

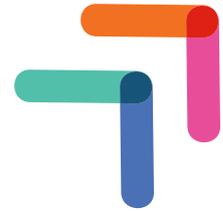
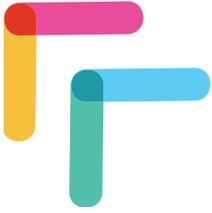


Regional Cooperation Council

SEE → 2030[♂] STRATEGY

STATE OF PLAY

INTERIM IMPLEMENTATION REPORT



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South–East Europe 2030 Strategy: State of Play
Interim Implementation Report

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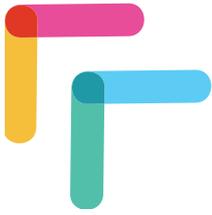
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Introduction

This document serves as the interim report on the implementation of the SEE 2030 Strategy adopted by the 13 participants of South East Europe.

The South East Europe (SEE) 2030 Strategy is a call for action to the region to advance and accelerate its efforts to achieve the UN Sustainable Development Goals (SDGs), contributing thus to prosperity and positive long-term stability. The Strategy also proves its facilitating role as a mechanism of cooperation in the first implementation year. It is a unique regional approach when it comes to UN SDG implementation, and as such has the potential to lead by example in regions across the world.

The endorsement of SEE 2030 Strategy was therefore a watershed moment in regional cooperation in South East Europe. The RCC, with the mandate given to it by SEECP to facilitate and oversee the process, began with the implementation of the Strategy with the creation of the SEE 2030 Monitoring Committee (MC), which ensures that the Strategy is a fully region-owned and region-led process.

The Strategy describes the governance structure for implementing SEE2030 Strategy to be composed of two main actors:

- the public administrations of SEE participants represented by National Coordinators of SDGs (or other structures tasked with implementing SDGs and Agenda 2030, in accordance with the respective arrangements in each of the SEE participants) appointed by each participant of the SEECP
- the Regional Cooperation Council

After the endorsement of SEE2030 Strategy at the SEECP Summit, the RCC Secretary General sent an official letter requesting each SEECP participant to nominate National Coordinators in November 2022.

As of the reporting cut-off date, SEE2030 Strategy National Coordinators on behalf of Ankara, Athens, Bucharest, Chisinau, Ljubljana, Podgorica, Sarajevo, Skopje, Sofia, and Zagreb have been appointed. Despite the fact that national contact points from each SEE participant were appointed and the communication with SEE participants through their contact points has been functioning seamlessly, completing all the pending appointments of National Coordinators in the remaining SEE Participants is of crucial importance to facilitate the decision-making in the governance of SEE2030 Strategy.

The SEE 2030 Strategy Monitoring Committee (MC) held its first meeting on 23 November 2021. At its meeting, the MC adopted its rules of procedures, the programming guidelines and the monitoring framework. According to the rules of procedures, the MC will review and endorse Annual Implementation Report (AIR) before its presentation to the RCC Board by the RCC Secretary General. The Monitoring Framework adopted at the same meeting of the MC also requires presenting the final version of AIR at the SEECP Summit.



Both SEE2030 Strategy and the Monitoring Framework adopted by the MC foresee AIR to include information and data to be collected through the quantitative monitoring based on the agreed indicators of achievement, and qualitative inputs from SEE participants and multi-stakeholder dialogue mechanisms to be established in the context of SEE2030 Strategy. The creation of the structures required for the quantitative monitoring (i.e. Regional Network of Statistical Authorities) and other dialogue mechanisms for qualitative monitoring (i.e. the dialogue with parliaments, civil society, think-tanks and academia, and private sector) are still in progress with delays in the first year.

Despite the delays in monitoring subsequently spilled over to the reporting cycle, the implementation of SEE2030 in programming and creating the dialogue mechanism with civil society, think-tanks and academia recorded significant progress and concluded most of the activities as foreseen at the first meeting of MC.

Objective of the Interim Report

This report presents an interim account of the state of play regarding the implementation of SEE2030 Strategy prior to the publishing of the first AIR in December 2022.

The interim report seeks to provide the MC with an overview of the progress recorded and challenges faced in the implementation of SEE2030 to facilitate its overall steering of the Strategy. The interim report furthermore sets to out a concise summary of key developments regarding the attainment of the Sustainable Development Goals (SDG) – related priorities of SEE 2030 and the progress achieved within each of its dimensions and priorities. This part will take the role to substitute the quantitative and qualitative monitoring and to underscore the relevance of the challenges confronted to the existing priorities of SEE2030 with the purpose to pave the way for the first biennial updating of the Strategy by June 2023. The interim report also provides a short summary of the activities undertaken by the RCC Secretariat based on the mandate granted by the MC and gives an account on their current state of play. The last part of the report includes a set of recommendations to address the corresponding challenges particularly the ones related to the monitoring and implementation of SEE2030.

The SEE 2030 Strategy National Coordinators will consider this report at their annual meeting on 07 June 2022.

Key developments

Against the backdrop of the lingering global pandemic, the year of 2021 saw little change in the overall state of the region, with the effects of Covid-19 continuing to adversely impact all aspects of life, ranging from stunting economic growth and social welfare provision to sidelining climate change adaptation and rule of law considerations. Historically, pandemics have tended to usher in eras of great political and societal upheaval and this pandemic repeats this historical pattern.



Russia's invasion of Ukraine on 24 February 2022 has created a further and significant threat to peace and security, accelerating the spiralling inflation and causing food and energy shortages, as well as triggering a new wave of migration in Europe. At the time of preparation of this report, the war has seen more than 6.5 million people,¹ mostly women and children, leave the Ukraine in search of refuge from the conflict. Meanwhile, the cost of the conflict to Ukraine's, Russia's and the global economy is already immense and rising daily.

With the aim of mapping developments witnessed and challenges faced by the SEE participants in 2021, this socio-economic review of the region will take in a comprehensive analysis of a wealth of secondary data made available through both domestic and international reporting mechanisms and analytical studies, looking at a host of different thematic areas.

In particular, the report will highlight the developments and difficulties confronted in **economic growth and decent work (SDG 8); quality of education (SDG 4); gender equality (SDG 5); peace, justice and inequalities (SDGs 10 and 16); sustainable cities and communities (SDG 11); and climate change (SDGs 7 and 13)** as some of the most significant challenges facing SEE economies.

Review of the SDG-related Developments and Challenges in SEE

Prosperity of SEE

Economic growth and decent work

The 2021 was the year of robust global recovery with the world's economy slowly but steadily rebuilding itself in a welcome show of resilience against the debilitating effects of the pandemic. The trend was very much in evidence across the SEE region as well, with GDP growth recorded (Figure 1) alongside a drop in unemployment, following a re-opening of European markets. The steady progress documented across the first three quarters of 2021, however, displayed signs of slowing in the fourth quarter, with gloomier figures reported for early 2022. The uncertainty surrounding commodity supplies, as well as growing inflation, drive pessimistic projections for the remainder of 2022, as reported by the European Central Bank.²

While the impact of the COVID-19 pandemic is still keenly felt across the world, another global crisis has come to the fore with Russia's invasion of Ukraine, pitting two of the EU's – and the SEE's – largest individual suppliers of food and gas against each other. As a result of the invasion, a set of stifling economic sanctions has been imposed on Russia by the EU, while Ukraine's ability to export grain and oilseeds has been severely diminished, largely due to its limited transport capabilities.³ In addition, inflation is on the rise once more after a decade of stability brought about by successful management from central banks.

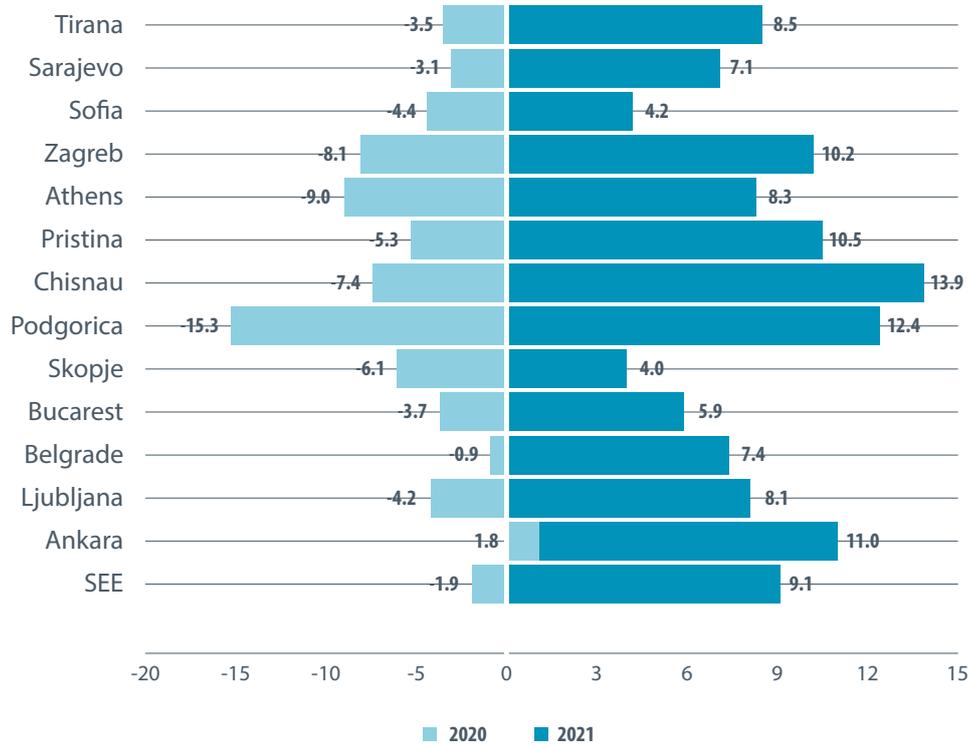
1 UNHCR, Operation Data Portal <https://data2.unhcr.org/en/situations/ukraine>

2 <https://www.ecb.europa.eu/pub/economic-bulletin/html/eb202202.en.html>

3 The Ukraine's ports will remain closed until Russia's invasion ends, as the Ukraine's Maritime Administration said in February 2022.



Figure 1: Real GDP Growth in the SEE (2020–21)



Source: National Statistical Offices, Eurostat, RCC calculations

SEE participants remain highly vulnerable to recent global developments, as the bulk of their economic activity takes place with members of the European Union and, to a lesser extent, with Russia. Moreover, the high level of economic integration among the region's economies themselves means that spillover of hardship is likely should any of the SEE participants come under sustained economic pressure.

The 2021 GDP analysis for the region highlights a trend of gradual recovery after a difficult 2020, with some progress documented in the first quarter of the year.⁴ The year's second and third quarters, however, show growth picking up, especially in economies where tourism makes up a higher share of the GDP. 2021 also saw production ramping up and peaking in the second part of the year, with manufacturing at its highest level compared to the average rate of production for the previous three years.⁵ In addition to the spontaneous revival of selected economic activities, the region's governments implemented a number of comprehensive stimulus and recovery measures, meant to alleviate some of the adverse effects of the pandemic on the economy. The SEE participants set aside 1% of their GDP on average for the implementation of economic measures aimed at minimizing the pandemic's human and economic costs. The measures most commonly deployed in kickstarting recovery include loan guarantees for companies whose operations were negatively affected by lockdowns and other restrictive measures (primarily in tourism and manufacturing); introduction of a moratorium for annuity loan repayments; support for job retention schemes; introduction of pension bonuses; decrease in value added tax rate in the hospitality sector; and issuing of treasury bonds for the diaspora. The full effects of these measures on

⁴ Analysis based on data gathered from the National Statistical Offices of the 13 SEE economies.

⁵ Ibid



different groups of citizens, especially the most vulnerable, are as of yet unknown and must continually be monitored and evaluated.

Looking ahead, the International Monetary Fund (IMF) projects the region's GDP to reach 1.75 thousand billion USD in 2022, up from 1.65 thousand billion USD in 2021.⁶ Nonetheless, the data for the first quarter of the year raises some concerns regarding the continued validity of the said projections with the spillover from the Ukraine crisis leading to a cooldown in the region's economic activity. Significantly, the data on imports and exports for the region, collected through Eurostat and the SEE Statistical Offices, suggests the trade deficit for the region will further widen.

Market prices are ultimately determined by several critical socio–economic considerations. The war in Ukraine is driving a hike in global prices with inflation, already on the rise towards the end of 2021, spiralling in the first quarter of 2022. In its analysis of shifting commodity prices, IMF notes that the price of gas alone has increased four–fold in the space of two years,⁷ alongside a tripling in the price of corn and wheat over the same time period, both harbingers of rising inflation.

Soaring prices have only just started to impact the SEE participants and their citizens' budgets; rising inflation first recorded in the final two months of 2021 continued to grow into the new year, reaching its highest level in three years in February 2022. As businesses started to recover from the pandemic, consumers began spending more and surging demand translated into a hike in price of just about every item on the market. With more consumers traveling and spending, oil suppliers scrambled to keep up with rising demand, leading to higher prices at the pump. Overall, the largest increases have been recorded in the cost of food, housing, water, electricity, gas and other fuels – the type of goods most affected by inflation indicates a high degree of impact on the average household budget – leading to a shift in consumer behaviour with greater focus on essential goods and services. This will likely have a hugely detrimental impact on the state of the overall economy while fears over food security, and high prices, will have a broader socio–economic impact, exacerbating inequalities and adversely impacting people's well–being.

The United Nations World Tourism Organization (UNWTO), in its Tourism Recovery Tracker, notes low levels of growth in tourism at the start of 2021 but a much better performance for the industry across the second part of the year. The increase in activity can be directly linked to the number of destinations easing or lifting travel restrictions, as well as global vaccine rollout. However, and despite a recorded increase in the number of international tourists' travelling to the region, pre–Covid tourist numbers remained elusive.

In fact, most of the region's economies recorded half as many international arrivals as in 2019 while the war in Ukraine will likely further deplete the number of visitors. As UNWTO reports, despite the fact that international tourism continued its recovery in January 2022, air travel searches and bookings across various channels slowed in the week after the invasion only starting to rebound in early March.⁸

According to available data, pre–invasion Russia had the sixth–highest international tourism expenditure worldwide, with Turkey the second most popular outbound destination for Russian tour–

6 https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEO_WORLD

7 <https://blogs.imf.org/wp-content/uploads/2022/03/CHART-1-commodities-chart-panel-1.jpg>

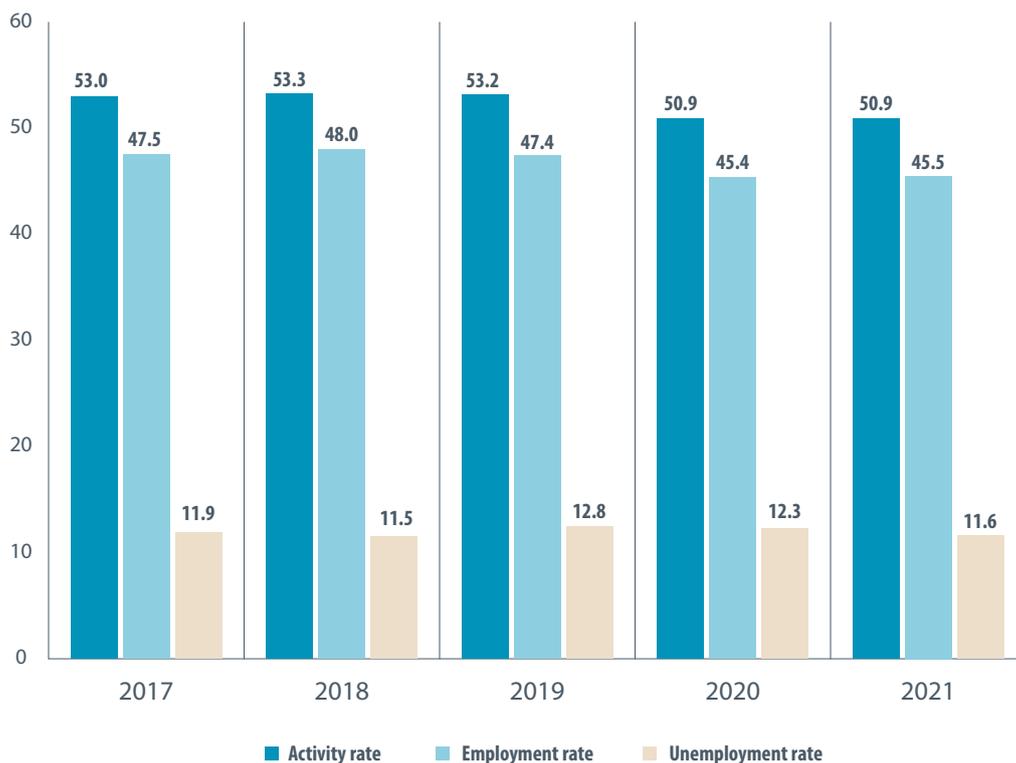
8 <https://www.unwto.org/news/tourism-enjoys-strong-start-to-2022-while-facing-new-uncertainties>



ists over the past two years.⁹ In addition, other SEE economies report Russian tourists among the leading incoming visitors. Sweeping economic sanctions imposed on Russia by the European Union, the United States and the United Kingdom, and most of the SEE participants, including bans and restrictions on Russian oil and gas imports, suspension from the Bank for International Settlements, travel and business bans for individuals and corporations from Russia, will place further pressure on the SEE's tourism sector. In addition, growing inflation will likely cause prospective early holiday bookers to delay or even cancel their vacations abroad.

Economic growth is traditionally spurred by increases in labor, capital, and efficiency levels, among other drivers. In the course of 2021, SEE participants recorded a limited decrease in unemployment for both women and men. The average unemployment rate for the SEE participants in 2021 exceeded 11 percent (Figure 2) with that figure at approximately 25 percent for youth, indicating significantly poorer employment prospects for that category of the population. The activity rates have also gone down during the Covid 19 pandemic and have yet to return to the pre-pandemic levels. Approximately 4 million people have left the labor force during the past two years.

Figure 1: Real GDP Growth in the SEE (2020–21)



SEE Statistical Offices, RCC calculations of SEE weighted averages

Looking at gender disaggregated employment data, inequalities between men and women in the workplace were further exacerbated by the pandemic (Figure 7) with the former much more likely to have, and hold down, employment in 2021.¹⁰

⁹ <https://www.statista.com/statistics/824317/number-of-outbound-tourists-from-russia-by-destination/>

¹⁰ World Bank, Gender Data Portal, <https://genderdata.worldbank.org/>



The position of women in the region’s labor markets, viewed through the prism of job security and type of jobs on offer, places them at a far greater risk of long–term loss of income, unemployment or underemployment. If women are not economically empowered and continue to enjoy only limited access to the labor market, both economy and society will be adversely impacted. While the economy will lose access to a large segment of its labor force, social inequalities, caused by disparate treatment of women, will be further exacerbated, requiring greater investment in social subsidies targeting this population. In addition to the activation of women in the labor force, SEE participants must do more to harness the entrepreneurial potential of women. According to a UN Women’s Entrepreneurship Expo 2021 report¹¹ most SEE participants continued to actively promote policies in support of entrepreneurship and development of the small and medium enterprises in the course of 2021. The report, however, notes that the challenges facing women entrepreneurs have either remained unchanged or have been further exacerbated by the pandemic. In general, women–owned micro, small and medium enterprises tend to be concentrated in sectors with lower profit margins than men, like agriculture, administrative and support services, and trade. Women entrepreneurs across the SEE participants also remain predominantly financially insecure.¹²

As has been well established, economic uncertainty tends to undercut investment. A time of crisis, however, is often an opportunity with digital innovation and transformation potential facilitators of growth in place of traditional resource–heavy investment. While the pandemic has accelerated the usage of technology across both business and society, data collected in the Digital Economy and Society Index (DESI),¹³ as well as the 2021 Balkan Barometer,¹⁴ suggests that SEE participants can do much more to fully tap into their potential for digital transformation. The extent to which digitalization has been integrated by businesses is uneven across the board while, encouragingly, most governments demonstrate a strong commitment towards digitalization. Interestingly, several SEE participants have progressed in the deployment of artificial intelligence.

Innovation is a major growth enabler. Most SEE participants are recognized by their high potential for innovation, as attested by the results of the Global Innovation Index for 2021¹⁵ which ranks the 13 SEE participants in the top 85 economies out of 132, with seven occupying places in the top 50. Innovation in the region, however, is largely funded by the private sector despite the governments’ stated strategic orientation, as noted in the 2021 Balkan Barometer.¹⁶

Responsible consumption and production

Coverage by waste management services remains sporadic across much of the region and ranges between 40 and 80 percent, according to UNECE.¹⁷ In order to comply with circular economy principles, SEE participants must increase enforcement efforts, develop cooperation with local governments, and implement educational and awareness–raising programs for trash prevention, separate collection, and recycling.¹⁸ Recent developments across the region, however,

11 <https://eca.unwomen.org/sites/default/files/Field%20Office%20ECA/Attachments/Publications/2021/8/Expo%20Report/FINAL%20EXPO%20REPORT%204%20Aug%202021min.pdf>

12 Ibid

13 <https://digital-strategy.ec.europa.eu/en/policies/countries-digitisation-performance>

14 https://www.rcc.int/balkanbarometer/inc/get_indic.php?id=187&cat_id=1

15 https://www.wipo.int/global_innovation_index/en/2021/

16 https://www.rcc.int/balkanbarometer/inc/get_indic.php?id=187&cat_id=1

17 <https://unece.org/circular-economy/dealing-waste>

18 [https://www.oecd.org/south-east-europe/programme/2021%20CO%20Pocketbook%20\[web-1\].pdf](https://www.oecd.org/south-east-europe/programme/2021%20CO%20Pocketbook%20[web-1].pdf)

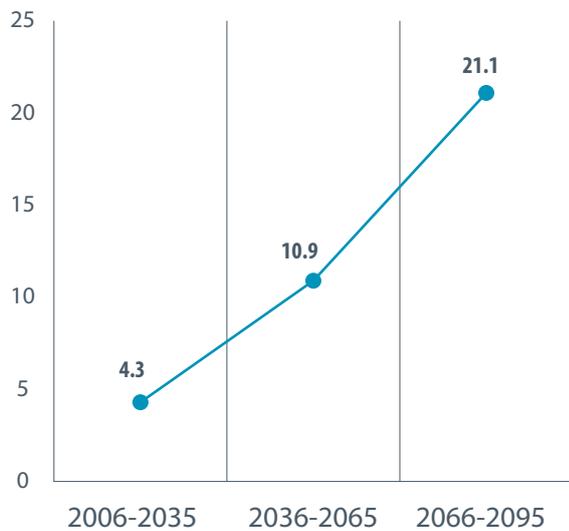


signal a growing commitment by individual economies towards reducing landfill dependency, upgrading waste management infrastructure, and harmonizing legal frameworks with that of the EU.¹⁹ At the same time, the region's proximity to the EU, a huge producer of low quality waste, has turned the SEE into a popular site for waste disposal by its richer neighbor, due to comparatively weaker environmental protections and low cost of labor.²⁰ This practice of exporting waste from a economy with more stringent environmental controls to one with fewer legal safeguards leads to negative environmental and societal outcomes and has, regrettably, become commonplace.²¹ Furthermore, domestic and industrial waste, coupled with waste from illegal dumps and landfills, often ends up in transboundary rivers, creating problems for the region by putting pressure on natural coastal habitats.²²

Disasters preparedness

Natural disasters have become commonplace in the SEE region, with their occurrence and impact further exacerbated by climate change. In recognition of the growing risks, regional authorities are expanding their efforts to build capacities to prevent, mitigate the impact of, and respond to natural disasters.

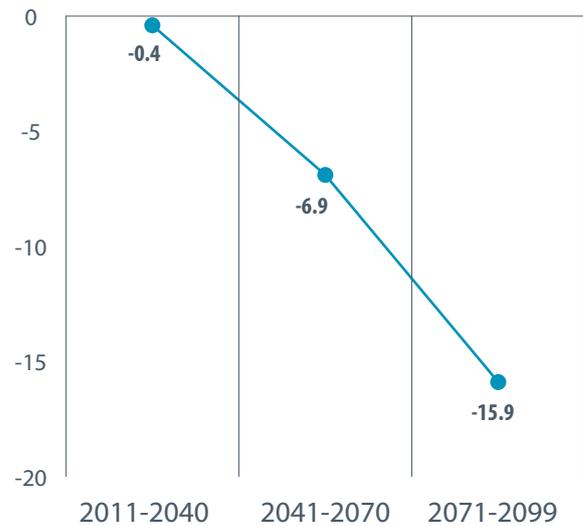
Figure 3: Projected change in number of days with high fire danger in SEE – 2006–2095



Source: European Climate Adaptation Platform Climate-ADAPT

(<https://climate-adapt.eea.europa.eu/metadata/indicators/fire-weather-index-days-with-high-fire-danger-2011-2099#details>)

Figure 4: Projected change in precipitation sum in SEE – 2011–2099



Source: European Climate Adaptation Platform Climate-ADAPT

(<https://climate-adapt.eea.europa.eu/metadata/indicators/fire-weather-index-days-with-high-fire-danger-2011-2099#details>), RCP8.5 scenario, RCC calculations of SEE totals

19 <https://balkangreenenergynews.com/investment-opportunities-in-upgrading-waste-management-systems-in-western-balkans/>

20 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Waste_shipment_statistics#Shipments_of_hazardous_waste_-_total_quantities_and_per_capita

21 <https://emerging-europe.com/news/the-eu-needs-to-regulate-waste-exports-to-central-and-eastern-europe/>

22 <https://www.osce.org/files/f/documents/a/a/484148.pdf>



In this regard, better management of flood risks through plans that clearly articulate measures for prevention, protection and preparedness are essential. Furthermore, continuous risk assessment and management of forest wild fires, through improved prevention and better preparedness, require an integrated approach along with forest management, while best practices must be shared throughout the SEE community of practice.²³ Finally, available coverage data suggest that Europe, with the SEE region, benefits from comparatively few voluntary commitments under the Sendai Framework that sets out a global agenda for disaster risk reduction and management. With both disasters and hazards commonplace in the region, greater focus on voluntary commitments that would help SEE participants better manage their risks and improve preparedness would be welcome. Considering the cross-border nature of both threats and mitigation mechanisms, enhanced regional cooperation is essential.

Affordable and clean energy

In terms of level of economic development, as well as energy supply and demand patterns – including the current utilization of renewable energy – the SEE participants are highly diverse, although energy security remains a shared source of concern. The economies also share a need for energy sector modernization and decarbonization, in large part necessitated by a considerable proportion of current fossil fuel-fired power plants reaching or nearing the end of their operational lifespan. The pressing need for both decarbonization and modernization necessitate the design and delivery of a sound energy sector transformation process (2022).²⁴ Southeast Europe remains especially vulnerable to disruptions in energy supply due to its reliance on gas from Ukraine with both households and businesses potentially at risk.²⁵ At the same time, a recent review carried out of the SEE participants' electrical sectors recorded a host of problem areas, to include implementation of key legislation, integration of renewable energy and growth of the electricity market, insertion of developing technologies, and introduction of smart concepts on the way to the adoption of a regional balancing market.²⁶ Progress toward renewable generation targets is measured in terms of how well legislation is implemented across each economy with decarbonization and digitization of the electrical industry high on the agenda.²⁷ While the pandemic rescue and recovery packages were introduced to stimulate economic activity, the focus was taken away from low-carbon transformation, setting back progress achieved prior to the outbreak across several economies.²⁸ At present, a large part of electricity in the region comes from burning locally mined coal and lignite, as well as hydropower. This could aggravate energy poverty, which is already a major issue in parts of Southeast Europe.²⁹ Interestingly, ELES Elektro Slovenia (ELES) and Elektromreža Serbia (EMS) have inked an agreement with the European stock exchange European Power Exchange SE (EPEX SPOT) to build a new power exchange called ADEX (Alpine Adriatic Danube Electricity Exchange). ADEX is expected to be the first regional electricity exchange for Central and Southeast Europe, according to ELES, EMC, and EPEX SPOT.³⁰

23 https://ec.europa.eu/neighbourhood-enlargement/system/files/2020-07/ipa_ii_2019-near-echo.11_flood_and_forest_fires.pdf

24 <https://op.europa.eu/en/publication-detail/-/publication/434fb711-a5a4-11ec-83e1-01aa75ed71a1/language-en>

25 <https://www.bpie.eu/wp-content/uploads/2016/09/Safeguarding-energy-security-in-South-East-Europe-with-investment-in-demand-side-infrastructure.pdf>

26 <https://www.sciencedirect.com/science/article/pii/S2352484722007260#bb126>

27 <https://www.sciencedirect.com/science/article/pii/S2352484721013512>

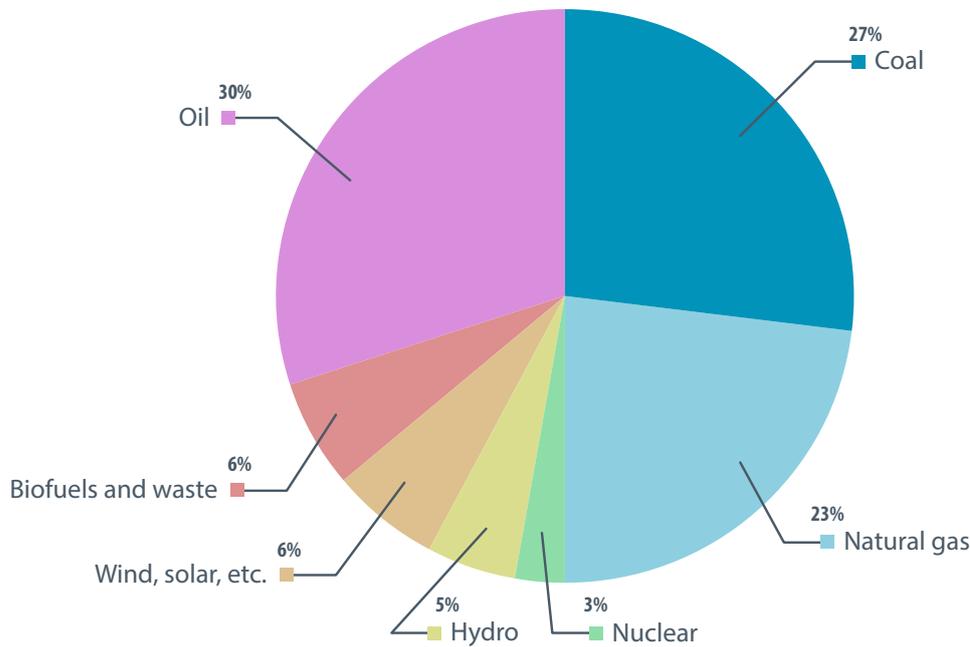
28 <https://www.unep.org/resources/emissions-gap-report-2021>

29 <https://www.intellinews.com/climate-change-to-amplify-border-tensions-in-southeast-europe-209157/>

30 <https://www.porta3.mk/slovenija-i-srbija-ja-formiraat-privata-regionalna-berza-za-elektrichna-energija-adex>



Figure 5: Total Energy Supply by Source in SEE (2019)



Source: International Energy Agency (IEA), (<https://www.iea.org/regions/europe>), RCC calculations of SEE totals

In light of current global developments, it is important to once more note the reliance of SEE participants on gas, as well as the role of Russia as a key trading partner and investor across a majority of the region. As electricity prices in Southeast Europe skyrocket, the government's response has been to either limit the price of electricity and increase the volume of consumption for which subsidized retail prices apply – thereby supporting local businesses hit by the energy crisis – or freeze electricity, central heating, and water prices for households at current levels.³¹ While likely to place strain on the economies, and households, in the short term, problems with cost and availability of traditional energy may encourage the industry to transition into renewable energy production, such as solar and wind. Decoupling, however, must be accompanied by structural changes, most commonly a shift in industrial production structure. Many SEE participants have followed Western Europe's lead in moving away from heavy industry, with EU-CEE decreasing emissions and increasing the overall share of renewable energy from 14.4 to 21.7 percent.³²

While energy transition in the SEE is progressing, the process has not been smooth, with issues of poor planning and inclusivity plaguing the process. More efforts are needed to ensure relevant financing of renewable energy sources and reskilling of the labor force. Ownership, as well as economic and environmental sustainability, have also been problematic as the process appears driven more by EU legislation – as well as accession requirements for EU aspirants – instead of deliberate government policy.

³¹ <https://seenews.com/>

³² <https://wiiw.ac.at/avoiding-a-trap-and-embracing-the-megatrends-proposals-for-a-new-growth-model-in-eu-cee-dlp-5987.pdf>



Nonetheless, with the region experiencing major turmoil, relying on EU rules to guide transition in an inclusive path that has, and will, generate positive outcomes; this will not be enough on its own, though.³³ One of the significant issues that remain is the imposition of severe limits on the quantity of solar and wind power that may get feed-in tariffs, while small hydropower projects are usually exempt. The controversy sparked by small hydropower facilities across the region has tarnished the reputation of incentive schemes, and support for renewable energy is now considered as a ruse in certain SEE participants. Rather than avoiding it, an inclusive strategy including households in decision-making is required to mitigate the negative effects of price increases.³⁴

33 <http://library.fes.de/pdf-files/bueros/sarajevo/18759.pdf>

34 <http://library.fes.de/pdf-files/bueros/sarajevo/18759.pdf>



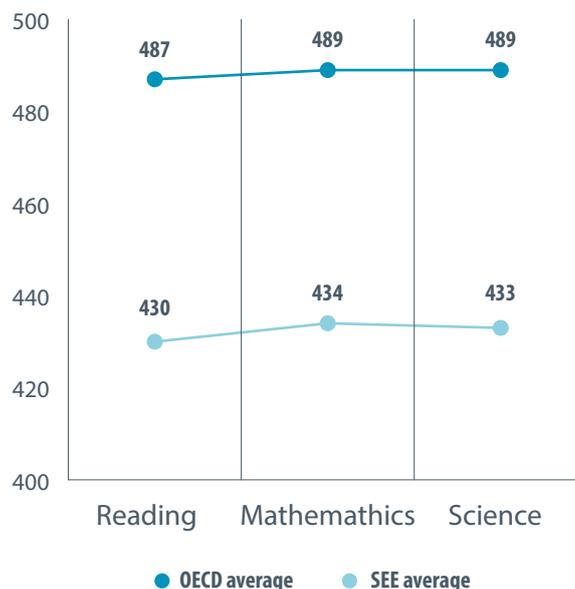
People of SEE

Education

With more than two years since its global outbreak, the pandemic has wreaked havoc on every segment of society, with education particularly vulnerable to disruption. Since March 2020, schools in the SEE region were closed either partially or in full for an average period of 38 weeks.³⁵ This amounts to a full academic year where children have been kept away from classrooms, with virtual learning often a lacking substitute.

Children from disadvantaged backgrounds remain especially susceptible to the adverse effects of school closures, with Roma and students from rural areas particularly at risk, as noted in the European Commission's Education and Training Monitor 2021.³⁶ The Monitor, meanwhile, notes an encouraging increase in investment in education in the region (seen as percentage of GDP) over the past 10 years which bodes well for the creation of knowledge societies across the SEE. Efforts at modernization in education have been noted alongside a growing practice of enshrining the well-being of students in relevant domestic legislation. At the same time, virtual learning has spawned a concerning new threat to the students' wellbeing, cyberbullying.

Figure 6: PISA Scores in 2018



Source: PISA Data Explorer (<https://pisadataexplorer.oecd.org/ide/idepisa/>), RCC calculation of SEE average

The OECD's Programme for International Student Assessment (PISA),³⁷ in its most recent instalment, concludes that teachers' participation in professional development activities in the Western Balkan economies falls well below the OECD and EU average. This has led to concerns over the level of the teachers' preparedness to embrace new forms of teaching, to take advantage of innovation in education, and to place students at the centre of the teaching process. Fur-

³⁵ RCC calculation based on data available on <https://en.unesco.org/covid19/educationresponse#schoolclosures>

³⁶ <https://data.europa.eu/doi/10.2766/81508>

³⁷ <https://www.oecd.org/pisa/data/>



thermore, results from the latest PISA testing (2018) show that learning outcomes in the region have improved over time, but that the improvement has not been equitable. Some students are performing similarly to students from OECD countries, while others are lagging further behind.

Additional incentives and stronger mechanisms to promote teachers' participation in professional development would greatly help teachers improve their qualifications and competencies.

The past two years have once again seen more girls and women enrolling in secondary and higher education. Conversely, more boys continue to be enrolled in primary school while men also make up a majority of students in vocational education and STEM.³⁸ Considering the demand for, and quality of, jobs in ICT, more needs to be done in order to encourage girls and women to pursue STEM training that may ultimately lead to a lucrative career in information technology.

Meanwhile, The Potential Net Migration Index ranks SEE participants near the top of the list of economies with the highest number of citizens intent on migrating abroad. According to the Balkan Barometer, some 37% of Western Balkans citizens would happily leave and work abroad, with the percentage even higher for young people.³⁹ Quality of education is an important consideration here as well since a functioning and market-driven education system can offset some of the negative effects of brain drain on the economy and spur growth.

Importantly, digitalization represents a huge and largely untapped resource for the region's economies. While DESI notes that the present level of digital literacy in the region leaves much to be desired,⁴⁰ greater investment in digital upskilling will almost certainly drive digital transformation processes, leading to greater economic growth and lower unemployment. At present, skills gaps are the prime barrier to adopting new technologies that would boost productivity. The World Economic Forum's report, "Upskilling for Shared Prosperity,"⁴¹ a scenario of additionally employment potential due to upskilling by 2030 is provided presenting significant increase of opportunities for employment in cases of reskilling and upskilling. SEE economies should accordingly redeploy its resources, using new digital skills as a vehicle for increasing productivity but also improving access to E-services. Closer cooperation with the specialized UN agencies could be another instrument for strengthening policies on education for sustainable development.

Gender equality and inequalities

Mushrooming inequality is a near-constant companion of the pandemic. As has become commonplace at a time of crisis, public funds are redirected away from social spending and towards economic recovery measures, as evidenced in the course of 2021. Gender equality accordingly looks to be another of the pandemic's victims, as data from UN Women suggests that the effects of Covid-19 may wipe out 25 years of progress in countering inequalities, as illustrated by a colossal increase in unpaid care provided by women as a result of the pandemic.⁴² The situation is further exacerbated by the war in Ukraine as well as growing inflation and employment stagnation, all of which are likely to negatively affect women in the economy.

38 RCC calculation based on SEE Statistical Offices data.

39 <https://www.rcc.int/balkanbarometer/>

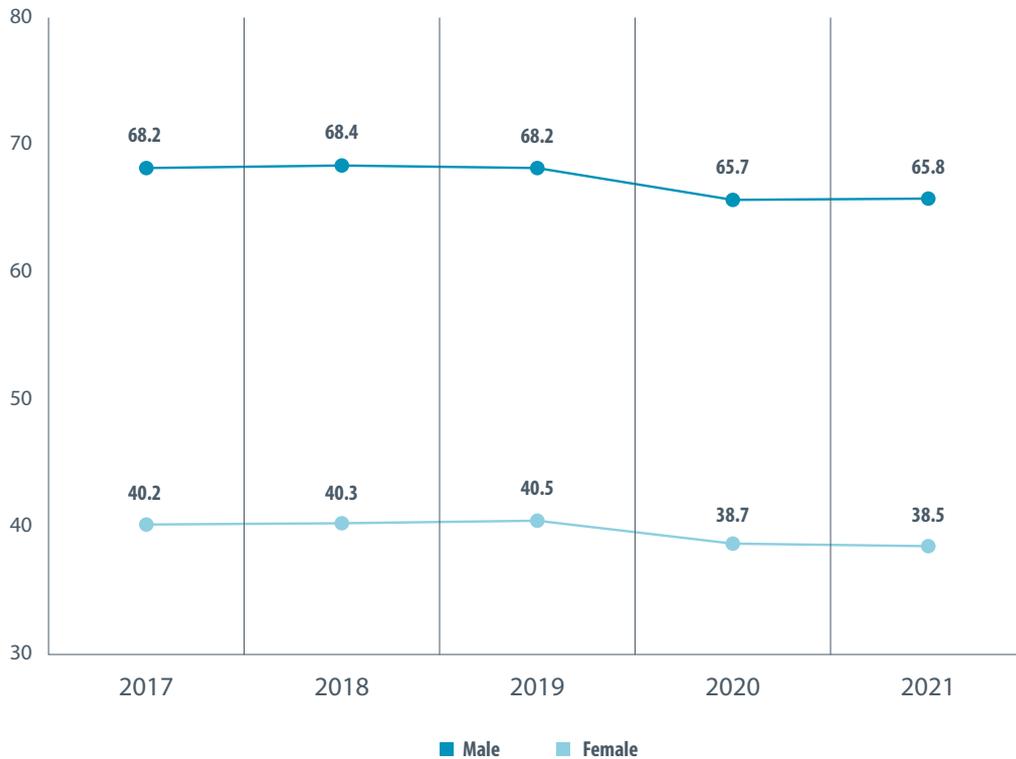
40 <https://digital-strategy.ec.europa.eu/en/policies/countries-digitisation-performance>

41 https://www3.weforum.org/docs/WEF_Upskilling_for_Shared_Prosperty_2021.pdf

42 https://data.unwomen.org/sites/default/files/inline-files/Whose-time-to-care-brief_0.pdf



Figure 7: Labour Force Participation Rate by Gender in SEE



Source: World Bank Gender Data Portal (<https://genderdata.worldbank.org/>),
RCC calculations of SEE weighted average

According to the European Institute for Gender Equality's Index for 2021, the greatest inequalities between the genders are recorded in the domains of power, knowledge, time and work, with money in last place.⁴³ At the same time, the Covid-19 Global Gender Response Tracker⁴⁴ monitors policy measures enacted by governments worldwide to tackle the COVID-19 crisis, and highlights responses that have integrated gender considerations. Concerningly, data from the Tracker suggests that out of 11 measures flagged in the SEE region as providing assistance to businesses and entrepreneurs, only one is seen as contributing towards women's economic security. In addition, none of the labor activation and enterprise development measures recorded cater to or contribute towards women's economic security. Moreover, the tracker shows that the social protection measures tailored specifically towards women fall short in scope and sustainability as they are focused on providing limited economic aid for women victims of domestic violence, as well as payments for unemployed new mothers. Most of the measures are general and do little to curb discrimination against women and vulnerable groups. In addition, gender pay gap data for the region shows that four SEE economies have a smaller wage gap compared to the EU average.

According to the UN Women's Gender Analysis of Emergency Covid-19 Socio-Economic Policy Responses Adopted in Europe and Central Asia⁴⁵ the impacts of Covid-19 on women in the labor

43 <https://eige.europa.eu/publications/gender-equality-index-2021-report>

44 <https://data.undp.org/>

45 <https://eca.unwomen.org/sites/default/files/Field%20Office%20ECA/Attachments/Publications/2021/11/1%20STUDY%20%20One%20Year%20of%20COVID19min.pdf>



market has rolled back progress (Figure 7), particularly for those women and vulnerable groups at greatest risk of joblessness, poverty, increased inequality and who risk long-term, crisis-induced socio-economic scarring. The inherent inequalities are also notable in the education sector, the labor market (as detailed in the section Economic Growth and Decent Work), and participation in decision making at central and local levels.

The quality of essential healthcare for all – including access to basic services in connection with quality of life, quality and affordability of essential medicines, and Covid-19 vaccines – is critical in reducing inequalities. At the time of survey, the share of people fully vaccinated was above the global average across three of the SEE participants. At the same time, several of the participants reviewed are listed among the ones with the highest per capita mortality rates stemming from Covid-19.

Sustainable cities and communities

Prior to the outbreak, urban growth trends in the SEE participants were already resulting in deteriorating living conditions, rising levels of air pollution, and public health threats, prompted by urban planning unable to handle the complexity of peri-urbanization processes.⁴⁶ On average, cities in the north and west of Europe have a far greater allocation of total green areas within their city limits than their counterparts in southern and eastern Europe.⁴⁷ Encouragingly, five cities across five different South East European participants are participating in an initiative targeting carbon-neutrality by 2030, as a means of mitigating challenges to include air pollution, poor infrastructure, and inefficient public service delivery.⁴⁸ Green economy, however, is developing slowly in the SEE region and will require government support to prevent it from falling further behind the rest of the EU.⁴⁹

In order to drive a green and equitable recovery for the region, policy makers need to rethink urban mobility and land use; upgrade urban building stock; and boost the role of green infrastructure and nature-based solutions.⁵⁰

In the SEE region, more than half of the population lives in urban areas. Furthermore, urban mobility accounts for 40% of all road transport carbon emissions and a fifth of the EU's overall GHG emissions. Sustainable urban mobility is a vital goal for all European cities as part of the green transition to a more resilient society, and cities have the resources and allies to discover the proper responses to these challenges. Cities also have the highest resource and waste footprints on the planet. Political reservations – resulting in little support for sustainable urban mobility development – coupled with dominance of vehicles in the market, and a preference for car ownership are holding back the transition to sustainable urban mobility. As road infrastructure is still underdeveloped, recent domestic planning frameworks and urban development plans prioritize car-based road development. The SEE economic model, characterized by a greater reliance on fossil fuels and fewer environmentally friendly manufacturing capacities, continues to

46 https://unctad.org/system/files/information-document/CSTD2021-2022_Issues02_Urban.en_3.pdf

47 <https://www.eea.europa.eu/publications/who-benefits-from-nature-in>

48 <https://balkangreenenergynews.com/five-cities-in-south-east-europe-aim-to-become-carbon-neutral-by-2030/#:~:text=The%20five%20cities%20in%20question,Herzegovina%2C%20and%20Ni%C5%A1%20in%20Serbia.>

49 <https://wiiw.ac.at/avoiding-a-trap-and-embracing-the-megatrends-proposals-for-a-new-growth-model-in-eu-cee-dlp-5987.pdf>

50 <https://www.eea.europa.eu/publications/urban-sustainability-in-europe/urban-sustainability-in-europe>



favor traditional commodities, such as vehicles with internal combustion over electric vehicles.⁵¹ Regulation of car ownership, pre-owned car imports and limits to dangerous pollutant emissions (EURO 1, 2, and 3) are also absent, incomplete, or not fully enforced. Because there are more cars on the road than any other type of vehicles, parking spaces in cities are a must; mobility in SEE's urban centers is frequently disrupted due to a lack of parking.⁵²

SEE air quality remains a serious concern, with fine particulate matter (PM2.5) concentrations among the highest in Europe, and two to three times higher than the WHO recommended maximum limit of 10 g/m³. The situation is compounded in the winter when solid fuel heating contributes to increased air pollution (using coal as a low-cost source of energy).⁵³ According to an OSCE report⁵⁴ poor air quality has significant transboundary impact as well as co-operation potential. The main sources of particulate matter and other air emissions in the region include coal power plants, industries, home heating, transportation, agriculture, and uncontrolled garbage burning. All of these challenges have an impact on human security, especially the health of populations in the region. Poor air quality can also impact agriculture, forests, and ecosystems, leading to increased livelihood insecurity.

Clean water and sanitation

The pandemic also stunted efforts at WASH (Water, Sanitation and Hygiene) data collection at all levels across the SEE participants, a development which will likely have a negative and long-term influence on the monitoring of all major development indicators for the sector. At the same time, the pandemic has shone a spotlight on the pressing need for fresh data and real-time information to assess the outbreak's impact and the efficacy of Covid-19 and WASH measures. According to the World Health Organization (WHO), relying on inadequate drinking-water services (such as unprotected sources or untreated surface water) remains a serious issue that affects several participants in the SEE region. Interestingly, data suggests that inequalities in access to water are especially evident between rural and urban populations, largely regardless of economic status.⁵⁵

Access to rural safe and basic drinking water services ranges from 71 to 98 percent on average in the SEE participants while vulnerable communities living in fragile environments frequently experience substantially lower WASH service levels. These groups are more likely to be affected by political, economic, and environmental crises, with domestic procedures for monitoring WASH services frequently inadequate to respond to emergency situations.⁵⁶ According to Human Rights Watch, Roma people "are at a disproportionate risk of poverty and social exclusion due to discrimination and segregation in housing, evictions, and lack of access to water, sanitation, and basic public services."⁵⁷

51 <https://wiiw.ac.at/avoiding-a-trap-and-embracing-the-megatrends-proposals-for-a-new-growth-model-in-eu-cee-dlp-5987.pdf>

52 <https://therecursive.com/sustainable-urban-mobility-in-the-see-trends-local-players/>
<https://changing-transport.org/south-east-europe-transportweek-21/>

53 [https://www.oecd.org/south-east-europe/programme/2021%20CO%20Pocketbook%20\[web-1\].pdf](https://www.oecd.org/south-east-europe/programme/2021%20CO%20Pocketbook%20[web-1].pdf)

54 <https://www.osce.org/files/f/documents/a/a/484148.pdf>

55 <https://apps.who.int/iris/bitstream/handle/10665/351879/WHO-EURO-2022-4868-44631-63327-eng.pdf?sequence=2&is-Allowed=y>

56 <https://apps.who.int/iris/handle/10665/345081>

57 <https://balkaninsight.com/2022/01/13/threats-to-human-rights-growing-in-central-southeast-europe-hrw/>



The provision of high-quality drinking water and wastewater services in SEE economies is based on significant capital and operational expenses that must be recovered at economically feasible prices for households, whether through tariffs, taxes, or transfers.⁵⁸ Only 6.5 percent of residents in the six Western Balkan economies have access to wastewater treatment facilities, a substantially lower percentage than the EU average. Water pollution, water losses from the system, and hazardous material infrastructure remain serious concerns in the SEE.⁵⁹

Climate action, Life below water and Life on land

Climate change is a major risk multiplier for SEE participants, with the region especially vulnerable to disaster events stemming from rising temperatures, to include heat waves, droughts, and wildfires. The threat of climate change is very much in plain view with a 1.2°C rise in average temperatures over the last two decades and a sizable increase in the frequency of heat waves, droughts, floods, and wildfires.⁶⁰ Meanwhile, progress in tackling climate change remains uneven across the region, with many governments falling behind in their commitments.⁶¹ According to UNEP, the region needs to focus more attention and resources on climate change adaptation in mountainous areas, because current domestic policies in South-Eastern Europe largely ignore mountain challenges.⁶² The submission of Intended Nationally Determined Contributions by the region's economies, however, is an encouraging demonstration of their willingness and commitment to help mitigate climate change and support the implementation of the landmark global climate accord.⁶³

Ultimately, SEE participants face the unenviable task of charting their development within the confines of binding international commitments as set out in the Paris Agreement, EU Green Deal (for EU Member States of SEE), the Energy Community Treaty and the EU accession process, and the Sofia Declaration on the Green Agenda for the Western Balkans.⁶⁴ Encouragingly, climate change adaptation strategies and operational action plans are taking shape throughout the region, and important climate-related concerns are being recognized, if at a pace slower than needed to meet global adaptation targets. The adoption of climate change legislation, which establishes the institutional frameworks and rules for monitoring, reporting, and verifying greenhouse gas emissions, is progressing.⁶⁵ In another positive development, the SEE participants have committed to strengthen joined-up land-use planning and industrial safety policies, within the UNECE framework, helping mitigate climate change risks.⁶⁶ However, and despite advances in adopting overarching legal and policy frameworks, particularly for climate change adaptation, air quality, and freshwater management, the region's economies face considerable difficulties in implementing their commitments.⁶⁷

58 <https://www.wareg.org/documents/water-regulatory-governance-in-europe/>

59 [https://www.oecd.org/south-east-europe/programme/2021%20CO%20Pocketbook%20\[web-1\].pdf](https://www.oecd.org/south-east-europe/programme/2021%20CO%20Pocketbook%20[web-1].pdf)

60 <https://www.intellinews.com/climate-change-to-amplify-border-tensions-in-southeast-europe-209157/>

61 <https://alchemiser.com/wp/wp-content/uploads/2022/05/European-Green-Deal-Barometer-2021-IEEP-and-GlobeScan.pdf>

62 <https://www.osce.org/files/f/documents/a/a/484148.pdf>

63 <https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs/nationally-determined-contributions-ndcs/ndc-synthesis-report>

64 https://www.boell.de/sites/default/files/2022-02/Perspectives%20S%C3%BCdosteuropa.10.Gruener%20Wandel%20und%20soziale%20Un_Gerechtigkeit_kommentierbar.pdf

65 [https://www.oecd.org/south-east-europe/programme/2021%20CO%20Pocketbook%20\[web-1\].pdf](https://www.oecd.org/south-east-europe/programme/2021%20CO%20Pocketbook%20[web-1].pdf)

66 <https://unece.org/climate-change/press/countries-south-eastern-europe-commit-strengthen-joined-land-use-planning-and>

67 [https://www.oecd.org/south-east-europe/programme/2021%20CO%20Pocketbook%20\[web-1\].pdf](https://www.oecd.org/south-east-europe/programme/2021%20CO%20Pocketbook%20[web-1].pdf)



Peace and Partnerships in SEE

Peace, justice and strong institutions

The past year has presented Europe with a grave security challenge with implications for the global community as a whole. Nonetheless, Russia's war on Ukraine will undoubtedly have a much more direct effect on the SEE economies neighboring Ukraine, as well as those in the conflict's more immediate vicinity. Economic concerns are likely to mix with anxieties over security due to an increased threat of conflict across some parts of the region. The war has also put in sharper focus the importance of good neighborly relations as well as the individual economies' relationships with NATO.

The ongoing refugee crises represents an additional test as UNHCR reports that more than 4.5 million people have fled Ukraine and the conflict, the majority of which are women and children.⁶⁸ According to available data, the sheer number of refugees is overwhelming neighboring economies, with the ratio of refugees to residents currently at 1,300 per 10,000 inhabitants in Moldova,⁶⁹ which is one of the SEE participants. Likewise, and according to UNHCR, more than 2.5 million people fleeing the war have arrived in Poland since 24 February.⁷⁰

This unexpected inflow of migration is likely to have a major impact on the receiving economies; according to the Center for Global Development, hosting and integrating Ukrainian refugees could cost host nations and estimated \$30 billion in the first year alone.⁷¹

Meanwhile, NATO notes a steady and significant increase in defense spending by the SEE participants over the past two years.⁷² As the figures predate the Ukraine conflict, it is likely that the trend will continue to grow at an even more significant rate in the near future due to the changing threat landscape.

The threat to security of the region's economies comes on the heels of the still ongoing global health crisis. The sense of emergency and crisis will thus likely place an even greater strain on democratic institutions and practices, with the outbreak triggering a set of restrictive measures that curbed individual rights and imposed restrictions in a way seldom seen in democratic societies. The restrictions were especially rigid for healthcare staff whose rights were significantly curtailed because of their essential role in combating the pandemic. Checks and balances, however, need to be carefully maintained, with parliamentary and judicial oversight necessary to curb any potential overreach by the executive. The authorities should also be mindful of the varying effects of the restrictions on different groups within the general population. Women, for instance, have, throughout the pandemic, assumed the role of principle caregiver in treating afflicted family members, doing household work and performing childcare, while at the same time suffering from a higher risk of domestic violence.

Meanwhile, the EU's progress reports for the SEE participants largely note a strong commitment to openness, transparency and promotion of public participation in policy development, despite

68 <https://data2.unhcr.org/en/situations/ukraine>

69 <https://eca.unwomen.org/sites/default/files/2022-03/Rapid%20Assessment%20-%20Womens%20CSOs.pdf>

70 <https://www.unhcr.org/refugeebrief/latest-issues/>

71 <https://www.cgdev.org/article/new-analysis-hosting-ukrainian-refugees-could-cost-nations-around-world-estimated-30-billion>

72 https://www.nato.int/nato_static_fl2014/assets/pdf/2022/3/pdf/220331-def-exp-2021-en.pdf



the challenges posed by the pandemic. In addition, the EU has taken note of the economies' efforts to strengthen democracy and the rule of law. However, a long-standing lack of accountability of the SEE participants' institutions remains a concern, as attested by the results of the Corruption Perception Index for 2021.⁷³ As with other challenges faced by the region, digitalization represents a major opportunity for improvement; making public services digital would make them both more accessible and more transparent. At present, however, only 9% of people in the Western Balkans use e-government services, while 27% get their personal documents online.⁷⁴

Aid effectiveness and the responsiveness of the Official Development Assistance (ODA) to SDGs have steadily become a matter of concern which needs to be tackled in the framework of the Paris Declaration. The aid dependency of the ODA recipient SEE participants, particularly the Western Balkans, is high reaching a weighted average of 11 percent to their government expenses.⁷⁵ High aid dependency might have an impact in lessening political accountability. The governance structures of SEE2030 combining both ODA donor and recipient participants within the same strategic context that built upon SDGs are an appropriate set up to enhance the SDGs responsiveness of ODA committed to the SEE and its aid effectiveness based on the Paris Declaration and Accra Agenda for Action.

Stabilization and democratization processes remain at risk, with economic threats now exacerbated by the war in Ukraine. The need to safeguard rule of law at economy and international levels is paramount while ensuring equal access to justice for all. Disruption in the economic recovery which enhances poverty and income inequality and is under the risk of exacerbation in case of the protracted war in Ukraine and its destabilizing impact on commodity prices significantly affecting households' quality of life requires a refreshed motivation of the SEE participants towards the regional cooperation in peace and stability in the SEE.

73 <https://www.transparency.org/en/cpi/2021>

74 <https://www.rcc.int/balkanbarometer/>

75 RCC calculation based on OECD DAC Data and SEE National Statistical Authorities



Status and Overview of SEE 2030 Implementation

Overall governance

1st meeting of SEE2030 Monitoring Committee

The first SEE 2030 Monitoring Committee meeting took place in November 2022 and adopted its rules of procedures, programming and monitoring guidelines of SEE 2030. It furthermore mandated the RCC Secretariat to undertake actions per programming and monitoring cycles and to revitalise the dialogue with SEE think-tanks employed during the preparation stage.

The Monitoring Committee adopted the following as selection criteria for prioritising programming activities of the SEE 2030 Strategy:

- Relevance and policy integration
- Private sector orientation
- People-first focus
- Donor priority alignment
- Stakeholder engagement
- Long-term vision
- Policy coordination

The Monitoring Committee is recommended to consider adding regional cooperation indicators such as number of relevant SEE2030 Projects and share of ODA committed to regional projects.

In addition, project proposals, which take into account the aid effectiveness principles, and foresee the actions according to the instruments of assistance as listed by the Strategy, will be eligible for consideration.

Programming

Meetings with SEECP Donor Agencies in the context of programming cycle

The Monitoring Committee mandated the RCC to prepare a project proposal template in line with these eligibility and selection criteria. The project proposal template was prepared by the RCC and disseminated to the SEECP Participants and other relevant regional and international stakeholders in January 2022.

Following the bilateral meetings with SEE donors, RCC organised a regional roundtable meeting with six donor agencies of the SEE: those of Bulgaria, Croatia, Greece, Romania, Turkey and Slo-



venia. Participants discussed the aid effectiveness and SDG responsiveness aid programmes, the information exchange and consultation between SEE donor agencies, a short list of project proposals which could be financed by the SEE donors, and alternative financing mechanisms to support the implementation of SEE 2030.

Side events in the framework of UNECE Regional Conference on Sustainable Development in Europe

On 6 and 7 April 2022, the RCC organised two side events in the margins of UNECE *Regional Conference on Sustainable Development in Europe*. This was used as an opportunity to present the priorities of the SEE 2030 Strategy and their correlation to the work programmes of the SEECPCiO Troika – Ankara, Athens and Podgorica, as well as to discuss aid effectiveness and Official Development Assistance responsiveness to SDGs.

SEE2030 Dialogue Mechanisms

Dialogue with civil society and think tanks

Furthermore, the RCC discussed a possible roadmap to regularise the dialogue with civil society in the context of SEE 2030 with a number of SEE think–tanks. The proposal of establishing a *Civil Society Dialogue* and *Think Tanks Dialogue* mechanism within SEE (T4SEE) will be presented for the endorsement of the SEE 2030 Monitoring Committee at its second meeting scheduled for 7 June 2022.

Dialogue with financial sector representatives

As part of the regional dialogue mechanisms and particular activities regarding development financing, the RCC held a bilateral meeting with the Hellenic Banking Association to launch a regional dialogue mechanism with the participation of all SEECPC banking associations on development financing and SDGs responsive financial sector.

Dialogue with academia

Based on the mandate received from the SEE 2030 Monitoring Committee, the RCC re–activated the dialogue with partners from academia who had not been involved in the regional consultation workshops held in May, yet had concretely expressed an interest in becoming involved in the SEE 2030 activities. Moreover, the RCC established contact with the UNSDSN Secretariat with an aim to organise a regional meeting with the regional networks of UNSDSN in SEE.

Meetings with other institutions

In addition to these meetings, the RCC discussed with the Secretariats of DPPI and Centre for Excellence in Financing (CEF) their expected roles in programming cycle of SEE 2030, as well as establishing communication with data and programming officers of the UN Country Offices in SEE, OECD and World Bank.

According to the monitoring guidelines adopted by the SEE 2030 Monitoring Committee, the monitoring of SEE 2030 will include qualitative and quantitative monitoring. In terms of the quantitative monitoring, the RCC prepared a gap analysis regarding the availability and quality of data



according to the list of indicators included in the SEE 2030. As for the qualitative monitoring, the RCC discussed with OECD, UN, and World Bank how they may contribute to the qualitative monitoring of the SEE 2030 through their reports on individual policy areas referring to various parts of the region. The RCC has also undertaken exploratory talks with OECD and World Bank to create a sub-regional group for South East Europe in their international databases.

Follow-up actions on SEE 2030 Strategy will be the organisation of a Donor Conference for fund raising on the received project proposals. In addition, the SEE Statistics Network (SSN) will be established to monitor implementation.

Current state of play regarding the implementation of the action plan adopted at the 1st meeting of SEE2030 MC

The programming cycle of the SEE2030 does not have any major delays. There are significant delays in the monitoring cycles stemming from the time and human resources constraints of the RCC. The delays in monitoring spilled over the reporting and delayed the preparation of AIR. The delays in Dialogue Mechanisms are insignificant and their compensation would be at ease.

Programming and Aid Effectiveness			
Action	Time (Planned)	Current state of play	Remarks
Guidelines for project proposals in the identification phase based on the assessment criteria	November 2021–January 2022	On time	
Programming identification (collecting project proposals)	Continuous (starting from February 2022)	On time	
Development Cooperation Effectiveness and Donor Coordination	November 2021 – May 2022	On time	Meeting with SEE Participants Donors held on 28 March 2022. Bilateral meetings with International Donors are to be held between September–November
Prioritisation and Formulation	April 2022 – June 2022	On time	Formulation of the early harvested projects is done. Prioritisation of the areas by the MC is needed.
Fund Raising (Donor Conference)	June 2021 – November 2022	On time	



Monitoring			
Action	Time (Planned)	Current state of play	Remarks
Establishing SEE Statistics Network (SSN) upon the approval of MC	November 2021–January 2022	Delayed (Tender for hiring an online national statistical expert cancelled. To remedy the delays RCC reshuffled its internal human resources availability)	New date is planned as June 2022
1 st meeting of SSN - Review and confirm indicators - Plan data collection - Steer baseline analysis	February 2022	Delayed (Tender for hiring an online national statistical expert cancelled. To remedy the delays RCC reshuffled its internal human resources availability)	
Collection of data per indicators and processing and reporting, and baseline analysis	April 2022 – May 2022	Delayed (Tender for hiring an online national statistical expert cancelled. To remedy the delays RCC reshuffled its internal human resources availability)	
Providing inputs to AIR for quantitative monitoring	May 2022 – June 2022	Delayed (Tender for hiring an online national statistical expert cancelled. To remedy the delays RCC reshuffled its internal human resources availability)	

Dialogue Mechanisms			
Action	Time (Planned)	Current state of play	Remarks
Convene think-tanks and other civil society representatives to discuss the methodology of the CSO dialogue	January–March 2022	On time	
Briefing SEECF Parliamentary Assembly about the current state of play on the implementation of SEE 2030 Strategy	April–May 2022	On time	The briefing is planned to be held in June 2022
Exploratory meeting with representatives of Banking Associations and Insurance Associations of SEE economies	January – May 2022	Delayed	Only one exploratory meeting is held with the Hellenic Banking Association
Exploratory meetings with international secretariats of BSEC and Union for Mediterranean	September – December 2022	On time	



Reporting			
Action	Time (Planned)	Current state of play	Remarks
Creating technical specifications for fully digital reporting mechanism	November 2021–March 2022	Delayed	Preparation of technical specifications is in progress. Activity is delayed due to the delays in monitoring.
Fundraising for fully digital – web-based reporting	January 2022–June 2022	On time	Project fiche is submitted
Preparation of Baseline Assessment according to the indicators confirmed by SEE	April 2022 – May 2022	Delayed	The Baseline Assessment may only be delivered after the SSN starts functioning.
Presenting the outline of 1 st Annual Implementation Report (2021–22)	March 2022 – April 2022	Delayed	To be submitted in September 2022.
Submission of 1 st AIR	May 2022 – June 2022	Delayed	To be submitted in December 2022.

Financial Expenses to support the Implementation of SEE2030 Strategy

The SEE2030 Strategy does not have any donor supporting its implementation. The budget used for financial expenses to support the work of RCC Secretariat in performing its mandate is spent from the SEECP contributions of the RCC's core budget.

As of the reporting period, the total amount funds is **54,550 EUR**. The contracts signed to support the implementation of SEE2030 Strategy and its corresponding contracted budgets are as follows:



Name of the Contract	Contracted budget	Implementation status	Cycle Addresses
Support to RCC Secretariat on data collection and processing for the preparation of SEE 2030	20,000 EUR	Ongoing	Monitoring
Support to the RCC Secretariat during the preparation of the SEE 2030 Strategy	7,200 EUR	Completed	Reporting
Technical assistance in supporting the programming and reporting processes of the SEE 2030 Strategy	11,100 EUR	Ongoing	Programming and Reporting
Technical assistance in supporting the SEE2030 Strategy civil society dialogue mechanisms through regularised communication with academia and think-tanks from South East Europe	5,000EUR	Ongoing	Dialogue Mechanisms
Expert supporting the monitoring process of the SEE 2030 Strategy and development financing related dialogue mechanism	11,250.00 EUR	Ongoing	Monitoring and Dialogue Mechanisms



Conclusions and Recommendations

Recommendations regarding SDGs and priorities of SEE2030 Strategy

Importance of SEE2030 Strategy to contextualize a regular and all-inclusive dialogue in SEECIP

SEE participants continue to operate under the dual pressures of the lingering pandemic and the burgeoning conflict in the Ukraine, with the latter's impact on the global community yet to fully manifest itself, particularly in the case of its further protraction.

Economic growth for the region, and beyond, remains intrinsically linked to the concerns over inflation, and dependent on further disruptions to food and gas supply lines posing a significant risk to enhance poverty, widen income distribution inequalities, and backtrack the gains recorded in employment and competitiveness. The uncertainty evident in the global economic outlook is expected to rapidly translate into tangible disruptions in the quality of life for the region's citizens, with further investment in development expected to take a back seat to economic stabilization and social welfare measures.

Nonetheless, while threats at present appear serious and numerous, their actual impact on the region remains unknown. Crucially, the region's economies are equipped with a wide spectrum of policy instruments to help alleviate some of the economic and societal turbulence anticipated further down the road. All-inclusive regional cooperation should provide SEE participants with a stronger footing in dealing with shared threats, while greater investment in human capital development, as well as digitalization, will help absorb, and alleviate, some of the uncertainty that will likely characterize global economic trends for years to come.

Thematic Dialogue(s) between SEE Participants

SEE2030 Strategy provides flexible all-inclusive dialogue mechanisms effortlessly adjustable according to the current and potential challenges confronted by the region. It is deemed mobilizing regional dialogue, networking, peer reviews and all other types of short-term actions of regional solidarity among SEE participants requires a higher-level commitment and awareness but substantial financial resources.

SEE participants are recommended to design their all-inclusive regional actions of solidarity, without excluding the appropriate participation of the relevant stakeholders such as Parliaments, CSOs, academia, and think-tanks, in the region through employing the contextual framework of SEE2030.



Proliferating numbers of regional actions of solidarity among the SEE participants referring to SEE2030 priorities and SDGs would definitely ease reaching common understanding and approaches that could even turn into tangible actions in the upcoming years of implementation.

In this regard, RCC Secretariat is ready to avail itself to facilitate any initiative that may come from SEE participants in this spirit.

Deepening the Implementation of SEE2030 into vertical actions

SEE2030 Strategy has remained at horizontal level in its first implementation year. Vertical deepening in its implementation is necessary but could not be achieved in the first year.

Vertical deepening does not only require resources but also needs to respect multi-dimensional its founding conceptual principles, particularly the one related to “relevance”.⁷⁶ Thus, the RCC recommends the following cross-cutting areas appropriate for regional actions of solidarity to deepen them into vertically.

- Poverty and social inclusion
- Connectivity
- Climate action and preservation of biodiversity, and just transition in green, and digital transformation
- Development financing
- Peace and stability, rule of law and strengthening formal institutions
- Depopulation and mid-long socio-economic sustainability

It is recommended that the second year of implementation would mark the deepening of SEE2030 through vertical actions to be built-upon the joint efforts of all SEE participants by exploiting exhaustively all the networking and regional dialogue opportunities may the SEE2030 Strategy offer.

In this effort, parliaments, SEE think-tankers, academia and business sector representatives are to be considered as direct stakeholders in accordance with the letter and spirit of SEE2030 Strategy.

Recommendations regarding the implementation of SEE2030 Strategy

Monitoring

As reported above, the delays are recorded in the monitoring cycle. The activities in other cycles either were carried out on time or will be realised with a slight delay without threatening the sustainable implementation of the Strategy. However, the delays in monitoring caused a backlog in both monitoring sub-cycles (i.e. quantitative and qualitative) and interrupted the Secretariat to provide a full-fledged AIR.

Monitoring is at the core of the management cycle of SEE2030. Without a robust monitoring, both in quantitative and qualitative terms, the responsiveness ability of SEE2030 through its biennial updates will not function properly.

⁷⁶ Relevance is defined by the SEE2030 Concept adopted at the RCC Board in March 2020 as such: “The SDGs and policy areas covered thereof will be the main guide in preparation of SEE 2030 Strategy. Establishing the relevance between policy goals, actions, and policy instruments to be used will be logically consistent. None of instrumental policies not covered by the SDGs will be placed in higher objectives of SEE 2030. Therefore, hierarchy of policies will be respected”



Underperforming monitoring will prevent a sturdy steering of the SEE2030 the design of which guarantees a stable and sustainable of strategic orientation for the regional cooperation in SEE.

The main reasons delaying the activities related to monitoring were as follows:

- Constraints in the availability of the RCC's existing human resources capacity. It is important to note that RCC Secretariat reshuffled its human resources to strengthen its capacity to implement the actions as mandated by the MC and to address the previous constraints.
- Delays in contracting an online national statistical expert for monitoring
- Limited RCC's internal experience in monitoring SDGs related indicators of achievements

It is recommended that the RCC continue to provide its horizontal facilitating services for monitoring of SEE2030; while the technical work requiring quantitative monitoring requires direct human resources support from SEE participants.

Aid effectiveness

The Official Development Assistance (ODA) committed to the SEE Region is in decline. Despite this steady decline, particularly the six participants of SEE are still one of the highest ODA recipients per capita in the world. The aid dependency of some SEE participants (measured by the ratio between the disbursed ODA and government expenditures) is high. Another diagnostic is the low responsiveness of ODA to SDG priorities of the SEE. Increasing the SDGs responsiveness to ODA committed to the SEE Region in the upcoming nine years during the implementation of SEE2030 Strategy is recommended to be one of the high profile objectives of the SEE participants.

Such recommendation requires a higher level of cooperation between donor agencies of SEE participants, enhancing collaboration between SEE2030 and OECD Development Cooperation Directorate as the global regulator of official development assistance, and foresees to attract the international donors' awareness and commitment to the objectives of SEE2030 Strategy and UN SDGs.

Visibility

Visibility is a crucial element for the promotion of SEE2030 Strategy, increasing the awareness of various stakeholders to the regional cooperation and SDGs, disseminate information about the outputs of SEE2030, and extend the consultation base of the strategic work to be undertaken by the governance structures of the Strategy.

The RCC Secretariat revises its website to enrich the content provided in the relevant subpages allocated for the SEE2030. Furthermore, the Secretariat submitted a project proposal for a publicity campaign in SEE participants requiring additional funding. In parallel, it is recommended each SEE participant to promote SEE2030 and SDGs in the context of regional cooperation at any appropriate occasions organised either at single or multi participant level.

As stated above, the AIR with its all mandated features agreed by the MC will be submitted by the end of 2022. The current report needs to be accepted as an Interim Report to highlight the main issues regarding the implementation of SEE2030 with a short and non-exhaustive regional overview of SDGs related challenges of the SEE.



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