

## **Minutes from the Second Meeting on Donor Coordination in the Western Balkans**

Sarajevo, 23 March 2016

The Second Meeting on Donor Coordination in the Western Balkans was held in Sarajevo on 23 March 2016. The main goal of the meeting was to look at the recent developments in South East Europe and the impact they might have on donor priorities. Information exchange and tools for better coordination were also in focus as well as priorities within RCC's SEE2020 Strategy and its three flagships.

The meeting gathered all the major donors who are active in the Western Balkans as well as representatives of international organisations and SEE 2020 governments. RCC was represented by the Secretary General and the team engaged in the implementation of SEE 2020 Strategy.

At the beginning of the meeting, participants strongly commended recent terrorist attacks in Brussels and paid respect to the victims and their families.

In his opening address, RCC Secretary General emphasised the importance of better prioritization of actions both at the national and regional level having in mind the scarcity of funds. In this context, RCC has re-structured the programming process around four main areas of intervention: skills and mobility, competitiveness, connectivity and governance. Moreover, he stressed it was recognised that there is a need to create a single regional donor coordination tool to help exchange information between the governments and the development partners.

### **Recent developments in South East Europe and impact on donor priorities**

Following the opening remarks, the meeting focused on context in which the implementation of the SEE 2020 priorities takes place. It has significantly changed since the adoption of the SEE 2020 Strategy in terms of political commitments, socio-economic developments, maturity of regional cooperation and funding realities. The session provided a closer insight in the recent developments and its impact on the funding priorities.

The participants were informed about Berlin Process and its role in revitalizing and improving regional cooperation in the Western Balkans on the issues of infrastructural and economic development. The focus on concrete deliverables and relevant transnational topics has produced visible progress in the regional cooperation. It is expected that this results-oriented process will continue at the next conference in Paris in July this year.

Financial assistance for regional cooperation under the IPA II programme is provided under four headings: (i) Horizontal support to sector policies and reforms; (ii) Regional structures and networks; (iii) Regional investment support; and (iv) Territorial cooperation. It is important to bear in mind that the regional programme focuses on those national needs and priorities from the annual enlargement package, which cannot be addressed by the governments working alone. Moreover, all interventions, including under the multi-country programme, must address specific national problems and they must deliver concrete results on the ground. They have to fit within a coherent sector framework, which means that it is very difficult for the European Commission to consider small stand-alone projects.

Development challenges of the Western Balkans and the role of the regional cooperation in responding to them was elaborated from the United Nations Development Programme perspective. Not or insufficiently addressing (i) Disaster Risk and Response Management (floods all over SEE), including water resource management, (ii) Strengthening the rule of law and preventing extremism, (iii) Tackling environmental and climate change issues, (iv) Streamlining policies on employment, social protection, social inclusion and unleashing the potential of youth, (v) Working towards a Western Balkans “model” or approach for effectively dealing with outstanding disputes and issues, and (vi) the migrant crisis as regional issues risk severely diminishing the impact of actions and undermining the prospects of growth and prosperity.

Socio-economic situation in the South East Europe was described through the preliminary results of the Balkan Barometer 2015, the survey on public and business opinion in the Western Balkans.

Finally, the role of the Economic Reforms Programmes (ERP) in prioritizing reforms from the perspective of The Former Yugoslav Republic of Macedonia was presented to the participants of the meeting. Detailed information was provided in terms of consultation at the national level, budgetary implications of structural reforms as well as linkage of ERP with the SEE 2020 Strategy.

The representative of NALAS referred to the point that although the current discussions are relevant, we should still not neglect the main burning issue, the issue of migration. He pointed out that the representative of MARRI should have been present in order to reflect the needs for support of the migration needs. The RCC Secretary General apologized on behalf of RCC Secretariat for not inviting MARRI representative and assure the present that the information will be shared with MARRI as well.

### **Regional donor coordination in South East Europe: Information exchange and tools for coordination**

The session gave an overview of the existing and new donor strategies and provided an overview of regional needs as seen by the beneficiaries. Austrian development cooperation regional strategy for the Danube area/Western Balkans region was presented emphasizing Austria’s thematic priorities such as economy and development, education, and governance, human rights and the rule of law. Furthermore, regional strategy for Sweden’s reform cooperation with Eastern Europe, the Western Balkans and Turkey for the period 2014-2020 was elaborated with special emphasis on expected results in (i) economic integration with EU and development of market economy, (ii) strengthened democracy, human rights and civil society, and (iii) better environment and reduced climate impact. The participants were also informed about GIZ Open Regional Funds for South East Europe covering six sectors including foreign trade promotion, energy efficiency, legal reform efforts, modernization of municipal services, biodiversity, and coordinating structures of the EU accession in the region with the focus on the regional interventions. Following presentations by the major donors in the region, national donor coordination mechanism in Albania was described from a perspective of beneficiary government with special emphasis on its key elements and donor coordination architecture as well as challenges the government is facing in this process. Regarding donor coordination at the regional level, it was stressed a need to create a single regional donor coordination database or cooperative network of national donor coordination database voiced at the last years’ meeting. The discussion centered around instruments donor use to accelerate reform processes in the region with capacity building as one of the important ones. Also, the donors elaborated on fulfillment of expectations by the beneficiaries and implementation in general especially significance of those interventions related to the environment agenda. Furthermore, the panel was used for exchanging experiences and views between donors and beneficiaries in the Western Balkans in terms of donor cooperation at bilateral, regional and cross-regional level. Participants also inquired about the role of the RCC that offers a platform for gather donors and beneficiaries to deliberate on issues that cannot be discussed at the national level. In this context, Western Balkans Investment Framework (WBIF) was outlined as another excellent platform for similar discussions.

As a follow up to the last year's meeting, RCC has developed South East Europe Donor Assistance Database – SEEDAD, which was introduced to the participants as the tool for strengthening donor coordination. Official launch of the tool will be in the late May 2016, and donors were urged to submit data to be included in the application in the meantime.

### **Programming priorities within the SEE 2020 Strategy and its three flagships**

The session was used to present and identify actions at regional level with respect to the SEE 2020 Strategy in the three broad areas of intervention (flagships): (i) Skills and mobility, (ii) Connectivity, and (iii) Competitiveness. The new flagship approach is part of the Programming Document that has been adopted by the SEE 2020 governments at the Third Meeting of the SEE 2020 Programming Committee.

Comprehensive description of all three flagships was presented along with rationale, objectives, approach, policy mix and implementing structures. Flagship on Skills and mobility aims to build a competitive skills base in the region and to remove obstacles to (labour) mobility in the region. while Connectivity flagship is to contribute to making the SEE region better connected, integrated and competitive and to facilitate the seamless flow of goods, people, services and investments in the region. The goal of flagship on Competitiveness is to boost the SEE's competitiveness and growth, and to contribute in making the SEE industry and business more competitive. Regional dimension coordinators and organizations involved in the specific flagship also had an opportunity to present developments and achievements in their field of work and address key regional priorities within SEE 2020 Strategy.

### **Conclusions and Follow-Up**

The Second Meeting on Donor Coordination in the Western Balkans concluded with the following recommendations and conclusions:

- The conference strongly condemned the two terrorist attacks of 22 March in Brussels and paid respect to the victims and their families.
- The meeting provided a closer insight in the recent developments and its impact on the funding priorities, provided an outline of the existing and new donor strategies and priorities, presented an overview of regional needs as seen by the beneficiaries, and introduced new tools for strengthening donor coordination.
- The implementation of the ambitious reform agenda in SEE will continue to rely on the political commitments of the governments in the region, the socio-economic developments in SEE and beyond, including in the EU, the maturity of regional cooperation and on the funding realities.
- The conference took note of the Berlin agenda and its achievements, it recognized the importance of the Berlin process in revitalizing the regional cooperation in SEE, and encouraged the SEE governments and the donor community to further engage to its successful implementation.
- The EC IPA II multi country envelope will continue to remain one of the main funding resources for development programs in the SEE.

- The conference took note of the shifting priorities of the donors to SEE, in large part influenced also by the ongoing migration crisis, and the considerable impact it is having on the growth and competitiveness-related activities in the region. Nevertheless, it was stressed out that the donor community should continue to support the areas related to the EU integration process and the implementation of development priorities, so as to not negatively affect the reform agendas.
- Participants also urged the involvement of the private sector within the coordination efforts, noting that the structured dialogue with the donors would greatly benefit from the private sector perspective, in those areas relevant to economic development and growth.
- The conference took note of the new approach to implementation of its SEE 2020 strategy presented by RCC and its partners, based upon flagships as an integrated and more effective working method in reaching tangible results.
- The conference also welcomed the presentation of RCC's working version of the donor database (SEEDAD) and have acknowledged the need for collection of necessary data in order for the tool to become operational by May and widely used for information exchange.