ANNUAL REPORT
of the Secretary General of the Regional Cooperation Council
2017-2018

Sarajevo, 09April 2018

Contents

Foreword

I have been writing the forewords of the Annual Report for the last five years, stating the progress within the calendar year, highlighting challenges and pointing at future trends. This Annual Report however is somewhat different, both in context and in substance. This year we mark the tenth Anniversary of the RCC. I have entered the last stage of my mandate as Secretary General of the RCC, an organisation that has grown in its scope of activities and regional outreach. It would be therefore hard to summarise the last 10 months of activities without shortly pointing at very important silver shred of RCC's decade long continuity.

Over the years the RCC Secretariat has been together with all our participants facilitating this process of a strategic shift – from predominant focus on peace and reconciliation to a dynamic process of economic and societal connectivity aimed at promoting better prospects for growth. Furthermore, we have grown with the needs of the region and matured with the notion that the regional (re)connection represents a new paradigm of prosperity.

In this, tenth Annual Report, I am more than happy to inform you that the irreversible process of removing obstacles to free movement of goods, services, capital and people across the region and reconnecting with global and EU value chain has begun. We have paved the way for implementation of what we had been tasked to do by RCC's Development Agenda and the Trieste Summit where the leaders endorsed the ambitious and forward looking Multi-annual Action Plan on a Regional Economic Area in the Western Balkans (MAP). We have assessed needs when it comes to the mobility of students, researchers and professionals, and have set in motion an ambitious agenda to agree on a mutual recognition agreement of professional qualifications in health and construction sector and agree on a model for automatic recognition of academic qualifications in the region. Regional investment integration became the main focus under the competitiveness agenda, along with the commitment of the economies of the region to design and implement a set of reforms which will lead to greater convergence of regional investment policies and improve the investment climate for investors in the region. In this endeavour, the extensive work has been done in developing specific policy recommendations in this area. The first ever of a regional kind, Investment Policy Review (IPR) study has been published in cooperation with the United Nation Conference on Trade and Development (UNCTAD).

Digitisation process, which started with reducing of roaming costs within the region, has become a new cooperative niche for possible further reduction of roaming costs between Western Balkans and the EU. Moreover, it is becoming a platform for fostering more regional economy of scale in one of the fastest growing industries.

RCC's work remains driven by an ambition to increase the quality of life for the people in the region. Therefore, I would like to draw your attention to the Employment and Social Affairs Platform and Roma Integration 2020 projects which we have been successfully implementing since 2016. On the one hand, ESAP has worked diligently to contribute to the enhancement of employment policies, in particular those targeting youth, and building capacities of institutions to deliver high-quality services in a challenging city. On the other, the Roma Integration 2020 project has supported the development of Roma Integration policies and action plans and moved forward to ensure sustainable funding through Roma budget mainstreaming measures. These two RCC projects aim to contribute to developing socially cohesive societies where opportunities for social mobility are available to all our citizens.

The RCC has commenced the implementation of the Triple P tourism project, with one of its priorities being development and promotion of specialised regional tourism products/joint regional routes, with a priority focus on and special attention given to cultural/historical tourism (along with adventure). This work will put forward cultural heritage into a role of supporting economic competitiveness of the region. Furthermore, it is intended to increase the visibility of our region's culture and promote it abroad to the global tourist community and interlink with and address horizontally other priority areas of SEE 2020.

The European Union Global Foreign Policy and Security Strategy, particularly its ambition to foster Cooperative Regional Orders remained an important guideline in our regional security cooperation endeavour. The core of the RCC's work in this area consisted of continuous implementation of the Regional Platform for Prevention and Countering Violent Extremism and Foreign Terrorist Fighters in South East Europe. In this sense, we continued enhancing political and policy cooperation and coordination at regional level and organising pragmatic, results-oriented security cooperation activities.

Guided by the principles, objectives and tasks embedded in the Statute of the RCC, we have pursued the logic of common interest in all areas of intervention. This is exactly what we intend to do in important years to come. The EU Enlargement Strategy has recognised and acknowledged indispensable role of RCC in that endeavour. Berlin Process keeps it as one of the core values. Declaration of the Parliamentary Assembly of the SEECP reinvigorated it. According to all public opinion surveys we have commissioned so far through Balkan Barometer, people of our region showed their hopes and ever-increasing appetite for promoting common values and common interest in this important project of regional cooperation.

These signals and sound messages will definitely be taken into consideration once we in the course of this year start putting together a new triennial strategy and work programme 2019-2022. It will be built on our knowledge, dedication, experience and will be inspired by our wish to contribute to long-lasting regional ownership. Good, better, regional is not only our moto. It is also the way we see this important process aimed at incrementally creating a strong and coherent economic area of prosperity and hope.

My last edition of the Annual Report will walk you through the uplifting life of the RCC in the period 2017-2018, a path supported by a robust and efficient Secretariat. It has been my honour to serve as the Secretary General of an organisation that is truly regionally-owned and forward-looking. We would have never been able to walk this long path towards regional ownership without firm support of respective governments and ministers of all SEECP participants. I am grateful for their guidance and readiness to help us confronting doubts and challenges with a strong commitment and resolution to keep up the vision of stronger, better connected and more vibrant region.

Goran Svilanovic
Secretary General
Regional Cooperation Council

Summary

Fresh and overt opportunities have given an undertone of progress to the regional cooperation process in the period 2017-2018. A renewed momentum in the EU enlargement agenda, positive trends in the political and economic domains and an ever-greater readiness to intensify the regional dialogue have paved the way for a climate of unyielding progress in the SEE region. The underlying rationale of regional cooperation was successfully tested against needs of the peoples across the region.

The EU Strategy for the Western Balkans reaffirmed regional cooperation and good neighbourly relations as key drivers of economic, security and political progress. The RCC is acknowledged as an organisation that can spur a new momentum for dialogue and capitalise on regional cooperation as a self-sustainable and region-owned process.

In this regard, the synergy between the RCC and the consecutive Croatian and Slovenian SEECP Chairmanships in Office (C-i-O's) ensured invaluable support for the activities under the Strategy and Work Programme (SWP) 2017-2019.

The high-level process initiated in Berlin has increasingly become a framework that honed the actions of the SEE aspirants on the one hand, and the EU's engagement in the region on the other. From the Trieste Summit of July 2017 to the London Summit in July 2018, the attainment of concrete deliverables would directly support a stronger regional cooperation, greater coherence and deeper integration.

Resilient partnerships and practical synergies with myriad of stakeholders enabled the RCC to spur a regional response to issues detrimental to social cohesion, social mobility and social inclusion across the region. There is no economy of scale without uninterrupted mobility of researchers and workforce. Reconnecting the region with the EU would have to be driven by smart investments in high added-value economies and by removal of obstacles and barriers in different stages of economic life. Equally important is strengthening the rule of law, accountability and transparency, buttressed by a secure and stable environment. These conditions have directed RCC's efforts to design and push forward interventions in three flagships at the centre of the RCC SWP for 2017-2019 (*skills and mobility, connectivity and competiveness*), as well as in the areas of rule of law and security. The engagement and support of the RCC Participants, regional and international partners have been indispensable for the attainment of results that will generate a greater potential for the region going forward.

The Skills and Mobility flagship has been driven by the premise that development of education and improvement of labour force skills are key factors that will underpin the future economic recovery, growth of the SEE economies and the restructuring towards knowledge driven economies. Towards this end, some of the results include a brokered agreement between SEE economies on prioritising the removal of obstacles to mobility of doctors of medicine, dentists, architects and civil engineers. Further, the SEE ministries in charge of science participate in regular EU meetings on open science. Equally important is the ongoing implementation of the EU funded project on improving employment policies in SEE.

A region that is better connected and integrated in the EU transport, energy and digital networks and markets has been at the crux of the *Connectivity flagship*. Efforts under this flagship have already yielded a regional agreement that led to a reduction of roaming costs up to 80% in the region. The preparation of a Roadmap on lowering the roaming prices with the EU will represent further concrete deliverable. Steps are being made towards the goal of a digitally transformed region with unlocked growth potentials of the digital economy. The RCC is looking forward, in cooperation with the EC, German Government and Western Balkans 6 governments, to the ambitious and innovative Western Balkans 6 Digital Summit in April 2018. Moreover, various initiatives now seek to integrate the region in the current EU digital processes and frameworks.

The Competitiveness flagship has been guiding the RCC and its partners towards deepening the regional economic integration of SEE. Efforts are pointing towards a joint regional market that will be more competitive on the global business scene and generate more revenues and jobs. Some of the outcomes include bringing forth the idea of integrating SEE as a single investment space in the global business environment at the SEE decision-makers' table. The preparations of joint regional products and value chains in priority sectors are underway. Further, local authorities are receiving assistance in improving services to businesses and creating relevant one-stop shops for investors.

Moreover, economic development and **rule of law** are inextricably linked, with accountability and judicial independence remaining crucial for economic performance. In this sense, the RCC has been working towards independent and accountable judiciary, as well as transparent and efficient public services in SEE. The steps made thus far have led to the establishment of the Judicial Training Institutions Network and launching of the SEE Associations of Mediators Network, development of tools to prevent corruption and contributions to quality improvement of public services.

Security Cooperation: Progress has been made in preventing and countering violent extremism and in confidence-building among military intelligence services of the RCC Participants in SEE. Analyses and policy recommendations and an ever-greater coordination effort through the Regional CT/PCVE Regional Conference are supporting national efforts in the area of P/CVE. The South East European Military Intelligence Chiefs' Forum, initiated and supported by the RCC, became increasingly pragmatic and continued to generate the Open-Source Intelligence Assessment (OSINT). In 2017, OSINT was centred on the Use of Social Networks by Violent Extremists.

Moreover, with the support of the European Commission, the RCC has launched three important platforms aimed at covering three important aspects pertinent for social cohesion (employment), social inclusion (Roma Integration) and social mobility (tourism).

Widening and strengthening the network of media in the region, keeping parliamentarians abreast through the SEECP PA, reaching out to civil society as well as consolidating existing and ascertaining future forward-looking partnerships are some of the actions that further enhanced RCC's capacity to intervene in pursuit of the region's common development objectives.

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

Regional cooperation within the RCC framework has been further honed by the regional consensus on connectivity, competitiveness and economic integration, as well as good governance and revamped security cooperation. This consensus has been driven by commitments to address the dim context for robust political and socio-economic reforms, expectations of the citizens for more stability and prosperity as evinced recurrently by RCC's survey of public sentiments and the maturity of the RCC as a platform serving the goals of regional cooperation in South East Europe (SEE). RCC's ten-year anniversary represented a notable opportunity to reflect on the joint mission of the RCC and its Participants to work towards increasing prosperity and progress on the European and Euro-Atlantic integration paths.

The RCC has maintained and nurtured a regional framework conducive to auspicious interventions aimed at making headway in the implementation of the regional development goals. As a regionally-owned, all-inclusive and well-profiled platform, the RCC has generated significant support for the reform efforts in SEE. The RCC has ensured that its agenda is calibrated to better support the aspirants from the region in the attainment of specific goals arising from the EU accession process. It is these trends that have made regional cooperation particularly important for the RCC Participants from SEE. The latter have benefited from the invaluable support of the RCC stakeholders from outside the region.

Greater efforts have been channelled towards making the region economically competitive, attractive and resilient, as well as well-governed and evermore stable.

In this context, the RCC and its Secretariat have been guided by the RCC Statute, the Strategy and Work Programme (SWP) for 2017-2019 and the SEE 2020 Strategy. In time, however, RCC's agenda has shifted to a set of more focused and result-oriented interventions in a restricted number of areas, geared towards a mid-term regional economic integration agenda. The latter carries the potential to address the fragmentation of markets; make the region more open to trade and investments; strengthen research and innovation base and digitalise societies and businesses in SEE.

The region has been moving towards the goals that make up its long-term joint vision for economic growth and development - the SEE 2020 Strategy entitled *Jobs and Prosperity in a European Perspective*. The Strategy has been pursuing a holistic pattern of development for the region and is focused on a set of interlinked development pillars, all of which are central to the socio-economic policies of each SEE government and are also critical elements of the EU accession process.

The RCC has been implementing the SEE 2020 Strategy, a central component of the SWP 2017-2019, by integrating the efforts of different stakeholders in flagship initiatives. This approach has enabled interventions with a wider-ranging impact across several dimensions and policy areas, focused on reducing - and where possible removing - obstacles to mobility, connectivity and competitiveness in the region. Some of the results under the three flagships - Skills and Mobility, Connectivity and Competitiveness - include a brokered agreement between SEE economies on prioritising the removal of obstacles to mobility of doctors of medicine, dentists, architects and civil engineers. A regional agreement led to a reduction of

roaming costs up to 80% in the region. The preparation of a Roadmap on lowering the roaming prices with the EU will represent further concrete deliverable. Steps are being made towards the goal of a digitally transformed region with unlocked growth potentials of the digital economy. The RCC and its partners have been working in the context of deepening regional economic integration. The guidepost is pointing towards a joint regional market that will be more competitive on the global business scene and generate more revenues and jobs. In the area of rule of law, the RCC has been working towards independent and accountable judiciary, and transparent and efficient public services in SEE.

Security, another indispensable condition upholding a climate conducive to development, has been feeding the efforts of the RCC.

We have entered the third year of the implementation of the Regional Platform for Countering Radicalization and Violent Extremism Leading to Terrorism and Recruitment of Foreign Terrorist Fighters in SEE. Substantive analysis and research has been carried out and feeding the efforts of national institutions engaged in assessing and responding to evolving security challenges in SEE. In preventing the duplication of efforts and supporting the EU-led concerted action, the RCC has become an integral part of the EU's Integrative Internal Security Governance initiative (IISG) in the Western Balkans, particularly of its first pillar, the Western Balkans Counter-Terrorism initiative.

Further, the RCC continued to support the inclusion of EU and NATO principles into regional security cooperation. Invaluable support has been provided to the South East Europe National Security Authority Chiefs' Forum (SEENSA) and South East Europe Military Intelligence Chiefs' Forum (SEEMIC).

RCC's mission and in particular its development goals benefited from the invaluable support generated in different regional cooperation formats within SEE, whose political agendas are increasingly complementary.

The Trieste Summit of July 2017 confirmed the unequivocal support for the European perspective of the aspirants and paved the way to build upon the achievements of previous Summits, especially in the context of the connectivity agenda. The Summit adopted a Multi-annual Action Plan for a Regional Economic Area (MAP REA), covering trade, investment, mobility and digital economy.

In the final sprint towards the London Summit in July 2018, there is an overt potential for progress in relation to the MAP REA, digitalisation, connectivity agenda and key priorities for this year's Summit, thereby moving closer to making the region better integrated and connected, particularly with the EU.

The course set by the EU Strategy for the Western Balkans of February 2018, coupled with the foreseen deliverables for the EU - Western Balkans Summit in May 2018 in Sofia and the London Western Balkans Summit in July 2018, should further incentivise the pursuit of durable reforms in the region.

Further, an efficient cooperation and synergy between the RCC and consecutive Croatian and Slovenian SEECP Chairmanships in Office (C-i-O's) has ensured political guidance and support for the RCC and its mission.

Whereas the RCC has been playing a role in pushing forward a greater integration between the region and the EU, the SEECP has ensured the political guidance and support germane for this ambitious development agenda.

In this context, the SEECP high-level events of June 2017 held in Dubrovnik, which marked the end of the previous Croatian SEECP C-i-O 2016-2017, included meetings of the Political Directors, Ministers of Foreign Affairs and Heads of State or Government of the SEECP Participants and resulted in several important outcomes: the SEECP Dubrovnik Summit Declaration that, among the other, confirmed the unwavering support for the European and Euro-Atlantic aspirations of the SEECP aspirants; welcomed the intensified economic cooperation, growth and development in the region and reflected on the security challenges in the SEE. Moreover, the SEECP Summit expressed high appreciation for the role of RCC in enhancing cooperation and boosting overall development in the region.

On the margins of the aforementioned SEECP high-level events, the RCC held its Annual Meeting and the meeting of the SEE 2020 Governing Board. The RCC Annual Meeting continued to contribute to the strategic coordination and development of regional cooperation, while underlining that the attainment of stability and economic prosperity remains the key conditions for the SEE region.

Furthermore, the coordination between the RCC Secretariat and the Slovenian SEECP C-i-O 2017-2018 resulted in a number of joint regional actions. From the SEECP informal meeting of the Ministers of Foreign Affairs of September 2017 to the SEECP high-level events to be held in April 2018, the SEECP is expected to seize the momentum and further infuse political will in the reform processes pertinent for the European integration process.

The RCC statutory meetings exerted effective oversight and underpinned the activities of the RCC Secretariat. The RCC Board convened on three occasions in the course of the year and provided guidance germane for the implementation of the RCC SWP 2017-2019. The coordination meetings between the SEECP Troika[1], the EU and the RCC Secretariat, were held back-to-back with the meetings of the RCC Board. The coordination meetings provided a framework for further advancing the practical coordination of activities related to the priorities of the SEECP C-i-Os and the RCC.

The dialogue of the RCC Secretary General with the RCC Participants from within and outside the region has further contributed to the efforts of the organisation to tailor its interventions to the needs of SEE. Regular consultations with the SEE governments ensured that the RCC Secretariat is up to the challenge of steering the implementation of an increasingly multifaceted development agenda.

The RCC Secretary General and the RCC Secretariat have advanced in their cooperation with the European Commission, European External Action Service, COWEB, European Parliament, AFET, European Economic and Social Committee, Committee of the Regions and with NATO. The pace of contacts and consultations has increased, as the Western Balkans witnessed a re-energised interest on the part of the EU and engagement with their development and progress in regional cooperation and on their European path. At the same time, the RCC further developed its links with Brussels-based and regional think-tanks, including by organising joint events, including: Friends of Europe, European Policy Centre,

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[1] The SEECP Troika consists of the previous SEECP C-i-O Croatia and the present SEECP C-i-O Slovenia.

Coalition for RECOM, Open Society European Policy Institute, Hanns-Seidel Foundation, German Institute for International and Security Affairs.

The high-level contacts between the EU and the Western Balkan economies were intensive throughout 2017. A positive momentum was maintained and carried over into 2018 by the Bulgarian Presidency of the Council of the EU which made the region one of its top priorities. The credibility of the process of enlargement was strengthened with the European Commission's Enlargement Strategy 'A credible enlargement perspective for and enhanced EU engagement with the Western Balkans'.

The EU Strategy for the Western Balkans reiterates regional cooperation and good neighbourly relations as keys for progress of the Western Balkans' economies on their European path, naming the RCC among those that provided a new momentum for dialogue. The Strategy envisages that the existing agreements and commitments of the region's economies are made operational, such as the MAP REA agreed by the leaders of the Western Balkans in July 2017. The RCC will continue to support the Western Balkan economies in their efforts to move closer on their EU-accession paths, assisting them to speed up the progress in meeting the established criteria. Having been encouraged by the European Commission, the Western Balkan economies must also contribute to the credibility of the enlargement process by stepping up reform efforts and work on regional cooperation and good-neighbourly relations, including the implementation of the MAP REA agenda.

Overall, the RCC Participants from SEE moved forward in the process of European and Euro-Atlantic integration in accordance with their individual merits. 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.

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

The experience gathered over the past years enabled the application of the focused flagship approach to implementation which represents the most important novelty of the RCC SWP 2017-2019. The progress in implementing the Berlin Process and the identification of the week economic ties within the region laid the grounds to extend the infrastructural connectivity agenda of the Berlin Process with the economic connectivity agenda.

With the aim of reinforcing regional cooperation, on 16 March 2017 the region's Prime Ministers reaffirmed their commitment to work collectively on a proposal for a joint approach to advance economic cooperation and to establish a Regional Economic Area with a view to strengthen the region's competitiveness and increase the potential for growth and employment.

The RCC drafted the Multi-annual Action Plan for a Regional Economic Area (MAP REA) to enable unobstructed flow of goods, services, capital and highly skilled labour in order to make the region more attractive for investments and trade, accelerate convergence with the EU and fast-track the prosperity within the region. The collective effort of the EC, RCC, CEFTA and the region's economies resulted in the adoption of a Consolidated MAP REA at the Trieste Summit on 12th July 2017. The MAP REA puts forward a structured agenda for regional economic integration aiming to further trade integration, introduce a dynamic regional investment space, facilitate regional mobility, and create digital integration agenda

The MAP REA is launched under the Berlin process, however with the recently launched Communication from the Commission: A credible enlargement perspective for and enhanced EU engagement with the Western Balkans, the MAP REA is now fully embedded in the core EU accession processes. In particular, its flagships on socio-economic development and digital agenda are directly related to the MAP REA, fully aligned with the objective to establish a Regional Economic Area. Benefiting from the upcoming high-level Summits, EU-Western Balkans Summit to be held in Sofia on 17 May 2018 and the Western Balkans Summit to be held in London on 9-10 July 2018, RCC has developed specific deliverables to be carried out at the regional level to support stepping up efforts in the implementation of MAP REA.

RCC STRATEGY AND WORK PROGRAMME 2017-2019

Horizontal activities

The already functioning governance structures of the SEE 2020 Strategy have been further consolidated based on previous experience and some lessons learned along the way. The procedures for programing and monitoring have been refined for a better and more effective communication with all the stakeholders and the timelines for programming and monitoring have been adjusted accordingly. Two new tools, the online platform for data collection and the Donor Assistance Database, were introduced by RCC and made available to government institutions and to all concerned parties. Consultations and cooperation on programming, monitoring and donor coordination processes have been timely conducted and produced positive results.

The RCC Secretariat took on an active role for overall coordination of MAP REA and implementation, monitoring and reporting for its three components on Investment, Mobility and Digital Integration, while CEFTA Secretariat is in charge of the Trade Component. The coordination role that RCC has assumed is comprehensive. It entails guidance and assistance for the MAP structures (including in facilitating coordination processes and cross-sectoral consultations); regional coordination among the MAP REA structures; coordination among other regional and international organisations, including EC services, CEFTA, WB CIF (Western Balkans Chamber Investment Forum), etc., as well as donor coordination.

After the endorsement of the MAP REA, in particular during October-December 2017, the RCC has supported the process of establishment of national MAP structures across respective economies mandated to implement and coordinate the work within each economy to allow smooth and timely implementation of MAP actions. As a result, the national coordination mechanisms for the MAP REA are established, namely the National Coordinators (NCs) and Component Contact Points (CCPs), and a structured dialogue between the RCC and national structures is kept. Two meetings of the National Coordinators (on 31 October 2017 and 30 January 2018) and one of the Component Contact Points (on 12 March 2018) have already been held.

The guidelines on Governance, Coordination and Reporting for the MAP REA are endorsed by the MAP National Coordinators and a detailed methodology on MAP monitoring and reporting, developed by the RCC Secretariat in consultation with CEFTA Secretariat, is to be endorsed in the course of March 2018. The methodology would allow the preparation of a credible reporting on the progress made in the implementation of the MAP REA. The agreed dynamics with the WB economies on reporting, compliant with the Guidelines on Governance, Monitoring and Reporting, is to produce two reports: mid-year (i.e. prior the WB Prime Ministers' Summit) and by the end of year (abridged report). Therefore, the RCC has already started the preparatory work to prepare the first Annual Report on MAP Implementation.

The RCC has undertaken a comprehensive needs assessment process aiming to identify the policy gaps and needs, both at national and regional level, to guarantee effective and timely implementation of the MAP. The needs assessment exercise mapped the state of play, available assistance and instruments, identified the remaining policy, capacity and investment gaps and systematised 'economy-specific' actions. As a result, Stocktaking and Needs Assessment Report is prepared by the RCC and CEFTA Secretariats, validated through a structured consultations process in each WB economy, additionally supported by the self-identification of needs by the WB6 economies. Systematised regional needs and regional project interventions are prepared by the RCC Secretariat, prioritised with the SEE 2020 Programming Document 2018-2020 and endorsed by the WB economies at the sixth Programming Committee meeting held on 12 March 2018.

The RCC has maintained a regular communication with the region's PM Sherpas, informing them on the progress made and future planned activities. Additionally, to increase visibility on MAP REA and keep the interested partners informed, RCC launched the calendar of activities on MAP REA. Other information tools have also been produced, such as the subpage on MAP REA published within the RCC official webpage, the information leaflet and the video on MAP REA. In order to allow greater synergies with the private sector and increase their participation in the MAP monitoring, business-to-government discussions are held back-to-back with the MAP National Coordinators' meetings.

- Programming

The programing of RCC activities and of implementation of the RCC SWP 2017-2019 - with SEE 2020 Strategy at its core - is a continuous process, conducted through a practice of providing input gathered from a variety of sources through structured annual cycles, with the participation of a wide range of partners. The programming process went through several phases, including: preparatory phase (September to November 2017), consultation phase (December 2017 to end February 2018), document writing and approval phase (March 2018), followed by the donor coordination phase (continuous process from the first draft of the document until mid-March 2018).

The consultation process was initiated by the RCC and implemented in cooperation with the SEE 2020 National Coordinators. The consultation process collated inputs on priority areas of interventions and priority actions for the period 2018-2020. The consultation process included meetings with the national authorities and regional actors. The received inputs were duly reflected and presented in the SEE 2020 Programming Document 2018-2020. The draft Programing Document was endorsed by the SEE 2020 Programing Committee on 12 March 2018.

The output of the programing process is the development of a document which operationalises the SEE2020 Strategy measures into executable actions which will be implemented in the period 2018-2020. The priority actions and interventions are intended to address the main regional needs and to contribute to the implementation of the regional policy objectives outlined in the SEE 2020 Strategy, as well as the priorities structured in the Multi-annual Action Plan for a Regional Economic Area (MAP REA). The document maps the priority actions for which funds have been secured, and other priority actions for which funds are still lacking. The process was well-regarded by the national authorities, especially by the NIPAC offices, as the developed document clearly identifies the main priorities for the region and it can serve as a valuable tool defining the priorities to be funded under the IPA multi-country envelope and other financial instruments ran by bilateral donors which have a regional component.

- Monitoring

The RCC implemented the fourth cycle of monitoring process of the SEE 2020 Strategy. The monitoring of the implementation of SEE 2020 Strategy was conducted through a process of collecting and analysing data and information gathered from a variety of sources through structured annual cycle, with the participation of a wide range of partners.

The monitoring process was carried out in three main phases: preparation, data and information gathering, and analysis, to be followed by drafting the SEE 2020 Annual Report on Implementation. The preparatory phase served to define and agree with all stakeholders involved on the scope of monitoring, roles and responsibilities of the participating institutions, as well as on the final list of quantitative and perception-based indicators to be used in the data collection process. The data and information collection process was initiated by the RCC. The quantitative indicators were collected based on the several sources of data. The national administrations collected indicators available from the national statistical and administrative sources, the RCC collected data available from international sources (World Bank, IMF, OECD and others), while the Regional Dimension Coordinators collected and provided data already available through their own separate monitoring processes (SEETO, ECS).

One of the main tools developed during this year's cycle was the online data collection platform, designed and implemented by RCC. The online platform enables national authorities to upload collected data whenever the data are available, thus overcoming the problems identified in the previous cycle, such as not receiving the required data within the established deadlines, human errors during copying and transferring data, etc.

The RCC also concluded the third cycle of the perception-based monitoring through the Balkan Barometer 2017 – the annual survey of public opinion and business sentiments. The third edition of the Balkan Barometer (BB 2017) was officially presented on the 9th of October 2017 in Brussels. In light of the cooperation with SIGMA, this edition of the Balkan Barometer included new questions, such are those related to public procurement, public administration reform, trust in public institutions, etc., thus making the survey even more relevant.

Moreover, in August 2017, the RCC initiated the fourth edition of Balkan Barometer, expected to be published by June 2018. In addition to the previous surveys, the Balkan Barometer 2018 will include analysis of perceptions across WB6 on the MAP REA aspects, in particular about Mobility, Investment and Digital Integration. Tailor-made questions for both the larger public and the public administrations in the region intend to monitor their understanding of the benefits of MAP REA in general and knowledge about the potentials for development in each of the above-mentioned components of the MAP. Moreover, the fourth edition will include also a deeper analysis of opinion trends in the region, based on the selected data and records from previous annual surveys. Finally, the collected inputs will be reflected and presented in the SEE 2020 Annual Report on Implementation (ARI) 2018, expected to be endorsed by the SEE2020 Governing Board in June 2018.

- Coordination

Following the endorsement of the SEE 2020 Programming Document 2018-2020 at the SEE2020 Programing Committee on 12 March 2018, the RCC organised the Forth Meeting on Donor Coordination, held in Brussels on 13 March 2018, with focus on MAP REA. Regional needs, widely consulted at both national and regional level, were presented to the interested donor community.

The meeting called for synergies in donor coordination process for implementation of SEE 2020 Strategy and Regional Economic Area in the WB region. It informed the participants on implementation of SEE 2020 Strategy and the MAP REA, and also enabled mapping and coordination of donor activities in the region so as to better align the development priorities and donors' sectoral interventions.

The RCC-coordinated needs assessment for MAP REA implementation in the areas of investment, mobility and digital integration was presented, as well as the SEE2020 Programming Document 2018 -2020.

Further, the RCC has continued to upload up-to-date information to the South East Europe Development Assistance Database (SEEDAD), which contains data on development projects funded and implemented at the regional level. This tool serves to strengthen coordination of regional donor efforts, support information exchange between the donors and the governments, and helps avoid overlaps in planning new actions. The participating donors showed great interest in improving the quality of their data published on SEEDAD. Moreover,

the platform was received as an excellent tool that provides an overview of projects funded at the regional level, searchable by donors and/or implementing agencies.

The implementation of RCC's 2017-2019 Grant Work Programme Support for the implementation of the RCC Strategy and Work Programme 2017-2019' has continued apace. The third round of call for proposals and their evaluation was successfully concluded, with close to EUR 110.000 made available and used for direct support to the implementation of the RCC SWP 2017-2019. More specifically, the interventions implemented through the Grant Programme supported: the development of SEE Platform for Cooperation against Corruption and its Links to Organised Crime; strengthening capacities of local action groups (LAGs) for Roma - enabling them to plan and undertake further local actions; and lastly enhancing the cooperation and coordination between national, local authorities and non-state actors in the area of prevention of violent extremism (PVE).

Finally, the fourth call for proposals (4th CfP) was launched in October 2017. The total amount of available funds for this year is up to EUR 100.000 to be used in support of implementation of the MAP REA. The implementation of the grant contract with the potential applicants is expected to begin by 10 May 2018.

A. Implementing SEE 2020 Strategy through flagship approach

On 1 January 2017, the RCC commenced the implementation of the new RCC SWP 2017-2019 with the integration of SEE 2020 Strategy policy dimensions into three flagship initiatives: Skills and Mobility, Connectivity and Competitiveness, as shown in the figure below.
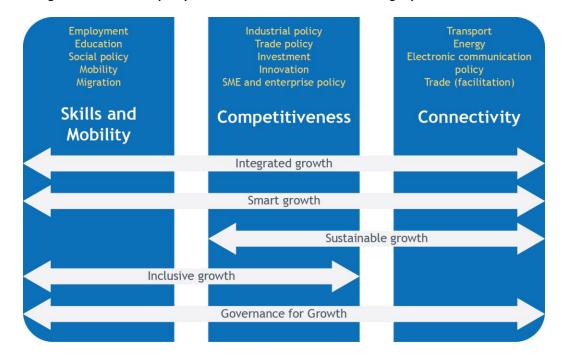
Figure 1: Integration of SEE 2020 policy dimensions into SWP 2017-2019 flagship initiatives

Following the new developments in the region, the core activity of the RCC for 2017 and the beginning of 2018 is focused around the implementation of the MAP REA actions, developed on the basis of the SWP 2017-2019.

The MAP REA and its four components (Trade, Investment, Mobility and Digital Integration) stems from the commitments undertaken within the framework of the Central European Free Trade Agreement (CEFTA) and SEE2020 and therefore its implementation is integrated and internalised within the context of SEE 2020 implementation through its flagships.

- **A.1 Skills and Mobility**

The Skills and Mobility flagship is designed to help remove obstacles to mobility of professionals and facilitate liberalisation of services within the SEE region through mutual recognition agreements, as well as 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 the selected labour market shortcomings.

It integrates the implementation of measures related to the SEE 2020 Strategy pillars of Integrated Growth, Smart Growth, Inclusive Growth and Governance for Growth under their policy dimensions on Education, Employment, Mobility, R&D and Innovation, Culture, Health, Social Policies, and Migration.

This flagship addresses some of the main challenges in the transition towards the knowledge-based economies in the region, identified during the development of the SEE 2020 Strategy. Human capital is of fundamental importance for developing knowledge-based economies in the region. In an increasingly global economy, the extent to which international high-skilled mobility channels are formed within the region and between the region and the EU is a question of great importance. Better integration of high-skilled professionals and academics into professional and research networks, the European Research Area and the European Higher Education Area would yield significant benefits for the region.

The Multi-annual Action Plan for Regional Economic Area prioritised the removal of obstacles to mobility of professionals through regional mutual recognition agreements of professional qualifications in sectors of mutual interest (doctors of medicine, dentists, architects and civil engineers); removal of obstacles to mobility of highly qualified workforce, in particular through joint standards and procedures for automatic recognition of quality assured academic qualifications; and removal of obstacles to mobility of students, researchers and academics through joint policies, measures and instruments aimed at increasing academic and research mobility and cooperation as part of the essential policies aimed at contributing to the integration of high-skilled professionals and academics into both regional and European professional and research networks. Furthermore, with the importance placed on developing research infrastructure and the investment into infrastructure; digital innovation; smart specialisation; technology transfer; commercialisation of public research and the innovation potential of small and medium enterprise, the MAP put forward a comprehensive agenda on research and development which is of crucial importance to truly leapfrog the economies from the current economic model to the one which can successfully compete in and integrate into the EU innovation driven economies. The Enlargement Strategy reinforced the importance of integration of the region into the European Research Area and the European Higher Education Area.

Furthermore, the Enlargement Strategy emphasised the need to ensure that "*everyday life in the Western Balkans should progressively become closer to life within the European Union*". The Commission notes that many structural issues remain unsolved, which in turn have a profound impact on labour markets and employment opportunities, especially for younger people in the Western Balkans. Therefore, the Commission has put forward a reinforced

social reform agenda for the Western Balkans and highlighted the need for the EU to enhance its policy engagement with the WB Western Balkans by increased participation and inclusion of the region into the technical and working groups of the EU member states, where appropriate. It proposes an annual EU – Western Balkans Ministerial meeting on social and employment issues to exchange views.

The importance of rigorous implementation and monitoring of structural reforms, in particular in the part on employment policies, is further reinforced by the Economic Governance process. The EC's overview of the 2017 Economic Reform Programmes of the Western Balkans points to the widespread engagement in informal work that remains a challenge with no or weak strategic approach to increasing formal employment; the need for active labour market policies to be scaled up, while better targeting vulnerable groups and removing disincentives to work; and to the overall low capacity of the economies to implement the policy guidelines adopted jointly at the annual Economic and Financial Council meetings.

A.1.1 Removing obstacles to mobility of professionals in SEE

Ensuring quality of education systems, widening access and ensuring completion, removing obstacles to recognition of qualifications remain the key priorities for the Western Balkans 6 (WB 6) economies.

Most progress, in terms of regional cooperation in education policy, was made on the recognition of qualifications. Region's economies have recommended opening of negotiations on mutual recognition of professional qualifications and development of procedures to facilitate automatic recognition of academic qualifications that will constitute the focus of RCC's work in this area.

Following five meetings and three studies (Mapping Sectors and Professions of Mutual Interest for Recognition of Professional Qualifications; Legislative Frameworks on Recognition of Professional Qualifications; Mapping Positions of Key Stakeholders on Mutual Recognition of Professional Qualifications) conducted since the establishment of the JWG on MRPQ, the participants of the Joint Working Group on Mutual Recognition of Professional Qualifications (JWG on MRPQ) agreed to recommend to the governments to open the negotiations on mutual recognition agreements of professional qualifications for Doctors of Medicine, Dentists, Architects and Civil Engineers in a multilateral framework, and to establish a Database on Professional Qualifications and Mobility of Professionals in line with the EU Database on Professional Qualifications and Mobility of Professionals.

In June 2010, at the Council of Europe Ministerial Conference in Brdo, Slovenia, five participants of the Education Reform Initiative of South Eastern Europe (ERI SEE) reaffirmed their commitment to cooperating within the ERI SEE initiative through signing the Memorandum of Understanding on the Role and Organisation of ERI SEE (MoU), which also sets a new framework for the transformation of ERI SEE into an international organisation. Following a lengthy interim period, the ERI SEE Secretariat was officially established in December 2017 as an international organisation and registered in the List of Diplomatic Missions in Serbia.

The Education Reform Initiative of South Eastern Europe supports sustainable education reforms through regional cooperation. It aims at fostering shared European standards in education and training for a rapid integration of the SEE economies into the wider European area of education, thus contributing to the success and sustainability of the EU integration

process. ERI SEE policy priority areas for 2017-19 Work Programme focus on modernisation of Vocational Education and Training (VET) and cooperation between VET and business sector, quality education and recognition of higher education qualification where ERI SEE cooperates closely with RCC in the implementation of joint activities.

A.1.2 Creating preconditions for automatic recognition in SEE

While all of the economies have ratified and transposed the Lisbon Recognition Convention into their national legislation, challenges in recognition of academic qualifications in the region remain.

The Working Group on Recognition of Academic Qualifications was formalised in December 2017 with the aim of supporting removal of obstacles to recognition of academic qualifications. Intense work has commenced with economies agreeing to launch a joint exercise on recognition of academic qualifications based on which joint guidelines for recognition of academic qualifications will be prepared, resulting in decreasing differences in recognition outcomes in the region. In addition, a joint information system to bring together the European Network of Information Centres (ENIC)/National Academic Recognition Information Centres (NARIC) offices and Quality Assurance Agencies in the region will be launched by the end of 2018, facilitating efficient communication and reducing time of recognition processes. Most importantly, the economies have started discussions on common principles of academic recognition which will form the basis of a joint model for automatic recognition in the region.

In order to build effective quality assurance systems continuous capacity building, peer learning activities and networking with the established quality assurance agencies is of crucial importance and they will be supported by RCC. In addition, ERI SEE has mainstreamed its plan of work over the next three years with a focus on quality of secondary general education to complement the European Training Foundation (ETF) work on quality in vocational education and training.

A.1.2.1 Research development and Innovation

Research and development systems in the region have been underfunded for a protracted period of time. The persistently low investments continue to exacerbate the existing gap between the region and the EU in terms of research production and the impact of research produced. The overall investment to research and development from public sources remains below or slightly above 1% in all the economies in the region. Despite low investments, research and innovation policy frameworks and initiatives are very dynamic throughout the region. The economies have engaged in a dynamic way in development of research and innovation policies, placing smart specialisation strategies on the agenda as one of the priorities for 2018, and in many activities aimed at building research capacity, commercialisation of research technology transfer, and building the links between the academia and the industry. However, it is of paramount importance to ensure effective coordination of all of the activities to ensure synergies and long-term effects.

The regional initiative to establish a South East European International Institute for Sustainable Technologies (SEEIIST) aims to build a regional research nucleus with the newest technology which would offer a first-class research and have long-term effects on economic growth. The joint facilities of the International Institute for Sustainable Technologies would promote collaboration between science, technology and industry and

help mitigate tensions in the region, following the European Organisation for Nuclear Research (CERN) model of 'Science for Peace'.

The SEEIIST would stimulate the education of young scientists and engineers based on knowledge and technology transfer from European laboratories such as CERN and others and would assure international competitive research in SEE. Bringing the newest technologies to the region would expedite regional transformation to 'knowledge-based' societies, contribute to the competitiveness of the region and improve the standard of living by creating attractive jobs (in particular important for young people), thus contributing to reverting the 'brain drain' phenomenon.

The initiative has gained wide regional support whereby the Declaration of Intent to establish SEEIIST was signed on 25 October 2017 at CERN by Ministers of Science or other representatives of the respective economies. The first meeting of the SEEIIST Steering Committee took place on 30 January 2018 in Sofia, by virtue of Bulgarian Presidency of the Council of the EU. Officials have underlined that a decision between the two scientific options should be taken as soon as possible.

There is a growing interest in SEE for a regional mobility scheme for researchers. Thus, it has become one of the priority policies, resulting in increased efforts to put forward a concrete proposal for mobility schemes which would support mobility of researchers within the region, as well as incoming and outgoing mobility with the EU. In light of the reinforced commitment of the EU Enlargement Strategy to ensure integration of the region into the European Research Area, it is essential to support the mobility of researchers as a key instrument to ensure full integration of researchers from the region into the existing academic and research networks. RCC has supported these efforts by providing analytical support and by establishing a coordination mechanism on mobility of researchers.

In addition, in close cooperation with DG Research and Innovation, the RCC facilitates participation of SEE economies' contact points on open science in the EU member states' network of national points of reference on scientific information. The close cooperation resulted in a European Commission invitation for the region's economies to participate in the regular report on the implementation of the Recommendation on Open Access in 2017, which will for the first time include a section dedicated to this region.

Furthermore, the European Investment Bank (EIB) is conducting a feasibility study for a regional Centre of Excellence which should propose institution(s)/hub(s) with highest potential for Centre of Excellence based on research agenda, capacity to integrate related fields, enable industrial connectivity and ensure visibility and sustainability. This activity is fully aligned with the priorities envisioned under the SEE 2020 Strategy on establishment of regional centres of excellence.

Finally, a project aimed at supporting technology transfer and innovation in the region – EU4Tech – managed by DG NEAR and DG Joint Research Centre was launched at the beginning of 2016. The project intends to implement a holistic capacity building strategy that will look at the performance of all actors operating in the technology transfer and innovation ranging from academic institutions to early stage investors to science parks to spin-out companies to policy makers.

A.1.3 Supporting development of employment and social policies

The region's economies share similar structural characteristics and features of labour markets, including high unemployment and labour force inactivity, underfunded active labour market policies, limited resources of public employment services and a mismatch between the demand and supply of labour. Employment creation remains an important challenge for all economies. For the third year in a row, the Public Opinion Survey of the Balkan Barometer 2017 confirms that 7 out of 10 citizens of SEE referred to unemployment as a major concern in all of the economies of the region. [2]

The Enlargement Strategy has recognised the importance of employment and for the first time of social as well as health policies for sustainable socio-economic development of the region, therefore opening doors to support the development of these policies, and also provide additional impetus to structured regional cooperation in these areas.

The Employment and Social Affairs Platform (ESAP) project, jointly implemented by RCC and International Labour Organisation (ILO), has become the key instrument for regional cooperation on employment. The ESAP aims to address the regionally shared structural employment and labour market challenges, including high unemployment and low employment rates coupled with high rates of labour force inactivity and low rates of job creation. The RCC component of ESAP established structured regional cooperation in employment policies between Ministries of Labour and Social Affairs and between the Public Employment Services. Through ESAP, RCC provides demand driven support to the national administrations in developing effective design, implementation and monitoring of implementation of national employment and labour market strategies, policies, measures and instruments. On the other hand, ESAP supports the modernisation and capacity building process of the Public Employment Services (PES) in the region with the aim of enhancing the efficiency and delivery of PES services to the citizens, as well as preparing the PES to participate in the EU PES networks and activities as the accession process advances. Through ESAP, ILO provides capacity building to the Economic and Social Councils with the aim of strengthening social dialogue in the region. It also supports the work of the Labour Inspectorates with the aim of building capacities to tackle undeclared work and ensure fair working conditions for all employees.

In addition, the Austrian Development Agency has supported a project, jointly implemented by ILO and United Nations Development Programme (UNDP), aimed at promoting inclusive labour market solutions in the region through implementation of participative impact assessments of employment programmes. The European Investment Bank (EIB) has been developing a Youth Employment Initiative under the Western Balkans Enterprise Development and Innovation Facility (WB EDIF) framework to help alleviate youth unemployment in the region through a guarantee instrument to be marketed to banks in the region. The Youth Employment Initiative is modelled on an existing EIB product implemented successfully in the EU, and starting in 2016, the EIB has deployed its own loan product and has signed youth employment tranches for EUR 154m, of which the biggest portion is being implemented in Serbia.

A.1.4. Coordination and supporting activities

Health

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[2] Balkan Opinion Barometer, RCC, 2017

The new Enlargement Strategy recognises the importance of greater focus on assistance in health sector. While this is a very positive development, the public health systems still remain under significant budget constraints with negative impact on accessibility of the wider public to the latest treatment, medicine and technology in the region. As the budget constraints persist, the universal health insurance will continue to remain inconsistent and out-of-pocket costs will continue to rise across the region. This would further the risk of corruption in the health sector and have a devastating impact on the disadvantaged population in the region. This is particularly relevant for Roma as they suffer from deeper poverty than others combined with widespread discriminatory practices. The World Health Organisation (WHO) continued to build capacity for quality health provision and improved governance of the health sector through a series of technical workshops and trainings, as well as series of analytical studies. The Ministerial Summit of the SEE Health Network took place 03-04 April 2017 in Moldova. Held under the theme "Health, well-being and prosperity in SEE by 2030 in the context of the Sustainable Development Goals of the UN", its main outcome was the Chisinau Pledge, agreed and signed by the participating ministers and other heads of delegation in the presence of WHO Regional Office for Europe, RCC, and of representatives of other partners, donors and implementing agencies. On a technical level an agreement was also reached between Regional Health Development Centres (RHDCs) on the implementation of roadmaps for technical cooperation in the SEE in the framework of Chisinau Pledge.

Culture and creative sectors

The culture and creative sectors were recognised in the Enlargement Strategy as an important element to foster reconciliation and good neighbourly relations in the region. This includes further support by the EU to protect the region's cultural heritage; promotion of cultural and creative industries; bringing actions together on culture, youth and sports in a flagship initiative to support reconciliation; and good neighbourly relations.

The RCC has commenced the implementation of the Triple P tourism project, with one of its priorities being development and promotion of specialised regional tourism products/joint regional routes, with a priority focus on and special attention given to cultural/historical tourism (along with adventure). This work will put forward cultural heritage into a role of supporting economic competitiveness of the region. Furthermore, it is intended to increase the visibility of our region's culture and promote it abroad to the global tourist community and interlink with and address horizontally other priority areas of SEE 2020. This work is also going to take a significant part in the European year of cultural heritage 2018 and increase visibility of the efforts of supporting culture through tourism to the European community.

- **A.2 Connectivity**

The measures and actions implemented under the Connectivity flagship aim at promoting 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.

It integrates actions related to implementation of the SEE 2020 Strategy pillars of Integrated Growth, Smart Growth, Sustainable Growth and Governance for Growth.

The Digital Integration Agenda, the fourth component of the Multi-annual Action Plan for establishing a Regional Economic Area in the region, is implemented under this flagship.

A.2.2 Digital Integration

Under the Digital Integration dimension, significant progress has been made in 2017, particularly after the endorsement of MAP REA. The interventions of the RCC revolved around the alignment to the EU *acquis* and Digital Single Market principles, reduction of telecommunication (primarily roaming and terminal) costs, digitalisation and optimisation of spectrum usage, as well as digitalisation of services and industry.

In order to identify the state of play in the Digital Integration area, in close cooperation with the WB Governments, RCC has organised a stock taking meeting, commissioned a Stocktaking Report and developed needs assessment tables which will guide implementation of activities in this area in the future. Additionally, as a part of the MAP stocktaking and needs assessment report, regional digital needs and potential regional project interventions in the form of technical assistance and capacity building as well as capital investment in broadband infrastructure were identified.

Working on this agenda, the RCC facilitated establishment of the Western Balkans Digital Summit (WB-DS) Steering Committee and initiated organisation of the first regional Digital Summit. The established regionally-owned consultative process supported by the EC, the German Federal Ministry for Economic Affairs and Energy, the Committee on Eastern European Relations representing German businesses, the region's Governments and Chamber Investments Forum (CIF) will culminate in the two-day Summit which will take place in April 2018, in Skopje. This will result in a structured High Level Regional Political Dialogue on Digitisation through annual WB Digital Summits. The Digital Summit will continue to convene annually, with Belgrade being the host for 2019.

The RCC partnered with industry sector in developing the Study on Impact of Digital Transformation of the Western Balkan Six economies, plus Slovenia and Croatia, analysing economic, social and political benefits of digitalisation of the region. Preliminary results were already presented to the participants of the WB DS Steering Committee while the final version of the Study is expected by mid-April 2018.

The region's Digital Highway project, supported by the World Bank, is carrying out a study on the potentials for use of excess fibre optics in the region and identification of viable commercial models with the aim of establishing reliable and high-capacity digital communication channels.

Despite certain progress in terms of alignment with the EU *acquis* and elaboration of national digital strategies, WB's integration in the pan-European digital market is still highly dependent on broadband infrastructure development and improving of digital literacy as main prerequisites for reaping full potential of digital economy.

All the existing indicators confirm that the Western Balkans' economies are among the less developed in terms of electronic communications and digital society on the European continent. This is why bridging the digital gap and supporting digital transformation of the region were among the highest priorities of RCC's activities for the reporting period.

The SEE economies must develop future-proof broadband policies and targets and accelerate high-speed broadband roll-out 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 services.

In the area of reduction of roaming costs four WB economies (to be joined soon by Albania) are already implementing the third phase of regional roaming agreement with tangible impacts in terms of reduced roaming prices and increased roaming traffic. Nevertheless, there is still room for implementing further legal and regulatory measures to follow the EU model. Hence, RCC has commissioned a study on national and roaming prices for mobile services and analysis of telecommunication market in the WB region. At the same time the EC is working on preparation of a roadmap to facilitate lowering the cost of roaming between the WBs and the EU, as part of a credible enlargement perspective and enhanced EU engagement with the SEE region. The initiative was launched on 6th February 2018 and the roadmap should be ready by mid-2018.

Cybersecurity of the region is still weak, while the process of transposition and implementation of Network Information Security Directive[3] is in initial phases. All WB economies have established national Computer Security Incident Response Teams (CSIRTs) while establishing of other CSIRTs and their networking is still pending in the region. In autumn 2017, RCC initiated regional coordination of existing national CSIRTs while future activities will focus on building their capacities, establishing mechanisms for information exchange and prospective opening of a centre of excellence for training purposes. Cooperation with ENISA and participation of WB economies in trainings and coordination of cyber security measures that the Agency is organising is one of the RCC's priorities in the upcoming period.

The European Commission's Enlargement Strategy includes the initiative for Digital Agenda as one out of six flagship initiatives for the period 2018-2020. Thanks to this new commitment, various initiatives now seek to integrate SEE in the current EU digital processes and frameworks, such as Broadband Competence Office, cross-border internship programmes, experience sharing with the European Union Agency for Network and Information Security (ENISA), etc. Identification of digital connectivity as additional eligible sector under WBIF support is a significant achievement during this reporting period.

A.2.3 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 measures[4].

In the energy infrastructure area, transposition of the TEN-E Regulation[5] is underway, while the selection of new set of Projects of Energy Community Interest (PECI) and Project of Mutual Interest (PMI) in electricity, gas and oil infrastructure is ongoing and a draft list will

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[3] Directive (EU) 2016/1148 of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union

[4] Establishing of spot markets and their coupling; regional balancing market; coordinated allocation of capacities; and cross-cutting measures.

[5] Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009.

be presented for adoption to the Ministerial Council in 2018. Significant work invested in implementation of PECI/PMI projects through Electricity, Gas and Oil Groups resulted in substantial progress in implementation of the already selected projects. Development of electricity, gas and oil infrastructure in WB was supported by the EU's Connectivity Agenda with additional EU grant of € 49.6 million for 2017. Thus, total grant support for energy sector in the previous three years amounted to € 167.2 million, leveraged by € 599.5 million of IFI's investments.

In the area of energy efficiency (EE) the region continued transposition of Energy Efficiency Directive[6] (EED) and progressed in adoption and implementation of Energy Efficiency Action Plans (EEAPs). Significant progress is also achieved in transposition and implementation of *acquis* regulating the area of labelling of energy related products and their proper placing on the market. Thus far, four economies adopted the Third EEAP. Harmonisation of national legal frameworks with EED is still ongoing.

Regardless of progress achieved so far in the EE area, significant work in preparation of bylaws is still ahead the whole WB region. Regional activities also focused on the exemplary role of public sector and energy services, as well as on promotion of donor's support. Further focused activities will address the implementation of Energy Performance of Buildings Directive (EPBD), regulation of market of energy related products and development of 2030 energy and climate targets.

Significant preparatory work on integrated energy and climate planning is underway. A draft methodology is presented to the Ministerial Council (December 2017), but majority of work is still ahead of the WB region. The draft regulation for preparation of Integrated National Energy and Climate Plans is proposed for the next Ministerial Council meeting. The Ministers of Environment expressed readiness for cooperation in this regard in the framework of the endorsed Bonn Ministerial Declaration[7].

In the area of renewable energy sources (RES) WB economies continued with the implementation of National Renewable Energy Action Plans (NREAPs). Nevertheless, most of the WB economies are still below the trajectory to reach renewable energy targets in 2020. The RES Directive is also transposed to a significant extent, while some parts, in particular those related to sustainability criteria for biofuels, remain critical for the whole region. It is almost certain that WB economies will fail to comply with the mandatory 10% renewable energy target in transport sector.

The Directive on emergency oil stocks is in transposition phase and in general, the successful work on transposition of relevant energy *acquis* continued in the region with uneven pace. Central and South-Eastern Europe Gas Connectivity (CESEC) initiative is extended to all WB economies.

Cooperation with the European Bank for Reconstruction and Development (EBRD) through the Regional Energy Efficiency Programme (REEP) continued in 2017/2018, with a focus on support for development of energy efficiency legislative framework and implementation of EEAPs. The Monitoring and Verification Platform, a tool for monitoring of implementation of EEAPs and of the achievements of EE targets and reporting, was developed by GIZ and is

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[6] Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC

[7] https://www.rcc.int/docs/404

functional in all WB economies. GIZ ORF also provided additional support for the region in the area of mitigation of climate change and sustainable urban mobility.

Recognising the need for a more integrated regional approach on hydropower development, in the reporting period the European Commission developed a study on hydropower development in the region. The Study provides a list of priority projects organised by river basins and type of planned facilities, looking primarily at maintenance, repair, refurbishment, upgrade and rehabilitation projects of existing hydropower infrastructure, before considering any greenfield projects.

The priorities that need to be implemented in the near future in energy sector in SEE are related to full unbundling of operators and alignment with the Third Energy package; implementation of framework and inter-TSO agreements; deregulation of generation prices; establishment of regionally coordinated auctions and balancing electricity market.

Through the Ministerial Declaration adopted in November in Bonn, RCC facilitated cross-sectoral dialogue, while ministers in charge of climate issues expressed readiness to strengthen cooperation in defining 2030 energy and climate goals, and to ensure integrated energy and climate planning towards achieving the Paris Climate Agreement targets.

A.2.3.2 Environment

In the area of environment, an array of achievements and regional projects are directly associated with 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).

Recognising the importance of protecting and ensuring sustainable use of biodiversity in the region, in cooperation with GIZ ORF-Biodiversity and International Union for Conservation of Nature (IUCN), RCC has established a regional Biodiversity Task Force. The latter has prepared an annual work plan, which defines the priority actions for the upcoming period, with the aim to bring sustainable use and protection of biodiversity in the region higher on the agenda.

Two projects financed by the Austrian Development Agency (ADA), designed to support implementation of the SEE 2020 Strategy, were officially launched in June 2017. The implementation of the projects continued in the reporting period. ClimaProof project, which deals with climate proofing in transport infrastructure development, has established a tool for climate predictions and is organising trainings for representatives of hydro-meteorological authorities. After the endorsement of the inception report, Nexus project, which addresses critical interlinkages between water, energy and food security, identified two trans-boundary river basins (River Drin and River Drina) where Nexus policy dialogue will be established.

The Regional Environmental Centre for Central and Eastern Europe (REC), supported by the EC, started implementation of upgraded follow-up project to the ECRAN, which builds upon the results achieved in the previous period.

As one of the Regional Dimension Coordinators, the Regional Rural Development Standing Working Group (SWG) has been developing two important Assessment and Policy Recommendations for the WB: i) Areas with Natural Constrains in South East Europe; and ii) Management of Forest, Water and Soil within the Framework of Environmental and Rural Development Policies in SEE. Moreover, the second € 400.000 worth grant scheme funded by

GIZ, was implemented in Drina-Tara, Drina-Sava, Prespa and Sharra cross-border regions, as a part of its Area Based Development Programme.

The second Environmental Ministerial meeting was held in November 2017 at the margins of the 23rd Conference of Parties under UNFCCC (COP23) in Bonn. It resulted in the endorsement of Bonn Ministerial Declaration. The Declaration calls for further strengthening of the synergies and regional cooperation for the implementation of environment and climate change priorities in the region, as well as for strengthened high-level policy dialogue between the SEE region and the EU. Recognising the growing needs in the region to improve coordination of existing regional initiatives and projects, the Declaration also calls upon RCC and other partners to establish a mechanism for steering, regular monitoring and bi-annual reporting on implementation of projects of regional importance (ClimaProof, Nexus and Biodiversity).

The Energy Community Ministerial Council recognised the crucial role of the energy sector in combating climate change and achieving nationally determined contributions under the Paris Agreement. Hence, the strong interest for cross-sectoral cooperation is underlined as well as the need for development of 2030 targets for renewable energy, energy efficiency and greenhouse gas emission reduction, and for preparing integrated national energy and climate change protection plans. In autumn 2017, the Climate Action Group met twice, discussed operationalisation of these priorities and prepared draft recommendation for National Energy and Climate Plans (NECPs). The Energy Community launched a study to develop an EU-convergent methodology for the calculation of 2030 targets and the draft recommendation on integrated NECPs.

The RCC has 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. Since air pollution is recognised as a single biggest environmental threat to human health, RCC's analytical contribution for the upcoming year will focus on this environmental problem and on increasing cooperation towards identification of the long range trans-boundary solutions to fight air pollution.

Nevertheless, the level of WB's alignment in the area of climate change is still limited - or at an early stage. In terms of the period beyond 2020, the introduction of integrated energy and environmental policy approaches, as well as the achievement of 2030 climate and energy framework targets, remain RCC's vision for the future in the region.

A.2.3.6 Transport

Despite significant developments and EU support under the regional Connectivity Agenda, the WB region 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. For the third year in a row, the development and reconstruction of transport infrastructure in the region is supported by the EU's Connectivity Agenda with additional EU grant of € 144.5 million for six transport infrastructure projects (three road, two railways and one IWW port project) in 2017. Thus, the total grant support for transport sector amounts to € 450.6 million, leveraged by € 1.8 billion of IFI's investments.

Nevertheless, sustained and significant efforts are still needed to ensure that SEE transport systems appropriately respond to growing needs for the movement of goods, people, services and reinforced competitiveness of the region. According to SEETO's analyses, outstanding infrastructure investment needs are estimated at around €10 billion.

The improvement of connectivity levels among WB and between WB and EU was pursued through the extension of TEN-T Core and Comprehensive Network to the SEE region and the fulfilment of the Connectivity reform measures, as two complementary pillars. Road transport is still the dominant mode of transporting people and goods in WB, while the share of railway transport as well and investment in this sub-sector is gradually becoming more prominent, thus contributing to diversification, intermodality and improving environmental protection.

As Regional Dimension Coordinator for the SEE 2020 Transport Dimension, SEETO monitors the implementation of Connectivity reform measures and facilitates the entire process. Implementation of regional measures in ITS, maintenance, road safety and border-crossing facilitation recorded notable progress in the reporting period. On the other hand, implementation of the remaining national measures continued with uneven pace, showing a need for strengthening efforts by all sides.

The Transport Community Treaty (TCT) was signed on the occasion of the Trieste WB Summit on 12 July 2017, while subsequent ratification procedure is ongoing. The necessary regional structures (the Ministerial Council and the Regional Steering Committee) have been set. Formal establishment of the TCT Secretariat is expected as of July 2018.

JSPAI and SEETO had a fruitful cooperation, resulting in the update of the Regional Air Transport Programme (harmonised and optimised use of regional airspace with enhanced air transport connectivity in the SEE) where they have streamlined region's priorities, identified corresponding projects/actions and agreed on shared responsibilities among each other.

Transport remains one of the most complex policy reform areas. Some pilot measures, as per the commissioned RCC Study on Intermodality were submitted as ADRIPASS project proposals through the ADRION programme, approved and started implementation in January 2018. ADRIPASS project aims at integrating multimodal connections in the Adriatic-Ionian region and at creation of transnational institutional cooperation platforms.

The successful implementation of the regional connectivity agenda and connectivity reform measures require enhanced efforts, targeted towards ratification of the Transport Community Treaty (by economies that have not yet ratified it), as well as towards establishing a system for continuous road crash data collection. Securing sufficient budget resources needed for rail and road core network, finalising the rail border crossing protocols, implementing all remaining measures for opening of the rail market, and transposing the Intelligent Transport System Directive remain the main challenges to be addressed in the region.

- **A.3 Competitiveness**

As per the RCC SWP 2017-2019, the Competitiveness flagship is focused on measures whose implementation would improve industrial structures and business/investment environment. This aim is achieved through a more coordinated investment policy and promotion, with the intention of potentially producing a regional instrument in the area of investment. The Competitiveness flagship integrates actions foreseen under the five SEE 2020 Strategy pillars

of Integrated Growth, Smart Growth, Sustainable Growth, Integrated Growth as well as Governance for Growth.

The RCC continued to work on increasing competitiveness of the SEE with the focus on free flow of trade and services, investments, human resources and capital markets development of the region. This has been achieved by setting stronger ties among trade and investments together with the capital markets development in the manner that serve the economic integration of the region and development of the regional investment reform agenda, as foreseen by MAP REA. Furthermore, industrial development has been horizontally linked with the Smart Growth pillar and development of the smart specialisation schemes in the region, while sectoral activities were dedicated to commencement of the Triple P tourism project, which will be the first best practice of developing regional value chains in priority sector.

A.3.1   Improving the investment environment

Regional investment integration became the main focus under the competitiveness agenda, along with the commitment of the economies of the region to design and implement a set of reforms which will lead to greater convergence of regional investment policies and improve the investment climate for investors in the region. The official launching of the South East Europe Investment Policy Review and commencement of the Regional Investment Policy and Promotion project (MC IPA funded, with technical support of the World Bank), as part of activities which will help the region develop the regional investment reform agenda and hence support establishment of the Regional Economic Area, under the framework of MAP REA.

In this endeavour, extensive work has been done in developing specific policy recommendations in this area. The first ever of a regional kind, Investment Policy Review (IPR) study has been published in cooperation with UNCTAD. Additionally, extensive work in cooperation with the World Bank has been performed in mapping of foreign direct investments in the region, development of the investor database, as well as consultations with the investor base on the main investment barriers, which, combined with the proposals from the regional IPR, served as a base for drafting appropriate policy reform proposals to be subject to reform through a regional dialogue.

Subsequently, the draft regional investment reform agenda proposal has been developed and it is expected to complement the trade agenda and to be implemented by the SEE economies themselves, under the framework of MAP REA. The regional investment reform agenda, focused on fostering greater harmonisation of regional investment policies with the EU and alignment with international standards, is a tool for economic integration and the attraction of quality investment to the region. Aiming to unlock higher levels of foreign direct investment, spur economic growth and promote job creation, the regional investment reform agenda focuses on enabling targeted investment climate reforms to open a new regional market. These activities have been undertaken within the framework of the Investment Policy and Promotion project, funded by the European Commission and technically supported by the World Bank, under the guidance of the SEE Investment Committee (SEEIC) and its Working Group on Investments, coordinated jointly with CEFTA.

Under the activities related to joint investment promotion of the region and integration of private sector activities into the competitiveness-oriented efforts, the RCC supported development of the SEE Online Investment Platform (OIP), executed in cooperation with the Western Balkans Six Chamber Investment Forum (WB6 CIF) and containing main

information on doing business in the region, in a form of a one-stop-shop for investors, as well as information about the ongoing reform developments in support to business.

In order to create a dynamic investment space at a higher level, and in line with the priorities of MAP REA, the RCC has established a Working Group on Capital Markets, with the goal to design and implement the roadmap/activity plan for diversification of financial markets in the region. This newly established platform is comprised of capital market authorities (line ministries, central banks), regulators (securities commissions) and operators (stock exchanges), and is mandated with conducting a necessary analysis of capital markets development aimed at identifying gaps and opportunities for broader capital markets integration. Subsequently, this platform will assess the need for development of a regional strategy for capital markets development and define the steps forward in this endeavour through policy reform and concrete activities and projects on ground. The proposals of this platform will be consolidated into a regional programme, which will be also integrated in the MAP REA activities and put forward for endorsement by the Western Balkans' Prime Ministers through the ongoing Berlin Process.

A.3.2 Developing the industrial base

In the endeavours to support region's industrial development, and under the framework of MAP REA, the RCC's Working Group on Industrial Policy joined efforts with the Research and Development (R&D) Working Group in the area of smart specialisation. The smart growth actions constitute a comprehensive agenda on research and development with the aim to leapfrog the region from the current economic model to the one which can successfully compete in and integrate into the EU innovation driven economies. Hence, the RCC has moved into supporting the development of smart specialisation, research and innovation strategies in the region so as to ensure strategic structural investments, build competitive advantage and align them with the industrial policy development. In order to further complement activities on the industrial base development, the RCC involved 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 the existing pre-accession funds in this area.

In regard to development of regional value chains in priority sectors by creating joint products and supply chains, RCC's Tourism Expert Group that operates under the SEE Investment Committee developed and proposed for MC IPA financing a project 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 final application for the Triple P tourism project was approved, with the contract signed between the RCC and EC in late 2017, which enabled the RCC to commence the hiring process for the project team as well as preparation of the official project launching event. Joint regional tourism product is planned to also have implications on relevant policy reforms and resolution of open issues still hindering sector development, as well as on support to the small-scale tourism infrastructure throughout the region.

A.3.3 Coordinating and supporting activities

While the liberalisation of trade in goods has been achieved and the regional investment reform agenda is well underway, the region still remains faced with the challenge of implementing the agreed reforms effectively and successfully. CEFTA is continuing to work with RCC in developing the regional investment reform agenda and on mobility of professionals in the region by participating in the joint working groups on investment and

mobility, respectively. These agendas are deliberated in their respective chapters of this report.

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 facilitation of free movement of professionals throughout the region to enable free movement of goods, services, investments and skilled people without tariffs, quotas or other unnecessary barriers, where trade is facilitated higher than WTO rules, with recognition of all border documents, procedures, and programmes related to trade once the EU alignment by one or more CEFTA Parties is reached.

The legal basis of Regional Economic Area is extended by Additional Protocols on Trade Facilitation and on Trade in Services and strengthened with more efficient and effective dispute settlement procedures. Regional Economic Area shall be part of the Pan-Euro Mediterranean Cumulation Zone on an equal footing as others in the Zone.

The adoption of Additional Protocol 5 was seen as another strong sign of readiness of all CEFTA Parties to undertake all necessary efforts to deepen the regional trade through simplifying and facilitating customs procedures and reducing the formalities imposed on trade. The full implementation of the Additional Protocol 5 will contribute to the efforts of our region to create a regional economic area as envisaged by MAP REA.

CEFTA Parties took note of the fact that PEM Joint Committee approved derogation from the PEM rules of origin, contained in the CEFTA Ministerial Decision 3/2015, which will allow CEFTA Parties to introduce full cumulation and duty drawback in the regional trade in line with the aforementioned decision. All CEFTA Parties have been actively participating in the revision exercise of the PEM Convention, with the joint objective to allow its Contracting Parties to benefit from new and more flexible rules of origin.

CEFTA is actively working on enhancing all necessary procedures to adopt the CEFTA Additional Protocol on Trade in Services and ensure its entering into force according to the agreed timeline. In this area, technical negotiations, finalised in December 2016, resulted in a significant increase in market liberalisation compared to the WTO commitments of the CEFTA Parties that are members of the WTO. The results of negotiations are embedded in the Additional Protocol 6 on Trade in Services. The Protocol sets out the basic principles and rules governing trade in services among the CEFTA Parties: non-discrimination, market access, national treatment. Three annexes complement the draft text of the Protocol: Temporary Entry and Stay of Natural Persons for Business Purposes; Regulatory Principles Regarding Telecommunications Networks and Services; and Consolidated Schedule of Specific Commitments. Furthermore, the preparations are underway to enable the Joint Committee to adopt the launch of negotiations on Additional Protocol 7 on disputes settlement.

On non-tariff barriers (NTBs), CEFTA Secretariat continues to monitor Non-Tariff Measures (NTMs) over the region and started programming the report on the main impediments to trade, programmed for the 2018 Chairmanship. On public procurement, CEFTA Parties agreed on the need to undertake in future the obligation to provide the same treatment to the applicants in public procurement and the Secretariat started preparing pertinent assessment report. The Secretariat also commenced activities to undertake in preparing the assessment of possible approximation of the customs tariff to the EU CET.

On cooperation amongst regulatory authorities in the region, the importance of further work on eliminating regulatory barriers to trade and increasing efficiency of services markets to provide for greater variety of low cost but higher quality services across the region was recognised. The existing regulatory bodies in charge of services were identified. Proposal on concrete forms of cooperation amongst the respective regulatory bodies has been drafted.

First actions for the analysis of existing barriers in e-cross border trade and exploring possibilities for recognition of certificates of electronic signatures have been initiated with an intention to prepare a corresponding study on existing barriers in e-cross border trade and launch a regional dialogue on regulatory issues in e-commerce.

CEFTA Statistical Database has been regularly updated and improved in terms of its main features to respond to the needs of users, which is a continuous task.

B. Governance, Rule of Law and Security Cooperation

The RCC SWP for 2017-2019 aims to progress in the area of Good Governance by enhancing regional cooperation, especially through bringing forward models that proved to be successful at the national level. Moving forward in this particular area has been essential in the context of both 'fundamentals first' approach of the European Commission, as well as regional economic growth and business-friendly environment.

For an enhanced impact, the activities undertaken in the area of public administration reform, justice reforms and anti-corruption were adequately synchronised with key measures executed by the SEE 2020 Strategy's dimension coordinators (ReSPA and RAI). The RCC's programming cycle ensured the actions were demand driven and complementary to the national efforts. The work carried out in the field of justice was oriented towards directly coordinating the efforts at regional level in order to build mutual trust and improve cross-border cooperation.

- B.1 Public Administration Reform

The RCC has continued to sustain regional endeavours in the field of public administration reform by upholding ReSPA's activity as the main Dimension Coordinator for the SEE2020 Effective Public Services pillar. Cooperation in this regard experienced further progress and led to the Memorandum of Understanding concluded between the two organisations. The instrument aims at higher level of regional cooperation streamline and assimilation of public administration reform targets to other broader mechanisms and goals, including regional economic integration.

Initiated by the RCC in early 2017, the work related to enhancing public participation in decision-making culminated with meaningful achievements due to the productive partnership of regional actors. By codifying identified best practices, the RCC set up regional standards on public participation. The SEE region's Recommendation on Public Participation is in itself a prominent example of broad consultation process with both national administrations and regional actors. The document was thoroughly discussed and reviewed in a series of events held within the existing regional mechanisms of ReSPA, finally reaching the endorsement of the ministers in charge of public administration. RCC remains committed to advancing its work on the critical area of public consultations and support governments in putting into action the Recommendation on Public Participation, in partnership with ReSPA.

Regional efforts undertaken in the field of public administration reform by other actors were marked by a variety of efforts. SIGMA released its 2017 monitoring reports for the six economies of Western Balkans with comprehensive analyses in all areas of public administration reform. The reports were also designed to inform the policy dialogue and discussions between the EC and administrations about priority areas for reform. The first monitoring results were also presented by the Western Balkans Enabling Project for Civil Society Monitoring of Public Administration Reform (WeBER).

The main Dimension Coordinator for SEE2020 Effective Public Services Pillar – ReSPA – was actively involved in advancing knowledge and practices to upgrade policy and regulatory capacities, to improve the quality of public services, and to continuously develop the professionalization. Among the most prominent outcomes of the regional cooperation in these regards are better coordination of centres of government institutions in policy making, improved quality of legislation in the field of PAR, as well as advanced quality management in public administration.

-   B.2 Justice

In the absence of any regional initiative or regional institution specifically focused on regional cooperation in the area of justice, the RCC initiates, coordinates and synchronises different regional activities aiming at greater accountability, efficiency, better use of resources, improved cross-border cooperation and competency. The RCC is continuing to function as a regional hub and coordinator of relevant regional activities in the area of judicial training and alternative dispute resolution.

Two SEE networks continue with regular meetings under the RCC's umbrella. Following the SEE Judicial Training Institutions Network meeting, the RCC aims to develop a Regional Programme in judicial training for WB and continue to function as a hub and focal point in the area of judicial training in SEE. The SEE Associations of Mediators Network meeting of October 2017 focused on a better understanding of differences between mediation and arbitration processes, as well as of the importance of alternative dispute resolution for improving business-friendly environment and mutual trust between investors and states.

The RCC's Regional Working Group on Justice continues regularly to assess the implementation of the recommendations of four RCC's studies developed since 2015. Representatives of the WGJ propose activities, approve in advance the RCC programmes in the area of justice, evaluate the results and participate in the networks' meetings. At its 8th meeting in December 2017, the WGJ agreed to collect indicators in order to follow trends in judicial training and mediation at the regional level.

In December 2017, the RCC commissioned the Study on the existing systems of judicial training in the region with annexed map of the past and on-going projects in judicial training. The aim of this Study is to enable better coordination of projects in the region and achieve more concrete results. The Study was presented at the WB WGJ, WB JTI and EC meeting organised by RCC in December 2017. Based on the recommendations given in the Study, the RCC plans to develop guidelines/manual on minimum common standards of the judicial training processes. RCC has started preparation of WB Regional Judicial Training Programme 2019-2021, which will be developed in close cooperation with judicial training institutions, associations of judges, associations of mediators, ministries of justice and relevant EU institutions.

In March 2018, the RCC started consultations with Council of Europe's units responsible for efficiency of justice (The European Commission for the Efficiency of Justice - CEPEJ) and implementation of the ECHR (Human Rights Education for Legal Professionals - HELP programme).

The sub-project in which the RCC is acting as a partner of GIZ ORF LR "Improving regional cooperation between region's Judicial Training Institutions" is to be finalised by October 2018. RCC is continuing the work to prepare the IT conditions that will enable RCC to host and update the database of regional legal experts in EU law, as one of the project's outputs.

- B.3 Anti-corruption

Activities related to anticorruption marked the continuation of previous efforts in building capacities of national bodies to prevent corruption, particularly through anti-corruption assessment of laws and corruption risk assessment in public institutions. They were fully synchronised with and complemented by other regional interventions, specifically those carried out through the Regional Programme on Strengthening the Capacity of Anti-corruption Authorities and Civil Society to Combat Corruption and Contribute to the UNCAC Review Process, funded by the Austrian Development Cooperation and implemented by the Regional Anti-corruption Initiative (RAI). In its implementation, RAI Secretariat continued its efforts in strengthening capacities related to the two preventive measures. Key outputs were the development and finalisation of national methodologies regulating processes on the ground, as well as training of both public officials and non-governmental organisations, enabling peer learning within joint events with RCC. The process of facilitating data exchange between the oversight bodies on asset disclosure and conflict of interest was also brought forward by having the Draft International Treaty on Exchange of Data supported by the region's Prime Ministers at the Trieste Summit in July 2017.

Within the described framework, the RCC focused on a tailored approach towards the preventive measures in the healthcare sector. A comprehensive Checklist of corruption risks in healthcare was developed in this regard. This approach determines the immediate next steps in this field, where the efforts will be joined with the Regional Anti-corruption Initiative for a broader impact.

At the same time, the RCC assisted a network of non-governmental organisations operating in the region (SELDI) through the project called 'SEE Platform for Cooperation against Corruption and its Links to Organised Crime'. The project aimed at supporting the civil society, policy makers and other related stakeholders in strengthening the advocacy and implementation of reforms to improve governance effectiveness and practices, thus it targeted advancement of the EU accession policy process, and more specifically its provisions on the need to curb corruption, including its links to serious and organised crime.

- B.5 Security cooperation

The regional security cooperation gained prominence and was increasingly mainstreamed in high level political processes over the course of the year. The RCC has played a prominent role, continuing its engagement through enhancing political and policy cooperation and coordination at regional level, and by organising pragmatic, results-oriented security cooperation activities.

The core of the RCC's work was dedicated to continued implementation of the Regional Platform for Prevention and Countering Violent Extremism and Foreign Terrorist Fighters in South East Europe (Regional P/CVE-FTF Platform) and support for the specialised regional security cooperation formats, South East European National Security Authorities' forum (SEENSA) and the South East European Military Intelligence Chiefs' forum (SEEMIC).

The Group of National Focal Points for Prevention and Countering Violent Extremism and Foreign Terrorist Fighters in South East Europe (NFP Group) had a central role in formulating policy recommendations, which nurtured the decision-making processes of the SEECP Participants in the evolving challenges in the area of prevention and countering violent extremism and radicalization leading to terrorism. The RCC launched specialised website (https://www.rcc.int/p-cve/), dedicated to regional security cooperation in South East Europe (SEE) in general and to prevention and countering of violent extremism (P-CVE) in particular. It represents an open source for all those searching for relevant information, documents, studies and events in security sector and in preventing/combating violent extremism and terrorism. It features more than 200 relevant documents, studies, research and journalist articles, and an updated glossary with more than 200 definitions and interpretations of different notions. The specialised webpage Directory contains a list with 125 international, regional and national institutions active in CT and P-CVE in the region or relevant to it, with website and contact information.

SEEMIC has continued to serve as a vehicle for confidence-building among military intelligence services of the RCC Participants in the region. At the same time, SEEMIC has been evolving into a pragmatic and result-oriented format. SEENSA has outgrown its mutual trust-building role and it has been transformed into a forum for practical cooperation, focused on issues in the remit of NSAs such as: industrial security, vetting procedures, specialised education and training.

In avoiding unnecessary duplication and creating synergies, the RCC became a partner in IPA II 2016 Grant - Support to Prevention and Countering Violent Extremism (P/CVE) in the Western Balkans, together with DCAF Ljubljana, IOM and OSCE as a leading partner. The RCC's activities constitute a part of the EU's Western Balkans Counter-Terrorism initiative (WBCTi), the first pillar of the Integrative Internal Security Governance initiative (IISG).

The RCC has further enhanced its cooperation with international and regional organisations, such as the OSCE, RACVIAC and PCC SEE, as well as strengthened links with local authorities, academia, and civil society. For the first time, the RCC has provided a grant to an NGO from the region for a P/CVE-related project.

The RCC maintained contacts and cooperation with other international and regional organisations and initiatives and significant out-of-region part engaged in regional security cooperation in SEE, such as the EU (DG NEAR, DG HOME, Office of the EU CT Coordinator, EEAS), UNDP, UNODC, SEDM, U.S. Government, NATO, GIZ, British Government.

As a successful long-term joint project of the RCC and UNDP, the South Eastern and Eastern European Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC) continued to significantly contribute to the goal of a safer SEE. With the RCC's support and participation, SEESAC continued its efforts in strengthening national capacities, increasing information-sharing and other forms of regional cooperation in SALW area, including awareness-raising, weapons-collection campaigns and fight against illicit trafficking of arms

and weapons. The high-level conference held in January 2018 pledged to reinforce their commitment towards SALW control, including adoption of a roadmap. This high-level meeting was organised by SEESAC and supported by the Governments of Germany and France, as well as the EU and the RCC.

Another regional initiative, the Disaster Prevention and Preparedness Initiative (DPPI) continued its regular work on regional cooperation and joint response in the area of disaster preparedness and prevention, with further efforts focused on strengthening regional capacities in this important area.

C. Cross-cutting issues

- C.1 Communication

The RCC's communication activities in the period 2017-2018, as per the [RCC Communication Strategy 2017-2019](), continued to be achieving better and wider understanding on what the RCC does, while increasing general awareness of the organisation and regional cooperation process, aimed at building up the positive image and influence of the RCC.

The overall number of media reports on RCC activities and the number of articles on RCC programme activities increased, while numbers of social media audiences kept growing. This was supplemented by numerous public information and multimedia products created in this period that effectively and comprehensively illustrated the RCC and its activities, thus increasing the stakeholders' understanding of RCC role, results and future activities.

Closely following the implementation of the RCC SWP 2017-2019, the communication activities included widespread and/or targeted (when and where needed) dissemination of news on the organisation's activities as well as 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 organising 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 and social media profiles up to date and relevant.

The content dissemination varied and went from a wide range of audiences to targeted ones subject to the actual essence of the information and its complexity. Therefore, for more technical information targeting RCC partners and stakeholders in the implementation of its action programmes the RCC developed a list of target audiences and crated a database of their contacts and incorporated it into the RCC website software. This allowed a direct approach to the relevant audiences given the desired contents were sent to them directly through the RCC website and social media channels, instead of relying on media to carry and/or interpret the RCC activities.

Simultaneously, the RCC continued to widen and strengthen the network of media in the region (journalists and outlets) identified as relevant and strong communicators of the RCC's activities and efforts by meeting them in person, working to maintain their interest and trust in the RCC as a source, in which the media representatives remained not only the target audience but an important communication channel frequently utilised. This led to mutually

satisfactory partnership in terms of extending the information footprint on both basic and advanced information about the core of the RCC's work.

The RCC Secretariat regularly informed the RCC target audiences (internal and external) about the past and upcoming activities but also gave them a wider context by providing news and comments on the relevant developments in the region through the Daily News Overview (DNO). This RCC's product is disseminated to an extensive list of recipients, which is, with inputs from all RCC employees, continuously expanding.

Besides the standard dissemination of information through media, the RCC keeps on developing and increases utilisation of the website and social media tools, keeping these online tools constantly updated, thus reaching out to different audiences. The website has undergone major redesign, providing regularly updated, visually appealing and easy to navigate information and all other contents (photo, video, documents, publications, etc.) to visitors but also information on specific processes related to the area of cooperation of interest, which significantly increased the page views and reduced the bounce rate. The existing social media presence of the RCC on Facebook, Twitter, YouTube and LinkedIn continued the trend of steady growth, causing more interactions with representatives from all trades of targeted audiences. The usage of social media channels has been constantly upgraded by continuously seeking different and more efficient ways to deliver the messages.

The communications' metrics proves that the RCC met the overall goal and objectives of its Communication Strategy and that RCC today has been recognised as a power-tool for regional cooperation and growth of South East Europe and key interlocutor for regional cooperation and integration. Communication has been imbedded as an integral part of all segments of work in the organisation – internally, moving outwards. The RCC Secretariat's policy needs to continue to be one of openness, accessibility and promptness, to maintain the good reputation and position gained in the societies of the region thus far, communication being the tool in keeping this goal attained.

- C.2 Parliamentary Cooperation

The South East European Cooperation Process Parliamentary Assembly (SEECP PA) has continued to function and serve as an invaluable parliamentary forum among the national Parliaments of the SEECP Participants.

The Slovenian SEECP C-i-O has placed parliamentary cooperation among its priorities. The intention has been to further 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. The Slovenian Chairmanship of the Parliamentary Assembly of SEECP convened the Standing Committee of the SEECP PA in order to discuss the possibility for more coherent cooperation.

In line with its SWP for 2017-2019, the RCC has remained committed to keeping the SEECP PA abreast about its most important activities and to ensuring support for interventions that spur economic growth, good governance, rule of law and enhanced security in SEE. The RCC stands ready to maintain a close cooperation with the SEECP PA by participating and contributing to its meetings.

- C.3 Roma Integration 2020 Project

The Roma Integration 2020 project aimed at reducing the socio-economic gap between the Roma and non-Roma and strengthening the institutional capacities of the governments to deliver on Roma integration goals in the Western Balkans and Turkey continued with its second year of successful implementation.

The National Roma Contact Points and the inter-ministerial bodies dealing with Roma integration were provided policy advice during various consultation meetings on the issues of monitoring, budgeting, policy formulation, institutional setup and a range of other issues relevant for the integration of Roma. The institutional setup to deal with Roma integration still represents a challenge that the project will continue to tackle.

The project organised Public Dialogue Forums in six participating economies. The forums ensure a platform for all relevant stakeholders - government officials, civil society and others, to discuss the implementation of Roma integration policies and recommend priorities and improvements. Three of the forums served as input providers for the biennial Roma Seminars organised jointly by the respective governments and the European Commission to define Operational Conclusions – commitments of the government on Roma integration within the EU integration process. The recommendations from the forums serve as a starting point to the Roma Seminar discussions and most of them are translated into operational conclusions.

The first round of reports submitted by six participating economies on their progress on Roma integration was completed in June 2017. These reports include qualitative data and analysis of implemented measures and activities, data on public budget expenditure and impact of the Roma integration policies. The reporting cycle revealed the need for further capacity building and support to government officials for monitoring and reporting.

Two regional conferences were organised within the project, each gathering more than 80 participants. The first on the topic of Filling in the Budget Gaps in Roma Integration Policies, with the participation of key donors and relevant government officials, tried to identify and match adequate funding opportunities for measures and programmes that cannot be fully funded from public budgets. The second on the topic of Addressing Discrimination and Anti-Gypsyism in the Enlargement Region aimed at increasing the knowledge on discrimination among officials dealing with Roma integration by understanding situations Roma are put through and comprehending the historical background of discrimination and the anti-Gypsyism phenomena.

During the second Task Force meeting of the project, the participating economies decided to pursue adoption of the reporting template as part of the official Roma integration policies. In addition, the Task Force decided to draft a joint declaration on the role of the enlargement region within the post 2020 EU policy on Roma integration as well as follow up on the issue of Roma responsive budgeting through the forthcoming project activities. The Roma Integration 2020 project shall continue the efforts to improve the budgeting of Roma integration policies across the region by establishing a working group on budgeting in 2018 to develop guidelines on minimum standards and propose legislative and practical changes.

List of abbreviations

ADA	Austrian Development Agency
ADRION	European Transnational Programme
ADRIPASS	Integrating multimodal connections in the Adriatic-Ionian Region
AFET	The EP`s Committee on Foreign Affairs
ARI	Annual Report on Implementation
CCP	Component Contact Points
CEFTA	Central European Free Trade Agreement
CEPEJ	The European Commission for the Efficiency of Justice
CERN	European Organisation for Nuclear Research
CET	Common External Tariffs
C-i-O	Chairmanship-in-Office
CoE	Council of Europe
COP	Conference of Parties
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
CT	Counter terrorism
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 JRC	Directorate General Joint Research Centre
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
EE	Energy Efficiency
EED	Energy Efficiency Directive
EEAP	Energy Efficiency Action Plans
EEAS	European External Action Service
EIB	European Investment Bank
ENIC	European Network of Information Centres
ENISA	European Union Agency for Network and Information Security
EnC	Energy Community
EP	European Parliament
ERI SEE	Education Reform Initiative of South Eastern Europe
ERP	Economic and Reform Programmes
ESAP	Employment and Social Affairs Platform
ETF	European Training Foundation
EU	European Union
EU SALW	EU Strategy for Small Arms and Light Weapons
FDI	Foreign Direct Investment
FTF	Foreign Terrorist Fighters
GIZ	Deutsche Gesellschaft fur Internationale Zusammenarbeit
GIZ ORF-LR	Open Regional Fund – Legal Reform
ICT	Information and Communication Technologies
IFI	International Financial Institution
ILO	International Labour Organisation
IISG	Integrative Internal Security Governance
IMF	International Monetary Fund
IPA	Instrument for Pre-accession Assistance
IT	Information Technology
IUCN	International Union for Conservation of Nature
JRC	Joint Research Centre
JSPAI	Joint Service Provision Area Initiative
JTI	Judicial Training Institutions
JWGI	Joint Working Group on Investments
JWGMRPQ	Joint Working Group on Mutual Recognition of Professional Qualifications
MAP REA	Multi-annual Action Plan for a Regional Economic Area
NARIC	National Academic Recognition Information Centres
NATO	North Atlantic Treaty Organisation
NC	National Coordinator
NECP	National Energy and Climate Plans
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
NIPAC	National IPA Coordinator
NPR	National Points of Reference on Scientific Information
NREAP	National Renewable Energy Action Plan
NSA	National Security Authority
OIP	Online Investment Platform

ORF	Open Regional Funds for South East Europe
ORF LR	Open Regional Fund for South East Europe – Legal Reform
OSCE	Organisation for Security and Co-operation in Europe
OSINT	Open Sources Intelligence Assessment
PCC SEE	Police Convention Cooperation for South East Europe
P/CVE	Prevention and Countering of Violent Extremism
PEM	Pan-Euro Mediterranean
PES	Public Employment Services
PECI	Projects of Energy Community Interest
PMI	Project of Mutual Interest
RAI	Regional Anti-corruption Initiative
RACVIAC	RACVIAC - Centre for Security Cooperation
RCC	Regional Cooperation Council
RDC	Regional Dimension Coordinator
REEP	Regional Energy Efficiency Programme
REEP Plus	Regional Energy Efficiency Programme Plus
REC	Regional Environmental Centre
RECOM	Regional Commission for Establishing the Facts about War Crimes and Other Gross Violations of Human Rights Committed on the Territory of the Former Yugoslavia
RES	Renewable Energy Sources
RRA	Regional Roaming Agreement
ReSPA	Regional School of Public Administration
RWG Env	Regional Working Group on Environment
RWGJ	Regional Working Group on Justice
SEE JTI	South East Europe Judicial Training Institutions
SEDM	South East Europe Defence Ministerial
SEE	South East Europe
SEE 2020	South East Europe 2020 Strategy: Jobs and Prosperity in a European Perspective
SEECP	South-East European Cooperation Process
SEECP PA	South-East European Cooperation Process Parliamentary Assembly
SEEDAD	South East Europe Donor Assistance Database
SEEDS	South East Development Scoreboard
SEEHN	South East Europe Health Network
SEEIC	South East Europe Investment Committee
SEEIIST	South East European International Institute for Sustainable Technologies
SEEMIC	South East Europe Military Intelligence Chiefs
SEENSA	South East European National Security Authorities
SEESAC	South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons
SEETO	South East Europe Transport Observatory
SELDI	Anti-corruption and good governance coalition
SIGMA	Support for Improvement in Governance and Management
SWP	Strategy and Work Programme
TEN-T	Trans-European Transport Networks
TCT	Transport Community Treaty
UN	United Nations
UNCAC	United Nations Convention against Corruption
UNCTAD	United Nations Conference on Trade and Development
UNECE	United Nations Economic Commission for Europe
UNFCCC	United Nations Framework Convention on Climate Change
UNDP	United Nations Development Programme
UNODC	United Nations Office on Drugs and Crime

US	United States
USAID	United States Agency for International Development
VET	Vocational Education and Training
WB	Western Balkans
WB CIF	Western Balkans Chamber Investment Forum
WHO	World Health Organisation
WTO	World Trade Organisation
WBCTi	Western Balkans Counter-Terrorism initiative
WB EDIF	Western Balkans Enterprise Development and Innovation Facility
WeBER	Western Balkans Enabling Project for Civil Society Monitoring of Public Administration Reform
WGJ	Working Group on Justice
WGI	Working Group on Investments