



Annual Report

of the Secretary General of the
Regional Cooperation Council

2016-2017





Good. Better. Regional.

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Foreword

The Regional Cooperation Council (RCC) is leaving behind an eventful year. It has been a period of enthusiasm for making our region better integrated and connected, including with the European Union (EU). It was also a time of exasperation over the prospects that lay ahead, over the dim context for robust political and socio-economic reforms.

The mixed picture in the region was increasingly reflected by the expectations of our fellow citizens for more stability and prosperity, in the efforts of the governments from South East Europe (SEE) and our partners from Brussels to preserve the momentum of European integration process alive, and in the efforts of RCC to continue promoting regional cooperation as the best way to underpin the attainment of these noble goals.

Reform processes have moved at various speeds within the region, so too has the progress on the European and Euro-Atlantic integration path. At times, the efforts were punctuated by regional challenges, fluctuations in the political landscapes at the national level and the persisting effects of the economic downturn. The public sentiment has been worryingly gloomy on unemployment, economic situation and corruption, including on the efficiency of public administration, with these issues perceived as dominant problems in our societies.

Reform processes have moved at various speeds within the region, so too has the progress on the European and Euro-Atlantic integration path



RCC Secretary General, Goran Svilanovic.
(Photo: RCC/Pedja Milovanovic)

By looking at these trends, one can only conclude that the pace of reforms must accelerate. And a fresh impetus must be infused in the EU accession process. It goes without mentioning that clear political support and commitment are essential for reinvigorating these ambitious and yet realistic processes.

This context has increased the pace of the regional dialogue among RCC participants from the region in different regional cooperation formats, albeit with political agendas that are increasingly complementary. An array of political and sectorial meetings in the SEECP, the high-level process initiated in Berlin and the Western Balkan six formats have resulted in an unyielding recognition of the value that connectivity, competitiveness and economic integration, including governance and security, hold for the region and its EU aspirations. There is an overt determination to give a fresh impetus to the enlargement process through

reform interventions that bring positive change in the quality of life.

The RCC invested considerable efforts in ensuring that its development ambitions resonate with the evolving regional trends and better support governments from the region in their pursuit for change and reform. This is why we have placed economic development and job-creation, rule of law and stability at the heart of the organisation that is owned and driven by the region.

RCC's previous Strategy and Work Programme (SWP) for 2014-2016 was about ensuring that the agenda of the RCC is increasingly shaped by the actual needs of the region. It was about making the organisation and its activities more systematic, predictable and transparent. I believe that the organisation has succeeded in this regard.

The previous strategy gave way, as well, to opportunities that correlate better with new political and socio-economic trends in the SEE region. These opportunities, embodied in the SWP for 2017-2019 entitled: "Changing with the Region", carry the potential to better channel political support and wherewithal towards areas where ambitions have grown, such as growth, trade, investment, education, productivity, employment, governance and stability.

The pace of reforms must accelerate and a fresh impetus must be infused in the EU accession process.

I am very grateful to the RCC participants from SEE for breathing life into our new strategy at the SEECP and RCC high-level events in June 2016. It is time for the RCC and its Secretariat to deliver, while relying on the invaluable support and commitment of the RCC stakeholders from, within and outside the SEE region.

This edition of my Annual Report will provide you with a glimpse into the multifaceted work of the RCC and its partners, carried out in a period of change and new expectations.

Goran Svilanovic

Secretary General
Regional Cooperation Council



Summary

cooperation process to the conditions for further developing the nexus between the region and the EU. In particular, the SEECP and the high-level cooperation process initiated in Berlin rallied the participants from SEE around regional activities aimed at spurring connectivity, competitiveness, economic integration, governance and security.

The outcomes of the SEECP high-level events, carried out throughout the reporting period under the Bulgarian SEECP Chairmanship-in-Office and subsequently under the Croatian SEECP Chairmanship-in-Office have shown that regional efforts and agendas are complementary and reinforce each other to serve the same goal - greater economic growth anchored in a well-governed and secure environment.

RCC has started to work on the investment reform agenda that would significantly improve business climate.

The regional cooperation process has reached an important juncture during the reporting period, with a noticeable bearing on the efforts to advance on the European and Euro-Atlantic integration path and to inspire economic and social development in South East Europe (SEE).

The environment in SEE was generally conducive to progress. However, the efforts to attain durable results were punctuated by regional challenges, fluctuations in the political landscapes at the national level and the ever more painful economic downturn. These trends have affected the attractiveness of the EU in the aspirants from the region.

Against this background, the dialogue intensified among the RCC participants from SEE in different regional cooperation formats, albeit with mutually inclusive political agendas. The upsurge in the regional dialogue generated a positive momentum, which proved conducive to attuning the regional

As a sui-generis organisation mandated to guide, monitor and support regional cooperation in SEE, the RCC invested considerable efforts in ensuring that its development agenda resonates with the evolving regional trends and, concomitantly, focuses on the areas where an impact can be ensured and sustained. The cooperation and guidance received from governments, regional and international organisations, civil society and the private sector were invaluable in this regard.



The contribution of the RCC is illustrated by the progress made towards the goals of the SEE 2020 Strategy, and Stability and Rule of Law, which are the central pillars of the previous Strategy and Work Programme (SWP) for 2014-2016. At year's end, the completion of the implementation process of this strategy has resulted in an array of outcomes. It gave way, as well, to opportunities that correlate better with the new trends in the SEE region. These opportunities, embodied in the SWP for 2017-2019, carry the potential to better channel political support and wherewithal towards specific activities on connectivity, competitiveness and economic integration, as well as on governance and security.

Overall, economic development and job-creation, stability and rule of law have been at the heart of RCC and shaped the agenda of the organisation, making it more systematic, predictable and transparent.

There are a number of positive results in several areas of interventions that have opened the way for further progress in implementation of the RCC SWP.

Following the full liberalisation of trade in goods and agricultural products and the negotiations on liberalisation of trade in business and professional services, RCC has started to work on the investment reform agenda that would significantly improve business climate.

Key elements of Sustainable Growth have received strong political support from the Prime Ministers of Western Balkans, including an agreement on a regional core transport network connecting the Western Balkans to the existing EU transport corridors. RCC's work on multi-modal transport and strengthening links between the Western Balkans and its neighbours is complementing the infrastructure connectivity agenda with a policy response to develop the transport corridors into economic ones.

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Under the Inclusive Growth pillar, RCC in cooperation with CEFTA and ERI-SEE, has established the necessary structures to advance the agreed regional mobility agenda (such as the Joint Working Group on the Recognition of Professional Qualifications) over the next three years and has set the stage and started implementation of the Employment and Social Affairs Platform, a three-year EU-funded action focused on improving employment policies and enhancing capacities of the Public Employment Services to implement employment measures.

RCC in cooperation with CEFTA and ERI-SEE, has established the necessary structures to advance the agreed regional mobility agenda.

Under the Smart Growth, tangible results have been achieved in implementing the Digital Integration Agenda. The implementation of the Regional Roaming Agreement (RRA) has drastically reduced the roaming charges for voice, text and data exchange services for the population of the participating economies to this agreement. The successful implementation so far has opened the way for entering in the final stage of implementation of that agreement that will further reduce the roaming charges in the Western Balkans. The update of the RCC commissioned Regional Roaming Study has provided solid evidence on the benefits in terms of reducing roaming costs that have resulted in an increase of the roaming traffic, but also on the needs for improvement in terms of regulatory legislation and the benefits of expanding the scope of the RRA to the entire Western Balkans.

Furthering the efforts for digital transformation and integration of WB Digital Markets within EU's Digital Single Market, RCC liaised with the private sector in developing the concept for a regional study to assess the current state of play of digitisation of WB, the economic impact of enhanced digitisation, and to formulate recommendations on policy and regulatory responses to promote digitisation and boost growth and innovation. Finally, RCC supported the World Bank's Balkans Digital Highway technical assistance activity, which aims at exploring the potential of infrastructure sharing between energy and telecommunication sectors as means of developing regional broadband internet infrastructure.

In terms of Sustainable Growth, progress has been made in the area of climate change and

environment protection, where several partners are working to prepare the launching of three regional projects through the Regional Working Group on Environment. The implementation of these projects would facilitate the enhancement of water, energy and food security, while preserving ecosystems and their functions. Besides contributing to increasing climate resilience, they will build capacities in the Western Balkan economies to deal with the environment related issues in the framework of their EU integration obligations.

The update of the RCC commissioned Regional Roaming Study has provided solid evidence on the benefits in terms of reducing roaming costs that have resulted in an increase of the roaming traffic.

Progress has also been achieved in the area of regional investment integration with developing the Regional Investment Policy Review benchmark study and Regional Investment Policy and Promotion project as actions that can inform the potential measures and initiatives on enhanced regional economic integration in the run-up of the Trieste Summit.

In the area of Governance for Growth, progress has been achieved in supporting the Western Balkans judiciaries' reforms through the operationalisation and the activities of the Working Group on Justice and the two regional networks of the judicial training institutions and of the association of mediators from SEE.

Progress has also been achieved in the area of regional investment integration.

With regard to Anticorruption, RCC and RAI have jointly supported the governments to implement the agreed recommendations on corruption proofing of legislation, as well as on building capacities of the relevant authorities and of non-governmental organisations. In addition, RCC has launched an activity to help governments in conducting corruption risk assessments in healthcare sector.





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

at the national level and the ever more painful economic downturn. These trends have affected the attractiveness of the EU in the aspirants from the region.

European and Euro-Atlantic integration remained a strategic goal for the aspirants from the region and served as a catalyst for political and economic reforms

Against this background, the dialogue intensified among the RCC participants from SEE in different regional cooperation formats, albeit with mutually inclusive political agendas. The upsurge in the regional dialogue generated a positive momentum, which proved conducive to attuning the regional cooperation process to the conditions for further developing the nexus between the region and the EU. In particular, the SEECP and the high-level cooperation process initiated in Berlin rallied the participants from SEE around regional activities aimed at spurring connectivity, competitiveness, economic integration, governance and security. This was accompanied by a call to reconcile expectations in terms of better results and bigger change with the scarcity of resources.

As a sui-generis organisation mandated to guide, monitor and support regional cooperation in SEE, the RCC invested considerable efforts in ensuring that its development agenda resonates with the evolving regional trends and, concomitantly, focuses on the areas where an impact can be ensured and sustained. The cooperation and guidance received from governments, regional and international organisations, civil society and the private sector were invaluable in this regard.

The regional cooperation process reached an important juncture during the reporting period, with a noticeable bearing on the efforts to advance on the European and Euro-Atlantic integration path and to inspire economic and social development in South East Europe (SEE).

European and Euro-Atlantic integration remained a strategic goal for the aspirants from the region and served as a catalyst for political and economic reforms. Although the environment in SEE was generally conducive to progress, the efforts to attain durable results were punctuated by regional challenges, fluctuations in the political landscapes





Changing with the Region

RCC Strategy and Work Programme

2017-2019

The RCC Strategy and Work Programme 2017-2019, 'Changing with the Region', has been designed to respond to the needs of the region and add value to cooperation in South East Europe in the areas of joint interest.

The contribution of the RCC is illustrated by the progress made towards the goals of the SEE 2020 Strategy, and Stability and Rule of Law, which are the central pillars of the previous RCC Strategy and Work Programme (SWP) for 2014-2016. At year's end, the completion of the implementation process of this strategy has resulted in an array of outcomes. It gave way, as well, to opportunities that correlate better with the new trends in the SEE region. These opportunities, embodied in the RCC SWP for 2017-2019, carry the potential to better channel political support and wherewithal towards specific activities on connectivity, competitiveness and economic integration, as well as on governance and security.

In the three-year period covered by the previous RCC SWP for 2014-2016, the RCC mustered and channelled political support towards the goals of the SEE 2020 Strategy. A sustainable and goal-oriented regional governance and coordination architecture, consisting of the SEE 2020 Governing Board, the Programming Committee and the Monitoring Committee, oversaw policy advances under a number of SEE 2020 dimensions. Tangible progress was made in furthering trade and

investment integration, designing effective employment policies and their implementation, strengthening cooperation in education, research and innovation, supporting good governance and strengthening security.

Regional cooperation in the security field has had a tangible impact on the capacity of the region to take care of its own security and contribute to the European security architecture. The progress made in further aligning policy at the regional and national levels, a greater exchange of experience and best practices among regional participants and the regional response to violent extremism and radicalization leading to terrorism and foreign terrorist fighters, has augmented the policies within the region to address current and emerging security challenges in SEE. The RCC has contributed to these trends through specialised regional security cooperation formats, such as the South East European Military Intelligence Chiefs' forum (SEEMIC) and the South East European National Security Authorities' forum (SEENSA). The RCC has also steered the implementation of the SEE Regional Platform for Countering Radicalization and Violent Extremism leading to Terrorism and Foreign Terrorist Fighters.

The outcomes of the implementation process of the RCC SWP for 2014-2016 have nurtured the efforts of the RCC Secretariat to transition to the next three-year cycle. The transition process helped the organisation to calibrate its interventions to contribute to greater economic integration through easier flow of capital, people, goods and services within SEE and between SEE and EU. Being at the heart of RCC's SWP for 2017-2019, these goals will be achieved by integrating the efforts of different stakeholders in three flagship initiatives - skills and mobility, connectivity and competitiveness. A rekindled focus will be on better governance, improved functioning of the rule of law and enhanced security, including addressing emerging threats. Moreover, gender mainstreaming became a horizontal priority of the activities stipulated by the new strategy.

Overall, economic development and job-creation, stability and rule of law have been at the heart of RCC and shaped the agenda of the organisation, making it more systematic, predictable and transparent.

Since the onset of the year 2017, steps have already been made under the three flagships of RCC's new SWP for 2017-2019, with progress in sight in increasing the regional mobility of professionals; in the creation of a single information space and in promoting investment integration in the Western Balkans. These interventions dovetail with some of the ingredients for a regional economic integration in the Western Balkans, an evolving initiative that stemmed from the deliberations within the high-level political process initiated in Berlin and the Western Balkans Six format on the conditions for an integrated and connected region and on ways to rekindle the EU enlargement process.

From the Paris Western Balkans Summit to the Western Balkans Ministerial Meeting in New York to the successive Ministerial gathering in Skopje, there is an overt potential for a clear commitment to strengthen reform efforts in relation to the connectivity and youth agendas, migration and fight against terrorism and radicalization. Most important, however, is the window of opportunity that the aforementioned high-level events have generated on furthering economic cooperation in the Western Balkans. The conditions for a road map in this regard have been unveiled at the Sarajevo Meeting of the Prime Ministers from the Western Balkans held in March 2017. These were incorporated in a Joint Statement that reaffirms the determination of the region to strengthen regional cooperation, increase coherence and deepen integration, with the EU accession perspective at the centre of these efforts. This year's Western Balkans Summit, which is scheduled for 12 July 2017 in Trieste, is expected to follow up on the Paris Western Balkans Summit of July 2016 and steer the process towards a pledge for a regional economic integration agenda for the Western Balkans.

The RCC Secretary General was invited to participate in some of the regional political events held within the framework of the high-level political process initiated in Berlin and the Western Balkans Six format, whose outcomes have the potential to underpin the work of the RCC.

The RCC has evolved into an organisation whose agenda is increasingly shaped by the actual needs of the region. The contribution of the RCC to the national policy efforts to better integrate and connect with the EU has been in the spotlight of the Annual Meeting of the RCC held on 31 May



RCC Annual Meeting, 31 May 2016, Pravets, Bulgaria. (Photo: RCC)

2016 in Pravets (Bulgaria). Apart from ensuring strategic coordination and development of regional cooperation in SEE, the Annual Meeting provided a forum for focused discussions on the role of regional cooperation in spurring economic growth and stability in the region. The RCC participants have assayed the progress attained under the umbrella of the RCC, and endorsed the Annual Report of the RCC Secretary General for 2015-2016 and the RCC SWP for 2017-2019.

EC positively looked at the progress made in the regional cooperation and at the impetus given through the 'Berlin process'

As a reflection of the synergy between the RCC and the SEECP, the Annual Meeting took place back-to-back with the SEECP high-level events on 30 May - 1 June 2016 in Pravets and Sofia (Bulgaria). These events marked the completion of the Bulgarian SEECP C-i-O for 2015-2016. The SEECP C-i-O convened the SEECP Participants in the meeting of the Committee of Political Directors, the formal meeting of the Ministers of Foreign Affairs (MFAs) and the Summit of the Heads of State and Government. The events culminated with the adoption of the SEECP Sofia Summit Declaration - "20th Anniversary of the SEECP - Key to Regional Cooperation", which acknowledges the contribution of each SEECP Participant to the development of SEECP into a credible and sustainable framework for regional cooperation and constructive dialogue. The declaration confirms European integration as a strategic choice of the region, guaranteeing peace, stability and prosperity, and highlights the active engagement of the EU in the SEE region.



The Meeting of the RCC Board, held on 11 May 2016.
(Photo:RCC)

The SEECP Summit commended the progress made in the implementation of the RCC SWP for 2014-2016; endorsed the Annual Report of the RCC Secretary General for 2015-2016 and the RCC SWP for 2017-2019, while pledging political support for its successful implementation and calling on development partners to continue providing assistance and support to regional cooperation. The SEECP high-level events also marked the taking over of the SEECP C-i-O by Croatia for 2016-2017.

Overall, the Bulgarian SEECP C-i-O further strengthened regional cooperation in SEE, increased the relevance of SEECP and enhanced regional cooperation on migration challenges, connectivity and economic development.

Croatia has picked up from Bulgaria as the C-i-O of the SEECP and has set the regional tone at the outset of its chairmanship around the themes - Connection. Communication. Cooperation. - deemed important for the SEE region. The two informal meetings of the SEECP MFAs, held on the margins of the 71st Session of the United Nations General Assembly in September 2016 and subsequently in March 2017, have resulted in a firm commitment to work towards better connection within the region and between the region and the EU. The Ministerial Meeting of March 2017 has made a step further in reconfirming the commitment to the process of European and Euro-Atlantic integration of the SEECP Participants and in underlining the importance of interventions that would encourage economic growth and sustainable development in the region. Full support was given to the RCC's activities on mobility, connectivity and competitiveness, planned over the next three years. Particular attention was given to the progress made at the regional level in intensifying cooperation in preventing and countering terrorism and violent extremism.

¹ The SEECP Troika consists of the previous SEECP C-i-O Bulgaria, the present SEECP C-i-O Croatia and the incoming SEECP C-i-O Slovenia.

The outcomes of the SEECP high-level events, carried out throughout the reporting period under the Bulgarian and subsequently under the Croatian SEECP Chairmanships-in-Office, have shown that regional efforts and agendas are complementary and reinforce each other to serve the same goal - greater economic growth anchored in a well-governed and secure environment.

The RCC Secretariat participated in political and sectorial events organised by the SEECP C-i-Os, brought to the attention of the SEECP Participants the outcomes of the implementation of the RCC SWP for 2014-2016 and the main aspects of the implementation process of the RCC SWP for 2017-2019.

The RCC statutory meetings have exerted effective oversight, thereby underpinning the mandate and work of the RCC and its Secretariat. In this context, the RCC Board convened on three occasions in line with the statutory documents of the organisation. The RCC Board provided guidance and supervision, as well as took decisions essential for the completion of the implementation of the RCC SWP for 2014-2016 and for transitioning to the RCC SWP for 2017-2019. Concomitantly, the coordination meetings between the SEECP Troika¹, the EU and the RCC Secretariat, organised back-to-back with the meetings of the RCC Board, provided a framework for harmonising the priorities of the participants holding the SEECP C-i-O and the RCC, and attune them with the priorities of the EU enlargement agenda.

The dialogue of the RCC Secretary General with the RCC participants, including his participation at international meetings with an overt regional dimension, further ensured that RCC's priorities and actions are aligned with the needs of the SEE region and increased the visibility of the

organisation. Moreover, the RCC Secretariat continued to maintain close cooperation with the European Commission (EC) Services at various levels, simultaneously making sure that the European External Action Service, Council Working Group on Western Balkans (COWEB), European Parliament, Committee on Foreign Affairs (AFET), European Economic and Social Committee, and Committee of the Regions are regularly briefed about the activities of the RCC and situation in the region.



RCC Secretary General, Goran Svilanovic (right), met Christian Danielsson, Director General for Enlargement at the European Commission, on 7 February 2017 in Brussels.
(Photo: RCC/Ivana Petricevic)

The dialogue with EU institutions endeavoured to preserve the attention of the EU on regional cooperation and its inherent role in the European integration process. Although challenges of internal and external nature have impacted the RCC participants from the region and enthusiasm has been waning within the EU about the enlargement process, the EU accession process remained a priority for the region.

The RCC continued to explore opportunities to engage with the EU macro-regional strategies, in particular EUSDR and EUSAIR. More specifically, the RCC co-organised events with EUSDR which contributed to raising awareness about the strategy and its mechanisms, introducing RCC participants from the region to potential funding opportunities and assessing the respective needs for a better participation in these strategies.

The mixed picture in the region is illustrated by the EC's Enlargement Strategy Paper and Progress

Reports of 9 November 2016. According to the EC, in a number of economies, important steps forward have been made. Nevertheless, reforms are moving at varying speeds and most economies still face important structural shortcomings. EC notes that the attractiveness of the EU in the enlargement economies has been partly affected by the economic downturn and scepticism regarding the European project. EC will continue to focus efforts on the "fundamentals first" approach, namely the rule of law, including security, fundamental rights, democratic institutions and public administration reform, as well as on economic development and competitiveness.

Moreover, the EC has positively looked at the progress made in the regional cooperation and at the impetus given through the 'Berlin process' and the Western Balkans Six format, as well as expressed support for the role of SEECP in fostering stabilisation and cooperation in SEE².

The Conclusions of the President of the European Council of 9 March 2017 emphasised "the importance of continuing on the reform path, good neighbourly relations and inclusive regional cooperation initiatives" and "reaffirmed its unequivocal support for the European perspective of the Western Balkans". Welcoming the progress made by the region, the European Council stresses that the "EU remains committed and engaged at all levels to support them in conducting EU-oriented reforms and projects"³.

The RCC participants from SEE moved forward in the process of European and Euro-Atlantic integration in accordance with their individual merits. Although some noticeable progress has been made, the pace of the accession process has been uneven.

The RCC participants from SEE moved forward in European and Euro-Atlantic integration processes, however in an uneven pace.

The RCC participants from SEE that are already members of the EU have brought their individual contribution in maintaining the momentum of the European and Euro-Atlantic integration and in preserving regional cooperation as one of the conditions for progress in this regard and for political stabilisation and economic opportunities in the region.

² Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "2016 Communication on EU Enlargement Policy" COM(2016) 715 Final, 9 November 2016.

³ Conclusions by the President of the European Council, 9 March 2017, Brussels.



Developments in priority areas of regional cooperation in South East Europe within RCC framework - transitioning to the RCC Strategy and Work Programme 2017-2019

The beginning of 2017 marked the completion of implementation of the RCC SWP 2014-2016 and the launching of the new RCC SWP 2017-2019, with a better defined strategic goal⁴ and improved approach to implementation.

RCC's strategic goal for the next three years is to reduce - and where possible remove - the obstacles to increased mobility, enhanced connectivity and improved competitiveness in SEE, while also contributing to better governance, improved functioning of the rule of law and enhanced security in the region

Under the moto "Changing with the Region", RCC retained the SEE 2020 Strategy at the centre of its interventions (Component A of the SWP 2017-2019), while reducing the fragmentation of its work by integrating efforts of different stakeholders in a single set of objectives, organised in three flagship initiatives: "Skills and Mobility", "Connectivity" and "Competitiveness".

These "flagship initiatives" represent joint endeavours with wider-ranging impact across several growth pillars and policy areas, performed by a number of regional organisations, implementing partners and beneficiaries.

⁴ RCC's strategic goal for the next three years is "...to reduce - and where possible remove - the obstacles to increased mobility, enhanced connectivity and improved competitiveness in SEE, while also contributing to better governance, improved functioning of the rule of law and enhanced security in the region" (SWP 2017-2019, page 5).

They also constitute a more practical and better result-oriented implementation method of the overarching SEE 2020 Strategy (Figure 1).

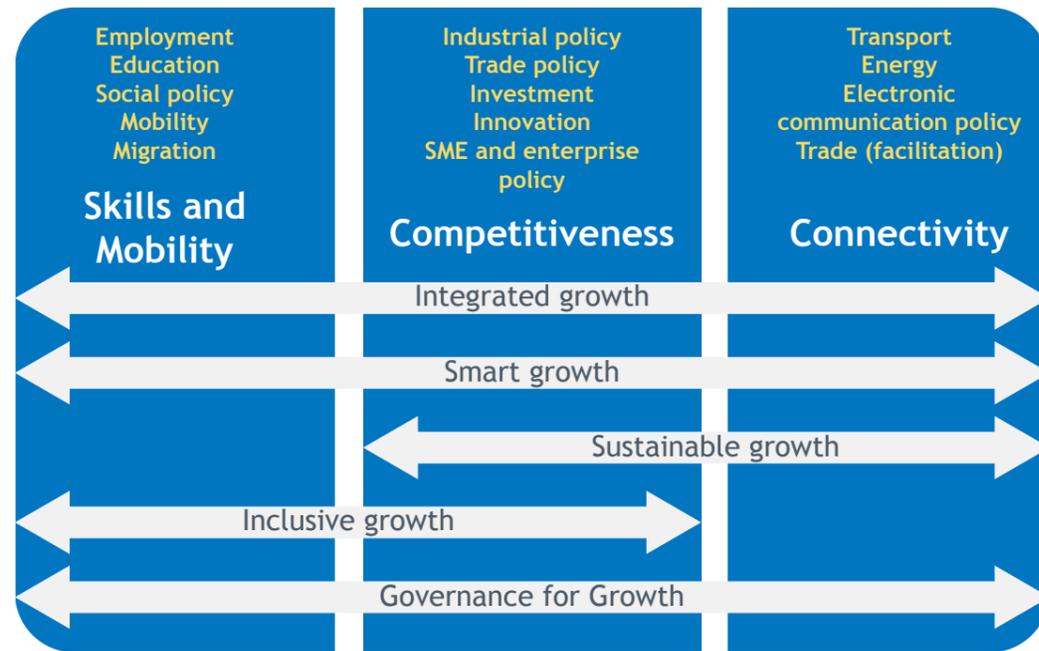


Figure 1: Integration of SEE 2020 policy dimensions into SWP 2017-2019 flagship initiatives

As per SWP 2017-2019:



The “*Skills and Mobility*” flagship aims to remove obstacles to mobility of professionals and facilitate liberalisation of services within the SEE region through mutual recognition agreements and to increase mobility of people in the SEE region across the board by developing standards and procedures for automatic recognition. It is also intended to build capacity for addressing selected labour market shortcomings.



The “*Connectivity*” flagship promotes a better integrated and economically dynamic region through closer transport and trade integration in functioning economic corridors, increased interoperability of ICT services and reduced roaming charges across the region.



The “*Competitiveness*” flagship aims to improve industrial structures and business/investment environment through a more coordinated investment policy and promotion, with the intention of producing a regional instrument in the area of investment.



At the same time, Governance, Rule of Law and Security Cooperation constitute the “**Component B**” of the SWP 2017-2019. In this regard, the core engagement of the RCC in these areas is to support the implementation of public administration reforms, assist efforts in enhancing the efficiency of the judiciary, reduce corruption, support the fight against serious and organised crime, as well as addressing the emerging security challenges in the region.



The “**Component C**” of the SWP 2017-2019 groups the Horizontal and Supporting Activities, through which the RCC works to strengthen and deepen regional cooperation and partnership among all participants from SEE and other stakeholders. Moreover, cooperation with the civil society, private sector, academia, media and others underpin the efforts of the organisation in this component. Above all, the Roma Integration 2020 project, an important part of this component, supports the Western Balkan governments to link Roma Strategies and National Action Plans on Roma to their socio-economic policies of development strategies.

Although structured differently, the implementation of SWP 2017-2019 serves the achievement of the targets and goals of the overarching SEE 2020 Strategy.

Horizontal activities

The already established governance structures of the SEE 2020 Strategy proved to be very effective in aligning and coordinating the implementation efforts of all involved stakeholders. Consultations and cooperation on all horizontal activities, such as programming, monitoring and donor coordination processes, have been conducted and resulted in noteworthy outcomes.



The SEE 2020 Strategy Governance Cycle infographic is an interactive tool which provides a simple understanding of how the implementation of the SEE 2020 Strategy Governance works, starting from the process of planning of priorities (programming process), their implementation, donor coordination, monitoring of the result and analysis of the targets achieved. It is available at www.rcc.int

Programming

Between July 2016 and February 2017, the RCC gathered and processed valuable programming inputs from a variety of sources. This was done through the structured annual programming cycle involving a wide range of partners and it was overseen by the SEE 2020 Programming Committee, consisting of representatives of SEE 2020 National Coordinators and NIPAC offices of the Western Balkans governments.

The first phase of the programming cycle 2016 (July - September 2016) included defining the concept and scope of draft Programming Document 2017-2019, the roles and responsibilities of the participating institutions and preparing the timetable for the successful finalisation of the programming cycle.

The second phase (October - December 2016) enabled a wide consultation process aimed at receiving inputs from the governments in the region and from the regional cooperation mechanisms that are active in SEE on their priority areas of intervention for 2017-2019. Using filtering

SEE 2020 Programming Document 2017-2019 contains

42 agreed actions to be implemented by the region over the



next three years in the areas of skills and mobility, connectivity, competitiveness and cross-cutting issues.

criteria agreed in advance with the beneficiaries, the regional priority intervention proposals were integrated into the draft Programming Document 2017-2019. This draft was once again consulted with the governments during November-December 2016.

The third phase of the programming cycle 2016 (January - March 2017) included the integration of the last comments and inputs into the final draft of Programming Document 2017-2019 and its endorsement by the SEE 2020 Programming Committee on 15 March 2017 in Sarajevo, opening the way to continue the dialogue and the coordination process with the donor community and with the implementing partners.



The RCC discussed the implementation of the SEE 2020 priorities for the next 3 years with Albanian authorities, soliciting their comments and feedback for future activities towards Strategy goals, at a workshop held on 11 November 2016 in Tirana. (Photo: RCC)

The Programming Document 2017-2019 contains 42 agreed actions to be implemented by the region over the next three years in the areas of skills and mobility, connectivity, competitiveness and cross-cutting issues. The necessary funds for the implementation of almost half of those actions are already secured through RCC budget, donor assistance, national budgets and budgets of participating organisations, or are being negotiated with potential donors. RCC's challenge for the upcoming period is to reduce the missing funds through the above-mentioned dialogue with the donor community.

Necessary funds for the implementation of almost half of SEE 2020 actions are already secured through RCC budget, donor assistance, national budgets and budgets of participating organisations, or are being negotiated with potential donors.

Monitoring

Based upon the decision of the SEE 2020 Monitoring Committee meeting in Vienna on 30 November 2016, the third annual monitoring cycle was launched in January 2017. The process was overseen by the SEE 2020 Monitoring Committee, composed of the national authorities coming both from policy side and from National Statistical Offices of the Western Balkans and EUROSTAT. The process included defining the scope of the monitoring, identifying the roles and responsibilities of the participating institutions and providing the final list of quantitative, qualitative and perception-based indicators⁵ which were used in the data collection process.

As recommended by the SEE 2020 Strategy Governing Board meeting in 2016, within this monitoring cycle the RCC has also developed the

RCC has developed four SEE 2020 Strategy new headline targets

four SEE 2020 Strategy new headline targets. The data collected during this monitoring cycle include the following:

- ▶ The quantitative data set collected for 11 headline targets and 154 dimension indicators by the six beneficiary economies. The quantitative indicators were collected through national statistical and administrative sources, data available from international sources (The World Bank, IMF, OECD and others), as well as selected data from the Regional Dimension Coordinators.
- ▶ The activity reports of the regional cooperation structures and organisations that are active in the SEE 2020 implementation.
- ▶ The data on perception-based indicators collected by the RCC through the implementation of the Balkan Barometer 2017 project - the annual survey of public opinion and business sentiments in the Western Balkans. The Balkan Barometer 2017 is due to be published before the RCC Annual Meeting.

All these collected data are being processed and analysed so as to serve as the basis for the 2017 Annual Report on Implementation (ARI) that will be endorsed by the SEE 2020 Monitoring Committee on 30 May 2017 and finally approved by the SEE 2020 Governing Board.

Coordination

Coordination activities have several dimensions, including with the SEE governments and with the regional cooperation structures and organisations (mostly on programming and monitoring as described above), both with the donor community and with implementing agencies. In line with previous commitments, RCC has continued to upload up-to-date information to the "South East Europe Development Assistance Database" (SEEDAD)⁶, which contains data on development



SEEDAD - South East Europe Donor Assistance Database - is established with the aim to become the central regional database providing detailed information on donor assistance to SEE region.

In 2016 RCC awarded eight small grants in the amount of EUR 290,000 as direct support to programming and implementation of the RCC SWP

projects funded and implemented at the regional level. This tool serves to strengthen coordination on regional donor efforts, support information exchange between the donors and the governments, as well as helps avoid overlaps in planning new actions.

Furthermore, the Third Donor Coordination Meeting in SEE of 16 March 2017 provided a



RCC hosted the Third Donor Coordination Meeting in SEE of 16 March 2017, in Sarajevo. (Photo: Haris Calkic)

⁵ Perception based indicator have been collected through the Balkan Barometer research cycles, <http://www.rcc.int/seeds/results/3/balkan-business-barometer>.

⁶ www.rcc.int/seedad.

platform for discussing the ongoing activities, the trends and needs of South East Europe in several areas stemming from the SEE 2020 Strategy and other regional frameworks, including those that mirror the ‘fundamentals first’ approach of the EU Enlargement Strategy. The Programming Document 2017-2019 was presented to the donor community and the dialogue and fundraising activities with them were launched.

Following the successful implementation of the 2nd Call for Proposals in 2016 which awarded

8 project actions in the amount of EUR 290,000

as direct support to programming and implementation of the RCC SWP, by the end of 2016 the RCC launched the 3rd Call for Proposals

with a total amount of EUR 150,000

to be implemented before the end of 2017.

Another important dimension of coordination activities is the implementation of 2017-2019 RCC Grant Work Programme: “Support for the implementation of the RCC Strategy and Work Programme 2017-2019”.

Implementing the SEE 2020 Strategy

Integrated Growth

Having stronger economic integration of the SEE as a prerequisite for its increased competitiveness on the global business scene, the RCC’s efforts under the Integrated Growth pillar continued with a focus on promoting facilitation of free flows of goods, services, capital/investments, and human resources throughout the region. This has



RCC Workshop on SEE 2020 Strategy implementation in Skopje, 5 December 2016 (Photo: RCC/Aleksandar Manasiev)

been done by enhancing trade and investment linkages, and by setting the grounds for the establishment of the regional investment reform agenda. In this endeavour, the RCC’s South East Europe Investment Committee has performed the necessary analysis and started developing specific policy recommendations in this area. The Regional Investment Policy Review for South East Europe is the first regional benchmark study developed in cooperation with UN Conference on Trade and Development. The study’s recommendations will serve for implementation of investment-related reforms under the forthcoming project on investment policy and promotion, to be guided by the SEEIC in cooperation with CEFTA, with technical support from the World Bank and financial support of the European Commission.

The Regional Investment Policy Review for South East Europe is the first regional benchmark study

Furthermore, the RCC has continued its direct engagement in further liberalisation of trade in the region (in addition to the endeavours invested by the CEFTA Secretariat in trade facilitation, liberalisation of trade in services and removal of non-tariff barriers). In this respect, detailed deliberations were undertaken on institutional

setting in priority qualifications so as to set the grounds for official negotiations anticipated to commence in 2017.

The main contribution in this respect was provided by the two relevant regional cooperation mechanisms: the RCC’s SEE Investment Committee (SEEIC) in charge of the investment-related dimensions of integrated growth, and the CEFTA Secretariat in charge of trade-related dimensions. The work was further supported by the SEEIC-CEFTA Joint Working Group on Investments (WGI), the RCC-CEFTA-ERI SEE Joint Working Group on Mutual Recognition of Professional Qualifications (JWGMRPQ), and two newly established working groups under the SEE Investment Committee and in cooperation with GIZ - Working Group on Business Friendliness and Working Group on Spatial Planning, Building Permitting and Infrastructure.

Free Trade Area

The majority of interventions under the Free Trade Area during the reporting period were aimed at further liberalisation of trade in services, removal of non-tariff barriers, along with the facilitation of free movement of professionals throughout the region. Under the auspices of CEFTA, the region concluded 10 rounds of negotiations on liberalisation of trade in services, resulting in conclusion of the Additional Protocol 6 on Trade in Services and its three Annexes. Finalisation of the internal procedures for adoption of the CEFTA Additional Protocol 6 on Trade in Services is anticipated by mid-2017, and complete enforcement of the newly concluded protocol is expected by the end of 2017.

In further endeavours of trade facilitation, the region has successfully concluded negotiations and the Additional Protocol 5 was legally proofread, along with initiation of the government approval procedure. The adoption of this Protocol is anticipated to take place in the first half of 2017.

Additionally, key elements and features of the reporting system on trade in services and FDI data was set up, with the first testing of the system and services database expected in the first half of 2017.

Competitive Economic Environment

Under the Competitive Economic Environment dimension, CEFTA Secretariat hired a monitoring team to report the implementation of articles related to competition and state aid to the CEFTA Parties.

Integration into the Global Economy

In order to support the SEE’s Integration into Global Economy, the RCC’s SEE Investment Committee has undertaken steps that lead to region’s internal economic integration, particularly in the area of facilitation of free flow of investments. A detailed analysis was performed in cooperation with UN Conference on Trade and Development on investment-pertinent policies with relevant recommendation for their improvement.

This analysis will serve as a base for implementation of the investment reform agenda, designed during previous years under the SEE Investment Committees auspices. Implemented in cooperation with CEFTA, with technical support of the World Bank and the financial support from the European Union, it is expected to complement the trade agenda.

This investment reform agenda entails reforms of investment-related policies on national levels and



RCC Secretary General Goran Svilanovic and BBI Bank Director Amer Bukvic present scholarship certificates to ten pupils and students from Srebrenica and Bratunac, Sarajevo, 28 April 2016 (Photo: RCC/Amer Kapetanovic)

a regional dialogue on their harmonisation among the SEE economies. This will represent a major step in overcoming internal competition so as to avoid the race to the bottom among the participating economies.



'Regional partnerships for improved municipal services' Conference where RCC was awarded for regional cooperation for improving the business climate of the South East Europe through further implementation of electronic construction permits and business friendliness certification of municipalities throughout the region, Sarajevo, Bosnia and Herzegovina, 14 July 2016 (Photo: GIZ Open Regional Funds)

Design and implementation of the regional investment agenda, its implementation expected to start as of mid-2017, represents one of the cornerstones of the regional economic integration and creation of a regionally harmonised investment space.

SEEIC has engaged in support to creation of one-stop-shops in the region and improving business-friendly environment, so as to increase the regions ranking in global doing business reports and to facilitate higher inflow of investments and business activities

In further attempts to scale up Business Enabling Environment, the SEE Investment Committee has engaged in support to creation of one-stop-shops in the region and improving business-friendly environment, so as to increase the regions ranking in global doing business reports and to facilitate higher inflow of investments and business activities. In this respect, RCC's SEEIC Working Group on Spatial Planning, Building Permitting and Infrastructure, as well as the one on Business Friendliness, have



respectively undertaken activities to implement the electronic system for issuing construction permits throughout the whole region and set up and implement standards on business friendliness in local administration for rendering better service to business (building on work previously done in this area).

Smart Growth

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

Education and Competences

The SEE region faces the trend of increased demand for higher educated and skilled labour force. Through its SWP 2014-2016 and the SEE 2020 Strategy as its central part, in Education and Competences dimension, the RCC aims to strengthen regional cooperation in this area. It has centred its efforts on improving regional knowledge and skills base, as well as on standardising qualifications and removing obstacles to their recognition.

Pertinent steps have been made with regards to the process of preparing negotiations on multilateral mutual agreement on recognition of professional qualifications. At the third meeting of the CEFTA-ERI SEE-RCC Joint Working Group on Mutual



Recognition of Professional Qualifications held on 14 April 2016 in Sarajevo, the RCC presented the outcomes of a commissioned study which mapped and assessed the economic relevance of service sectors. This in turn would benefit the most from the removal of obstacles to recognition of professional qualifications in region. Based on the national positions and the recommendations of the study, the working group agreed to prioritise health (doctors of medicine and dentists) and engineering (architects and civil engineers) sectors.

Pertinent steps have been made with regards to the process of preparing negotiations on multilateral mutual agreement on recognition of professional qualifications.

Subsequently, at the 4th meeting of the CEFTA-ERI SEE-RCC Joint Working Group on Mutual Recognition of Professional Qualifications held on 15 December 2016 in Tirana, the participants reached a tentative agreement based on their preliminary positions to open negotiations in both health and construction sector for all four prioritised professions (Doctors of Medicine, Dentists, Architects and Civil Engineers). Based on the agreement made, the negotiations on four multilateral agreements on recognition of professional qualifications for Doctors of Medicine, Dentists, Architects and Civil Engineers are to be opened in 2017.

The signing of ERI SEE Host Country Agreement opened

the way for appointment of the Director of the Secretariat. The Secretariat premises in Belgrade have been opened and ERI SEE created an effective work programme for 2016 which prioritised regional cooperation in Vocational Education and Training and Quality Assurance in general secondary education.

In line with its objectives set in SWP 2014-2016 and the SEE 2020 Strategy, the RCC continued to pursue the objective of removing obstacles to recognition of academic qualifications. In this regard, a working group on removing obstacles to recognition of academic qualifications will be established in 2017.

Research, Development and Innovation

The activities of the RCC in the areas of research, development and innovation have evolved throughout the reporting period. In cooperation with the DG Research and Innovation, Directorate on International Cooperation, on 7 June 2016, the RCC hosted the meeting of the Steering Platform on Research and Development for the Western Balkans. In line with the EU Competitiveness Council decision of May 2016 on opening access for all publically funded research by 2020, the focus of the meeting was „Open Access and Open Data in the Western Balkans“. The meeting took note of the study on Open Access and Data commissioned by the RCC, evidencing that the Western Balkan economies are at the early stages of addressing Open Access and Data, while most have not started developing Open Science Policies and measures. Based on the interest demonstrated by the participants from the Western Balkans, the RCC drafted an action plan on Open Science to be discussed and adopted



Meeting of the Steering Platform on Research for Western Balkans, RCC Secretariat, Sarajevo, 7 June 2016 (Photo: RCC)

by the Ministries of Science of the WB. Following up on these conclusions, the Working Group on Open Science has been established under the RCC auspices. Representatives of the Ministries in charge of research and science have agreed to focus the work on: defining clear policies for the dissemination of and open access to scientific publications and research data resulting from publicly funded research; ensuring synergies among national e-infrastructures at European and global level; and on designating a National Point of Reference for Open Access. The first meeting of the Open Science Working Group took place back-to-back with the 4th meeting of the EU Member States network of National Points of Reference on Scientific Information (NPR), 9-10 November 2016 in Brussels. The DG Research and Innovation extended the invitation for the first time to the Western Balkan economies and the RCC to participate as observers to the EU regular meeting of NPR. The RCC presented the work plan of the Working Group on Open Science as a model of good practice of regional cooperation.

Working Group on Open Science has been established under the RCC auspices

Furthermore, to help design and launch a three-year action plan on the Mobility of Researchers in the Western Balkans, the RCC commissioned a study on the topic of Mobility of Researchers in the Western Balkans. The study evaluated the present level of mobility of the researchers from the region, the present policy framework, and the perceived barriers to mobility by both researchers and policy makers, as well as developed a roadmap to overcome these barriers. For the first time in the region, the study collated comparative data on research mobility in the Western Balkans and identified a set of barriers to research mobility. Based on the study and in order to improve the research excellence of young researchers (doctoral candidates and higher), an action plan has been drafted, aimed at facilitating mobility of researchers in the wider Western Balkans region, but also to EU and beyond. The action plan will be discussed at a meeting of the Ministries of Research/Science from the region in 2017. The meeting is expected to adopt the action plan and establish a working group on removing obstacles to mobility of researchers.

In addition, cooperation has been established with the DG Joint Research Centre (JRC). Closer cooperation is expected in 2017, when a project funded through the MB IPA on Technology Transfer and Innovation is expected to be implemented in the region. The RCC will be invited to participate in the implementation as a member of the Steering Committee of the project.

Digital Society

Advancements under the Digital dimension in 2016 have been achieved mainly on: progressive alignment to the EU acquis and Digital Single Market principles; significant benefits in terms of reduced communication costs; increased prioritisation of telecom and broadband-related structural measures within the national Economic and Reform Programmes (ERPs) and targeted support for competitiveness and export potentials of IT sector.

WB's integration in the pan-European digital market will require an updated regulatory environment, improved broadband infrastructure, access to digital goods and services and digital literacy

Despite the progress in terms of acquis alignment and elaboration of national digital strategies and targeted ICT support programmes, WB's integration in the pan-European digital market will require an updated regulatory environment, improved broadband infrastructure, access to digital goods and services and digital literacy so as to unlock the potential of the digital economy.

WB economies continue to lag far behind the EU-28 average in terms of all available information society indicators, particularly in relation to fixed broadband, ICT exports and e-commerce. With the fast-developing EU-level framework for electronic communications networks and services, it is becoming increasingly challenging to bridge the digital gap. Western Balkan economies must develop future-proof broadband policies and targets and accelerate high-speed broadband roll-out⁷ so as not to be left out from the Pan-European digital infrastructure map. The absence of sustainable digital transformation strategies puts the WB economies at risk of even higher competitive disadvantages than today. Among all the challenges it is facing, the region must advance electronic

identification, digital trust services, network and information security and cybersecurity as building blocks of a regional framework for deployment of interoperable cross-border e-Government and e-Business.

WB economies continue to lag far behind the EU-28 average in terms of all available information society indicators, particularly in relation to fixed broadband, ICT exports and e-commerce.

At present, most of WB economies have established a supportive strategic framework for digital growth, and new targeted programmes for supporting the development, competitiveness and export potentials of IT sector. It is encouraging that five of the WB economies have prioritised telecom and broadband-related structural measures within the 2017-2019 ERPs.

The success of the regional approach in advancing the digital agenda is clearly demonstrated through the regional initiative to reduce roaming costs. As confirmed by RCC-supported study, the Regional Roaming Agreement has led to tangible impacts in terms of reduced roaming prices and increased roaming traffic⁸. This demonstrates how such a regional 'home grown' initiative, driven and supported by all parties, can be instrumental in achieving positive outcomes for consumers within the Western Balkan region. Nevertheless, the region is still far from the "Roam like at Home"⁹

As confirmed by RCC-supported study, the Regional Roaming Agreement has led to tangible impacts in terms of reduced roaming prices and increased roaming traffic

and there is still room for implementing further legal and regulatory measures to follow the EU model. The RCC will continue its support to this end.

With the legislative framework on information society mostly in place in the region, the 2016 Enlargement Progress Reports stresses the needs to strengthen the capacities and the political, financial and operational independence of the regulatory agencies for electronic communications. Pressing challenges also include finalising the delayed digital broadcasting switchover process (where not completed) and allowing the use of the digital dividend spectrum for broadband services; bringing the electronic communications laws into line with the EU acquis and with the 2009 EU regulatory framework; adopting broadband and

Due to Regional Roaming Agreement, the maximum retail prices for each service have fallen, from those set in 2015 by

-  **34%** for outgoing voice services,
-  **38%** for incoming voice services,
-  **33%** for SMS services and
-  **71%** for data roaming services.

For wholesale charges the rates have fallen since 2015 by

-  **64%** for voice services,
-  **33%** for SMS services and
-  **80%** for data roaming services.

⁷ Few IFIs currently support studies that analyse the prospects for improving broadband connectivity, including World Bank's studies and a regional study to scope prospects for electricity-telecommunications infrastructure-sharing for establishing a Balkans Digital Data Highway; EBRD's study of the supply of, and demand for, broadband infrastructure and service provision in order to map out the deployment of a modern high-speed broadband network. In a welcoming development, EU will start to measure progress under the five pillars of the Digital Economy and Society Index for the WB economies as well.

⁸ Due to RRA, the maximum retail prices for each service, by July 2017, will have fallen, from those set in 2015 by 34% for outgoing voice services, 38% for incoming voice services, 33% for SMS services and 71% for data roaming services. For wholesale charges the rates have fallen since 2015 by 64% for voice services, 33% for SMS services and 80% for data roaming services.

⁹ By applying this principle, on 15 June 2017 the EU will put an end to retail mobile roaming charges

cybersecurity strategies (where non-existing); increasing the use of e-commerce and ensuring proper implementation of the e-commerce and e-signature laws, etc.

Cultural and Creative Sectors

Within the SWP 2014-2016 and the SEE 2020 Strategy, Cultural and Creative Sectors are placed in a strategic context for development and growth, emphasising the importance of developing synergies to promote regional actions in a wider context.

In 2016, the RCC focused on the development of a concept on mapping SEE cultural routes aimed at stimulating heritage-led development of cultural tourism in the region, as part of preparation of a larger action on supporting the development of tourism in the region to be submitted for MB IPA funding in 2017.

Furthermore, as part of its capacity building measures, the RCC supported the participation of the cultural institutions from the Western Balkans in the 2 regional summer school involving history and heritage educators, improving cross-sectoral collaboration and paving the way for pilot projects and increased involvement of civil sector in cultural activities.



10 Establishing of spot markets and their coupling, regional balancing market, coordinated allocation of capacities and cross-cutting measures.

11 9% energy savings by 2018, in line with Directive 2006/32/EC on energy end use efficiency and energy services.

12 In line with Directive 2009/28/EC on use of renewable energy sources and Decision D/2012/04/MC-EnC of the Ministerial Council of the Energy Community.

Sustainable Growth

Energy

The implementation in the Energy dimension has seen progress in ensuring energy security and sustainable development. The region continued its efforts focused on energy connectivity by facilitating investments and prioritising electricity market development. Continuing towards the creation of a regional electricity market, the economies are progressing well in the implementation of the agreed set of connectivity reform measures¹⁰.

By the end of reporting period, Western Balkans economies implemented approximately 50% of connectivity reform measures at national and regional levels. Signing of Memorandum of Understanding on Regional Electricity Market Development (April 2016 in Vienna) establishing a Framework for Future Cooperation represents a platform for cooperation between WB economies and the EU.

In the areas of energy efficiency (EE) and renewable energy sources (RES), the region continued preparation and implementation of Energy Efficiency Action Plans (EEAPs) and National Renewable Energy Action Plans (NREAPs). Two economies already adopted the third EEAP, while others are at final stages. Official reports show

sound progress towards the achievement of energy savings target¹¹. Five economies from the region prepared their second biannual Progress Reports on NREAP implementation, showing progress towards achievement of overall 2020 RES targets¹².

The successful work on transposition of relevant acquis continued in the region with uneven pace. Development of EE legislation¹³ is advancing well in most WB economies. RES Directive is also transposed to significant extent, while some parts especially related to sustainability criteria for biofuels remain critical for the whole region. Similarly, the Directive on emergency oil stocks is in transposition phase.

Cooperation with the European Bank for Reconstruction and Development (EBRD) through the Regional Energy Efficiency Programme (REEP) continued in 2016/2017 focusing on support to development of energy efficiency legislative framework and implementation of EEAPs. Monitoring and Verification Platform, a tool for monitoring of implementation of EEAPs, achievement of EE targets and reporting, is developed by GIZ.

Under the Connectivity Agenda the European Commission provided additional € 50 million financial support for the regional EE and RE projects through REEP+ and Green for Growth revolving fund to be leveraged into approximately € 240 million of new lending funds for projects in the mentioned areas.

In the energy infrastructure area, transposition of the TEN-E Regulation¹⁴ is underway, while the first selection of Projects of Energy Community Interest (PECI) and Project of Mutual Interest (PMI) in electricity, gas and oil infrastructure was performed during the reporting period.

The RCC strengthened cooperation with the EnC Secretariat and liaised with other partners trying to identify gaps and improve regional cooperation, particularly in areas not sufficiently covered by other initiatives, and to design complementary actions contributing to the progress in the region. Integration of power systems, creation of a regional energy market, diversification of energy sources, increasing energy security, following EE principles, broader use of renewables, providing energy under affordable and deregulated prices, protecting

vulnerable customers and taking due account of the environment remained high at the radar of the RCC and partners. The RCC in cooperation with the EnC Secretariat identified EE in the public sector and sustainable use of energy in transport¹⁵ as two areas insufficiently covered in WB economies. Thus the RCC initiated a regional dialogue among line ministries and started with preparation of a tool for energy management in the public sector.

Environment

Implementation in the area of environment is characterised by several main achievements and several regional projects directly associated to the SEE 2020 Strategy targets. The RCC ensured regional coordination together with partners and facilitated continuation of work of the Regional Working Group on Environment (RWG Env). The first high-level Ministerial Panel was held in April 2016 and resulted in the endorsement of Podgorica Declaration. The Declaration re-affirmed the political commitment for regional cooperation and expressed strong appreciation to the aspirations of the SEE 2020 Strategy. Ministers agreed on future regular annual convening of the high-level panels under the auspices of the RCC.

The RCC ensured regional coordination together with partners and facilitated continuation of work of the Regional Working Group on Environment

The RCC liaised with the GIZ ORF - Biodiversity project with the aim to strengthen regional cooperation and bring sustainable use and protection of biodiversity in the region higher on the agenda. In this regard the intention is to institutionalise regional efforts through a Task Force to be established under the RWG Env. During the reporting period three WB economies updated their Biodiversity Strategies with the 2020 perspective, aligning policies with the vision of the EU 2020 Biodiversity Strategy.

13 Includes legislation on energy services, energy labelling, energy performance of buildings and the most recent (from 2015) Energy Efficiency Directive.

14 Regulation 347/2013/EU.

15 With a focus on broader deployment of non-food based biofuels, and alternative fuels to be introduced in parallel with necessary infrastructure.

Austrian Development Agency (ADA) provided financial support and signed contracts for two projects¹⁶ of significant importance for the region. As agreed by ADA, implementing partners and the RCC, the regional coordination will be ensured through RWG Env.

During the reporting period three WB economies updated their Biodiversity Strategies with the 2020 perspective, aligning policies with the vision of the EU 2020 Biodiversity Strategy



Transport

Despite significant developments under the regional Connectivity Agenda, SEE lags significantly behind the EU in terms of transport connectivity, lacking the high quality transport infrastructure system to support increased trade and regional integration with the EU. Sustained and significant efforts are still needed to ensure that SEE transport systems appropriately support the movement of goods, people, services and capital and the competitiveness of the region.

Based on the positive momentum built up over the past two years in the framework of the high-level process initiated in Berlin and the regional Connectivity Agenda, further progress in meeting the objectives of the SEE2020 Transport dimension has been achieved. In this respect, the regional momentum has been instrumental in establishing a clear strategic transport framework, as well as a regional context for decisions on investment funding. The improvement of connectivity levels among WB and between WB and EU was pursued through the development of the indicative extension of TEN-T Core and Comprehensive

SEE lags significantly behind the EU in terms of transport connectivity - sustained and significant efforts are still needed to ensure that SEE transport systems appropriately support the movement of goods, people, services and capital and the competitiveness of the region

Furthermore, the Ministerial Council of the EnC adopted a set of environmental *acquis*¹⁷ as well as a recommendation on implementation of the Monitoring Mechanism Regulation¹⁸, while the RCC supported REC in piloting and testing a methodology for rapid assessment of climate impacts along two South East European passenger and freight transport corridors - CLIMACOR II.

Also, the RCC Secretariat continued its participation in the Balkan Bioenergy Task Force and contributed to regional dialogue on bioenergy policy and enhancing knowledge and awareness in the region.

The RCC strengthened cooperation with various partners active in the region, particularly on climate change mitigation and adaptation, as well as integration of environment and climate change into other sectorial policies. Activities focused on targets and indicators linked with economic growth and sustainable development, supporting awareness rising on increasing global challenges of climate change and social responsibility, using the momentum of the Paris Climate Agreement and aligning with national commitments.

Nevertheless, the level of alignment in the area of climate change is still limited or in very early stage, and demanding work is ahead. In terms of the period beyond 2020, the introduction of integrated energy and environmental policy approaches as well as the achievement of the 2030 Sustainable Development Goals remain RCC's vision for the future of the region.

16 (1) Sustainable Management of Natural Resources through Water-Food-Energy Nexus approach; and (2) Enhancing Environmental Performance and Climate Proofing of Infrastructure Investments.

17 On environmental liability, environmental impact assessment, strategic impact assessment and sulphur in fuels.

18 Regulation 525/2013/EU.



RCC and SEETO team visited border crossing point with electronic queueing management system in October 2016, examining the prospects for introducing electronic queue management solutions in Western Balkans. (Photo: courtesy of SEETO)

Network to the Western Balkans and the fulfilment of the Connectivity reform measures, as two complementary pillars.

Based on the positive momentum of Berlin process, further progress has been achieved in meeting the objectives of regional Connectivity Agenda of the SEE2020 Transport dimension

Due to the introduction of EU co-financing of investment costs, significant EU co-financing¹⁹ is already disbursed for mature regional projects. Yet, the region's investment needs are still vast. The SEETO's Multi Annual Plan 2016 Update puts the outstanding infrastructure investment needs at the level of 9.64 billion EUR.

Despite road transport's dominance in terms of investments, rail investments are on the rise and are particularly welcome both from the market access and from the environmentally sustainable perspective. Still, mapping and analysis exercises of FDIs in region highlight that rail networks potential in the region is underutilised. Even though

19 Concrete infrastructure co-financing on behalf of EU, as part of the 1 billion EUR commitment, has been granted to a total of 9 projects in the value of over 300 million EUR.

20 Savings could exceed 900 million Euros or 1% of the region's combined GDP if logistics costs were brought in line with those of the EU (World Bank).

21 TCT is currently in initialling procedure.

a significant number of large companies lay along the regions rail infrastructure, very few of them use it for the transport of goods and people. Hence, railway reform actions should be prioritised for all economies.

In addition, challenges in multi-modal connectivity persist throughout the region. Besides safety, ITS and maintenance, the poor multimodal prospects and logistics performance of WB economies call for improvement of multi-modal logistics connectivity throughout the region, as the potential benefits²⁰ of reducing the cost of connectivity are substantial.

Despite questions of inadequate maturity of the infrastructure projects and the uneven tempo in implementing the Connectivity reform measures, progress has been made, especially with regards to the national measures. Bilateral border crossing agreements to facilitate railway transport were signed - yet those agreements need to be complemented with further rail market opening and licensing of new interested parties.

Clear progress continued on domestic investment prioritisation processes and streamlining infrastructure investments through the operational National Investment Committees and the establishment of the single project pipelines for investments.

The Transport Community Treaty²¹ (TCT), expected to be signed at the Trieste Summit in July 2017,

Region's investment needs in transport area are vast - SEETO's Multi Annual Plan 2016 Update puts the outstanding infrastructure investment needs at the level of 9.64 billion EUR.

and the establishment of the TCT Secretariat will mirror the achievements in terms of energy acquis alignment and integration in the Energy Union, enabled by the Energy Community Treaty.

Despite road transport's dominance in terms of investments, rail investments are on the rise

Close RCC-SEETO collaboration in the framework of SEE2020 continued in particular with regards to improved corridor management and air transport connectivity. This collaboration includes: elaborating a register of roadside facilities and road ancillary infrastructure along Core Network in WB; an analysis of the technical, legal and financial pre-requirements for a prospective introduction of an electronic queuing border management system; a study on air transport connectivity and prospective new air transport connections, as well as a pilot methodology for rapid assessment of climate resilience of core transport corridors in WB (together with REC).

Competitiveness

In the area of competitiveness, the RCC's Working Group on Industrial Policy commenced a regional dialogue on developing proposals for strengthening the SEE's industrial base. In this sense, related policy reforms and concrete actions in developing joint value chains in priority industries are envisaged. The options for such cooperation have been deliberated in the study on the SEE's economic corridors, aiming to enhance economic activity along the region's existing (and planned) physical infrastructure. This study, carried out in cooperation with TEPAV, is anticipated to be finalised in the first half of 2017, with concrete recommendations and actions to be undertaken in this endeavour.

RCC's Working Group on Industrial Policy has commenced benchmarking the SEE's economies in the process of policy convergence with the EU in all areas related to industrial policy and economic competitiveness

Furthermore, the Working Group on Industrial Policy has commenced benchmarking the SEE's economies in the process of policy convergence with the EU in all areas related to industrial policy and economic competitiveness, with an intention to share best practices and establish synergies in the (re)design of effective industrial policies in the future. To support this even further, the RCC involves the EU's industrial-related institutions to follow the process and support the region's convergence with the EU in industrial-related policies, but also activities that could enable the region to better utilise existing pre-accession funds in this area.

RCC's Tourism Expert Group has developed a project proposal for a joint regional product in tourism industry, with a focus on cultural/historical, adventure/natural, and eno/gastro tourism, to be promoted jointly to the global travellers.

In the area of developing regional value chains in priority sectors by creating joint products and supply chains, significant progress has been made under the auspices of the RCC's Tourism Expert Group that operates under the SEE Investment Committee. The Expert Group has developed a project proposal for a joint regional product in tourism industry, with a focus on cultural/historical, adventure/natural, and eno/gastro tourism, to be promoted jointly to the global travellers.

The region has started deliberating the routes and itineraries that would be a part of this joint regional product, planning further activities



in its promotion through the implementation of the regional programme with the financial support from the European Union, anticipated to commence in 2017. This joint regional tourism product is planned also to have implications on relevant policy reforms and resolution of open issues (i.e. visa liberalisation, bridging skills gap barrier in the sector, etc.) as well as on support to the small-scale tourism infrastructure throughout the region. Based on this successful example of cooperation, the region has started deliberating on the selection of the addition sector of economy, where similar forms of cooperation could be applied. The selection of this sector is anticipated in 2017, with a draft action plan on cooperation.



The Meeting of Ministries of Labour and Public Employment Services of the Western Balkan Economies, organized by RCC's ESAP, on 28/2-1/3 2017 in Vienna. (Photo: RCC/Sanda Topic)

cooperation and institutional capacities of national administrations for developing and effectively implementing labour market and social policy reforms in their EU accession process.

The project has developed a concept for a regional virtual platform on employment and labour markets. This platform will enable online access to a wide array of relevant data, information, and documents and will provide a common virtual space for engaging in topics of mutual interest on a continuous basis.

Inclusive Growth

Employment

The Employment and Social Affairs Platform (ESAP) launched in 2016 aims to strengthen regional



ESAP kick-off conference took place on 29 June 2016, in Sarajevo. (Photo: RCC/Ratka Babic)

In addition, the RCC cooperates with UNDP and ILO on coordination of activities in the area of labour market, employment and social affairs policies. The UNDP and ILO are implementing a regional project on supporting the development of inclusive labour market solutions in the Western Balkan economies funded by the Austrian Development Agency. The RCC, UNDP and ILO coordinated closely from the conceptualisation to inception phase of the two projects and continue

ESAP has developed a concept for a regional virtual platform on employment and labour markets which will enable online access to a wide array of relevant data, information, and documents

to cooperate closely in the implementation phase to ensure that the needs of the beneficiaries are effectively met. Similarly, the RCC established close coordination with the World Bank Group and the Vienna Institute on International Economic Studies to ensure synergies in data collection and analytics of employment and labour market trends in the Western Balkans to avoid overlap and ensure synergies of planned and implemented activities.

Since it has been launched, ESAP has made the following progress, in supporting administrative capacities for improved employment and social policy outcomes:

Organised regular meetings of representatives of Ministries of Labour in order to present the European Commission's ERP 2017 preparation guidance, to discuss priority structural employment policy measures and to promote peer-to-peer and EU experience.

Prepared a regional report on Employment and Social Policy Measures in national strategic documents and a regional mapping of main active employment measures. These interventions will inform the process of identifying and implementing peer reviews on employment policies or programmes.

Provided technical assistance to support Western Balkan economies in furthering their national employment and social reform agenda. More specifically, ESAP has supported national consultations on the Employment and Social Reform Programme in Skopje, and provided technical assistance for the development of an integrated information system in the Ministry of Labour in Pristina.

ESAP has also made steps in supporting the capacities of Western Balkan Public Employment Services (PES), more specifically:

Mapped existing performance management and measurement practices in the WB PES offices and proposed a methodology for performance benchmarking.

Organised regular meetings of representatives of PES in order to build consensus around the bench learning initiative to be implemented during 2017.

Health

The area of health is one which has faced difficulties in attracting attention and funding from the donors including EU assistance at the national and regional level. RCC has supported the SEE Health Network (SEEHN) to operationalise the priority measures under the Health dimension of the SEE 2020 Strategy pursued in three main areas of work: cross-border public health, improvements in health system performance, development of a regional capacity building platform for governance for health, and health information and human resources for health.

The Study on "Establishing a cross border platform for emergency and response in South Eastern Europe" commissioned by RCC in 2016 identified strengths and weaknesses of the existing emergency and response and public health systems in all SEE economies, as well as possibilities and legal constraints and requirements for the establishment

The area of health faced difficulties in attracting attention and funding from the donors including EU assistance at the national and regional level

of a cross-border platform on emergency and response. The results of the study feed into the preparatory work for the Ministerial Forum of the SEEHN to be held in Chisinau, Moldova in April 2017. In addition, the RCC supported various activities and meetings of the SEEHN in 2016. The 38th high-level forum held in December 2016 discussed the future of SEEHN, extended the Presidency of Moldova by spring 2017, and agreed on the candidate for the Head of the SEEHN Secretariat, to be approved by the Ministerial Meeting in April 2017 that would enable the SEEHN Secretariat to become fully operational.

Governance for Growth

Good Governance is an important component of the SWP with strong impact on other dimensions of the SEE 2020 Strategy. It aims at upgrading public administration capacities, strengthening the rule of law and reducing corruption so as to create a business-friendly environment. The RCC's main priority in this area of interventions is to streamline activities in Governance for Growth with the purpose to identify the best opportunities to enhancing the regional cooperation that can support national efforts.

The second half of 2016 marked the wrap-up stage of this process, with the prioritisation of the processes which were subsequently launched in 2017 under the new RCC's SWP 2017-2019.

The new SWP 2017-2019 adds to the main objective the support to the SEE economies in implementing the necessary reforms to improve governance effectiveness, establish consolidated public administration, enhance the efficiency of judiciary and reduce corruption. In this way, the RCC's activities became more focused and more result-oriented.

Public Administration Reform

In the course of 2016, the RCC backed the public administration and decentralisation reform efforts of the relevant regional cooperation mechanisms in SEE, such as the Regional School of Public Administration (ReSPA) and the Network of Associations of Local Authorities of SEE (NALAS). RCC and ReSPA have focused in particular on the improvement of the quality of public services, upgrading the policy and regulatory capacity, continuous improvement of public officials' capacities, and of e-government.

RCC has supported processes initiated by ReSPA in the field of administrative legal framework and administrative justice, on better regulation and upgrading regulatory capacities of public administration.

In addition, the RCC has launched a new activity in 2017 to assist governments in Western Balkans to improve their practices on public consultations in drafting legislation and public policy documents. This activity is carried out in partnership with the Regional School of Public Administration, and it is synchronised with SIGMA and USAID actions on this topic.

The expected long-term outcome is to provide knowledge and skills for governments to design policies and legislation in an inclusive manner, enabling active public participation, including non-governmental organisations, private sector and advisory bodies.

In order to promote the subsidiarity principle as a key to decentralisation as foreseen by the SEE



ReSPA Conference on better regulation and competitiveness in the Western Balkans, Belgrade, Serbia, 1-2 December 2016 (Photo: ReSPA)

2020 Strategy, the RCC assisted NALAS through the project called Towards SEE Decentralisation Observatory that was implemented through 2016. The project aimed at boosting the application of the subsidiarity principle in delivery of public services in SEE as per the standards of the European Charter of Local Self-Government and at putting in place the proper conditions for decision-making to establish the SEE Decentralisation Observatory.

Anti-corruption

Regional efforts on anti-corruption were more focused on the prevention side. The previously launched processes related to anti-corruption assessment of laws and corruption risk assessment in public institutions led to the implementation of a regional programme by the Regional Anti-corruption Initiative which brought the regional impact at the national level. Specifically, authorities in several economies developed or upgraded their



RCC financially supported the RAI's project which led to production of the documentary *The Medal of the Loud*, launched in December 2016, that describes the issue of whistle-blowers' protection in SEE.

will train public officials in conducting corruption risk assessment and anti-corruption assessment of laws at a sectoral level. This should lead to more transparent rules and less opportunity to engage in corruptive behaviours.

RCC was also engaged to advance the work on protection of whistle-blowers by supporting regional efforts in increasing capacities of public institutions working in the area of whistle-blowers' protection. It also financially supported the project implemented by the Regional Anti-corruption Initiative which led to the development and promotion of the documentary *The Medal of the Loud* that describes the issue of whistle-blowers' protection in SEE. Further, the previously established SEE Coalition for Whistle-blower Protection has become self-sustainable. Also, the RCC conducted a regional survey to examine how citizens in South East Europe view whistle-blowers and the practice of whistleblowing. This report has been published on the RCC website and given ample publicity in the regional media.

To strengthen the regional cooperation of the oversight bodies for asset disclosure and conflict of interest, the RCC backed up the process of setting a regional mechanism of data exchange. The efforts should lead to an instrument agreed among the participants, and the efforts in this regard are carried on within the regional programme implemented by RAI. The RCC has also contributed to strengthening capacities of national authorities in asset recovery and conducting financial investigations within an intensive training co-organised last summer by the Regional Anti-corruption Initiative, the Central European Initiative and RCC in Chisinau.

relevant mechanisms to assess the laws under an anti-corruption perspective and to carry out corruption risk assessments in public institutions. The RCC Secretariat supported the implementation of the regional programme by sharing the in-house expertise to strengthen the national authorities' capacities on anti-corruption assessment of laws.

In continuation of these efforts, the RCC will advance the process by tailoring corruption preventive measures to specific fields which are traditionally exposed to corruption and are perceived as highly corrupted by the population in the region. Therefore, by the beginning of 2017 the RCC launched an activity to help governments in conducting corruption risk assessments in healthcare sector. We expect that this assistance

Stability and Rule of Law

Justice and Home Affairs

In the area of Justice, the Regional Working Group on Justice (RWGJ) established by the RCC continued to oversee and support the activities and processes in the area of justice reforms, to identify



common problems and propose future activities at regional level. RCC engaged in consultations with DG JUST and DG NEAR in order to make sure that the activities in this area are aligned with the EC's progress report conclusions and recommendations related to Chapter 23 and 24.



The SEE Judicial Training Institutions Network established in 2016 continued to provide a platform for peer support, exchange of experiences and identifications of the needs of the Western Balkans' judicial training institutions. It served also as a link with partner institutions of the EU Members from SEE and with the relevant European institutions. The work of the Network was focused on enhancing mutual legal assistance between

judiciaries in the region, cross-border cooperation in civil and commercial matters, as well as on improving competences of judges in EU case law through regional seminars with relevant European institutions and with SEELS for training of trainers at regional level.

During 2016, the RCC and GIZ ORF-LR started to implement the 20-months sub-project on 'Improving the regional cooperation between Western Balkans' Judicial Training Institutions' aimed at preparing and training the trainers for judges and prosecutors at regional level. Meetings of the Steering Committee of this project will be held back-to-back with SEE JTI Network organised by RCC.

In addition, the RCC continued to improve cooperation with international and national CSOs active in the rule of law and justice reform in Western Balkan region.

The SEE Associations of Mediators Network established a dialogue between representatives of mediators and ministries of justice on the possibilities of reforming legislation in favour of mediation, but also on raising awareness about mediation as a tool for court backlog reduction. The Network also serves as a platform to report and exchange experiences on the implementation of

the RCC's studies on mediation and court backlogs reduction recommendations. The Network helped to raise awareness in particular among business partners on the possibility to resolve disputes by mediation and not through litigation as a long-lasting, expensive and often unpredictable process.

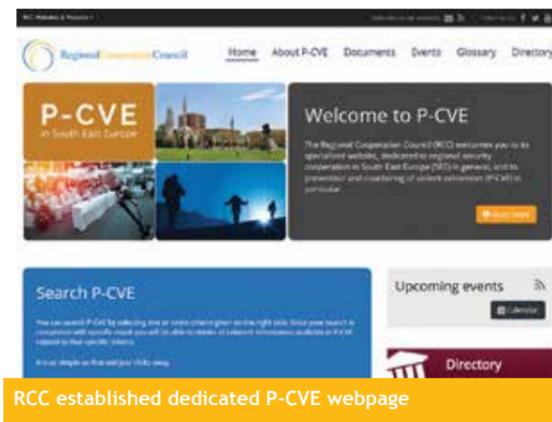
Security Cooperation

Under the security component of the Stability and Rule of Law, the RCC Secretariat continued to facilitate and support the development of effective regional cooperation mechanisms. Moreover, the RCC Secretariat has further advanced in the implementation of the regional CVE-FTF Platform. The activities of the specialised security cooperation formats in the region have continued with the support and guidance of the RCC.

RCC Secretariat has further advanced in the implementation of the regional CVE-FTF Platform

The South East Europe Military Intelligence Chiefs' forum (SEEMIC) - a platform for exchange of views and good practices among high-level military officials - has strengthened cooperation and attuned the focus to the emerging security threats in SEE. The open source intelligence assessment (OSINT) on "Migration crisis, roots of radicalization and violent extremism leading to terrorism in SEE" adopted in October 2016 has contributed to the spectrum of policies in the region to address current and emerging security challenges. This trend will continue with the development of the next OSINT assessment on "Use of social media by violent extremists" in 2017.

The South East Europe National Security Authorities' forum (SEENSA) engaged in cooperation and coordination of national security bodies. The events held in this format have rallied the participants around the importance of deepening cooperation on cybersecurity, industrial security and exchange of personal data.



RCC established dedicated P-CVE webpage

Important progress was made in the implementation of the RCC's Regional CVE-FTF Platform. Enhanced activities under the Platform enabled pragmatic and result-oriented regional cooperation, strengthened coordination at the national and regional level, reduced overlapping and created synergies among various stakeholders.

The open source intelligence assessment on "Migration crisis, roots of radicalization and violent extremism leading to terrorism in SEE" has contributed to the spectrum of policies in the region to address current and emerging security challenges



RCC organised Regional Coordination Conference focusing on stepping up regional response in fight against radicalization, violent extremism, terrorism and foreign terrorist fighters in South East Europe, on 11 November in Tirana. (Photo: RCC)

The established National Focal Points Group for countering radicalization and violent extremism leading to terrorism and foreign terrorist fighters in SEE (NFP CVE-FTF) served as an effective regionally-driven implementation mechanism. The Group was instrumental in drafting policy recommendations that can contribute to national and regional efforts to address challenges in countering violent extremism, in particular on: coordination of activities; systematic data collection and information exchange; adjusting the focus of CVE efforts on the new trends in the region; implementation of the principle of all-inclusiveness through fostered cooperation with academia, civil society, religious communities, youth and female leaders; the role of education and sharing of good practices on rehabilitation and reintegration.

Tangible progress has been made, as well, in the mapping of initiatives in the area of preventing/countering violent extremism and in supporting law enforcement agencies, academia and civil society in these fields. A dedicated P-CVE webpage was established.

As a contribution to the overall European and global counter-terrorism efforts, the Platform became increasingly relevant in the EU context, by developing links with the Western Balkans Counter-Terrorism Initiative (WBCTi), the first pillar of the newly adopted EU's Integrative Internal Security Governance Initiative (IISG).

SEESAC (South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons), a joint RCC - UNDP project, made good progress in disarmament and arms control activities in SEE, focusing on increased regional cooperation, strengthened capacities of national and regional stakeholders, information-sharing, infrastructure security upgrades, training, awareness-raising and collection campaigns. SEESAC activities are complementary to EU integration requirements and represent an important part of the EU's efforts within the framework of the EU SALW Strategy.

The RCC has further developed and intensified contacts with all relevant stakeholders in SEE regional security architecture - national governments from the region and their relevant agencies, the EU, U. S., OSCE, NATO, UNDP, UNODC, SEDM, PCC SEE, RACVIAC, and other international and regional organisations and initiatives.

The RCC continued its support to SEDM (Southeast Europe Defence Ministerial process). This initiative

sustained its engagement and support to promote regional cooperation and good neighbourly relations through intensified security cooperation. Progress has been achieved in the revision of the SEDM strategic framework, aimed at streamlining, efficiency and visibility of activities. The role of SEEBRIG was further promoted and enhanced, as a mechanism capable to support regional, but also wider security and conflict prevention actions.

DPPI (Disaster Prevention and Preparedness Initiative) activities witnessed progress in regional cooperation on civil protection, prevention capacity building, and joint response in case of floods and on management of training programs with the support of RCC. The efforts of strengthening DPPI institutional capacity continued.

Cross-cutting issues

Media development and communication

The communication activities of the RCC in the previous period focused more on achieving better understanding on what the RCC does, while increasing general awareness of the organisation and regional cooperation process to build on the positive image and influence of the RCC.

The new RCC Communication Strategy 2017-2019 foresees various strategies, tools, tactics and measurable targets in order to achieve its primary objective to keep building the understanding on what the RCC does.

To this end, the RCC Secretariat developed the new Communication Strategy 2017-2019, reflecting the new agenda of the organisation, aimed at upgrading the established RCC profile to reflect its increasingly regionally-owned, active and all-inclusive role and relevance. It continued to streamline ways in which the RCC Secretariat builds the organisation's public profile.

The Strategy foresees various strategies, tools, tactics and measurable targets in order to achieve its primary objective to keep building the understanding on what the RCC does, but also to



RCC Secretariat developed the new Communication Strategy 2017-2019, reflecting the new agenda of the organisation, aimed at upgrading the established RCC profile to reflect its increasingly regionally-owned, active and all-inclusive role and relevance.

keep raising awareness of the organisation and the regional cooperation process in general, building and promoting the SEE image based on the RCC's key mission postulates - serving regional cooperation and European and Euro-Atlantic integration of South East Europe in order to spark development in the region to the benefit of its people.

The communication activities followed the implementation of the RCC SWP for 2014-2016, and subsequently the RCC SWP for 2017-2019 through disseminating news and other RCC products (studies, reports, surveys) to the media but also to the relevant stakeholders directly through a comprehensive web-based e-mail database; publishing articles and interviews of the RCC Secretary General and RCC experts in SEE media; utilising RCC-organised and co-organised events to promote the organisation; producing and disseminating various public information materials; producing and promoting multimedia contents (video, photo, etc.); promoting the organisation through social media; keeping the information on the website up to date and relevant.

The RCC launched redesigned and user-friendly website, which provides overall picture of the RCC - featuring news, announcements, background texts, photo and video gallery, electronic publications,

reports, documents, etc. Besides, the website houses several platforms related to RCC work - SEE Donor Assistance Database/ SEEDAD, Balkan Barometer, SEE Platform on Countering Violent Extremism (P-CVE), and SEE 2020 Scoreboard.

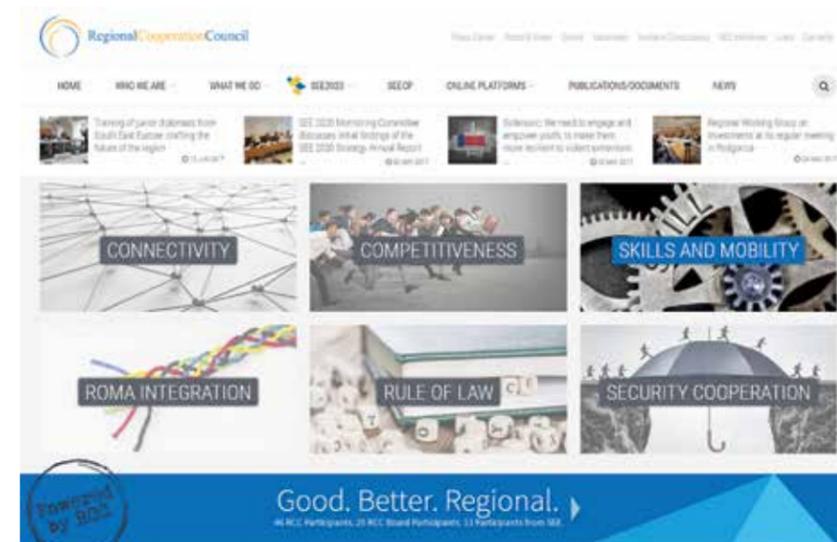
The RCC sustained and expanded its interactions and partnering relations with other institutions and organisations and participated in a number of workshops, conferences and meetings, thus communicating its mission and vision and raising awareness of the organisation's activities and regional cooperation in general.

The RCC ensured continued presence of the organisation's activities in media through media coverage of specific actions and organised articles/interviews/appearances of RCC staff around these events; and as a prerequisite for this, organised tailored media training for RCC staff exposed to media appearances. It continued

The RCC ensured continued presence of the organisation's activities in media through media coverage of specific actions and organised articles/interviews/appearances of RCC staff around these activities

to nurture the relationships with the media in SEE, especially in the Western Balkans, but also kept reaching out to other SEECP Participants and EU members.

The existing social media presence of the RCC on Facebook, Twitter and You Tube continued the trend of steady growth, causing more interactions with representatives from all trades of targeted audiences. The social media will continue to be used to reach both technical and wider public, disseminating information about the RCC activities as well as raising awareness on its core mission and vision. Another very important segment of social media presence is a constant interaction with key partners/stakeholders/beneficiaries



In March 2017, the RCC launched redesigned and user-friendly website.

through sharing their contents relevant for the RCC activities thus positioning the organisation as a leading and relevant pool of information on regional cooperation in SEE. The usage of existing social media channels has been constantly

The RCC supported the project 'Media and Civil Society in the Western Balkans' with an aim to promote civic participation in decision-making at

all levels of governance; improve relations between media and civil society as actors and factors of democratic development in the WB; and strengthen links and contacts between media and civil society groups in different societies in the region.

The project produced six studies on media and civil societies in the Western Balkans, as well as a Regional Policy Paper identifying main trends and problems in WB in this area with the respective recommendations. The studies have been presented at a regional conference in Tirana on 27-29 October 2016, which discussed the conclusions of the studies and the respective recommendations. The main aim of the conference, which gathered representatives of NGOs and media in the region, was to act as a forum for discussing the range of problems and the issues identified in the studies, establishing a dialogue between media and civil society, and seeking to offer recommendations for improving the relations and cooperation between the two.



The annual Champion of Regional Cooperation award, this year went to the Sarajevo Film Festival for its persistent promotion of regional artistic talents in film industry and development of educational platforms and trends focusing on young filmmakers, producers and directors from the region, at a ceremony held on 15 March 2017 in Sarajevo. (Photo: Haris Calkic)

Parliamentary Cooperation

Parliamentary cooperation in SEE has evolved over the years into the South East European Cooperation Process Parliamentary Assembly (SEECP PA), established in Bucharest in May 2014 in order to provide an invaluable parliamentary forum among the national Parliaments of the SEECP Participants.

Albanian, Bulgarian and Croatian SEECP C-i-Os have placed parliamentary cooperation among key priorities

The consecutive Albanian, Bulgarian and Croatian SEECP C-i-Os have placed parliamentary cooperation among key priorities. The intention has been to further institutionalise the SEECP PA, support the European integration process of the aspirants from the SEE region, as well as to strengthen cooperation between SEECP PA, the RCC, the European Parliament and other inter-parliamentary organisations.

Under its SWP for 2017-2019, the RCC will maintain a close and practical cooperation with the South East European Cooperation Process Parliamentary Assembly

The RCC has been committed, through the RCC SWP for 2014-2016 and the SWP for 2017-2019, to keeping the SEECP PA abreast about its most important activities, thereby inviting a greater attention on interventions that spur economic growth, good governance, rule of law and enhanced security in SEE. Under its SWP for 2017-2019, the RCC will maintain a close and practical cooperation with the SEECP PA by

assisting the national parliament holding the C-i-O of the SEECP PA as well as by participating and contributing to its meetings and projects. Moreover, building upon the existing cooperation between the RCC and the EP, the RCC has been engaged in ascertaining possibilities of further contributing to the dialogue between EP and the Parliaments from the SEE region in the context of the European integration process.

The RCC has also followed and participated in the events of the Conference of the European Integration Parliamentary Committees of the States participating in the Stabilisation and Association Process (Western Balkans COSAP).

Roma Integration 2020 Project

The Roma Integration 2020 project started with the implementation on 01 April 2016. The project contributes to reducing the socio-economic gap

The Roma Integration 2020 project started with the implementation on 01 April 2016

between the Roma and non-Roma population in the Western Balkans and Turkey and to strengthening the institutional capacities of governments to incorporate and deliver specific Roma integration goals in mainstream policy developments. In



Roma Integration 2020: Regional workshop on monitoring and reporting, organised by Roma Integration 2020 (RI2020) Action Team of RCC in Vienna, 12-13 December 2016 (Photo: RCC/RI2020)

line with this, Roma Integration 2020 aims to assist national governments to integrate Roma specific policy measures into: (1) mainstream socio-economic policies and public service delivery; (2) national budget planning and service delivery processes.

The project was officially launched at a high-level event held on 09 June 2016 in Brussels, which provided for a much stronger commitment of the beneficiaries to achieving the objectives of the project.



RCC's Roma Integration 2020 project organized a two-day regional workshop on budgeting for Roma integration policies, in Skopje on 20-21 March 2017. (Photo: RCC/RI2020)

Since its inception, the Roma Integration 2020 Action Team organised five public dialogue forums in the region

Since its inception, the Roma Integration 2020 Action Team organised five public dialogue forums in the region. These forums provided for discussions on national policies and priorities on Roma integration, budget proposals for 2017, including sources of funding for the proposed measures, and

discussions on relevant mainstream socio-economic policies to be used for advancing Roma integration.

The Action Team organised the first Task Force meeting of the Roma Integration 2020 on 09 November 2016. The Task Force serves for steering the project within the general political processes relevant for Roma integration in the region.

The Action Team also organised two regional workshops, with the first workshop focusing on the topic of *Monitoring and Reporting on Roma integration policies*, and the second on *Budgeting for Roma Integration Policies*.

During the first year of implementation, the Action Team achieved the following results:

Ensured a very close cooperation with the appointed National Roma Contact Points on issues relevant to the Roma integration cause at national and regional level;	Facilitated the drafting of local action plans on Roma integration for four municipalities in Serbia for 2017 with concrete budget proposal and monitoring indicators;	Facilitated the drafting of the Bosnia and Herzegovina Action Plan on Roma for 2017-2018 in the areas of employment, health and housing;	Facilitated the drafting of the Montenegro Action Plan on Roma and Egyptians for 2017 with monitoring indicators and budget proposal;
Facilitated the drafting of new rules of procedure for The Former Yugoslav Republic of Macedonia's National Coordination Body on Roma, the Roma Information Centres and the Roma Health Mediators;	Adopted the rules of procedure of the Task Force on Roma Integration 2020, the calendar of activities for 2017 and the reporting template on Roma integration;	Introduced 80 participants (government officials and civil society) to the monitoring and reporting template on Roma integration, including the type of data and information needed.	Organised a capacity building training for 60 participants (government officials and civil society) on budgeting for Roma integration policies, measures and programs

The way ahead

RCC's objectives for the upcoming period include achieving progress in upgrading SEE human capital, facilitating investments in innovation infrastructure and progress, digitising the SEE economies and societies, so as to make them more resilient to the 21st century challenges

The RCC will continue to pursue its mission and ensure a tangible impact through its SWP for 2017-2019.

RCC will build on the ongoing high-level political processes in SEE to continue its work towards better economic integration of the region

implementation experience so far, RCC will build on the ongoing high-level political processes in SEE to continue its work towards better economic integration of the region. On one hand, these efforts are expected to support the overall efforts of the SEE governments and their international partners to revive their national economies and boost trade, investment and job creation. On the other hand, by enhancing regional cooperation and

RCC will focus its efforts on promoting free trade and a better investment climate

In light of the present situation in the SEE region, the achievements, the challenges and the



The RCC will continue to pursue its mission and ensure a tangible impact through its SWP for 2017-2019

We will work to enable a free flow of skilled workforce integrated into the EU professional and academic networks

working towards the achievements of the SEE 2020 as a convergence framework for EU accession, these efforts will support the advancement of the European integration agendas of the SEE enlargement economies by boosting regional cooperation also as a precondition for progress towards EU accession.

The RCC will support and implement processes that serve the implementation of the Digital Agenda and digital integration of the SEE/WB

RCC's objectives for the upcoming period include achieving progress in upgrading SEE human capital and facilitating investments in innovation infrastructure and progress, as well as in digitising the SEE economies and societies, so as to make them more resilient to the 21st century challenges.

More specifically, the RCC will focus its efforts on promoting free trade and a better investment climate; will work to enable a free flow of skilled workforce integrated into the EU professional and academic networks, will support and implement processes that serve the implementation of the Digital Agenda and digital integration of the SEE/WB, as well as on promoting transformations towards knowledge economies.

RCC will continue to support the implementation of public administration reforms, assist efforts in enhancing the efficiency of the judiciary, reduce corruption, support the fight against serious and organised crime, as well as address the emerging security challenges in the region.

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List of abbreviations

ADA	Austrian Development Agency
AFET	The EP's Committee on Foreign Affairs
ARI	Annual Report on Implementation
CEFTA	Central European Free Trade Agreement
C-i-O	Chairmanship-in-Office
CoE	Council of Europe
COSAP	European Integration Parliamentary Committees of the States participating in the Stabilisation and Association Process
COWEB	Working Group on Western Balkans of the Council of the European Union
CSO	Civil Society Organisation
CVE	Countering of Violent Extremism
CVE-FTF Platform	South East Europe Regional Platform for Countering Radicalization and Violent Extremism Leading to Terrorism and Recruitment of Foreign Terrorist Fighters
DG	Directorate-General
DG JUST	Directorate-General for Justice and Consumers
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations
DPPI	Disaster Prevention and Preparedness Initiative
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECtHR	European Court of Human Rights
EE	Energy Efficiency
EEAP	Energy Efficiency Action Plans
EEAS	European External Action Service
EESC	European Economic and Social Committee
EIPA	European Centre for Judges and Lawyers
EMP	Energy Management Platform

EnC	Energy Community	NIPAC	National IPA Coordinator
EP	European Parliament	NPR	National Points of Reference on Scientific Information
ERI SEE	Education Reform Initiative of South Eastern Europe	NREAP	National Renewable Energy Action Plan
ERP	Economic and Reform Programmes	NSA	National Security Authority
ESAP	Employment and Social Affairs Platform	OECD	Organisation for Economic Co-operation and Development
EU	European Union	ORF	Open Regional Funds for South East Europe
EUROJUST	European Union`s Judicial Cooperation Unit	ORF LR	Open Regional Fund for South East Europe - Legal Reform
EUROSTAT	Statistical Office of the European Union	OSCE	Organisation for Security and Co-operation in Europe
EUROPOL	European Police Office	OSINT	Open Sources Intelligence Assessment
EUSAIR	The EU Strategy for the Adriatic and Ionian Region	PCC SEE	Police Convention Cooperation for South East Europe
EU SALW	The EU Strategy for Small Arms and Light Weapons	PES	Public Employment Services
EUSDR	The EU Strategy for the Danube Region	PECI	Projects of Energy Community Interest
FDI	Foreign Direct Investment	PMI	Project of Mutual Interest
FTF	Foreign Terrorist Fighters	P-CVE	Prevention and Countering of Violent Extremism
GGF	Green for Growth Fund	RAI	Regional Anticorruption Initiative
GIZ	Deutsche Gesellschaft fur Internationale Zusammenarbeit	RACVIAC	RACVIAC - Centre for Security Cooperation
GIZ ORF- LR	Open Regional Fund - Legal Reform	RCC	Regional Cooperation Council
ICT	Information and Communication Technologies	RDC	Regional Dimension Coordinator
IFI	International Financial Institution	REEP	Regional Energy Efficiency Program
ILO	International Labour Organisation	REEP Plus	Regional Energy Efficiency Program Plus
IISG	Integrated Internal Security Governance	REC	Regional Environmental Centre
IMF	International Monetary Fund	RES	Renewable Energy Sources
INTERPOL	International Criminal Police Organisation	RRA	Regional Roaming Agreement
IPA	Instrument for Pre-accession Assistance	ReSPA	Regional School of Public Administration
IT	Information Technology	RWG Env	Regional Working Group on Environment
JRC	Joint Research Centre	RWGJ	Regional Working Group on Justice
JTI	Judicial Training Institutions	SEE JTI	South East Europe Judicial Training Institutions
JWGI	Joint Working Group on Investments	SEDM	South East Europe Defence Ministerial
JWGMRPQ	Joint Working Group on Mutual Recognition of Professional Qualifications	SEDM-CC	South East Europe Defence Ministerial Coordination Committee
MARRI	Migration, Asylum and Refugees Regional Initiative	SEE	South East Europe
MB IPA	Multi-Country Instrument for Pre-accession Assistance	SEE 2020	South East Europe 2020 Strategy: Jobs and Prosperity in a European Perspective
MFA	Ministry of Foreign Affairs	SEEBRIG	South-Eastern Europe Brigade
NALAS	Network of Associations of Local Authorities of SEE	SEECP	South-East European Cooperation Process
NALED	National Alliance for Local Economic Development	SEECP PA	South-East European Cooperation Process Parliamentary Assembly
NATO	North Atlantic Treaty Organization	SEEDAD	South East Europe Donor Assistance Database
NFP CVE-FTF	RCC Group of National Focal Points for Countering Radicalization and Violent Extremism Leading to Terrorism and Foreign Terrorist Fighters in Southeast Europe	SEEDS	South East Development Scoreboard
		SEEHN	South East Europe Health Network

SEEIC	South East Europe Investment Committee
SEELS	South East European Law School Network
SEEMIC	South East Europe Military Intelligence Chiefs
SEENSA	South East European National Security Authorities
SEESAC	The South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons
SEETO	South East Europe Transport Observatory
SIGMA	Support for Improvement in Governance and Management
SME	Small and medium-sized enterprise
SWP	Strategy and Work Programme
TAIEX	Technical Assistance and Information Exchange instrument of the EC
TEN-T	Trans-European Transport Networks
TCT	Transport Community Treaty
TEPAV	Economic Policy Research Foundation of Turkey
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNECE	United Nations Economic Commission for Europe
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
UNODC	United Nations Office on Drugs and Crime
US	United States
USAID	United States Agency for International Development
WB	Western Balkans
WBCTi	Western Balkans Counter-Terrorism Initiative
WGJ	Working Group on Justice
WGI	Working Group on Investments

RCC Participants



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

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



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