCC and the SEECP C-i-O has also played an important role, together with the unshakable commitment of partners supporting regional ownership and responsibility in SEE.

RCC's endeavours to ensure that regional cooperation augments the efforts of governments from SEE to advance in the European and Euro-Atlantic integration processes have been endorsed at the RCC Annual Meeting held on 22 May 2015 in Tirana. The meeting provided a forum for the RCC participants to make headway in ensuring strategic coordination and development of the

regional cooperation process in SEE. The Annual Meeting, inter alia, endorsed the Annual Report of the RCC Secretary General on regional cooperation in SEE for 2014-2015. Equally important was the second meeting of the Governing Board of the SEE 2020 Strategy, which took place on 21 May 2015 in Tirana. The RCC Annual Meeting and the Governing Board of the SEE 2020 Strategy were held back-to-back with the SEECP high-level events, which in turn marked the end of the Albanian SEECP C-i-O for 2014-2015. The SEECP high-level events consisted of the SEECP Committee of Political Directors, the meeting of the Ministers of Foreign Affairs, the 2nd Plenary Session of the SEECP Parliamentary Assembly and the Summit of the SEECP Heads of State/Government. The SEECP Summit culminated with a Declaration in which the SEECP participants expressed their support for the mission of the RCC, approved the appointment of the current RCC Secretary General for a new mandate and commended the progress achieved in the implementation of the RCC SWP for 2014-2016 and the SEE 2020 Strategy. Furthermore, the SEECP Summit Declaration recognises the importance of joint efforts to identify projects of common interest which improve regional cooperation and regional connectivity, as well as welcomes the intention of the Western Balkans to prepare projects in the framework of the political process launched in order to boost the EU accession prospects.

The SEECP high-level events have marked as well the commencement of Bulgaria's tenure as the C-i-O of the SEECP for 2015-2016. Sectorial meetings organised in the course of the year proved to be invaluable for discussing regional

trade, investments, infrastructure projects, energy diversification, and economic development. Concomitantly, the Ministers of Foreign Affairs of SEECP participants have gathered in informal meetings under the Bulgarian SEECP C-i-O, with the first meeting held on the margins of the United Nations General Assembly in September 2015 and the second meeting in February 2016. While the former was an opportunity to meet and exchange views about how regional cooperation can further contribute towards the region's strategic goal of integration into the European and Euro-Atlantic structures, the latter was centred on the issue of migration and concluded with an expression of political will to address this phenomenon in unison. This was embedded in a Joint Statement on Migration Challenges in SEE, which serves as a basis for future action by the region in this field.

The RCC Secretariat participated and provided technical support to political and sectorial events organised by the SEECP C-i-Os, initiated actions that sustained and nurtured the visibility of the RCC as a sui generis organisation in SEE and carried out activities that furthered the implementations process of the SEECP C-i-Os' programmes and RCC SWP 2014-2016.

Moreover, the RCC Secretariat and the incoming Croatian SEECP C-i-O have engaged in exchanging information on priorities and planned activities with the view to ascertain possible joint actions.

The RCC Board convened on three occasions in the course of the reporting period. The RCC Board provided operational guidance and supervision, which proved essential for the RCC in the



RCC Secretary General, Goran Svilanovic (left), and Albanian Foreign Minister, Ditmir Bushati, at the 8th RCC Annual Meeting, in Tirana on 22 May 2015. (Photo: Ministry of Foreign Affairs of Albania/Eriona Cami)

implementation of its SWP for 2014-2016. The RCC Board has also been engaged in overseeing the development of the RCC SWP for 2017-2019. The RCC Secretariat has dedicated substantive efforts to drafting a strategy that ensures continuity, is realistic and achievable, and yet forward-looking. The RCC SWP for 2017-2019 is expected to be endorsed by the RCC Annual Meeting and the SEECP high-level events scheduled to take place in the period from 30 May to 1 June 2016 within the framework of the Bulgarian SEECP C-i-O.

In view of the strategic character of the relations between the SEECP and the RCC, the coordination meetings between the SEECP Troika¹, the RCC Secretariat and the EU were held back-to-back with the meetings of the RCC Board. The coordination meetings reviewed the developments within regional cooperation in SEE and provided a framework to attain a greater convergence between the priorities of the SEECP C-i-O's programme and RCC's SWP for 2014-2016.

Equally important was the dialogue of the RCC Secretary General with the participants of the RCC, which continued to ensure that regional cooperation facilitates the European and Euro-Atlantic integration process and meets the genuine needs for a stable economic and social environment in SEE.

Moreover, the synergy between the RCC and EU institutions continued to exert a distinctive role in associating closer the work of RCC with the EU enlargement agenda. Regular contacts with institutions such as the EC, the EEAS and the EP preserved and deepened the engagement of the EU in regional cooperation and its role in SEE, as well as positioned the RCC to be more efficient in pursuing its mandated mission to promote the European and Euro-Atlantic integration processes of the region.

The RCC participants from the region and the EU continued to invest efforts in maintaining the momentum of the EU enlargement process and pursuing reforms with a view to ensure progress in the accession process. Among the participants of the RCC, some have candidate status, some are working to achieve candidate status, there are others whose European aspirations are pursued within a different EU institutional framework, as well as several EU members. The RCC participants from SEE that are already members of the EU are bringing an added-value in terms of know-how and experience with the EU accession process, as well as specific contribution in preserving the momentum of the EU enlargement process.

The importance attached to regional cooperation as an EU membership precondition has remained unchanged. By the same token, the emergence of

several high-level political initiatives focused on the Western Balkans is increasing the dynamics of the regional cooperation process. The most notable of them is a process that started upon the initiative of Germany, continued by Austria and currently by France. Consisting of high-level summits held on a yearly basis, the Process is intended to boost the EU enlargement process in the Western Balkans. At the Vienna Western Balkans Summit in particular, the RCC was invited to coordinate regional activities in two areas - mobility and growth. This is in line with the task given by the RCC Board to the RCC Secretariat to engage in those themes of the Process that are within its mandate and are being implemented by RCC SWP 2014-2016.

In addition, the RCC is developing a sound cooperation with the EU Strategy for the Danube Region (EUSDR) and the EU Strategy for the Adriatic and Ionian Region (EUSAIR) in light of importance of the macro-regional approach for EU enlargement. The strategies came with a differing geographical scope, but a common ambition - higher and more sustainable growth; prosperous societies; greater integration. The differing geographical scope and converging objectives of EUSDR and EUSAIR provide ample space for coordination and cooperation with the all-inclusive RCC.

The importance of addressing the conditions conducive to a lack of continuous progress, underscores the importance of a greater emphasis on key reforms and on underlying issues hampering their implementation. The "fundamentals first" articulated by the EC in the Enlargement Package of 2014 and reaffirmed in the Enlargement Package of 2015 will serve as key pillars in the reform processes in the region. The "fundamentals first" encompasses key priorities in the enlargement process in the future and namely: rule of law, fundamental rights, strengthening democratic institutions, including public administration reform, as well as economic development and competitiveness. This resonates very well with the changes in focus of the regional cooperation attained by the RCC through its current Strategy and Work Programme for 2014-2016 and the SEE 2020 Strategy, as well as with the proposed flagships as the core of the Strategy and Work Programme for 2017-2019.

The principles and priorities of the enlargement policy reaffirmed in the Enlargement Strategy Paper, as well as the support expressed by the EC for SEECP, RCC and the SEE 2020 Strategy are crucial for the future work of the RCC and, above all, its role in facilitating and supporting the EU enlargement process.



On the sidelines of Vienna Summit on Western Balkans, the RCC Secretary General, Goran Svilanovic, took part in the TV Talk Show "Okruzenje", with Albanian and Serbian Prime Minister, Edi Rama and Aleksandar Vucic, respectively, in Vienna, on 26 August 2015. (Photo: RCC/Selma Ahatovic-Lihic)



In an effort of strengthening cooperation between RCC and the Brussels based institutions, as well as promotion of the region in the EU, the RCC Secretariat organized a Regional Cooperation Day, dedicated to South East Europe, in Brussels on 6 May 2015. (Photo: RCC/Jos L. Knaepen)

¹ The SEECP Troika includes the previous SEECP C-i-O Albania, the current SEECP C-i-O Bulgaria and the future SEECP C-i-O Croatia.

Developments in priority areas of regional cooperation in South East Europe within RCC framework

On the **programming side**, RCC has led the first annual programming cycle resulting with the SEE 2020 Programming Document covering a three-year period (2016-2018) with planned updates on a rolling basis over the next five years of implementation. This Programming Document sets out the priority actions for SEE 2020 implementation transposing the political priorities and measures put forward by the SEE 2020. The drafting of this document was facilitated by the RCC under the guidance of the SEE 2020 Programming Committee, consisting of representatives of SEE 2020 National Coordinators and NIPAC offices of the Western Balkans governments. The process identified 63 actions to be implemented by RCC and its regional and international partners over the next three years in the areas of skills and mobility, connectivity, competitiveness and cross-cutting issues, with roughly 50% of funding already secured through donor assistance, national budgets, as well as the budgets of participating organisations. RCC has also established a structured dialogue with the donor community to help facilitate fundraising for the currently unfunded priority actions.

The **monitoring process** for the SEE 2020 Strategy has also been revisited. Using the experiences from the previous period, RCC has structured a more streamlined and centralised process of information gathering from national, regional and international sources. The process is overseen by the SEE 2020 Monitoring Committee set up during 2015, bringing together national representatives from the statistical systems as well as from the policy side. As a result of this effort, RCC has compiled data and information on approximately 120 indicators for the Western Balkans economies covering all policy areas of SEE 2020 implementation². The resulting analysis and review of progress has been included in the 2016 Annual Report on Implementation to be offered for adoption to the SEE 2020 Governing Board during mid-2016.

Horizontal Activities

During the reporting period, RCC has positioned itself as the main regional resource in identifying and formulating regional priorities, articulating joint regional actions and monitoring their implementation under the SEE 2020 framework. This has been done through strengthened coordination with the governments, regional and international organisations and the development partners present in the SEE. As a result of these activities, a structured programming and monitoring process was established with the representatives of governments and regional organisations, and a platform for regional donor coordination has been set up.

The purpose of monitoring is two-fold. While the main objective is to assess progress in the implementation of SEE 2020 Strategy and its targets, the process is also being used to identify and address the current gaps in the statistical systems hindering evidence-based policy making. A number of key indicators were identified requiring further assistance at the national level in terms of availability and/or methodological consistency. Resulting from this, Eurostat, which has also taken an active role in the Monitoring Committee, has launched a technical assistance programme to support the governments in compiling SEE 2020 indicators. It is important to note that all of the

² South East Europe Development Scoreboard (<http://www.rcc.int/seeds>)

indicators identified for assistance are also part of the statistical acquis, thus directly supporting the EU accession efforts of the enlargement economies in the region.

Donor coordination efforts have also been intensified. In addition to the second meeting on regional donor coordination held during March 2016, RCC also developed a regional donor database - South East Europe Development Assistance Database (SEEDAD)³ that was launched during the first half of 2016. This tool will strengthen transparency on regional donor efforts, support information exchange between the donors and the governments and help avoid overlaps in planning new actions. Furthermore, RCC also engaged in direct discussions with the main development partners in the Western Balkans to draw their attention to the set of priorities identified in the Programming Document. This dialogue will continue in the next period as well.

Another important development during the reporting period has been the start of the **RCC small grants programme**. Designed to directly support the programming process and the implementation of the RCC SWP, RCC's pilot grant programme was launched with an open call during the second half of 2015, awarding EUR 80,000 to four grantees in the SEE. Given the overwhelmingly positive

experience and outcome of the pilot programme, a second call to prospective grantees was published during the second quarter of 2016 with a total value of EUR 300,000. The grant programme is part of RCC's strategic direction to position itself as a credible platform for donors to pool funds around the agreed regional priorities and an *ex ante six pillar assessment* was conducted during 2015 to validate RCC's capacities in this sense and make it eligible for these types of interventions.

RCC has used the current SWP 2014-2016 to fundamentally alter the regional cooperation process in SEE in the past three years. The SEE 2020 Strategy has been a crucial part of this transition as it enabled the organisation to rethink its role and put in place credible multilateral processes to set joint regional vision and targets (through SEE 2020), prioritise actions (through structured programming), review progress being made in more tangible terms (through monitoring), and enhance coordination with governments, regional and international organisations and donors. The SWP 2014-16 also presented an opportunity for the RCC to increase its focus on fewer cooperation areas and build up capacities and competences to make it even more relevant for its participants in the next period, covered by the new RCC's SWP 2017-19.



Participants of the second meeting on donor coordination in the Western Balkans, held under RCC auspices on 23 March 2016 in Sarajevo. (Photo: RCC/Amer Kapetanovic)

³ to become operational as of June 2016

Implementing the SEE 2020

Considerable headway was made in the implementation of the SEE 2020 Strategy. In the **Integrated Growth** pillar, progress was made in furthering trade and investment integration, with continued focus on two agreements: trade facilitation and liberalisation of trade in services, expected to be concluded during the next reporting period, and a comprehensive investment reform agenda has been developed. In **Smart Growth**, the cooperation in education and R&D and innovation has been strengthened with the formal establishment of the Education Reform Initiative in South East Europe (ERI SEE) and the Western Balkans Innovation Centre (WISE), the latter expected to become operational during 2016. In the **Sustainable Growth** pillar, the governments have agreed on a set of soft measures to facilitate transport and create a regional energy market under the wider connectivity agenda, and an elaborate concept has been developed and agreed to help convert the transport corridors into true economic corridors. In **Inclusive Growth**, a new EU-funded initiative, Employment and Social Affairs Platform has been set up to assist the governments with designing effective employment policies and their implementation. **Governance for Growth** has also seen considerable progress with the development of several regional methodologies in the areas of public administration reform and anti-corruption that are being transposed into national frameworks, and a sound cooperation in the area of justice has been instituted with the development of studies and establishment of several judicial networks.

To overcome the challenge of integrating activities of various actors and implement a more effective coordination, RCC also put in place several broad themes to help merge the implementation efforts of different stakeholders towards a single set of objectives. These themes - or **flagship initiatives** - represent joint endeavours by several regional organisations and/or implementers as partners executing mutually reinforcing activities towards the same SEE 2020 goal. The flagship initiatives should enable and incentivise different regional structures and national institutions to design interventions that will allow for a wider-ranging impact across several dimensions and policy areas.

Based on the measures and policy recommendations contained in the SEE 2020 Strategy, as well as the priorities noted under the national strategic frameworks, RCC has put forward the following

flagship initiatives, endorsed by the Governing Board, as main areas of intervention under the SEE 2020 framework:

- ▶ **Skills and Mobility** - This flagship initiative will be directed at addressing some of the main constraints identified during the development of the SEE 2020 Strategy - namely underdeveloped skills base and severely restricted mobility in the region.
- ▶ **Connectivity** - This area of intervention intends to widen access to markets, reduce costs of moving goods, services, capital, people and information across the region and make the private sectors and societies at large in SEE better integrated regionally and with the EU.
- ▶ **Competitiveness** - This flagship will address the need to increase competitiveness and support industrial development of the region as the direct underlying assumption of 8 out of 11 headline targets of the SEE 2020 Strategy.

Defined in this way, the flagships will help convert a static coordination structure for SEE 2020 implementation into a dynamic platform that combines different policy mixes for attaining the SEE 2020 goals. While being a more effective way of coordinating the SEE 2020 Strategy implementation, the flagships do not alter the main objectives, priorities or measures of the Strategy.

The following sections provide a brief overview of the main developments in each of the SEE 2020 pillars and focus on RCC's role in implementation. A more comprehensive overview of progress and actions implemented is presented in the 2016 SEE 2020 Annual Report on Implementation.

Integrated Growth

With regard to the Integrated Growth pillar and specifically on promoting regional trade and investment linkages, RCC focused its attention on preparing the grounds for a regional investment reform programme to be implemented during the next three-year period, complementing the trade integration agenda. In this endeavour, the South East Europe Investment Committee (SEEIC), working under the RCC's auspices, has developed a reform agenda in investment and industrial development policies to facilitate emergence of a competitive economic environment in the SEE and support the integration of regional market into the global economy. This agenda, converted into a Competitiveness flagship, has received

political support and mandate given by the ministers of SEE economies during the SEEIC annual ministerial (Montenegro, 9 December 2015). This paved the way for future activities in the area of regional investment integration and industrial development with an all-inclusive approach for all of its participants. The meeting also marked the confirmation of integration of the SEE Investment Committee as a permanent structure into the RCC.

Being among the SEE 2020 priorities and prerequisites for growth, the SEEIC agreed that it is an imperative to establish a free and open investment regime by removing intra-regional investment barriers, facilitating the free flow of factors of production (goods, services, and human capital), pursue policies that support the attraction and inflow of FDI, as well as intra-regional investments, and promote further integration of the regional markets.

RCC has directly supported the negotiations on trade liberalisation through the Joint Working Group on Recognition of Professional Qualifications, where an agreement was brokered between the economies on prioritising two sectors (health and construction) and four professions (medical doctors, dentists, civil engineers and architects) in

the negotiations on mutual recognition agreements to begin during the next year.

The main contribution in this respect was provided by the two relevant regional cooperation mechanisms: the SEE Investment Committee in charge of the investment-related dimensions of integrated growth, and the CEFTA Secretariat in charge of trade-related dimensions. The work was supported by the SEEIC-CEFTA Joint Working Group on Investments (WGI), the Joint Working Group on Recognition of Professional Qualifications (JWGRPQ), the two expert groups on SEE 2020 sectors of priorities (tourism and food and beverage processing) and the newly established working group on industrial development.

A. Free Trade Area

The majority of interventions under the Free Trade Area were aimed at addressing the non-tariff barriers (NTBs), facilitating and liberalising trade and enabling mobility of professionals.

In addressing the non-tariff barriers (NTBs), the most trade distortive non-tariff measures were identified in two selected product sectors and were validated by the private and public

sector. Trade facilitation efforts were focused on negotiations on Additional Protocol 5 on Trade Facilitation (expected to be concluded during 2016). Furthermore, an agreement was made to consolidate and enhance CEFTA Management Information System to improve availability of trade-related information for public and private sector. Finally, improvements of specific border procedures and processes were implemented via CEFTA-related technical assistance projects, with RCC providing additional support to develop further facilitation solutions over the next year (such as electronic border queuing management in cooperation with SEETO).

In the area of liberalisation, five further rounds of negotiations on Additional Protocol on Trade in Services were completed, with 13 services sub-sectors now covered and the overall text of Additional Protocol and relevant annexes finalised. The Protocol is expected to be concluded during 2016. A Working Group on Trade in Services Statistics, FATS and FDI statistics was established.

Finally, in the area of mobility of professionals, a Joint RCC-CEFTA-ERISEE Working Group on Mutual Recognition of Professional Qualifications was established with a detailed mandate to progress

free movement of professionals in key sectors. Through RCC commissioned analysis, relevant sectors and professions for development of mutual recognition agreements of professional qualifications were identified and an agreement was reached on two sectors (health and construction) and four professions (medical doctors, dentists, civil engineers, architects) for prioritisation for Mutual Recognition Agreements.

B. Competitive Economic Environment

The main development under the Competitive Economic Environment dimension is the agreement reached among CEFTA Parties on the process to monitor implementation of provisions on competition, state aid and public procurement. Initial reports on implementation of provisions will be available by the end of 2016.

C. Integration into the Global Economy

In this dimension of Integrated Growth, an extensive regional programme was finalised on the establishment of the regional investment reform dialogue and agenda, which is to tackle regional investment policy coordination in the areas of investor entry, mutual protection and investment



The SEEIC Ministerial Conference was held on 9 December 2015 in Budva, Montenegro. (Photo: RCC)



Regional Cooperation Council, together with Turkish TOBB, co-organized the 'Integrating South Eastern Europe to Global Markets' session at B20 Conference in Ankara, Turkey, on 3-5 September 2015. (Photo: RCC/Ratka Babic)

incentives. The programme, to be implemented by SEEIC in cooperation with CEFTA, is supported by World Bank's technical assistance and will receive EUR 2 million in EU funding from the regional IPA window. SEEIC defined the policies under those three broad areas that will be prioritised (tax policies, fiscal and financial incentives, intellectual property rights, property ownership, etc.) and will be subjected to reform in the next three-year period. This process took due account of the ongoing individual economy reform priorities stipulated under the Economic Reform Programmes.

Furthermore, the SEEIC agreed to undertake a sectoral approach and focus investment-related policy reforms on SEE priority sectors deemed to hold most potential for FDI and intra-regional investment (i.e. food and beverages industry, infrastructure investment, etc.). These regional efforts are anticipated to result not only in the horizontal and sectoral reforms in specific investment-related policies in each of the SEE economies individually, but will constitute the elements of future negotiations on the potential regional investment instrument and/or additional protocols to existing agreements (CEFTA 2006). Finally, this programme will also work on the narrowly targeted promotion of the region as a good investment destination.

Finally, to help widen the access to markets, CEFTA ministers decided to apply full cumulation and duty drawbacks among CEFTA Parties; initial implementation of diagonal cumulation among SEE 2020 economies and selected PEM partners have also begun in the reporting period.

Smart Growth

Promoting innovation and fostering knowledge-driven growth is the fundamental objective of Smart Growth pillar as the regional economies strive to move towards sustainable forms of competitiveness. The actions underway or planned in this area are aimed at improving access to quality education, increasing the level of research and development in the region, developing ICT infrastructure and promoting culture and creative industries.

D. Education and Competences

The entire SEE region faces the trend of increased demand for higher educated and skilled labour force. Through its SWP 2014-2016 and the SEE 2020 Strategy as its central part, in Education and Competences dimension the RCC aims to strengthen

regional cooperation in this area and it has centred its efforts on improving the regional knowledge and skills base, as well as on standardising qualifications and removing obstacles to their recognition.

The **signing of ERI SEE Host Country Agreement** opened the way for selection of the Director of the Secretariat, preparations of the Secretariat premises in Belgrade and the start of effective work of this important regional cooperation mechanism in SEE.

In line with its strategic objectives set in SWP 2014-2016 and the SEE 2020 Strategy, the RCC continued to pursue the objective of **removing obstacles to recognition of qualifications**. In this regard, a seminar on automatic recognition of qualifications organised jointly by the RCC, ERISSE and Croatian Ministry of Science and Education finalised the concept and activities of the joint project proposal application for ERASMUS+ coordinated by the Ministry of Science, Education and Sports of Croatia and supported with RCC's technical assistance. Regional project proposal for ERASMUS+ has been finalised and submitted on 9 February 2016 on the topic of Quality Assured Automatic Recognition of Foreign Higher Education Qualifications - QUASAR. The development process included consultations with ministries of education and ENIC/NARIC office as well as universities from the SEE region.

E. Research, Development and Innovation

The RCC activities in the Research and Innovation dimension of the SEE 2020 Strategy, and its SWP 2014-2016, were very much anchored in the Regional Research and Development Strategy adopted by the Western Balkan economies in 2013. The RCC seeks to promote more and better investments in research and innovation, by also encouraging greater industry-science collaboration.

During the reporting period, the RCC's focus in this area was placed on providing support to systematic regional cooperation in the area of research and innovation. To this aim, the RCC supported and facilitated the **establishment of the regional mechanism that will implement the Strategy** - the Western Balkans Innovation Centre (WISE), with its permanent Secretariat in Split, Croatia. Following the official signing of the Agreement during the Split Ministerial Meeting held in September 2015, supported by the RCC, further steps include ratification, acceptance or approval of the Agreement by all participating economies, and the deposition of the Agreement by at least four economies (including Croatia). The Host Country Agreement is expected to be finalised by

the end of 2016 with WISE Secretariat becoming fully operational.

F. Digital Society

The area of digital society evidenced an intensive regional cooperation in the reporting period. Regular policy dialogue and exchange was maintained in the frames of the e-SEE Initiative meetings, climaxing with the e-SEE Ministerial Meeting⁴ that confirmed the highest political commitment to regional cooperation in the digital society and ICT area.

Working with the e-SEE Secretariat, RCC supported targeted regional capacity-building for representatives of e-SEE Initiative participants on the **transposition and implementation of e-IDAS Regulation**.

In terms of most prominent areas of regional collaboration, RCC support has been focused on the areas of roaming and broadband development. With respect to roaming, a significant regional development has been the entering into force in July 2015 of the four-party agreement in the Western Balkans on **reducing the charges for mobile roaming services**. Related to this and with the aim to extend this agreement region-wide, RCC has provided support to the process of a further market-based reduction of roaming charges in the Western Balkans by providing analytical and legal

expert inputs towards the sustainable and furthered implementation of the regional agreement. In addition, RCC has supported the structured regional policy exchange and dialogue frameworks, such as the established Regional Roaming Platform.

In the area of broadband development, following the initiative by the Ministry of Innovation and ICT of Albania, RCC supported the first regional exchange on the state of play, challenges and future prospects related to broadband coverage. Fully acknowledging the potentials and impact of broadband development as a catalyst for economic growth, enhanced productivity, competitiveness and knowledge driven economies, RCC will continue to investigate the scope for enhanced regional collaboration in broadband infrastructure development and support concrete activities to this end. As a first step, RCC has contributed towards the preparation of a regional **TAIEX capacity-building event on the Broadband Cost Reduction Directive**. RCC will also advocate an integrated approach to infrastructure development and early integration of ICT connectivity issues in the regional connectivity agenda and the ongoing and planned infrastructure investments.

G. Cultural and Creative Sectors

Within the SWP 2014-2016 as well as the SEE 2020 Strategy, Cultural and Creative Sectors are placed in a strategic context for development and growth,



Regional Cooperation Council (RCC) supported a guest performance of "Balkan spy in Sarajevo" in Zvezdara Theatre in Belgrade on Friday, 11 December 2015. (Photo: RCC/Zvezdara Theatre)

⁴ Held in Podgorica on 30 September 2015

emphasising the importance of developing synergies to promote regional actions in a wider context.

The main activities within the cultural and creative sector were focused on capacity building and enhanced regional connectedness of the existing mechanism. Organisation of Task Force on Culture and Society meetings represented a forum for defining future regional activities. A **workshop on fundraising in cultural heritage and development of fundraising strategies and techniques** was organised in order to improve fundraising capabilities of public institutions, as this area was identified as one of the most underdeveloped ones. The important step in enlarging partnerships with stronger participation of civil sector was made through supporting the **1st regional summer school involving history and heritage educators**, improving cross-sectoral collaboration and paving the way for pilot projects and increased involvement of civil sector in cultural activities.

Efforts were invested in **creating stronger links with the EU networks of cultural heritage and regional organisations and platforms**, such as Europa Nostra, Euroclio, and SEE Heritage Network. In this context, the Stakeholders Forum “Cultural Heritage Works for South East Europe” was organised bringing together public and civil society stakeholders in the field of cultural heritage from the EU and SEE with the main purpose to discuss the real policy momentum for cultural heritage within the EU and come up with concrete proposals on the new phase of regional cooperation in this field in SEE. The concept on mapping SEE cultural routes has been developed to stimulate heritage-led development of cultural tourism in the region.

The completion of the EC-funded project determined the end of operations and closure of the Secretariat of the Task Force on Culture and Society (TFCS) on 31 December 2015. Nevertheless, the TFCS continues its operation in accordance with the agreed work plan, with the support provided directly by the RCC Secretariat in Sarajevo.

Sustainable Growth

The regional cooperation under the Sustainable Growth pillar has seen noteworthy developments in the transport and energy sectors, as part of the regional connectivity agenda. These significant advances have confirmed one of the key lessons

from the implementation of the SWP 2014-2016 and the SEE 2020 Strategy thus far, which points to the maturity of regional cooperation⁵ as a very strong determinant of implementation success, while in areas with no formal - or weaker - mechanisms for coordination amongst the governments, RCC's efforts have been focused on facilitating the establishment/supporting of intra-governmental coordination mechanisms for the relevant dimensions of SEE 2020.

In the transport and energy areas, the focus of regional cooperation has been placed on speeding up the policy and regulatory reforms and concentrating investments on key corridors and interconnectors (through the definition of the Core Transport Network and selection of key projects of Energy Community interest and pursuing the ambitious soft measures agenda). RCC's contribution has been chiefly concentrated on providing technical assistance to the relevant Regional Dimension Coordinators related to the soft connectivity agenda, as well as on broadening the soft connectivity agenda in a wider market integration context. Support to the improved air connectivity and JSPA Initiative has likewise been maintained.

Under the Environment dimension, RCC's and regional cooperation efforts have concentrated on establishing a functioning regional political decision-making mechanism (through the Regional Environment WG), launching a high-level political process in the areas of climate change adaptation and addressing environmental challenges (through Annual Ministerial and high-level meetings), as well as advancing the water, energy and food nexus approach and maintaining the region's rich biodiversity.

Within the Competitiveness dimension, focus has been placed on regional coordination of activities that are to improve business integrity, address main barriers to the priority sectors' development, enhance regional value chain development and support industrial development of the region.

H. Transport

Substantial progress has been registered under the Transport dimension, as part of the **regional connectivity agenda**, greatly due to the intensified regional cooperation. The chief milestones

achieved included: the **agreement by the WB6 Prime Ministers on the regional core transport network** that would link the Western Balkans with the existing European transport corridors, including with and through the EU Member States from the SEE; the further **agreement on the core network corridors and a priority list of infrastructure projects and soft measures** to be implemented by 2020, as well as the **appointment of corridor coordinators** (the Western Balkans Vienna Summit, August 2015). The Summit confirmed **ten transport and energy infrastructure investment projects for EU co-financing** under the 2015 IPA programme⁶. Other accomplishments include the **modification process of the Comprehensive Network**, the **adoption of soft measures management plan** to address the identified non-physical barriers affecting cross-border trade and transport flows and the **establishment of structured coordination and monitoring mechanism on the soft measures**. Certain progress, though not uniform, has been registered regarding the level of transport policies implementation (transport infrastructure policies, transport governance and regulations policies). Finally, a further major development could pertain to the Transport Community Treaty, with expectations that the Treaty will be initialled in time for the 2016 July WB Summit in Paris. Noteworthy advances in the sectors can also be reported with regards to domestic infrastructure planning and prioritisation mechanisms and institutional frameworks. Important regional infrastructure investment fora also took place in the reporting period in order to more systematically explore the current efforts in the WB region aimed at reinforcing connectivity, as well as the availability of EC's financial instruments, IFI funding and the growing bilateral loans.

The air transport activities resulted in **further capacity building of JSPA and the establishment of a regional pool of experts**, as two key achievements of JSPA initiative coordinated alongside with the RCC. Further efforts in the field will be directed towards analysing the existing gaps and lack of connectivity in the air transport, as well as to explore the potential of airline markets and airports capacity in the region, with reflections on the wider SEE area.

In support of the soft connectivity agenda, and in close collaboration with SEETO, RCC supported a number of **analytical studies in the area of**

multi-modal transport, road safety and border crossing management. RCC commissioned a comprehensive Intermodal Study, investigating the prospects for promoting multi-modal transport solutions⁷. In addition, RCC contributed towards enhanced transport policy assessment and progress tracking mechanisms in the region. RCC is also supporting the development of a registry of ancillary infrastructure and interoperability and signalisation aspects on the Road Core Network (so as to establish the compliance with TEN-T standards). RCC will further support the process of best practices exchange on improving corridors' performance efficiency (assessing the opportunities of deployment of electronic border queuing management system in WB).

RCC developed its future mid-term programming priorities so as to reflect the intense developments within the regional connectivity agenda and with the aim to highlight the broader market integration context of the infrastructure investments. Based on the commenced analytical work, focus will be placed on **developing and implementing the concept on economic corridors**, which aim to aid the integration of infrastructure improvements with economic opportunities (such as trade and investments), and bring added value to the serious investments in infrastructure and the transport and trade facilitation advances.

Even though progress under the Transport dimension has been considerable during the reporting period, wide-spread challenges remain. These include, but are not limited to: modernising and improving the efficiency of existing infrastructure, promoting multi-modal and sustainable transport solutions, addressing the remaining non-physical barriers to the movement of goods and passengers; further railway market opening; maintenance of the transport infrastructure and addressing road safety issues.

I. Energy

The implementation of SEE 2020 in the Energy dimension has seen significant progress, partly also as a result of the high-level political commitment attached to the regional connectivity agenda. The chief milestones refer to: **selection of priority projects among the already agreed 35 Projects of Energy Community Interest at the Vienna Summit; steps undertaken towards the establishment**

⁵ In those dimensions where multilateral cooperation is based on a clear mandate (e.g. MoU on the regional transport network, the Energy Community Treaty), coordinated by well-resourced regional mechanisms with adequate governance structures (e.g. SEETO, EnC), the implementation of SWP 2014-2016 and the SEE 2020 actions have generated a wide-ranging impact.

⁶ It is expected that the commencement of some of the infrastructural projects approved in Vienna will be announced at the upcoming Paris WB Summit, along with the announcement of the indicative list of infrastructural projects to be co-financed through WBIF 2016

⁷ The study assessed the region's main logistic corridors, identifying short-term measures to recover the intermodal transport chains within the existing capacities, as well as the long-term measures and recommendations for strategic development of intermodal transports in SEE region.

of a regional electricity market⁸; adoption of a comprehensive “soft measures”⁹ agenda, etc. In addition, significant strides to be reported include: improved legislation frameworks in WB economies, adopted National Energy Efficiency Plans and established Monitoring and Verification platforms; adoption of Renewable Energy Action Plans; launch of the second round of Projects of Energy Community Interest (PECI) selection process; endorsement of 20% headline target on energy efficiency by 2020 through adoption of the Energy Efficiency Directive; adoption of the Regulation on Guidelines for Trans-European Energy Infrastructure; etc.

Some of the more general challenges for the SEE region in the energy sphere relate primarily to ensuring full alignment of the legislation with the third Energy Package and moving to the implementation stage; improving alignment with the acquis in renewable energy and energy efficiency and meeting the international commitments stemming from the Energy Community; strengthening independence and increasing administrative capacity of the energy

and nuclear regulators; etc. In addition, a key challenge in implementation of the Energy dimension is the slow implementation process and Contracting Parties’ delay in fulfilling their obligations and commitments. The key outstanding issues for the energy connectivity agenda concern the full adoption and implementation of the gas legislation compatible with the Energy Community obligations, as well as the removal of legal and contractual obstacles to establishing organised electricity markets and market coupling.

Though significant challenges remain in the region that is still poorly connected, lacks adequate infrastructure and shares strained fiscal space, has yet to attain full legislative alignment and to demonstrate credible track record in the areas of transport and energy, the developments within the reporting period demonstrate that significant progress is attainable once a number of enabling factors are in place. Those factors entail: highest political commitment, frameworks for intensified regional cooperation dynamics, strong monitoring framework by empowered regional structures, concrete and available financing mechanisms and



RCC co-organized the launching of a three year project „Open Regional Funds for South-East Europe - Biodiversity“, on 4 February 2016 in Belgrade, Serbia. (Photo: Ivan Zupanc/ORF BD)

⁸ Declaration on establishing the regional electricity market is expected to be adopted at the Paris WB Summit, with an envisaged time horizon of 2-3 years for its finalisation.

⁹ The soft agenda in energy is aimed towards the development of a regional energy market and so as to ensure sustainability and to generate short-term results.

explicit link between progress and future funding prospects.

J. Environment

To address the absence of a functioning regional political decision-making mechanism, the RCC in conjunction with our dimension coordinators, has led efforts, to **establish a Regional Working Group on Environment with the Group** being formally established by WB governments in May 2015. The regional WG has been instrumental in providing the much needed political coordination concerning the implementation of the Environment dimension of SEE 2020 Strategy. Most importantly it has prioritised the key aspects for implementation of SEE 2020: climate change adaptation related issues; Water, Energy, Food and Ecosystem Nexus; and rural areas management. **Commitments from the donors have thus far been obtained for the Nexus component.**

A significant advancement under the Environment dimension concerns the organisation of 1st **High-level Ministerial Panel on Responding to Climate and Environmental Challenges in SEE**, which reaffirmed the commitment to the implementation of the Environment dimension of the SEE 2020 Strategy and to a shared regional vision for sustainable development. The endorsed Podgorica Declaration foresees annual convening of the high-level panel of SEE Environment Ministers with the aim of providing guidance on programming and implementation of regional interventions under the Environment dimension.

RCC has also partnered with GIZ in **launching the Biodiversity Open Regional Fund for SEE** (a three-year project 2015-2018) and will work on closely aligning the biodiversity-related issues through the work of REnWG.

The true trans-boundary nature of the Environmental dimension and the significant challenges for implementing the goals of the Paris Climate Agreement, EU Biodiversity Strategy 2020, 2030 Agenda for Sustainable Development and the EU 2050 Roadmap into sustainable development and climate change policies necessitate strengthened regional efforts. To this end, future recommendations call for enhanced regional cooperation related to implementing the Paris Climate Agreement commitments;

flood prevention, trans-boundary river basins, air pollution and nature protection; continued support for the established regional mechanisms in environment and translating the highest political commitments, as expressed in the Podgorica Declaration¹⁰, into targeted regional interventions.

K. Competitiveness

In the Competitiveness dimension, the focus was on identifying the main barriers to sector developments in the areas of tourism and food and beverage processing and selecting the main policy responses and tools to address these barriers. The work was coordinated through two SEEIC expert groups on tourism and food and beverage processing. Skills gaps have been identified as the main barrier, although not exhaustive to other types of barriers related to production, administration, and free movement of capital, people, goods and services. These findings were converted into **concrete action mechanisms in the form of regional programmes and pilot projects, including removal of sector development barriers** through particular policy reforms in the areas of supporting both the conventional and entrepreneurial education schemes in the sectors, improving service and production oriented processes, and development of regional value chains. Furthermore, in the area of tourism, the region has agreed to work on **development of joint regional offer for international tourists** (i.e. regional cultural/adventure routes), and in the food and beverages processing to develop a joint regional supply chain to be promoted to international chains. All proposals have become an integral part of the SEE 2020 Competitiveness flagship, anticipated to be executed over the next five-year course.

Furthermore in the areas of competitiveness, the RCC/SEEIC has agreed to increase its efforts in the industrial development of the region by **establishing the regional Working Group on Industrial Development**, and to assist with strengthening regional industrial base and promoting manufacturing as the backbone of sustainable growth under the SEE 2020 framework. 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.

¹⁰ Adopted on 01 April 2016

In addition, this activity and the related Working Group are expected to foster regional dialogue and cooperation 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. Besides being the cornerstone of the SEE 2020 Competitiveness flagship, these efforts will also support the development of SEE economic corridors through region-wide measures such as establishment of regional industrial clusters, creating special economic/business zones along those corridors and others. The aforementioned achievements and decisions of the SEEIC have been endorsed by the ministers of the SEE economies, with the most recent Ministerial Meeting being held on 9 December 2015.

Furthermore, the RCC has, in cooperation with TEPAV, successfully completed a comprehensive analysis providing recommendations on increasing the business synergies between the SEE economies and Turkey¹¹. The study was finalised and published in December 2015, with initial results presented during the B20 Conference in Ankara on 4 September 2015 at the panel co-hosted by the RCC and Union of Chambers and Commodity Exchanges of Turkey (TOBB) and dedicated to the SEE-Turkish cooperation.

In the efforts to contribute to the improvement of competitiveness of the region, the RCC has teamed up with the regional offices of Foreign Investors Council and worked out on the means of **fighting informal economic sector - shadow/grey economy**. In this regard, the RCC and regional FIC offices have organised the first regional meeting of tax and customs authorities to discuss the prospects of joint cooperation in combating illicit economic activities that are hampering trade and business climate in the region, resulting in the adoption of a first joint regional declaration on combating shadow economy in the region, along with measures to be implemented nationally. This work is anticipated to be taken further in 2016 in other areas hindered by shadow economy (market inspections, labour authorities, industrial property authorities, etc.).

Inclusive Growth

L. Employment Dimension

Within the Employment dimension, RCC has worked with the European Commission to finalise the grant application form for the IPA MB 2015 funding of the **Employment and Social Affairs Platform (ESAP) project**, designed to address some of the key issues in the employment and social policies context of the region. The Employment and Social Affairs Platform, implemented jointly by RCC and



RCC and ILO will jointly create a Western Balkans Platform on Employment and Social Affairs in the framework of a new European Commission funded project signed in Brussels on 1 March 2016. (Photo: RCC/Mimika Loshi)

¹¹ Based on the comprehensive diagnostics of SEE's and Turkey's economies and the complementarities between their businesses, the study defines key strategic policy areas for potential joint work and recommends specific project ideas, which could serve as an inspiration for the public and private sectors of the SEE and Turkey, particularly in sourcing domestic business opportunities through investments and trade in targeted sectors; integration into global chains and opening opportunities in third markets. These will not only serve the development of SEE-Turkey cooperation, but they will also contribute to the industrial development efforts in the SEE in the context of developing viable economic corridors.

ILO, is envisioned to be one of the key platforms for implementing the SEE 2020 Inclusive Growth pillar objectives. It has a special emphasis on establishing and strengthening regional cooperation on labour market and social reforms; enhancing the capacities of the relevant administrations to plan, implement and monitor these reforms through exchange of experience, good practices, utilisation of methodological and analytical tools available at EU level; and on strengthening the existing Public Employment Services Network with a view to facilitating the SEE 2020 labour mobility objective and preparations for future participation in EURES (European Employment Services).

RCC continued to promote the regional social economy agenda as part of the SEE 2020 measures. A **direct grant was awarded from RCC's operational budget as a follow up to the RCC's Regional Study on Social Economy Development**. The grant award was used to update the study's findings describing the state of play in each of beneficiaries, assessing the potential for regional action and proposing recommendations for policy actions and a regional meeting was convened to draw recommendations for the further regional work on social economy.

M. Health

The area of health is one which has faced severe difficulties in attracting attention and funding from the donors including EU assistance at the national and regional level. RCC has supported the SEE Health Network to operationalise the priority measures under the Health dimension of the SEE 2020 Strategy pursued 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.

RCC has supported the 36th Plenary Meeting of the SEE Health Network held in Tirana under the Albanian Presidency of the SEE Health Network. This meeting as well as other activities under the Presidency of Bosnia and Herzegovina of the SEEHN are focused on the preparation of the Fourth SEE Ministerial Forum to be held on 3-4 November 2016 in Chisinau, Moldova. During this Forum important decisions will be discussed and approved stemming from the very intensive regional work in several important technical areas related to Health dimension of the SEE 2020 Strategy, as well as

finalisation of the recruiting process for the Head of SEEHN Secretariat.

Governance for Growth

SWP 2014-2016 and the SEE 2020 Strategy consider good governance as a cross-cutting issue with a strong impact on most other dimensions of the SEE 2020 Strategy and crucial for the achievement of the main Strategy goals: economic development and job creation.

During the reporting period, RCC has been focused on creating the preconditions and supporting regional cooperation in the areas related to public administration reform, improvement of effective public services (public administration reforms and capacity building), building institutional capacities and public awareness for combating corruption, enhancing regional cooperation and capacity building in justice and enhancing mutual trust.

For two out of the three dimensions (effective public services and anticorruption) regional cooperation mechanism with specific mandate and proper expertise were already in place, acting as Regional Dimension Coordinators (RDCs) for the implementation of the SEE 2020 Strategy. The RCC works closely and coordinates its activities with RAI (Regional Anticorruption Initiative), ReSPA (Regional School for Public Administration) and NALAS (Network of Associations of Local Authorities of South East Europe), whose mandates and actions interact and support each other. In the area of justice, the RCC filled the absence of a specific regional cooperation mechanism by establishing and supporting the Regional Working Group on Justice.

N. Effective Public Services

Within the Effective Public Services dimension of the Governance for Growth pillar, RCC and ReSPA have focused on implementing activities addressing improvement of the quality of public services, upgrading of policy and regulatory capacity, continuous improvement of public officials' capacities and e-government.

Several analyses and studies were completed during the reporting period, including Baseline Analysis on Better Regulation, Baseline Analysis on One Stop Shop Solutions in the Western Balkans and several others¹². These research projects were focused on analysis of strategies, legislation,

¹² (i) Abuse of IT for Corruption, (ii) Comparative Study on Conflict of Interest, (iii) Public Procurement with a Focus on e-Procurement and Irregularities in Public Procurement, (iv) Comparative Analysis of Lessons Learned from Recent Development in Implementation of Public Private Partnership Projects in the Western Balkans, (v) Legal Remedies in Administrative Procedures, (vi) Methodologies Used for the Preparation of Strategies on Public Administration Reform in the Western Balkans, (vii) Feasibility Study on an International Instrument on Data Exchange for Income and Asset Declarations including a Draft Model Memorandum of Understanding on Data Exchange, (viii) From E- to Open Government, (ix) Regional Comparative Study: Improving Implementation of Merit Recruitment Procedures in the Western Balkans.

policies and good practices in specific public administration reform topics in the Western Balkans. The studies produced identified good practices, models and success stories in the domain of public governance, which were promoted at conferences, working group meetings and other regional networking events in ReSPA and in the Western Balkan region. These studies provide clear recommendations at the economy and at regional level for advancing the respective agenda in these areas.

O. Anticorruption

RCC in cooperation with RAI as Regional Dimension Coordinator focused the efforts towards promoting two corruption prevention related studies: anti-corruption assessment of laws (corruption proofing of legislation)¹³ and corruption risk assessment in public administration¹⁴. Key achievement is the fact that actions implemented so far presented a foundation for the three-year donor funded programme for implementation of corruption proofing and corruption risk assessment in national legislations and practice.

During the reporting period, the above mentioned studies and methodologies were translated in several languages, while RCC and RAI are prepared to continue supporting the process by providing technical assistance to those economies that proceed with putting in place the recommended corruption-preventive measures.

With regard to the efficiency and transparency of public procurement as another preventive measure against corruption, ReSPA is conducting a regional study on public procurement that is anticipated to set clear joint objectives to all regional partners.

The SWP 2014-2016 and the SEE 2020 Strategy emphasise the importance of the active support to researchers, whistleblowers, media and other agencies engaged in fighting corruption and increasing public awareness against corruption. To this aim, RCC and RAI have made significant efforts in the field of public awareness. Major events served as opportunities to enhance cooperation at the regional level and to promote partnerships. Particular focus was on the area of whistleblowing. In cooperation with NGO Blueprint for Free Speech, the first **baseline report on**

whistleblowers legislation and practice in South East Europe was prepared.

With regard to building capacities of anti-corruption agencies, the **Summer School for Junior Anti-corruption Practitioners from SEE** was organised in Varna, Bulgaria, June 01-05 2015. The main focus of the Summer School was on financial investigations and recovery of crime related proceeds. The event had an added value in strengthening regional cooperation between anti-corruption professionals and sharing expertise and experience from the region.

P. Regional Cooperation on Justice

The objectives of the RCC activities in justice and rule of law are to further enhance regional cooperation and coordinate the existing activities in the region in the area of justice, enhance mutual trust and create the platforms/networks to enable the exchange of experiences and best practices, especially the experiences of the EU MS.

Based on the conclusions and recommendations of the 2nd Working Group on Justice, in 2015 the RCC Secretariat developed three studies on the best practices in the area of efficiency of judiciary ('E-enforcement system on the basis of authentic documents', 'Court backlog reduction programmes in the region and some EU member states and case weighting system', 'Report on comparative overview and analysis of good practices with identification of elements of court-annexed mediation programme and comparative study on accreditation and certification systems.'). The regional researches/studies were produced in close cooperation with relevant national institutions and stakeholders and were discussed thoroughly with experts from the ministries of justice from the region. The RCC organised 3 international conferences at which the studies were presented and discussed and finally approved by the WGJ. The implementation of the recommendations was discussed in the meeting of the Working Group on Justice in October 2015. The assessment and evaluation of the results of implemented recommendation is planned for June 2016 WGJ meeting.

Judicial training and mediation are important for enhancing judicial competence and efficiency, and

are prerequisite for business-friendly environment and investments. The RCC has started the process of **establishing the SEE Networks of Judicial Training Institutions and of the Associations of Mediators**, as platforms for exchange of experiences and peer-to-peer support. Preparations are concluded and the kick-off meetings are planned for 2016. Both networks will serve as sustainable cooperation mechanism to support and enhance mutual trust, exchange experiences, propose and implement concrete regional activities under the auspices -

and with the support - of the RCC. In the process of establishing and supporting these regional networks, the RCC has closely cooperated with GIZ Open Regional Fund - Legal Reform team.

The concrete results of the preparatory processes and consultations are to be achieved in the course of 2016. The functioning of the two regional networks in the area of justice will provide a basis for more efficient and competent judiciaries.



Justice and Home Affairs Ministerial Conference Brdo Process and South-East European Cooperation Process, held on 16-17 April 2015. (Photo: Courtesy of Government of Montenegro)

¹³ Anti-Corruption Assessment of Laws, Comparative Study and Methodology, 2015.

¹⁴ Corruption Risk Assessment in Public Institutions in South East Europe, Comparative Research and Methodology, 2015.

Rule of Law and Security Cooperation

the fight against serious and organised crime by co-organising events and facilitating participation of representatives from SEE.

The RCC Secretariat also actively contributed at events and coordination meetings with a wider range of participants, aimed at mapping activities and projects in JHA in the region.

Fighting Serious and Organised Crime

Despite the 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. The information in the region is not proactively exchanged without prior request. Establishment of proactive regional mechanism of exchange of information in real time would facilitate planning for operations, thus contributing to the security of the region. There is a need to further improve the cooperation between law enforcement agencies and prosecutors, therefore RCC is making preparations to enable regular meetings as a platform for direct communication and exchange of information.

During the reporting period, the RCC continued to actively support the work of SELEC, PCC SEE and SEEPAG. In support of these regional cooperation mechanism, the RCC has co-organised meetings, it has coordinated the preparation of thematic seminars, as well as it has facilitated and supported the communication between law enforcement agencies and prosecutors of the different economies.

Supporting activities in the area of migrations, asylum and refugees

Migration and border management issues are addressed within the SAA framework and Chapter 24 of the negotiations. A further progress in this area require more coordinated action amongst EU MS, agencies and institutions, Western Balkans and international donors, particularly in view of the ongoing migration crisis in some of the economies of the Western Balkans. There is a strong need for better training and use of specialised equipment.

Promoting networking is vital to enable exchange of information and sharing of experiences, and for strengthening mutual trust and confidence. 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

Justice and Home Affairs

The regional cooperation in the area of justice and home affairs is an essential element of the European integration of the Western Balkans. This becomes even more important in view of the renewed accent that the European Commission has given to chapters 23 and 24 in the accession negotiations.

In line with the SWP 2014-2016, RCC's engagement in this area aimed at providing an overview of needs in the region and attempted to streamline the activities of different activities/donors.

As the implementation of some of the actions foreseen in the SWP 2014-2016 turned out to be challenging to pursue, the RCC has shifted its focus on reviewing the agenda related to home affairs. The RCC has previously concluded a gap analysis study and report that help focus the work more efficiently on home affairs related matters. While these matters are mostly dealt bilaterally between the enlarging economies and the European Commission, the aforementioned study aims at identifying those areas where cooperation at regional level would provide an added value. One of the key findings of the study is that the information sharing amongst the law enforcement agencies and authorities in the region does not work as it should which prevents an efficient operational cooperation at the regional level.

In parallel, the RCC continued its work in supporting the existing regional cooperation mechanisms for

to enhance MARRI, thereby making it an efficient platform for cooperation in the area of migration management.

Migration-related challenges are gaining in importance in the activities of the RCC. This represented a stepping stone for the RCC Secretariat to engage by commissioning a gap analysis report on regional cooperation in the area of migration management and fight against organised crime, as well as through the organisation of regional events, such as the conference on “Migration on the Balkan route - donor coordination and humanitarian challenges” held in Skopje on 18 December 2015. The RCC Secretariat will further continue to contribute to the efforts to alleviate the effects of the migration crisis in the region.

Security Cooperation

The new security threats and challenges in SEE have multiplied with the emergence of migration crisis, on one hand, and the phenomena of radicalisation and violent extremism leading to terrorism and recruitment of foreign terrorist fighters, on the other. In some cases these had a disruptive effect on the relations among neighbours in the SEE region and beyond.

In addressing security challenges, the RCC received full support of the RCC participants, 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.

Following the tasking received by the SEECF ministers, answering real and pressing security needs of the region, and after consultations with the US and the EU partners, the RCC refocused its security sector activities. The RCC Board adopted the South East Europe Regional Platform for Countering Radicalisation and Violent Extremism Leading to Terrorism and Recruitment of Foreign Terrorist Fighters (SEE Regional CVE-FTF Platform for short) on its 15 October session. The Platform aims at strengthening coordination and cooperation on countering radicalisation and violent extremism in SEE at national and regional levels under the political umbrella of the SEECF, focusing mainly on ‘soft’ measures, which will result in: a) mapping the current efforts on countering radicalisation and violent extremism in order to develop a matrix of CVE activities in the region; b) establishment of a regional web platform on CVE hosted and maintained by the RCC; c)

development of radicalisation monitoring tool; d) better understanding of relative successfulness of extremist propaganda and ways to counter it; and e) strengthening cooperation between prosecutors and law enforcement services. The Platform is also connected with EU-backed Western Balkans Counter-Terrorism Initiative (WBCTI). The implementation started by the first meeting of the Group of National Focal Points for countering radicalisation and violent extremism leading to terrorism and foreign terrorist fighters in SEE, held in Sarajevo on 27 January 2016. The Group exchanged views on the ongoing situation and CVE activities in the region, and gave guidance for the Platform’s implementation.

The RCC Secretariat actively participated in regional security cooperation activities, contributing to the process of their streamlining, and had 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 of the activities of the regional initiatives is still at the level of political statements rather than significant practical achievements. Better coordination with all international organisations which are implementing programmes in SEE will 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. Both NATO and EU, through their relevant structures, participate and support SEEMIC and SEENSA initiatives. These formats have proven their usefulness as confidence-building tools and frameworks for formal and informal exchange of views. They are in the process of developing more focused cooperation between the military intelligence services and national security authorities in the region. Specifically, SEEMIC’s work is focusing on the emerging security challenges, connected with the migration crisis and violent extremism, while SEENSA concentrates on harmonising vetting procedures and cooperation in education and training.

Important progress was made in the region in control of arms trade and suppression of illegal possession of small arms and light weapons (SALW) under the auspices of SEESAC, a joint UNDP - RCC project.

Its work helped the achievement of valuable and tangible results in curbing illegal firearms trade, and more generally, control of possession and use of small arms and light weapons in South East Europe.

RACVIAC - Centre for Security Cooperation continued its traditional activities in the (sub) regional arms control, but also its transformation into a regional centre for research, education and training, research and exchange of information on various aspects of defence and security policy, thus contributing to regional security cooperation.

SEDM (Southeast Europe Defence Ministerial process) pursued its engagement in various regional defence projects, while striving to adapt to the new realities and challenges in the region (SEDM Strategic Review). As an important part of this process, it is striving to offer its SEEBRIG (a common military unit) as a contribution to NATO operations. Overall, SEDM activities were beneficial for the Euro-Atlantic integration of the aspirants from SEE.

DPPI (Disaster Prevention and Preparedness Initiative) SEE was advancing cooperation in the region in the area of disaster preparedness, especially in organising joint trainings. For this purpose, necessary equipment was acquired with the support of the RCC. The difficulties still persist in the process of signing the Host Country Agreement.



Goran Svilanovic (centre), RCC Secretary General, Stefana Greavu (right), RCC Head of Political Department, and Marinko Raos, RCC Senior Advisor on Security Policy Issues, at the first meeting of the Group of National focal points for countering radicalization and violent extremism leading to terrorism and foreign terrorist fighters in Southeast Europe held in Sarajevo on 27 January 2016 (Photo: RCC/Natasa Mitrovic)

Cross-cutting Issues

is given to an individual or an institution that has contributed the most to the development of regional cooperation and thereby also promotes a more friendly and positive image of the region.

The RCC sustained its involvement with other organisations and participated in a number of workshops, conferences and meetings which were involved with the overall state of media in SEE, thus being an active participant in a continued effort to enhance freedom of media as an integral part of the EU enlargement process. Closely connected was also the RCC's involvement with the civil society which had a prominent place at the Vienna Western Balkans Summit in August 2015, where the RCC assisted in putting together a regional television programme.

RCC's engagement with the civil society and the media evolved in December 2015 with the Regional Cooperation Day, bringing together civil sector and media representatives from all SEE. The conference discussed different challenges to be faced in 2016 including economic stagnation, the migrant/refugee crisis, potential terrorist threats as well as other challenges that are obstacle to a more expedient EU accession process. The conference participants agreed that their role and impact need to be communicated via the RCC to the public at large and that the RCC can indeed boost the voice both of the civil society and media. In the journalists session the participants proposed the establishment of a regional media exchange network as a professional, analytical, relevant and credible content supply, which would go beyond the daily and locally/nationally focused reporting.

Media Development and Communication

The focus of media and communication activities in 2015 was to build upon the existing results and to expand the activities towards raising the profile of the RCC with the regional and other governments, trans-national organisations, academia, civil society and the public at large.

To that end, RCC continued to nurture the relationship with mainstream and specialised media in SEE, especially in the Western Balkans, but also reaching out to other SEECP participants and EU members whenever possible. The RCC intensified its regular contacts with editors, publishers and broadcasters, trying to specify the priorities and popularise the activities of the RCC. Having an open-ended and incessant communication line to journalists and media is a key element in RCC's PR efforts and it has proven itself in practice as the right approach.

The communication activities, as a rule, followed the implementation of the SEE 2020 Strategy not just through the classic ways of disseminating news but also finding links which are more media friendly (such as cultural events), and also nurturing the traditional PR methodology, e.g. the placement of articles and interviews of the RCC Secretary General and RCC experts in SEE media.

The social media continued to be a major outreach outlet, especially for the young generation which is more focused on them than on traditional media. RCC continued to support regional integration by continuing the annual selection and promotion of a Champion of Regional Cooperation. The award

Parliamentary Cooperation

Parliamentary cooperation in SEE has evolved into an institutionalised process with the establishment and functioning of the SEECP Parliamentary Assembly, which has convened in its second session under the Albanian SEECP C-i-O on 23 May 2015 in Tirana. The meeting resulted in the adoption of the SEECP PA Declaration which, inter alia, reaffirmed the role of the Parliaments from the region in promoting the enlargement of the EU and welcomed the participation of the Parliament in Pristina in the SEECP PA's activities on a permanent basis and on equal terms. Moreover, the second session of the SEECP PA adopted the Work Programme of the SEECP PA for 2015-2016 and the reports and resolutions of the three General Committees of the SEECP PA. The RCC Secretary General and the RCC

Secretariat have participated and contributed to the workings of the SEECP PA.

Further, the Bulgarian SEECP C-i-O for 2015-2016 has continued to deploy activities in support of the parliamentary cooperation within the SEECP framework. In this context, the international conference “South East European Cooperation Process Parliamentary Assembly - Regional Synergies, Strategic Cooperation and Parliamentary Dialogue”, held on 5-6 November 2015 in Sofia, provided a framework to discuss the role of SEECP PA in setting up and implementing regional priorities, expansion of cooperation between SEECP PA and EP and streamlining activities between SEECP PA and other inter-parliamentary formats that include participants from SEE region.

Moreover, the RCC followed the activities and participated in the meetings of the Conference of the European Integrational Parliamentary Committees of States participating in the Stabilisation and Association Process (Western Balkans COSAP). The RCC Secretariat has observed and took stock of the parliamentary activities under the European Parliament Pre-accession Support Programme for the enlargement economies, and explored the possibilities of engaging in activities of relevance to the objectives of RCC SWP 2014-2016. More specifically, the RCC has engaged in partnership with the European Parliament in the organisation

of the Inter-parliamentary Conference with the participation of members of Parliaments of the EU candidates and of the European Parliament, held on 15-16 October 2015 in Sarajevo.

Gender Mainstreaming

RCC has successfully finalised the project ‘Women Entrepreneurship - A Job Creation Engine in South East Europe’, which lasted since 2011 until the end of 2015. The project implemented 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 initiate the improvements in policy making and planning amongst all stakeholders involved: public, private and civil sector. This 2.2 million EUR worth project covered nine RCC participants from SEE. Financially supported by the Kingdom of Sweden, the project was carried out under coordination of the RCC and executed by two implementing partners: Gender Task Force (GTF) and the South East European Centre for Entrepreneurial Learning (SEECCEL).

One of the main conclusions is that the support for women entrepreneurship has been moved from project to an ongoing process - regionally and individually in each of the participating economies.



On the side-lines of the Regional Cooperation Day, the RCC organized a workshop for media in South East Europe - Reporting on the Region in the Region, in Sarajevo on 18 December 2015. (Photo: RCC/Via Media)

The subject of women entrepreneurship received higher level of recognition across the region than it was the case in the past. Multi-sectoral and public-private dialogue has been established on this topic in all participating economies and women entrepreneurship has been officially recognised either by individual economy-level strategies on women entrepreneurship with pertaining action plans, or in other cases this subject has become a part of the competitiveness or SME strategies.

Network of women entrepreneur associations across the region has been interlinked, providing for a strong and responsive regional platform for policy reforms, exchange of knowledge, but also business to business cooperation. New set of indicators for women entrepreneurship has been developed in order to provide for solid policy making in the future and appropriate monitoring of those policies. Training modules have been developed and implemented according to the detected training needs of women entrepreneurs in the region, while liaising with similar external projects (i.e. EBRD).

Furthermore, women entrepreneurship is annually assessed through the SBA reports, hence becoming part of the pre-accession process in the region. Ultimately, the project initiated a discussion among the Parliaments in the region on the progress made in legislative improvements relating to women entrepreneurship and promotion of best practices.

Roma Integration 2020 Project

Roma Integration 2020, an initiative co-funded by the European Union and the Open Society Foundations, started its implementation in the framework of the Regional Cooperation Council Secretariat, following the decision of the RCC Board in October 2015. The three-year project sponsored by the EC, Open Society Foundations and the RCC was structurally embedded within the Regional Cooperation Council (RCC) and is run by the Roma Integration 2020 Action Team, based in Belgrade. RCC Secretariat, together with the representatives of the EC and OSF, carried out the recruitment process for the Roma Integration Action Team. On 1st of April 2016 Roma Action Team started with the implementation of the project activities in order to ensure technical and expert assistance to enlargement governments in Roma inclusion policy design, budgeting, monitoring and mainstreaming as well as to reinforce national and regional dialogue, cooperation, coordination on Roma inclusion and enhanced involvement of Roma community in the definition and implementation of integration policies. Roma Integration 2020 is implemented in the Western Balkans and Turkey.



RCC Secretariat organized the second Regional Cooperation Day in 2015: “End of a tough year, what will 2016 be like?”, in Sarajevo, on 18 December 2015 (Photo: RCC/Via Media)

The Way Ahead

efforts to constantly tailor the attention of the RCC so that it addresses the most pressing concerns of the RCC participants from SEE. Bearing in mind that the EU enlargement policy will remain a powerful incentive and one of the most pertinent stability policies for the region, the fundamentals should continue to shape political priorities and incentivise efforts to address weaknesses within the region.

The present reporting period coincides with the last phase of implementation period of the SWP 2014-2016, the drafting of the SWP 2017-2019, the thorough analysis of the experience and achievements so far, as well as of the lessons learned. While the areas of intervention remained the same, the RCC's agenda moved away from networking and convening in a wide number of themes and become more focused on result-oriented interventions. The draft SWP 2017-2019 that will be presented for endorsement at the SEECP Summit in June reinforces and institutionalises this new approach to implementation. It is based on the present realities and challenges in SEE, on the progress made during the European integration process of the SEE, on the agreed regional priorities and on the common interest and goal to further these processes.

Drafted in close consultation and cooperation with the governments in the region but also with other stakeholders like the private sector, the regional cooperation mechanisms and the SEE development partners, the draft SWP 2017-2019 focuses RCC's work on: improving the mobility of professionals - particularly of those with high qualifications - by reducing and possibly removing the obstacles to their mobility; contributing with soft measures to enhancing connectivity and supporting the improvement of competitiveness in SEE. In parallel, RCC will contribute to better governance, to better functioning of the rule of law and to enhanced security in the region, particularly in view of the emerging threats.

The narrower, focused and integrated scope of the planned intervention brings about the opportunity to enhance the partnerships and to scale up the geographical scope of activities. The broader SEE region, with 130 million citizens and economies which are both EU and non-EU members, represents a much more favourable environment for designing and implementing interventions in trade, investment, transport, energy, industrial development and other policy areas. The anticipated focus of the upcoming SWP 2017-2019 on mobility, connectivity and competitiveness, enables all RCC participants to be both participants

The processes and activities that unfolded under the umbrella of the RCC, the general political and socio-economic context in SEE and the evolving nature of regional cooperation within the RCC framework have shaped the course of action for the RCC for the period ahead.

The role of the RCC should uphold and strengthen an all-inclusive, regionally-owned and led framework, thereby continuing to engage the RCC participants from SEE on themes pertinent to promoting and advancing the European and Euro-Atlantic integration processes.

The RCC's relations with the SEECP should be reenergised, particularly through the coordination meetings between the SEECP Troika, the RCC Secretariat and the European Union (EU). A better defined and articulated content of the meetings would generate practical discussions on effective ways to ensure a greater convergence between RCC's SWPs, the programme of the SEECP Chairmanship-in-Office and the views of the EU.

As a well-established and profiled organisation, the way the RCC is positioned in its relations with international organisations, international financial institutions, regional organisations and initiatives, civil society and the private sector is paramount for the capacity of the organisation to pursue its mission. The RCC should continue to consolidate these relationships with a view to uphold the role of regional cooperation in SEE.

The challenge of reconciling expectations, in terms of more economic growth, infrastructure development, rule of law and security, with the scarcity of resources will persist and test the resolve to do more with less. This will call for

and beneficiaries of these joint efforts. Because of the shared challenges, this is particularly evident with regard to governance, rule of law and security related issues.

In addition to the intention of broadening links and strengthening partnerships between the SEE governments and economies, the upcoming SWP

2017-2019 aims at establishing a more structured dialogue and cooperation also with other partners and regional stakeholders, private sector representatives, civil society and region's media. All the above will make RCC a more efficient and more inclusive cooperation framework, and will also boost the effects and benefits of its interventions over the broader SEE.



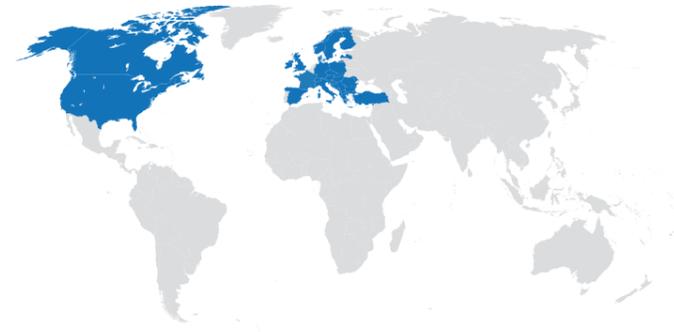
RCC Board meets three times a year. (Photo: RCC/Amer Kapetanovic)

List of Abbreviations

B20	Business 20
CEFTA	Central European Free Trade Agreement
C-i-O	Chairmanship-in-Office
COSAP	Conference of the European Integration Parliamentary Committees of States participating in the Stabilisation and Association Process
CVE-FTF	South East Europe Regional Platform for Countering Radicalisation and Violent Extremism Leading to Terrorism and Recruitment of Foreign Terrorist Fighters
DPPI SEE	Disaster Preparedness and Prevention Initiative for Southeastern Europe
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECS	Energy Community Secretariat
EEAS	European External Action Service
ENIC	European Network of Information Centres in the European Region
EP	European Parliament
ERASMUS	European Region Action Scheme for the Mobility of University Students
ERI SEE	Education Reform Initiative of South Eastern Europe
e-SEE	Electronic South Eastern Europe Initiative
eIDAS	EU Regulation No 910/2014 on electronic identification and trust services for electronic transactions in the European internal market
ESAP	Employment and Social Affairs Platform

EU	European Union	NIPAC	National IPA Coordinator	SEEC	South-East European Cooperation Process	WB	Western Balkans
EUROCLIO	European Association of History Educators	NTB	Non-tariff barrier	SEEC PA	South-East European Cooperation Process Parliamentary Assembly	WBCTI	Western Balkans Counter-Terrorism Initiative
Europa Nostra	Pan-European Federation for Cultural Heritage	OSCE	Organization for Security and Co-operation in Europe	SEEDAD	South East Europe Donor Assistance Database	WGJ	Working Group on Justice
EURES	European Employment Services	OSF	Open Society Foundation	SEEHN	South-eastern Europe Health Network	WISE	Western Balkans Research and Innovation Centre
EUSAIR	European Union Strategy for the Adriatic and Ionian Region	PECI	Projects of Energy Community Interest	SEEIC	South East Europe Investment Committee		
EUSDR	European Union Strategy for the Danube Region	PEM	Pan-Euro-Mediterranean Convention	SEEMIC	South East Europe Military Intelligence Chiefs		
FATS	Foreign Affiliates Statistics	PR	Public relations	SEENSA	South East European National Security Authorities		
FDI	Foreign Direct Investment	QUASAR	Quality Assured Automatic Recognition of Foreign Higher Education Qualifications	SEEPAG	Southeast European Prosecutors Advisory Group		
GIZ	Deutsche Gesellschaft fur Internationale Zusammenarbeit	RCC	Regional Cooperation Council	SEESAC	Southeastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons		
GTF	Gender Task Force	RACVIAC	RACVIAC - Centre for Security Cooperation	SEETO	South East Europe Transport Observatory		
ICT	Information and Communication Technologies	RAI	Regional Anticorruption Initiative	SELEC	Southeast European Law Enforcement Centre		
IFIs	International Financial Institutions	R&D	Research and Development	SME	Small and medium-sized enterprise		
ILO	International Labour Organisation	RDC	Regional Dimension Coordinator	SWP	Strategy and Work Programme		
IPA	Instrument for Pre-accession Assistance	RWGE	Regional Working Group on Environment	TAIEX	Technical Assistance and Information Exchange		
JHA	Justice and Home Affairs	ReSPA	Regional School of Public Administration	TEN-T	Trans-European Transport Network		
JSPA	Joint Service Provision Area	SAA	Stabilisation and Association Agreement	TEPAV	Economic Policy Research Foundation of Turkey		
JWGMRPQ	Joint Working Group on Mutual Recognition of Professional Qualifications	SALW	Small Arms and Light Weapons	TFCS	RCC Task Force on Culture and Society		
MARRI	Migration, Asylum, Refugees Regional Initiative	SBA	U.S. Small Business Administration	TOBB	Union of Chambers and Commodity Exchanges of Turkey		
NALAS	Network of Associations of Local Authorities of South-East Europe	SEDM	Southeast European Defence Ministerial Process	UNDP	United Nations Development Programme		
NARIC	National Academic Recognition Information Centres in the European Union	SEE	South East Europe	USEUCOM	United States European Command		
NATO	North Atlantic Treaty Organization	SEE 2020	South East Europe 2020 Strategy: Jobs and Prosperity in a European Perspective				
NGO	Non-Governmental Organisation	SEEBRIG	South-Eastern Europe Brigade				
		SEEC	South East European Centre for Entrepreneurial Learning				

RCC Participants



* 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.

¹ Represented by a representative of the High Representative of the Union for Foreign Affairs and Security Policy and a representative of the European Commission



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