

**SEE 2020 Programming Document 2018-2020**

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Annex I – Projects planned under IPA MC envelopes in relation to the SEE2020 and MAP REA activities

### Links to strategic documents:

#### a) SEE2020 Flagships:

- *Connectivity Flagship* <http://www.rcc.int/flagships/1/connectivity>
- *Competitiveness Flagship*: <http://www.rcc.int/flagships/2/competitiveness>
- *Skills and Mobility Flagship*: <http://www.rcc.int/flagships/3/skills-and-mobility>

b) Multi-Annual Action Plan for a Regional Economic Area in the Western Balkans – MAP REA: [http://www.rcc.int/priority\\_areas/39/MAP\\_REA-rea](http://www.rcc.int/priority_areas/39/MAP_REA-rea)

## 1. INTRODUCTION

The South East Europe 2020 (SEE2020) Programming Document sets out the priority actions for the SEE 2020 Strategy<sup>1</sup> implementation identified during the annual programming cycle and in the Multi-annual Action Plan for a Regional Economic Area (MAP REA)<sup>2</sup>. The preparation of this Programming Document was coordinated by the Regional Cooperation Council (RCC) Secretariat and it covers the three-year period of 2018-2020. The actions described herein intend to represent the result of a wide consultative process involving the representatives of national authorities<sup>3</sup>, regional organisations and structures and international organisations engaged in coordinating and implementing SEE2020 and MAP REA<sup>4</sup>. This Programming Document addresses the main regional needs and provides for regional policy objectives outlined in the SEE 2020 Strategy and MAP REA.

The Programming Document is developed within the framework of the SEE 2020 programming process, whereas the process was facilitated by the Regional Cooperation Council Secretariat 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 document is structured in three main sections: (i) introductory section outlining the purpose and rationale of programming, identifying the methodological approach in development of the document; (ii) proposed priority actions to be implanted in the 2018-2020 period by the national authorities, the Regional Cooperation Council, as well as the regional dimension coordinators of the SEE2020 Strategy; and (iii) table overview of funding commitments along the four areas of interventions, i.e. three flagships and the cross-cutting issues.

In this respect, the aim of this document is to break down the measures postulated under the SEE2020 Strategy, and includes actions supporting the implementation of MAP REA measures. Having in mind that the Strategy relies on five main growth pillars – integrated, smart, sustainable, inclusive growth, underpinned by good governance - and 16 policy dimensions as areas of intervention grouped under these pillars, the integration of the various activities implemented by various actors, required a focused effort by a number of different stakeholders at the national and regional level. This focus was provided through the “flagship approach”, as main areas of intervention under the SEE 2020 framework, i.e. Skills and Mobility Flagship, Connectivity Flagship and Competitiveness Flagship. The document also includes part referring to cross-cutting issues, representing number of horizontal interventions whose implementation and expected results will cut across several flagships.

On the national level, the programming document builds upon the measures mainly provided by the economies under the Economic Reform Programmes (ERPs), which outline the medium-term macroeconomic and fiscal framework as well as structural reforms for the period 2018-2020. In this respect, as per decision of the 2015 SEE2020 Governing Board meeting, the ERPs are representing the national action plans for the implementation of the Strategy.

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<sup>1</sup> <https://www.rcc.int/pages/86/south-east-europe-2020-strategy>

<sup>2</sup> The leaders of Western Balkans Six (WB6) endorsed the Multi-annual Action Plan (MAP) for a Regional Economic Area in the Western Balkans Six at the Berlin-process summit held on 12 July 2017 in Trieste. [https://www.rcc.int/priority\\_areas/39/map-rea](https://www.rcc.int/priority_areas/39/map-rea)

<sup>3</sup> The RCC organised national consultations on the programming process of the SEE 2020 Strategy, starting with one-day workshop in Tirana, Albania on 9 February 2018, and followed by the workshops in Belgrade, Skopje, Pristina, Podgorica.

<sup>4</sup> The tentative consultation process on actions proposed under this programming document is envisioned for the end of January – beginning of February 2018.

The Programming Document builds upon 2017 Annual Report on Implementation (ARI)<sup>5</sup> covering the reporting period June 2016 – May 2017, endorsed by the RCC Governing Board in June 2017. The ARI provides an annual overview of the status of implementation of SEE2020 Strategy towards reaching the 11 headline targets (see Table 1).

SEE 2020 Headline Indicator	2010 (baseline)	2011	2012	2013	2014	2015	2016	2020 (target)	Progress from baseline towards target
<b>Overall Strategic Goals</b>									
1. GDP per capita relative to the EU average (in PPS), %	32	33	33	34	33	34	n/a	40	17%
2. Total trade in goods and services (EUR million)	54,686	62,972	63,638	67,032	69,965	73,004	78,261	129,500	32%
3. Trade balance, trade in goods (% of GDP)*	-22.1	-23.3	-23.7	-19.5	-20.5	-19.6	n/a	-20.8	192%
<b>Integrated Growth</b>									
4. Intra-regional trade in goods (% of GDP)*	10.6	11.0	10.5	10.1	10.2	10.1	n/a	14.3	-15%
5. Overall FDI Inflows (EUR million)	3,587	5,879	3,023	3,689	3,614	4,517	4,578	7,300	27%
<b>Smart Growth</b>									
6. GDP per person employed (EUR)	26,597	28,917	29,363	29,683	28,960	n/a	n/a	36,300	24%
7. No of highly qualified persons in the workforce (mil)	1.09	1.14	1.27	1.36	1.47	1.55	1.61	1.44	146%
<b>Sustainable Growth</b>									
8. Net enterprise creation (no. of companies)	29,639	30,927	30,579	34,416	31,958	32,622	26,872	26,790	n/a
9. Share of Renewables in Gross Final Energy Consumption*	27.1	20.2	21.7	25.9	30.0	24.0	n/a	31.8	62%
<b>Inclusive Growth</b>									
10. Employment rate - age group 20-64, %*	48.7%	47.6%	47.0%	47.8%	48.8%	49.4%	51.4%	55%	57%
<b>Governance for Growth</b>									
11. Government's effectiveness, WGI (scale 0-5)	2.21	2.24	2.30	2.30	2.44	2.41	n/a	2.65	52%

**Source:** Eurostat, WB national statistical offices, WB central banks, Worldwide Governance Indicators, RCC calculation  
 \*Targets 3, 4, 9 and 10 are new indicators as per decision of the SEE 2020 Governing Board. The 2020 values for targets 3, 4 and 10 have been proposed by the RCC to the SEE 2020 Governing Board, based on the forecasting exercise done during the reporting period (see Box 1).

Source: South East Europe 2020: Annual Report on Implementation 2017

Finally, as an already set rule within the previous programming cycles, the planning was done on the basis of approximate indicative resources needed for regional actions, based on the previous experience in similar interventions<sup>6</sup>. While reviewing the regional actions to be financed in this period, the RCC has applied the following criteria established by the Programming Committee:

- **Relevance** – Does the proposed action have clear correlation with the SEE 2020 target(s) and priorities and MAP REA policy objectives per component; does the action help beneficiaries achieve reform measures outlined in the ERPs or other national reform priorities?
- **Integration** – Does the action cut across different policy areas? How many regional structures are involved? Involvement of other implementing agencies?
- **Sustainability and impact** – What is the potential impact of the action and how sustainable are the results? How feasible is the action and is it cost-effective in regard to the expected result?
- **Complementarity** – Is the proposed action complementary with other programmes funded through national and/or external sources?

All actions presented in section 5 of this Programming Document have been scrutinised using the above criteria.

<sup>5</sup> <http://www.rcc.int/pages/119/annual-report-on-implementation-of-the-see-2020-strategy>

<sup>6</sup>Already used for the programming cycle 2015, 2016 and 2017.

## **2. PRIORITY ACTIONS FOR THE 2018-2020 PERIOD**

### **2.1 Flagship: Skills and Mobility**

Skills and Mobility Flagship addresses some of the main constraints in the transition towards the knowledge-based economies in the Western Balkans identified during the development of the SEE 2020 Strategy – namely the retention and leveraging of human capital and integration of high-skilled professionals and academics into professional and research networks - the European Research Area and the European Higher Education Area. Development of research and innovation eco-systems as a corner stone of the region's competitiveness and economic development is of crucial importance to truly advance the economies from the current economic model to the one which can successfully compete in and integrate into the EU innovation-driven economies. While addressing skills formation in relation to mobility of people in a comprehensive manner, education, labour market, employment, as well as mobility policy interventions need to be well-coordinated and closely monitored.

The Mobility component of MAP REA places additional importance and provides additional impetus to the actions aimed at removing obstacles to mobility and cooperation between researchers in the WB and between the WB and the EU; removing obstacles to recognition of professional and academic qualifications. It is important to note that the actions outlined in the MAP REA aimed at increased mobility in the Western Balkans build on the actions and results of actions on removal of obstacles to mobility of researchers, recognition of professional qualifications and recognition of academic qualifications prioritised in the previous programming periods (both 2016-2018 and 2017-2019).

Under the mobility component of MAP REA the importance of mapping and investing into the research infrastructure and development of centres of excellence is recognised, as well as building capacity to raise success rates in the existing EU programmes, in particular Horizon2020 and MSCA action. In this context, success stories in the region which have attracted large sums from H2020 and other Union Programmes will be highlighted and shared as examples of good practice for other participants.<sup>7</sup> Under the MAP REA Investment component smart growth measures aimed at supporting comprehensive smart specialisation, R&D and innovation policies are prioritised. These are further supported by the RCC Open Science actions programmed in the 2017-2019 programming period.

While the actions of the Skills and Mobility Flagship have been further streamlined to support the implementation of the MAP REA envisaged actions, the shared structural challenges in human capital development and distorted labour markets characterised by high unemployment, labour force inactivity, mismatch between the demand and supply of labour, and continuous challenges to employment creation remain a priority under the Skills and Mobility Flagship and SEE 2020 Strategy. The RCC action Employment and Social Affairs Platform launched in March 2016 (programming period 2016-2019) continues to support the Ministries of Labour and Social Affairs and the Public Employment Services with an aim to contribute to improving the policy and institutional outcomes and settings in support of employment, human capital and social development. Therefore, the interventions under this action could be continued under ESAP II supporting greater

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<sup>7</sup> One such example is BioSense Institute in Novi Sad which focuses on development of advanced IT technology in agriculture and has recently won the so-called ANTARES project through H2020 Teaming call which foresees an investment of 28 million Euros in the Institute's development into the European Centre of Excellence.

access to the labour markets, decent working conditions and social protection and inclusion in the WB economies.

To successfully address the objective of the Skills and Mobility Flagship close cooperation with the key national institutions and authorities and regional organisations will be ensured.

As the elaborated flagship intends to develop solutions to the shared, national challenges in the sphere of education, research and innovation, employment, mobility and skills development, and close collaboration will be pursued with the ministries responsible for labour and social policy, education, research, as well as the relevant national agencies, in particular the Public Employment Services, national agencies/bodies responsible for quality assurance, etc.

To coordinate the regional cooperation in the policy areas addressed by the Skills and Mobility Flagship, RCC will closely coordinate with regional organisations active in the relevant policy areas; ERI SEE on recognition of qualifications; CEFTA, in particular its Sub-Committee on Trade in Services, which works towards progressive liberalisation and mutual opening of trade in services and touches upon one of the key issues related to facilitated service provision– removal of obstacles to recognition of professional qualifications. The South East Europe Centre of Public Employment Services is another important actor that enables exchange of information and experiences in all activities related to providing services to employers and job seekers and to improving the capacities of public employment services in South East Europe.

Regional Youth Cooperation Office (RYCO) is a rather new important player which is an independently functioning institutional mechanism, founded by the Western Balkans 6 participants aiming to promote the spirit of reconciliation and cooperation between the youth in the region through youth exchange programmes. Supporting the education and potential of young people in the Balkans is crucial for the region's further development and a prerequisite for peaceful coexistence and reconciliation. This was also emphasised in this year's Enlargement Strategy published by the European Commission.<sup>8</sup>

In addition, close collaboration will be pursued with EU institutions acting in the region in the policy areas identified as relevant for this flagship. These include: DG EAC's Western Balkans Platform on Education and Training (WB PET) on recognition of academic qualifications;<sup>9</sup> DG R&I Western Balkans Research and Innovation Platform on mobility of researchers and smart growth; as well as all relevant EC services, chiefly DG R&I, DG EMPL, DG EAC, DG GROW, and DG JRC, as well as the European Training Foundation (ETF).

Furthermore, the flagship's activities will be undertaken in a way so as to pursue synergies with the relevant activities of the key international actors working in this area, including World Bank, ILO, UNDP, OECD, and WTO.

## **2.1.1 Summary of Actions to be implemented by the Regional Cooperation Council for the 2018-2020 period**

### **Action 1.1: Increased mobility in the WB6 – MAP REA action**

**Rationale:** In an increasingly global economy, the extent to which international high-skilled mobility channels are formed within the region and between the region and the EU is a question of great

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<sup>8</sup> [https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans_en.pdf)

<sup>9</sup> [https://ec.europa.eu/education/policy/international-cooperation/western-balkans\\_en](https://ec.europa.eu/education/policy/international-cooperation/western-balkans_en)

importance. Better integration of high-skilled professionals and academics into professional and research networks, the European Research Area and the European Higher Education Area, will yield significant benefits for the migratory region of Western Balkans.

To this end the increased mobility aims at: removing obstacles to mobility of professionals through regional mutual recognition agreements of professional qualifications in sectors of mutual interest (doctors of medicine, dentists, architects and civil engineers); removing obstacles to mobility of highly qualified workforce, in particular through joint standards and procedures for automatic recognition of quality assured academic qualifications; and removing obstacles to mobility of students, researchers and academics through joint policies, measures and instruments aimed at increasing academic and research mobility and cooperation.

Expected results:

- Removal of obstacles to mobility of researchers:
  - legal barriers to open merit-based, competitive, international recruitment system identified; legal barriers identified and removed;
  - institutional barriers to mobility of researchers, including working conditions, recruitment systems and promotion criteria, and barriers identified and removed;
  - mechanisms and measures to support increased mobility of researchers from WB6 to EU within the existing mobility schemes (for instance Western Balkans Window within the MSC Actions) developed;
  - a pilot scheme to support incoming mobility of post-doctoral researchers to the Western Balkans with an aim to build research excellence networks in the region developed and implemented;
  - existing research infrastructure in the region to ensure transparent and available information to researchers interested to cooperate with and in the Western Balkans and to identify gaps mapped;
  - a new regional Centre of Excellence to promote collaboration between science, technology and industry and to provide a platform for education of young scientists and engineers, based on the mapping and the identified gaps developed;
  - the capacity of EURAXESS offices in the region and the implementation of Charter and Code principles and Seal of Excellence strengthened.
  
- Removal of obstacles to recognition of professional qualifications:
  - negotiations on mutual recognition agreements of professional qualifications for doctors of medicine, dentists, architects and civil engineers in a multilateral framework opened and completed;
  - the Database on Professional Qualifications and Mobility of Professionals established and fully operational;
  - capacity to facilitate the data and information collection for the Database on Professional Qualifications and Mobility of Professionals built;
  - possibilities to open negotiations and conclude mutual recognition agreements in other sectors and professions of mutual interest explored.
  
- Removal of obstacles to recognition of academic qualifications:
  - proposal on procedure for fast-track recognition of higher education qualifications specifying criteria for fast-track recognition in the region, in accordance with the Bologna Process and other EU norms, drafted, agreed upon and implemented;

- an operational sub-regional network of ENIC/NARIC centres established;
- joint online system to share information, including on higher education institutions, qualifications and decisions taken, available to ENIC/NARIC centres and Ministries in the region developed;
- cooperation and exchange of information between quality assurance agencies in the region strengthened.

Budget: EUR 462,000 for the 2018-2020 period. Funding will be secured through the RCC operational budget.

### **Action 1.2: Improved Open Science measures in the SEE**

Rationale: The current developments in information and communication technologies have paved the way for Open Science. The capabilities for producing, processing, storing, sharing and accessing information have progressed tremendously and have transformed every sphere of human activity, notably research. The availability of information, the vast amounts of data that are being produced, the means for collaboration, or the advances on computational simulation techniques that have become a third basic tool to science besides theory and experimentation, have changed the way science is done. There is also the idea that this represents the fourth paradigm of Science (e.g. Gray, 2009), and it is even claimed by the European Commission to be part of the 4<sup>th</sup> Industrial Revolution. The EU adopted a Recommendation on Open Science in 2012 and in 2016 under the Dutch Presidency. The EU Competitiveness Council set a target to achieve Open Access of all public research results and data by 2020. Open Science is also one of the priority areas of the European Research Area Roadmap which Western Balkans participants need to adhere to in their accession process. Furthermore, open access for research results and data produced under the Horizon2020 has become a requirement. Through the Working Group on Open Science established in November 2016, a regional network of National Points of Reference (NPRs) on Open Access has been established. The emphasis of its activities will be on assisting the region to move closer to adoption of the EU 2012 recommendations on Open Science and reaching the Open Access target by 2020. The Working Group on Open Science works closely with the European Commission's Directorate-General for Research and Innovation (DG R&I) which invited the Western Balkans to participate in the regular EU member states' NRP meetings and to participate in the EU report on Open Access on an equal footing as the EU member states.

#### Expected results:

- Improved policy and regulatory frameworks on Open Science;
- Open access to scientific journals and data by 2020;
- Increased interoperability of Open Science infrastructure in the SEE and between the SEE and EU;
- A regional operational network of NPR established;
- NPRs and other policy makers from the WB region have an increased understanding of good practice in policy to foster Open Science (Open Access/Open Data) with specific reference to practices adopted in the EU;
- NPRs continue to participate in the EU member states meetings and continue to report on the implementation of the measures outlined in the EU Recommendation on an equal footing with the EU member states.

Budget: EUR 87,000 for the 2018-2020 period. Funding will be secured through the RCC operational budget.



### **Action 1.3: Employment and Social Affairs Platform**

**Rationale:** The Western Balkan economies share similar structural characteristics and features of labour markets, including high unemployment and labour force inactivity, underfunded active labour market policies, limited resources of public employment services and a mismatch between the demand and supply of labour, with employment creation remaining an important challenge for all economies. As a result of the shared regional challenges and processes defined in the enlargement/pre-accession context, Economic and Social Affairs Platform project (ESAP) started its implementation in March 2016 with an aim to strengthen the regional cooperation in the field of employment and social affairs and to contribute to improving the policy and institutional outcomes and settings in support of employment, human capital and social development. The ESAP provides (1) support to the national administrations in developing effective employment and social policies by providing in-depth analytics of the employment policies and the active labour market measures accompanied by a peer-learning exercise between the Ministries of Labour and Social Affairs, (2) support to modernisation and capacity building of the Public Employment Services (PES) by introducing a PES benchlearning process aligned with the EU benchlearning methodology which will deliver regular systematic and comprehensive analysis of PES performance and its drivers and recommendations for its improvement and establish network of partners for organisational learning and development of PES. In addition, ESAP has set up a demand-driven technical assistance instruments available to the Ministries of Labour and Social Affairs and the Public Employment Services through which participants have addressed specific national needs.

#### **Expected results:**

- Strengthened regional cooperation in the Western Balkans in support of employment, human capital and social development;
- Virtual Employment and Social Affairs repository platform and community of practice set up, operational, accessed and assessed as useful policy coordination tools;
- Improved capacities for development, implementation and monitoring of employment and labour market policies and measures as a result of in-depth national peer reviews of specific policies prioritised by the Ministries of Labour and Social Affairs followed by targeted capacity building activities and technical assistance;
- Capacities of Public Employment Services (PES) to assess PES performance in line with the EU PES benchlearning methodology built; good practices and key gaps in PES performance identified through the PES internal and external performance assessment; technical assistance provided to address priority gaps and PES-to-PES dialogue strengthened;
- Continued addressing of specific national priorities through the ESAP technical assistance instrument.

**Budget:** EUR 750,000 for the period from 2018 to March 2019. Budget secured through IPA MC 2015 programme. RCC's contribution is EUR 110,000.

### **Action 1.4: Employment and Social Affairs Platform II**

**Rationale:** The continuation of the project (ESAP II) would built on the results and activities of the current ESAP project and aim to ensure concerted effort over a sustained period of time in enhancing labour market policy making and implementation in the Western Balkans.

ESAP I has implemented the benchlearning initiative for the first time in the region. The process has produced a comprehensive overview of Public Employment Service (PES) performance enablers, has identified good national practices, supported the exchange of experience and provided key

recommendations for enhancing the performance of PES offices in a context of limited human and financial resources. ESAP II would further strengthen this process and have it rooted within the core of activities of Western Balkan PES offices, while enhancing linkages with the EU PES benchlearning initiative.

Peer reviews among Ministries of Labour and PES offices have provided an opportunity to exchange information on successful practices, approaches, organisational structures and tools used in the design and implementation of priority employment policies and programmes. The continuation of learning exchanges among Western Balkan institutions and with the EU mutual learning initiatives on employment and social affairs in priority areas will strengthen national institutional capacities for policy making and implementation.

Expected results: In order to strengthen the institutional capacities of Ministries of Labour and Public Employment Services, a potential continuation of the regional support through an ESAP II project can aim to have:

- The benchlearning initiative among Western Balkan Public Employment Services well established, linked with national action plans and the European benchlearning initiative;
- Enhanced institutional capacities of Ministries of Labour and Public Employment Services to develop, implement and monitor key labour market policies and programmes targeting activation of long-term unemployment, youth, informal employment and other national employment priorities;
- National technical assistance to support addressing immediate needs related to the implementation of national strategic documents and action plans in the area of employment and social affairs.

The project can be implemented jointly with ILO, in an effort to streamline support to Western Balkan administrations and other national stakeholders and ensure complementarity of expertise provided by both RCC and ILO.

Budget: EUR 3,000,000 for the period from 2019 to 2022. Budget not yet secured. The proposal can be raised within the next programming processes under 2019 IPA MC envelope.

### **Action 1.5: Roma Integration 2020**

Rationale: In line with this flagship objective on building an evidence base for development and coordination of education, labour and social affairs policies, the Roma Integration 2020 project, implemented by the RCC through the support of the EU and OSF, provides specific development and coordination of these mainstream policies for the purpose of increased integration of Roma, including by building evidence base through regionally standardised monitoring and reporting.

Expected results: The Roma Integration 2020 project overall aims are to contribute to reducing the socio-economic gap between the Roma and non-Roma population in the Western Balkans and Turkey and to strengthen the institutional obligations of governments to incorporate and deliver specific Roma integration goals in mainstream policy developments. To achieve these aims, the project works on producing the following expected results:

- Accelerated implementation, improved cross-sector coordination, built capacities and exchanged practices on Roma integration (institutional support) through: setting up proper

institutional structures; specific consultative meetings and capacity building; recommending policies; public dialogue forums and regional workshops;

- Roma policies fit the regional context, regional standards are set, and Roma issues are mainstreamed in overall regional cooperation (regional coordination) through: high level and task force meetings setting up regional standards and priorities;
- Proper monitoring system is established and EU practices are mirrored (EU & international cooperation) through: annual reporting on implementation and impact of Roma integration policies; participation and exchange of information on EU and international level developments on Roma integration; and reflecting EU practices and policies on Roma integration throughout the region.

**Budget:** The total funds for 2018 are EUR 900,000 of which RCC contribution to the project budget is EUR 120,000. Budget secured through IPA MC 2015 programme and Open Society Foundations' Roma Initiatives Office.

### **Action 1.6: Roma Integration 2020 – Phase II**

**Rationale:** Continuation of the Roma Integration 2020 beyond 2018 is beneficial to ensure sustainability of results and institutionalisation of established good practices. To achieve this, tailor-made policy, technical and expert support based on regional and EU set standards shall be provided to the governments of the Western Balkans and Turkey in the form of policy proposals, trainings and hands-on work expertise. Further, such regional policy standards will contribute towards result-oriented programmes tackling specific issues of Roma integration (with the focus on monitoring and reporting, budgeting, employment and housing) and facilitating exchange of practices and peer review among the governments through regional workshops, thematic working groups, and technical support.

#### **Expected results:**

- Improved capacities and practices of the governments and the civil society of the Western Balkans and Turkey in formulating, budgeting and monitoring their Roma integration policies as part of their EU integration efforts and their mainstreaming in the key central policy documents (government programmes and sectoral strategies);
- Enhanced regional cooperation among the governments and the civil society of the Western Balkans and Turkey on the issue of integration of Roma;
- Proper input of the governments and the civil society of the Western Balkans and Turkey to the process of Roma integration at the EU and international level in the context of enlargement, as well as on the post 2020 EU policy on Roma integration.

**Budget:** EUR 2,800,000 for the period 2019-2021. Funding is expected to be ensured under the IPA MC 2018 and from the Open Society Foundation.

### **Action 1.7: Support to smart growth – MAP REA action**

**Rationale:** Research and development systems in the region have been underfunded for a protracted period of time. The low investments in research and development over a prolonged period of time is having profound effects on the impact and quality of public research production, integration of the academic and research networks into the European and global networks and the innovation and technology transfer potential of the WB economies which prevent them to move towards innovation-driven growth and high-tech industries. Furthermore, research and development are seen to have a

profound impact on the private sector development by introducing smart specialisation and aligning it with strategic industrial development efforts.

The smart growth actions coupled with the actions addressing the development of high quality, competitive R&D and innovation systems constitute an ambitious smart growth regional agenda. Furthermore, to ensure the improvement of the industrial base of the region RCC will continue to facilitate the regional dialogue on development of industrial policies to enable the uptake of the region's economic, development strategies linked to smart growth based on knowledge and innovation, using EU experience and smart specialisation platforms, green growth, the development of value chains, technology transfers and building a knowledge-based digital economy.

To ensure effective implementation, coordination and synergy among appropriate stakeholders, cross-sectoral collaboration and networking among relevant ministries responsible for R&D and innovation, economy, industrial policy and digital innovation will be ensured through bringing together the RCC's SEE Investment Committee's Working Group on Industrial Policy, Working Group on R&D and relevant working groups on digital innovation.

#### Expected results:

- Established regional dialogue and knowledge exchange on developing Smart growth strategies based on EU experience and support the development of smart specialisation, research and innovation strategies in the WB6 to ensure strategic structural investments and to build competitive advantage:
  - with the active participation of the business and research & innovation communities, ensured support to national administrations to engage with EU-wide smart growth approaches, notably the smart specialisation platforms, to develop and implement smart growth development strategies;
  - with the active participation of the business and research & innovation communities, ensured support to national administrations to engage with EU-wide work on digitalisation, to develop and implement digital growth strategies;
  - Ensured support to the development of easier access to finance for business, especially SMEs, start-ups and scale-ups.

Budget: 69,000 for the 2018-2020 period. Funding will be secured through the RCC operational budget.

### **2.1.2 Summary of Actions to be implemented by Regional Dimension Coordinators (RDCs) and other regional actors for the 2018-2020 period**

#### **Action 1.8: Ensure education and training systems better meet economic and labour market needs and provide learners with labour market relevant skills (action proposed by Education Reform Initiative of South Eastern Europe - ERI SEE)**

Rationale: Under the Berlin Process, and following the Joint Statement resulting from the preparatory meeting in Vienna 2016, the ERI SEE and Western Balkans Chambers Investment Forum were called upon to explore ways of joining forces for initiating a Western Balkans Alliance for Work-based Learning, with the goal of promoting high quality, labour market relevant VET through strengthening elements of dual systems and other forms of WBL, and enhancing the overall cooperation between the private and the public sector in VET.

The structured cooperation was initiated end 2016, promoting strong partnership between the business and the education sector by involving participants from the Chambers of Commerce from

the region and regional institutions in charge of vocational education and training and has been continuing in 2017, providing the platform for exchanging expertise, documents and practices and developing further actions.

The need for development of regionally-based standards of occupation was identified among the Alliance's member, which would provide young people with relevant labour-market skills and thus enhance their employability, not only nationally but also regionally. The regional standards of occupation would be developed in the priority sectors as defined by the participating economies. The regionally based standards of occupations would be the basis for further development of standards of qualifications and curricula which would address the issue of youth unemployment by insisting for a relevant part of the curricula to be implemented in the business environment, thus providing young people with the relevant skills.

As the accompanying measure, an on-line platform on WBL in the region would be developed.

Expected results:

- Established regional dialogue between the business and education sectors;
- Established continuous knowledge exchange on practices regarding introduction and implementation of the WBL, with special focus on challenges and good practices;
- Developed regional standards of occupations, and their development into standards of qualifications and curricula with a strong emphasis on WBL;
- Developed on-line regional platform on WBL.

Budget: 90,000 for the period 2018-2020; ERI SEE operational budget – funding secured from KulturKontakt.

**2.1.3 Summary of Actions proposed by the national authorities to be implemented in the period 2018–2020, including elaboration of the activities proposed under the Economic Reform Programmes (ERPs) 2018-2020**

**Action 1.9: Regional cooperation for the participation of beneficiaries in Union Programmes (the proposal is put forward by NIPAC Office of The Former Yugoslav Republic of Macedonia)**

Rationale: Participation of candidates and potential candidates in Union Programmes aims to promote reform and modernisation and at the same time strengthen administrative and regulatory convergence of the partner economies with the EU. By taking part in the Union Programmes, the Western Balkans economies are building technical and administrative capacity for the implementation of the EU sectoral policies. Therefore, it is of utmost importance to strengthen regional cooperation and communication in this field. However, the declining trend in the utilisation of the Union Programmes is obvious, due to number of new criteria set up in the envelope covering 2014-2020 period. On the other hand, the competitiveness capacity of the stakeholders is getting also lower. There are difficulties to receive data on results per economy, per sector or per project beneficiary. In this respect, there is a need to establish a regional network as to support the regional cooperation for the participation of WB6 beneficiaries in Union Programmes, focusing on creation of regional hubs and networks between the Western Balkans economies, providing exchange of know-how, bad and good practices, training of stakeholders, regional workshops and partners matching facilities, including lobbying for setting up regional tailor-made calls for proposals. The project will provide direct support to the national contact points of Union Programmes in respective ministries from WB6 economies.

The proposal is fully in line with the Action Plan in Support of the Transformation of the Western Balkans of the latest Enlargement Strategy (annex to the COM(2018) 65 final), especially with regards to the capacity building for an effective participation in the Union Programmes.

Expected results:

- Raising capacities of NPCs for Union Programmes in respective ministries in the Western Balkans;
- Exchange of lessons learned, know-how, coordination, promotion, monitoring of projects;
- Necessary contacts and institutional infrastructure for the Western Balkans economies are advanced and stakeholders are trained in order to be able to fully participate;
- Exchange of information and increased collaboration between the stakeholders of Western Balkans;
- Increase in the availability of relevant data (relevant data on national level and regional level);
- Enhanced participation of the Western Balkan in Union Programmes;
- Increased exchanges with Western Balkans economies and EU Member States;
- Strengthened ownership and responsibility (including in financial terms) for participation in Union Programmes;
- Improved awareness in Western Balkans on the Union Programmes in order to avoid overlapping with National Programmes.

Budget: TBD

**Action 1.10: Establishment of a South East European International Institute for Sustainable Technologies (SEEIIST) (proposal put forward by Montenegro)**

Rationale: The facility would promote collaboration between science, technology and industry and help mitigate tensions in the region, following the CERN model of ‘Science for Peace’. It would stimulate the education of young scientists and engineers based on knowledge and technology transfer from European laboratories like CERN and others, and would assure an international competitive research in South East Europe and aim at excellence throughout. Since this project is going to be based on the newest technology it would help the region become ‘knowledge-based’, competitive to the rest of Europe and will contribute to improving the standard of living and producing attractive jobs (in particular important for young people) and reverting the ‘brain drain’ phenomenon.

Expected results:

- To establish a real research nucleus based on the newest technology which would offer a first class research and strongly contribute to development of economic situation, but also boost the general development (e.g. alternative energy production);
- To enable capacity building based on training of scientists, engineers and technicians in order to build up expertise and to form sufficient critical mass of staff members for the operations of the facility;
- To ensure technology transfer and boost innovation; and
- To develop powerful digital network and large data handling.

Budget: TBD. Budget not yet secured

*Analysis of the Economic Reform Programmes (ERPs) 2018-2020*

In addition to the above described actions, on the basis of the measures proposed in the Economic Reform Programmes, as the key mid-term economic policy coordination documents, a cross-reference analysis between the SEE2020 Flagships and the latest ERPs 2018-2020 has been developed, which reveals a relatively good fit between the regional actions to be undertaken and the national actions proposed by individual economies through the measures within the ERP.

Below is the analysis for the Skills and Mobility Flagship:

Economy	Reform measure	Flagship
Albania	Reform 11: Improve the institutional capacity of research and innovation system	Skills and Mobility
Albania	Reform 14: Drafting and implementation of a competence based curricula and training of teachers	Skills and Mobility
Albania	Reform 15: Improve the quality and coverage of VET while ensuring linkages with the labour market	Skills and Mobility
Albania	Reform 16: Modernise public employment services, increase employment of women, youth and vulnerable people	Skills and Mobility
Albania	Reform 17: Strengthening social protection and social inclusion measures	Skills and Mobility
Bosnia and Herzegovina	Measure 2. Reducing the burden on Labour	Skills and Mobility
Bosnia and Herzegovina	Measure 3. Health sector reform	Skills and Mobility
Bosnia and Herzegovina	Measure 12. Improving links between education and labour market	Skills and Mobility
Bosnia and Herzegovina	Measure 13. Improving the labour market efficiency	Skills and Mobility
Bosnia and Herzegovina	Measure 14. Improving population health	Skills and Mobility
Bosnia and Herzegovina	Measure 15. Establishing an efficient, financially sound and sustainable system of pension and disability insurance in FBiH	Skills and Mobility
Bosnia and Herzegovina	Measure 16. Improving the functioning of the social protection system in FBiH	Skills and Mobility
Kosovo*	Measure 12: Improve entrepreneurship and innovation environment	Skills and Mobility
Kosovo*	Measure 13: Expansion of relevant ICT infrastructure networks for socio-economic development	Skills and Mobility
Kosovo*	Measure 16: Harmonisation of skills supply and demand by drafting occupational standards and reviewing curricula	Skills and Mobility
Kosovo*	Measure 17: Reform in pre-university education through curriculum development and implementation, TPD and quality assurance through monitoring and evaluation, and Inclusion	Skills and Mobility
Kosovo*	Measure 18: Increasing the quality and competitiveness in higher education	Skills and Mobility
Kosovo*	Measure 19: Increasing the access of young people and women to the labour market through the provision of quality employment services, active employment measures and entrepreneurship	Skills and Mobility

\* 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

Economy	Reform measure	Flagship
The Former Yugoslav Republic of Macedonia	Measure 17: Further development of the qualification system	Skills and Mobility
The Former Yugoslav Republic of Macedonia	Measure 18: Upgrading the active measures included in the Operational Plan for Active Employment Programmes and Measures and Labour Market Services	Skills and Mobility
The Former Yugoslav Republic of Macedonia	Measure 19: Youth guarantee	Skills and Mobility
The Former Yugoslav Republic of Macedonia	Measure 20: Enhancement of financial benefits in the field of social protection	Skills and Mobility
Montenegro	Measure 15: Establishment of Science and Technology Park in Podgorica	Skills and Mobility
Montenegro	Measure 16: Improvement of legislative and regulatory framework to reduce the costs of deploying high-speed electronic communication networks	Skills and Mobility
Montenegro	Measure 18: Development of qualifications in accordance with labour market needs	Skills and Mobility
Montenegro	Measure 19: Implementation of practical training with employers	Skills and Mobility
Montenegro	Measure 20: Implementation of legal arrangements in the area of labour market	Skills and Mobility
Serbia	Reform 13: Programme supporting innovation and technological development in the public and private sectors	Skills and Mobility
Serbia	Reform 16: Qualifications oriented to the labour market requirements	Skills and Mobility
Serbia	Reform 17: Improving the effectiveness of active labour market policies with special emphasis on youth, redundant workers and the long-term unemployed	Skills and Mobility
Serbia	Reform 18: Improving the adequacy, quality and targeting of social protection	Skills and Mobility



Bosnia and Herzegovina	2. Reducing the burden on Labour	Skills and Mobility
Bosnia and Herzegovina	3. Health sector reform	Skills and Mobility
Bosnia and Herzegovina	12. Improving links between education and labour market	Skills and Mobility
Bosnia and Herzegovina	13. Improving the labour market efficiency	Skills and Mobility
Bosnia and Herzegovina	14. Improving population health	Skills and Mobility
Bosnia and Herzegovina	15. Establishing an efficient, financially sound and sustainable system of pension and disability insurance in FBiH	Skills and Mobility
Bosnia and Herzegovina	16. Improving the functioning of the social protection system in FBiH	Skills and Mobility

## 2.2. Flagship: Connectivity

Well developed, interconnected and sustainable transport, energy and IC networks and markets are vital to regional economic integration, competitiveness, sustainable growth and attracting new investments.

The key priority activities intended to be implemented in the period 2018-2020 will relate to supporting the regional connectivity agenda, with particular focus on the cross-sectoral linkages among the policy areas of transport, trade facilitation, environment, climate change, natural resource management, energy and digital integration. The main actions support the digital transformation of WB and alignment with the European Digital Single Market, as well as fostering regional cooperation, peer exchange and targeted analytical and capacity building support in the relevant policy areas of environment, energy and agriculture. In addition, contribution will be made towards strengthening the environmental aspects of the regional soft connectivity agenda. Among many environmental aspects to management and use of natural resources, focus has been also given to climate change resilience and climate proofing of infrastructure investments, advancing the water, energy and food nexus, and sustainable use and protection of biodiversity.

The first set of actions under Connectivity Flagship stems directly from the SEE 2020 process and their implementation is aligned with the RCC 2017-2019 Strategy and Work Programme. Thus, improving connectivity within the WB, as well as between the region and the EU particularly in energy and transport areas will remain high on the agenda for the upcoming period. Physical connectivity/hard infrastructure development, focusing on core and comprehensive transport networks for the WB region; development of intermodal transport nodes; and energy infrastructure development, focusing on Projects of Energy Community Interest (PECI) is the main prerequisite for socio-economic development of WB. In parallel the actions will focus on institutional connectivity aimed at developing effective mechanisms and processes to strengthen regional cooperation and ensure seamless flow of people and energy in the region. Not less important, implementation of smart connectivity measures will go hand in hand with previous processes as recognised and strongly supported by Berlin Process and Connectivity Agenda for Western Balkans, making the region better connected and contributing to stronger economic ties, well-being and improved standard of its citizens.

The fast advancement of the digital technologies in the EU and other important partners of the WB6 are putting much pressure to the region to revolutionise the policies and systems allowing a better digital networking, producing new opportunities for business and citizens to receive better services

under lower costs. The need for a regional approach to intergovernmental cooperation in digital matters is supported by the increased need to uptake the economic growth of a decade ago.

The second set of actions stems from the MAP REA which places great focus on development of digital infrastructure, harmonisation of spectrum policies, decreasing and abolishing roaming charges, improving digital skills, increasing trust and digital security, and accelerating digitalisation through standardisation, interoperability and uptake of smart technologies. The Enlargement Strategy puts great emphases on digital agenda – being one of the six flagships - highlighting in particular the roadmap to facilitate the lowering of roaming costs, support for the deployment of the broadband, development of the e-Government, e-Procurement, e-Health and digital skills. The Strategy is guidance to all WB6 digital agendas and will rally the activities supported by RCC in the coming three years.

During the current programming period RCC will ensure that environment and climate policies are firmly embedded in other sector policies, that highest environmental standards in development of energy, transport and digital infrastructure are met, and that principles of climate change mitigation are incorporated in connectivity processes. Following the conclusions from the last ministerial meeting held in Bonn, emphasis of the Environment dimension will be given to adaptation to inevitable climate change expected by the end of the century. Following the communicated World Health Organisation warnings the core topic for environment in 2018 will be decreasing air-pollution as the single biggest environmental threat to human health.

To successfully address the objective of the Connectivity Flagship close cooperation with the key national institutions, ministries, agencies and regulatory authorities in charge of energy, transport, telecommunications/public administration as well as environment and climate change will be ensured during the implementation period.

Also, in order to successfully coordinate strategic regional cooperation in the policy areas addressed by Connectivity Flagship, RCC will closely coordinate with other active regional players, initiatives and EU institutions such are South East Europe Transport Observatory (SEETO) working on harmonisation of transport policies, Energy Community Secretariat working on energy sector transformation and integration of energy market, BEREC and ENISA in the area of electronic communications regulation and cybersecurity, Regional Environmental Center for Central and Eastern Europe (REC) with the aim to support environmental protection and implementation of Paris Climate Agreement, GIZ ORF Biodiversity focusing on protection and sustainable use of biodiversity, ReSPA supporting digital reform of public administration, e-SEE, and many other.

In order to ensure synergies and maximise outcomes for the WB region, implementation of activities in the Connectivity Flagship will be coordinated with international actors working in this area, including British Council, Council of Europe, CONNECTA, CEF, EBRD, EIB, ITU, IUCN, OSCE, NATO, GIZ ORF, KfW, UN Environment, UNDP, WBIF, World Bank and WWF, also keeping in mind extensive EC support in various areas and following work on progress monitoring in the area of transport and energy performed by SEETO and Energy Community.

### **2.1.1 Summary of Actions to be implemented by the Regional Cooperation Council for the 2018-2020 period**

#### **Action 2.1: Support to Digital Integration – MAP REA action**

Rationale: Digital transformation is changing the way we communicate, work, learn and live. It changes the way we do business and interact with WB6 authorities. The use of digital technologies

can generate significant benefits in terms of speed, efficiency and transparency across borders in many different sectors. Exploiting the untapped potentials of digital integration ensures the supply of innovative and competitive services to consumers and businesses and acts as an important lever for socio-economic development, high value jobs generation and a vibrant knowledge-based society.

The WB6 Digital Integration aims to unlock access to the digital economy by integrating the region into the pan-European digital market. This requires future-proof digitisation strategies, an updated regulatory environment, improved broadband infrastructure and access and digital literacy. To this end activities within this action aim at: digital infrastructure development and improved regional connectivity; harmonised spectrum policies; coordinated roaming policies towards a roaming free region; enhanced cyber security, trust services and data protection; cooperation in policies that stimulate data economy; upgraded digital skills and accelerated digitisation and uptake of smart technologies in our region.

Furthermore, cooperation in digital agenda among WB is crucial in enhancing regional connectivity. Strengthening regional networking on digital markets could be achieved by facilitating cooperation between technological parks, digital hubs and businesses active in ICT sector. WB economies have developed strategies to further develop their ICT sector through incentives and infrastructure; however, there is little initiative to interconnect these initiatives on a regional level. By developing a coordination mechanism on a regional level, the digital market in WB could be expanded by making it more attractive to foreign services and investment which by default will make an impact on the regional connectivity.

Meanwhile, this expansion should be followed in parallel with concrete actions on a regional level to strengthen digital skills of youth with a special focus on women. A regional academy on ICT trainings can play an important role in bringing together young talents in this field by enhancing their interaction in the ICT sector and meeting the demands of the sector for human capital.

Expected results:

- Digital infrastructure development and regional connectivity boosted;
- Spectrum policy to ensure timely and efficient availability and boost deployment of standardised 5G networks harmonised;
- Roaming policies towards a roaming free economic area coordinated;
- Cyber security, trust services and data protection enhanced,
- Supply of digital skills developed and strengthened, increase of women participation in this sector;
- Regional dialog and cooperation on digital market established;
- Up-take of smart technologies promoted and digitisation accelerated;
- Improved standardisation and enhanced digital interoperability;
- Digital highway of Western Balkans established;
- A regional academy on ICT established.

Budget: Approximately EUR 400,000 for the period 2018-2020. Funding will be secured through the RCC operational budget.

**Action 2.2: Sectoral support to environment, energy and sustainable development**

**Rationale:** The Environment dimension still represents one of the biggest challenges for the WB region in terms of achieving commitments stemming from the Paris Agreement on Climate Change, the UN 2030 Agenda for Sustainable Development, EU Biodiversity Strategy 2020, the EU accession process itself, as well as from other agreements and processes. Small and economically not yet fully developed, the WB economies are not able to ensure the highest level of environmental protection and appropriate response to climate change through isolated single-economy actions. A regional approach plays a very important role in countering these problems which go beyond administrative lines and geographical boundaries and which are rather global in their nature. On this note, a joint response through coordinated regional action, primarily through high-level policy dialog is essential for addressing the issues of protecting the environment, mitigating as well as adapting to inevitable change of climate.

In the upcoming period focus will be on joint and coordinated regional actions on implementation of the three regional projects (Nexus, Climaproof and Biodiversity) through established regional steering mechanism (RWG Env), as well as on protection and sustainable use of biodiversity in the region under the mandate of the Biodiversity Task Force. Regional Implementation of Paris Agreement Project (EU funded and implemented by REC), cooperation in implementation of Monitoring Mechanism Regulation (coordinated by Climate Action Group), and transformation of strategic framework towards multi-sectorial national planning and reporting for the period beyond 2020 in line with integrated climate and energy goals, will represent a backbone of regional activities, as reconfirmed in the Declaration adopted by WB6 Ministers in November 2017 in Bonn.

**Expected results:**

- Strengthened institutional capacities and cooperation among WB economies in the area of environment and climate change and coordinated regional approach in implementation of three regional projects (Nexus, Climaproof and Biodiversity);
- Regular annual ministerial regional dialogue on environmental and climate change challenges maintained;
- Report and campaign on impact of clean energy sector on environment, creating green jobs and economic development prepared and executed;
- Report on climate change and recommendation for adaptation strategies in various economic sectors prepared;
- Regional initiative established on countering air-pollution as the single biggest environmental threat to human health;
- Improved profitability and environmental sustainability of natural resource management practice.

**Budget:** Approximately EUR 200,000 for the period 2018-2020. Funding will be secured through the RCC operational budget in the amount of EUR 100,000 and EUR 100,000 by the regional partners<sup>10</sup>.

**2.2.2 Summary of Actions to be implemented by Regional Dimension Coordinators (RDCs) and other regional actors for the 2018-2020 period**

**Action 2.3: Enabling seamless connections through integration of urban nodes into the TEN-T Networks in Western Balkans (SEETO)**

**Rationale:** The urban nodes represent an integral part of the development of TEN -T Networks in the Western Balkans and as such have a key role as socio-economic and technological centres. These

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<sup>10</sup> This should be contribution of partners for work of BD TF and other partners (not yet known) for development of a study on air pollution.

nodes ensure the connection between the different transport modes, as well as the connection between long-distance and urban/regional transport. The most important transport nodes of the TEN-T core network (ports, airports, multimodal terminals) and the major urban nodes are often coinciding. The region is missing the approach towards seamless last mile solutions both from the national authorities or SEETO perspective. From varieties of options, the action will look at possibilities to improve the connectivity of 'urban bottlenecks' (physical, technical, organisational) between the urban nodes along corridors and routes. In addition, the action could create some IT supporting platforms for smarter and more integrated passenger transport information and passenger transport solutions.

Expected results:

- Identification of the current physical, technical and operational bottlenecks in urban nodes (main cities, ports, bus terminals/train stations, airports, etc.);
- Pre-feasibility study on the proposals to improve the connectivity bottlenecks in the urban nodes;
- Creation of innovative platforms and IT tools for sustainable, smart and integrated last mile solutions with urban transport.

Budget: Approximately EUR 150,000 for the 2018-2020 period. Budget is not secured yet.

**Action 2.4: Implementation of the Regional Programme on harmonised and optimised use of regional airspace with enhanced air transport connectivity (action proposed by SEETO)**

Rationale: In late 2017, Joint Service Provision Area Initiative (JSPA) and SEETO have updated the Regional Programme on harmonised and optimised use of regional airspace with enhanced air transport connectivity, previously developed in the framework of the SEE2020 Transport dimension. The Regional Programme aims to deliver unified regional approach by delivering customised regional concepts of operations and by optimising implementation of Performance-Based Navigation concept and Global Navigation Satellite System monitoring and Wide-Area Multilateration.

While the ATM components of the Regional Programme are expected to be partially covered by the announced invigorated EC support in 2018 in line with the long-awaited and recent entry into force of the ECAA Agreement, the air connectivity component is looking more at a wider support (even though the EC and SEETO SC support are in place). To that end, joint actions can be undertaken for valorisation of current air transport in the SEE region including valorisation of current road and rail connections to the SEETO Core and Comprehensive airports and actions for improvement of those connections, as well as cost-benefit evaluations of scheduled and non-scheduled air transport services, air charter and helicopter transport operations in the SEE region.

Expected results:

- Identified key performance indicators (KPIs) for air transport stakeholders (airports and airlines) in the SEE region;
- Developed guidelines for enhancement of non-scheduled air transport services, air charter and helicopter transport operations in the SEE region.

Budget: Approximately EUR 250,000 for 2018-2020. Budget is not secured yet.

**Action 2.5: Enhanced inter-modality for more cost-efficient transport and logistics in the Western Balkans (SEETO)**

**Rationale:** Following the Study on Inter-modality finalised at the beginning of 2016 with the support of RCC, SEETO managed to bring the conclusions to pilot testing in order to arrive at some solutions to the challenges identified in the Study which could be replicated further, if successful. The pilot actions, together with a wider strategy for integrated multimodal transport for the Adriatic-Ionian region shall be implemented through the ADRIPASS project which commenced in January 2018 under the support of the ADRIION Programme and will be completed by the end of 2019.

In addition to the on-going project, a horizontal, cross-country and cross-sectoral education programme for intermodal transport should be developed and embedded in the non-formal education of the transport ministries and public agencies dealing with various modes of transport, as the lack of knowledge and expertise in the sector is pointed out as crucial in the study which can undermine the sustainable development of any other future project in the related fields.

**Expected results:**

- Developed training/education programmes for intermodal transport and building capacities through delivered trainings to representatives of ministries in charge of transport, as well as road, rail and port authorities.

**Budget:** Approximately EUR 200,000 for 2018-2020. Budget is not secured yet.

**Action 2.6: Improving the rail-road safety on the SEETO Core and Comprehensive Network (SEETO)**

**Rationale:** After the planned mapping of the most critical crossings between road and rail on the entire SEETO network (initial activities started) this action would focus on concrete improvement on several Core (or Comprehensive) level crossing points in order to improve safety and reduce number of accidents and incidents in the entire WB region. This would include installing the necessary equipment on the most critical sections on the Core (or Comprehensive) level crossing points.

**Expected results:**

- Reduction of incidents/accidents on the level crossings with roads along the railway network;
- Improved management of the level crossings with clear and divided responsibilities and with ensured maintenance budget.

**Budget:** Approximately EUR 2,500,000 for 2018-2020. Budget is not secured yet.

**Action 2.7: Support to sustainable use of natural resources in rural areas (input provided by Regional Rural Development Standing Working Group (SWG))**

**Rationale:** At regional level, in the implementing period SWG will focus on strengthening the capacities for the generation of income through economic diversification and sustainable use of natural resources in rural areas. Taking into account the spatial and temporal distribution of the benefits of more sustainable natural resource management patterns, SWG will focus on realistic frameworks which have to be agreed upon to share the costs, benefits and responsibilities of such patterns, between the rural households (poor and better-off), the local communities, the regional and national authorities, and the international public and private institutions. The process will be supported by regional policy dialogue measures and platforms established by SWG to facilitate the framework and regular Agricultural Policy Forums and Ministerial Meetings will be executed.

At macro level SWG is contributing to agricultural, forestry and environmental targets in the region by working with national experts in Regional Expert Advisory Working Groups (REAWG) which

develop evidence-based joint positions for all SEE economies and present them to regional agricultural and rural development policy fora.

At the sub-regional and local level, SWG is operating and implementing the Area Based Development Approach (ABDA) through local grants that induced changes in mind-sets and strengthened the capacities for future joint planning at the level of local partnerships called stakeholder groups (SHG). People2people actions will be further supported, since such tools have helped foster trust and revive social and cultural bonds in areas which have suffered from political, social and economic fragmentation in the recent past. The build-up of social capital has laid the foundations for the next step, which consists in fostering local resource-based value chains to generate and withhold economic value added and income for men and women in the area. Promotion of value chains in rural cross-border areas via capacity building measures and model-like support will generate additional income and employment.

Expected results:

- Capacities for the generation of income through economic diversification and the sustainable use of natural resources in rural areas strengthened;
- Developed evidence-based joint positions for all SEE economies and presented to regional agricultural and rural development policy fora;
- Induced changes in mind-sets and strengthened capacities for future joint planning at the level of local partnerships called stakeholder groups (SHG).

Budget: The total cost of the action is EUR 240,000 for the period 2018-2020. Budget is not secured yet.

**2.2.3 Summary of Actions proposed by the national authorities to be implemented in the period 2018–2020, including elaboration of the activities proposed under the Economic Reform Programmes (ERPs) 2018-2020.**

**Action 2.8: Cross-border recognition of certificates of electronic signature (proposal put forward by The Former Yugoslav Republic of Macedonia)**

Rationale: The Western Balkans' integration into the European Digital Single Market is a crucial step towards tackling the challenges from Digital Transformation and reaping the benefits from it. The project "Cross-border recognition of certificates of electronic signature" will boost regional cooperation and enable significant financial savings. The implementation of the proposed project will cover the issues of trust, security, e-government, industry, society and the economy, thus building strong digital future of the region on its path towards the EU. The Western Balkans economies established necessary contacts and institutional infrastructure according the E-Signature Directive. The proposal will help towards establishing the regional trust between these services.

Some communication has been established regarding this initiative as part of eIDAS activities and initiative<sup>11</sup>. The project will require a set of hardware and software to facilitate cross-border certification services and prepare WB economies for the European Digital Single Market.

The action has direct relevance to the MAP REA and will contribute towards the implementation of the specific actions therein. The actions will primarily focus on (i) creation of digital registry for economy trusted services (where it does not exist), (ii) establishment of regional links with lists of

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<sup>11</sup> The proposal was presented by the NIPAC office from The Former Yugoslav Republic of Macedonia at the last IPA MC meeting, held in Brussels on 14-15 November 2017

national trusted services, (iii) peer learning and exchange of know-how in the field, and (iv) building capacities of actors involved through training and regional workshops.

Expected results:

- Steps/activities for cross-border recognition of certificates of electronic signature designed and implemented;
- Dialogue on regulatory issues in electronic commerce launched;
- Exchanges with Western Balkans economies and EU Member States increased;
- Capacities of national structures dealing with e-signature and e-services strengthened.

Budget: The estimated action cost is EUR 5,000,000 for the period 2018-2020. The budget is not secured.

**Action 2.9: Support to electric vehicles introduction through power grid development (proposal put forward by Serbia)**

Rationale: Directive 2009/28/EC of the European Parliament establishes mandatory national targets consistent with a 10% share of energy from renewable sources in transport by 2020. Electric vehicles are foreseen to replace automobiles with internal combustion engines that are widely used today. Electric vehicles not only consume electricity produced in thermal power plants but also the one produced in renewables. The replacement should occur, at the first place, in the cities where air pollution is at critical level. Besides reduction of pollution introduction of electric vehicles would significantly decrease city noise. Both previously mentioned benefits of electric vehicles improve quality of life in city areas. On the other hand, oil is imported in all WB economies, thus switching to electric vehicles would reduce their oil import and increase energy independence.

Electric vehicles introduction have to be supported by proper power distribution grid development in order to provide connection of charging stations. By now, power distribution grids in the region of South East Europe have not been planned and dimensioned to support connection of charging stations. This particularly refers to downtown areas of the cities where electricity consumption is the highest and number of vehicles is expected to be largest. In addition, there has been no investigation of electricity needed for electric vehicles consumption in the region of South East Europe in critical case of all automobiles with internal combustion engines being replaced with electric vehicles. This is critical scenario that must be considered within energy strategy.

Expected results:

- Study containing analysis and development proposals for distribution system to support connection of electric vehicles charging stations in critical case scenario prepared;
- Electricity consumption forecast in the region of South East Europe in critical case scenario prepared;
- Consideration of additional electricity production in the region of South East Europe needed to cover consumption of electric vehicles taken into account and factored in future strategic and policy responses.



**Budget:** The total funds for the period 2018-2020 are approximately EUR 750,000. The funds are not secured.

**Action 2.10: Support to increase energy efficiency through capacity building in power sector for creating innovative products (proposal put forward by Serbia)**

**Rationale:** There is a need in the region to stimulate the key long-term drivers of growth – like innovation and skills. Encouraging innovation, skills development and a knowledge-based economy will further increase efficiency and higher productive efficiency, thus shifting the economy to a path of higher growth. All of the above should help accelerate the process of catching up with the EU and narrowing the existing per capita income gap and will facilitate the innovation and knowledge in the power sector as the main sources and factors of growth and job creation in the twenty-first century. Innovation founded on power sector in an effort to achieve regional goals like energy efficiency improvement, primary energy saving and decreasing pollution are possible if there is adequate human capacity development grounded on modern education and solid skills (Smart Growth pillar). ‘Smart specialisation’ of the SEE region will be achievable through more investments in research and development in innovation, strengthening the network of related companies operating in energy sector, organising joint regional workshops and trainings and regional sharing of know-how. The action should also promote the potential of research efforts in power sector to transform the knowledge generated into marketable innovations through support to incubator networks, entrepreneurship and access to finance with particular reference to smart and clean technologies.

**Expected results:**

- Improved policy and regulatory frameworks to support implementation of innovation knowledge;
- A regional network of energy efficiency projects and associated working group established;
- Commencement of regional incubator network for creating innovative products which will support the increase of energy efficiency;
- Policy makers from the SEE region have an increased understanding of good practice in policy to foster innovation in the field of energy efficiency improvement with specific reference to best practices in the EU;
- Contribution to national strategies for achieving RES and energy efficiency goals.

**Budget:** The cost for the action is EUR 30,000 for the 2018-2020 period. No funding secured.

**Action 2.11: Private sector participation (PSP) in solid waste and wastewater sector (proposal put forward by Serbia)**

**Rationale:** There is a need in the SEE region to stimulate the PSP in the financing of solid waste and wastewater infrastructure projects. PSP is a form of cooperation between public authorities and businesses with the aim of carrying out infrastructure projects or providing services which have traditionally been provided by the public sector. PSPs typically involve complex legal and financial arrangements. They are widely used within the EU, including in waste management and water sectors. The environment in which the private sector currently operates is uncertain and exposed to high risk. Examples include uncertainty over waste quantities and composition; differences in waste/wastewater service prices between public and private sector providers; limited political commitment to the regional approach to waste or wastewater management; and inadequate enforcement of waste and wastewater management legislations. The public sector is also exposed to risk and uncertainty. This is due mainly to its limited experience and understanding of contracting,

implementing and monitoring the involvement of the private sector. Examples are excessive contract durations, poorly specified service requirements and monitoring procedures, poor understanding of system costs, and inadequate financial provision for long-term closure and remediation of landfills.

Expected results:

- Improved policy and regulatory frameworks to support implementation of PSP in the sector of solid waste and wastewater;
- Constantly open cooperation and interregional access between public utility companies as well as local municipalities in SEE region;
- Policy makers from the SEE region have an increased understanding of PSP good practice in the sector of solid waste and wastewater infrastructure with specific reference to best practices in the EU.

Budget: The cost for the action is EUR 30,000 for the 2018-2020 period. No funding secured.

**Action 2.12: Reduction of termination rates in WB for incoming calls from the WB economies and EU/EEA MS (proposal put forward by The Former Yugoslav Republic of Macedonia)**

Rationale: Termination rate for incoming calls is a charge that an operator charges to another operator for terminating calls on its network. The termination costs are included in retail prices invoiced to customers who have made outgoing calls towards other operators. The high termination rates in WB6 represent a burden for end-users making calls to the WB6 more expensive than calls to the USA, Canada or other destinations<sup>12</sup>. For the same reason Skype-out calls to WB economies are pretty expensive<sup>13</sup>.

The table below provides a cooperative overview of the termination rates for landline and mobile in some WB6 and other non-WB6.

	<b>Eurocents per minute</b>	
	Landlines	Mobiles
<b>Albania</b>	14,9	40,5
<b>Montenegro</b>	19,8	54,3
<b>The Former Yugoslav Republic of Macedonia</b>	19,0	59,3
<b>Serbia</b>	15,6	22,7
<b>Bosnia and Herzegovina</b>	17,9	28,1
<b>USA</b>	2,0	2,0
<b>France</b>	2,0	7,0
<b>Germany</b>	2,0	8,88

There are international experiences that instruct on ways to address this concern.<sup>14</sup> Termination rates that operators charge for international calls are several times higher than the cost-oriented termination rates for national calls. This issue represents a barrier for economic development of the WB region, barrier for a low-price communications among the people and businesses within the WBs and between WBs and EU/EEA countries. This problem is also related to high prices of roaming calls.

<sup>12</sup> <https://www.telekom.mk/megjunarodni-povici.nspix>; <https://www.telenor.rs/sr/biznis/ponuda/tarifni-dodaci/dodaj-medjunarodne-pozive>

<sup>13</sup> <https://skype.pchome.com.tw/en/rate/rate.html#>

<sup>14</sup> Recently, national regulator in Germany<sup>14</sup> issued an order to operators in Germany to notify their end-users with a free-of-charge message that they are about to make a call to a foreign telephone number prior the cost-intensive call is established

#### Expected results:

- Price for terminating of international calls (from WB and EU/EEA) for all WB economies reduced;
- An agreement on reducing termination costs developed and signed between WB6 economies;
- Benchmarking on the level of termination rates within EU/EEA countries recognised by WB6.

Budget: The cost for the action is around EUR 200,000 for the 2018-2020 period. No funding secured.

#### **Action 2.13: Cross-border connectivity of the Western Balkan National Research and Education Networks (proposal put forward by The Former Yugoslav Republic of Macedonia)**

Rationale: With the inclusion of the Albanian National Research and Education Network (NREN), 4 out of 6 WB6 economies are now part of the GÉANT, pan-European academic and research network (AMRES, MARNET, MREN and RASH). One of the benefits of the membership in GÉANT is the connectivity service offered to the member NRENs. Currently, the connectivity to the GÉANT network is realised through an international tender head by GÉANT Ltd that commissions regional and national links towards the NRENs. The costs of the links are paid partly by the NRENs and partly by the GÉANT project. Due to the market situation in WB, the price for this links can get quite high. For example, The Former Yugoslav Republic of Macedonia pays a fee of around € 13,000 per gigabit per year, compared to Bulgaria, where the same capacity costs only € 2,000.

Providing cross-border connectivity between NRENs in the WB could bring great benefits for the NRENs, but also for the national economies. Reducing costs of connectivity will enable the NRENs to focus more on the development of their network, increasing the outreach and enriching their service portfolios. Moreover, regional interconnectivity could facilitate development of regional services, enabling greater support for education, at the same time encouraging collaboration and regional innovations.

This action is in line with the current GÉANT activities in supporting South East European NRENs to integrate, upgrade and strengthen their capacities and enable sharing of the capacities within the GÉANT network, directly influencing the cost and the quality of its links. The European Commission has allocated additional € 16 million to support NRENs in such activities (“Increase of long-term backbone capacity”, which will be an integral part of the upcoming GÉANT GN4 phase 3 project).

The resulting infrastructure could also stimulate the remaining WB economies to establish their NRENs and become part of GÉANT, providing them with easily accessible connectivity infrastructure. The project proposes acquiring and/or building of necessary cross-border links and active networking equipment to facilitate the cross-border connectivity.

#### Expected results:

- Reduced prices of links towards GÉANT network;
- Sharing capacities to extend the GÉANT network outreach;
- Development of regional inter-NREN services for users in the region;
- Support education and innovation processes in the region.

Budget: TBD.

**Action 2.14: Digital skills for the Western Balkans-enabling environment for the digital economy (proposal put forward by Kosovo\*)**

Rationale: In order to take full advantage of the digital economy opportunities it is necessary to design, strengthen and harmonise at the regional and national levels laws, regulations, institutional and human capacity and develop a variety of partnerships needed to improve regional competitiveness, incentivise innovation and job creation. This project may also support significant skills and job creation development initiatives and set-up of the proper institutional arrangements needed to move the Regional and National Digital Agenda's forward.

This project proposal is envisaged to have two components: (1) legal, regulatory and institutional foundations for the digital economy – with primarily focus on strengthening regulatory and institutional capacity to respond to evolving technological innovations and establishing a progressive and future proof regulatory environment in line with EU law; establishing a harmonised regional and domestic enabling environment; and (2) competency framework for digital economy skills, and jobs – with primary focus addressing the current lack of human capacity for digital transformation at the regional and national levels, bridge the ICT literacy divide and develop new skills needed in the digital economy.

The WB6 economies will benefit among others from consulting services and training namely for legal and regulatory framework development, digital economy policy, strategy and action planning, standards and regulatory development in the areas of digital government, for cybersecurity policy, strategy, and regulatory development, for institutional strengthening and capacity building in the area of cybersecurity, etc. Additionally, building the private sector digital skills will be addressed through this proposed project.

Expected results:

- Regulatory and institutional capacity to respond to evolving technological innovations strengthened;
- Harmonised regional and domestic enabling environment established;
- Lack of human capacity for digital transformation addressed;
- Built capacities in different areas relevant to digital agenda of WB6 and increased digital skills of relevant government structures and private sector.

Budget: TBD.

**Action 2.15: Digital Broadband Highway in the Western Balkans (proposal put forward by Kosovo\*)**

Rationale: Digital broadband infrastructure in WB6 does not reach all households, businesses, and public institutions. Regional interconnectivity is fragmented with an average penetration as a region at around 65 percent per household. High investments for broadband deployment, consisting at 70-80 percent of costly civil works present the main constraints to the development of national or regional broadband connectivity.

The World Bank is completing a preliminary analysis that scopes out the demand, estimates supply, and identifies actionable recommendations on whether and how such regional infrastructure could be commercialised jointly by WB6 governments. Particular advantage of the regional approach is the

scale – a big enough pool of capacity and coverage would attract more clients and create bigger business opportunities that would be otherwise unreachable for separate economies.

Legislative, regulatory and investment needs to be defined following the completion of the study.

Expected results:

- Digital broadband connectivity improved;
- Capitalised investments already made via fibre optic;
- Improved utilisation of the existing capacities at national and regional level.

Budget: TBD.

*Analysis of the Economic Reform Programmes (ERPs) 2018-2020*

In addition to the above described actions, on the basis of the measures proposed in the Economic Reform Programmes, as the key mid-term economic policy coordination documents, a cross-reference analysis between the SEE2020 Flagships and the latest ERPs 2018-2020 has been developed, which reveals a relatively good fit between the regional actions to be undertaken and the national actions proposed by individual economies through the measures within the ERP.

Below is the analysis for the Connectivity Flagship:

Economy	Reform measure	Flagship
Albania	Reform 02: Further liberalisation of the energy market	Connectivity
Albania	Reform 03: Diversification of energy sources (gasification)	Connectivity
Albania	Reform 04: Feasibility study for the construction and upgrade of the Adriatic-Ionian Corridor	Connectivity
Albania	Reform 05: Rehabilitation and construction of the railway segment Tirana-TIA-Durrës	Connectivity
Albania	Reform 12: Adoption of the legal and regulatory framework for the development of the broadband infrastructure	Connectivity
Bosnia and Herzegovina	4. Transport market reform	Connectivity
Bosnia and Herzegovina	5. Increasing energy efficiency and use of renewable sources of energy	Connectivity
Bosnia and Herzegovina	8. Environment – Conserving, protecting and improving environmental quality	Connectivity
Kosovo*	Measure 2: Reducing energy consumption through energy efficiency measures	Connectivity
Kosovo*	Measure 3: Further development of energy generation capacities	Connectivity
The Former Yugoslav Republic of Macedonia	Measure 3: International rail transport facilitation	Connectivity
The Former Yugoslav Republic of Macedonia	Measure 4: Increasing the competitiveness of the electricity market	Connectivity
The Former Yugoslav Republic of Macedonia	Measure 5: Promotion of renewable energy sources and improvement of energy efficiency	Connectivity

Montenegro	Measure 16: Improvement of legislative and regulatory framework to reduce the costs of deploying high-speed electronic communication networks	Connectivity
Montenegro	Measure 2: Improvement of legislative, regulatory and institutional framework for integration into the regional electricity market	Connectivity
Montenegro	Measure 3: Adoption of a bylaw on maritime single window	Connectivity
Montenegro	Measure 4: Establishment of an efficient and independent regulatory and a safety body in railway transport sector	Connectivity
Serbia	Reform 3. Energy market development coupled with energy infrastructure construction	Connectivity
Serbia	Reform 4. Improving the capacity and quality of infrastructure and services in the area of transport	Connectivity
Serbia	Reform 5. Reform of railways	Connectivity
Serbia	Reform 14. Development and improvement of the national broadband communications infrastructure	Connectivity

### **2.3. Flagship: Competitiveness**

SEE 2020 Competitiveness Flagship continues addressing priority areas aimed at increasing economic competitiveness and supporting industrial development. Interventions will be centred on the priorities stipulated by the SEE 2020, namely at improving conditions for investment and strengthening the industrial base of the region's economies, supporting priority sectors, encouraging creation and growth of enterprises, facilitating financial market integration, enhancing innovation performance and increasing the region's share of international trade. While respecting implementation of the SEE 2020 Strategy and the RCC 2017-2019 Strategy and Work Programme the actions planned will also be aligned with the individual Economic Reform Programmes and obligations stemming from the accession process so as to associate regional efforts with national priorities. The activities will represent the continuation of the work stipulated by the 2016-2018 and 2017-2019 Programming Documents, under which financing of the work in the areas of investments and tourism has been ensured through IPA Multi-country Programme, respectively.

The actions under Competitiveness Flagship are stemming directly from the SEE 2020 process; however, some of the actions are linked directly with the MAP REA. The investment agenda and capital markets development are both the priorities of SEE 2020 Strategy, under the Integrated Growth pillar and Sustainable Development pillar (Competitiveness dimension), respectively. The actions related to tourism and industrial development are solely focused on the SEE 2020 priorities, although the industrial development efforts are horizontally linked with the MAP REA smart growth priority (smart specialisation).

The Investment component of MAP REA places additional importance on the development and implementation of the investment policy reform agenda, along with coordinating joint investment promotion efforts so as to promote the region's investment potentials to the global business community. Under this agenda, the region will aim to implement a regional investment reform agenda that will lead to alignment of the investment policies with the EU and international standards and best practices, and provide significant new opportunities for the private sector. It further gives impetus to the actions aimed at integration of financial markets so as to identify the main challenges that need to be addressed and spearhead capital market development. MAP REA also introduces smart specialisation to strategic efforts for industrial development, based on EU experience, in order to ensure strategic structural investments and to build competitive advantage. In this endeavour, the actions outlined in the MAP REA aimed at investment policy reform agenda and promotion are further building on the actions and results prioritised in the previous programming periods (both 2016-18 and 2017-19). Furthermore, the MAP REA places a new priority on supporting comprehensive smart specialisation, R&D and innovation policies within the context of industrial development of the region.<sup>15</sup>

RCC is cooperating with various international organisations in terms of proper implementation of the Competitiveness Flagship especially regarding the investment part. United Nations Conference on Trade and Development (UNCTAD) has conducted the first regional SEE Investment Policy Review (IPR) which is intended to help economies screen and improve investment policies and introduce the benefits of investment environment to the private sector.

Investment Policy Review outlined the importance of addressing the investment reforms on the topics of International Investment Agreements (IIAs) and Investor State Dispute Settlement (ISDS) where the synergy is made with all regional players from this field, which means the United Nations

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<sup>15</sup> Industrial development efforts will be directed to the MAP measure on smart growth, by alignment of industrial policies with smart specialisation, as indicated in action 4 of Skills and Mobility Flagship

Commission on International Trade Law (UNCITRAL), Energy Community's Dispute Resolution Centre, UNCTAD's division dealing with these topics, World Bank and GIZ ORF Legal Reform project.

World Bank Group is important partner in implementing the investment agenda, namely as a technical support in the implementation of the regional investment policy and promotion.

As a result of previous activities of the RCC in terms of private sector involvement Western Balkan Chamber Investment Forum is highly involved within the activities of the Competitiveness Flagship so as to have better insight of the business voice.

### **2.3.1 Summary of Actions to be implemented by the Regional Cooperation Council for the 2018-2020 period**

#### **Action 3.1: Support to development and implementation of a regional investment reform agenda – MAP REA action**

Rationale: The region has committed to design and implement a regional investment agenda which will be formulated by prioritising and sequencing issues in investment-pertinent policies to be addressed through a regional dialogue in short-term, medium-term and long-term timeframe. The region will consider formalising this agenda upon conducting thorough analysis and proposing options for appropriate instrument(s) acceptable to its economies, based on the content of the agreed regional investment reform agenda. The regional investment reform agenda is intended to ensure transparent and fair competition among the economies by mitigating a "race to the bottom" whilst not hindering their individual interests in attracting and facilitating investments. Finally, the WB6 economies will develop a common platform for investment promotion and work jointly on presenting the region as a sound investment destination to the foreign business community. The ultimate goal of this work is to improve the attractiveness of the region for foreign and intra-regional business, and hence attract higher inflow of investments and generate higher entrepreneurial activity, trade, and ultimately jobs.

RCC's SEE Investment Committee-CEFTA Joint Working Group on Investments will serve as the main interlocutor for this work, gathering line ministries in charge of investment policies and promotion agencies. The private sector, both from the region and inward investors, will be involved with regard to the development, monitoring and promotion of the regional investment reform agenda, through participation of Western Balkans Chamber Investment Forum (WB CIF) in existing or future working mechanisms, having an advisory role.

Capacity building of SMEs is another important factor in improving access to finance. Today, SMEs in the WB incur difficulties in preparing the required paperwork and financial reports for loan application, therefore, increase of their capacities within this field, mainly financial literacy, will enable them to apply for loans with private sector banks as well as access finances through COSME and Europe Enterprise Network programmes.

#### Expected results:

- Regional investment reform agenda, comprised of investment-pertinent policy reforms and actions, developed and agreed on the regional level and implemented on a national level;
- WB6 region promoted as a unique investment destination: joint investment promotion operational platform established and investor outreach activities executed;
- SMEs financial literacy improved with the purpose of easing access to finance.



**Budget:** EUR 2,500,000 (MC IPA funding for technical support of the World Bank to the RCC-CEFTA Working Group on Investment secured) for regional investment reform agenda and joint investment promotion of the region. RCC budget: 180,000 for the regional dialogue secured through RCC operational budget 2018-2020. Additional funding: EUR 100,000 needed for legal base analysis. Additional funding TBD for electronic permits, business friendliness certification programmes.

### **Action 3.2: Access to finance – Support to capital markets integration – MAP REA action**

**Rationale:** In order to create a more dynamic investment space in the region, the RCC will implement the MAP REA measure on diversification of financial systems. This work will entail at first setting up a platform for regional cooperation in this area, comprised of financial markets authorities, namely ministries of finance, central banks, securities commissions and stock exchanges. The platform will identify the gaps and opportunities for broader capital markets integration, and deliberate on the need for development of a regional strategy for capital markets development and improving financial services through joint approach in designing adequate policy reforms and actions. This regional strategy for capital market integration will be converted into a multiannual regional programme to be considered for donor funding, and will encompass the activities such as establishing and maintaining regional trading platform, crowdfunding, capacity building for stock exchanges and securities authorities, policy reform pertinent to capital market development, and other, as prioritised by the relevant region's stakeholders.

#### **Expected results:**

- Regional financial markets integration platform established;
- Main barriers to capital markets development identified;
- Needs for regional capital markets integration and development identified;
- Policy and actions response developed in terms of improved services of financial operators (i.e. stock exchanges).

**Budget:** EUR 90,000 RCC budget secured for establishing and maintaining regional dialogue for integration of financial markets. Additional funding needed for analytical and technical support to integration of financial markets and for a multiannual regional programme for capital markets development and integration in the amount of EUR 3,000,000.

### **Action 3.3: Support to strategic sectors – Tourism Triple P**

**Rationale:** The RCC will continue supporting the development of SEE 2020 priority sectors, starting with tourism. The activities will build on priorities established under the industrial development priority area of Programming Document 2016-2018, with the aim to establish regional value chain in this sector and promote it internationally. This work will entail development of joint regional tourism product (routes) in the niches of cultural and adventure tourism, with the objective of promoting exports and jobs growth. Furthermore, the region will address the main challenges to sector development, such as skills gap, as well as administrative barriers. In order to provide infrastructure support to this work, activities will be directed at the implementation of small-scale pilot project along the regional tourism offer. Although the actions will be directed at tourism sector per se, many horizontal positive spill-overs are anticipated, particularly in tourism related sectors (food and beverages, small and medium-sized business, underdeveloped areas, etc.). RCC's SEE Investment Committee's Tourism Expert Group (TEG) will steer this work, under the guidance of the RCC and with financial support from the MC IPA. TEG is comprised of line ministries in charge of tourism, national tourism boards, as well as private sector (tour operators, tourism-related clusters).

#### Expected results:

- Joint regional tourism routes based on 3+ economy participation prepared and promoted internationally, with focus on cultural and adventure tourism;
- Barriers and challenges to regional tourism development addressed through targeted policy interventions, with focus on skills gap, administrative barriers, and others prioritised by TEG;
- Pilot projects implemented supporting regional tourism products; focus on small infrastructure along regional tourism routes.

Budget: Budget secured through IPA MC 2017 programme: EUR 5,000,000 from EU contribution and EUR 250,000 from RCC operational budget. The project covers the 2018-2020 period.

#### **Action 3.4: Facilitating regional dialogue on industrial development**

Rationale: Improving the industrial base of the region will be facilitated through a regional dialogue on improving the existing industrial policies through the RCC's SEE Investment Committee's Working Group on Industrial Policy. In this respect, the RCC will continue to follow up on the alignment of industrial development strategies with the EU integration processes (CH20 benchmark), as well as of implementation of Small Business Act, technical support to SMEs (i.e. linking with COSME and Europe Enterprise Network programmes by training SMEs on writing project proposals and project applications), access to finance, through improvement of financial literacy, development of regional value chains and inclusion into European chains. Moreover, industrial clusters are being developed throughout WB and they could play an important role in facilitating regional dialog on industrial development. Introduction of regional cluster cooperation could aid integration of regional value chains and integration in GVC. This initiative could as well provide opportunities to enhance regional value chains through regional cluster meetings and forums. Furthermore, the efforts of the industrial policy reform will be aligned with smart growth, aligning industrial development strategic documents with the ongoing efforts of smart specialisation.

#### Expected results:

- Regional dialogue on industrial policy development established;
- Easier access to finance enabled for business, especially SMEs, start-ups and scale-ups;
- Regional value chains in priority sectors developed.

Budget: EUR 90,000 from RCC budget for regional dialogue; additional funding will be needed and TBD as per needs of the regional platform for development of policy instruments and actions.

#### **2.3.2 Summary of Actions to be implemented by Regional Dimension Coordinators (RDCs) and other regional actors for the 2018-2020 period**

#### **2.3.3 Summary of Actions proposed by the national authorities to be implemented in the period 2018-2020, including elaboration of the activities proposed under the Economic Reform Programmes (ERPs) 2018-2020**

##### Analysis of the Economic Reform Programmes (ERPs) 2018-2020

In addition to the above described actions, on the basis of the measures proposed in the Economic Reform Programmes, as the key mid-term economic policy coordination documents, a cross-

reference analysis between the SEE2020 Flagships and the latest ERPs 2018-2020 has been developed, which reveals a relatively good fit between the regional actions to be undertaken and the national actions proposed by individual economies through the measures within the ERP.

Below is the analysis for the Competitiveness Flagship:

Economy	Reform measure	Flagship
Albania	Reform 06: Consolidation and defragmentation of agricultural land	Competitiveness
Albania	Reform 07: Introduction of strategic policies for non-food industry	Competitiveness
Albania	Reform 08: Reform on water and waste water sector	Competitiveness
Albania	Reform 09: Reduce regulatory burden to business	Competitiveness
Albania	Reform 10: Effective implementation of the national plan to reduce the level of NPL in the banking sector	Competitiveness
Albania	Reform 13: Facilitate trade and reach greater synergy in the implementation of national trade facilitation measures and MAP REA	Competitiveness
Bosnia and Herzegovina	6. Improving agriculture, forestry and water management	Competitiveness
Bosnia and Herzegovina	7. Introducing tighter prudential requirements of the banking operations and regulating the bank restructuring procedure	Competitiveness
Bosnia and Herzegovina	9. Improving the business environment and reducing the informal economy	Competitiveness
Bosnia and Herzegovina	10. Establishing a more efficient management system of scientific research and innovation potential in the Republika Srpska	Competitiveness
Bosnia and Herzegovina	11. Trade liberalisation	Competitiveness
Kosovo*	Measure 4: Investment in agricultural infrastructure and agro-processing	Competitiveness
Kosovo*	Measure 5: Expanding farms through consolidation and regulation of agricultural land	Competitiveness
Kosovo*	Measure 6: Boosting private sector competitiveness through industrial development for SMEs	Competitiveness
Kosovo*	Reform Measure 7: Development of tourism products in Kosovo* tourist regions	Competitiveness
Kosovo*	Measure 14: Trade facilitation - increasing the cost-effectiveness of international trade transactions	Competitiveness
Kosovo*	Measure 15: Further improvement of quality infrastructure and strengthening the role of authorities for market surveillance, with focus on construction products	Competitiveness
The Former Yugoslav Republic of Macedonia	Measure 6. Improving of irrigation systems	Competitiveness
The Former Yugoslav Republic of Macedonia	Measure 7: Consolidation and defragmentation of agricultural land	Competitiveness
The Former	Measure 8. Agricultural cooperatives	Competitiveness

Yugoslav Republic of Macedonia		
The Former Yugoslav Republic of Macedonia	Measure 9: Supporting activities for attracting FDIs and investments by domestic companies	Competitiveness
The Former Yugoslav Republic of Macedonia	Measure 10: Support for investments	Competitiveness
The Former Yugoslav Republic of Macedonia	Measure 11: Export promotion and growth of exports	Competitiveness
The Former Yugoslav Republic of Macedonia	Measure 12: Increasing competitiveness in tourism & hospitality sector	Competitiveness
The Former Yugoslav Republic of Macedonia	Measure 14: Improving infrastructure and access to finance for research, development and innovation	Competitiveness
The Former Yugoslav Republic of Macedonia	Measure 15: Triple helix partnership - Establishment of the National Office for Transfer of Technologies	Competitiveness
The Former Yugoslav Republic of Macedonia	Measure 16: Simplification of procedures for access to markets in the region	Competitiveness
Montenegro	Measure 5: Promotion of investments in industry	Competitiveness
Montenegro	Measure 6: Support to development and modernisation of industry	Competitiveness
Montenegro	Measure 7: Support to investments in food industry to attain EU standards	Competitiveness
Montenegro	Measure 8: Diversification of tourism product	Competitiveness
Montenegro	Measure 9: Encourage resolution of NPL by strengthening prudential supervision framework and bank solvency	Competitiveness
Montenegro	Measure 12: Improvement of financial support to SME sector	Competitiveness
Montenegro	Measure 13: Improvement of non-financial support to SME sector	Competitiveness
Montenegro	Measure 17: Implementation of CEFTA Additional Protocol 5 and adoption of CEFTA Additional Protocol 6	Competitiveness
Serbia	Reform 2. Improved capital investment management	Competitiveness
Serbia	Reform 6. Improvement of the competitiveness and status of agricultural holdings	Competitiveness
Serbia	Reform 7. Raising the competitiveness of the processing industry	Competitiveness
Serbia	Reform 8. Package of measures to improve access to finance for SMEs	Competitiveness
Serbia	Reform 9. The introduction of corporate governance in public enterprises	Competitiveness
Serbia	Reform 10. Simplification of procedures and other conditions	Competitiveness

	for doing business	
Serbia	Reform 12. Improvement of the geospatial sector as support to investment decision-making process	Competitiveness
Serbia	Reform 15. Improving the conditions for product safety and removing barriers to trade	Competitiveness

## 2.4 Cross-cutting issues

Cross-cutting elements of the SEE 2020, relating to effective public services, anti-corruption and justice, strengthened role of civil society, gender equality, etc. are the key prerequisites for the achievement of the Strategy's objectives and for the effective implementation of the Strategy's policy measures. The progress made in securing functioning public institutions varies across the region. However, fundamental improvements are still needed. The cross-cutting issues form a critical part of conditions for EU accession under the recent Enlargement Strategy. Strengthening the rule of law can be achieved through significantly improving the quality of public services delivered to the public. This quest for credibility is at the core of any effort to build better public institutions. Priorities include the need to gear policies towards citizens first, to professionalise the civil service by institutionalising transparency and access to information, improving systems for more effective treatment of citizens' complaints against mismanagement in public services and protect them from retaliation. Important components belong also to citizens' involvement in decision-making, public finance management and e-governance. Certain activities are to be taken to ensure the principle of subsidiarity and decentralisation in order to foster the coordination between various levels of government.

An important role in achieving these results and fostering regional cooperation in the field of public administration reform belongs to the Regional Dimension Coordinator for PAR – Regional School of Public Administration (ReSPA). ReSPA is a regional actor which has been established to support creation of accountable, effective and professional public administration systems in Western Balkans on their way to EU accession. RCC will continue to closely cooperate with ReSPA to ensure the best use of regional cooperation in the public administration reform area so that the functioning and strengthened public institutions are fully capable to implement the actions of the three flagships.

With the same purpose, the RCC will closely coordinate its activities on public administration reform with SIGMA. SIGMA's key objective to strengthen the foundations for improved public governance, build capacities of public sector, enhance horizontal governance and improve the design and implementation of public administration reforms substantially contributes to achieving compliance with the Principles of Public Administration. Therefore, it is pivotal to synchronise the regional activities with SIGMA assessments' findings.

The contributions brought by the Network of Associations of Local Authorities of SEE (NALAS) as another Regional Dimension Coordinator for PAR form an important part of outcomes in SEE2020 achievement. The RCC supports the work of NALAS in strengthening the capacities of local governments and ensuring the implementation of the principle of subsidiarity. The RCC will also closely look into the monitoring findings of the Western Balkans Enabling Project for Civil Society Monitoring of Public Administration Reform (WeBER) when analysing the progress made by the governments in designing and implementation of public administration reform.

The aim of the anti-corruption component is to improve government effectiveness, enhance business environment and support implementation of other flagships. The need to counter corruption is essential to the broad goal of promoting growth, since corruption is major deterrent to investment. There is also a need to ensure that the work carried out under other actions specifically is not undermined by corruption. To this end, activities seek to improve transparency, to move away from discretion to rule-based decision-making. Important steps are to be taken to strengthen protection of whistle-blowers as well as capacities of civil society in the field of anti-corruption. At the same time building capacities of law enforcement remains of crucial importance. Topics as asset recovery, financial investigations and data exchange are to be brought to the focus of regional cooperation.

In this regard, making the best use of cooperation with other regional actors active in anti-corruption is crucial in seeking to enable the best advantage out of regional cooperation on anti-corruption. The key partner of the RCC in this regard is the Regional Anti-corruption Initiative (RAI), which overtook the role of Dimension Coordinator for anti-corruption. RAI and RCC will work closely towards the aim that corruption practices do not undermine the work undertaken under the other flagships. With the same purpose, the RCC will continue to explore synergies with other international partners active in this field, such as UNDP, UNODC, OSCE, and OECD.

Above all, an independent, efficient and accountable judiciary is also a sine qua non precondition for the rule of law, democracy and human rights development. Efficiency goes hand in hand with competence. Judicial training centres or judicial academies have become the key training institutions for judges and prosecutors in the SEE region<sup>16</sup>. Nevertheless, institutional capacities are not yet fully developed, whereas sustainable quality of the justice systems ensures predictable case law, which supports investment and business growth. Besides, the RCC's SEE Associations of Mediators Network promotes the alternative dispute resolution as an efficient tool for court backlog reduction.

Gender equality is one of the horizontal priorities of the SEE 2020, particularly within the activities related to supporting economic competitiveness, job-growth, and social inclusion in the region. Given the interest expressed by participating economies on further supporting gender equality, such as for establishing solid database related to this area, proposing adequate policy reforms, and monitoring the effectiveness of the efforts for increasing gender equality, it is anticipated that the region will propose a joint activity in assessing the needs and proposing concrete measures and actions in addressing the gender gap. The indicated activities are not exhaustive and will be subject to deliberations and proposal of the region's relevant authorities for gender equality. Some of the measures and activities will be built upon the work previously done in this area, particularly the RCC's project on supporting women entrepreneurship funded by SIDA from 2012-2015, as well as other regional/national initiatives.

#### **2.4.1 Summary of Actions to be implemented by the Regional Cooperation Council for the 2018-2020 period**

##### **Action 4.1: Public consultations for draft laws and public policy documents**

Rationale: Decisions prepared and adopted in a transparent and participative manner enjoy the support of the society and are more likely to serve public interest. Thus, in its Pillar *Governance for Growth*, the SEE 2020 Strategy aims at strengthening the role of public opinion and civil society. The implementation capacity and the quality of government services remain challenged in all areas, including in public consultation<sup>17</sup>. Governments often push laws under an urgent procedure, often skipping or drastically reducing public consultation, under the guise of EU accession needs. In some economies, the quality and effectiveness of public consultations has not yet become an integral part of the policy development process<sup>18</sup>.

To advance the action, the RCC will engage in a campaign to raise the awareness on public participation for both large public and civil servants, as well as to bring to their attention the regional standards set up in the Recommendation. Furthermore, the RCC and ReSPA will conduct peer review missions to assess the implementation of the Recommendation. The objective of missions

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<sup>16</sup> The RCC's regional Working Group on Justice is meeting regularly twice per year, expressing the needs of the judiciaries in Western Balkans and approving RCC programmes and plans as well as evaluating the result of activities in the area of justice

<sup>17</sup> See, for instance, SIGMS Action Plans 2017 – 2018 for Western Balkan economies.

<sup>18</sup> SIGMA Action Plan 2017 – 2018 for Albania, page 3.

will be enabling representatives of relevant authorities to learn from their peers from neighbouring economies how to address the challenges they face in organising public consultations. The activity targets one of the objectives laid down in the Governance for Growth Pillar of the SEE 2020 – to generate greater pressure among economies, and thus provide momentum for their national efforts.

Expected results:

- A methodological framework for mutual peer learning agreed and adopted, establishing the fundamentals for peer reviews with the aim of validating practical implementation of the standards compiled;
- Public awareness of general public and civil servants on the importance of conducting public consultations raised;
- Government representatives built a mutual supportive network of senior professionals contributing to the culture of transparency and identified the most effective ways to ensure public consultations for draft laws and public policy documents;
- Peer reviews on putting in practices the compiled standards on transparency and public consultations for draft laws and public policy documents conducted, with conclusions and recommendations for improvement.

Budget: EUR 108,000 for the 2018-2020 period. Funding will be secured through the RCC operational budget.

**Action 4.2: Contributing to prevention of corruption by eliminating integrity shortcomings and corruption risk factors**

Rationale: The RCC and RAI have developed two regional studies on emerging corruption preventive measures: corruption risk assessment in public institutions and anti-corruption assessment of laws (corruption proofing). Based on the regional studies, two regional methodologies were produced and adopted to help governments in the region find out and establish the most suitable mechanisms to carry out the two preventive measures. Currently, governments are being assisted through Regional Programme implemented by RAI, as well as through other projects, to establish and in some cases strengthen corruption proofing and corruption risk assessment. As a result, in some economies methodologies at national level have been produced or upgraded and national authorities included these measures in their national anti-corruption strategies. Moreover, trainings have been carried out and are being planned for public institutions and civil society, and IT tools are envisaged to make the two measures more effective and efficient.

As the capacity of state and non-state actors will grow as a result of the undertaken activities, the RCC and RAI will take the momentum to contribute to streamlining the identification and elimination of integrity shortcomings and corruption risk factors in certain areas identified as most vulnerable to corruption or most important for SEE 2020 Strategy's targets achievement. For that purpose, the RCC has developed a comprehensive Checklist of Corruption Risks in Healthcare Sector. The Checklist is under implementation in some economies and others consider applying it in 2018.

Expected results:

- Capacity of national institutions for conducting corruption risk assessment and corruption proofing strengthened;
- IT and technical capacities of national institutions strengthened;
- Laws/bylaws regulating corruption prone areas screened for corruption risk factors and recommendations in that regard issued by specialised national authority;



- Public institutions working in corruption prone areas get integrity plans to strengthen their resistance to corruption and corruption related shortcomings;
- Public and CSOs involved in preventing corruption through anti-corruption assessment of laws and monitoring the implementation of integrity plans;
- Regional cooperation and peer to peer exchange fostered.

**Budget:** 90,000 for the 2018-2020 period - funding will be secured through the RCC operational budget. EUR 70,000 for 2018–2019 period – funding secured through Regional Programme implemented by RAI.

#### **Action 4.3: Development of anticorruption survey in WB6**

**Rationale:** The Balkan Barometer public opinion survey clearly indicates the third year in a row that there is heightened concern with corruption. These perceptions further corroborate the overwhelming sentiments that rule of law remains a problem. The adoption of the new Enlargement Strategy for Western Balkans stressed out that “citizens yearn to live in countries that are prosperous and equal, where the rule of law is strong and corruption is rooted out<sup>19</sup>”. This emphasis is expected to trigger even more action in the field of anti-corruption both on the side of national administration and the European Commission dedicating more efforts to help governments work on the conditionality to rout corruption out. Yet, ultimately, the region's citizens will judge their own governments on whether or not they are willing and able to deliver on their European ambitions, and their sentiments on corruption have to be well known.

The RCC, in cooperation with the Regional Anti-corruption Initiative, aims to launch a special survey on corruption based on the experience of the Member States, which published a Special Eurobarometer on Corruption.

##### **Expected results:**

- Detailed results on perceptions of corruption within each economy, perceived reasons for corruption, ways to prevent and fight corruption available;
- Conclusions on the most efficient and effective ways to rout out corruption developed.

**Budget:** EUR 450,000 for three years (2018-2020). Funds are not secured.

#### **Action 4.4: Improving the state of business integrity in WB6**

**Rationale:** The Regional Cooperation Council and the Regional Anti-corruption Initiative will join their efforts to develop an action aimed at promoting and improving the state of business integrity and foster a culture of zero-tolerance to corruption in South East Europe, in support of the improvement of the investment climate of economies in the region. The action will seek to raise awareness and understanding of the importance of integrity and transparency for business by developing and enforcing tailored compliance action plans, as well as through trainings in areas of anti-corruption and honest and transparent business conduct. The action will allow for setting up a platform for sharing knowledge and experience in the areas of business ethics, integrity, compliance and combating corruption. Ultimately, the action should impact policy-making and guidelines on integrity and honest and transparent business conduct at the state level, as well as at the level of different organisations sharing common interest in improving the business climate of the economies.

##### **Expected results:**

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<sup>19</sup> [https://ec.europa.eu/commission/publications/eu-western-balkans-strategy-credible-enlargement-perspective\\_en](https://ec.europa.eu/commission/publications/eu-western-balkans-strategy-credible-enlargement-perspective_en)

- Understanding of integrity and transparency for business improved;
- Knowledge and experience shared in the areas of business ethics, integrity, compliance and combating corruption;
- Policy-making takes into account standards on integrity and honest and transparent business conduct;
- Tailored ethics and compliance programmes or action plans developed and implemented;
- Concept of Integrity Officer in the organisations introduced and institutionalised;
- Template of Code of Conduct for Western Balkans businesses developed;
- Whistleblowing system in private sector (procedural guidelines, reporting hotlines) established.

Budget: EUR 1,000,000 for 2018-2020. Funds are not secured.

#### **Action 4.5: RCC serving as a hub of the SEE Judicial Training Institutions Network**

Rationale: In order to mirror the practice established by the EU member states on judicial training, the RCC with the consensus of the Working Group on Justice members established the SEE Judicial Training Institutions (JTI) Network. The established SEE JTI Network is serving as a platform for exchange of experiences and support to the institutions to become sustainable and independent and to guarantee the competence and efficiency of judiciaries. Judicial training institutions in SEE have to be strong and independent, as a guarantor of the objective criteria based appointment of judges and prosecutors and their career advancement. As a hub, the RCC will share all information on seminars and trainings with international relevance and link national training institutions with European training institutions, enabling SEE judges and prosecutors to have trainings in the EU law and other topics important for EU membership and implementation of EC Strategy on judicial training and Justice Programme. RCC will support the SEE Judicial Training Institutions Network as an important tool for enhancing capacity of judges and prosecutors, improving the efficiency of judiciaries, and work on institutional capacity and independency of the training institutions. The aim is to improve competence, efficiency, integrity and independence of judges and prosecutors.

In these processes and activities the RCC consults with EC – DG JUST and DG NEAR and cooperates with European Judicial Training Network to avoid possible overlapping. The RCC is a partner with GIZ ORF LR in implementation of project regarding judicial trainings. Regular consultations are held in order to coordinate common priorities in judicial training area for the next project period (2019-2021). RCC is as well an advisory partner in Germany-SEELS' project SEE-EU Cluster of Excellence of European and International Law in order to strengthen cooperation, trust and communication between faculties of law and judicial training centres. RCC is cooperating with TAIEX (DG NEAR) and Council of Europe (HELP programme and CEPEJ) to build capacities in the topics of common interest in the region.

#### Expected results:

- *Regional trainings for judges and prosecutors:* Developed and approved Regional Programme of trainings in EU law; training tools and materials in the European and international law for judges and prosecutors developed; developed Training of Trainers Programme on liability of legal persons for corruption related offences, as well as on financial investigations; regional trainings provided by TAIEX, European Judicial Training Network (EJTN) and Council of Europe (HELP programme); regional trainings for staff of judicial institutions on media communication delivered;
- *Capacity building of Judicial and Prosecutorial Councils as well as judicial training institutions' staff, as well as of Prosecutorial and Judicial Councils' staff, in planning,*

*drafting strategies and action plans and implementing projects:* strengthened independence and efficiency of judicial training institutions;

- *Database of SEE trainers in the relevant legal fields established in cooperation with GIZ ORF LR, updated and functional;*
- *Study on minimum standards and objective criteria in judicial training processes:* comprehensive regional system of minimum standards and objective criteria for training processes and assessment of the results created (cooperation with EU experts and EJTN);
- *Project coordination:* Coordinated projects in judicial training area and minimised overlapping, thus enabling better use of results at the regional level through close cooperation between EC (DG NEAR and DG JUST), EU delegations, ministries of justice, WB JTIs and the RCC.

**Budget:** EUR 210,000 for the 2018-2020 period. Funding will be secured through the RCC operational budget. Part of the activities related to trainings could be covered through TAIEX instrument and Council of Europe programmes.

#### **Action 4.6: RCC serving as a hub of the SEE Associations of Mediators Network**

**Rationale:** RCC will continue to support the SEE Associations of Mediators Network aiming to improve court-annexed mediation as an important tool to reduce court backlogs, thus enhancing efficiency of judiciaries as one of the preconditions for investments and business-friendly environment. The Network is a platform for discussions between representatives of ministries of justice and associations of mediators regarding possible legal improvements and reforms in the field of court-annexed mediation. RCC serves as a hub in the field of mediation in SEE, identifying topics of common interest and develops the studies and materials at the regional level. The aim of the meetings will be to raise public awareness on the importance of mediation for citizens and business.

In cooperation with SEE JTI network the regional training in mediation skills will be organised.

#### **Expected results:**

- Mediation and other ADR more frequently used, public awareness raised and court backlog reduced;
- Judges, prosecutors, civil servants (ministries of justice) and other stakeholders trained on mediation, as well as on the use of other ADR tools such as arbitration;
- Developed Guidelines in the area of alternative dispute resolution.

**Budget:** 100,000 for 2018-2020. Funding will be secured through the RCC operational budget.

### **2.4.2 Summary of Actions to be implemented by Regional Dimension Coordinators (RDCs) and other regional actors for the 2018-2020 period**

#### **Action 4.7 Contributing to prevention of corruption by introducing an instrument for measuring transparency in the pharmaceutical sector (action proposed by SEEHN)**

**Rationale:** Good governance is an essential factor for economic growth and sustainable development at all levels and within all sectors of society. Good policies can be subverted by corrupt practices, so there is a need for an effective integrity system to ensure ethical practice in the implementation of policies.

In an attempt to curb corruption in pharmaceutical systems, the aim is to strengthen good governance in health system in the SEE region, particularly the pharmaceutical sector as one of the most vulnerable to corruption. Through the application of transparent, accountable, administrative

procedures, and promotion of ethical practices, the aim is to reduce corruption in the pharmaceutical systems.

Studies revealed that up to 9.5% of national expenditures on health care are estimated to be lost due to corruption. Resources that could otherwise be used to buy medicines or recruit much needed health professionals are wasted as a result of corruption, which reduces the availability of essential medicines and can cause prolonged illness and even deaths.

Expected results:

- Improving the management system: Transparency assessment initiated in order to identify weak points in the management system of the medicines chain that are vulnerable to corruption;
- Anticorruption framework developed - Impact on the health system and health status ( health impact as the waste of public resources reduces the government's capacities to provide good quality essential medicines);
- Improved legislative and regulatory framework, improved management of medicines chain and a corrupt "free environment to promote access to good" quality medicines for all members of society, with the ultimate objective of improving peoples' health and wellbeing;
- Inter-institutional collaboration in the anti-corruption movement: establishing alliances and partnerships with other agencies that are promoting good governance and anticorruption movements;
- The role of civil society organisations and the media: Involvement in preventing corruption through anti-corruption assessment of laws and monitoring the implementation of integrity plans.

Budget: 100,000 for 2018-2019. Funding is not yet secured.

**Action 4.8: Strengthening regional cooperation and data exchange in the field of asset disclosure and conflict of interest (the action is proposed by the Regional Anti-corruption Initiative (RAI) Secretariat)**

Rationale: In cooperation with member states and partners, RAI has developed International Treaty on Exchange of Data for the Verification of Asset Declarations. Organisation of the Ministerial Conference for commencement of negotiations and the two rounds of negotiations are under the preparation by the RAI Secretariat. Following the Treaty signing expected to take place in late 2018, RAI Secretariat will engage in monitoring of the Treaty introduction and implementation at the sub-regional level. Monitoring process will be paired with capacity building activities for the oversight bodies to allow for best utilisation of the new tool. Potential actions would include: regional peer to peer activities, exchange of know-how and learning from good practices. There is also a need to instigate a pre-ratification analysis in order to assist the economies with the process of embedding the instrument into national practice. RAI Secretariat will engage in promotion campaign for the Treaty to possibly attract more from the WB6 to adopt the practice. This would further strengthen the value and importance of the Treaty.

Expected results:

- The Treaty signed and ratified by parties;
- Parties of the Treaty exchanging data for the verification of asset declarations and detection of conflict of interest;
- Cooperation among oversight institutions in SEE strengthened;
- Capacities of the oversight bodies strengthened.

Budget: EUR 100,000 for 2018-2019. Donor funding already secured through the Austrian Development Agency.

**Action 4.9: Raising public awareness and strengthening national capacities in the field of whistleblowing (action proposed by RAI)**

Rationale: RAI Secretariat will continue its strong commitment to promoting whistleblowing and supporting national authorities with introducing and strengthening legal frameworks in this field. There are three general directions to be pursued: a) support to the national institutions in implementing their mandate in the field of whistleblowing; b) support the civil society capacities in promotion of whistleblowing and advocacy; and c) raising general public awareness about whistleblowing.

Expected results:

- Increased capacity of relevant public institutions about protection of whistle-blowers;
- Improved whistle-blowers protection through enhanced advocacy capacity of CSOs;
- National institutions better equipped to receive and manage whistleblowing cases;
- Regional cooperation in the field of whistleblowing fostered;
- CSOs equipped to engage in promoting whistleblowing;
- CSOs actively engaged in the whistleblowing advocacy.

Budget: EUR 120,000 for 2018-2020 – funding not secured (in the pipeline)

**Action 4.10: Build capacities of law enforcement agencies and improve their regional cooperation (the action is proposed by the Regional Anti-corruption Initiative (RAI) Secretariat)**

Rationale: Integrity and fight against corruption in law enforcement call for regional cooperation and address one of the themes of GRECO fifth round of evaluation on “Preventing corruption and promoting integrity in law enforcement agencies”.

Key areas of intervention will be supporting the units for professional standards and internal control units’ capacity building activities; strengthening capacities and resilience of border services; implementation of risk assessment in the law enforcement sector; and actions as a follow-up to recommendations given by GRECO.

Expected results:

- Ensuring better transparency of capacities and processes inside the organisations;
- Improving trust inside the institutions and between the institutions;
- Corruption risk assessment introduced/strengthened in law enforcement sector (methodology and practical solutions);
- Capacities of internal control mechanisms within law enforcement institutions strengthened;
- Regional cooperation of law enforcement agencies, border police and units for internal control in particular fostered.

Budget: Approx. EUR 210,000 for 2018-2020. Funding not yet secured.

**Action 4.11: Strengthening national capacities through cooperation in asset recovery (the action is proposed by the Regional Anti-corruption Initiative (RAI) Secretariat)**

Rationale: RAI Secretariat's focus will be on strengthening regional cooperation with the objective to build the capacity of key institutions to further align domestic practices with international and European standards in the field of asset recovery. Road map will be jointly developed with the asset recovery offices and judicial training institutions. RAI Secretariat will support RAI members towards aligning with international standards on money laundering prevention, FATF and MONEYVAL recommendations in particular. UNCAC review process in RAI member states will be taken into account in the process of identification of technical assistance needs on regional and national level. Actions will include preparation of two regional studies on the subject of international cooperation and application of European standards in practice, two regional events enabling peer to peer exchange within the region and peer to peer visits to UK and Romania.

Additionally, greater emphasis will be placed on training and transferring knowledge, based on national policies and priorities. The specialised trainings will be developed jointly with the asset recovery offices and judicial training institutions in the WB region. Trainers will be incentivised to deliver more training sessions in their jurisdictions ensuring wider scope of recipients. No separate parallel systems will be developed but actions will be integrated into existing platforms consequently strengthening the beneficiaries' ability to deliver more training sessions and create a multiple effect.

Expected results:

- Strengthened regional efforts in addressing issues of common interest and promoting practical regional cooperation;
- Enhanced implementation of the existing asset recovery legislative framework by strengthening institutional capacities;
- Better application of international and EU standards.

Budget: EUR 500,000 for 2018–2020 – funding secured through DFID for 2018 (approx. EUR 70,000), remaining funding in the process of obtaining.

**Action 4.12: Support to increase the government effectiveness - World Bank Governance Index – (from 2.3 in 2012 to 2.65 by 2020) through boosting government effectiveness, regulatory quality and control of corruption (the action is proposed by ReSPA)**

Rationale: Regional cooperation promoted by ReSPA is a catalyst for administrative reforms in the region and an added value to bilateral approaches. Public administrations in SEE face a number of common issues they could address more efficiently under regional programmes. In coordination with DG NEAR and regional initiatives, ReSPA directs its actions towards areas where similar or joint efforts by several economies are needed, or where investments will produce a positive impact. In particular, ReSPA activities are directed to these three interconnected fields: (1) capacity building of public administration in the ReSPA members necessary for successful conducting of the European integration process; (2) enhancing cooperation and exchange of experience in public administration reform and European integration activities in ReSPA members; (3) ensuring effective coordination of the implementation of 'Effective Public Services' dimension within the Governance for Growth Pillar of the SEE 2020 Strategy. The support provided by ReSPA focuses on granting the beneficiaries access to the combined available know-how of EU and international organisations and best practices, and it is tailored to the specific situation of each beneficiary. Moreover, through regional networks and structures, ReSPA provides a platform offering the possibility for peer reviews, transfer of knowledge and exchange of best practices.

In order to promote achievement of the SEE 2020 Strategy target for Pillar 5 Governance for Growth (increasing government effectiveness - World Bank Governance Index - from 2.3 in 2012 to 2.65 by 2020) within the programming period 2018-2020 ReSPA will concentrate its activities on three components of this index: government effectiveness, regulatory quality, and control of corruption. Following already achieved substantial progress in this Pillar, ReSPA will support its members to achieve more significant improvement in each of the ratings and plans to achieve this by following specific activities envisaged: upgrading policy and regulatory capacity, improving the quality of public services, professionalization of public servants, etc.

Expected results:

- Improved accountability of public administration by strengthening the role of administrative justice and supporting efforts in judicial control of administration;
- Contribution provided to simplify administrative procedures and improve business environment through promoting better regulation efforts in the region;
- ‘Citizen/client oriented’ approach as underlying concept of the good and economic governance improvements through leading the discussion and helping regional cooperation in the areas of economic governance and public financial management such are public procurement, public private partnerships and public internal financial control (PIFC) through research and expert support to working groups and regional networks promoted and supported.

Budget: EUR 130,000 for 2018 secured. Funds for 2019–2020 are not yet secured.

**2.4.3 Summary of Actions proposed by the national authorities to be implemented in the period 2018–2020, including elaboration of the activities proposed under the Economic Reform Programmes (ERPs) 2018-2020**

Analysis of the Economic Reform Programmes (ERPs) 2018-2020

In addition to the above described actions, on the basis of the measures proposed in the Economic Reform Programmes, as the key mid-term economic policy coordination documents, a cross-reference analysis between the SEE2020 Flagships and the latest ERPs 2018-2020 has been developed, which reveals a relatively good fit between the regional actions to be undertaken and the national actions proposed by individual economies through the measures within the ERP.

Below is the analysis for the cross-cutting areas:

Economy	Reform measure	Flagship
Albania	Reform 01: Establishment of a fiscal cadastre	Cross-cutting
Bosnia and Herzegovina	1. Strengthening public finance management	Cross-cutting
Kosovo*	Measure 1: Improvement of public procurement through application of electronic procurement	Cross-cutting
Kosovo*	Measure 8: Adoption of evidence-based policies and addressing administrative burdens	Cross-cutting
Kosovo*	Measure 9: Securing rights to property by addressing informality in the immovable property sector	Cross-cutting
Kosovo*	Measure 10: Increase judicial efficiency through reduction	Cross-cutting

	of court case backlog	
Kosovo*	Measure 11: General inspection reform	Cross-cutting
The Former Yugoslav Republic of Macedonia	Measure 1: Harmonisation of the public procurement legal framework with the Aquis	Cross-cutting
The Former Yugoslav Republic of Macedonia	Measure 2: Improvement of internal financial control	Cross-cutting
The Former Yugoslav Republic of Macedonia	Measure 13: Development of a national e-services portal	Cross-cutting
Montenegro	Measure 1: Introduction of e-procurement system	Cross-cutting
Montenegro	Measure 10: Introduction of e-service in cadastral offices	Cross-cutting
Montenegro	Measure 11: Enact the law on e-fiscalization and implementation of e-fiscalization system	Cross-cutting
Montenegro	Measure 14: Introduction of single information system in planning and construction of facilities	Cross-cutting
Serbia	Reform 1. Tax Administration transformation	Cross-cutting
Serbia	Reform 11. Improving the effectiveness of inspection oversight	Cross-cutting

## 2.5 Risks and Constraints

Although some actions have been undertaken to overcome the risks and constraints anticipated in the previous cycles which had influence on the implementation of the proposed actions, they still largely remained the same and can be structured in three main categories:

1. Lack of availability of funds – the availability of funds for the successful implementation of the SEE2020 Strategy still remains an issue. There is a need for more active attitude to the donor community and active partners in the region. The SEE2020 programming process aims to provide better linkages of the needs of the SEE2020 beneficiary economies with the priorities structured under the donors priorities;
2. Commitment of the governments – although positive trend can be observed from the side of the national administrations and their participation in the programming cycle, still a lack of political commitment in the implementation of the SEE2020 can be observed;
3. Coordination and consultation mechanism – finally, having in mind that the process of coordination and consultations still remains an issue and in order to facilitate better planning of the priorities under the Strategy, the RCC had introduced wide consultative process involving the representatives of national authorities, regional organisations and structures and international organisations engaged in coordinating and implementing the SEE 2020 so as to enable better transposition of the political priorities and measures put forth by the SEE 2020 Strategy.



### 3. PROGRAMME OF ACTION FOR THE PERIOD 2018-2020 WITH INDICATIVE FUNDING

Area of intervention/Action	Implementing/ coordinating structure	2018	2019-2020
<b>2.1 Skills and Mobility</b>		34,296,714.00	78,718,429.00
Action 1.1: Increased mobility in the WB6 – MAP REA action	RCC (operational budget)	154,000.00	308,000.00
Action 1.2: Improved Open Science measures in the SEE	RCC (operational budget)	29,000.00	58,000.00
Action 1.3: Employment and Social Affairs Platform (until March 2019)	RCC (project)	375,000.00	375,000.00
Action 1.4: Employment and Social Affairs Platform II (as of March 2019)	RCC (project)	n/a	3,000,000.00
Action 1.5: Roma Integration 2020	RCC (project)	900,000.00	n/a
Action 1.6: Roma Integration 2020 – Phase II	RCC (project)		2,800,000.00
Action 1.7: Support to smart growth – MAP REA action	RCC (operational budget)	23,000.00	46,000.00
Action 1.8: Ensure education and training systems better meet economic and labour market needs and provide learners with labour market relevant skills	ERI SEE	30,000.00	60,000.00
Action 1.9: Regional cooperation for the participation of beneficiaries in Union Programmes	TBD	tbd	tbd
Action 1.10: Establishment of a South East European International Institute for Sustainable Technologies (SEEIIST)	TBD	tbd	tbd
Action title: Erasmus + NB: the figures reflect only 2018-2020	(action covered by IPA MC envelope)	32,285,714.00	64,571,429.00
Action title: International assessment of mathematics and science testing in primary education (TIMSS)	(action covered by IPA MC envelope)	500,000.00	1,000,000.00
Action title: Western Balkans Youth Window under Erasmus+	(action covered by IPA MC envelope)	n/a	3,000,000.00
Action title: EU support to improving education and skills capabilities in the Western Balkans and Turkey	(action covered by IPA MC envelope)	n/a	3,500,000.00
<b>2.2 Connectivity</b>		8,762,000.00	40,402,000.00
Action 2.1: Support to digital integration – MAP REA action	RCC (operational budget)	130,000.00	270,000.00
Action 2.2: Sectoral support to environment, energy and sustainable development	RCC (operational budget)	70,000.00	130,000.00
Action 2.3: Enabling seamless connections through integration of urban nodes into the TEN-T Networks in Western Balkans (SEETO)	SEETO	50,000.00	100,000.00
Action 2.4: Implementation of the Regional Programme on harmonised and optimised use of regional airspace with enhanced air transport connectivity	SEETO	90,000.00	160,000.00
Action 2.5: Enhanced inter-modality for more cost-efficient transport and logistics in the Western Balkans	SEETO	70,000.00	130,000.00
Action 2.6: Improving the rail-road safety on the SEETO Core and Comprehensive Network	SEETO	900,000.00	1,600,000.00
Action 2.7: Support to sustainable use of natural resources in rural areas	SWG	80,000.00	160,000.00

Action 2.8: Cross-border recognition of certificates of electronic signature (proposal put forward by The Former Yugoslav Republic of Macedonia)	TBD	1,600,000.00	3,400,000.00
Action 2.9: Support to electric vehicles introduction through power grid development (proposal put forward by Serbia)	TBD	250,000.00	500,000.00
Action 2.10: Support to increase energy efficiency through capacity building in power sector for creating innovative products (proposal put forward by Serbia)	TBD	10,000.00	20,000.00
Action 2.11: Private sector participation (PSP) in sector of solid waste and wastewater (proposal put forward by Serbia)	TBD	10,000.00	20,000.00
Action 2.12: Reduction of termination rates in WB for incoming calls from the WB economies and EU/EEA MS (proposal put forward by The Former Yugoslav Republic of Macedonia)	TBD	70,000.00	130,000.00
Action 2.13: Cross-border connectivity of the Western Balkan National Research and Education Networks (proposal put forward by The Former Yugoslav Republic of Macedonia)	TBD	tbd	tbd
Action 2.14: Digital skills for the Western Balkans-enabling environment for the digital economy (proposal put forward by Kosovo*)	TBD	tbd	tbd
Action 2.15: Digital Broadband Highway in the Western Balkans (proposal put forward by Kosovo*)	TBD	tbd	tbd
Action title: Integration into the EU aviation safety system by fulfilling international obligations in the area of air safety and improving knowledge (EASA)	(action covered by IPA MC envelope)	145,000.00	145,000.00
Action title: Development and integration of energy market, increasing sustainability through energy efficiency and renewable sources and mitigating energy sectors' impacts on climate	(action covered by IPA MC envelope)	4,787,000.00	4,787,000.00
Action title: Strengthening of regional cooperation and networking among the Western Balkan economies in the EU reform processes in the field of agriculture and rural development and economic development of rural cross-border areas - 2nd phase	(action covered by IPA MC envelope)	500,000.00	n/a
Action title: Support to regional environmental cooperation in the Western Balkans and Turkey	(action covered by IPA MC envelope)	n/a	2,000,000.00
Action title: Support for climate action in IPA II beneficiaries – Transition towards a low emissions and climate-resilient economy	(action covered by IPA MC envelope)	n/a	2,000,000.00
Action title: Western Balkans Disaster Risk Management Programme	(action covered by IPA MC envelope)	n/a	3,000,000.00
Action title: Co-financing of connectivity projects in the Western Balkans – 2017 NB: the figures reflect rough estimation only for the period 2019-2020, while the total amount of the action is EUR 83,8000,000.	(action covered by IPA MC envelope)	n/a	20,950,000.00
Action title: EU support to the Transport Community Treaty Secretariat NB: the figures reflect rough estimation only for 2020, while the total amount of the action is EUR 2,500,000.	(action covered by IPA MC envelope)		900,000.00
<b>2.3 Competitiveness</b>		4,519,666.67	46,357,333.33
Action 3.1: Support to development and implementation of a regional investment reform agenda – MAP REA action	World Bank	800,000.00	1,700,000.00
<i>Additional funds needed for legal base analysis</i>	RCC	100,000.00	n/a

Action 3.2: Access to finance – Support to capital markets integration – MAP REA action	RCC (for 2018 operational budget, 2019-2020 potential project budget)	90,000.00	3,000,000.00
Action 3.3: Support to strategic sectors – Tourism Triple P	RCC (project)	1,750,000.00	3,500,000.00
Action 3.4: Facilitating regional dialogue on industrial development	RCC (operational budget)	30,000.00	60,000.00
Action title: Systematic Exchange of Electronic Data – SEED+ (CEFTA)	(action covered by IPA MC envelope)	1,600,000.00	3,200,000.00
Action title: Support to CEFTA Secretariat	(action covered by IPA MC envelope)	148,666.67	297,333.33
Action title: The Western Balkan Enterprise Development and Innovation Facility (WB EDIF) Competitiveness, Guarantees, Venture Capital Ecosystem	(action covered by IPA MC envelope)	n/a	28,000,000.00
Action title: EU support to improving economic governance and competitiveness NB: the figures reflect rough estimation only for 2020, while the total amount of the action is EUR 19,800,000.	(action covered by IPA MC envelope)	n/a	6,600,000.00
<b>2.4 Cross-cutting issues</b>		<b>1,001,000.00</b>	<b>2,317,000.00</b>
Action 4.1: Public consultations for draft laws and public policy documents	RCC (operational budget)	36,000.00	72,000.00
Action 4.2: Contributing to prevention of corruption by eliminating integrity shortcomings and corruption risk factors	RCC and RAI	65,000.00	95,000.00
Action 4.3: Development of anticorruption survey in WB6	RCC	150,000.00	300,000.00
Action 4.4: Improving the state of business integrity in WB6	RCC (operational budget)	300,000.00	700,000.00
Action 4.5: RCC serving as a hub of the SEE Judicial Training Institutions Network	RCC (operational budget)	30,000.00	70,000.00
Action 4.6: RCC serving as a hub of the SEE Associations of Mediators Network	RCC (operational budget)	30,000.00	60,000.00
Action 4.7 Contributing to prevention of corruption by introducing an instrument for measuring transparency in the pharmaceutical sector	SEEHN	30,000.00	60,000.00
Action 4.8: Strengthening regional cooperation and data exchange in the field of asset disclosure and conflict of interest	RAI	50,000.00	50,000.00
Action 4.9: Raising public awareness and strengthening national capacities in the field of whistleblowing	RAI	40,000.00	80,000.00
Action 4.10: Build capacities of law enforcement agencies and improve their regional cooperation	RAI	70,000.00	140,000.00
Action 4.11: Strengthening national capacities through cooperation in asset recovery	RAI	70,000.00	430,000.00
Action 4.12: Support to increase the government effectiveness - World Bank Governance Index – through boosting government effectiveness, regulatory quality and control of corruption	ReSPA	130,000.00	260,000.00
<b>TOTAL</b>		<b>48,578,380.67</b>	<b>167,794,762.33</b>

■ Allocated, with existing funds (including sources of financing, such as IPA, donations, national budgets)

■ Actions either under the appraisal phase or in negotiations with the potential donors

■ Forecasted, no funding secure

## **ANNEX I – PROJECTS PLANNED UNDER IPA MC ENVELOPES IN RELATION TO THE SEE2020 AND MAP REA ACTIVITIES**

### **Skills and Mobility**

#### **Action title: Erasmus +**

Rationale: The Erasmus+ programme seeks to address the needs of the Western Balkans region. These include development of learning and teaching tools; governance, strategic planning and management of HEIs; internationalisation of HEIs, access and democratisation of HE; non-university sector at tertiary education level; HEI-business cooperation, entrepreneurship and employability of graduates; qualification framework and recognition; definition, implementation and monitoring of reform policies. The specific priorities are outlined in the document entitled 'Budget allocation, Regional and National Priorities' on the EACEA website.

#### Expected results:

The Erasmus+ programme supports the modernisation, innovation and accessibility of higher education and training in the Western Balkans, by facilitating transnational contacts among different players and across different sectors. The programme aims at helping higher education institutions in the Western Balkans to develop, modernise and disseminate new curricula, teaching methods or materials, as well as to boost quality assurance and governance of higher education institutions. The programme also aims to foster cooperation and exchanges in the field of youth, improve the quality and recognition of youth work, non-formal learning and volunteering in the Western Balkans, as well as foster transnational learning mobility at regional level and with Programme members. All mobility projects under Erasmus+ aim to help individual learners acquire skills, to support their professional development and deepen their understanding of other cultures.

Budget: Estimated budget 2014-2020: €226 million. Estimated budget 2016 Call: €36,077,792. IPA MC projects 2017

#### **Action title: International assessment of mathematics and science testing in primary education (TIMSS)**

Rationale: Improving the educational provision is crucial to improving the economy but also society at large in the Western Balkans ranging from increased capacity in various professions (including of ministry staff) to better civic participation and civil society. The starting point to any improvement is having a baseline of where you stand and this is missing in most of the Western Balkans. Therefore, it can be said that their efforts to converge with the EU targets require participation in international, well accepted assessments which can provide such a baseline.

The IEA will test primary students in the Western Balkans in 4th and 8th grade primary on math and sciences under Trends in International Mathematics and Science Study (TIMSS). The results of these tests at an earlier age will be most valuable for the teachers and policy-makers who will have several years in which to improve the educational provision, hopefully resulting in better student skills and better PISA results. Furthermore, the testing of primary students via TIMSS and later assessing secondary students via PISA will provide invaluable insight into the trends and evolution of students and the effects of the educational programmes and educators which implement them. That is, the comparison of the different international assessments at different grades will show strengths and weaknesses in the education proved at primary schools in the Western Balkans.

With this intervention, the EU will support the international costs of TIMSS while the relevant IPA beneficiaries themselves bear the national costs in terms of staff and other resources needed to conduct the testing. This participation will be organised directly between the relevant IPA beneficiaries and the IEA which will inform and train the beneficiaries for their tasks. The EU will conclude a contract with the IEA to which it will pay the international costs for the beneficiaries' participation in TIMSS.

Expected results:

Participation in the testing of math and sciences as measured by TIMSS in 4th and 8th grades will provide the following results:

- Knowledge of pupil attainment at primary school level according to international standards and comparisons with others; baseline information for comparisons to PISA results at secondary level;
- Data to diagnose the transition from primary to secondary in terms of teaching and learning; experience with international testing which expects more analytical skills from students, not usually the case with home-made exams;
- Reports for each economy on their pupils performance in TIMSS (testing of math and sciences in 4th and 8th graders) including scores and analysis available;
- Capacities of Ministry of Education staff, teacher and directors strengthened via participation and training therein for this international assessment.

Budget: EUR 1.5 million. The action is covered through the IPA MC 2017 and 2018 programme and it covers the period 2018-2020.

**Action title: Western Balkans Youth Window under Erasmus+**

Rationale: The Erasmus+ Programme is one of the key instruments of the European Union for achieving its objectives in terms of young people's personal, socio-educational and professional development. The Erasmus+ Programme includes a youth dimension which offers opportunities for young people and youth workers in the area of non-formal learning. This youth dimension is also open to young people, youth workers and youth organisations from the Western Balkans. However, resources do not cope with the growing demand of actors from the region. Therefore, the Western Balkans Youth Window reinforces the levels of participation of the Western Balkans in Erasmus + in a twofold way: by increasing the number of Erasmus+ non-formal learning projects involving the participation of organisations and participants – notably young people and youth workers - from the Western Balkans; and by allowing organisations from Western Balkans to be project coordinators and apply directly for an EU grant under the framework of Erasmus+.

Under Erasmus+ Key Action 2, which fosters cooperation for innovation and the exchange of good practice and, more specifically, capacity building in the field of youth, the Western Balkan Youth Window will promote the sustained development of youth organisations in the region and the practice of youth work using non-formal learning.

Expected results:

- Strengthening of cooperation between youth organisations from all Western Balkans with organisations from the Erasmus+ Programme countries as well as the exchange of expertise and know-how between them in the field of youth and non-formal education;

- Improved involvement of young people from Western Balkans in international youth cooperation to acquire socio-economical skills which could facilitate young people's employability and their integration in society;
- Special emphasis will be given to promoting equity and inclusion by facilitating the access to activities for participants with disadvantaged backgrounds and fewer opportunities compared to their peers for reasons such as: disability, educational difficulties (e.g. early school leavers, young people with low school performance), economic obstacles, cultural differences (e.g. immigrant or refugees), health problems, social problems (e.g. people facing discrimination because of gender, age, ethnicity, religion or sexual orientation, geographical obstacles (e.g. people from remote or rural areas);
- Increased involvement of Western Balkans youth workers in joint projects with youth organisations from Erasmus+ programme countries;
- Improvement of the operational capacity of organisations established in the Western Balkans, notably youth organisations, NGOs and National Youth Councils, in particular with regard to the management of international cooperation projects supported by European Union funds.

**Budget:** EUR 3.6 million, out which the EU contribution is EUR 3 million. The project is covered through the IPA MC 2018 programme and it will cover the period 2019-2021.

**Action title: EU support to improving education and skills capabilities in the Western Balkans and Turkey**

**Rationale:** To engage the Western Balkans in taking part in the international assessment of primary students in reading literacy as measured by PIRLS, by covering the international costs of their participation in this assessment. In addition, the action seeks to support learners in the acquisition of knowledge, skills and competences, with a view to improving their employability and their personal development; increase the capacities and international opening of VET providers in the relevant IPA beneficiaries, and reinforce synergies and transitions between formal and informal VET, employment and entrepreneurship and ensure a better recognition of competences gained through learning periods abroad.

Armed with their results in PIRLS, the Western Balkans can proceed to analyse them, and make policy and programme changes in order to improve students' skills. This will tie in well with one of the overarching topics of the regional policy dialogue under the WB PET, which is the education and training of teachers for primary and secondary schools. The results from PIRLS will also help prepare the participation and results of PISA testing later at secondary level. The key activities under this action are the participation of the Western Balkans in the international assessment described above.

On VET mobility, these efforts will help the relevant IPA II beneficiaries to converge with the EU standards in three particular areas of concern for the region: the training of VET teachers with key competences and transversal skills, the modernisation of VET curricula for learning outcomes, and finally the reinforced links with the labour market that will ultimately improve the employability of VET learners. The mobility of VET learners and teachers is expected to be both incoming and outgoing. Quotas on the percentage of possible incoming VET learners and teachers from the Western Balkans might be applicable at a later stage but the idea is that this pilot scheme could benefit both Programme and partner countries, as defined under the Erasmus+ programme.

**Expected results:**

- Reports for each relevant IPA II beneficiary on their pupils performance in PIRLS (testing of reading literacy in 4th graders) including scores and analysis available;
- Capacity of Ministry of Education staff, teacher and directors via participation and training therein for this international assessment strengthened;
- Apprentices, students, trainers, and staff in the relevant IPA II beneficiaries are supported by the VET mobility scheme.

Budget: EUR 3.5 million. The action is financed under the IPA MC 2018 and it will cover the period 2019-2021.

## **Connectivity**

### **Action title: Integration into the EU aviation safety system by fulfilling international obligations in the area of air safety and improving knowledge (EASA)**

Rationale: The initiative is a clear continuation of the preceding related projects, with main focus on on-site support in the areas of safety management in the six Western Balkans economies and Turkey. The project is launched by the European Aviation Safety Agency (EASA), financed by the EU's Instrument for Pre-Accession Assistance and will provide financial and technical help to facilitate reforms in targeted region.

#### Expected results:

- Further development of a comprehensive safety management framework;
- Strengthening mechanisms for the collection, exchange and analysis of safety data in line with EU and international best practices in aviation safety;
- Developed competences of civil aviation administration staff in the different technical aviation areas.

Budget: The total cost for the action is EUR 290,000 for the period 2018-2019.

### **Action title: Development and integration of energy market, increasing sustainability through energy efficiency and renewable sources and mitigating energy sectors' impacts on climate**

Rationale: Transposition and implementation of *acquis communautaire* in the area of energy remains one of the crucial tasks for the entire WB. Energy is an important accession negotiation chapter, and the entire sector still has a huge potential for improvements in various segments. WB economies still use obsolete technologies, management systems and inappropriate business models which hamper energy integrations, decrease competitiveness of industry and negatively impact environment and climate. Energy Community Secretariat as the Regional Dimension Coordinator of the Energy Dimension through various initiatives and instruments provides support in exploiting untapped potentials for energy efficiency, broader use of renewable energy sources, developing energy infrastructure and implementing smart connectivity measures necessary for creation of regional and further integration into the pan-European energy market. Activities of Western Balkan Six initiative, signing of Sustainability Charter, work of the Energy Efficiency Coordination Group, Renewable Energy Coordination Group, Environmental Task Force, Energy and Climate Committee, and many other experts and intergovernmental bodies are designed to support development and integration of energy market ensuring economic development, social prosperity and stability of the region.

#### Expected results:

- Improved regulatory and market framework capable of attracting investment in power generation and networks;
- Integrated energy market allowing for cross-border energy trade and integration with the EU market;
- Enhanced security of supply that is essential for economic development and social stability;
- Improved environmental situation in relation with energy supply in the region and foster the use of renewable energy and energy efficiency.

Budget: The total cost of the action is EUR 9,574,000 for the period 2018-2019. Funding will be secured by the European Union and Energy Community Contracting Parties.

**Action title: Strengthening of regional cooperation and networking among the Western Balkan economies in the EU reform processes in the field of agriculture and rural development and economic development of rural cross-border areas- 2<sup>nd</sup> phase**

Rationale: The EU integration process is a highly complex process which involves the design and implementation of reforms in a wide range of areas. Although all of the Western Balkans (WBs) is at different stages of development, they face similar challenges in policy reform and harmonisation, information systems and economic development, coupled with general underdevelopment and limited institutional capacity, which continue to obstruct the reform processes of the Western Balkans. In addition to the policy requirement for the EU integration of the WBs, extended regional cooperation is of high relevance for the future relations to the EU. It is an essential means for strengthening the agriculture and rural development sector and subsequently enhancing economic growth. The action targets the Western Balkan economies and it will emphasise the importance of functional, accountable, transparent and inclusive cooperation between WB economies, where the regional ownership will be guaranteed.

Expected results:

- Enhanced cooperation and networking among IPA II beneficiaries in the agriculture and rural development sectors through the development of joint statements, positions, declarations and the promotion of a continuous political and policy dialogue;
- Enhanced opportunities for development of the economic and social context in the rural and cross-border areas through the provision of technical support for the development of quality project proposals and information activities.

Budget: The action covers the period 2016-2018. The remaining funds for 2018 are EUR 500,000.

**Action title: Support to regional environmental cooperation in the Western Balkans and Turkey**

Rationale: During the pre-accession period the candidates and potential candidates adapt their institutions, standards and infrastructure to enable them to meet the obligations as a Member State. The EU has some of the world's highest environmental standards. Environment policy helps green the EU economy, protect nature and safeguard the health and quality of life of people living in the EU and beyond. The environmental *acquis* comprises over 200 major legal acts covering horizontal legislation, water and air quality, waste management, nature protection, industrial pollution control and risk management, chemicals noise, etc. It represents a third of global EU *acquis* in terms of volume and is very complex and heavy to approximate to. Compliance with the *acquis* requires



significant investment and administrative capacity. A strong and well-equipped administration at national and local level is imperative for the application and enforcement of the environment *acquis*. Taking this into account it is necessary to provide the IPA beneficiaries with additional assistance to help them meet the obligations and responsibilities stemming from the EU environmental *acquis*.

Expected results:

- Improved situation related to waste management and improved quality of waste management plans, policies and legislation;
- Implementation of Barcelona Convention, Marine Strategy Framework Directive and small pilot actions in the area of water;
- Capacity building in the area of air and industrial pollution;
- Workshops on identification of Natura 2000 sites and cooperation with JRC to link the national alien species databases;
- Study on trends in timber trade, strengthening cooperation with INTERPOL, establishing regional wildlife enforcement network and capacity building;
- To provide the civil society with the opportunities for the practical cooperation on cross-border and trans-boundary environmental problems.

Budget: The action covers the period 2019-2022. The total cost is in the amount of EUR 2,000,000.

**Action title: Support for climate action in IPA II beneficiaries – Transition towards a low emissions and climate-resilient economy**

Rationale: The action will provide technical assistance for the implementation of the 2015 Paris Agreement on Climate Change in the Western Balkans and Turkey and help their transition towards a low emissions and climate-resilient economy. IPA II beneficiaries are now in process of ratification of the Agreement and planning for the implementation of their contributions to it.

The action will support their efforts, continuing the climate actions carried out through the multi-annual Environment and Climate Regional Accession Network (ECRAN) project (2013-2016) and pursued with a bridge action under the IPA II Multi-country Action Programme 2016.

The technical assistance will be of paramount importance in supporting policy and legislative development across sectors that will allow IPA II beneficiaries to fulfil their international and the EU accession requirements.

Expected results:

- Awareness on the outcomes and provisions of Paris Agreement and the legislative proposals under the 2030 Climate and Energy Framework and Energy Union Strategy improved;
- Development and implementation of some policies and strategies to align with low emissions pathways supported;
- Upgrades of national GHG monitoring and reporting practices supported; regional GHG inventory web portal maintained;
- Strengthening the monitoring, reporting, accreditation and verification requirements;
- Regional and national adaptation actions strengthened through a shift from knowledge transfer to implementing action;
- Cooperation with European Environment Agency (EEA) continued and intensified.

Budget: The action covers the period 2019-2022. The total cost is in the amount of EUR 2,000,000.

**Action title: Western Balkans Disaster Risk Management Programme**

Rationale: The Western Balkans is prone to multiple hazards such as heat and cold waves, precipitation that causes floods as well as landslides, droughts and forest fires. Seismic risk is also important in the region, particularly for southern lying beneficiaries that have a greater exposed population and higher potential for economic losses. Climate variability and climate change are also expected to have an increasingly negative affect on the WB region. Given historical events, the region can benefit from improved and systematic response mechanisms in case of major disasters such as earthquakes, floods, or forest fires.

Expected results:

- To increase regional cooperation for understanding and sharing risk information as well as promoting DRM;
- To provide technical assistance facility for post-disaster and resilient recovery;
- To enhance institutional capacity for DRM in selected beneficiaries including identification of no-regret measures and prioritised investments based on risk information.

Budget: The action covers the period 2019-2022. The total cost is in the amount of EUR 3,000,000.

**Action title: Co-financing of connectivity projects in the Western Balkans – 2017**

Rationale: The European Commission is, via the Western Balkans Investment Framework (WBIF), co-financing mature energy and transport infrastructure projects together with loans from the international financial institutions, as part of the Connectivity Agenda/Berlin Process.

After the initial round 'zero' in 2015, the continuation of co-financing in Round 1 in 2016, this Round 2 is to support the construction of energy and transport infrastructure, namely Projects of the Energy Community Interest (PECIs) and the Trans-European Transport Core Network (TEN-T core network) in the Western Balkans region via the WBIF.

This action contributes to improving connectivity within the Western Balkans, as well as between Western Balkans and the European Union, and will serve as a driver for economic growth, jobs, and new investments in the region.

Expected results:

- Completion of the connectivity projects benefiting from co-financing of the EU.

Budget: The action covers the period 2019-2026. The total cost is in the amount of EUR 83,800,000.

**Action title: EU support to the Transport Community Treaty Secretariat**

Rationale: The Transport Community Treaty (TCT) with South East European parties is a key instrument that supports – through the establishment of a Secretariat – the accession process (*acquis* implementation), the WB6 initiative, as well as the infrastructure (Trans-European Transport Network -TEN-T) implementation in the Western Balkans.

The TCT represents a "game changer" for the Western Balkans and the Secretariat the main tool to support the implementation of the connectivity reform measures aimed at improving the efficiency of the overall Western Balkans transport system.

According to the Transport Community Treaty, the Secretariat is financed by both the EU and the regional partners. The share of the EU amounts to 80% of the total budget of the Transport Community. The present action aims to meet the partial 2018 and partial 2019 EU commitment as member of the Transport Community.

Expected results:

- Implementation of the EU *acquis* in transport;
- Identification and monitoring of infrastructure project priorities;
- Implementation of Connectivity Reform Measures.

**Budget:** The action covers the period 2020-2022. The total cost is in the amount of EUR 2,500,000, while the EU contribution amounts to EUR 2,000,000.

## **Competitiveness**

### **Action title: Systematic Exchange of Electronic Data – SEED+ (CEFTA)**

**Rationale:** Since its first implementation phase the project for Systematic Exchange of Electronic Data (SEED) has moved forward as regards the enhancement of the border management approach at regional level in the Western Balkans, fostering cooperation and sharing of information among Customs Administrations of the relevant IPA II beneficiaries. In 2014 SEED beneficiaries, within the framework of the Central European Free Trade Agreement (CEFTA), launched negotiations with an aim to conclude a Trade Facilitation Agreement (Additional Protocol 5) that should lead to further simplification of inspections and exchange of data at customs level but also move forward towards enhanced transparency and cooperation of trade partnership programmes. Within this framework the need for an enhanced technical instrument that can combine all these elements has clearly emerged and has led to the provisional identification of SEED+, an upgraded version of the current SEED with additional features and functionalities deriving from the contents of the Trade Facilitation Agreement under negotiation. Mutual recognition of AEO Programmes and border documents on the basis of EU Compliance is also foreseen by the Trade Facilitation Agreement. Such mutual recognition will require electronic exchange of documents between customs authorities and technical agencies. Thus, having SEED+ is indispensable for the implementation of the Trade Facilitation Agreement (Additional Protocol 5). The new elements will expand the scope of the existing system, involving non-customs administration in the exchange of data and thus contributing to the progressive regional harmonisation of trade related legislations and practices. SEED+ will build on the latest phase of the SEED programme, entitled SEED Maintenance & Development.

Expected results:

- Maintenance and update of the overall system, including both the network infrastructure and management software;
- Development of new features and integration of procedures at non-customs level, related to the implementation of the Trade Facilitation Agreement (Additional Protocol 5) among CEFTA Parties.

Budget: The total cost of the action is EUR 4,800,000 covering the period 2019-2020. Budget secured through IPA MC 2017 envelope.

**Action title: Support to CEFTA Secretariat**

Rationale: CEFTA has secured a stable free access to the markets during the time of economic crisis. CEFTA has a share of 24%, which ranks the second in overall exports of CEFTA Parties following the EU's share of 57% therein. The share of intra-CEFTA trade is some 40% of the overall trade of CEFTA Parties in agricultural products, while such share in non-agricultural products is close to 20%. The implementation of CEFTA has so far been successful not only in dismantling tariffs in the regional trade in industrial and agricultural goods but also in establishing CEFTA diagonal cumulation, introducing reporting on state aid schemes, and a well-functioning dispute settlement mechanism.

Expected results:

- The implementation of the CEFTA Agreement promoted;
- Enforcement of the decisions adopted by the CEFTA structures to liberalise and facilitate trade strengthened.

Budget: The total cost is EUR 446,000, out of which the EU contribution is EUR 200,000.

**Action title: The Western Balkan Enterprise Development and Innovation Facility (WB EDIF) Competitiveness, Guarantees, Venture Capital Ecosystem**

Rationale: The Western Balkan Enterprise Development and Innovation Facility (WB EDIF) was launched in 2011 as a platform to foster economic development and access to finance of small- and medium-sized enterprises (SMEs) in the region. WB EDIF offers a variety of financing instruments, including the provision of expansion capital, early-stage financing, a guarantee facility and a facility for technical assistance/support services to enable regulatory reforms in the area, as well as to build up the capacities of SMEs<sup>20</sup>. EDIF partners include the European Commission, the Western Balkans, the European Investment Bank (EIB)/the EIF, the EBRD, Italy, the Kreditanstalt für Wiederaufbau (KfW)/Deutsche Investitions- und Entwicklungsgesellschaft (DEG) (Germany) as financing members, as well as the Organisation for Economic Co-operation and Development (OECD) and the World Bank. The proposed activities under this programme aim to correct the market failures and help relevant IPA II beneficiaries absorb the innovative financial instruments that have been put in place through EDIF. More specifically, they focus on the continuation of the successful activities under EDIF and the inclusion of new activities that will complement the array of instruments and products that are at the disposal of SMEs and collectively enhance their access to finance.

Expected results:

- A Regional Competitiveness Programme established in cooperation with the EBRD;
- The WB EDIF Guarantee Facility guarantees SME loan portfolios issued by commercial banks for new SME lending;
- Building entrepreneurial capacity to boost innovation and productivity growth.

Budget: The total amount of the action is EUR 28 million. It covers the period 2019-2021.

**Action title: EU support to improving economic governance and competitiveness**

Rationale: Since 2014, the EU has developed an EU enhanced approach to economic governance aimed at supporting the transition of IPA II beneficiaries into functioning market economies able to

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<sup>20</sup> EDIF Pillars include: the Enterprise Innovation Fund (ENIF), the Enterprise Expansion Fund (ENEF), the Guarantee Facility and the Support Services Pillar

withstand the competitive pressures of the EU Single Market. The action has three main objectives. Firstly, it aims to support the implementation of reforms identified in the beneficiaries' Economic Reform Programmes, in particular in the monetary policy and financial sectors, and further improve the design of the ERPs. Secondly, the action will support the development of a competitive private sector, including through increased research and innovation capacities and stimulate innovation and competitiveness. Lastly, the action will also support the implementation of the Regional Economic Area that was decided by the Western Balkans Six leaders at the Summit in Trieste in July 2017 in particular by facilitating trade among beneficiaries and supporting the active involvement of the business sector in the implementation of the Regional Economic Area.

The components will help IPA II beneficiaries to improve their economic competitiveness and to support them in meeting the economic criteria for EU accession.

Expected results:

- Enhanced ability of policy-makers in line ministries to design, prioritise and implement structural reform;
- Enhanced technical and administrative capacities of central banks to implement EU compliant policies in particular in the areas of banking supervision, financial stability, financial crisis management and monetary policy;
- Improved capacities for designing and implementing evidence-based competitiveness and SME policies;
- Improved capacities for designing and implementing evidence-based innovation policy and smart specialisation strategy;
- Actual involvement of stakeholders in the design of smart specialisation strategies and the priority-setting for public investments via entrepreneurial discovery process (EDP);
- Set-up of a functioning regional grant scheme for pre-seed funding to RDIs and innovative SMEs and a generated pipeline of innovative products available for investment and commercialisation;
- Strengthened institutional capacity of the CEFTA structures for the implementation of annual Chairmanship Programmes as well as their involvement in the assistance to the CEFTA Sub-Committees and Working Groups;
- Improved CEFTA trade statistics system on goods, services and investment;
- Improved capacity to monitor the implementation of CEFTA and MAP REA;
- Improved capacities of SMEs to respond to markets needs and requirements;
- Improved capacity of WB6 CIF members to provide business services to SMEs in selected areas;
- Improved capacities of the WB6 CIF and its members to represent the interest of business communities within the framework of REA.

Budget: The total amount of the action is EUR 19.8 million. It covers the period 2019-2021.